

Walpole

The State of *London Luxury 2023*

THE DRIVERS OF LONDON'S POSITION
AS GLOBAL LUXURY CAPITAL



IN PARTNERSHIP WITH



CADOGAN



Welcome

London is the UK's shop window - a vibrant, exciting and immersive display of the very best of this country. To call it a city is to underplay its importance, something Disraeli recognised when he wrote, 150 years ago, "London: a nation, not a city".

It is not only its size, energy and diversity that defines it, it's also its resilience, something that has struck home when I've visited other capitals post-pandemic and seen how rapidly, by contrast, London has come roaring back. London has long been synonymous with a cool, edgy British creativity in its music, art and fashion. It's a shapeshifter and a trend setter.

Above all, I would argue that it's the world's best luxury capital, with its exceptional eco-system of international and home-grown luxury retail, of five-star hotels and Michelin starred restaurants, of museums and art galleries, residential and commercial property, and an unrivalled annual calendar of happenings beloved by well-heeled residents and well-off visitors alike.

This is what Walpole aims to explore in the *State of London Luxury* Report, produced in partnership with Cadogan. Our new annual study analyses the success drivers key to London's strength in luxury. It looks at the unique components that make the Capital so alluring to HNWIs. It notes the vital interdependence between British luxury goods companies manufacturing throughout the UK and sales in London. It examines the symbiotic relationship between culture, retail and hospitality.



We also recognise the speedbumps in the way of luxury London's ability to truly capitalise on all its advantages - not least when it comes to visas for high value visitors and the continued absence of a Tax-Free Shopping scheme. Given that the UK had the greatest market share of high value visitors in 2019, we call on the Government to address these drags on the UK's growth potential as swiftly as possible.

The *State of London Luxury* captures for the first time a full 360° view of the Capital's strengths: by developing a deep and thorough understanding of what works, we can work together to build on the success of British luxury's most powerful national asset.

HELEN BROCKLEBANK
CHIEF EXECUTIVE, WALPOLE

London is a series of the most extraordinary villages, together creating a global city that we all rightfully take great pride in - reading through this report will leave you in no doubt as to why.

Across Chelsea and Knightsbridge, we have London's highest concentration of luxury brands* and are delighted to partner with Walpole on this annual barometer of our capital's standing, using insight from our community and way beyond to create a snapshot of sentiment and better understand the trends shaping tomorrow's neighbourhoods.

As very long-term stewards of the area, a flourishing and sustainable neighbourhood

has always been central to Cadogan's ethos. We constantly invest in projects that strengthen and bring vibrancy - anticipating what is coming next for bricks and mortar retail while creating spaces for the community and creativity to thrive.

It has been fascinating to delve into this topic as we embark on a transformation of Sloane Street, which I believe has the ability to become the world's most beautiful, inspiring luxury boulevard. Among many other things, we are 'greening' the Street to improve air quality and create a much more pleasant place to amble and soak in London's incredible energy. I look forward to sharing our progress on this journey with you next



year. In the meantime, I hope you enjoy this rallying read on what makes our great city tick.

HUGH SEABORN
CVO, CEO, CADOGAN

*CACI research, August 2022

Forewords

London is a city, a phenomenon and indeed a brand in itself. People around the world so often see the UK through the prism of London. Luxury brands have a hugely significant role in keeping the city in the mind's eye of visitors across the world.

Actually, London is three types of city rolled into one; a global city; our capital city and a local city. All of these have to work together to maintain London as that buzzing destination and business hub; the shop window for investment and economic dynamo powering the UK and as a place that people from all backgrounds can be proud to call home.

Luxury goods sold in London are manufactured across the UK. Mulberry bags are from the West country, Burberry trench coats are made in West Yorkshire. Similarly, our iconic black cabs are manufactured in Coventry and the Battersea Power Station regeneration depended on supplies, labour and skills from 72 constituencies across the country.

So, we don't need to go far to see why London thriving as an international centre is good for all. Luxury retail brands attract international shoppers; our theatres and Michelin starred restaurants both feed and entertain our visitors and our hotels are so much more than somewhere to rest your weary head. By working to maintain and indeed build on this, we will continue to give travellers a positive experience that they will not forget and one which will draw them back time and time again.

This doesn't happen by accident. An online experience is only a taster. There is nothing like travelling to and around this great city. Brand makers and policy makers alike need to continue to work in lockstep to ensure London remains the best city in the world in which to live, work and play.



I'd like to thank Walpole for their continued great work promoting and supporting our luxury brands and welcome their comprehensive State of Luxury report.

**PAUL SCULLY,
MINISTER FOR LONDON**

*“London is a city,
a phenomenon and indeed a
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mind's eye of visitors.”*

*“London offers a wealth of
opportunities for brands to
showcase their products to
Londoners and visitors.”*

London has long been known as a global hub for creativity, innovation and diversity. This is why many of the world's most prestigious brands call our capital home. Our vibrant cultural scene, world-class universities and entrepreneurial spirit make it an ideal location for luxury businesses to thrive. From the flagship and department stores of the West End to the trendsetting boutiques of Shoreditch and Notting Hill, London offers a wealth of opportunities for brands to showcase their products to Londoners and visitors.

I am proud of London's position as a global leader in this sector. Our success not only brings jobs and investment to the city, but also helps to enhance London's reputation as a world-class destination for tourism. Visitors to our city are key to our economy – that's why the Mayor has invested heavily in tourism marketing through our “Let's Do London” campaign which brought almost 600,000 additional visitors to the capital from other parts of the UK, Germany, France and the USA.

Sustainability and innovation are going to be key to London's success in the future. The Mayor has set the target for London to be net-zero by 2030 and has committed to a £90 million of Greater London Authority (GLA) funds to support this ambition. Luxury businesses play a significant role in delivering this target. It is important that the sector strives



to offer ever more sustainable and eco-friendly products, recycling materials, preventing waste and achieving energy efficiency of their buildings as well as informing consumers about how their choices impact the environment.

I believe that by working together, banging the drum for London, we can continue to strengthen London's competitive position and its international reputation as a global leader.

**RAJESH AGRAWAL
DEPUTY MAYOR OF LONDON FOR BUSINESS**

London Luxury in Numbers



Introduction

Cities are valuable assets. In an era of globalisation, they rely on attracting the right capital, talent and visitors to execute their vision, strengthen their reputation and keep ahead of competition. To dominate the luxury market however, a city must deliver against a unique set of value pillars. In this Coronation year, it seems fitting that this report will demonstrate London's power as a global luxury hub and its indomitable spirit and confidence in its ascendancy.

How do you describe the current and the potential value that London offers the global luxury market? For this first *State of London Luxury* report we have chosen the word "VITAL" and will use it as a framework to explore how London is performing. We feel it perfectly conveys two qualities that are core to London's present proposition for the global luxury marketplace:

- its current qualities make it **essential** for any luxury brand looking to thrive.
- the **energy** that is emanating from London's pavements, people and its places, provide a unique atmosphere for prosperity.

Two years on from the worst of the pandemic, as the luxury market soars beyond expectations the world over, we are seeking to answer why, when brands are re-examining every aspect of strategy and have expanded their digital offerings,

they still rely on what London provides as a physical location, teeming with affluent residents, visitors and creative talent.

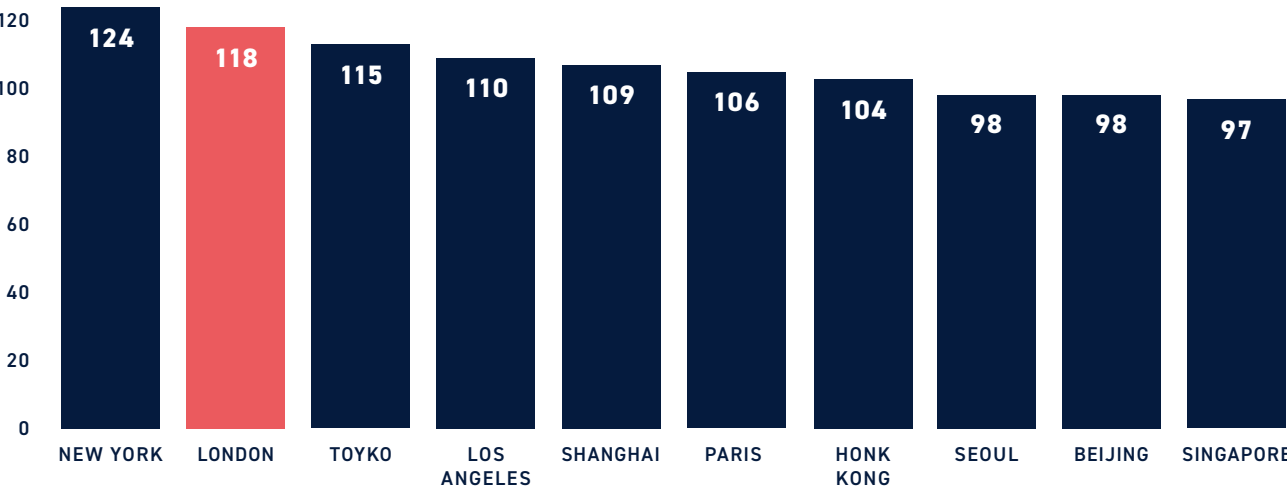
Alongside the more publicly available datasets, for the first time, Walpole and Cadogan* have conducted additional quantitative research among its members and customers. Exclusively for this report, the 2023 *London Luxury Survey* details our respondents' current perceptions towards London as a global luxury hub, the future of upscale retail and ecommerce and their confidence levels going forward. You will see data from this research throughout the report. We have also interviewed a number of ultra-high-net-worth Londoners, to demonstrate some of the aspects that residents find most attractive.

