

## BUSINESS

# There's Something About Mayfair

The London neighborhood is defying gravity, commanding some of the highest retail rents worldwide and luring international brands and investors in challenging times. **BY SAMANTHA CONTI**

**LONDON** — Despite the cold climate of a cost-of-living crisis, higher prices and the end of tax-free shopping, the streets of Mayfair are hotter than ever thanks to an influx of international investors, retailers and brands who are taking the long view on the British capital.

International luxury brands, contemporary art galleries and restaurants are piling into Bond, New Bond, Albemarle and Mount streets, eager to position themselves in what remains a hub of wealth, liberal values and great design.

New Bond Street is the fourth-most-expensive street globally and the second-most-expensive shopping street in Europe, according to a report published by Cushman & Wakefield late last year, while nearby Mount Street has seen commercial rents grow around 25 percent over the last 18 months.

According to Joanna Lea, director of retail at Grosvenor, which owns hundreds of acres of property in central London and swathes of real estate in Europe, North America and Asia Pacific, demand has been strong on Mount Street in particular with an average of three to six offers per unit, and a very low vacancy rate across the entire London estate.

Lea said that for the last 18 months or so, Mount Street has seen retail market rebound.

"We have our choice of brands at the levels of rent that we would like to see. We remain focused on that luxury customer, and on creating a community neighborhood. You've got fashion, art, food and even a farm shop. It's expensive, but it's not a cookie cutter of Bond Street," she said.

The coming months are set to be busy in and around Mount Street.

Swedish clothing brand Toteme will open its first European flagship at 12 Mount Street toward the end of the year. The store spans roughly 3,000 square feet and will take over the space formerly occupied by Balenciaga, which has moved to the corner of New Bond and Conduit streets.

French luxury brand Goyard is expanding its footprint on Mount Street, taking over the former Celine store at

number 103 for its new London flagship. The new retail space will span 7,100 square feet. It also plans to keep its original, smaller store at number 116, not far from Pasticceria Marchesi.

A few steps away, on Carlos Place, a new foodie tenant is taking over the former Roland Mouret townhouse across the street from the Connaught. Lea said it was too early to confirm the details.

Monique Lhuillier has recently opened on Mount Street, as has Balmain.

Grosvenor had always made room for art and fashion on Mount and the surrounding streets — auctioneer Phillips overlooks Mount Street and Berkeley Square, while galleries including Lindsey Ingram and Gagosian are located nearby.

A new arrival will be the Swiss gallery Hauser & Wirth, which is set to move into the former Thomas Goode space at 19 South Audley Street. A gallery will be located on the ground floor with apartment-style hotel rooms on the upper floors.

Hauser & Wirth is also planning to open the Durslade Farm Shop at 64 South Audley Street. The fresh produce will come from the gallery's farm in Bruton, Somerset, where Hauser & Wirth has created exhibition spaces out of old barns on the property.

Lea said the commercial properties on Mount Street owned and operated by Grosvenor are either occupied or under offer, and there are no vacancies. Prices per square foot are around two-thirds below those of Bond Street, with those on South Audley less than Mount.

"We represent good value," said Lea, adding that Grosvenor sees South Audley as an incubator for brands aspiring to move to Mount Street. South Audley, she said, is "slightly more affordable for fashion brands, and when they start to grow up, we can move them on to Mount."

Balmain is one example. It opened a flagship on South Audley Street in 2015, and moved around the corner to 94 Mount Street earlier this year. The new 1,077-square-foot store houses the women's, men's and accessories collections, and there is also a private suite for VIP appointments.

Despite all the activity, challenges remain.

Lea said that Grosvenor is working on enlarging the units on Mount Street in a bid to compete better with Bond, where the spaces are far bigger. She added that due to the cancellation of the tax-free shopping scheme for international tourists, Mount Street has now begun to compete with Paris and Milan for commercial tenants.

She noted that London would in the past always be the first European city for



Balmain's new store on London's Mount Street.



The facade of the newly reopened Burberry flagship on New Bond Street.

U.S. brands expanding eastward, or Asia Pacific brands moving westward, to open a shop. Today, that's not necessarily the case.

"Last year we lost a brand because they decided to open a Milan store first, and that has never, ever happened to us. And, when we speak to retailers, many of them mention how great Milan in particular is looking," she said.

It remains to be seen whether that trend will stick.

As reported, a parliamentary debate on whether to reinstate tax-free shopping is set for Sept. 7 at Westminster Hall. The U.K. Treasury will hear, and formally respond to, the pros and cons that emerge from the debate by around 50 parliamentarians.

Businesses, brands, retailers — and even the chief executive officer of Shakespeare's Globe theater — argue that the cancellation of tax-free shopping is turning away high-end tourists. The British government counters that it wants the tax revenue, and doesn't want to offer perks to the rich.

Despite the controversy, New Bond Street and its environs are still thriving.

Cushman has described New Bond as "by far the most expensive street to locate a shop in the U.K.," with average prime rents standing at \$1,361 a square foot.

Later this year Gucci will move to 146 New Bond Street, a 16,000-square-foot space owned by Trophaeum Asset Management. Trophaeum purchased the

site in 2020 from a firm controlled by the banker Joseph Safra.

In June, Aquazzura opened a 2,000-square-foot flagship at 26 New Bond, and also plans to keep open its store on Albemarle Street, a few minutes' walk away. A few days earlier, Burberry reopened its 22,000-square-foot flagship on New Bond following a two-year refurbishment project.

Many of the properties on New Bond Street are directly owned by the big luxury groups, including Richemont, Kering, LVMH Moët Hennessy Louis Vuitton and Chanel.

In the Cushman report, Peter Mace, head of Central London Retail at Cushman & Wakefield, said New Bond Street recovered "exceptionally well" in 2022 despite COVID-19 putting the stops on international tourism.

Mace said the street attracts luxury shoppers, "who have proven to be less impacted by previous recessions." He added that newly favorable exchange rates and "slightly lower" rents may also attract new luxury brands to set up shop on the strip.

Nearby Bond, Albemarle and Conduit streets are also in growth mode.

As reported, Kering has taken a record-breaking lease for a Saint Laurent store on the corner of Bond and Grafton streets. According to sources, Kering will pay in excess of 13 million pounds a year for the six-story property. Kering has declined to comment on the lease, or the rent.

Trophaeum has leased 14 Conduit Street to the Italian multibrand fashion retailer Modes, while Albemarle Street is buzzing with new food and beverage offers.

A new high-end Italian restaurant, Il Gattopardo, is set to open at number 27 Albemarle. Its parent company is Azumi, which owns the Roka and Zuma restaurants in London.

Oswald's, Robin Birley's private member's dining club, is also expanding on Albemarle Street where commercial rents are about 25 to 35 percent less than those on Bond Street.

Scott's restaurant photograph by UCG/Universal Images Group via G. Burberry/flagship by Noornisa



Toteme's founders Karl Lindman and Elin King. The brand will open its first London store on Mount Street later this year.



Scott's restaurant is a longtime Mount Street resident.