



THE MOUNT STREET REPORT

MOUNT STREET AS AN EXEMPLAR
OF PUBLIC REALM IMPROVEMENT



WETHERELL
MAYFAIR'S FINEST PROPERTIES

I founded the Mount Street Association in 1992 at the request of Grosvenor after the Duke of Westminster had walked from the old estate office in Davies Street to dine at Harry's in South Audley Street and had counted 19 empty shops.

What a difference we see today with global retailers now looking at Mount Street as a 'sister' of Bond Street and one of the most sought after luxury retailing addresses in the world. Élite brands now nestle next to each other in the heritage terracotta buildings of Mount Street.

Recently I looked at an old street retailers' booklet of the Association from the turn of the millennium and was surprised to see that today only eight of those retailers remained from the street line up. Those legacy retailers sit well with the new luxury brands in making Mount Street a unique retailing experience.

Where else could you boast that your local B&B is The Connaught, the fish & chip shop is Scott's, the butcher is Allen's, the car showroom is Porsche, your tobacconist is Sautter and dare I say it; your local estate agent is Wetherell.

It took me 10 years before I saw the right opportunity to open a corner shop on Mount Street in 1992. Today global luxury retail groups headed by Bernard Arnault (LVMH), François Pinault (Kering) and Johann Rupert (Richemont) compete for available stores even sometimes paying 'key money' to tempt existing retailers to move.

The present challenge is to increase 'footfall' as at present too many customers are 'lone wolf' clients targeting only one specific shop with a 'buy and fly' attitude. The Mount Street retailers need to jointly offer an exciting retail experience so that they can all cross-pollinate their customers and encourage them to become 'busy bees' hovering from store to store up and down the street.

A handwritten signature in dark ink, appearing to read 'Peter Wetherell', with a large, stylized loop at the end.

Peter Wetherell
Chairman of the Mount Street Association

DOING A GROSVENOR

MOUNT STREET PUBLIC REALM IMPROVEMENT

A Report on Mount Street as an exemplar of public realm improvement and its implications for other London locations.

Public realm improvements, new tenants and a strategy by landlord Grosvenor and other local businesses for destination promotion and community engagement has transformed Mount Street in Mayfair from a weak secondary thoroughfare into one of London's, and the world's, leading luxury brand destinations.

As a result of this repositioning, rental and real estate values on Mount Street and its neighbouring thoroughfares have risen and the street has become the location of choice for some of the world's most prestigious luxury brand names.

This report analyses the strategy, the 18 key activities and costs that have been required to deliver this transformation. It also provides a background to the history of Mount Street, gains insights from tenants as to why the street is so successful, and also compares and contrasts

Mount Street with other luxury retail addresses in London and around the world.

Finally the report looks at how the transformation of Mount Street and its benefits - now known within the London property industry as "doing a Grosvenor" - is influencing a number of other London estates to look at replicating the success of Mount Street in other locations across London.

The result is a compelling read for anyone involved in London property development, regeneration and public realm improvements, providing insights and best practice lessons that can be adopted in other addresses in London and around the UK.

The Authors

The report has been commissioned and compiled by Wetherell, with research and written contributions by **Zoe Dare Hall**, a London-based, award-winning property journalist who has specialised in writing about UK and overseas property and luxury brands for 10 years. She writes principally for the Financial Times, Sunday Times and Daily Telegraph and is the property columnist for Telegraph Luxury, Sphere magazine and The London Magazine.

About Wetherell

Founded in 1982, **Wetherell** is the leading property advisory firm specialising in Mayfair and the wider West End. With a head office at 102 Mount Street the company provides sales, lettings, investment and new development consultancy services for clients ranging from global corporations to high-net-worth private individuals.

The firm has sold more than 100 commercial properties that have been reconverted to residential use and is currently advising on more than £1 billion worth of residential instructions. The firm is a pivotal player in Mayfair's renaissance as a prime residential destination.



I've watched Mayfair evolve in response to the global economy, from the banking crisis and rocketing oil prices of the early 70s, which saw the British leave Mayfair and oil-rich Middle Eastern buyers move in, to the 1980s, when there was little demand for houses and offices were seen as the way forward, and the 1990s, which saw the return of residential schemes.

Now there are plenty of properties in the planning, residential values are catching up with Knightsbridge and Belgravia and soon Mayfair will overtake them and regain its crown and London's premium residential address.

Peter Wetherell

EXECUTIVE SUMMARY

REPORT KEY FINDINGS

- The 2010 regeneration of Mount Street has delivered a range of public realm, tenant engagement and profile improvements which have transformed the street into one of the world's most prestigious luxury brand addresses
- The programme to transform Mount Street has cost £80 million, of which £10 million has been spent on public realm improvements
- The regeneration has resulted in benefits worth over £500 million, in terms of new retail development and residential property value rises
- Mount Street shop rents have rocketed by 330% since 2006
- In just 20 years, average rents on Mount Street have risen from £16,000 to an average of £150,000 per annum today
- The world's top luxury brands will now pay as much as £3m in upfront 'key money' simply to secure the lease on Mount Street
- These brands will then lavish anything from £6 million upwards on refitting their shop and paying additional premium market rents
- The results of the 2010-2011 Mount Street makeover include new luxury tenants, enhanced footfall, rising shop rents, increased residential sales values and rising residential letting values
- Since 2010 over 20 new luxury retailers/operators have opened on Mount Street, representing over £200 million of new luxury development
- Residential property sales values on Mount Street have risen by 199% since 2005, outperforming equivalent average rises for Mayfair and Belgravia
- Apartments on Mount Street currently sell for £3,227 per sqft – some of the highest values in London
- Residential lettings values on Mount Street have risen by 24% since Q1 2003
- Weekly residential rents on Mount Street now average £1,407 – some of the best rental values in the capital
- On an international comparison, there are just under a dozen similar luxury brand addresses that are equivalent to Mount Street – crucially all the locations share 18 similar features and offer tenants and businesses equivalent benefits

Photographs of just a few of the famous brand names that have chosen to make Mount Street their home.

- This report has identified these 18 features as the key requirements for creating a successful luxury brand address
- The programme to enhance Mount Street drew on all these 18 key features, which were essential for regenerating and repositioning a location into a luxury brand destination
- The 2010 regeneration programme is actually the fourth public realm enhancement initiative undertaken in Mount Street over its history - however it is by far the most successful
- The repositioning of Mount Street has resulted in other London Estates deciding to “do a Grosvenor” and replicate the success of Mount Street - there are now 10 other London locations where Mount Street style public realm and profile raising activities are taking place.





CONTENTS

- 10. Mount Street today
 - 14. The history of Mount Street
 - 20. A review of luxury brand addresses around the world
 - 21. Mount Street:
The key ingredients required for a luxury brand destination
 - 32. Key Mount Street retailers and their views
 - 38. The results of the transformation of Mount Street
 - 47. The future for Mount Street
 - 48. The influence that Mount Street and “doing a Grosvenor”
has had on other London estates and locations
 - 50. Summary
-

THE MOUNT STREET REPORT

**MOUNT STREET AS AN EXEMPLAR
OF PUBLIC REALM IMPROVEMENT**

MOUNT STREET TODAY

WHAT MAKES MOUNT STREET DISTINCTIVE

Mount Street is now one of the leading luxury brand destinations in London and the wider world. It is home to a cast list of world class luxury brands to rival Paris's Rue St Honoré (where you'll also find the likes of Balenciaga, Roksanda Ilincic and Paule Ka) or New York's Madison Avenue (whose designer stores include Carolina Herrera, Christian Louboutin and Ralph Lauren).

Village Ambience: What makes Mount Street distinctive

While its New York and European equivalents (see p20) have a busier, more commercial feel, Mount Street retains the look and feel of a elegant, historic village where people live as well as work and shop.

Whereas its main London competitors, Bond Street and Sloane Street, are about lavish window displays watched over by burly security guards, Mount Street is about more subtle luxury, with its jewels and prestigious collections tucked away behind the tall, elegant red brick facades of its townhouse boutiques.



The first thing that visitors notice about Mount Street is the beautifully preserved Queen Anne revival style architecture. The pink terracotta and red brick buildings have magnificent elegant facades, with ornate windows, pediments and roofs capes, some of the most striking architecture in Mayfair.

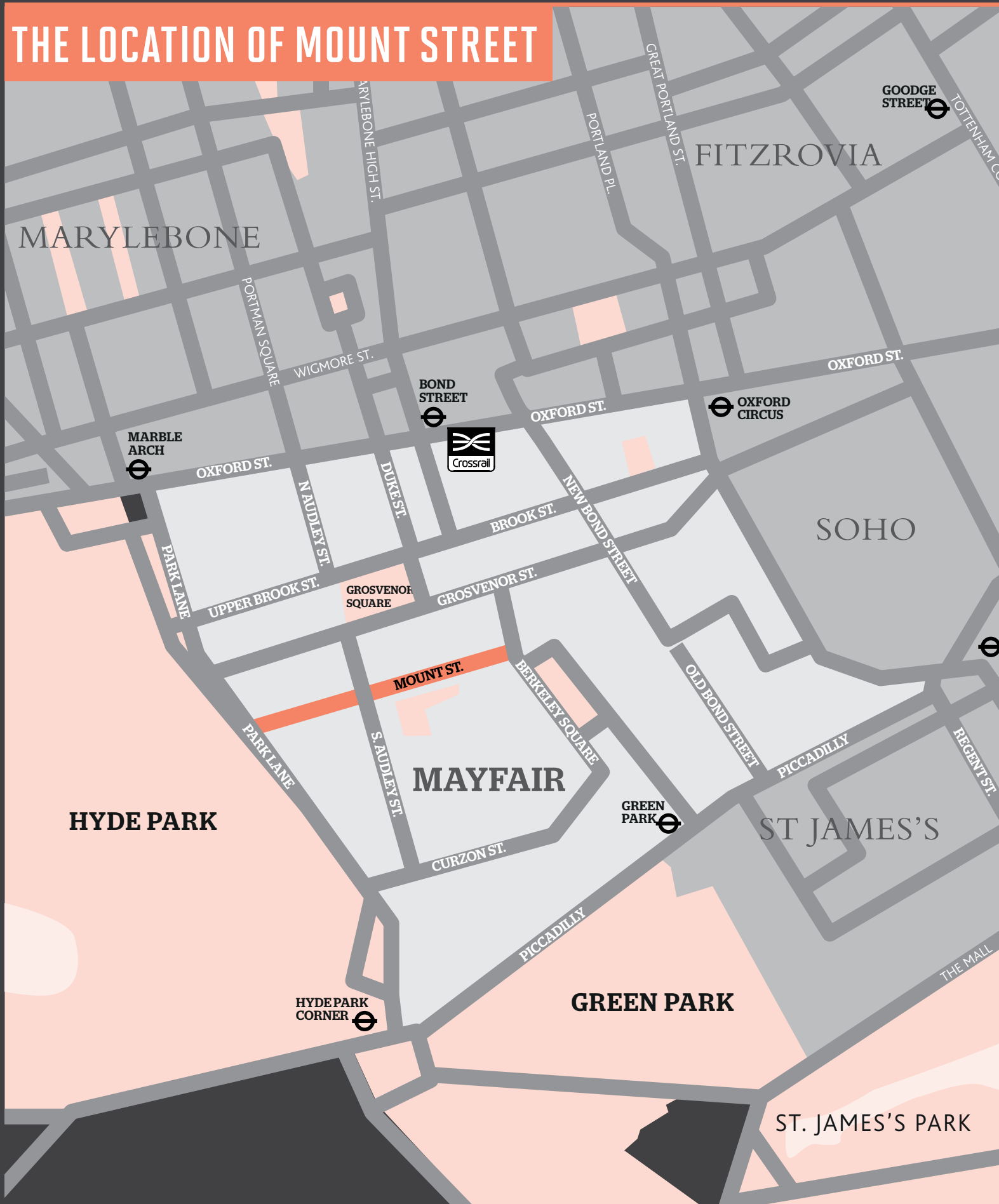


However behind the historic facades are smart modern shops, restaurants and boutiques that have been turned over to some of the biggest luxury brands of the 21st Century; Loewe, Oscar de la Renta, Parmigiani and Scotts. Its now a destination not just a thoroughfare.