Before going into our own framework, it is useful to look at the *City Fundamentals Ranking of London* by real estate giant Savills. Their *City Fundamentals Index* includes the following pillars: size of the retail market; international visitor appeal; affluence and growth potential. London emerges very strongly, second only to New York, though as we will see throughout the report, on some of those pillars, London leads. The luxury market size, international visitor appeal and relative affluence of these two leading cities' residents remains exceptionally strong. 📈

*Cadogan own and manage, over 90 acres of Chelsea and Knightsbridge including a retail, leisure and residential portfolio

NEW YORK AND LONDON CONTINUE TO LEAD THE GLOBAL TOP 10

Luxury City Fundamentals Ranking 2022: A Story of Resilience and Adaptability



Source: Savills Luxury City Fundamentals ranking 2022. Fundamentals = size of luxury retail market; international visitor appeal; resident affluence and overall growth prospects.

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VALUE

Let's start with some key numbers. We estimate that by 2024, taking into account all of the factors that you will see in this report, London luxury could be worth between £28bn - £30bn. With the right support, as outlined in this report, and if the UK grows in line with the global luxury market as forecast by Bain & Company, those figures could increase by 5% - 7% annually to 2030.

VIBRANT

They say that New York is a city that never sleeps, while some would say that London is a city that never stops. In the aftermath

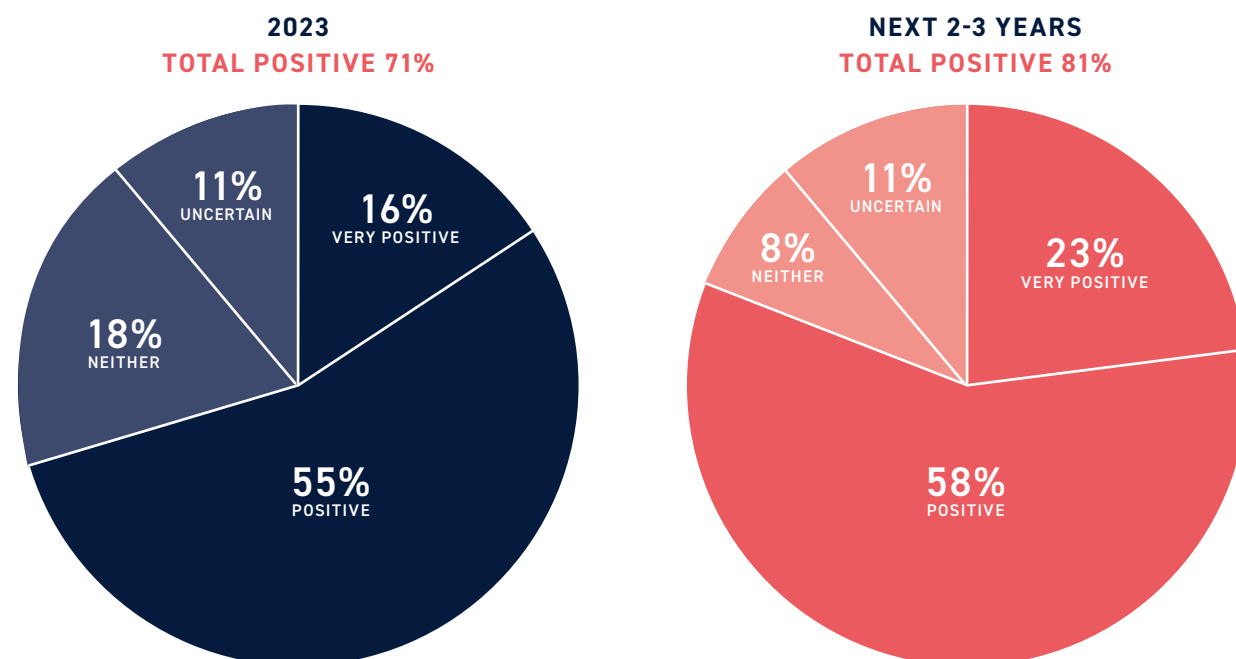
of the pandemic, London has proved itself to be not just resilient in the face of adversity, but rebounding.

As we have seen, in Savills' *City Fundamentals Ranking*, London performs very strongly. On the growth trajectory pillar, it is ahead of New York and growing at twice the rate of either New York or Paris. That growth is creating a vibrancy being seen and felt by people living and working here.

Walpole and Cadogan's new *London Luxury Survey* confirms a considerable and growing positivity from London brands about

LUXURY BRANDS IN LONDON ARE FEELING POSITIVE

"How are you feeling about the prospects for your business – in 2023 / Over the next 2-3 years?"



Source: London Luxury Survey 2023

business prospects now and going forward, with 71% feeling positive now, and 81% feeling positive about the next few years. Those same respondents were asked to choose three adjectives that best summed up London's appeal as a luxury global hub from a list of fifteen including 'Inclusive' and 'Original'. The winners are 'Vibrant', 'Timeless' and 'Dynamic'.

The current vibrancy is demonstrated by the total number of new luxury store openings. Whilst two Chinese cities outrank London in volume, the majority of the locations will be within large shopping malls. They may offer the same products, but they will lack the distinctive environment and atmosphere, and thus that critical rewarding experience that is delivered by Bond Street or Knightsbridge. In terms of delivering unique new store opportunities, London is leading the rest of the world.

CITY RANKING BY MOST NEW STORE OPENINGS - 2019-2022 INCLUSIVE

1. SHANGHAI
2. CHENGDU
3. LONDON
4. NEW YORK
5. BEIJING
6. SHENZHEN
7. WUHAN
8. TOKYO
9. HONG KONG
10. PARIS

Source: Savills 2023 (excludes relocations, re-openings after refurbishments and pop-ups)

Aside from the constancy of a resilient high-net-worth local population and the rapid return of visitors post-pandemic, part of this vibrancy comes from the constantly changing portfolio of brands in the London ecosystem. Indeed, in the *London Luxury Survey*, 82% of respondents believe that the blend of well-known luxury brands and local British luxury icons was a major contributor to the London's distinctiveness on the luxury landscape:

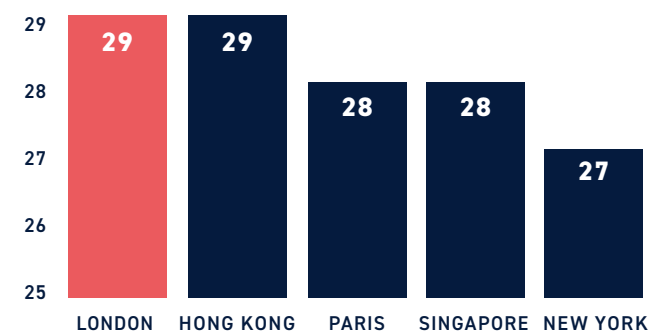
- Timeless, classic British heritage brands with premises on the established luxury streets of London, for example: Burberry on Knightsbridge; Fortnum & Mason on Piccadilly; The Dorchester, Park Lane and Anya Hindmarch on Sloane Street.
- Global brands expanding into new London 'village' areas by adapting their bricks and mortar offering to suit the character, for example, Aesop in Coal Drops Yard; Soho House in Shoreditch.
- International giants making new substantial investments, for example: The Peninsula; Mandarin Oriental and Marc Jacobs.
- Social commerce specialists adopting innovative phygital architectures and live shopping events, for example, one of Walpole's Brands of Tomorrow 2022, Luxury Promise.

VISITORS

Digging a little deeper into the city fundamentals analysis, London's ability to attract international visitors (tourism and business combined) is unsurpassed – coming first equal with Hong Kong on that criterion.

INTERNATIONAL VISITOR APPEAL - CITY RANKINGS 2022

London and Hong Kong top one of key pillars of luxury city success



Source: Savills *Luxury City Fundamentals* ranking 2022. International visitor appeal data.

Going forward, what are the high-net-worth-individual (HNWI) visitor number implications for London vs Hong Kong from these 2022 visitor appeal findings? Whilst data company Tourism Economics anticipate that global international air passenger figures will return to pre-COVID levels in 2025, this masks the imbalance between Asia / Hong Kong and other city giants as luxury visitor destinations. Asia and Hong Kong have a far greater dependence on outbound Chinese tourism which has yet to recover post-COVID. Airline capacity has yet to fully recover and underlying consumer demand is greatly reduced. Trips to Thailand, Japan and South Korea are 85-90 % lower than February 2019. Europe and North America, on the other hand, have much earlier than anticipated COVID recovery trajectories in 2023 and 2024, potentially increasing the luxury market share of those cities outside Asia.

The tourism industry in the United Kingdom generates around 670mn nights spent by visitors, with a total value that amounts to £68-85bn; the high-end segment values itself at £25-30bn. The UK has the largest market share of high-end tourism in Europe at 21% (Source: Bain/ECCIA *High-End Tourism Study 2022*)

More than 50% of UK international visitors choose London as their primary destination. Once again, tourism is extremely concentrated in the Capital, with more than 50% of UK international visitors choosing London as a destination. London hosts 17 out of 25 of the most visited attractions in the UK, having both the highest tourist concentration and the highest high-end tourism –



with 42% of luxury hotel rooms located in the Capital. The 5-star hotels and luxury accommodation are at the very core of that ecosystem. And new 5-star hotel openings are burgeoning - if not bursting - on the London scene. During 2018 -2019 (pre-COVID) only two 5-star hotels opened in the city, three between 2020 and 2021. But between 2022 and 2025 there will be twelve new 5-star hotel openings, from luxury groups like Peninsula, Raffles and Costes, as well as smaller London 'village' boutique hotels in Soho, Covent Garden, Chelsea, Whitehall and Bayswater. That growth is unparalleled in the history of London hotel development. The confidence that kind of investment shows in luxury London's growth trajectory is extraordinary.

