

NEWMARK

The
Renaissance
of the **Champs-Élysées**

IMPACT OF THE OLYMPIC GAMES AND FUTURE SCENARIOS



01

Editorial and Key figures

p. 03

02

How have things changed since Paris was awarded the Olympic Games?

p. 05

03

Trends and future scenarios

p. 27

04

Spotlight on the Champs-Élysées

Pascal Monfort, RECtrends Marketing

p. 38

05

Retail services

p. 43



Antoine Salmon
Co-Head of Retail Leasing



Vianney d'Ersu
Co-Head of Retail Leasing



Paris is the world's meeting place, and the Champs-Élysées is Paris' meeting place.

—
Étienne Eggis,
Voyage aux Champs-Élysées, 1855

In a matter of days, the Paris 2024 Olympic and Paralympic Games opening ceremony will take place. More than 15 million visitors are expected during the event, which could generate spending (excluding ticket sales) estimated at close to three billion euros. Although it is still too early to know the precise economic impact of the Olympic Games, their influence on the urban landscape and the Paris property market is already considerable. **The Champs-Élysées has undoubtedly benefited from the organization of the Games since Paris was awarded them in 2017,** despite a turbulent context marked by the Yellow Vests protests and then the Covid-19 pandemic. As a result, flagship stores and pop-up stores have been opening all along the avenue, highlighting, if proof were still needed, how important it is for major international brands to have a store front on a street frequented by tens of millions of French and foreign visitors every year.

—
Whilst the impact of the Olympic Games is indisputable, other factors have also played a crucial role in the transformation of the Champs-Élysées.

The new appearance of the avenue reflects more general changes in retailers' distribution strategies, influenced in particular by changing consumer profiles, the omnipresence of digital technology and environmental issues.

—
In the run-up to the Olympic Games, our study provides an opportunity to take a detailed look at how the avenue has changed since the Games were awarded to Paris in 2017. It also provides an opportunity to analyze the most **recent trends** in the retail property market, based on a wealth of previously unpublished data

and the views of our expert contributor, Pascal Monfort, founder of REC Trends Marketing.

—
The current changes also pave the way for a forward-looking vision of the Champs-Élysées, adding to our analysis of what the street might look like in a few years' time and complementing the proposals recently unveiled by the Champs-Élysées Committee and the architecture firm PCA-Stream to restore the avenue to its former glory.

—
The Champs-Élysées' international dimension is also crucial. With its history, high tourist numbers and numerous flagship stores, the avenue occupies a unique position in France. **Its changes resonate with trends observed on other iconic streets around the world, such as Oxford Street in London and 5th Avenue in New York.** We'll be looking at these in the second part of our study on the renaissance of the Champs-Élysées, to be published after the summer.

We are delighted to share this study with you, especially as it is the first one to be written by Newmark's France team, in collaboration with our international research network and our experts based in London and New York.

We hope you find it interesting!

Key figures

115

Number of retail pitches*
Excluding galleries

129,000sq m

Total retail area
Excluding galleries

142

Number of stores in galleries

64

Number of transactions since 2017**

1,300m²

Average leased area since 2017

37%

Share of brands that have been on the avenue for less than five years

44%

Share of sport and luxury in all transactions recorded since 2017

25%

Share of temporary stores in all transactions recorded since 2017

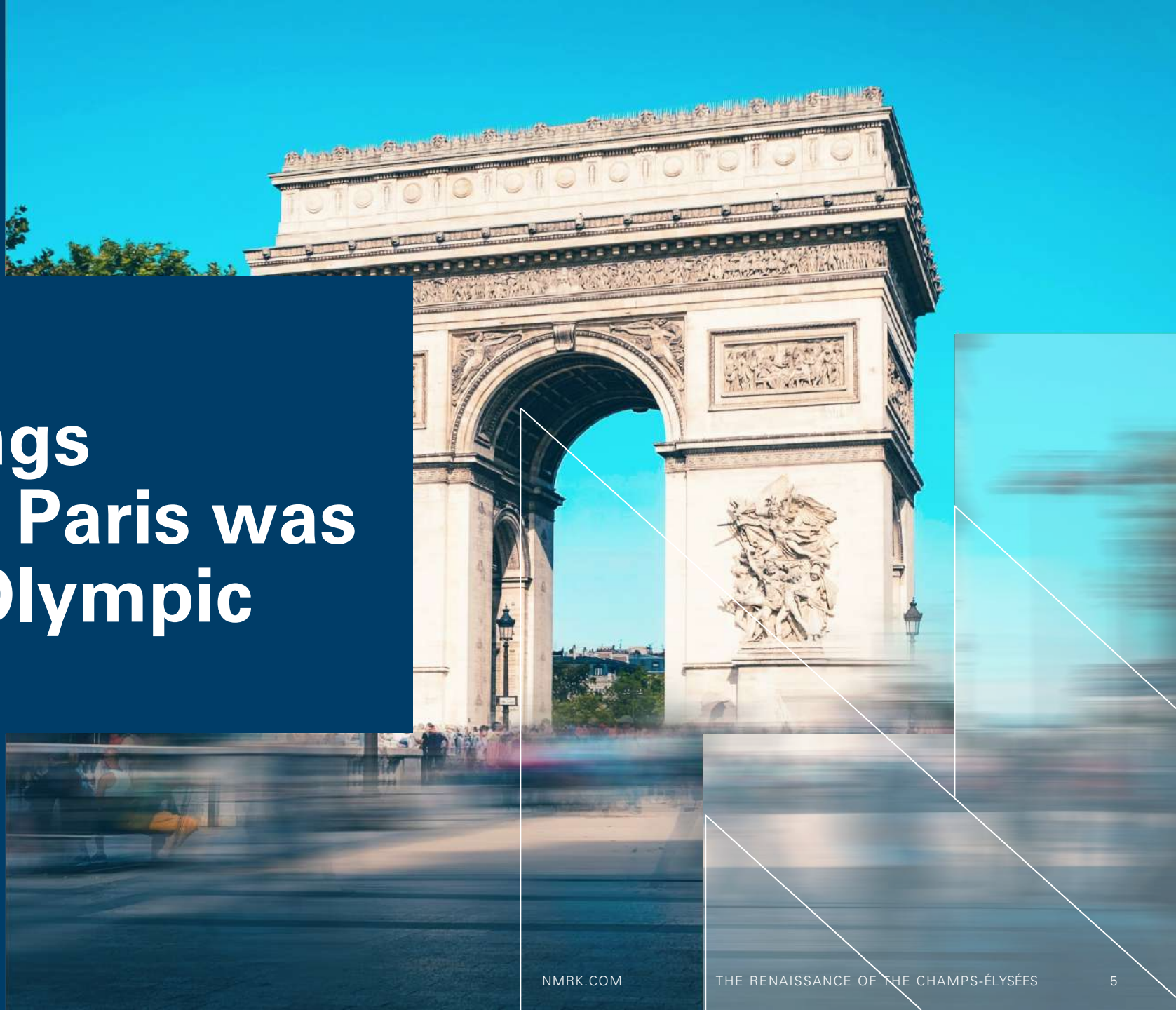
2.6%

Vacancy rate at the end of June 2024 / 5.20% including temporary stores

Sources : Newmark, APUR / * Situation at the end of June 2024 / ** Lettings and owner-occupier sales

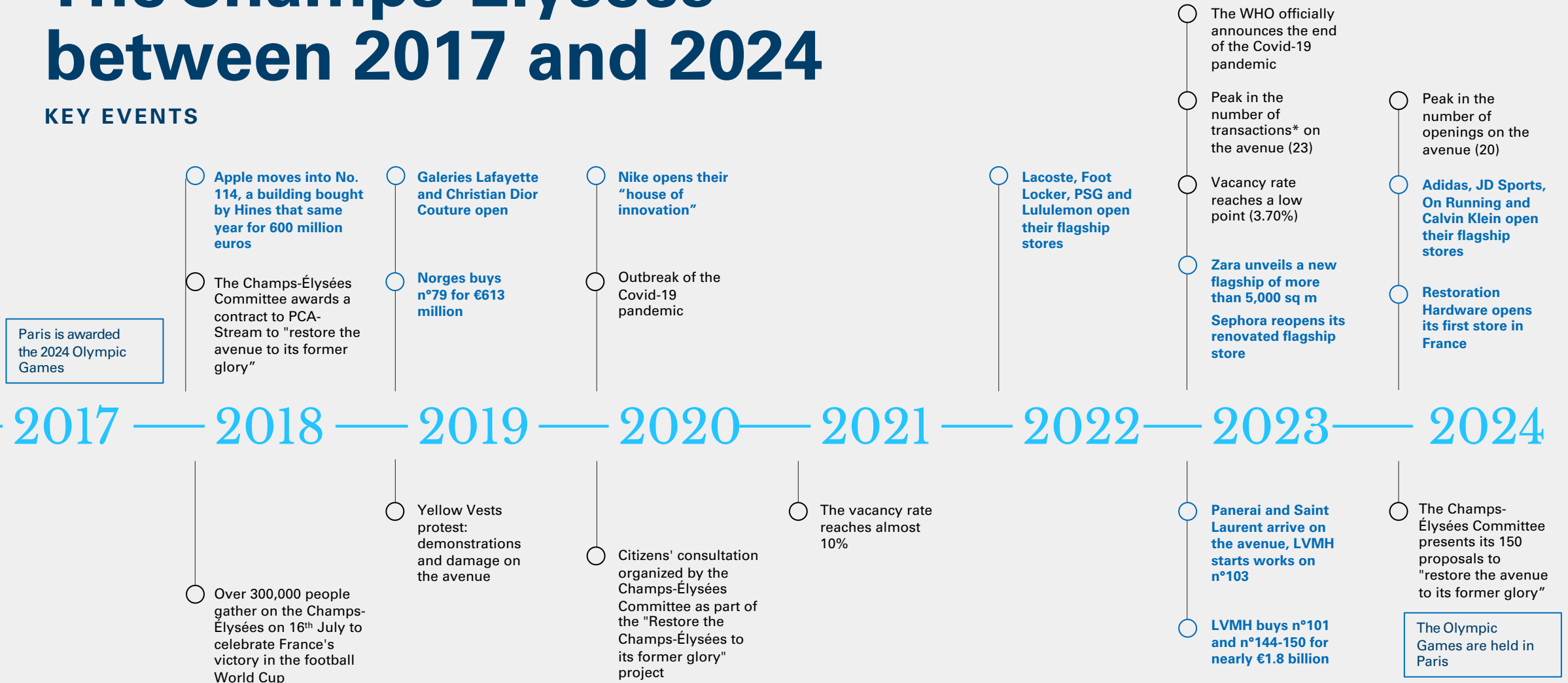
02

How have things changed since Paris was awarded the Olympic Games?



The Champs-Élysées between 2017 and 2024

KEY EVENTS



Source : Newmark / *Leases and owner-occupier sales of retail premises.

In blue: store openings and real estate transactions.

A radically revamped retail offer

Comparing the current landscape of the Champs-Élysées with that of 2017, the year in which the Olympic Games were awarded to Paris, gives an idea of the extent of the radical change in the retail offer.

Of the 115 retail pitches on the avenue, more than half underwent one or more changes between 2017 and 2024, including the creation of new stores, the relocation of brands already present on the avenue (PSG, Foot Locker, Lacoste, etc.) and temporary stores (Salomon, Samsung, Delsey, etc.).

The retail offer has also been transformed by the many renovation projects and concept changes carried out by long-established players on the Champs-Élysées, including Montblanc, Cartier, Ladurée and Sephora.



A RADICALLY REVAMPED RETAIL OFFER

Retail pitches that have undergone one or more changes since 2017

- New arrivals: retailers who have been established on the Champs-Élysées since 2017 or who are due to open soon, and who have never previously had a store on the avenue*
- Retailers that were already present on the Champs-Élysées
- Pop-up stores



Source : Newmark / *Incl. a change of brand within the same group.



A RADICALLY REVAMPED RETAIL OFFER

64 transactions since 2017

—
Since Paris was awarded the 2024 Olympic Games, **no street in the capital has seen as much real estate activity as the Champs-Élysées**. There have been 64 retail transactions* since 2017, 58% of which have been completed since 2022! The number was particularly high in 2023, with 23 transactions totaling almost 26,000 sq m, including several large flagship stores such as Adidas at No. 88 and JD Sports at No. 118.

