



## NEW CENTRAL LONDON RETAIL LOCATIONS CHALLENGE TRADITIONAL PRIME

Savills Vietnam Co.,Ltd  
18<sup>th</sup> Floor, Fideco Tower  
81-85 Ham Nghi Street  
District 1, HCMC  
T: +84 8 3823 9205

[savills.com.vn](http://savills.com.vn)

According to the latest Central London retail bulletin from international real estate advisor Savills, the prime retail pitches particularly on Bond, Regent and Oxford Street accounted for only 36% of new retail openings this year compared with 70% in 2011.

Anthony Selwyn, head of central London retail, comments: “Opportunities for new stores on Regent and Bond Street are few and far between and other locations are now getting stronger giving new entrants to London different opportunities to consider. Westfield for example has been increasingly successful in attracting new entrants where Zone A rents are in the region of a third lower than that seen on Regent Street and half of best rent achieved on West Oxford Street.”

Savills reports that of those new international entrants that still favour the traditional shopping streets, Regent Street has seen the greatest climb in ranking with 57% of retailers on the street now being international, opposed to 24% in 2000. It is particularly popular with US retailers, who will occupy a total of 22 units by the end of 2014 with the arrival of J Crew and Club Monaco, compared to 11 units in 2000.

The bulletin goes on to say that for luxury brands it has been those streets close to the traditional luxury enclaves of Bond Street and Knightsbridge, such as Dover, Mount and Pelham Street that have had increasing success at attracting new entrants. Since 2011 three new brands, Vanessa Bruno, Acne and Ralph Lauren Denim Supply have opened their first stores on these streets with a further two retailers, Carven and Philip Lim set to open stores in 2014, making them the third most popular locations for new entrants in Central London.

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### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2013 for “**Best Real Estate Agency Vietnam**”, “**Best Property Consultancy Vietnam**”, and “**Best Letting Agency Vietnam**” and “**Best Real Estate Agency Website**”. Moreover, in International Property Awards scope, Savills has been awarded “**Best Real Estate Agency Asia Pacific**”. The company consists of over 900 experienced and professional staff nationwide.

Savills states that retailer requirements have slowed down during 2013, with only 13 new retailers acquiring stores in London this year compared to 23 in 2012. A further eight new retailers are predicted for 2014.

Anthony continues: “The shift in retail pitches has been accompanied by a slowing number of new entrants. In 2011 70% of new retailers to London opened stores on London’s principle shopping streets of either Bond, Oxford or Regent, this year these streets account for only 36%. We will continue to see demand from domestic retailers on these streets but new retailers are forging new territory.”

Paul Endicott, head of Central London retail lease consultancy at Savills, adds: “Despite the marginal softening in occupational demand prime rents have continued to increase. Across the 14 retail pitches we monitors, prime Zone A rents grew by an average of 3.1% over the last quarter. Old Bond Street continues to lead with Zone A rents in the region of £1,300 (equivalent to 44 million VND) per sq ft (1 square foot ≈ 0.09 square meter), 53% up on the same period last year.”

According to the bulletin, investment volumes to date total just over £1.8 billion (equivalent to 61,265 billion VND), already exceeding 2012 levels. With the majority of investment from foreign investors, accounting for 70% of total activity, almost double what it was in 2012. Expectations are that year end volumes will be in line with the £2.3bn (equivalent to 78,283 billion VND) seen in 2011.

The firm notes there have been a significant increase in investment from Asia, especially private Hong Kong investors, who have spent approximately £400 million (equivalent to 13.614 billion VND) this year. These investors are attracted by the favourable exchange rate and lack of opportunities back home.

Savills predicts with stock remaining constrained and increasing demand from investors prime yields will be sustained at their current level, with Bond Street at 2.5% to 3% and Oxford Street in the region of 3.5% to 4%.

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