Variety is essential as different nationalities tend towards different offers. Chinese visitors tend to prefer boutique style residences, whilst North Americans prefer the larger grand hotel chains. Walpole hospitality members demonstrate the breadth of the London hotel proposition. For example, 11 Cadogan Gardens (1) is an historic town house converted into a boutique hotel with bedrooms, suites and apartments in prestigious Chelsea, a stone's throw from the designer boutiques of Sloane Street

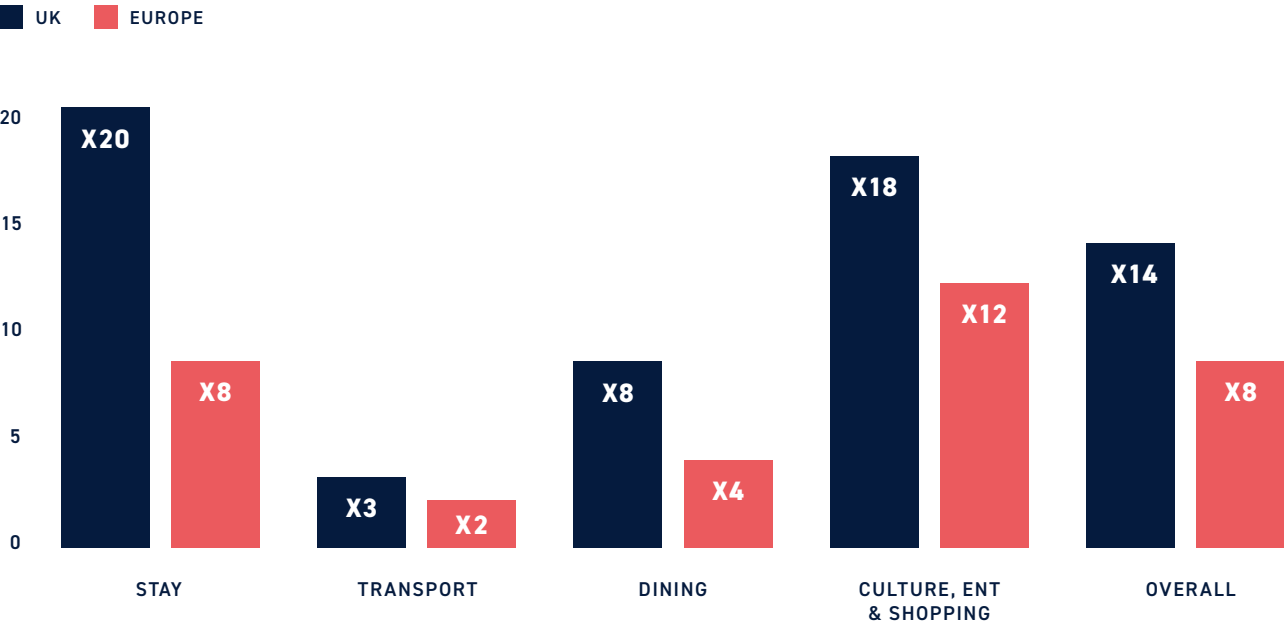
and Knightsbridge. And The Dorchester hotel (2) in Mayfair, overlooking Hyde Park from Park Lane, is the epitome of timeless glamour - an elegant address, a beautiful space, a three Michelin starred dining experience, and luxuriating spa treatments.

Historically, London also has higher than average dwell time than other cities. As Victoria Carvalho at Ten Lifestyle explains: **"London is definitely seen by our international members as a "seven-day city," versus many of its world counterparts (think Paris, Barcelona, Copenhagen) where they only stay two days and run out of things to do. Even New York is more of a long weekend city due to its compact size, sounds and frenetic pace of life. That's also why our members love to have a second home in London - they never stop finding new things to discover."** *Victoria Carvalho, Chief Proposition Officer, Ten Lifestyle Group*

This combination naturally leads to a greater expenditure by foreign visitors to London than in any other European city by a considerable margin, and the HNWI visitor even more so.

HIGH END TOURISTS IN THE UK SPEND 14 TIMES MORE THAN THE AVERAGE TOURIST. THE EUROPEAN AVERAGE MULTIPLIER IS X8

How much does the high end tourist in the UK spend compared to average tourist?



Source: Bain/ECCIA Tourism Report 2022 using 2019 data

The *Bain/ECCIA High-end Tourism* report details this value: Across Europe on average, a high-end tourist spends eight times more than other tourists. In the UK this multiplier is 14 times the average tourist. That longer stay means nearly three times higher spend from HNWI's than across the rest of Europe. Furthermore, the table also reveals one of the key appeals of a long stay London, namely the extensive provision of high calibre culture, entertainment and shopping opportunities.

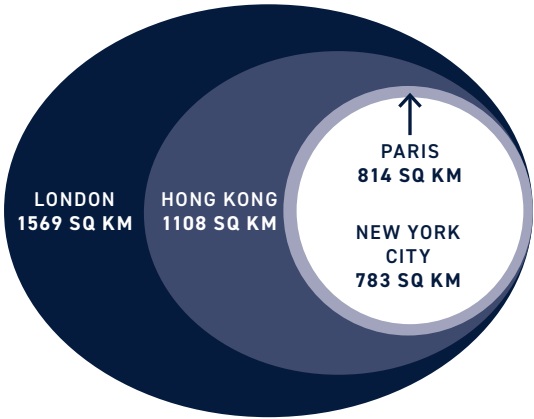
Examining London's many attractions further, we can look at where the ultra-high-net-worth (UHNW) visitor goes to invest this considerably higher than average spend during their stay.

Culturally, they are certainly spoilt for choice: six Historic Royal Palaces and four UNESCO World Heritage Sites; 215 museums, including 11 national museums; 857 art galleries, and myriad other cultural attractions like 270 theatres and over 200 shows to choose from every day in the West End, more than 22,000 music performances a year, 197 festivals and more live comedy than any other city in the world, and world famous sporting events like Wimbledon, Formula One and the Premier League.

As for shopping, London is leading new luxury openings as we have seen, and the chart above demonstrates that demand encourages 50% more spend than that across Europe.

Lastly, the sheer size of London compared to other major cities will always be in its favour:

RELATIVE SIZES OF LONDON / NEW YORK PARIS / HONG KONG



VILLAGES

Locations such as Knightsbridge, Chelsea and Mayfair are exceptional addresses. Indeed, in the *London Luxury Survey*, 69% of respondents placed Bond Street in their top three luxury streets in the world. However, a key factor to the success of London and certainly a major attraction for visitors, is how the city can be divided not only into those broader areas such as Mayfair, Soho, Covent Garden, but affluent villages including Connaught Village, Shoreditch Design Triangle, Little Venice, Marylebone Village, each having a different ambience and identity, not least due to their respective residents, physical features and retailers. This provides a real benefit for luxury brands as they can then decide how their proposition matches or could extend into a distinct locale.

“London has very different areas and you can fit certain specific brands into certain specific locations. If I take a brand like Le Labo – it fits into some of the most edgy areas in London as well as into some of the most exclusive and sophisticated areas. That’s what this city presents. It gives brands a chance to play in different settings.” *Sue Fox, President, The Estée Lauder Companies UK & Ireland*

Villages provide great opportunities for brands to, as Sue Fox says above, “play” in. Whilst luxury fashion brands still deliver online drops between fashion seasons, brands are now using in-person launch experiences in these villages, to build buzz around new seasonal offers and their latest collaborations. Local talent and suppliers are used from the surrounding communities. For example, Coach and Bottega Veneta’s pop-ups in Shoreditch in 2022.

British designer Anya Hindmarch has taken the village concept to a new level in the creation of her own six shop Anya Village in Pont Street – which has become a true destination. Anya’s Village includes the Anya Café, The World’s Smallest Department Store and The Bespoke Shop, which focusses on personalised gifts to pass down the generations that mark moments in time and a dedicated pop-up space to showcase trend-led concepts and products.

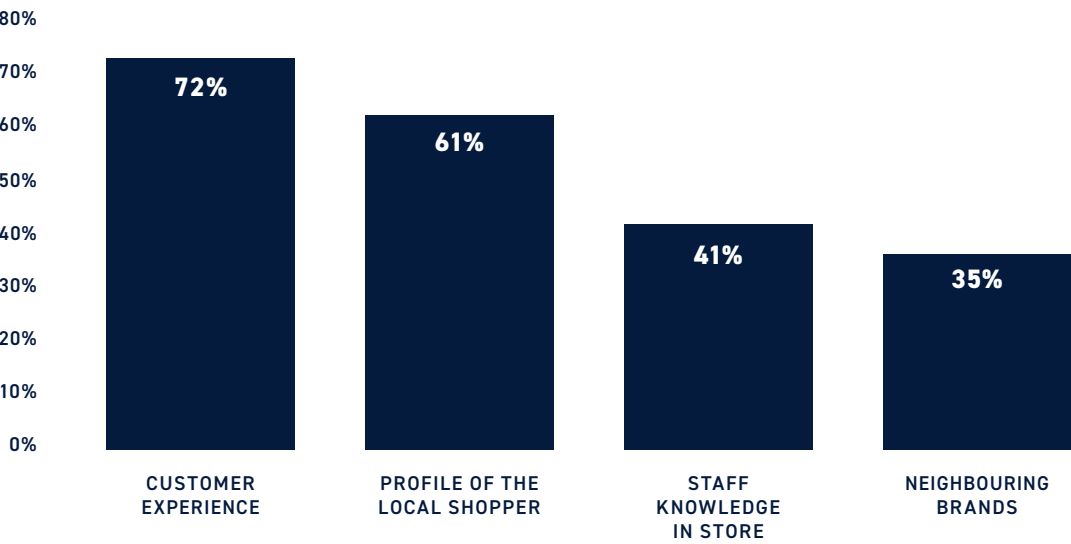
“We had 65 stores around the world, and that didn’t feel modern anymore, so we shut most of them. I wanted a more direct, personal link with my customers who want to touch, have experiences and be local again....I love the idea of my customers paying a pilgrimage to The Village, just as I used to go to one little shop in Paris for my glasses.” *Anya Hindmarch*

What has also emerged over the last couple of years is the importance to retailers of tailoring collections and offerings to local residents, even if you are global brand. Localisation - if not hyper-localisation - is now a key success criteria. Indeed, the need to know the profile of local shoppers emerges in the new *London Luxury Survey*, alongside, as one might expect, customer experience, with 61% of respondents stating that understanding local residents was key.