Peter Wetherell

THE LOCATION OF MOUNT STREET



TRANSFORMATION

THE REPOSITIONING OF MOUNT STREET

Until a decade ago, Mount Street was home mainly to art and antiques dealers. It was a street you cut through to get from Berkeley Square to Park Lane. Today it has become a destination in its own right - a place where tourists staying at the Connaught Hotel will while away hours browsing its shops, or office workers in nearby Berkeley Square will nip to during their lunch hour.

One of the triggers behind its transformation was the American fashion designer Marc Jacobs, who in 2006 opened his first store on the street and this - combined with the 2010 public realm programme reviewed later in this report - unlocked the floodgates to global designers seeking to capitalise on Mount Street's blossoming cachet. Where Marc Jacobs led, the likes of Oscar de la Renta, Carolina Herrera and Christian Louboutin followed (see p22-31).

Although it boasts some of the highest profile fashion brands, Mount Street is also a residential address for discreet money, whether old or new. It is home not to the publicity-seeking celebrities seen wearing designer brands on the front of magazines, but to their wealthy managers who stay behind the scenes.

However as a wave of fashion designers moved into Bond Street between 2000-2010 the thoroughfare became increasingly "overcrowded", with more designers wanting space than was actually available.

This is where Mount Street then came into its own. The Grosvenor Estate shrewdly undertook a multi million pound street restoration, creating a new high quality streetscene. This drew the attention of leading luxury

brands who saw Mount Street as a perfect "sister address" to Bond Street, the two streets being less than 10 minutes walk from each other.

As a result, Mount Street is now viewed as a complementary address to Bond Street. Conduit Street, which links the two across Berkeley Square, has also been transformed into a fashion address lined with boutiques.

The Future

Mount Street's future rests partly in continuing to attract the biggest and best names in luxury retail, whether it's fashion, watches or wine. But it's also about preserving the pillars, and sense, of the community that have been drawing people to Mount Street for centuries (See p25).

HISTORY

THE ORGINS & DEVELOPMENT OF MOUNT STREET

Before this report reviews the major public realm improvements and transformation of Mount Street that has occurred since 2010, this section provides a useful 'step back' insight into the origins and history of the street. This provides a context as to the profile and mix of tenants over time and why the 2010 improvements were required.



It also highlights that the latest regeneration initiative is actually the fourth programme of its kind to be implemented over the history of the street.

Fields and Taverns

Wind the clock back three and a half centuries and Mount Street was a drastically different place to the picture of wealth and elegance it is today. Between Piccadilly's mansions and Oxford Street lay little but fields dotted by the odd cluster of small, narrow houses and taverns. That was Mount Street circa 1700.

There was a rough and ready feel to the area, with butchers driving livestock to their shops for slaughter and one well-to-

do lady in nearby Brook Street complaining she feared being gored by bullocks whenever she stepped into her carriage.

Named after a Civil War fortification called Mount Field, Mount Street was simply a handy short cut from central London to Tyburn (today's Marble Arch area), where crowds would gather to watch the public hangings. Mount Street Gardens, now a peaceful refuge tucked away behind luxury shops, was a burial ground and in front stood the parish workhouse where hundreds of people lived and laboured, sleeping four to a bed.

But as the longest single street owned by the Grosvenor Estate – a landowning empire that began in 1677 when Sir Thomas Grosvenor married the 12-year-old heiress Mary Davies, who brought the Grosvenor family 100 acres of Mayfair – Mount Street was ripe for development.

The first regeneration project

That first phase of change took place in 1720-1740, when coffee shops and trades people moved in, shop fronts were refurbished, and, in the ensuing decades, village-like Mayfair saw rapid progress, with mansions, grand townhouses and private squares springing up.

By 1800, Mount Street still had its quotient of saddlers, shoemakers and ironmongers, but it had also become a fashionable place for new trades such as furniture-makers, milliners and wig-makers.

Among the 50 or so trades in the street were Elward & Marsh, cabinet makers to King George IV, sculptor Richard Westmacott, whose son Richard Jnr was knighted in 1837 and his work displayed in St Paul's Cathedral and the British Museum, and in adjacent Carlos Place (previously Charles Place), a potter called Josiah Wedgwood opened his showroom.

Despite the building work and new tenants, Mount Street was still a long way from being the luxury address it is today. Whilst some of the retail tenants were good, the profile of the residential space above was characterised by lodgings rather than smart properties. Indeed, by the end of the 19th century, Mount Street had more lodging houses than anywhere else in Mayfair, mainly used by middle-class professionals, gentry and colonels with no homes of their own.

The second regeneration project

Where Mount Street had previously been home to a mish-mash of architectural styles, some introduced by the street's new, wealthy residents inspired by

Italian and French architecture, the end of the buildings' original 50-year leases marked a time for the next big change which started from 1880 and took some 15 years to complete.

From 1885, finishing in 1895, Grosvenor commissioned the architect James Trant Smith to design the red-brick and terracotta Queen Anne revival-style houses with shops below – the look that defines the street's architecture today. Surrounding streets, including Duke, South and North Audley, Davies and Carlos Place, saw similar transformation in what was the largest rebuilding programme by any of the great estates.

Each of the new buildings, with shops below and residences above, cost around £7,000 to build. As that cost was born in many cases by the tenants, it forced some to shut up shop and leave the street.

However for others, including the gunsmith James Purdey, it presented an opportunity to be part of this newly fashionable street. Purdey took the prestigious corner spot on South Audley Street and is still there today. The first estate agents moved in, too, with one company, Lofts and Warner, involved in the street's 1880s redevelopment.

Victorian era: Public realm improvements

Grosvenor then, as now, also recognised the importance of sprucing up the public realm. Carlos Place was given curving corners into Mount Street to hint at the splendour of the new houses and flats that were taking shape along it. It was also around this time, in 1896, that the Coburg Hotel (patriotically renamed The Connaught in war-time 1917, after Queen Victoria's son) was rebuilt.

During this late 19th century makeover of Mount Street, there was the earliest sense of Grosvenor 'curating' the street's character through its mix of tenants - something that remains a major focus for the estate today. Old, run-down houses were replaced by new residences and shops. Only the most successful traders could afford to live above the shop anymore.

The Audley Hotel had to be redesigned because the Duke of Westminster felt it was "too gin-palacey in Mount Street". He also wanted the street to be largely commerce-free, so instructed the building of high-quality houses, which were let instantly to the noble likes of Viscount Walmer MP and the Hon. Lady Henrietta Grey-Egerton.

By 1900 Mount Street was starting to resemble what it would become for the next century and beyond, with auctioneers and watchmakers, estate agents and antique dealers. The butchers, Allens of Mayfair, took the corner spot at no. 117 and are still there today. New residents also moved in.

Victorian era: The residential market

High rents in Mount Street meant the typical tenant was titled, a bachelor or MP, while international interest - back then, mainly Americans and diamond-rich South Africans - made Mount Street's western reaches around Park Lane their home.

The 1920s and 1930s

During the inter-war years, crippling taxes forced many Mayfair residents to sell up. Only the rich could afford it anymore - and for them, it was party time. It was the place to be seen for bohemians and aristocrats. Evelyn Waugh and John Betjeman were part of the scene, as was Coco Chanel, the Duke of Westminster Hugh Grosvenor's lover, who opened a boutique on Davies Street.

Their carefree decadence ended abruptly with the start of the Second World War, during which Mount Street took several direct hits. Grosvenor Square was another target, with its bombed

western side bulldozed in the 1950s to make way for the US Embassy.

Mayfair after WWII

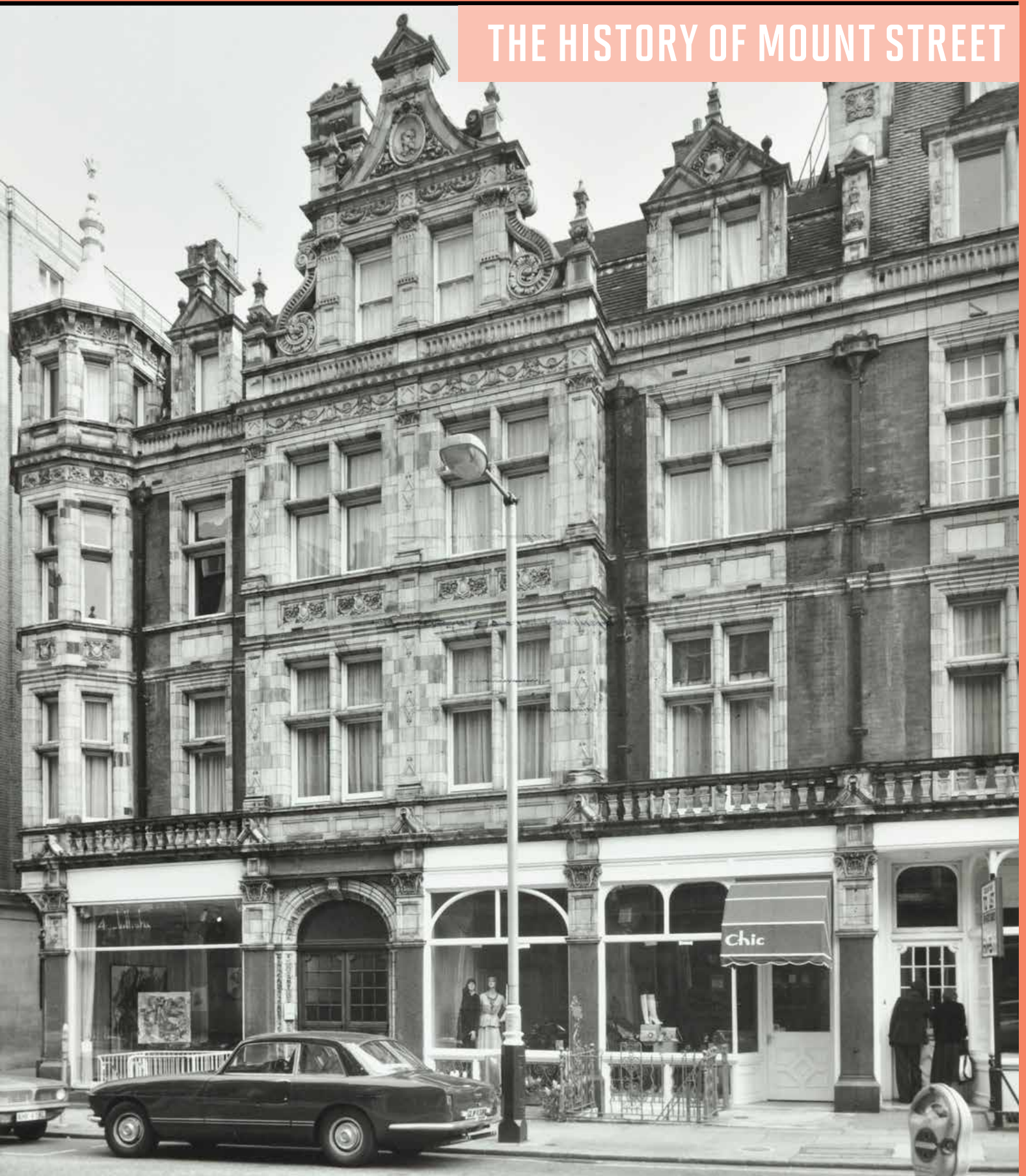
The ending of WWII in 1945 was time for abrupt change again. Many Mayfair houses were abandoned or badly damaged, and many companies in the City of London had been left without offices, due to bomb damage. So the aftermath of war saw Grosvenor adopt a new stance: to convert residential properties into offices by introducing Temporary Office Permissions (TOPS).

