

Refurbishment of old arcades will bring in more international fashion businesses

# City facelifts to attract bigger brands



After its facelift, the Leighton Centre is set to become a stylish shopping centre focusing on fashion. Rents will more than double. Photo: Edward Wong

Yvonne Liu

As a magnet for wealthy mainland shoppers, Hong Kong continues to attract an influx of international brands eager to establish a presence in the city.

According to property agents, US-based fashion brand G-Star is the latest entrant due to open a second store. The company has leased a duplex store offering more than 7,000 square feet of space in Hysan Development's Leighton Centre in Causeway Bay. It will be the largest G-Star store in the world.

G-Star is already present on the mainland, with a store in Quanzhou, and it operates a store in Causeway Bay's Times Square, but the shop at Leighton Centre will be its flagship outlet in Hong Kong and will sell an exclusive collection available only in Hong Kong.

Hysan Development started renovating its retail arcade at the Leighton Centre last month and it is scheduled to complete the refurbishment by the middle of next year. The renovation is aimed at giving the 33-year-old centre a more modern image and comes after most of its long-standing tenants have moved out. It will become a stylish shopping centre focusing on fashion.

The US fashion brand is one of the new tenants committed to leasing retail space after the renovation.

Agents estimated the monthly rent for retail space on the newly renovated ground floor and lower ground floor would increase to an average of HK\$160 to HK\$170 per sq ft

from the previous HK\$70 per sq ft for lower ground floor space. Rent for street level stores could reach HK\$250 per sq ft. Prior to the renovation the Leighton Centre had no streetfront shops on Leighton Road.

As a retail landlord, Hysan Development has benefited from the aggressive expansion of international and local brands into Hong Kong. Its 24,000 sq ft retail space at One Hysan Avenue in Causeway Bay attracted local fashion retailer I.T. in the middle of this year. Monthly rent for the space taken up by I.T. reached

## Most retailers don't have shops on the mainland and want to test the water by opening in HK

Joe Lin, senior director of retail services, CB Richard Ellis

HK\$1.5 million – well above the monthly rent of below HK\$1 million paid by the former tenant. Developer Luk Hoi Tong's Luk Hoi Tong Building redevelopment project on Queen's Road Central leased 13,000 sq ft of retail space to United States fashion retailer Gap in the middle of this year.

"We receive many leasing inquiries from both US and European retailers. Most are fashion retailers, while about 20 per cent are jewellery retailers," said Joe Lin, a senior direc-

tor of retail services at property consultant CB Richard Ellis.

"Most of them don't have shops on the mainland and are not familiar with that market. They want to test the water of the mainland retail market by first opening in Hong Kong," Lin said the retailers had higher budgets for leasing and were willing to accept higher rents for retail shops in prime locations.

Helen Mak Hoi-lun, director of retail services at property consultant Colliers International, agreed with this observation and said new supply of retail space was limited.

"If landlords renovated their shopping centres, they would attract many retailers prepared to pay higher rentals. The renovations would therefore help landlords raise the asset values of their shopping malls," she said.

Colliers said retail rents in the four major shopping districts in Hong Kong – Tsim Sha Tsui, Mong Kok, Causeway Bay, and Central – had risen by an average of 11.5 per cent so far this year. Rents in Tsim Sha Tsui and Causeway Bay had outperformed the rest of the market, with growth of 13 per cent and 12 per cent respectively.

Research by property consultant Knight Frank said mainland visitor arrivals during the National Day holiday that began on October 1 reached 662,248 – 21 per cent higher than a year earlier. The number hit a new single-day high of 117,409 on October 1. The influx of visitors helped boost sales revenue at many shopping malls by between 15 and 30 per cent during the period.