“We’ve lived in Holland Park, Notting Hill, and now we’re in a block in a square behind Kensington High Street. It’s quiet, easy to park and everything is round the corner and walking distance away; good restaurants, great food shops, even

PROFILE OF LOCAL SHOPPER IS KEY TO LONDON RETAILERS’ SUCCESS, ALONGSIDE CUSTOMER EXPERIENCE

Which of the following factors contribute most now to the success of your stores?



Source: London Luxury Survey 2023



cinemas, plenty of black cabs and even the number 9 bus, which goes straight to Bond Street!” *Resident, Kensington, London W9*

This is further underlined by Hugh Seaborn, CEO at Cadogan: “Our figures suggest about two thirds of trade in Sloane Street are people who live within say a kilometre radius.” *Hugh Seaborn CEO, Cadogan*

The residents in these villages do feel very much like ‘communities’ and expect all the amenities that any village requires.

In 2016, in response to community feedback after thorough local consultation (and despite planning policy which favoured residential accommodation), Cadogan created a ‘village high street’ on Pavilion Road. Previously comprising service access, garages and a busy vehicle cut-through parallel to Sloane Street, the area contributed little to the local community.

Following redevelopment comprising striking architecture, sensitive restoration, extensive planting, restaurants and a range of independent artisan food shops (including a butcher,

baker, cheesemonger and fishmonger) a new ‘village hub’ was created. Pedestrianisation was granted by the local council in 2021 bringing much improved air quality and an outdoor social centre for the local community to congregate – something that proved invaluable during COVID restrictions – and in 2022 attracted nearly 10 million visitors, bringing additional energy and vibrancy to the surrounding area.

One resident from Little Venice explained how they felt about their own village community.

“We love Little Venice. It’s very close to Paddington with easy proximity to the West End. Quiet, pretty and leafy by the canal, with lots of great restaurants in walking distance. Formosa Street has four good restaurants. Marylebone has got great shops, including foodie shops such as La Fromagerie and a food market on weekends. The eateries are great - Chiltern Firehouse is where all the cool people go. And we have Regent’s Park to walk the dogs. And of course there is Notting Hill – loads of new restaurants there and a brilliant butchers. It’s really unbelievable how that place has changed in the last 10 months”. *Resident, Little Venice, London W9* 🍷

I International • Iconic Influence • Inspiration Investment

INTERNATIONAL

London is one of the most culturally diverse cities in the world and always has been, attracting people from all over the world. Whatever their economic status, arriving visitors have believed that London offers life-changing opportunities.

There are over 300 languages now spoken in London – testament to just how international the population is.

It's not just the number of languages spoken here, with 37% of the 8.8mn strong London population born outside the UK. In terms of the HNWIs international resident, *The Wealth Report 2023* by Knight Frank anticipates significant numbers of wealthy individuals looking to purchase second homes in the UK capital this year.

Educationally and culturally speaking, this international breadth is reflected in London's educational offerings. Four of London's universities are listed in the world's top 40.

Similarly lauded is Walpole programme partner London Business School, whose vision is to have a profound impact on the way the world does business and the way business impacts the world. Consistently ranked among the best business schools globally, it has been nominated top European Business School by the Financial Times five times. It has more than 44,000 alumni working in over 155 countries. Together, those graduates are a community defined by a wealth of knowledge, business experience and worldwide networking opportunities.

Another Walpole member, Regent's University London, is one of the UK's most cosmopolitan universities with more than 80% of its students drawn from 140 countries around the world. Its global alumni network comprises founders and entrepreneurs, chief executives of luxury brands, social media

influencers, royalty, actors, fashion designers, politicians, business executives and board members of international family firms. As a member of Walpole, Regent's shares a common interest in strengthening the luxury sector's talent pipeline.

In terms of residential London living for the global citizenry, we invited Walpole members to consider, personally as well as professionally, the benefits of being part of such a diverse community, thriving in a cosmopolitan, democratic, welcoming city like London.

“I’ve had the privilege of living around the world and London is, without doubt, the most diverse city in the world. That’s what I think gives it its excitement and makes it so welcoming to all.”

Sue Fox, President, The Estée Lauder Companies UK & Ireland

“For me London is home. I was born in Germany. I am also French. But now I am also British.” *Aude Appolinaire, General Manager UK and Netherlands, Fendi*

“London is a place of opportunity. A place of self-expression. People can find themselves. They can maintain their identity, but give it new meaning. It makes London such a valuable place. You can come here and contribute, unlike many other

cities around the world.” *Denni Manzatto, CEO Church's Shoes*
An insight emanating from the perspective of London being a great environment to grow a luxury brand, London's cultural openness to international ideas also make it a great city to be a premium brand that is on the cusp of becoming a luxury brand, or one coming from abroad. It's because the blend of customer that lives here has a wider international perspective, open to new ideas and brand elevation.

ICONIC

If you asked anyone on the streets of London to give you their favourite example of London's iconography, there would be no shortage of examples. The city is awash with Instagrammable and impressive landmarks – both architecturally and culturally – such as London Bridge, Big Ben, Buckingham Palace or Shakespeare's Globe Theatre. But also within our luxury marketplace, British icons are also everywhere: Burberry; Harrods; The Savoy; The Connaught; Royal Opera House; Smythson; Fortnum & Mason; Burlington and Royal Arcades and Penhaligon's.

When Swaine, one of the UK's oldest luxury leather accessories brands, was looking for a new flagship store – the largest in the brand's 273-year history – it chose New Bond Street. The building now houses a museum charting the brand's history and a workshop – an inspiring feature for a central London location:

“Having a workshop in the store is unique, and reflects the direct relationship that Swaine wishes to build between the craftsman and the customer, allowing clients the opportunity to admire the meticulous work of the artisans on their bespoke piece”.

Carine de Koenigswarter, Chairman and CEO, Swaine

INFLUENCE

Whilst some may have questioned the UK's political and commercial influence on a global stage during last two or three years, it is useful to look at the most recent *Global Soft Power Index Report*, conducted by brand valuation company, Brand Finance. The data is based on 100,000 people across 101 countries

and considers a country's reputation, influence, performance and familiarity. Their report demonstrates that, not only is the UK's soft power score exceptionally strong, it reveals that despite the political, financial and societal issues the UK has faced, its score and rank has actually improved. Given London's position as the centre of government, finance, media and much more besides, London itself is a key contributor to the UK's soft power.

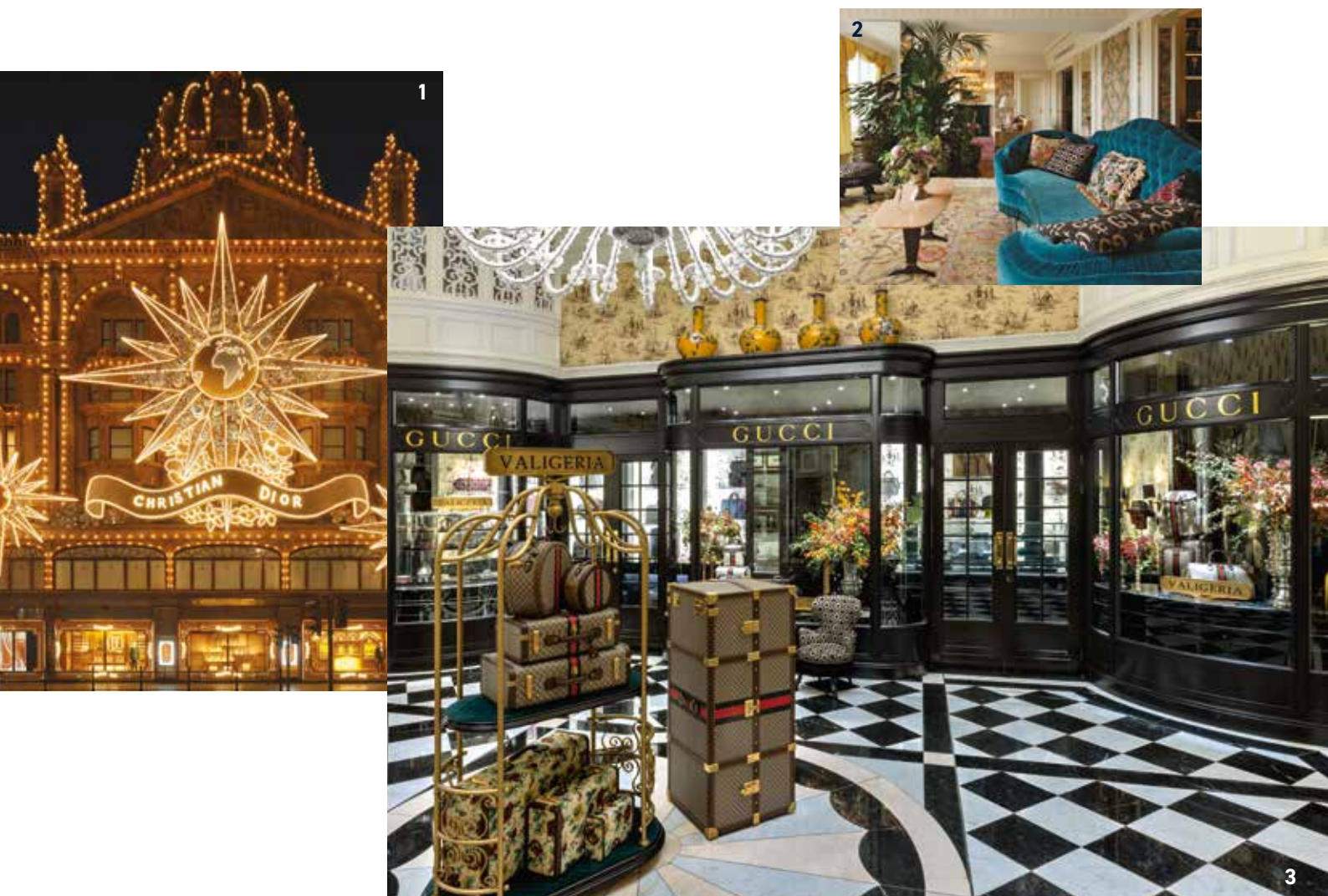
LONDON WIELDS HUGE INFLUENCE GLOBALLY: ITS SOFT POWER SCORE AND RANKING HAS IMPROVED OVER LAST TWO YEARS