Some 1.2 million square feet of Mayfair property changed use and the area - including Mount Street, which was now dominated by offices - turned from being an elegant enclave of townhouses to London's new commercial quarter. The City of Westminster played its part too, unleashing a building spree of office blocks in the 1960s and 70s that were designed with a 50-year life span.

Mayfair during the 1960s

As Mayfair became overrun by offices and embassies, and Swinging Sixties trendsetters including hairdresser Vidal Sassoon and photographer Terence Donovan set up shop, many families retreated to Belgravia, Chelsea or the yet-to-be-gentrified Fulham.

THE HISTORY OF MOUNT STREET



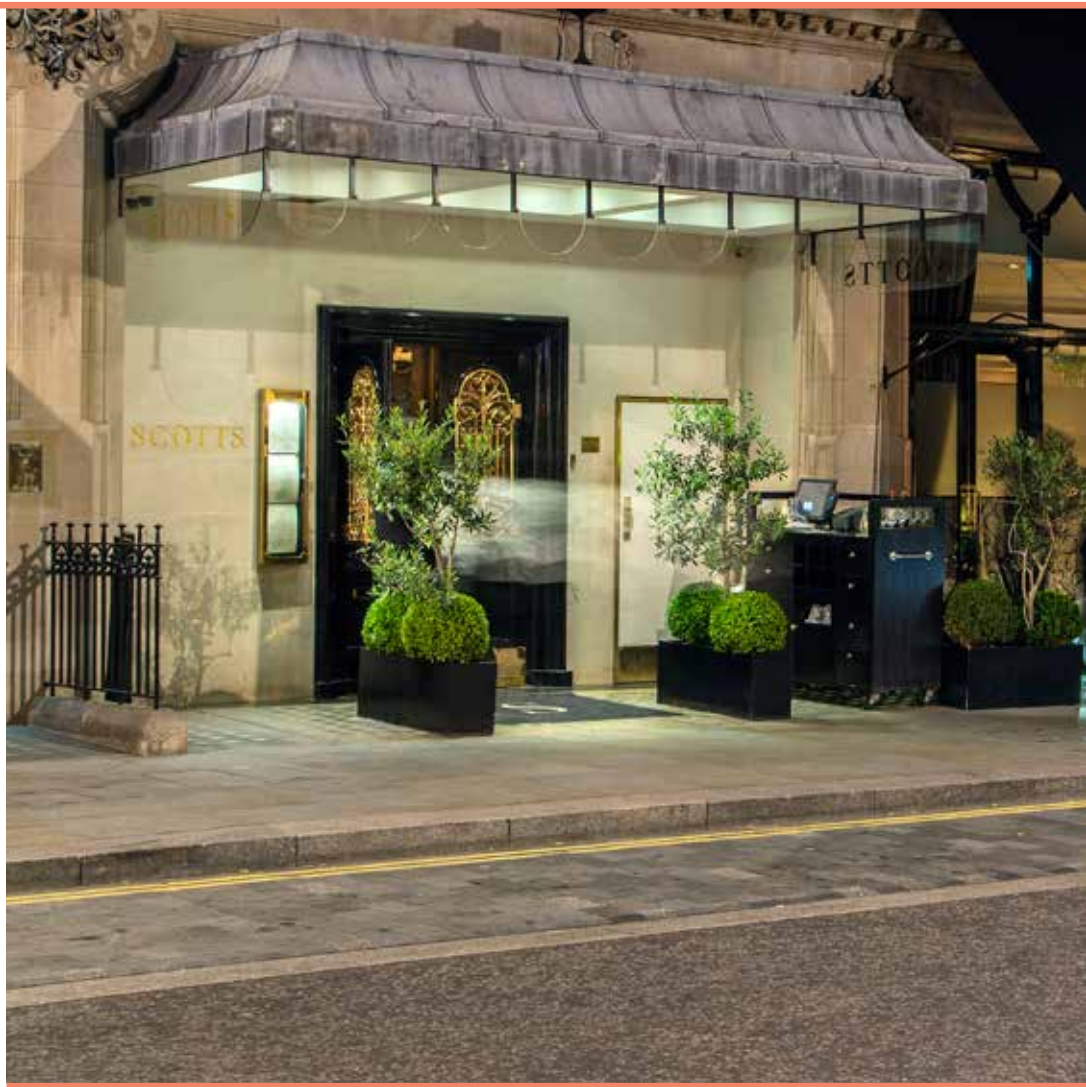
Mayfair during the 1960s contd.

In 1960, a third of Mayfair was used as office space. Within a decade, only a third remained residential. There was little demand for grand Mayfair townhouses as they were too expensive for families to run, so properties were carved up into smaller units and former stable blocks converted into modest family homes. By now, Mount Street was dominated by corporate offices such as American Express and Campbell's Soups, interior decorators and estate agents.

With chicken and egg circularity to its supply and demand of residential property - the lack of one stifling the other - Mayfair still wasn't perceived as the place to live in the 1970s and, according to the Mayfair Times, by 1980 the population had decreased by up to 90% since the war. There was no new stock to sell, but the commercial market was booming, with Mount Street seeing an influx of antiques dealers and management consultants. It also had the fish restaurant Scott's, which opened there in 1968 and was bombed by the IRA in 1975.

Mayfair during the 1970s and 1980s

By the 1970s, Mayfair's property values had fallen far behind Belgravia and Knightsbridge. While British residents moved out, though, a new demographic began to take interest in the



area - newly oil-wealthy Arabs wanting to snap up central London addresses. So prominent were they that For Sales signs on buildings were often written in two languages - English and Arabic. Perhaps in coming years, those signs will reflect the new sources of interest and investment in the area and be written in Russian or Chinese.

Mayfair's residential community was becoming disgruntled with being overrun by offices, but they didn't have long to wait until the next shift in the area's fortunes took place.

1990: The residential revival begins

By 1990, companies started to feel that Mayfair's old buildings were impractical for their modern needs and preferred to move to air-conditioned, open plan spaces elsewhere. This coincided with Grosvenor and Westminster's joint push to increase residential stock by turning offices back into the homes they had once been before the war.

Aesthetically, such buildings made far better homes than offices. Commercially it made sense too. Take a 12,000 sq ft

THE HISTORY OF MOUNT STREET



building. As an office, a third of that is eaten up by lifts, wall partitions and corridors. As a family home, all 12,000 sq ft can be used. So although residential values lagged behind commercial values, turning an office into a house could maximise the building's value and achieve a higher price.

1990: The third regeneration initiative

It was in 1990 that the Duke of Westminster was also to make an important discovery that would change the face of the area. On his walk from his Davies Street office to Harry's Bar on South Audley

Street, he noticed that 19 retail units en route sat empty.

Of those units that were occupied, they largely housed antiques and art galleries that were rarely open to the public and instead required the customer to ring a bell, only for a store-owner to shuffle along and reluctantly reply.

Fearing that sleepy Mount Street could become the black sheep of Mayfair, the Duke of Westminster encouraged a new wave of tenants, including the hairdresser Nicky Clarke and Wetherell estate agency.

By the mid-Noughties, the world's leading names of fashion and the fashion-turned-restaurant and property billionaire Richard Caring expanded his empire in 2005 by taking over Caprice Holdings (owner of The Ivy and Le Caprice, among others) and buying up the Mount Street institution, Scott's fish restaurant.

Five years later, Caring turned an old opticians shop into the Mount Street Deli and is now converting the old NatWest bank in Berkeley Square into a new restaurant.

While the type and quality of its retail offering took on a new momentum, Mount Street saw a simultaneous turnaround in its desirability as a place to live. Since 2000, a new generation of lawyers, bankers, doctors and gallery owners have moved into the area.

After 2008

The latest economic crash changed the dynamic again, with many hedge funds moving out of Mayfair after 2008 in search of cheaper rents elsewhere in London or in tax-friendly Geneva, leaving more commercial buildings with the potential to be turned back into residential properties - or upscale retail units. This brings Mount Street up to 2010 when the next major initiatives to transform the street were undertaken and are the focus of the following chapters of this report.



12 LUXURY LOCATIONS

LUXURY ADDRESSES AROUND THE WORLD

Before focusing on Mount Street, it is useful to take a global perspective and review the other luxury brand addresses around the world in order to compare and contrast and understand the key features that each of them share.

Alongside Mount Street there are 11 other key luxury brand addresses around the world that this report has chosen to review. These top addresses are listed below:

Mount Street, Bond Street and Sloane Street, London

Rue St Honoré, Paris

Madison Avenue and Fifth Avenue, New York

Via Monte Napoleone, Milan

Rodeo Drive, Los Angeles

Via Condotti, Rome

Avenida da Liberdade, Lisbon

Calle de Serrano, Madrid

Ginza Street, Tokyo





18 KEY INGREDIENTS

REQUIRED FOR A LUXURY DESTINATION

Key features of 'best practice' from these 12 addresses produces a list of 18 'key ingredients' which are essential for any estate or developer wanting to create a new Mount Street style luxury address to add to the list of 12 outlined.

Quality real estate

- Ultra prime locations
- Attractive well maintained architecture
- High quality shop facades with expensive and luxurious interior fit-outs
- High quality public realm – public artwork, street furniture, fountains, planting
- Wide boulevards
- Easy access to public transport – key for attracting tourists

Good tenant mix / mix of uses

- Clear strategic plan by landlord and/or local authority for creating a luxury destination implemented by experienced estate team able to deliver the vision and objectives
- Strong enough to see off any competition
- Well managed and maintained – good proactive landlord(s)
- Exclusive brand names – that people choose to visit
- Retail complemented by high quality adjacent residential, restaurant, leisure and hotel properties
- They are the addresses that the world's top brands covet and will pay millions to secure

High Profile

- Good footfall
- Recommended for visits by hoteliers and tourist operators
- Marketing and events used to keep the thoroughfares in public consciousness
- Prominently sign-posted and advertised on maps and other city guides
- Listed in all key retail, shopping and tourist directories/guides
- Tenant Association/co-ordinating agency used to foster a sense of allegiance among tenants and organise promotional events and activities

MOUNT STREET

HOW IT DELIVERS THE 18 INGREDIENTS REQUIRED FOR A LUXURY DESTINATION

This section of the report reviews the 18 key ingredients identified in the global analysis of luxury retail destinations in the context of how they relate to or have been implemented on Mount Street.