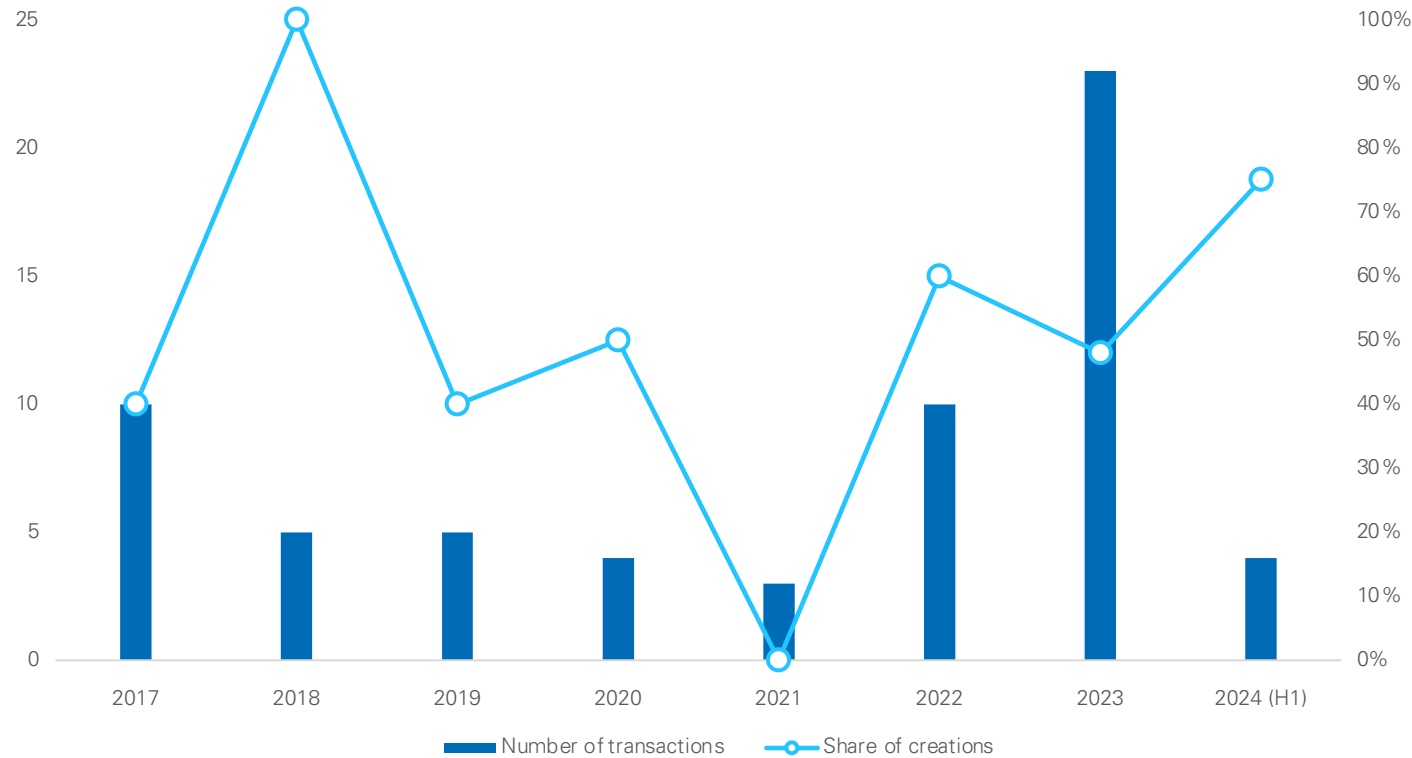
—
This increase in the number of lettings has reinforced the dominant position of the Champs-Élysées in Paris. Other streets and districts have also been dynamic in recent years, including the Marais and rue Saint-Honoré, but none has seen its landscape transformed as significantly as the Champs-Élysées. Nearly three-quarters of the transactions recorded on the avenue since 2017 have involved retailers who were not present there before that date. What's more, **25% of the retailers on the Champs-Élysées have been there for less than two years**, including Miniso, JD Sports, Delsey, Calvin Klein and IWC.

—
This illustrates the importance of opening on the Champs-Élysées to establish a brand's national and international reputation. However, most of the brands newly established on the Champs-Élysées already had a presence in France or Paris. Despite a few large-scale projects, such as that of Restoration Hardware, a high-end American furniture chain whose first store in France is due to open at no. 23 on nearly 2,000 sq m, **few new foreign entrants are choosing the avenue for their first store in France**. They prefer other streets and districts such as rue Saint-Honoré, Saint-Germain-des-Prés and above all the Marais (accounting for around a quarter of new foreign entrants recorded in Paris since 2017).

*Lettings and owner-occupier sales.

Change in the number of transactions on avenue des Champs-Élysées

Lettings and owner-occupier sales of retail premises



Source : Newmark / *Excluding temporary stores and relocations.

64
Total number of transactions
 Since 2017

52%
Share of creations*
 Out of the total number of transactions

25%
Share of temporary stores
 Out of the total number of transactions



A RADICALLY REVAMPED RETAIL OFFER

Sport and lifestyle on the up

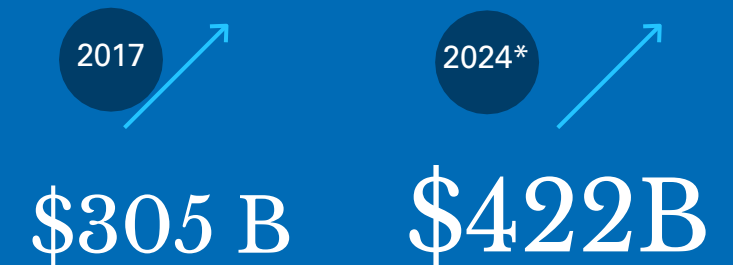
The 64 transactions recorded since 2017 have transformed the Champs-Élysées retail offer in record time. The sports and luxury sectors are the main beneficiaries of this trend, accounting for **44% of the total number of transactions since 2017**, and slightly more than 60% of the volume of space transacted due to the scale of certain flagship projects. In the sports sector, four brands have arrived on the avenue (JD Sports, Lululemon, Salomon and On Running). Others, which have been present on the Champs-Élysées for several years, have moved and extended their stores (Nike, Adidas and Foot Locker), taking the place of brands in categories other than sport (car manufacturers, fashion, home decoration, etc.).

The expansion of sports brands, in a lifestyle niche distinct from that of general retailers such as Décathlon or Intersport, is not just benefiting the Champs-Élysées. The trend is also visible in other areas of the capital, such as Opéra/Madeleine, where Hoka, Ekosport and Arc'Teryx have just opened flagship stores. In the Marais district, Arc'teryx also opened its very first French store at the beginning of the year, covering almost 400 sq m at 42 rue des Francs Bourgeois, while New Balance opened

at 13 rue des Archives in December 2023. Along with the Champs-Élysées and, to a lesser extent, Les Halles and the Left Bank, these are the areas where most of the major sports brands are opening stores in the capital.

This increase in the number of sport stores is not only due to Paris being awarded the Olympic Games, or to real estate opportunities resulting from the acquisitions of certain chains (Gap taken over by JD Sports, Go Sport taken over by Intersport). Sport is also a feature of the prime shopping streets of most of the world's major cities, **reflecting the growth in sporting activities, new clothing habits ('athleisure'), and the implementation of aggressive marketing strategies** that have seen sales in the sector explode on a global scale in recent years.

Change in global sportswear sales



Source : Euromonitor /*forecasts

A RADICALLY REVAMPED RETAIL OFFER

Luxury is making its mark

As with sport, luxury is **much more present on the avenue than it was a few years ago**. Although the history of the Champs-Élysées is inextricably linked to that of luxury, the latter had given way, from the post-war years to the 1990s, to service activities (head offices, airlines, banks) and then to fast food and mass-market clothing. Luxury made a comeback on the avenue in 1998 when Louis Vuitton opened a store at no. 101 (which was extended in 2005), followed by Cartier's inauguration of a flagship store at no. 154 in 2005.

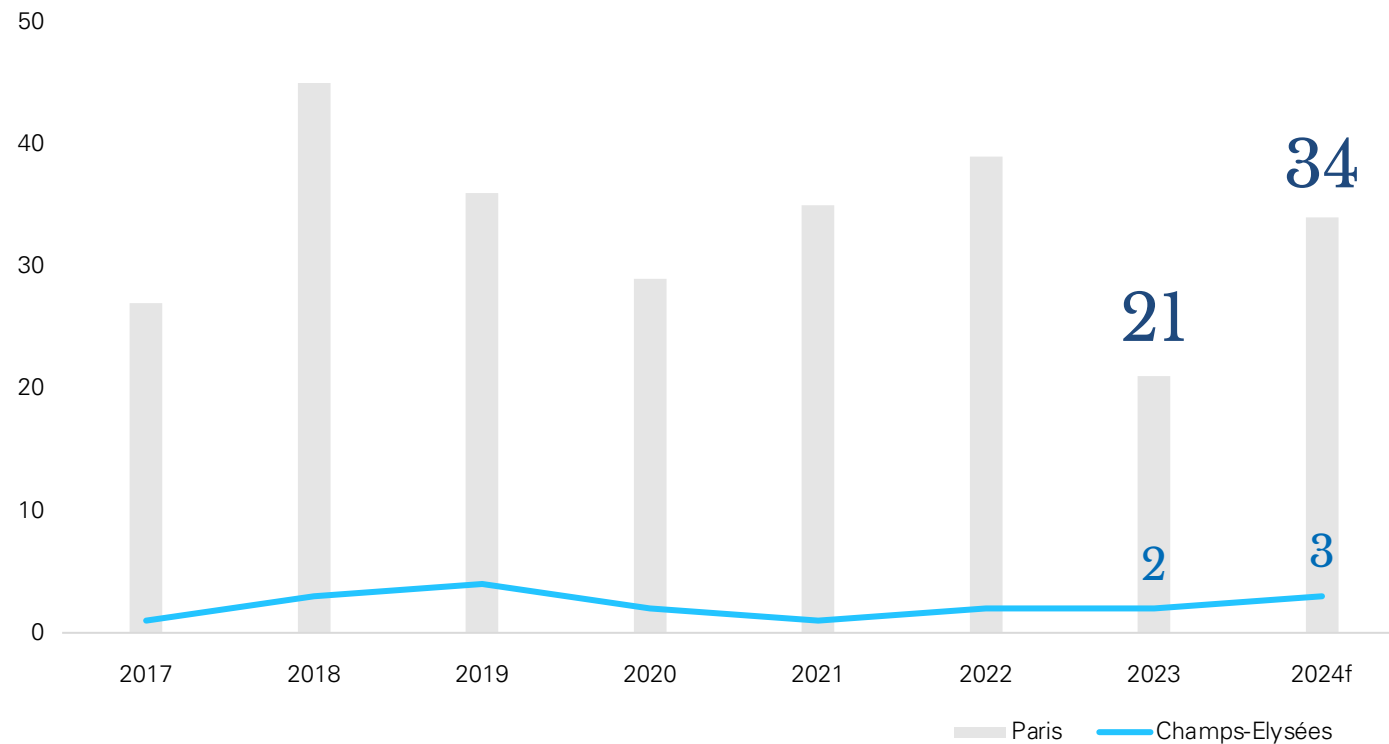
Although other luxury brands have subsequently chosen the avenue (Tiffany & Co in 2014 at no. 62), it is only more recently that the number of openings has multiplied. **In 2017, there were seven luxury stores on the Champs-Élysées, compared with 25 today**, including 11 on the odd-numbered sidewalk and 14 on the even-numbered sidewalk, which is supposedly less attractive to the sector due to its more mixed retail offer. These 25 retail pitches account for more than 33,000 sq m, or 25% of all the retail space on the avenue. Given current transactions and plans linked to LVMH's building acquisitions, **luxury goods should soon occupy around thirty of the 115 existing retail pitches**.

Reflecting a clear move upmarket, most luxury brand openings and projects recorded on the avenue since 2017 have been **on sites previously occupied by less upmarket retailers**. For example, banks (LCL), car manufacturers (Peugeot), restaurants (Bistrot Romain), food brands (Kusmi Tea, Nespresso) and mid to high-end clothing brands (Tara Jarmon, The Kooples) have been replaced by Weston, Bulgari, Saint Laurent, Dubail, Moncler, IWC and Tudor.

Admittedly, the Champs-Élysées has seen a relatively modest number of luxury store openings compared to other Parisian streets. Between 2017 and 2023, 15 stores opened on the Champs-Élysées, far behind rue Saint-Honoré (50) and the established luxury streets such as avenue Montaigne and rue du Faubourg Saint-Honoré. Nevertheless, **the move upmarket on the Champs-Élysées is one of the highlights of recent years, illustrated by iconic projects** such as LVMH's acquisition of No. 144-150 in 2023 for nearly a billion euros, and Dior's opening of a flagship store of almost 2,000 sq m at No. 127 in 2019.