2021	2023
1. GERMANY 62.2	1. US 74.8
2. JAPAN 60.2	2. UK 67.3
3. UK 57.9	3. GERMANY 65.8
4. CANADA 57.2	4. JAPAN 65.2
5. SWITZERLAND 56.3	5. CHINA 65.0
6. US 55.9	6. FRANCE 62.4

Source: Brand Finance 2023: Scores include data relating to Reputation, Influence, Familiarity, and Performance

London is also a major contributor to the rest of the luxury market across the UK. Indeed, it is an influencer, benefactor and generator of manufacturing and employment across the country. Church's shoes are made in Northampton, Wedgwood ceramics in Stoke-on-Trent, Chapel Down English sparkling wine in East Sussex, Rolls Royce Motor Cars in West Sussex and the whisky distilleries in Scotland to name but a few. The shop window is London but the engine room is undoubtedly regional and this, combined with strong exports, make Britain and its luxury brands globally famous.

Within that soft power mix and a pillar of London's influence in the luxury market is the superpower of its creativity. The UK is a global leader in the creative industries and London is a hothouse for original thinkers and creators who are global leaders in their sector. Individuals helping drive the future prosperity of London's luxury market and its cultural influence include Sarah Burton, creative director of Alexander McQueen, Daniel Lee, Chief Creative Officer at Burberry and the designer and artist, Yinka Ilori.



INSPIRATION

Inspiration can mean many things of course, but for the purposes of this report we are focussing on how London provides unique environments to inspire customers in search of those distinctive destinations.

Examples of brand inspiration from 2022 include two exceptional partnerships: Dior and Harrods at Christmas and Gucci's Valigeria pop-up inside The Savoy hotel. The Dior spectacular outside Harrods (1) provided both brands with a perfect Instagrammable image to share, raising both brands' saliency during its most critical season.

Gucci's Valigeria pop-up at The Savoy deepens the brand's long history with The Savoy. Gucci celebrated their 100-year anniversary in 2021 by creating The Savoy's Royal Suite across the hotel's entire fifth floor (2). The relationship dates back to the late 1800s when Guccio Gucci worked as a porter and lift

attendant at the hotel. It was where he was himself inspired, falling in love with the magic of travel, which was the focus of the 2022 pop-up (3), and brought together a specially curated selection of Gucci's travel products. The retail experience integrated perfectly alongside the brand's advertising campaign.

The global collaboration between Louis Vuitton and Yayoi Kusama thrilled customers across the world, but a brand has to focus investment. London was chosen as one of the major cities for activating this collaboration.

INVESTMENT

As a backdrop to this segment on investment, it should be noted that London's authority in financial markets is still dominant. The *Global Financial Centres Index* (GFCI) 2023 still ranks London second only to New York, and clearly the wealth it creates is a huge influence on the prosperity of the

luxury market. The City of London's status as a centre of world finance is a huge draw.

LONDON'S INFLUENCE IN FINANCIAL MARKETS IS SECOND ONLY TO NEW YORK

Global Financial Centre Index City Ranking 2023

1. NEW YORK
2. LONDON
3. SINGAPORE
4. HONG KONG
5. SAN FRANCISCO

Nothing demonstrates the success and potential in a city like the increase of direct investment in its buildings and infrastructure. This investment is being seen not only within retail and residential property, but also in London's 'public realm'. One of the key differences between London and other luxury hubs around the world is that, since the late 16th century, much of prime central London has been owned and managed by a small group of families - the Great Estates - including Cadogan, Howard De Walden and Grosvenor. The major benefit this brings is a sense of custodianship, rather than just ownership. Any investments therefore are seen with a longer-term lens.

Testament to this is the new Sloane Street development by Cadogan (overleaf). In January 2023, Cadogan announced a £46mn investment into the development of Sloane Street, in partnership with Kensington and Chelsea Council. In the most significant streetscape improvements since the street was originally commissioned by the 1st Earl Cadogan in the 18th century, the Sloane Street project will transform and enhance this vibrant neighbourhood and globally renowned home of luxury retail.

The investment includes significant widening of the street's pavements, along with a magnificent planting scheme, elegant street furniture and enhanced lighting. The whole life of the scheme is designed to be ultra-low carbon impact. In addition to the significant planting on the street, a newly cultivated 'pocket forest', created in a partnership between Cadogan and Louis Vuitton, extends the greening; beehives and ponds in Cadogan Place Gardens encourage biodiversity; and new waste collection bikes are taking trucks off the road and further supporting the improvement of local air quality. Cadogan CEO Hugh Seaborn underlined this custodianship approach to the investment. **"We have to protect the area's historical significance, but also ensure it is one of the world's most elegant and desirable luxury shopping destinations".**

Stores still dominate sales of personal luxury goods. Approximately two thirds of products are being sold there with monobrand stores achieving almost equal parity with wholesale. Shops also remain pivotal for building brand communities, customer service and storytelling. Positive changes in the retail landscape therefore are still the leading indicators of market health and confidence. In a recent Business of Fashion report - *The Evolving Art of Luxury Experiential Retail* - about 77 percent of frequent luxury customers state they expect to visit a store as often, or even more frequently in the year ahead than in 2022.

It is encouraging to see some of the luxury brands who have already, or will shortly, create new flagships, upsize, or redevelop their London stores in 2022/2023:

ANYA HINDMARCH	GRAND SEIKO
BANG & OLUFSEN	GUCCI
BOTTEGA VENETA	LOUIS VUITTON
CHRISTIAN DIOR	MARC JACOBS
DIPTYQUE	MICHAEL KORS
DSQUARED2	MONCLER
EMILIA WICKSTEAD	MULBERRY
	OFF-WHITE
	OPERA GALLERY
	VALENTINO

This demonstrates the resilience of the city to attract investment in the high street. This is underlined further by Rob Kirk, Retail and Leisure Director, The Howard de Walden Estate:

"Over the past year, we have seen extremely strong demand for units across Marylebone Village and are currently fully occupied. What has been particularly positive is the trend towards a preference for larger units, with many pre-existing tenants looking to upsize."

OPPORTUNITIES TO UNLOCK FUTURE GROWTH

While London is undoubtedly the foremost destination for luxury, there remain several obstacles that, in future, may present a threat to its pre-eminence.

Historically the UK's political landscape is exceptionally stable, however recent years have seen considerable periods of change. Nevertheless, the UK remains incredibly stable by international standards, and both London and the luxury sector have shown they can adapt and adjust to a changing environment.

Within this context, the luxury sector in London is fortunate to have cross-party support from national and regional government representatives – as demonstrated by the forewords at the start of this report from the Minister for London and the Deputy Mayor for Business.

Despite these positives however, there remain three key policy changes Walpole is campaigning for that would further elevate London’s status as the luxury capital of the world and enhance its reputation as a great place to do live, work and relax.

TAX-FREE SHOPPING

The loss of Tax-Free Shopping, following the UK’s departure from the European Union, is a drag on London’s and the UK’s economic performance. Its attractiveness as a city to visitors, businesses and investors is hampered by the Government’s current approach. Every passing year without the scheme entrenches the view of London as a more costly place to visit and a less competitive place to do business as international visitors become increasingly aware of the loss of this vital policy.

Without the return of Tax-Free Shopping, other European capitals will continue to erode London’s number one status as a shopping destination. We can already see the impact of the loss on visitor spending. In 2022 US visitors were spending at 101% of 2019 levels in London, but 226%, 206% and 190% in France, Spain and Italy respectively. This discrepancy looks set to be more significant in 2023, however, the fact that visitors continue to shop in London, even in these numbers, is testament to its enduring and unique appeal.

The return of the policy would be a windfall for the whole UK, including London. It would add £4.1bn to the UK economy and create an additional 78,000 jobs. While London would be a significant beneficiary of this policy, the impact would reach far across the country – as even those goods sold in London are made throughout the UK.

The iconic Burberry Heritage trench coat, for instance, might be sold to an international visitor on Sloane Street, but it is handmade in the Castleford Mill, outside Leeds. The economic impact of the sale stretches back not just to Castleford, but to the small businesses which in turn supply that mill.

Crucially, a new scheme would go beyond the previous VATRES system, as outside of the EU the UK would also be the number one destination for Europeans to shop tax free on their doorstep.

A benefit of Brexit which would secure London’s position as the luxury capital of the world.

VISITOR VISAS

While the main deterrent to visitors is the uncompetitive tax-free shopping regime, those who still decide to visit face another barrier with the demands of the UK visitor visa regime.


While recent announcements, especially for GCC visitors, have made most inroads, the UK is still has a less competitive visitor visa offering than Schengen. Given the range of destinations that a Schengen visa offers, the UK must be more competitive than that baseline if it is to compete.

The Government should extend the Electronic Visa Waiver to other high-spending markets beyond the GCC, particularly to the Far East. Likewise, a joint UK/Schengen visa would significantly reduce complexity for international visitors planning a trip to Europe.

ACCESS TO TALENT

The workforce challenges luxury businesses face is not unique to London or the UK. It remains a challenge to find skilled workers who can deliver the exemplary level of service that is expected by the consumer. London is a hub for luxury employment and as such enjoys substantial pools of talent for businesses to draw upon, likewise it is investing in a pipeline of talent for the future through training and apprenticeship programmes and by bringing in talented employees from other sectors.