Ultra prime location

One of the key natural advantages that Mount Street enjoys is the fact that it is perfectly located, in the heart of Mayfair and the wider West End, the capital's main shopping, restaurant and cultural quarter.

Mount Street sits in an ultra prime spot bordered by Berkeley Square to the east and Park Lane to the west. To its north is Grosvenor Square, which looks set to be the number one address in prime central London in the next decade (already home to Mayfair's most expensive apartment ever at £5,130 per square foot).

To the south, before you reach the hotels and high end restaurants on Piccadilly, is a network of well-heeled Mayfair streets with names that hint at their agricultural origins, including Farm Street and Shepherd Market, which sits on the site of the ancient annual knees up, the original May Fayre.

High quality public realm

Approved by Westminster Council, begun in January 2010 and completed in late 2011, the public realm and other improvements on Mount Street were funded by an innovative arrangement with the council, then one of the first of its kind in the UK.

Westminster Council invested the initial £10 million, with the balance of the costs and the works being undertaken by the Grosvenor Estate. In total Grosvenor spent £80 million

turning Mount Street into a luxury retail destination that is recognised worldwide.

Around £10 million of that has involved improving the public realm to create a desirable live/work environment. The activities included:

- Implementing a strategy plan whose vision was to revive the grandeur of the street and ensure that the streets and open spaces were as attractive as the buildings
- Widening pavements and repairs using high quality York stone
- Introducing granite setts on some stretches of road to improve visual appearance, and also alert drivers they are entering an area where pedestrians have increased priority



- Simplifying crossings
- Improved lighting and street furniture
- Removing certain traffic signals / signage
- Installing public art work - in Mount Street's case, Japanese architect Tadao Ando's water feature, Silence, which forms a feature at the entrance to the street in front of the Connaught Hotel
- Improving access to the Mount Street Gardens



Attractive well maintained architecture & high quality shops

Along Mount Street the shops have well maintained facades, with luxurious interior fit-outs. "With some of the mansion properties, it is not possible to put shop fronts in, so to work they need specialist occupiers," says Eric Eastman, CBRE's head of luxury lifestyle. "What can be achieved, though, can be seen in Mount Street and Carlos Place, where period houses have been expertly converted from offices to retail. These buildings are perfect for certain high-end destination retailers."

Peter Wetherell, Chief Executive of Wetherell says: "Mount Street is the historic high street of Mayfair, which is London's most prestigious city-village. When you walk down Mount Street you could be on a smart high street of a rural market town or affluent village outside of the capital, yet you are actually walking in the very heart of London. To walk down Mount Street is to experience a rural village ambience without actually having to leave the city. It's a very special and unique experience in the capital. It's also where you can enjoy the world's most luxurious brands from the worlds of clothing, fine jewellery, watches and accessories."

Easy access to public transport - key for attracting shoppers & tourists

Mount Street is within easy proximity of Bond Street and Green Park underground stations, with Oxford Circus and Marble Arch underground stations also nearby. On Park Lane by Marble Arch there is a major bus stop terminus with bus connections from West, North, East and South London.

Also pivotal to Mount Street's future is Crossrail, the £148 billion infrastructure project that is estimated to bring an extra 1.5 million people to within 45 minutes of the West End by 2018, when new stations will include those at Bond Street and Tottenham Court Road.

The six stations that form part of the central section of the new rail link are predicted to see the most transformative effect on surrounding residential and commercial property values, with homes likely to increase by 57% between now and 2018, according to JLL, and the Bond Street station triggering the development of 300,000 sq ft of new office and retail space above the new ticket hall in Hanover Square. Another above-station scheme involving Grosvenor is planned for the western exit on Davies Street in Mayfair.

Strong enough to see off the competition

Mount Street's commercial rival, Bond Street, now sees the highest retail rents in Europe, with an average of £838/psf per annum - a 20% increase in 12 months - compared with £599/psf in Europe's second most expensive retail street, Zurich's Bahnhofstrasse. JLL forecast a further 10% leap in Bond Street rents in 2014.

But Bond Street's popularity is to Mount Street's advantage. Rents have risen so dramatically in Bond Street, where 10 rival brands can fight it out when one space becomes available (and just 60% of the 145 trading units on Bond Street have changed ownership in the last 10 years), that luxury brands are looking for locations elsewhere in Mayfair.

Helen Franks, retail leasing director at Grosvenor, says she has seen increasing demand in the areas surrounding Bond Street. "Demand for retail is currently outstripping supply and rents are rising as more retailers try to find a site. As an estate, we are very mindful of ensuring we have the right collection of retail brands and we have the ability to manage rents, where Bond Street is a collection of landlords who may have different targets."

THE SECRET OF MOUNT STREET'S SUCCESS



David Atcherly-Symes, retail leasing director for London at Land Securities, believes Bond Street runs the risk of being a victim of its own success as rents continue to soar. “Nearly every building in Bond Street has a different owner, so it’s all about immediate rents and returns. In nearby streets such as Mount Street, it is almost like a mini-estate, so you can afford to work it to your advantage and take a long-term view. Bond Street will suffer from its own high rents.”

Well managed and maintained – good proactive landlord

Grosvenor’s ethos is to encourage a mix of retailers that complement each other but which also span fashion and accessories and support the wider community of office workers and residents, with outlets such as the Mount Street Deli and Allen’s. They welcome

retailers for whom this is their one and only UK store and to support up-and-coming brands.

“Mount Street’s success lies in the estate’s curation of its mix of tenants and residents. There is always high demand whenever a unit becomes available on Mount Street and we are in a unique position to select brands that complement the existing offer and enhance the character of the location. Our long term strategy on Mount Street is to make it the most sought after shopping destination in Mayfair. With some exciting brands set to arrive later this year at Carlos Place, Mount Street and the nearby Duke Street, the high-end fashion sector continues to remain remarkably strong.”

Helen Franks – Head of Retail Leasing, Grosvenor

Mount Street also combines its luxury retail offering with high-end residential units and benefits from what CBRE call “strict mix control” – that is, a concentration of ownership or management, largely by Grosvenor, which ensures a consistency of quality in the brands that define the street.

That is not the case in New York, Paris or Rome’s prime shopping streets. It’s this “single-minded pursuit of shopping quality” that has turned Mount Street from a backwater into a popular shopping destination, according to CBRE.



**Well managed and maintained
– good proactive landlord contd.**

In a climate where retail rents are rising fast, the temptation for retailers to chase premiums by assigning their leases to less prestigious traders is all too great. But this is something that a landed estate such as Grosvenor can curb, to protect the retail mix and keep up standards.

Westminster City Council is also keen to promote the “specialist uses” of Mayfair’s retail streets. Mount Street’s fashion houses are one of the council’s key focuses as an attraction just as important to Mayfair’s identity as tailoring is to Savile Row and art galleries to Cork Street. “They provide employment and contribute to the vitality and viability of the

West End as an international shopping and tourist destination and are therefore a significant asset,” the council comments.

THE SECRET OF MOUNT STREET'S SUCCESS

Attracting exclusive brand names

With average Zone A rents (the value for the most expensive part of the shop, nearest the window) of £400/psf, Mount Street offers good value to retailers, compared with Bond Street - even though proportionally, Mount Street retail rents are rising faster than those in its more famous equivalent.

But it's not all about price. Brands are looking "beyond the traditional core", says BNP Paribas in its London Streets to Watch report, with Mount Street offering an alternative scene that better suits their brand image.

BNP Paribas forecast a 57% growth in the global luxury market between 2011-2015 and cite Mount Street as a prime example of where the luxury market is looking beyond Old Bond Street and New Bond Street.

"With luxury retailers now diversifying and creating diffusion ranges with more 'spin off' brands such as Burberry Brit, Hugo Boss Orange, Ralph Lauren Rugby, streets in close proximity to Old Bond Street are likely to be most attractive to these brands," the reports says. "If a critical mass of these 'spin off' brands locates in the area, these streets have the potential to become a 'shopping district,' 'hub' or 'go-to location' for luxury fashion."

The trend for exclusive luxury brands to seek out "off-pitch" prime locations, as CBRE describe the rise in adjacent locations to Bond Street, can be seen with brands such as the Spanish luxury accessories company Loewe, which opened its Mount Street store in 2011 and pays a £175,000 rent per annum for their 3,320 sq ft store.

Having closed its Bond Street store several years earlier, Loewe felt Mount Street's mix of boutiques, art galleries and restaurants made for a more relevant location, with its British chief executive Lisa Montague commenting: "Mount Street is very residential, the heritage heart of luxury, which fits well with our brand. The Mount Street customer is more local."

Another key success of Mount Street has been to attract the support of LVMH, France's largest luxury brands group. The street is now home to five brands within the LVMH stable (Loewe, Celine, Moynat, Louis Vuitton and Marc Jacobs), plus the likes of Balenciaga, Roland Mouret and Oscar de la Renta. With the influx of these exclusive brand names the discreet Mayfair street is now a competitor on the world luxury retail stage.

Retail complimented by high quality residential, restaurant & hotel properties

Ensuring that Mount Street has the right balance between residential, retail and commercial is crucial for Grosvenor. Therefore retail is just one aspect of what the 300-year-old landlord, worth some £4.8 billion, is aiming to enhance in Mount Street. Besides encouraging a cluster of high-end fashion brands, Grosvenor is seeking to build and maintain a local community who equally want somewhere to pop in for a coffee and sandwich as they do view the latest collection from Balenciaga.

"Our overarching strategy is curating locations to live, work and visit," says Louisa Woodbridge, director of Grosvenor's London Estate Leasing. "Grosvenor has invested in the way the street looks to make Mount Street a truly stunning address."

Although the area is undeniably an enclave for the world's wealthiest property buyers, Grosvenor also ensures that a range of housing options are available. In Mayfair, 95% of properties are flats and 36% of homes are rented. There are mansions for the global elite, but there are also pockets of social housing, notably around Brown Hart Gardens and Duke Street.

Retail complimented by high quality residential, restaurant & hotel properties contd.

Within the two sub-postcodes that comprise the local Mount Street area there are 11 detached houses, eight semi-detached and 42 terraced houses. The remaining 667 properties (78% of the local area's properties) are flats, either in purpose-built blocks, converted houses or commercial buildings.

In terms of who is buying property in the local Mount Street area currently, Wetherell find that just under half are UK-based buyers. The next biggest market is India, who constitute about 20% of buyers, followed by the Middle East, Russia and Europe.

The key attraction for retailers and local residents is the village ambience and heritage that the Mount Street area provides. Therefore whilst Mount Street has seen huge change in a decade its future success also hinges on it holding onto its sense of history and heritage, from stores such as Purdey's, the gunmakers who have occupied their spot on the corner of Mount Street and South Audley Street since 1882, to England's oldest butchers, Allen's, who have displayed their wares further down the street for more than a century.