Change in the number of luxury stores opened in Paris



Source : Newmark

Preferred streets

Percentage of each street in total luxury store openings in Paris between 2017 and 2023

1

RUE SAINT-HONORÉ

23%

2

AVENUE MONTAIGNE

13%

CHAMPS-ÉLYSÉES

6%

A RADICALLY REVAMPED RETAIL OFFER

Reasons for the growth of the luxury sector

The expansion of the luxury sector on the Champs-Élysées is **one of the obvious consequences of the global luxury boom**. The beginning of the 2010s marked the start of a phase of strong growth, which accelerated from 2017 and then continued until 2023 after the health crisis, the effects of which quickly faded away. According to Bain and Altgamma, global luxury goods sales increased from €254 billion to €362 billion between 2017 and 2023 (+43%). The leading groups have also seen their sales figures soar, with Hermès, for example, growing from €5.5 billion to €13.4 billion between 2017 and 2023, and LVMH from €42.6 billion to €86.2 billion over the same period.

The watch and jewelry sector has been one of the main drivers of this growth. In France, sales of watches and fine jewelry totaled €5.8 billion in 2023, up 41% on 2019 (source: Francéclat). On the Champs-Élysées, the boom in this sector was illustrated by the planned openings (Bulgari, Panerai, Rolex, IWC, Breitling, Tudor, etc.) or re-openings after renovation and extension (Montblanc, Cartier) of numerous stores, testifying to the strong ambitions of the Richemont group.

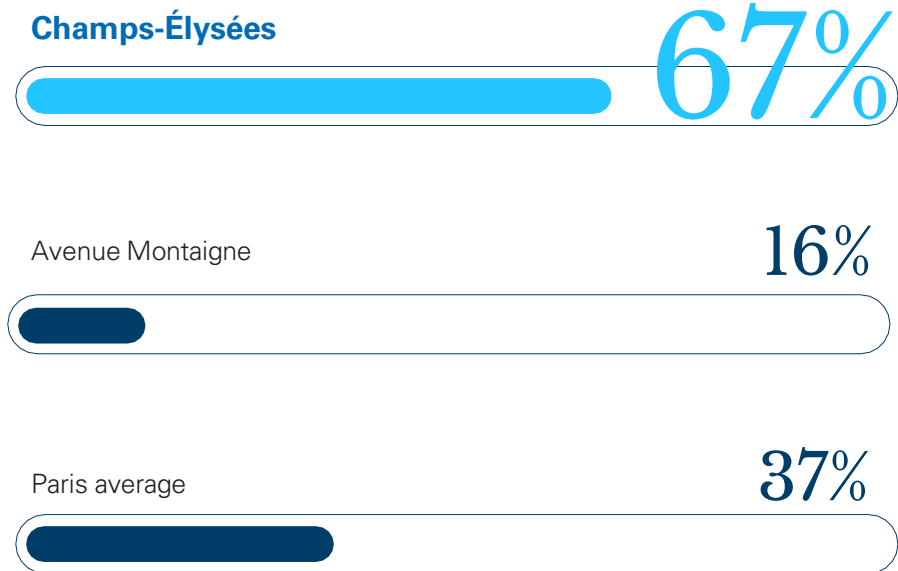
While luxury brands have historically been confined to a very limited number of streets, the expansion of luxury brands on the Champs-Élysées has also enabled them to extend their territory **and reach other consumer profiles that are younger, less exclusive and have other shopping practices** than the clientele of the stores on avenue Montaigne or Faubourg Saint-Honoré. The Champs-Élysées thus retains a special place in the geography of Parisian luxury: whilst the number of prestigious brand stores is increasing, **other, less upmarket activities are flourishing there, reflecting a certain mix of genres that has been part of the avenue's history since its creation.**



A clear **move upmarket**

With the expansion of luxury brands...

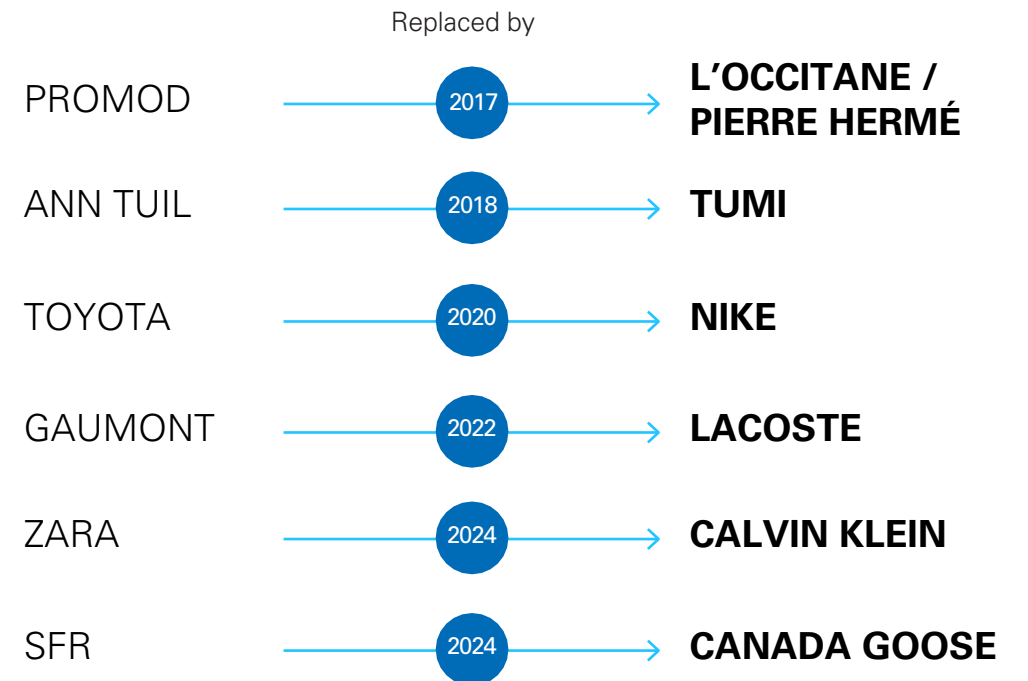
Share of luxury store openings on sites not previously occupied by a luxury retailer, between 2017 and 2024*



Source : Newmark / *Actual and future openings.

..and the opening of innovative or more upmarket concepts

Examples of openings reflecting a move upmarket, excluding luxury brands, between 2017 and 2024



Brands with a strong attachment to the avenue



A long-standing presence in some cases

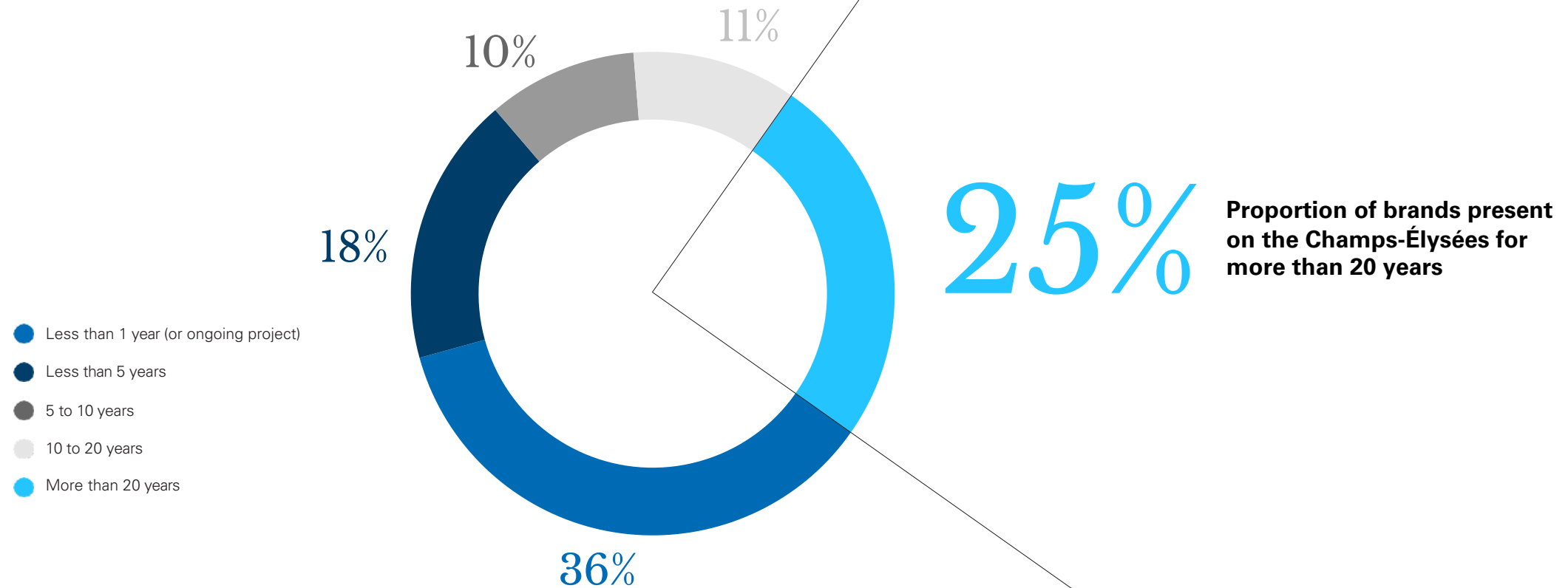
Despite a high number of new arrivals, the Champs-Élysées is not making a clean break with the past, as shown by the attachment of historic players to the avenue. For example, **25% of retailers currently established on the Champs-Élysées have been there for over 20 years**, illustrating the benefits of a long-term presence on the avenue in terms of sales and visibility.

Some brands have even been there for half a century or more. Whether they belong to the luxury, restaurant or car sectors (Fouquet's since 1899, Renault since 1910, Guerlain since 1914, Maison du Danemark since 1955, Publicis since 1958 and Maison de l'Alsace since 1968), **their presence has become inseparable from the history and identity of the Champs-Élysées.**

In recent years, however, several stores have begun their transformation, sometimes at considerable cost, such as Renault's project to renovate its "Atelier" at no. 53. Since 2017, other long-established names on the avenue have also reopened after modernizing their stores, including Ladurée, Afflelou, Grand Optical, Paul ("Le Café") and Sephora, which reopened its flagship at no. 70 in 2023 after eight months of works. **The Champs-Élysées is the place where new concepts are unveiled; the place where retailers can demonstrate to the widest possible audience their ability to change and meet new consumer expectations.**

Breakdown of locations on the Champs-Élysées By opening date of the brands

Proportion of the total number as a %



Source : Newmark

BRANDS WITH A STRONG ATTACHMENT TO THE AVENUE

Relocations: Bigger and stronger!

While some historic names have stayed put, renovating their stores or restaurants over the years, others are still on the Champs-Élysées but have moved their stores from one number to another on the avenue. Since 2017, 11 moves have been recorded. While the number of relocations is fairly limited, they are often large-scale projects: **the average area of stores opened after a relocation is 2,700 sq m, compared with 1,300 sq m for all types of store opening combined.**

The most significant relocations have been in the sportswear sector, with Foot Locker, Lacoste, Adidas and Nike opening new flagship stores between 2020 and 2024, and in the clothing sector, with Zara reopening a flagship store of almost 4,000 sq m at no. 74 in 2023.

Extending their stores is one of the main reasons why retailers choose to relocate. On average, retailers who have moved their stores have extended them by 900 sq m, with Zara, Nike and Lacoste making the most significant extensions.

In addition to increasing their floor space and window frontage, **some brands have also taken advantage of their move to have a store that is not only bigger, but also better configured.** This is the case for Foot Locker, whose move to a new 2,000 sq m store at no. 36 also enabled the rent to be adjusted. Finally, several relocations have enabled brands to benefit from a better address, such as Adidas and PSG, which have moved from the bottom of the avenue to its traditionally busiest section in the middle of the even-numbered sidewalk.

Recent developments on the Champs-Élysées and reopenings after relocation reflect one of the major trends in the retail real estate market: the increasing optimization by retailers of their store network. **The aim is not necessarily to have more stores, but to have better stores, in better locations, for which they pay a more controlled level of rent.**

Analysis of relocations on the Champs-Élysées since 2017



11

Number of relocations recorded since 2017



+52%

Average increase in area after a relocation



45%

Sport's share of the total number of relocations recorded since 2017

Source : Newmark

Before and after: features of the new post-move flagships



Move

Opening date

NIKE

FOOT LOCKER

LACOSTE

ZARA

ADIDAS

n°67 to n°79
2018

n°66 to n°36
2022

n°95 to n°50
2022

n°92 to n°74
2023

n°22 to n°88
2024

Change in area
in sq m

+210%

The largest in Europe

+70%

The largest in Europe

+540%

The largest in the world

+60%

-25%

The largest in Europe

New services /
Client experience

“House of Innovation”
concept

—
Customization area

—
Exclusive “Paris”
collection

—
Recycling and donation
service

—
Coaching session
reservations

“Home Court Floor”
concept

—
Space dedicated to
basketball

—
Works of art created by
local artists

—
Interactive, fun screen

“Lacoste Arena” concept

—
Immersive experience
(“sports room”)

—
Customization area

—
Exclusive “Champs-
Élysées” collection

—
Mobile checkouts

“Store Mode” application
(click & go, click & find,
click & try)

—
Returns and click & collect

—
Automatic checkouts

—
Twice-weekly promotion of
new products

“Home to Sport”
concept

—
Customisation area

—
Run lab (shoe testing)

—
Bra bar and children’s
area

—
“Score & share”
playgrounds

—
Z. Zidane mini-museum
(“Suite ZZ”)



The kingdom of flagship stores



Large areas drive the market

—

Coinciding with the transformation of the retail offer on the Champs-Élysées, the last few years have reinforced its status as a market for large flagship stores. Alongside rue de Rivoli and boulevard Haussmann, the avenue is the Parisian street with the largest retail premises. 37% of retail sites on the Champs-Élysées are over 1,000 sq m in size, and almost half of these are over 2,000 sq m, often constituting **the largest store in the French, European or global network of certain brands** (Sephora, Louis Vuitton, Lacoste, Apple, Nike, Miniso, etc.).