However, the policy framework for this remains challenging. Some skills remain in short supply and the loss of full access to the European labour market remains a challenge. As such the UK must begin offering more working visas, especially for young people, and recognising that providing luxury service, be that in retail, hospitality or elsewhere, is a skilled profession that should be classified as such by the Migration Advisory Committee. These themes will be explored further in Walpole’s upcoming Jobs and Skills Report.

It is testament to London’s resilience, timeless appeal and dynamism that it has thrived despite these challenges, but in the long term they represent a real hurdle to our capital’s ascendancy. 

Opposite: Cadogan’s new Sloane Street development in partnership with Kensington and Chelsea Council



T Transport Treasure Technology

TRANSPORT

London is a long-standing international trading centre and our highly evolved transport system is its legacy. For example, there are 400 international destinations with a direct flight into London; London is served by six international airports: together, they make up the busiest airspace in the world by passenger numbers.

Transport in, out and around London is globally distinctive, iconic, unique and special. Transport is literally what brings in the visitors to London, and often serves as an ambassador to the city.

Heathrow Airport is a truly global hub – with more international cities served than any other. Heathrow connected 65mn passengers in 2022 to over 180 destinations across the globe, and the traveller numbers continue to survive post-COVID.

If this all sounds rather hectic, there is Walpole member Heathrow VIP, which offers 'the ultimate airport experience' – a luxury door-to-door experience which takes you from your doorstep to the steps of the aircraft - to help turn one of the world's busiest international airports into 'a sea of calm', with

its eight private lounges, a Michelin star menu and personal shopper services.

Modern airport terminals like London Heathrow Terminal 5 can also serve as a gateway to British luxury brands, even for those transiting through the world's biggest international hub:

“As a small brand, and a heritage one that has been immersed in the London cultural scene for 130 something years, we are making a contribution to the appeal of London as a luxury shopping destination. What we see is that most of our international customers have first experienced the brand in Heathrow and are intrigued because it is not a famous brand outside the UK”. *Stefano Giacomelli, CEO, Smythson*

It's not just about aircraft or the iconic red Routemaster buses that keep London moving forward. Black cabs are highly acceptable forms of transport for HNWI unlike the official taxis in other cities, whose unregulated driver reputations and vehicle conditions can be less than salubrious. Not only are London's iconic taxis seen as safe, reliable, clean and characterful, they

LONDON REMAINS TOP IN AIRPORT CONNECTIONS GLOBALLY – PRE AND POST PANDEMIC

Rank of the airport connections and importance of connections

PRE-COVID (12 MONTHS TO MARCH 2020)		POST-COVID (12 MONTHS TO DECEMBER 2022)	
London	1	London	1
Beijing	2	Dubai	1
Dubai	2	Frankfurt	3
Frankfurt	4	Amsterdam	4
Paris	5	Istanbul	5

Source: Knight Frank Research, WingX



are enhanced by the Knowledge exam which was introduced as a requirement for taxi drivers in 1865 and must be passed by anyone who wants to drive an iconic London cab. Let's not forget the Eurostar connecting London to key European cities in and out of St Pancras International station which is the main terminal for both Eurostar and High Speed 1 services. Eurostar itself has 13 different European destinations.

Cars are one of the three core sectors of the luxury market and, together with personal luxury goods and hospitality, make up 80% of the global market. In yet more testament to London's growth trajectory, in 2022 Salon Privé launched a brand new event – Salon Privé London, in Chelsea. Unlike Salon Privé at Blenheim Palace in the Autumn, everything on show at Salon Privé London (1) is for sale and brings an energetic party atmosphere with 60 of the very best collector cars from UK and Europe. Among the collectibles, there was a 1966 Maserati Sebring, originally bought by Peter Sellers and a 123 Aston Martin DB5 Convertible. As it is in spring, it also provides brands an opportunity to present or debut new models earlier in the year, and to an exceptionally interested and

engaged audience. Rolls Royce, McLaren, Ferrari and Maserati were amongst those who took advantage of this opportunity.

TREASURE

The Tower of London is one of the six Historical Royal Palaces, incredible buildings owned by the King on behalf of the nation. They tell the world about the lives of the monarchs that lived there, and have borne witness to some of the greatest moments in British history being played out in and around their grounds. Effectively the 'Castle of London', the Tower of London is not just a Royal Palace, it is also an arsenal, an infamous prison and a secure fortress protecting our country's most precious treasures, the Crown Jewels.

The Crown Jewels include the sacred Coronation Regalia (2), used at the Coronation of new monarchs and comprise more than 100 objects and over 23,000 gemstones. The Crown Jewels are priceless, being of incalculable cultural, historical, sacred and symbolic value. They are part of the Royal Collection, held in trust by the monarch for the nation.

London's biggest treasure is arguably the St Edward's Crown that King Charles III wore for the first and only time during his Coronation on 8th May 2023. While it can be hard to isolate a particular causality to a visit to Great Britain, having our own Royal Family and their associated history, heritage, architecture, ceremony and rituals (not forgetting the Netflix series) is generally considered a huge asset to what London has to offer. Like the Queen's Jubilee in 2022, the King's Coronation led to a bump in international visitors coming to London to experience this uniquely British but globally important occasion.

TECHNOLOGY

London is the most connected city in the world with 93% of Londoners being broadband connected. This puts even more pressure on luxury brands to ensure they have a seamless customer experience and omnichannel strategy with streamlined efficiency. This is particularly relevant for HNWIs who demand higher quality, personal and immediate service. Brands need a multi touchpoint ecosystem.

In the *London Luxury Survey*, our retailer respondents were asked to comment on how behaviour has changes in their stores and the change created by the increase in e-commerce and online discovery are very marked. It is clear that digital channels are affecting customer expectations and how they view the role of the store, when it comes to being able to physically experience products seen online, as well as using services like click-and-collect. But these expectations are in addition to the more traditional store roles as opportunities for browsing and arranging meetings with favourite brand representatives. The following chart reports on the percentage of respondents who have seen changing behaviours in-store, compared to three

or four years ago, though it does not denote the volume, or extent, of those behaviours.

With these changes happening, it is helpful that London has become Europe's leading technology hub, with over half a million people employed in the capital's tech sector and a £800bn valuation. The digital tech companies around the Old Street Roundabout in Shoreditch have helped to spawn their own exciting London creative quarter, Shoreditch Village, with its own bustling epicentre, Redchurch Street. A magnet for youthful HNWIs seeking something different, the area now comprises stunning and stylish pop-up stores, luxury residential, a new hotel, high-end hospitality, cultural, commercial and vibrant public spaces.

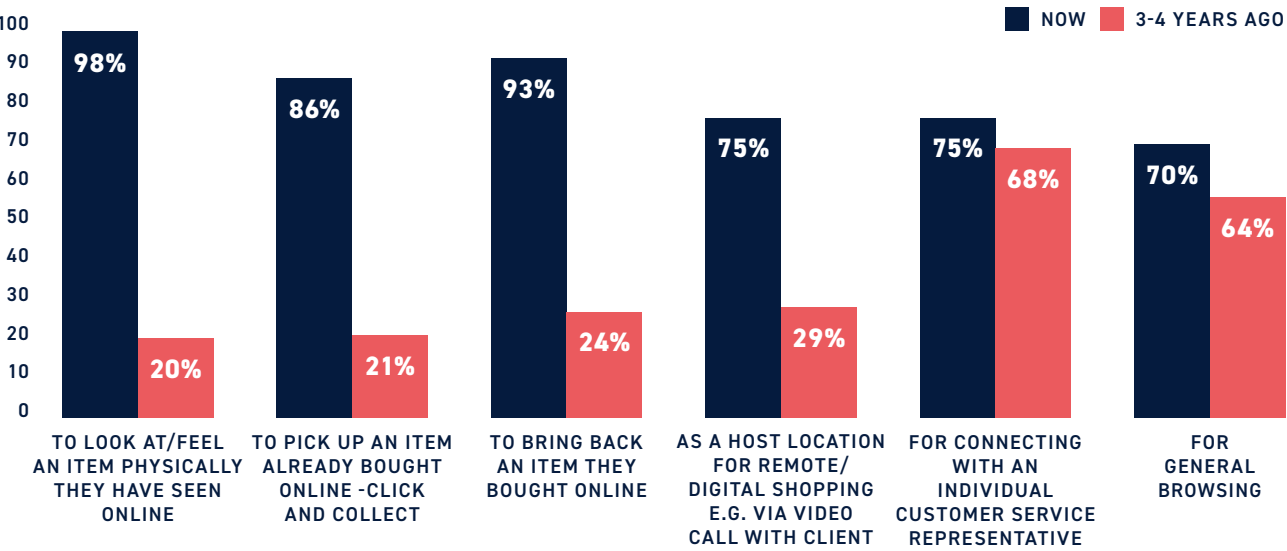
Outside of this vibrant area of new luxury London geography, there are several Walpole members whose businesses' very existence is both empowered and enabled by technological innovation.

When NET-A-PORTER launched in London in 2000, few could have foreseen the rapid growth of digital luxury. Fast forward and NET-A-PORTER now work with over 800 of the most coveted designer brands. Similarly, FARFETCH (1), the British/Portuguese fashion retail platform, also headquartered in London, is now servicing over 190 countries and working with over 1400 brands.