Another key anchor that helps to position Mount Street as a luxury destination is The Connaught Hotel - which underwent a £70m modernisation in 2007, re-opening with 31 new rooms to bring today's total to 121, alongside grandiose function rooms and an Asian spa. The hotel plays a vital role in providing Mount Street visitors with a place to have coffee, hold a business meeting, enjoy lunch or relax in the spa. The hotel attracts everyone from tourists to property buyers, and so the synergy between luxury brands and high-end property in the Mount Street area becomes ever more entwined.

The illustrious Scott's - which provides the perfect dining venue for shopping, local business people, tourists and residents alike - has also been pivotal in repositioning Mount Street as a prime address.

The restaurant is not only good for generating footfall along the street it has also played a role alongside the luxury retail brands in helping to raise residential property values in the local area. According to an analysis commissioned by Wetherell in 2013 and produced by Dataloft, the W1K postcode - home to Scott's and Michelin-starred Le Gavroche - commands an 84% £ per square foot premium over flats in W1W (home to Strada) and 61% more than W1D (where



McDonalds on Shaftsbury Avenue is the nearest big name eaterie). Property-wise, the W1K postcode has consistently outperformed the other two in the last decade, seeing 168.9% growth in £ per square foot value between 2002-2013.

Of course there are many more factors at play in property values than what comes on your plate. Michelin-starred restaurants are likely to go hand in hand with top-end shops, services, a sense of security and the other trappings that attract wealthy property buyers. But with 20 Michelin-starred restaurants, Mayfair beats

THE SECRET OF MOUNT STREET'S SUCCESS



anywhere else in the West End for fine dining. Mayfair also has the highest property values in the West End, with an average of £1,953/psf in 2013, compared with four Michelin-star Marylebone in second place with an average property value of £1,250/psf.

An address the world's top brands covet and will pay millions to secure

London, for the world's luxury retailers, has become one big flagship retail location in its own right. Mount Street's commercial rival, Bond Street, now sees the highest retail rents in Europe, with an average of £838/psf per

annum - a 20% increase in 12 months - compared with £599/psf in Europe's second most expensive retail street, Zurich's Bahnhofstrasse.

The latest Bond Street figures may even be conservative, with Zone A rents reaching £1,300/psf in some cases. JLL forecast a further 10% leap in Bond Street rents in 2014.

The shortage of flagship space on Bond Street means that new arrivals are prepared to pay exorbitant premiums to secure a footing on the street. In 2012,

the British jacket brand Belstaff paid £3 million for a 20-year lease, the highest rent ever paid on Bond Street for a new open market letting, while Watches of Switzerland's New Bond Street premises came with a £1.5m annual rent.

An address the world's top brands covet and will pay millions to secure contd.

With locations such as Bond Street and Mount Street now considered the signature location for brands seeking international luxury status, headline rents are just the start of it.

Retailers will also pay multi-million pound sums in 'key money', to take over an existing lease and then lavish anything from £6 million upwards on state-of-the-art shop fit-outs.

Any brand seeking to move into Mount Street needs to pass Grosvenor's rigorous assessment criteria. "We were basically interviewed by the estate. A woman came round and she wanted to see our design for the store; they wanted to know everything," the jeweller Stephen Webster has commented on opening his flagship boutique there in 2009.

Some brands, including Kooples and Fabergé, failed to make the grade. Others are encouraged to move on such as the hairdresser Nicky Clarke, who started the trend for paying sky-high rents in the realm of £16,000 a year when he opened up shop in at 130 Mount Street in 1991.

Rents soared by 330% between 2006-2011 and when they were set to rise again in 2012, Clarke was offered £500,000 by his landlord, the Duke of Westminster, to move to nearby Carlos Place and make way for Oscar de la Renta.

Now typical rents in Mount Street are around £150,000 a year. That's the figure Carolina Herrera pays for its 2,000 sq ft store. Louboutin pay £162,500 for a 2,850 sq ft, and Nicholas Kirkwood's rent is £200,000 per annum for a 3,500 sq ft store.

Good footfall

Good pedestrian footfall is essential to the success of a luxury brand destination. "Footfall" is what all of Mount Street's retailers are concerned about, as the essence to their survival and the element that turns a luxury cocoon into a 'destination location' that people will go out of their way for. A constant churn of visitors from London, the UK or overseas, are pivotal to the street's growth.

With less than 5,000 residents in the whole of Mayfair, and 886 in the immediate Mount Street area, they can't do it alone. The shops on Mount Street also need plenty of domestic shoppers and UK and overseas tourists and that means enhancing the local area and ensuring good linkages to transport connections to ensure a constant supply of them.

This requirement underlines the importance of the public realm improvements undertaken in and around Mount Street reviewed earlier in this report, and it also highlights the importance of the new map-based street signage and uniformed West End shopper guides now in place around the West End. All these items play a crucial role in maintaining footfall for the local area.

Mark Henderson, who is Chairman of both Gieves & Hawkes and of the London Luxury Quarter (LLQ), an association which promotes and represents luxury brands across London's West End, believes that demand for prime commercial space in the 42 streets in and around Mayfair is being driven by "international powerhouse brands", particularly in the art and jewellery market.

Henderson highlights that New York's leading galleries are upping their presence in the area in order to capitalise on growing numbers of high net worth travellers and residents who choose to visit Mayfair.

In terms of footfall, Henderson highlights that a significant proportion of spending in the Quarter comes from visitors from the Middle East, Russia and China. "They are attracted not only by the luxury mega brands on Bond Street but also the more contemporary retailers that have opened across the Quarter's core



THE SECRET OF MOUNT STREET'S SUCCESS

on Mount Street, South Molton Street and Dover Street,” says Henderson. “These streets are the top destination for retailers to position their European flagships, with more and more new entrants opening over the last year including Victoria Beckham, Christopher Kane and Roksanda Ilincic.”

Co-ordinating agency fostering a sense of allegiance amongst the tenants and residents

To encourage a sense of allegiance amongst tenants and residents and to maintain the profile of the street and help drive the vital footfall that businesses need to survive and thrive, the Mount Street Traders Association,

which has existed since the 1990s, brings together local shop owners to collaborate on enhancing the street's profile.

Chaired by Peter Wetherell the Mount Street Traders Association plays a central role in helping to promote the street to the media and tourist bodies, as well as planning its future and organising events such as the annual Christmas Fair, to promote the sense of community.

Peter Wetherell, Chief Executive of Wetherell said: I started work here over 20 years ago and in the 1990s Wetherell set up the Mount Street Traders Association

in association with the Duke of Westminster (who heads up Grosvenor). What the association has always tried to achieve is a careful balance between retail, luxury services, restaurants and of course art. In order to preserve its very special local high street village character we have maintained a mix of international businesses and very local, uniquely Mayfair shops, it's a rare and compelling experience for any visitor.”

MOUNT STREET

RETAILERS AND THEIR VIEWS

This section of the report reviews the opinions of key Mount Street retailers and local businesses about what they feel is special about the street and why they chose to locate on the thoroughfare. Together the various opinions provide an interesting insight into the key features that businesses seek when they are looking for a luxury retail destination where they wish to locate and operate.

"The decision to open our largest boutique in Europe on Mount Street is a reflection of London's continuing, globally renowned credentials. Mount Street has become one of the world's most sought-after shopping destinations."

**Richard Mille, Chief Executive,
Richard Mille Watchmakers**

"Mount Street is so chic. I waited and waited until there was the right spot for us. I've been coming to London all my life and I always loved this area."

**Carolina Herrera, Director,
Carolina Herrera**

"It's absolutely the case that Mount Street has lifted colossally. Grosvenor has been instrumental in lifting Mount Street by looking for the right retailers, and the likes of Celine and Moynat fit the bill perfectly. It feels as though Mount Street has filled the niche that Sloane Street once occupied as the alternative Bond Street. I've always seen Bond Street as a place where things happen on a much bigger scale, with huge units that are generally spread over four floors. Mount Street is much more about boutiques that occupy ground and basement and that have a more specialist feel about them. A distinctive feature about Mount Street is that most of the buildings are listed and in the freehold ownership of Grosvenor, so there is a careful planning process to go through to get approval. The result is that the feel of the units is smaller and more intimate."

**Michael Blair, Director, Blair
Associates Architecture**

"People choose Mount Street because it contains the flagship stores of the very best luxury brands who are exclusively located on Mount Street, and you cannot find anywhere else in the capital. The smart shops are complemented by London's best restaurant - Scotts - and the best hotel - The Connaught. Mount Street gets its name from Oliver's Mount, an earthwork built by the famous Oliver Cromwell in London's 1640s Civil War defences. The street was built as a shopping street between 1880-97 during the Victorian era, with smart residential property above the shops. Aside from the luxury boutiques visitors should take the time to visit Allen's of Mayfair, a 170 year old butcher's shop which is renowned for the quality of its game and Scottish beef. This shop has provided food for politicians, celebrities and royalty, and its a real Mayfair address."

Peter Wetherell, Chief Executive, Wetherell



"Scott's on Mount Street was once a derelict building and we turned it into London's best restaurant. If there's one place we've got the balance as I like it, it's Scott's. It's home-grown. Everything about it is just right - it's managed entirely as a business should be. We've made it into a brand. I really do believe it's the best restaurant in Europe today."

Richard Caring, Director, Caprice Holdings

"We're virtually the last British-owned luxury goods company and we're very proud of it. The quality of British craftsmanship is just better and this stands for a lot overseas. We came to 10 Mount Street because it was the only decent-sized shop we could find in Mayfair. It's becoming a rather fashionable street, and we believe it's also a very beautiful street."

William Asprey, Owner, William & Son

"The £70m revamp of The Connaught Hotel in 2007 was spot on time-wise as it coincided with the start of Mount Street's renaissance. Since 2007, the transformation of Mount Street has been meteoric. The catalyst for this seemed to be the opening of the first Marc Jacobs store in London, which started the change from a sleepy art dealers' street to the couture fashion hub it is today. The arrival of carefully chosen luxury brands has only added to its allure and prestige and you can feel the increased energy and footfall in the area. Since The Connaught's contemporary overhaul, the clientele has become younger, more fashion and art savvy, adding a new dynamism to the location. Most still come from the US, but we've seen a growth in the number of visitors from South America and Russia. Our aim is to make The Connaught the epicentre of Mount Street life. We like our bars and restaurants to be seen as the living room of Mayfair. It's normal to see Mount Street clients, shop owners and designers table-hopping in the Connaught Bar or Coburg Bar or enjoying traditional afternoon tea looking out at the Tadao Ando water feature. We like to be home to locals and our guests enjoy feeling part of the Mayfair community."

Nathalie Seiler-Hayez, General Manager, The Connaught Hotel

"When we first moved to Mount Street 20 years ago, it was not the destination street that it is today. It had lots of antique shops and banks and no real retail. We loved the street though and its atmosphere. It felt like a little pocket of solitude in the heart of Mayfair, surrounded by some of the best and busiest streets of central London. We built up a lovely relationship with our neighbours and this has endured through the many changes over the years. We consider the re-opening of Scott's restaurant as the start of Mount Street's sense of destination. The footfall increased and then, as the prestige shops moved in, the road moved up a level again. The street has now been updated, with a lot of money spent changing buildings and pavements, and it's now a beautiful road to stroll along and shop. It feels as if you are part of a 'little black book' of one of the most prestigious parts of London."