—

Furthermore, **40% of transactions recorded on the avenue since 2017 have involved areas over 1,000 sq m**. In the sportswear sector, over three quarters of leases were for this area category. In the luxury sector, several transactions (Louis Vuitton at n°100, Dior at n°127) illustrated this appetite for large areas. This trend was also underscored by several iconic acquisitions, such as that of LVMH at n°144-150, which will include over 6,500 sq m of retail space, most likely dedicated to the Group's brands, while the first draft of the project included an MK2 multiplex and a hotel. Several renovation projects for existing stores can also be highlighted, such as the extension unveiled by Montblanc in 2022 at n°152.

THE KINGDOM OF FLAGSHIP STORES

Significant differences depending on product category

—

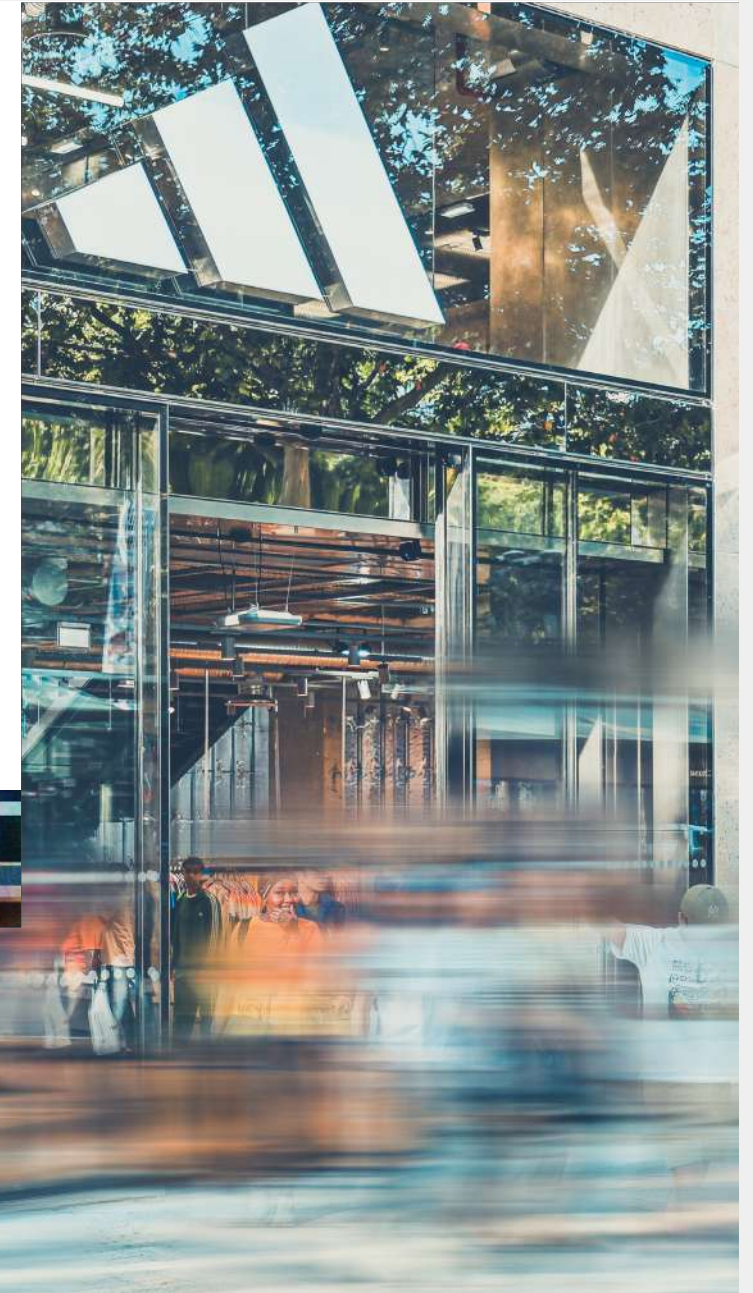
However, there are significant differences in size between product categories. For example, the average area of sportswear stores is almost 2,000 sq m, compared with 1,310 sq m for luxury goods and less than 600 sq m for food and beauty. In the luxury sector, the area also varies considerably according to format. For example, the average area reaches 4,100 sq m for large flagships offering a complete range of products (Dior, Louis Vuitton), compared with 650 sq m for cosmetics (Guerlain, Dior, Chanel, etc.) and 415 sq m for stores dedicated to watches and jewelry (Dubail, IWC, Panerai, Rolex, etc.).

—

The trend towards more retail space on the Champs-Élysées means that more flagship formats can be offered to brands, enabling them to **better express their concepts and expand their product and service offering**. In view of the considerable success of certain brands, the aim is also to limit **the risks of saturation of stores and customer frustrations**, to improve the shopping experience and conversion rates.

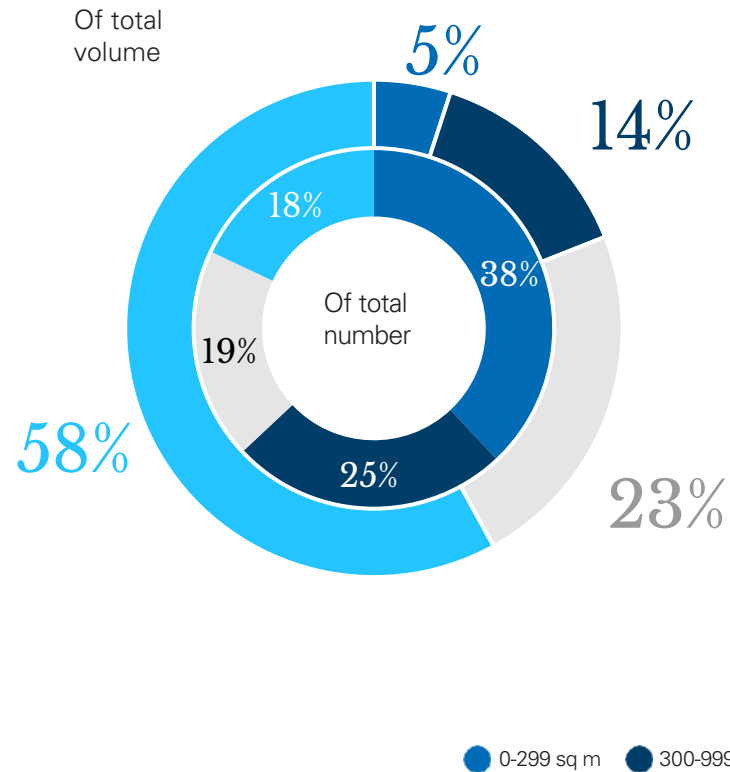
—

Small and medium-sized areas, on the other hand, represent a more limited market, despite potentially high demand from retailers. As a result, the shortage is particularly acute in the smallest area category, generating **a barrier to entry for certain brands expressing their concept in smaller locations, irrespective of rental values**.

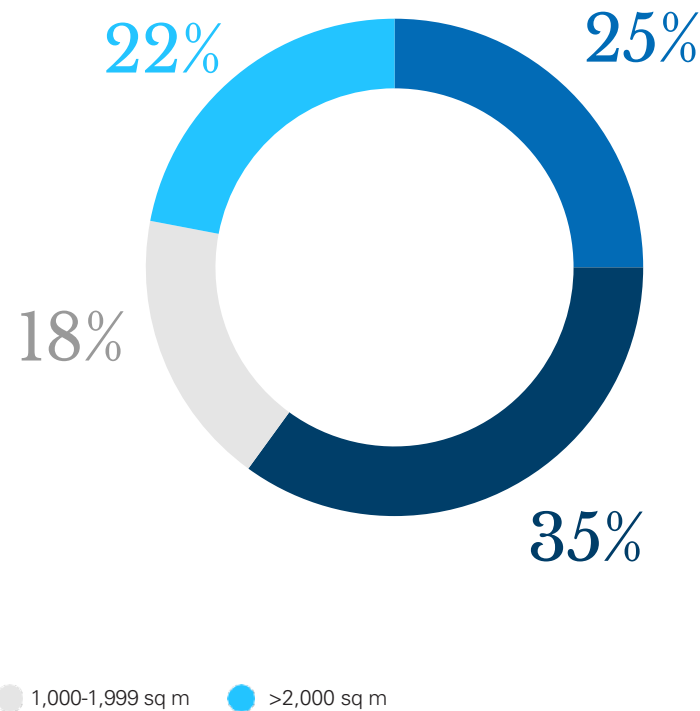


A market of large areas

Breakdown of Champs-Élysées locations by area category
Proportion as a %*



Breakdown of transactions recorded since 2017 on the Champs-Élysées by area category
% of total number