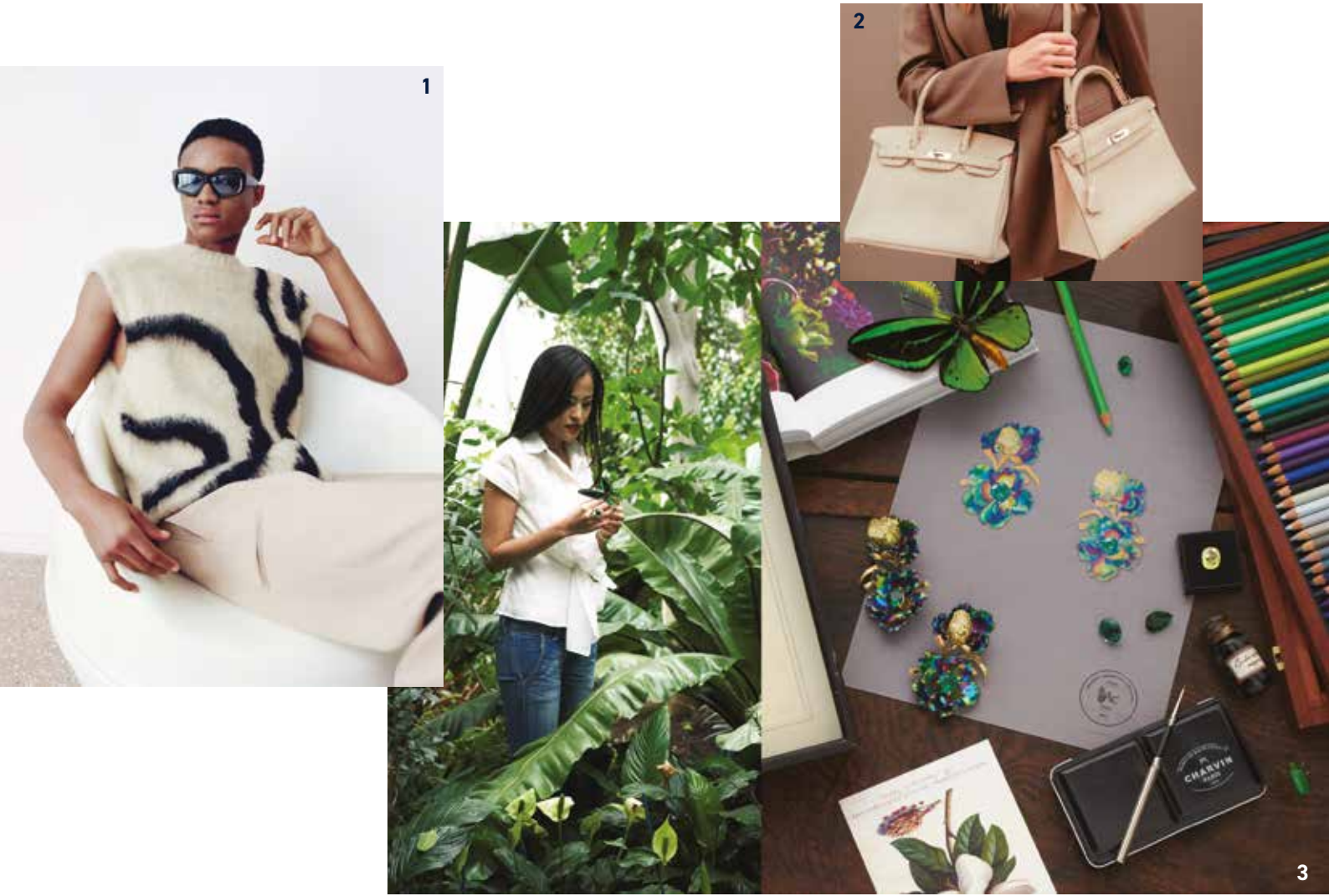
Following in the footsteps of these digital innovators, newer tech-driven entrants such as Harper Concierge and Toshi are making their mark in customer in last mile service. London-based brand Toshi which launched in 2020. It has been nicknamed 'the Deliveroo of Fashion', because it bridges the gap between online and in-store retail. The brainchild of

LONDON LUXURY RETAILERS HAVE SEEN FIRST-HAND THE CHANGE IN BEHAVIOURS MADE BY ONLINE DISCOVERY AND CUSTOMER SERVICE, IN ADDITIONAL TO TRADITIONAL BEHAVIOUR

In your experience, how are customers using your store/s nowadays compared to 3-4 years ago?



Source : London Luxury Report 2023



Sojin Lee, one of the first employees of NET-A-PORTER, Toshi brings the ultimate luxury shopping experience direct to homes on behalf of those brands, by delivering not only the items themselves, but an experienced seamstress or tailor who will wait for you to try your items on at home, make adjustments where needed, and sort out the rest, including the return of the items if they are not wanted. The platform is already being used by global brands such as Chanel, Gucci, Tiffany and Fendi and is an excellent example of London tech talent combining brands' direct to consumer e-commerce platforms and their physical stores.

It is not surprising that brands are taking up Toshi's services. According to the *London Luxury Survey*, 87% of our respondents agreed that the use of added value services, like personal shopping, styling, direct delivery and personal in-home tailoring/fitting are becoming more necessary for the luxury brand customer experience. Customers want intuitive service, beyond just the human touch. With the growth of UHNWI's share of the global market at 40% (Bain & Company 2023) services like these are likely to grow.

Another example in digital tech evolution is Luxury Promise (2), a social commerce driven luxury resale brand and Walpole Brand of Tomorrow 2022. Originally launched in 2017, it was a purely digital offering, with a mission to make luxury shopping sustainable, responsible and acceptable by drastically reducing waste. London Mayor Sadiq Khan helped them open Europe's largest pre-owned department store in Mayfair in February 2023. The building houses a special pre-loved Hermès vault and provision for a rare handbag museum. But they are a good example of the hybrid nature of luxury retail as phygital live shopping shows are part of its experiential shopping journey.

Meanwhile, in Sloane Street, there is an example of technology being used to create the product itself. Another first for London. Anabela Chan (3) is the first technology-based fine jewellery brand to champion lab-grown synthesised and simulated gemstones. She takes a range of sustainable materials (including recycled aluminium soft drink cans) through an alchemy of precious, natural and man-made materials to create pieces worn by royal families and superstars alike. ❶

Affluence · Art Architecture

AFFLUENCE

The available potential customer for luxury goods is expanding. The number of HNWIs is expected to grow by 8-10% per annum to 2026 and UHNWIs by 5-6% per annum. This would mean a global total of 104mn HNWIs by 2026 and 784,000 UHNWIs by the same date. Despite the progressive recovery of tourism shopping for personal luxury goods, much of the market growth will continue to be from local residents and national visitors. The *Bain/ECCIA High-end Tourism Report* suggests residents' share of personal luxury goods sales will be 65%-70% by 2025.

Therefore, an affluent residential population is essential to any major luxury market. London has been in the top three cities for many years now and it is the city that leads the world in the number of UHNWIs.

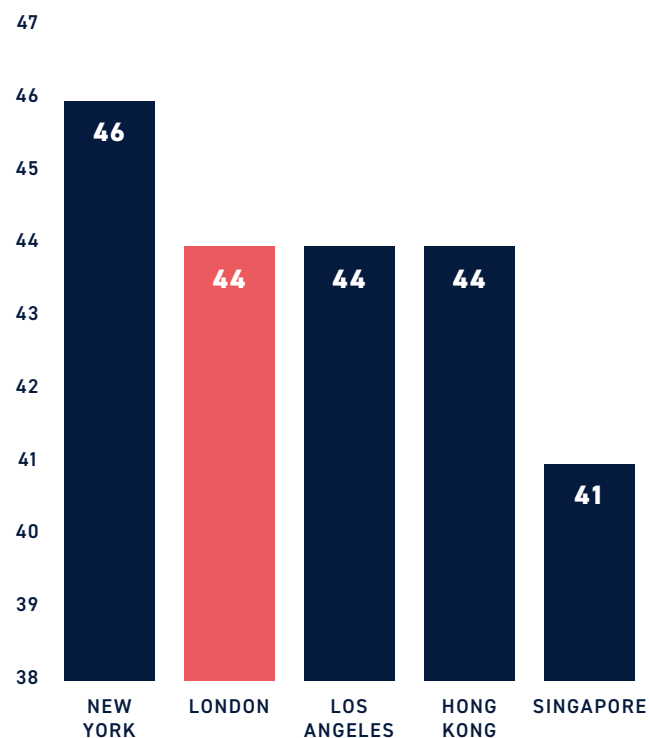
GLOBAL CITY RANK FOR ULTRA HIGH NET WORTH INDIVIDUALS (> \$30MN)

1. LONDON
2. NEW YORK
3. PARIS
4. LOS ANGELES
5. TOKYO
6. CHICAGO
7. SINGAPORE
8. HONG KONG

Source: Knight Frank
The Wealth Report 2021

This customer base provides a consistent and, importantly, resilient customer basis upon which brands can rely to thrive. Even on a broader affluence basis, London's position is assured. One of Savills's *City Fundamentals* pillars is affluence and the detail from that data can be seen below where London is second only to New York.