**Jo Hansford, Owner,
Jo Hansford Hairdressers**



"I have always loved the place. It had a special feel the moment I walked in the door and it is classic Mayfair. It was just under-rated when we first moved in but now it has caught up. Grosvenor have been very selective about who they let in and they like to keep a few quirky shops such as the butchers so that it's not all just fashion."

**Peter Cain, Owner,
Mount Street Printers**

"In this one street I can buy so many things I need. I bought my gun, I get my hair cut, I bought my luggage and buy most of my wife's presents. As well as this I can always get fish and chips from Scott's. This was once a street that was asleep. But that all changed when Marc Jacobs and Richard Caring arrived."

**Stephen Webster , Owner,
Stephen Webster**

"I spent six months looking for the best location and when this spot came up on the corner of Mount Row and Davies Street, I made an offer the next day. For our business, Bond Street has big crowds but it's too touristy and these are people who are only staying a few days. Where we are, just off Mount Street, we are close to our customers, many of whom work or come for lunch or dinner in Berkeley Square. We're in the middle of a world capital, but it still feels like a village. I'm a customer of other Mount Street shops - my manager, Tatiana, loves Celine and I love Allen's the butchers. We share a similar customer base with them. On Friday evenings, we often see people carrying two bags - ours and theirs. They go to him for meat, us for red wine. They have the same taste as me."

**Yevgeny Chichvarkin, Owner,
Hedonism Wines**

"Mount Street is the new fashion hub in London. It is a privilege to be surrounded by brands that we have not only collaborated with but that we admire."

**Tracy Sedino, Joint Creative
Director, Linda Farrow**

RETAILERS & THEIR VIEWS

"Mayfair is such a recognisable and memorable part of London. I remember first visiting the area with the red brick town houses 10 years ago and thinking that it would be a wonderful place for a store. The history and the beauty resonate with me and with what I do as a designer. To have a house rather than a shop window was very important for me. It works perfectly to compliment the relationship I have with my clients and the experience they receive is not that of a typical shop. I feel Mount Street has a very different personality and identity to Bond Street. It is like a luxury micro village in the middle of a big city. It never feels rushed or too hectic around here and I feel that is also reflected in the stores and hotels and restaurants. In this part of Mayfair, there is a true understanding of luxury and craftsmanship and a strong link with the past. Each person that comes in to our store really invests their time and energy with us. I think that having the time to slow everything down and enjoy the process is really the ultimate luxury."

**Jessica McCormack, Director,
Jessica McCormack Diamonds**

"The street has taken on extra character and become very upmarket. The Mount Street Deli has been a great arrival in the street, it's the place to have a coffee. The street needs to maintain a village feel, which it what it is known for being."

**Laurence Davis, owner,
Sautters Cigars**

"Back in 1976, when A&J Speelman first opened at 129 Mount Street, the road was known for its antique shops and there may have been around 20 of them. Now there are three - two antique dealers, us included, and an art gallery. I think the street still has the discreet feel and pleasant atmosphere it always had."

John Mann, A&J Speelman



"One of our tailors has been here for 20 years, when luxury fashion didn't exist here back then and there was less sense of prestige. Now, Mount Street is an extension of Bond Street, only less crowded and prettier. Some of Hayward's clients, many of whom live locally, have been regulars for 30 years. They still enjoy it, even though the street has changed so much. It has changed for the better and the Mount Street Association means that shops work together to pose strong competition to Bond Street. The Connaught Hotel is a great neighbour to have as that brings us a lot of tourist business."

**Juliette Kruh, Store Manager,
Douglas Hayward**



"I love the fact that our building at 8 Carlos Place still has the feeling of a house. You can't make the house become something else. It brings back "a bit of the past" with rooms in which customers can sip coffee or champagne while trying on his designs. When you look out of the windows at Mount Street's handsome red brick buildings and a rare mimosa tree in bloom it is quite simply the best view in London."

Roland Mouret, French designer

"Mount Street was the ideal location for our new store- with its excellent mix of exclusive shops, restaurants and galleries, Mount Street perfectly reflects our brand positioning,"

**Douglas Fang, Chairman,
Pringle of Scotland**

"Mount Street is the perfect location for our iconic and heritage Mackintosh brand. It is a destination street for clients who are aware of the brand and looking for unique craftsmanship. It is a street that has similar historic brands who are special and exclusive. Most of them offer hand-made products and only have one store in the UK market, which makes them even more desirable to the customer. Mount Street has a bohemian feel, which is why the clients admire it so much. It has also become very fashionable in the last couple of years, with recent store openings including Celine and Nicholas Kirkwood, who are bringing a more commercial clientele and tourism."

**Sanja Miteva, Store Manager,
Mackintosh**

"Mount Street is a calm, charming neighbourhood, away from the hustle and bustle of commercial London. It is a different atmosphere from that of Rue Saint Honoré, which is more commercial and busy. Mount Street, with its blend of residences, local pubs and delis and sophisticated luxury hotels, is in keeping with the character of Moynat, a destination to be discovered by both discerning locals and informed travellers."

**Guillaume Davin, General
Manager, Moynat**



"Regarding our choice of Mount Street over Bond Street, this area has charm and appeal. There's a garden around the corner. I like having a garden nearby. The retail spaces here are also beautiful, deep and interesting. I had been eyeing up the space (on the corner of Mount Street) for five years, since before we opened the main line store in Mount Street in 2007. I was just waiting for the guy who owns it to say yes. I love Mount Street, and the fact that the building used to be a bank."

**Robert Duffy, Co-founder,
Marc Jacobs**



RETAILERS & THEIR VIEWS

"When I first worked at Purdey's in 1960, Mayfair, by comparison to today, was a quiet, upmarket, and still mainly residential London village, with Mount Street at its heart. Audley House may have stood on its corner for 132 years, witnessing profound changes in society, fashions, manners and customs, but step inside and there is a wonderful combination of the long established tradition and history of London's best known gun and rifle maker, happily co-existing with the new designs and demands of the modern world."

**Richard Purdey, Chairman,
James Purdey & Sons**

"It felt pretty good to see my name on the window. It's a dream come true. I want to be able to show our vision and DNA in a fuller way - for shoppers to be able to see how our collections look and fit within a certain environment. Customer service is also very important to me - we want to offer a bespoke way of dealing with customers. We have some pretty great neighbours. I couldn't resist the location and the site is beautiful. When the spot came up, it was such great timing in terms of where we were as a brand. It's a street I have always wanted to be part of on a personal level."

**Roksanda Ilincic, Fashion
Designer**



"It was like a dream to suddenly own the oldest butchers in England and one with the most prestigious history. There is no other meat supplier with such heritage and credibility and much of this is owed to its magnificent location in the heart of Mayfair. There is most definitely a 'Mayfair Community' and Mount Street often feels like its own little village. This is most apparent at weekends when the offices are shut and the streets are less hectic. You can recognise and chat to regular faces and really get a feel for who's a 'local'. But we cater for a varied clientele through the week, from foodies travelling far and wide to buy at an iconic butcher to taxi drivers keen to grab a deal on what they know will be exceptional quality."

**Justin Preston, Director,
Allens of Mayfair**

THE RESULTS

OF MOUNT STREET'S REGENERATION

The regeneration and repositioning of Mount Street has helped to generate a variety of financial, economic, social and image benefits for the thoroughfare which are outlined in detail in this section of the report.

Rising Retail Rents

As a reflection of the street's enhanced desirability as a luxury retail address, shop rents have risen by 330% between 2006 and 2012. In 20 years, average rents on Mount Street have risen from £16,000 to an average £150,000 per annum today.

New brands wanting to locate on Mount Street will now pay as much as £3m in upfront 'key money' simply to secure the lease, before lavishing anything from £6 million upwards on refitting their shop and paying market rents. Mount Street has now positioned itself as one of the four key retail streets in Mayfair and Belgravia, along with Bond Street, Elizabeth Street and Motcomb Street.

Mount Street's new arrivals

Since the public realm improvements undertaken between 2010-2011, there have been over 20 new or pending openings on Mount Street which represents well over £200 million of new retail/luxury brand development on the thoroughfare over the last four years.

2010

One of the first luxury names to be attracted by the public realm improvements was Carolina Herrera, the major US high-end fashion brand worn by Vogue's Anna Wintour, Hollywood royalty and the late Jackie Onassis.

2011

Mackintosh, the English rainwear brand founded in 1823, opened a new state-of-the-art premises on Mount Street designed by architecture and design house Wonderwall. Another 2011 opening was Ralph Lauren's RRL European flagship store, with interiors that combine vintage Americana and historic London, set behind a classic Mount Street red brick facade. The 21-year-old brand, named after Lauren's Colorado ranch, specialises in rustic utility denim downstairs and Hollywood glamour upstairs.

The French designer Roland Mouret, backed in his RM venture by music mogul Simon Fuller, opened his first London store in 2011, and only standalone store in the world, at 8 Carlos Place at one end of Mount Street.

British footwear designer Nicholas Kirkwood - part-owned by the French giant LVMH - debuted his women's collection store on Mount Street and followed suit by opening another store at No.5 Mount Street in 2013 to showcase his men's collection.

Another 2011 opening was the Loewe store at 125 Mount Street. One of the oldest luxury goods brands in the world, founded in 1846 in Madrid, the outlets was the brand's first stand-alone store in London.



2012

French fashion label Paule Ka, founded in 1987 by Serge Cajfinger which counts Catherine, Duchess of Cambridge as one of their high-profile clients, opened a new store on Mount Street - the interiors showcase black and white marbled opulence, velvet and mirrors tucked away behind its Victorian facade. This was followed in December by Parmigiani, the first Swiss watch boutique to open in London in a non-Bond Street location.

2013

In January Oscar de la Renta opened his new 3,000 sqft store at 130 Mount Street. The store is de la Renta's first London premises and he is said to have paid £1m simply to secure the spot. The lavish interiors

were designed by US design house Meyer Davis Studio. The outlet was previously home to hairdresser Nicky Clarke's salon for 21 years. The media reported that Clarke was given a £500,000 sweetener by the Duke of Westminster to move across the road to Carlos Place.

Another key opening was Jessica McCormack Diamonds, set over six floors of a 5,000 sq ft Victorian townhouse full of antique art and design. For the fortunate brides-to-be who come here to buy their diamonds, the New Zealand-born jeweller Jessica McCormack's 7 Carlos Place shop is more like being enveloped in an exquisite home than a formal boutique.

2013 contd.

Pringle of Scotland also opened their Mount Street store, feeling that the historic building perfectly complemented the brand's rich heritage while its contemporary interiors reflect the brand's desire - and need - to move with the times.

2014

In March Moynat, the luxury luggage label founded in 1849 by Pauline Moynat, opened its new two storey premises at 112 Mount Street. Another opening in March was the new 3,300 sqft London flagship of French fashion brand Celine which opened at 103 Mount Street.

In May fashion label Gina, founded in 1954 by the late Mehmet Kurdash, opened a new store at 119 Mount Street, relocating from Bond Street where the brand has had premises since 1999.

The most recent fashion designer to endorse Mount Street is the Serbian fashion designer Roksanda Ilincic, whose label is worn by Catherine, Duchess of Cambridge. Ilincic recently moved into her refurbished Grade II-listed premises at 9 Mount Street, with the interiors designed by leading architect David Adjaye.