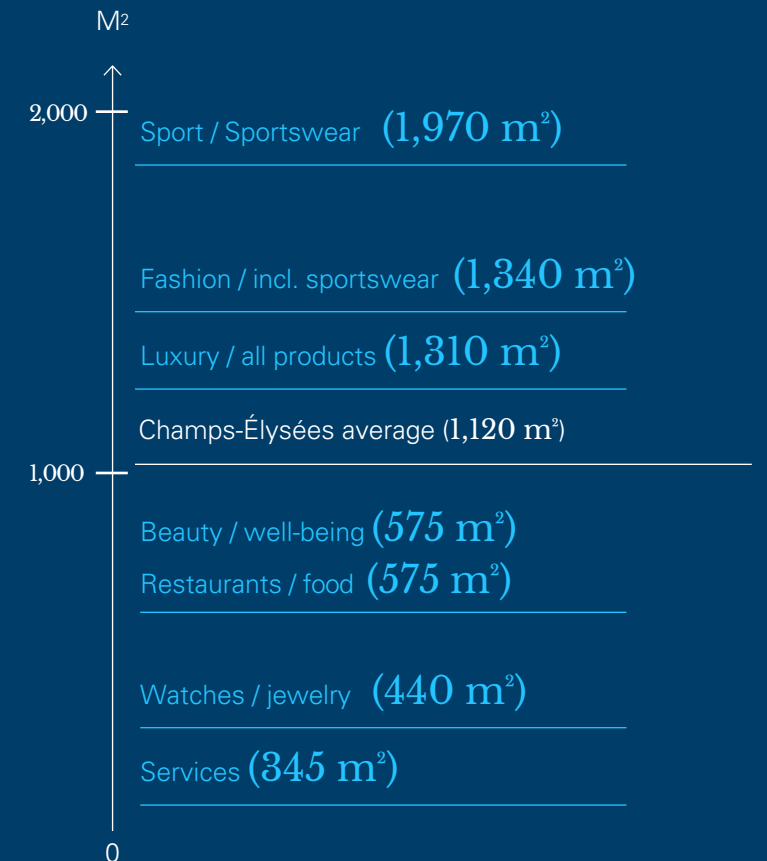


● 0-299 sq m ● 300-999 sq m ● 1,000-1,999 sq m ● >2,000 sq m

Source : Newmark

Sharp contrasts depending on product category

Average area of Champs-Élysées retail pitches by product category



Analysis of store closures

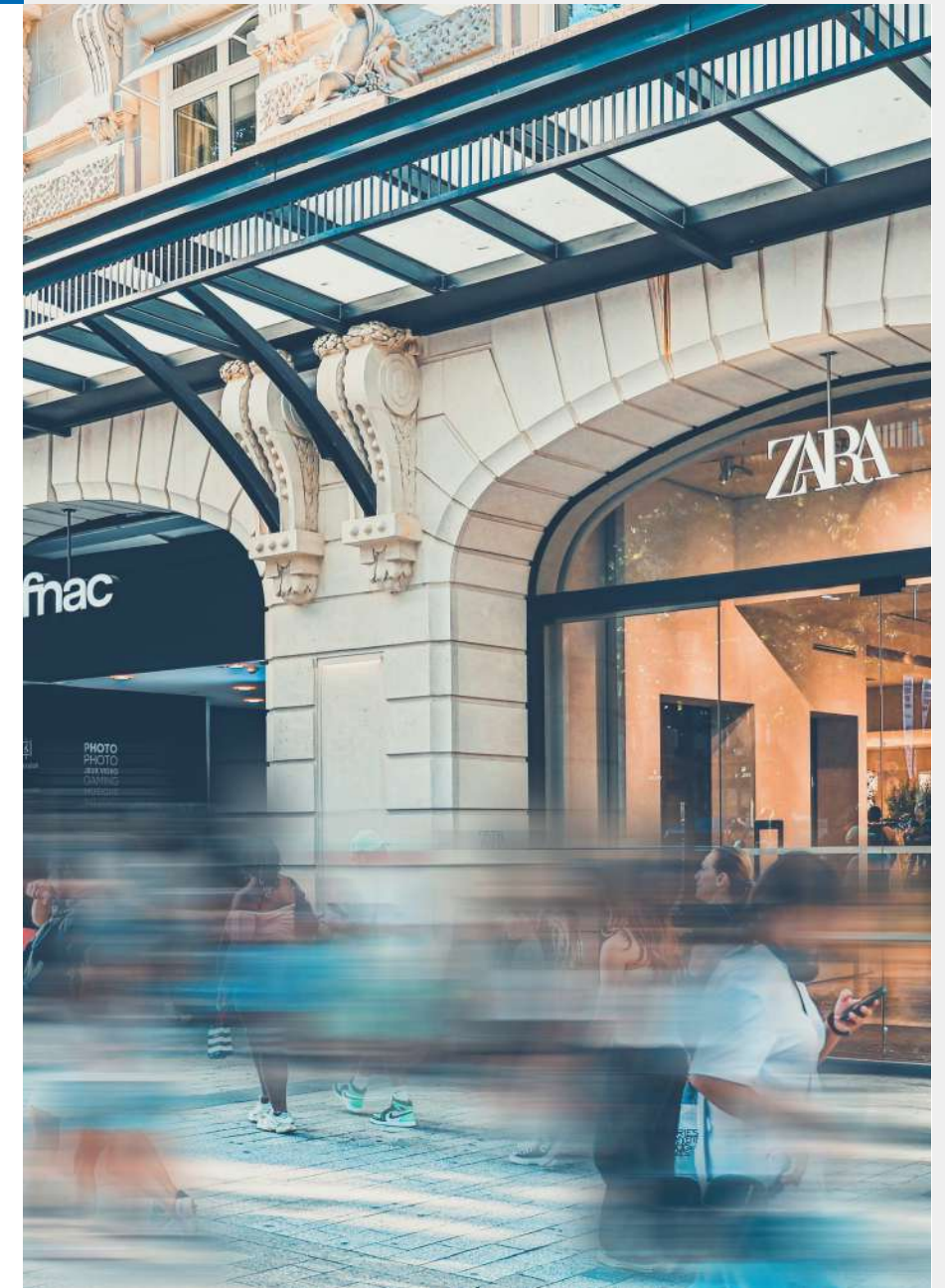
Fashion replaced **by fashion**

—
Like the new arrivals, the list of retailers leaving the Champs-Élysées is **indicative of the transformations underway on the avenue and of more general trends in the retail market.**
—

These closures are often linked to group-wide real estate streamlining strategies, and in some cases to the outright disappearance of a retailer. Prior to 2017, one of the most striking closures was undoubtedly that of the Virgin Megastore in 2013, on a site now occupied by Galeries Lafayette. Since 2017, most of the departures have involved clothing brands. While not all of them belonged to the mass-market category (Tara Jarmon, The Kooples, Eric Bompard, etc.),

the mid-range brands, some of which have been on the avenue for some twenty years, are those whose presence has been reduced the most, whether by players affected by legal proceedings (Naf Naf, Promod, Gap) or groups forced to adjust their store portfolio to maintain profitability (H&M).

—
Other brands have reconsidered the relevance of maintaining a presence on the Champs-Élysées, which was no longer necessarily in line with the brand's image due to the avenue's move upmarket (Morgan). The fashion sector has not disappeared, however, with certain categories booming, such as sportswear and luxury apparel.



ANALYSIS OF STORE CLOSURES

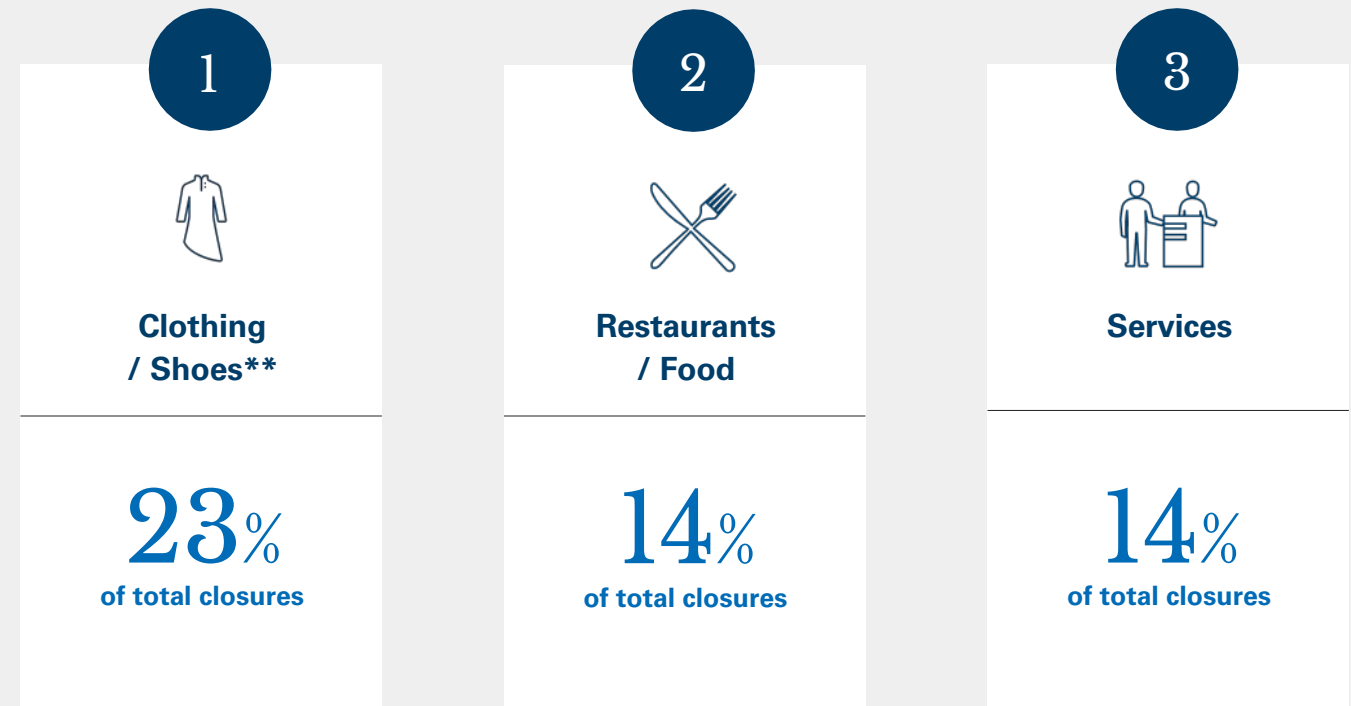
Cars fade into the background...

—
Carmakers faced the same issues of profitability and the relevance of maintaining a presence on the Champs-Élysées. Between 2017 and 2018, five of them closed their showrooms there (Peugeot, Mercedes, Citroën, Toyota and Fiat), putting an end to a sometimes-long-standing relationship between the brand and the avenue (Citroën).

—
But while the departure of several mid-range fashion brands seems to have definitively marked the end of an era (that of the all-out expansion of this market segment in Paris), the closure of car showrooms on the Champs-Élysées has not put an end to the ambitions of this sector in central Paris. Marking a certain return to favor linked to the electric car boom, several manufacturers have recently opened, including Cupra, Alpine, Vinfast and Cadillac in the Opéra-Madeleine area, and Lotus, BYD and soon Jaguar in the Golden Triangle.

Sectors with the highest number of closures

% and examples, by sector on the Champs-Élysées between 2017 and 2024 *



Source : Newmark /*Excl. pop-up stores and incl. upcoming departures / ** Excl. sportswear



ANALYSIS OF STORE CLOSURES

...as does culture

—

Among the categories that have suffered from a fairly high number of store departures on the Champs-Élysées, three others stand out: restaurants and food, services and culture. Nevertheless, the presence of restaurants remains fairly stable and significant (20% of the avenue's retail pitches). This will be further **strengthened by the development of a dedicated offer in two galleries**, at numbers 66 and 26, where over 3,000 sq m are expected by the end of 2025. Some brands are also making more room for restaurants, like Lancôme's new concept at no. 52 (the "Café de la Rose"), incorporating a tearoom to offer customers a complete experience.

—

Conversely, cultural venues are tending to disappear. This trend began in the late 1990s with the closure of the Biarritz and UGC Triomphe cinemas, followed by the Virgin Mégastore. It has since accelerated with the departure of Gaumont Ambassade in 2016 and Marignan in 2023, followed by UGC Normandie in June 2024 - not to mention the abandonment of the MK2 project at no. 150 following the sale of the building by Groupama Immobilier in 2022.

—

This decline in cultural activity has coincided with a shift in the avenue's positioning and consumer profiles. In the case of cinemas, attendance was also hit by the Covid-19 pandemic, although the decline had already begun in the early 2010s. The cinema closures on the Champs-Élysées also reflect the general decline in the number of establishments in Paris, from almost 90 in the early 2010s to 77 by the end of 2022.

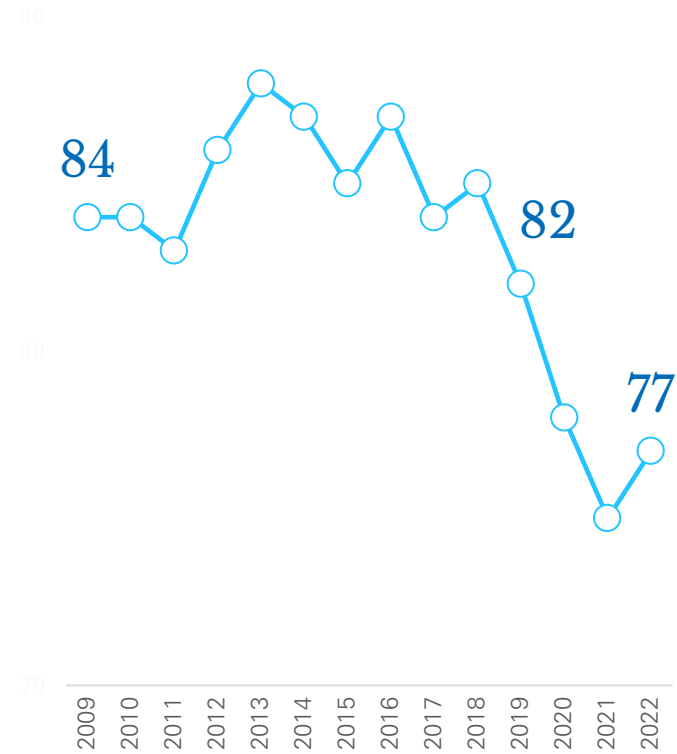
—

This drop does not mean the end of cinemas, but rather a shift in practices and a geographical reshuffling. The number of cinemas in the Greater Paris Region has remained virtually stable over the past ten years. Furthermore, several new or renovated projects have recently been launched in Paris. In the Grands Boulevards area, another historic cinema district, Pathé is due to open the "Palace" in 2024. Designed by Renzo Piano as a high-end multiplex cinema, this project illustrates the operators' desire to revitalize the cinema-going experience and increase revenues per seat.

