

No slump on Easy Street

Wire Service

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RENTS RISE FOR PRICIEST STORES



Shoppers entering the Henri Bendel store on Fifth Avenue and 57th Street in New York. Rents for some of the priciest retail real estate in the world rose in the first quarter, defying a sustained global slump.

Store rents in some of the world's most expensive shopping districts increased in the first quarter, defying a sustained slump in global retail markets, according to CB Richard Ellis Group Inc.

Rents in Sydney and London climbed, while Paris and Hong Kong prices were little changed, the Los Angeles-based broker said in a recent report. New York maintained its position as the most expensive city to lease retail space, with annual rents on Manhattan's Fifth Avenue rising 5.2 percent from the previous quarter to \$1,725 a square foot. New York rents fell 4.2 percent from the year earlier period.

The global economy is set to expand 4.2 percent this year, according to the International Monetary Fund, prompting financially healthy retailers to expand and encouraging

international brands to enter new markets. In most places, that hasn't translated into a significant recovery in retail sales because consumers remain uneasy about the economic outlook, CBRE said in the report.

"The consumer crawled back in the last quarter of last year," said **Faith Hope Consolo**, who heads the retail property group for Manhattan-based *Prudential Douglas Elliman Real Estate*. "In the first quarter of this year, he was fully standing and back shopping. Not at the levels of 2008, but shopping."

Consolo said Fifth Avenue has only two spaces available between 49th and 59th streets: one at 55th Street and a 2,000-square-foot space next to where clothing retailer Uniqlo plans a new flagship at 666 Fifth Ave.

Uniqlo owner Fast Retailing Co., Japan's biggest apparel seller, agreed last month to pay a record \$300 million over 15 years for the space.

"Whilst prime space is doing well, secondary units are typically seeing higher vacancy, lower retailer demand and falling rents," Raymond Torto, CBRE's global chief economist, said in the report.

Sydney's Pitt Street Mall kept the No. 2 spot it took in the fourth quarter of 2009, with rents at \$1,155 a square foot, 85 percent higher than a year earlier when it was ranked the seventh-most expensive area. That was partly caused by the Australian currency's 33 percent gain against the dollar in the 12 months through March 31.

Rents in Hong Kong's Tsim Sha Tsui were virtually unchanged from a year ago at \$974. London's Bond Street saw a 20 percent rise in sterling terms from a year earlier to 567 pounds (\$861) a square foot. Rents on Paris' Champs Elysees were unchanged from six months ago at 585 euros (\$791). It ranked fifth, unchanged from the previous quarter.

Rents in Frankfurt, Berlin and Dublin, the bottom three of the 20 most expensive cities, were less than a quarter of those on Fifth Avenue, the broker said. Dublin had the biggest drop in ranking from the previous quarter, to 20th from 16th.

Economic difficulties in the Middle East and Greece caused prime rents to slump by 25 percent in Abu Dhabi and 12 percent in Athens during the quarter. In the 27-country European Union, where economic growth is set to lag behind the U.S. and Asia this year, rents for the best shops slipped 0.2 percent in the quarter from the fourth quarter and 0.5 percent from a year earlier, CBRE said.