Another 2014 arrival on Mount Street is the French watchmaker Richard Mille, who has taken a 1,350 sqft store at 90 Mount Street. The designer's avant-garde and ultra-light timepieces can cost more than £1 million.

Christopher Kane also opened in Mount Street this year, with his first store one of London's most anticipated launches. The store at No. 6-7 will showcase the brand's full collection plus a new full leather-goods collection. Creed Fragrances, established in 1760 and a favourite of Winston Churchill, Jackie Onassis, Michelle Obama and Frank Sinatra, will open a new store on Mount Street.

Finally, on the north west corner of Berkeley Square at No.30, where it meets Mount Street, Phillips the auction house has unveiled its new 73,000 sqft London headquarters and exhibition space, the opening coinciding with the annual Frieze Art Fair in October.



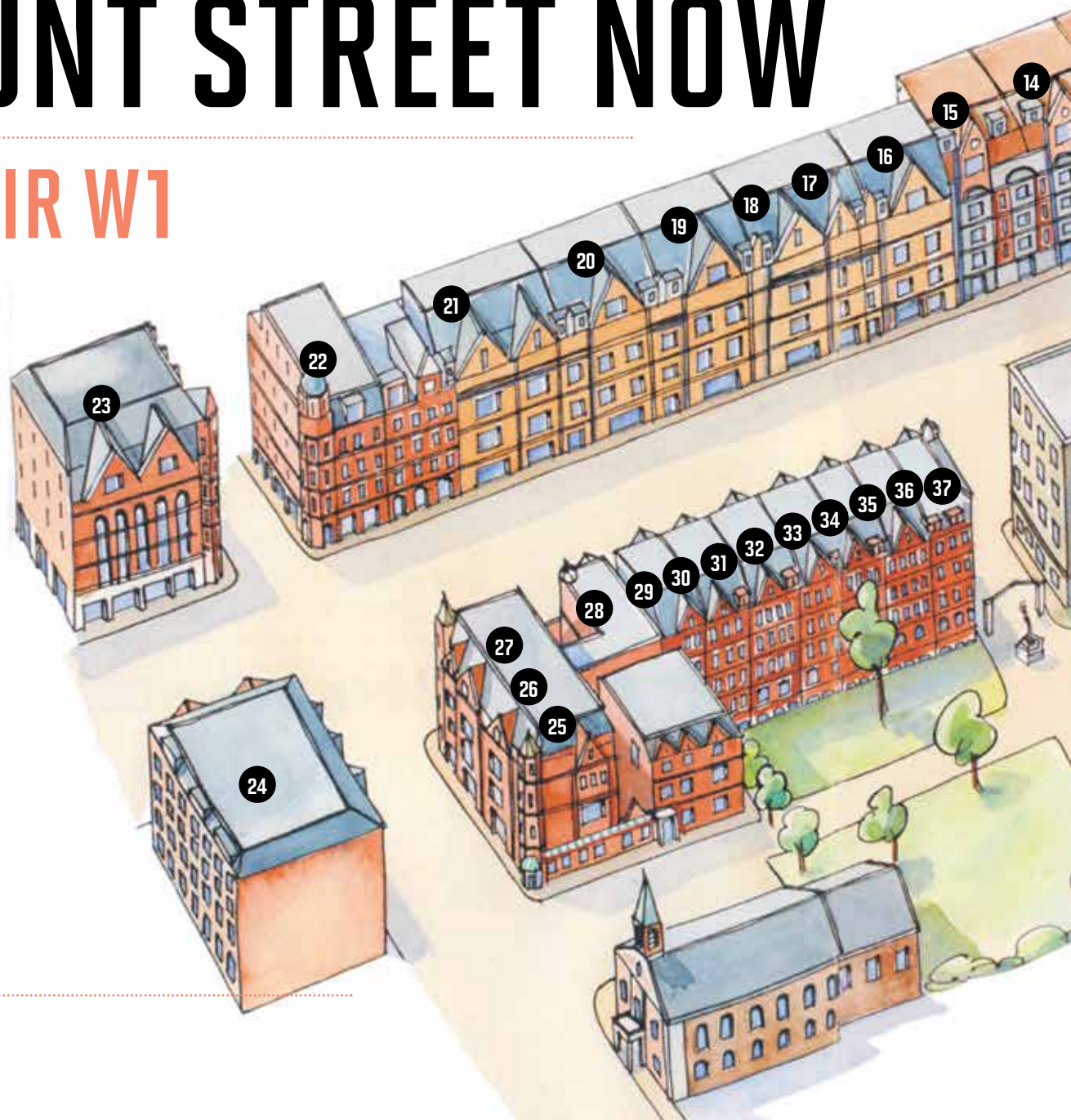
MOUNT STREET'S NEW ARRIVALS



- 1 Porsche Mayfair
Berkeley Square
- 2 Mount Street Printers,
4 Mount Street
- 3 Nicholas Kirkwood,
5 Mount Street
- 4 Christopher Kane,
6-7 Mount Street
- 5 New Restaurant,
8 Mount Street
- 6 Roksanda Ilincic,
9 Mount Street
- 7 Jenny Packham,
3a Carlos Place
- 8 Solange Azagury-Partridge,
5 Carlos Place
- 9 Kering,
6 Carlos Place
- 10 Jessica McCormack,
7 Carlos Place
- 11 Roland Mouret,
8 Carlos Place
- 12 The Connaught Hotel,
Carlos Place
- 13 William & Son,
10 Mount Street
- 14 Balenciaga,
12 Mount Street
- 15 William & Son,
14 Mount Street
- 16 Double RL,
16 Mount Street
- 17 Christian Louboutin,
17 Mount Street
- 18 Paule Ka,
19 Mount Street
- 19 Scotts,
20 Mount Street
- 20 Marc Jacobs,
24-25 Mount Street
- 21 Kenneth Neame,
27 Mount Street
- 22 The Audley,
41-43 Mount Street
- 23 Marc by Marc Jacobs,
55 South Audley Street
- 24 James Purdey & Sons Ltd,
57-58 South Audley Street
- 25 Harrys Bar,
26 South Audley Street
- 26 Bremont,
29 South Audley Street
- 27 George Club,
87-88 Mount Street
- 28 Inigo Philbrick,
89 Mount Street

MOUNT STREET NOW

MAYFAIR W1





29 Richard Mille,
90 Mount Street

30 Linda Farrow,
91 Mount Street

31 Stephen Webster,
93 Mount Street

32 Pringle,
94 Mount Street

33 Hayward
95 Mount Street

34 Rubinacci,
96 Mount Street

35 Parmigiani,
97 Mount Street

36 Mount Street Deli,
100 Mount Street

37 Wetherell,
102 Mount Street

38 Céline,
103 Mount Street

39 Mackintosh,
104 Mount Street

40 Sautter Of Mayfair,
106 Mount Street

41 Gianvito Rossi,
108 Mount Street

42 Delfina Delettrez,
109 Mount Street

43 Moynat,
112 Mount Street

44 Goyard,
116 Mount Street

45 Allens of Mayfair,
117 Mount Street

46 Gina,
119 Mount Street

47 Carolina Herrera,
120 Mount Street

48 Knight Frank,
120a Mount Street

49 Delfino,
121 Mount Street

50 Fino's Wine Bar,
123 Mount Street

51 Loewe,
125 Mount Street

52 Carter Jonas,
127 Mount Street

53 Lanvin,
128 Mount Street

54 Alfred Speelman,
129 Mount Street

55 Oscar de la Renta,
130 Mount Street

THE RESULTS

OF MOUNT STREET'S REGENERATION

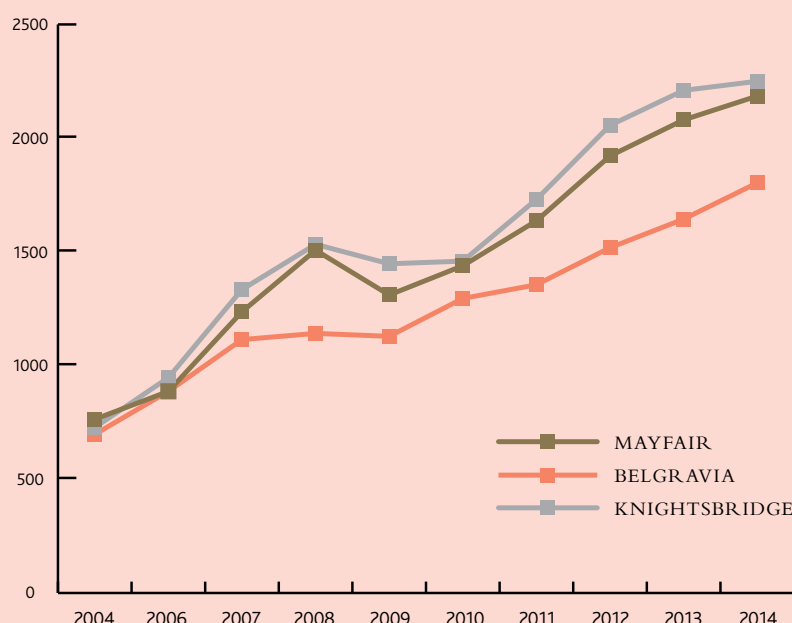
Mount Street: Rise in residential property values

Another key positive effect of the 2010-11 repositioning of Mount Street has been the enhanced performance of the thoroughfare's residential property market.

Between 2005 and 2013, the average sale price for residential property in Mount Street has leapt by 199% from £741/psf to £2,217/psf. This out-performs the Mayfair average as a whole, which saw a 173% uplift and Belgravia (136% uplift) over the same period.

In 2013 alone, Mount Street's 13 property sales totalled £75.68 million, with six (almost half) of those properties selling at asking price. One-bedroom flats on Mount Street sell for an average of £3,227/psf, two-bed flats for £2,143/psf and three beds for £2,962/psf.