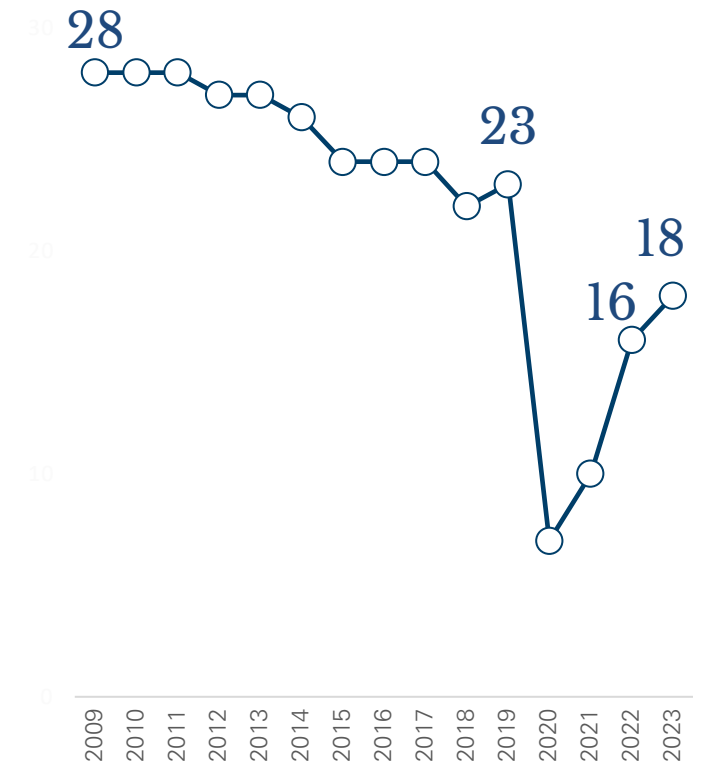


Trends in the number of cinemas and **cinema attendance** in Paris

Change in the **number of cinemas in Paris**, in number of establishments



Trends in **cinema attendance in Paris**, in millions of admissions per year



Source : National Center for Cinema and Moving Images ("CNC")

03 Trends and future scenarios



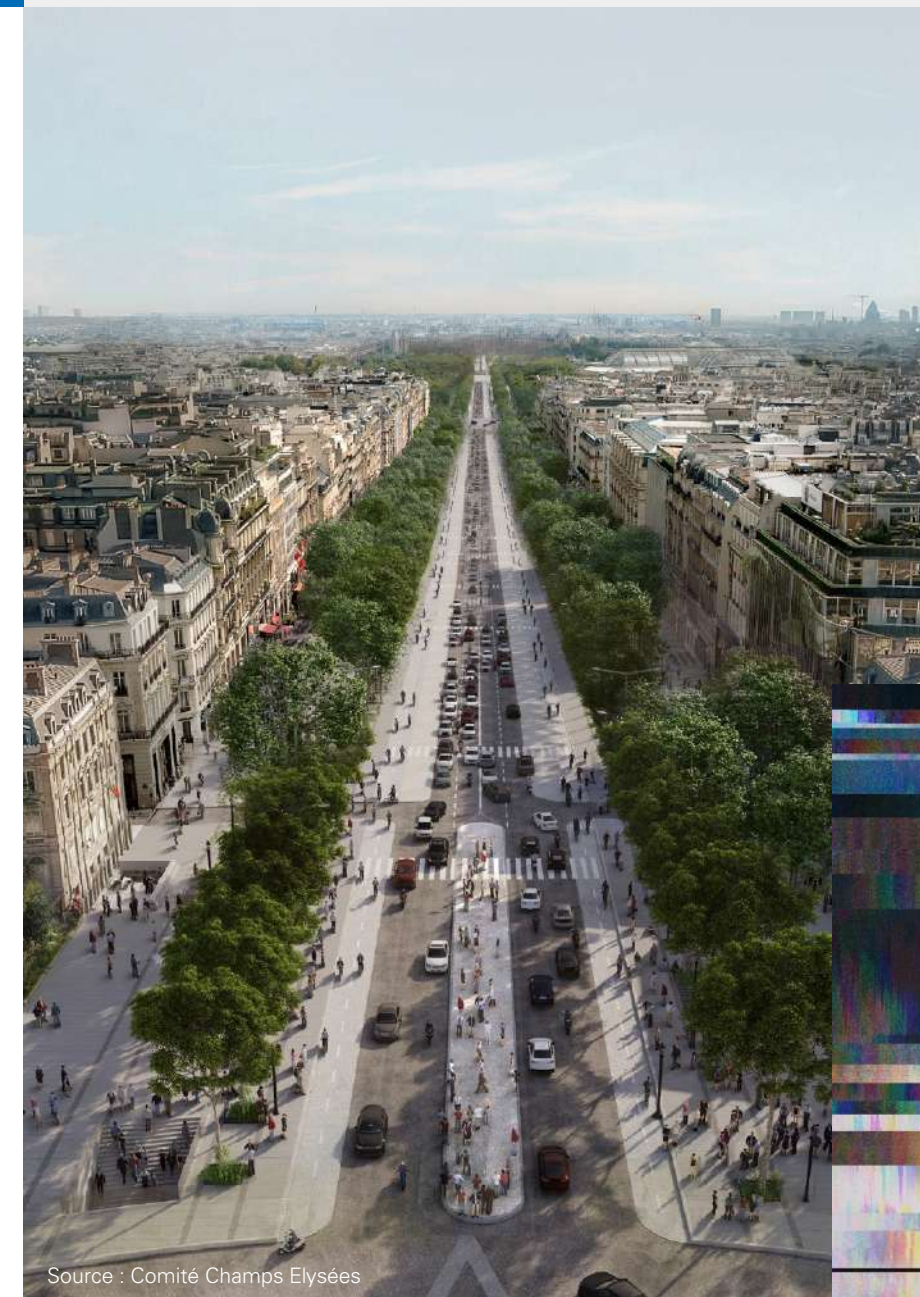
Numerous opportunities

Real estate opportunities

Whilst the awarding of the Olympic Games to Paris and the post-Covid recovery have undoubtedly given a boost to Paris's main retail streets, leasing activity seems to have slowed down since the start of 2024. This was to be expected, given the rapid increase in the number of leases signed by international brands, some of which were keen to open in time for the Olympic Games. **The decrease in the number of transactions can also be explained by the reduced number of real estate opportunities** available on the avenue.

Although the current available supply is very limited, with a vacancy rate of 2.6%*, it should eventually be increased by premises being vacated (Fnac, Zara at n°92, Adidas at n°22, etc.) and deliveries of refurbished premises (n°27-33), not to mention several premises currently occupied on a temporary basis (Salomon, Delsey, etc.). **These areas represent potential new location opportunities for retailers.** Letting activity could therefore pick up again and **continue the positive momentum seen in 2022 and 2023**, albeit not to the same extent as last year, and if demand from retailers matches available store formats.

*Excluding pop-up stores.



Source : Comité Champs Élysées

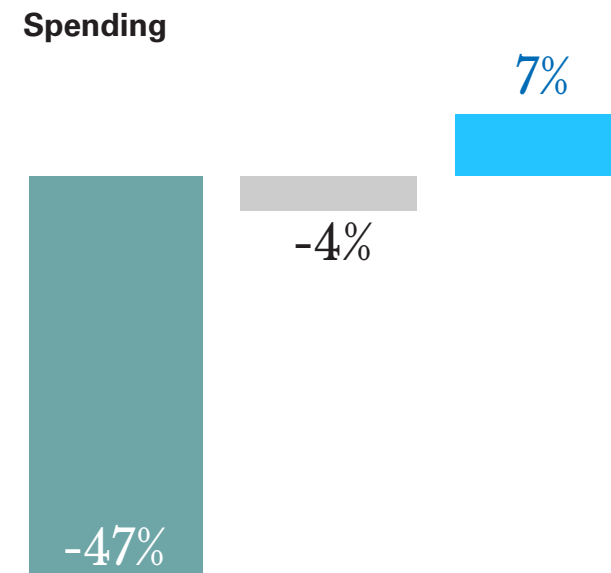
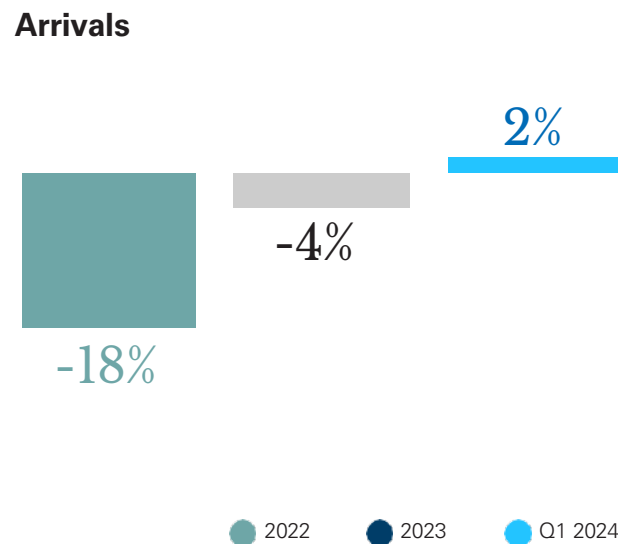


NUMEROUS OPPORTUNITIES

Tourism: reaching new highs

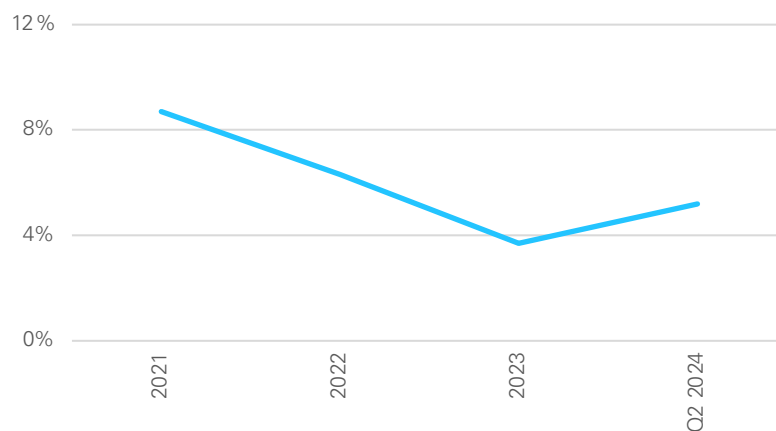
Other factors also suggest that the retail market will remain buoyant, starting with the increase in foreign tourist arrivals. After an expected drop during the Olympic Games, and barring any unforeseeable crises (geopolitical, health, etc.), these should rise again after the event, boosting visitor numbers on the main Parisian streets. Worldwide, **the UNWTO forecasts a full recovery in tourism in 2024**, driven in particular by the continued recovery of China and the Asian market.

Change in **international tourist arrivals and spending** in Europe, % compared to 2019



Source : World Tourism Organization

Change in **Vacancy rate** on the Champs-Élysées



Source : Newmark / *Vacant areas, temporary stores, vacated premises and upcoming deliveries.

Estimated **potential real-estate supply** on the Champs-Élysées*

17

Number of potentially available premises

21,000

Total volume of potential supply, in sq m

NUMEROUS OPPORTUNITIES

Continued expansion of sports and luxury

—
The Champs-Élysées should also benefit from continued growth in luxury and sports sales. The international ambitions of large groups, some of which are consolidating their positions through new brand acquisitions, will result in new flagship stores being opened. Furthermore, in the sports sector, **many sports brands are not yet present in Paris, even though they sometimes have stores in other major world cities.**

—
In the luxury goods sector, flagships will also be driven by the **continuation of the large groups' own distribution strategies**, as well as by the **growing appetite for new, younger and more connected consumer profiles**, which are precisely those targeted by luxury brands opening on the Champs-Élysées. Moreover, Paris has enjoyed a competitive advantage over London in terms of tax-free shopping since Brexit.

—
After several years of strong growth, **sports and luxury goods are not immune to a slowdown.** In the sports sector, the proliferation of openings and new entrants is certainly due to strong consumer demand and the growing links between fashion and sport, but a certain degree of saturation is possible,

against a backdrop of fierce competition from which certain brands could eventually suffer.

—
In the luxury goods sector, a **slowdown is already underway, even if it's more a question of a return to normal than a loss of momentum.** Global sales of luxury goods could stabilize in 2024, in sharp contrast to the 20%-plus growth recorded between 2019 and 2022. Certain products seem to be more exposed to this slowdown, such as watches and jewelry, which have provided the Champs-Élysées in recent years with many brand boutiques (Bulgari, IWC, Panerai, Rolex, Breitling, etc.).

—
Consequently, **future growth is likely to come from improving existing outlets** rather than creating new ones, **more so than in recent years.** On the Champs-Élysées, **brands and groups will continue to invest to enhance their flagship stores** and offer the most qualitative and innovative shopping experience.



"Because there will be less growth to capture in the coming months, the battle will be more heavily focused on gaining market share.

To achieve this, we will be placing greater emphasis on the quality and creativity of our products [...] to make our Maisons even more desirable"

—
Antonio Belloni,
Managing Director, LVMH Group,
LVMH 2023 annual report

NUMEROUS OPPORTUNITIES

Renewed demand

Over the next few years, the market for Paris's prime retail streets will be driven by sectors other than luxury goods and sports. On the Champs-Élysées, these could include Tech players, already present on the avenue with the Apple flagship at n°114 and the Samsung pop-up recently opened at n°125 to coincide with the Olympic Games. Other tech brands could eventually open on the avenue, **as part of their international expansion and to promote their latest innovations.**

The next few years should also see several **new brands fuelling demand for desirable retail pitches** in Paris. In recent years, the French capital has already **benefited from the arrival of a significant number of new arrivals.** Some sixty have been counted since the start of 2023, including 23 in the first half of 2024.



Paris, for example, could capitalize on **one of the most recent phenomena in the retail market: the rise of brands created by celebrities.** These are particularly active in the United States, in sectors such as fashion, sports and beauty (Skims, The Row, Fenty, SJP, Fabletics, Goop, Rare Beauty, etc.). Many of these brands have opened boutiques in the United States to capitalize on the fame of their founder and their high visibility on social networks. **Some are now targeting Paris.** Skims, the fashion brand founded by Kim Kardashian, which recently leased almost 2,000 sq m on 5th Avenue in New York, had, for example, opened a store-within-a-store at Galeries Lafayette in 2021. More recently, Rare Beauty and Fenty have opened pop-up stores in the Marais and avenue Montaigne, while The Row will soon be opening in the rue Saint-Honoré area.



NUMEROUS OPPORTUNITIES

An improved urban setting

—

In 2018, the Champs-Élysées Committee commissioned a study by architecture firm PCA-Stream, which found the avenue to be "unloved, dirty and sad". The findings of this study have just been unveiled, with 150 proposals designed to restore the avenue to its former glory, which is **already looking better than it did six years ago** owing to the work undertaken by the city before the Olympic Games (restoration of street furniture, renovation of sidewalks, etc.) and the new, recently installed counter-terraces*. The retail sector will benefit from this improvement, to which it has directly contributed in recent years thanks to the numerous flagship stores that have opened, and the works undertaken by landlords to provide brands with the finest showcases.

—

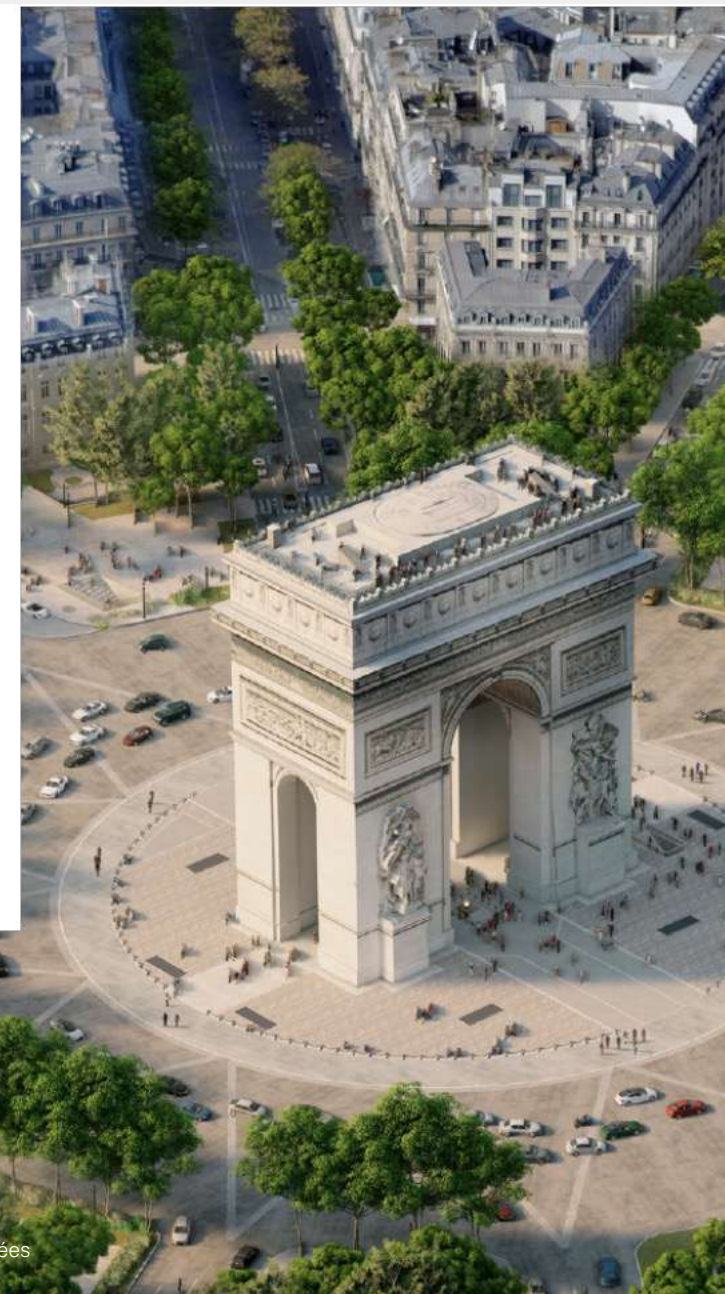
Beyond the Champs-Élysées, **the entire historic axis leading from the Tuileries to La Défense is being revitalized** with the embellishment of place de la Concorde and the redevelopment of Porte Maillot and avenue Charles de Gaulle in Neuilly, which should be completed by 2030 and will complement the renovation of avenue de la Grande Armée.

—

To complete this transformation of the urban setting, the Champs-Élysées Committee is now calling for a new phase of works**, designed to offer a more qualitative setting, improve conditions for tourists, and reconcile locals and Parisians with the area. **But is this reconciliation, which the Committee is calling for, compatible with the desire to reinforce the Champs-Élysées as a high-end tourist destination?**

*A terrace separated from a café or a restaurant by a sidewalk.

**Restore the Champs-Élysées to its Former Glory ("*Réenchanter les Champs-Élysées*"), Champs-Élysées Committee and PCA-Stream, May 2024.



Source : Comité Champs Élysées

Some of the 150 proposals for **restoring the Champs-Élysées to its former glory**

Improve pedestrian safety and increase the area available for walking by reducing the number of car lanes from 6 to 4.

Introduce visible and identifiable heritage and cultural **signage for tourists**.

Create a **twice-weekly local food market** for residents of the 8th arrondissement.

Install new **modern and contemporary works of art**, through public commissions and sponsorship.

Significantly **reinforce and modernize video surveillance** equipment, extending it to adjacent streets and avenues.

Aim for a **33% reduction in the avenue's carbon footprint** over 50 years.

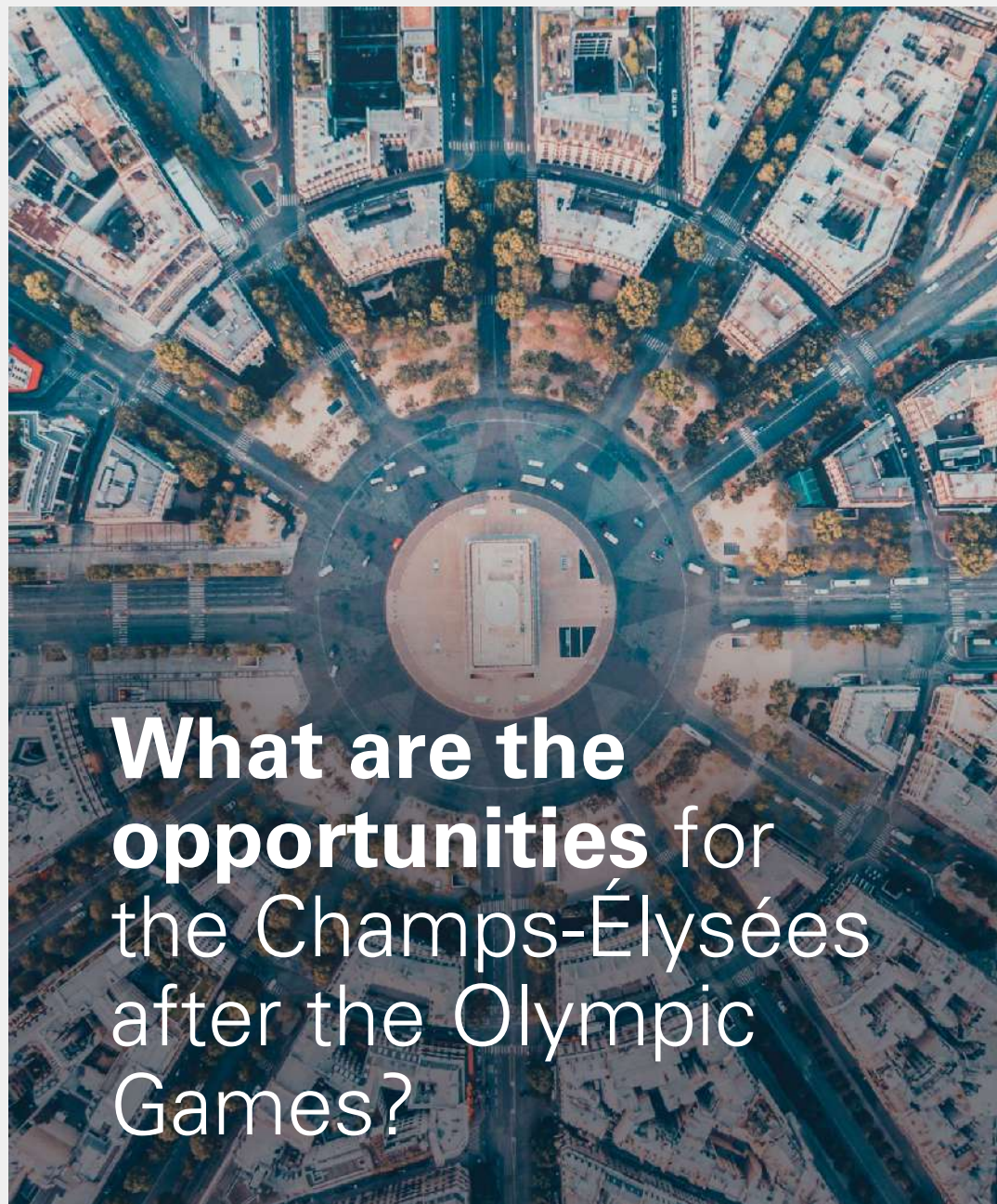
Add **5,000 sq m of flowerbeds in the gardens**, to encourage the development of biodiversity.

Deploy 5G along the entire avenue.

Make **room for soft logistics** (cargo bikes) by widening bike lanes.

Encourage **closer ties** between the Champs-Élysées, Montaigne, Saint-Honoré and George V neighborhood committees.

Source : Comité des Champs-Élysées, PCA-Stream



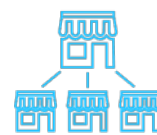
Strong international tourism



Increased sales in the luxury and sports sectors



Changing consumer profiles



Single-brand store strategies



New brands emerge



Development of new activities



Physical and digital revolution



Real estate Opportunities



Improving the urban setting



Giving the Champs- Élysées **back** to Parisians

Utopia?

—

Although Louis XIV's decision to offer Parisians a promenade was the origin of the Champs-Élysées, the avenue has long since fallen out of favor with the capital's residents. According to the Champs-Élysées Committee, the latter represent barely 2% of its visitors. **This desertion phenomenon began several decades ago, with the shift to offices in western Paris from the 1960s onwards**, which significantly reduced the population of the 8th arrondissement (-48% between 1968 and 2020); the **arrival of the RER A suburban train line in 1970**, which made the avenue a preferred destination for commuters; and finally, the **explosion in international tourism**, which has seen the number of foreign visitors to Paris more than triple since the 1970s.

—

In a recent interview with LSA, E. Grégoire, first deputy mayor of Paris, said that "*we need to restore a balance so that Parisians can rediscover the simple pleasure of enjoying being on the avenue*", while one of the 150 proposals unveiled by the Champs-Élysées Committee was "*the creation, for residents of the 8th arrondissement, of a local twice-weekly food market*". In reality, **the utopia of a local approach is ill-suited to the singularity of the Champs-Élysées, a global street par excellence, whose store formats are also ill-suited to local concepts, due to their size**. What's more, while nearly 60% of the brands on the avenue are French, many of them are upmarket or luxury brands, whose positioning means that they mainly target international customers.

GIVING THE CHAMPS-ÉLYSÉES BACK TO PARISIANS

Generate new interest

So, is the avenue doomed to be shunned by Parisians? Having been put off for years by the banality of certain concepts and the problems associated with shopping (security, etc.), many of them have long since done without the Champs-Élysées, preferring other areas of the capital such as the Marais. But if the idea of developing a local retail offer to attract the interest of Parisians seems unrealistic, **the joint improvement of the Champs-Élysées and the retail offer could well mark a turning point.** The proliferation of spectacular, upmarket and innovative stores is transforming the avenue into a truly exceptional place. Increasingly, tourists and locals alike will be able to experience totally new concepts in a setting more conducive to a leisurely walk.



04

Spotlight on the Champs-Élysées



A portrait of Pascal Monfort, a man with a beard and glasses, wearing a dark cap with 'EPHEM' on it and a blue jacket. He is looking thoughtfully to the side. The background is blurred, showing other people in a social setting.

Pascal Monfort

Founder of the consumer and market intelligence firm, REC trends marketing, which advises major players in the fashion, sports and beauty industries.



The Champs-Élysées is more than ever the place where brands must show consumers, whoever they may be, that they are in tune with the times, but also that they are projecting themselves into the future; a place where brands express their singularity, their raison d'être, what we call their "brand purpose".

01

In recent years, many brands have opened a flagship store on the Champs-Élysées or developed a new concept there. Have these openings changed the image of the avenue for brands and consumers alike?