AVERAGE RESIDENTIAL £PSF VALUES SINCE 2004



AVERAGE SELLING PRICE 2014

MAYFAIR

£3,568,611

BELGRAVIA

£3,415,000

KNIGHTSBRIDGE

£3,403,398

Sourced by Lonres and Dataloft

AVERAGE £PSF % CHANGE 2009 - 2013

MAYFAIR

59%

BELGRAVIA

46%

KNIGHTSBRIDGE

53%

Wetherell Mount Street Rental Property

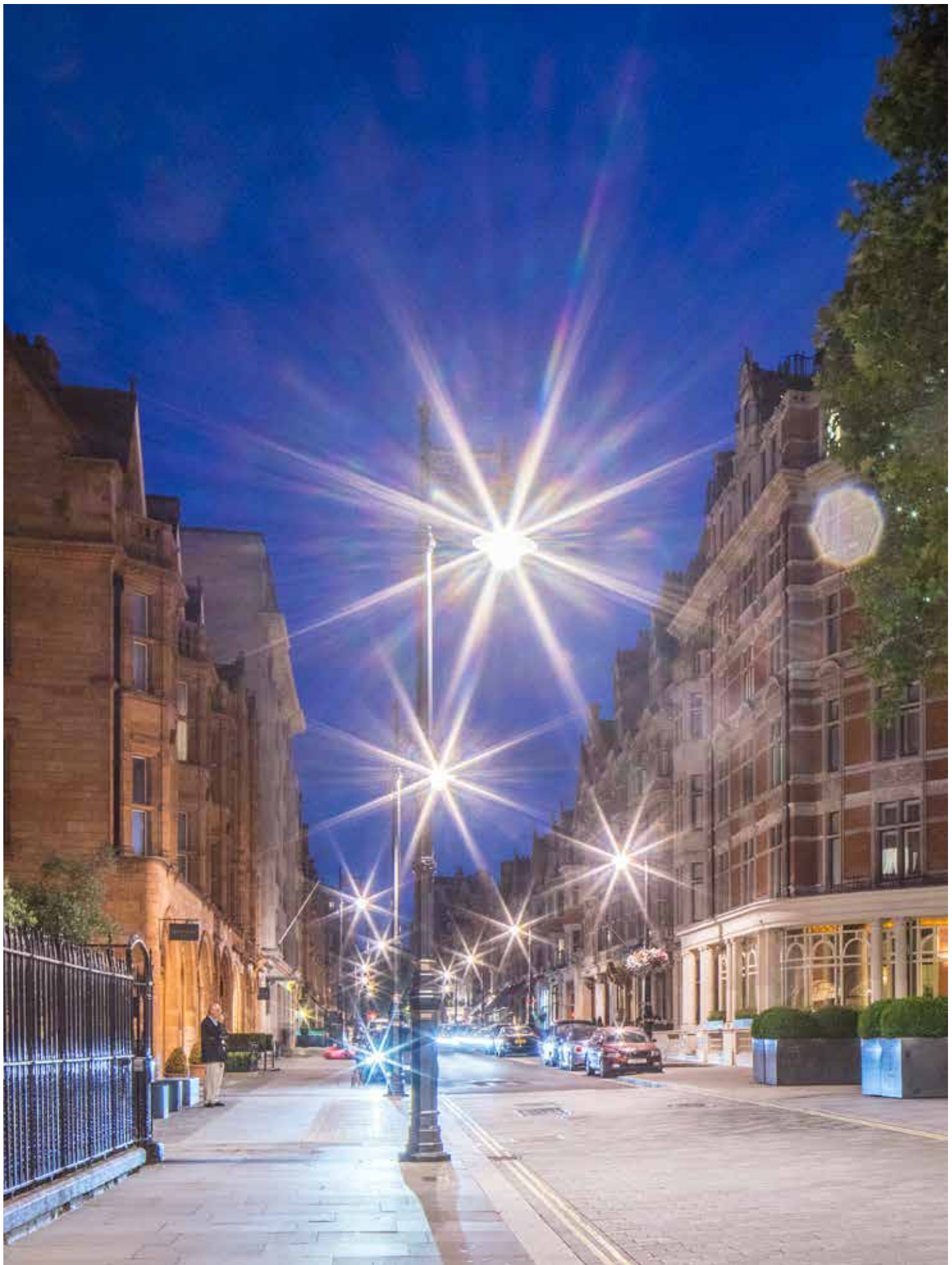


Mount Street: A buoyant rental market

The 2010-11 repositioning has also helped to enhance the thoroughfare's residential lettings market. Rental prices have risen by 24% across all property types between Q1 2013 and Q1 2014. Research firm Dataloft calculate the average weekly rent of the 19 properties let in Mount Street during 2013 was £1,407, which marks a 10% increase over the average weekly rent achieved in 2012, when 12 properties were available for let.

Wetherell Mount Street Rental Property





THE FUTURE

MOUNT STREET LOOKING FORWARD

In its drive to make Mount Street and surrounding Mayfair an ever more attractive place to live, work and visit, the Grosvenor Estate has 141,000 sq ft of commercial space in the pipeline.

There are also plans for 70,000 sq ft of new hotels, including the 75-bedroom Beaumont. It's the first five-star hotel to be built on a London estate in the last decade and forms a focal point in the rejuvenated Brown Hart Gardens, which sit above an electricity sub-station just north of Mount Street and Grosvenor Square.

With 3,500 five-star hotel rooms and, within a 10-minute walk of Mount Street, 72 streets containing two thirds of the world's leading retailers, 60% of the world's leading jewellers and 20 Michelin-starred restaurants, Mayfair has become a major tourist draw and resort destination to rival anywhere in central London.

Pivotal to Mount Street and Mayfair's future is Crossrail, the £148 billion infrastructure project that is estimated to bring an extra 1.5 million people to within 45 minutes of the West End by 2018, when new stations will include those at Bond Street and Tottenham Court Road.

The six stations that form part of the central section of the new rail link are predicted to see the most transformative effect on surrounding residential and commercial property values, with homes likely to increase by 57% between now and 2018, according to JLL, and the Bond Street station triggering the development of 300,000 sq ft of new office and retail space above the new ticket hall in Hanover Square. Another above-station scheme involving Grosvenor is planned for the western exit on Davies Street in Mayfair.

Such improved connectivity means Mayfair's desirability as a place to live will only increase in the future. New residential projects will breathe life into the area at weekends. Offices will continue to move elsewhere, to cheaper areas of London that offer more user-friendly, modern buildings, and Mayfair's retail offering will become ever more upmarket. That cocktail of high-end retail and residential could be what turns Mount Street and its surrounding area into London's premium address in years to come.

INFLUENCING LONDON

‘DOING A GROSVENOR’ HAS INFLUENCED OTHER LONDON LOCATIONS

As this report has set out to demonstrate, the Mount Street model of public realm improvements and clear tenant-mix vision and strategy plan has helped to create vibrant retail and restaurant promenades and helped to attract ‘aspirational’ luxury brands.

The repositioning of Mount Street, and its knock-on benefits of new luxury brand arrivals; enhanced retail asset and rental values and rising residential sale and lettings levels has been so successful that it is now known by many within the property profession as “doing a Grosvenor”.

There are now around 10 other London locations where Mount Street style public realm and profile raising activities are either taking place or in the pipeline.

Grosvenor have been the first to adopt the Mount Street model in other locations. Duke Street has undergone a massive makeover with pavement widening and repairs, new lighting and the resurfacing with French limestone, new trees and plants and the introduction of public artwork - a waterfeature by artist Andrew Ewing - on the raised terraced Brown Hart Gardens on the street. Duke Street is now benefitting with the opening of Jigsaw’s concept store and other new arrivals to include the American-style deli-cafe Lobster Roll. A recently-launched rental scheme of 16 apartments designed by Helen Green provides the desirable balance between luxury retail and residential. Mayfair’s Savile Row and Dover Street are also being repositioned with new trendy brands.

Another Grosvenor Estate address to be given a ‘Mount Street makeover’ is Elizabeth Street in Belgravia. The thoroughfare once dominated by vehicles (moving and stationery), its pavements cluttered and interrupted by un-coordinated street furniture. The makeover included widened footpaths, the introduction of street trees, reorganisation of parking facilities and the introduction of high street feel.

In Marylebone, landowner the Howard de Walden Estate, has adopted Mount Street style makeovers for both Marylebone High Street and nearby Chiltern Street. Chiltern Street in particular has been dubbed ‘the Mount Street of Marylebone’ with the Howard de Walden Estate undertaking pavement repairs and widening and shop front improvements and new fit-outs.

Since 2010, new retailers including Trunk, John Simons, Mouki Mou, Prism, Cire Trudon and Sunspel have opened on Chiltern Street. This makeover has helped to attract Hollywood hotelier Andre Balazs to open this year a new hotel - Chiltern Firehouse - whose restaurant has attracted celebrities and huge publicity. The hotel opening has co-incided with the launch of two new mixed-use developments on the street by developers Galliard Homes and Heron, providing new luxury apartments, restaurant and leisure facilities.

The results are similar to Mount Street. New retailers are queuing to open when premises become available, retail rents have improved and Galliard Homes have highlighted that residential values on and around the street have risen from £1,700 per sqft 18 months ago, to £2,700 per sqft since the Chiltern Firehouse opened, to over £3,000 per sqft currently.

In St James's, the Crown Estate has worked closely with the City of Westminster to improve accessibility and enhance the streetscape in St James's Street and Pall Mall with measures including widened footways, better pedestrian crossings, improved street lighting and pedestrianised market-place style retail outlets. Like Mount Street, the costs have been



significant. The St James's makeover is costing £14 million with £3.5 million provided by the Crown Estate, £3.5 million by Westminster Council and the balance by Transport for London.

Covent Garden is another example. In 2011, landowner Capco appointed Sarah-Jane Curtis, previously at Grosvenor, as Director of Covent Garden. Public realm improvements

and promotion have helped to attract new tenants and projects, resulting in a 6.2% uplift in the asset value of the £1.3 billion property holding. Other London locations getting a Mount Street makeover include the Fulham Road in Chelsea, Wilton Road in Pimlico and Shoreditch.

SUMMARY

THE WETHERELL GUIDE TO DOING

The potential benefits of a Mount Street style makeover include:

The Benefits

Improved street scene

Enhanced media, shopper and tourist profile

Sense of community and common purpose between tenants

Public artwork

Enhanced pedestrian and vehicle safety and parking

New luxury tenants

Enhanced footfall

Rising shop rents

Increased residential sales values

Rising residential lettings values

To deliver a Grosvenor style regeneration, key ingredients are required:

Quality real estate

Ultra prime locations

Attractive well maintained architecture

High quality shop facades with expensive and luxurious interior fit-outs

High quality public realm
- public artwork, street furniture, fountains, planting

Wide boulevards

Easy access to public transport
- key for attracting tourists

A MOUNT STREET MAKEOVER

Good tenant mix / mix of uses

Clear strategic plan by landlord and/or local authority for creating a luxury destination implemented by experienced estate team able to deliver the vision and objectives

Strong enough to see off any competition

Well managed and maintained
- good proactive landlord(s)

Exclusive brand names
- that people choose to visit

Retail complimented by high quality adjacent residential, restaurant, leisure and hotel properties

They are the addresses that the world's top brands covet and will pay millions to secure

High Profile

Good footfall

Recommended for visits by hoteliers and tourist operators

Marketing and events used to keep the thoroughfares in public consciousness

Prominently sign-posted and advertised on maps and other city guides

Listed in all key retail, shopping and tourist directories/guides

Tenant Association/co-ordinating agency used to foster a sense of allegiance amongst the tenants and organise promotional events and activities

The MOUNT STREET REPORT has been produced for general interest only. It is not definitive. It must not be relied upon in any way for financial or investment advice. Although high standards have been used in the preparation of the information, analysis and views presented in the report, no responsibility or liability whatsoever can be accepted by its publisher Wetherell for the content. We make no express or implied guidance of its accuracy. The research statistics quoted in the report are the sole ownership and copyright of the estate agents, firms or organisations cited. As far as applicable laws allow we do not accept responsibility for errors, inaccuracies or omissions, nor for loss or damage that may result directly or indirectly from reliance on its contents. Readers should not take or omit to take any action as a result of information in the report.

© Wetherell Reproduction of this report in whole or in part is not permitted without the prior written approval of the author.

All photos are property of their respective owners and may not be reused without permission. Published 2014 | Designed and produced by Lawrie Cornish 020 7935 4084 www.lawriecornish.com



WETHERELL
MAYFAIR'S FINEST PROPERTIES

102 Mount Street, Mayfair, London, W1K 2TH

Peter Wetherell T: 020 7529 5560 E: parw@wetherell.co.uk

wetherell.co.uk