P.M. The landscape of the Champs-Élysées has indeed changed a great deal, with the arrival of new brands but also the new concepts of brands that were already present on the avenue. Some brands have gone from a simple sales space to what we might call a "brand space", a place where the transaction is certainly important, but where emotions and brand perception are also crucial. For example, by changing its address, PSG has gone from a simple souvenir and merchandising store to a true Paris Saint-Germain flagship store. Similarly, the Lacoste store has become the "Lacoste Arena", a place that fully embodies the brand through its window display, in-store experience, storytelling and exclusive products. **These are all points of contact with the consumer, conveying the essence of the brand, its past, present and future.**

The Champs-Élysées is more than ever the place where brands must show consumers, whoever they may be, that they are in tune with the times, but also that they are projecting themselves into the future; a place where brands express their singularity, their *raison d'être*, what we call their "brand purpose". Dressing in Lacoste, for example, isn't about wearing a brand that's been around for a long time, a tennis brand or tracksuits for young people. To dress in Lacoste is to elevate elegance to a level that transcends differences.

Brand purpose is also particularly important for Anglo-Saxon brands and Nike illustrates this very well. Its flagship store, which has moved from no. 65 to no. 79 on the avenue, has been transformed into a "House of Innovation". It's no longer just a place to buy sneakers but is the place where the brand's fundamental values are expressed, in all the forms of diversity it holds dear; a concept that values performance, style, elegance and innovation, and that can only be found in exceptional locations such as Oxford Circus in London, Fifth Avenue in New York and, of course, the Champs-Élysées.

02

Can this increase in exceptional concepts reconcile Parisians with the Champs-Élysées?

P.M. Absolutely, it gives the Champs-Élysées a real uniqueness, which wasn't the case just a few years ago. In the past, consumers may well have been disappointed by their experience of the Champs-Élysées. The stores may have been bigger than those found on other streets, but that was about it. The retail offer was fairly standardized. In other words, the Champs-Élysées was a "sleeping beauty" no longer in tune with the times. Now, the avenue is awake and full of energy. It's no longer the place where brands say to themselves, "I'll have more space to sell even more products", the place where they think only of sq m profitability. **The Champs-Élysées has become much more than that: a place for experimentation, an exceptional space where brands can truly express their identity and inspire consumers.** Consumers know they can enjoy a unique experience here, with products they won't find anywhere else, and events they won't experience anywhere else, such as product launches by celebrities from the world of sport or other fields, like Rihanna with her Fenty brand. This gives them another reason to visit the avenue, even in the age of online shopping.

This applies to local consumers and tourists alike. The proliferation of exclusive collections, which can only be found in Paris or in the flagship store on the Champs-Élysées, is a good illustration of this. Consumers are very keen on this type of product, especially in the age of social networking. At REC trends Marketing, we call these "I was there" products. They're not just souvenirs. They create emotion and a special relationship with the brand; you can only have them if you've physically been to the store - like the exclusive "Lacoste Champs-Élysées" capsule collection, presented in a subway station setting and only available in the Lacoste Arena flagship, or the "NYC" t-shirts on 5th Avenue in New York, sold in the Paris Saint-Germain boutique.

03

How do the Champs-Élysées differ from other Parisian luxury markets, such as avenue Montaigne?

P.M. The Champs-Élysées allows a more global and less exclusive image of the brand than avenue Montaigne, where some consumers may feel uncomfortable or out of place. Nevertheless, the

luxury brands present on the Champs-Élysées are not dragging their concepts down, quite the contrary. The new Saint Laurent flagship store, for example, is unbelievable, particularly in terms of the space given over to works of art; just as the Louis Vuitton flagship on the Champs-Élysées rivals that on rue Saint-Honoré. All because, in my opinion, nothing is too luxurious or cutting-edge for the Champs-Élysées. When a brand opens a store there, whether it's a luxury brand or not, it must do its best and develop the most inspiring concepts, because that will always reflect positively on its image.

On the Champs-Élysées, luxury brands also need to be present to stay in the collective imagination and reach a wider audience, even those who can't afford their most expensive products. It should be remembered that luxury performance also depends on sales of more accessible items, such as accessories and beauty products. Finally, if some of the most prestigious brands are present on the Champs-Élysées, it's also because the avenue symbolizes French elegance and luxury, something foreign tourists want to experience when in Paris. The success of certain marketing initiatives, such as Louis Vuitton's giant trunk-shaped scaffolding, clearly demonstrates this. It even attracts Parisians, underlining the importance of the Champs-Élysées in the city's collective imagination.



The Champs-Élysées allows a more global and less exclusive image of the brand than avenue Montaigne, where consumers may feel uncomfortable or out of place.

04

The links between luxury and sport are growing ever closer. Why is this particularly visible on the Champs-Élysées?

P.M. Sport plays a key role in today's world. Sport is synonymous with modernity, power and fashion. And the consumer of luxury goods is also a consumer of sport; it's part of their lifestyle. These two worlds share common values: surpassing oneself, creativity, innovation - which is why athletes have become muses for luxury brands. Furthermore, athletes such as Kylian Mbappé and Lionel Messi are



On the Champs-Élysées, sports brands are perfectly at home alongside luxury brands, because the avenue is in tune with the times, and these times are all about breaking down the boundaries between sport and luxury.

global icons, global brands in the same way as Dior and Chanel. On the Champs-Élysées, sports brands are perfectly at home alongside luxury brands, because the avenue is, as I said, in tune with the times, and these times are all about breaking down the boundaries between sport and luxury. A very wealthy person can buy luxury goods from Cartier, then cross the road to buy sneakers from Nike.

05

Doesn't the proliferation of brands and new sportswear concepts risk saturating the market?

P.M. No, the sports market is booming, and in my opinion, there's room for everyone. It's true that over the past few years, new brands such as Alo Yoga and On Running, which is about to open on the Champs-Élysées, have been steadily developing and enjoying great success. Others, established there for varying lengths of time, are also very popular, such as Anta in China, Asics, New Balance, The North Face and Salomon, which recently opened a store on the avenue. This reshuffles the cards in a sector that was

once dominated by a small number of players; but **supply and demand are growing in parallel, and the latter is exponential**. Sports brands are also very intelligently managed, often fully understanding changes in consumer behavior, and will therefore remain in tune with the times.



05 Retail services

NEWMARK



Newmark globally

~7,400
EMPLOYEES

~170
OFFICES

\$2.5B
TURNOVER

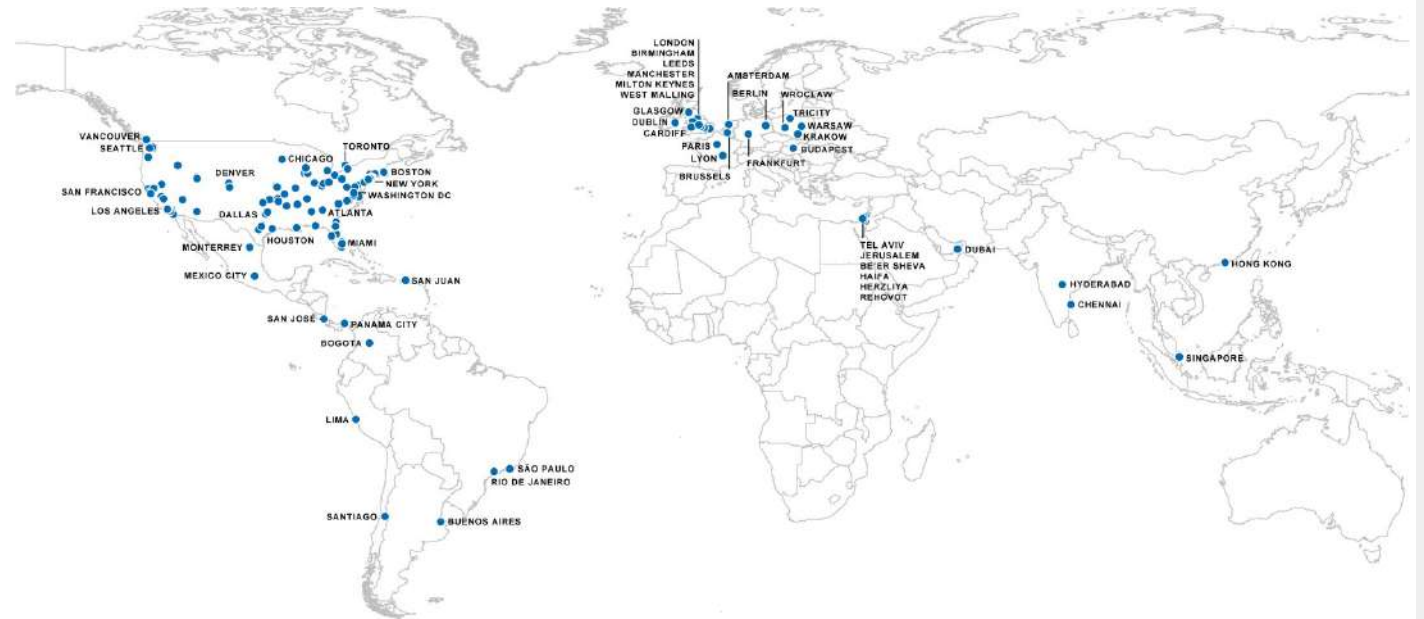
~\$1.7T
2022-2023
TRANSACTION
VOLUME

90+
YEARS SINCE IT WAS
FOUNDED IN 1929

55+
COMPANIES
ACQUIRED SINCE 2011

160
US RETAIL
BROKERS

51
NYC RETAIL
BROKERS



France retail leasing team

Over 35 years' experience

— A team with extensive experience of the Paris market, where it has carried out a large number of transactions, including some of the biggest in recent years.

— The desire to capitalize on this expertise and develop it in major regional cities, for the benefit of our landlord and retail clients.

The strength of an international network:

— for retailers, who we support in their development not only in France but also in a large number of European countries, thanks to Newmark's "Tenant Rep" teams based in London, Paris and Madrid;

— for landlords, thanks to our knowledge of the local market, combined with Newmark's ability to attract top international brands to France, particularly from the American and Asian continents.



Antoine Salmon
Co-Head
of Retail Leasing

+33 (0)6 09 17 81 76
antoine.salmon@nmrk.com



Vianney d'Ersu
Co-Head
of Retail Leasing

+33 (0)6 75 26 03 96
vianney.dersu@nmrk.com



Sarah Aghion
International leasing
consultant

+33 (0)6 20 42 71 37
sarah.aghion@nmrk.com



Alexandre Lechat
International leasing
consultant

+33 (0)6 32 18 09 40
alexandre.lechat@nmrk.com



Louis Combet
International leasing
consultant

+33 (0)6 08 76 07 34
louis.combet@nmrk.com



Clara Leclerc
Retail
Consultant

+33 (0)7 67 34 27 20
Clara.leclerc@nmrk.com



Melchior Burrus
Retail
Consultant

+33 (0)6 34 62 59 63
Melchior.burrus@nmrk.com

Some recent references



Issey Miyake
Rue François 1^{er}, Paris



Swaine
Bond Street, London

Arc'Teryx
Rue des Francs Bourgeois,
Paris



Louis Vuitton
PC Hoofstraat, Amsterdam

Some recent references



MaxMara
Birger Jarlsgatan, Stockholm



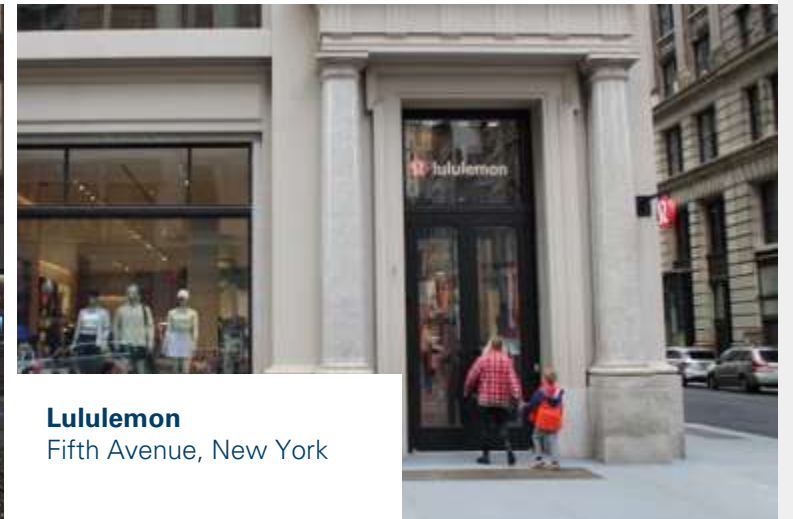
Burberry
Bond Street, London



Arc'Teryx
Covent Garden, London



Dior
Dam Square, Amsterdam



Lululemon
Fifth Avenue, New York

**Our advisors are anticipating
the future of retail with one
unique story in mind:
yours.**

For more information:

David Bourla
Head of Research

t + 33 6 80 66 95 36
david.bourla@nrmk.com

NEWMARK

32 boulevard Haussmann
75009 Paris

NMRK.COM