LONDON IS SECOND ONLY TO NEW YORK IN AFFLUENCE



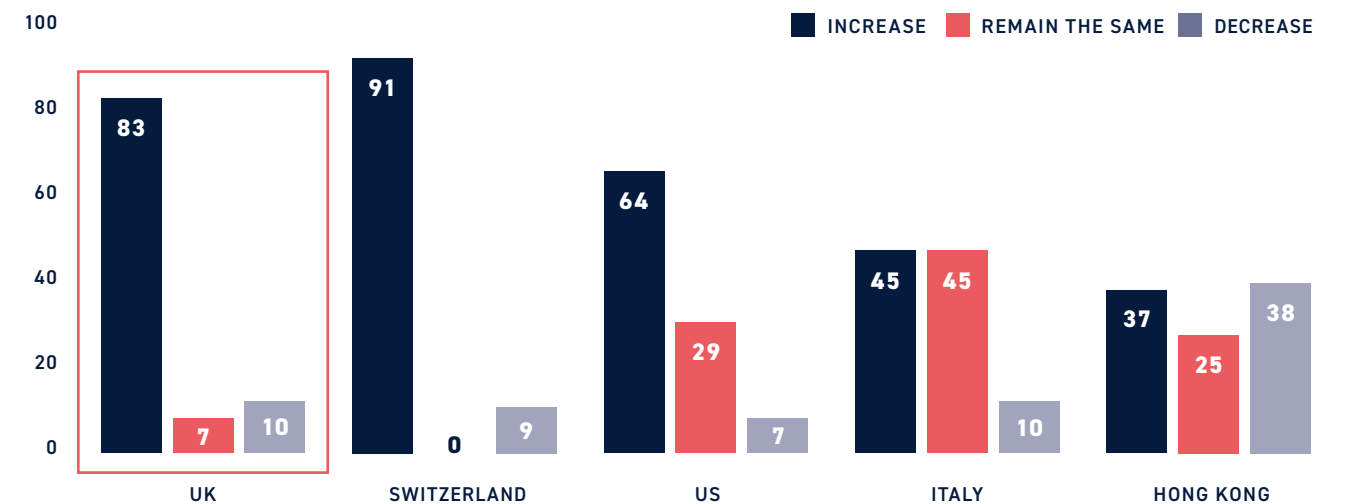
Source: Savills

What is also useful is understanding how residents' wealth is likely to change this year. Evidence on this is revealed in the 2023 Knight Frank Attitudes Survey. Knight Frank *Attitudes Survey* in which Wealth Managers are asked how their clients' investments are likely to change in 2023. An incredible eight out of ten UK clients are likely to see their wealth increase in 2023. A large percentage of those are likely to be in London. This is over twice as many as in Hong Kong and significantly more than in the US. Only in Switzerland are the numbers marginally improved.

UK MOST LIKELY MARKET FOR GROWTH OF PERSONAL WEALTH

83% OF HNWIS IN THE UK ARE LIKELY TO SEE THEIR WEALTH INCREASE IN 2023

% Wealth Managers saying how their clients' wealth status will change



Knight Frank, The Wealth Report, Attitudes Survey 2023.

ART

"London is a centre of creativity, of culture, of art, of experiences and I think that, amongst other things, is what makes London so special, so unique. Other cities have elements of it, but London just has a bit more of the edge when it comes to creativity and art." Peter Jenkins, CEO, The Conran Shop

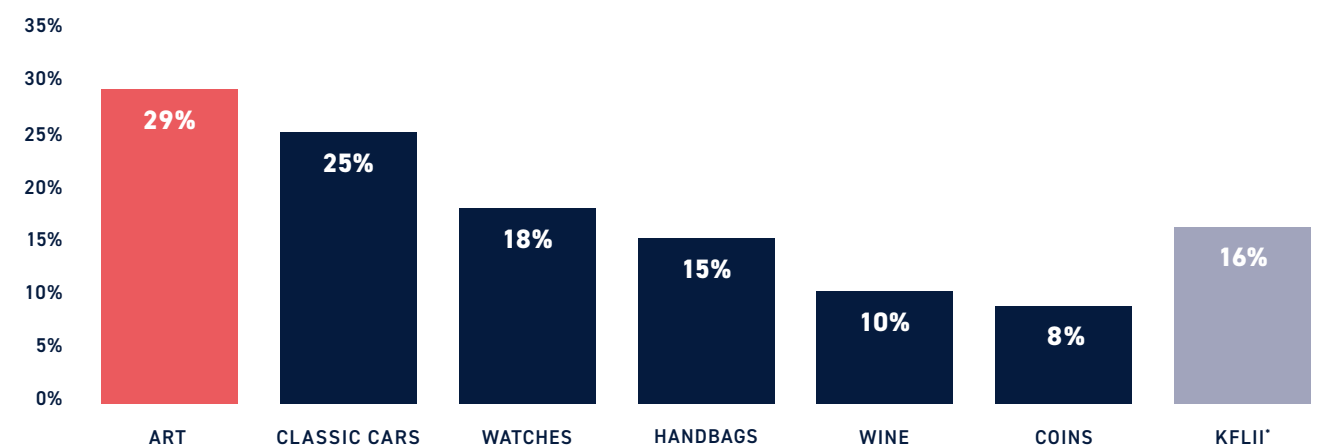
London nourishes and cultivates art and those who create it, celebrate it and invest in it. Art and luxury are interrelated sectors. That is why London's influence in the art world is critical to the marketplace. Luxury brands continually draw on

art for inspiration, philosophy and partnerships. That inspiration is fed by direct investment. The same brands spend between 0.5% to 1% of their annual revenues on initiatives pertaining to artistic and cultural patronage.

From an investment point of view, art currently leads all other sectors in passion-related luxury investment performance across the world – in fact at 29%, it performs almost twice the Knight Frank *Luxury Investment Index* average for this class of investment.

ART LEADS PASSION INVESTMENTS IN 12 MONTH PERFORMANCE Q4 2022

12 MONTH PERFORMANCE



Source: Knight Frank, The Wealth Report, Attitudes Survey 2023

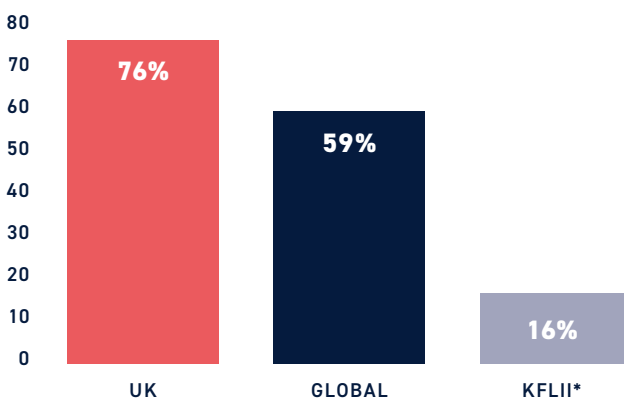
*Knight Frank Luxury Investment Index average



It should come as no surprise therefore that 59% of Wealth Managers across the world say their clients will be investing in art in 2023. London's global position in art is likely to be strengthened further, seeing that in the UK this intention to invest rises to 76%.

LONDON IN TOP 3 ON GLOBAL AFFLUENCE INDEX 2022

% Wealth Managers' customers who will invest in art in 2023



Source: Knight Frank Attitudes Survey 2023.
*Knight Frank Luxury Investment Index average

London is teeming with globally renowned galleries, artists, collectors, auction rooms and art lovers of all kinds. And of course, London is the venue for the world's leading modern and contemporary art platform Frieze (opposite). Some have

“What is great about Frieze is the sheer breadth of work in one place and the fact that it is not only on my doorstep, but just about everyone important in the art world attends; dealers, auction houses, galleries, exhibitors along with investors and aficionados”

Art collector, W11

questioned if Frieze could ever have developed anywhere but London.

Luxury brands' collaborations with art are legendary. Fashion house Bottega Veneta's Shoreditch pop-up featured various pieces from artists the brand has collaborated with, including Greem Jeong, Daniel Gordon and Kwangho Lee.

Many hotels have art and investment in art in their DNA. The Hari Bar has an impressive array of contemporary work on a curated rolling programme and the hotel has created an Art Prize and residency for contemporary artists. Pieces from those shortlisted are displayed across the hotel.

Claridge's ArtSpace, designed by British designer John Pawson, is a specially created gallery in the heart of Mayfair featuring rotating exhibitions celebrating internationally acclaimed artists.

Throughout Rosewood London, contemporary and traditional artworks and sculptures surround guests, such as those from Simon Bingle, Peter Osborne and Chilean artist Eduardo Hoffman. Eighteenth-century caricaturist James Gillray's works adorn the boardroom and British artist Gerald Scarfe has lent his name and artistic vision to Scarfe's Bar. In the lobby of the hotel, a sculpture of a British Bulldog sits adorned with an authentic Vivienne Westwood collar.

London's art landscape is underpinned of course by the auction houses.

“London is very well placed geographically between the main global art markets, namely Asia, the Middle East and North America; not just in terms of accessibility but also, simply, time-zone wise. This tangibly makes any UK art dealer or auction house a key player from the start in art sales and brokerage. Secondly, in terms of soft power economics, I think the British character is a big emotional driver behind our success, as we Brits are known for our integrity, standards of excellence and trustworthiness in general – all vitally important criteria in this sector. Allied with a global reputation in the industry for quality, a warm welcome and a gentler side of salesmanship, it is no wonder that Frieze started in the UK. Had it started elsewhere, I do wonder if it would have exported quite so well” Art expert, London

ARCHITECTURE

Not only are the architectural landmarks in London globally renowned which draws high spending visitors, but its history and cultural heritage provide opportunities for the creation of unique luxury destinations – in retail, hospitality and of course as homes.

“What is exciting is how you repurpose existing architecture. That’s how you create a retail experience that’s very different. You can go to more “up-and-coming” cities, but it’s not the same. It’s how you repurpose something that has a soul.”

Elizabeth Angles D'Auriac, President, UK Region, Chanel

The Square Mile landmark, The Royal Exchange, around the corner from the Bank of England, is now home to Fortnum & Mason, Boodles, Hermès and Tiffany, directly targeting the City of London audience.

Another Grade I historical attraction Admiralty Arch (1), will soon become a Waldorf Astoria property, which will include not only five-star luxury rooms and restaurants but also private residences, allowing purchase of an exclusive piece of British history.

The Thomas Heatherwick designed Coal Drops Yard (2) (1851-60) is another example of reimagining a space and creating a unique destination. This time from the husk of derelict Victorian railworks in the area around King's Cross and the Regent's Canal.

A more recent (1906) architectural gem of an Edwardian edifice, the Grade II listed Old War Office building (3), was once the main base for British military operations until 1965 and inspiration for James Bond. It is being converted into 85

exclusive upmarket residences, a hotel, eleven restaurants and bars and a spa comprising over seven hundred and fifty square feet of meticulous design, alongside St James's Park and overlooking Horse Guards Parade, with airy rooms and 12-foot-high ceilings. It will be The OWO.

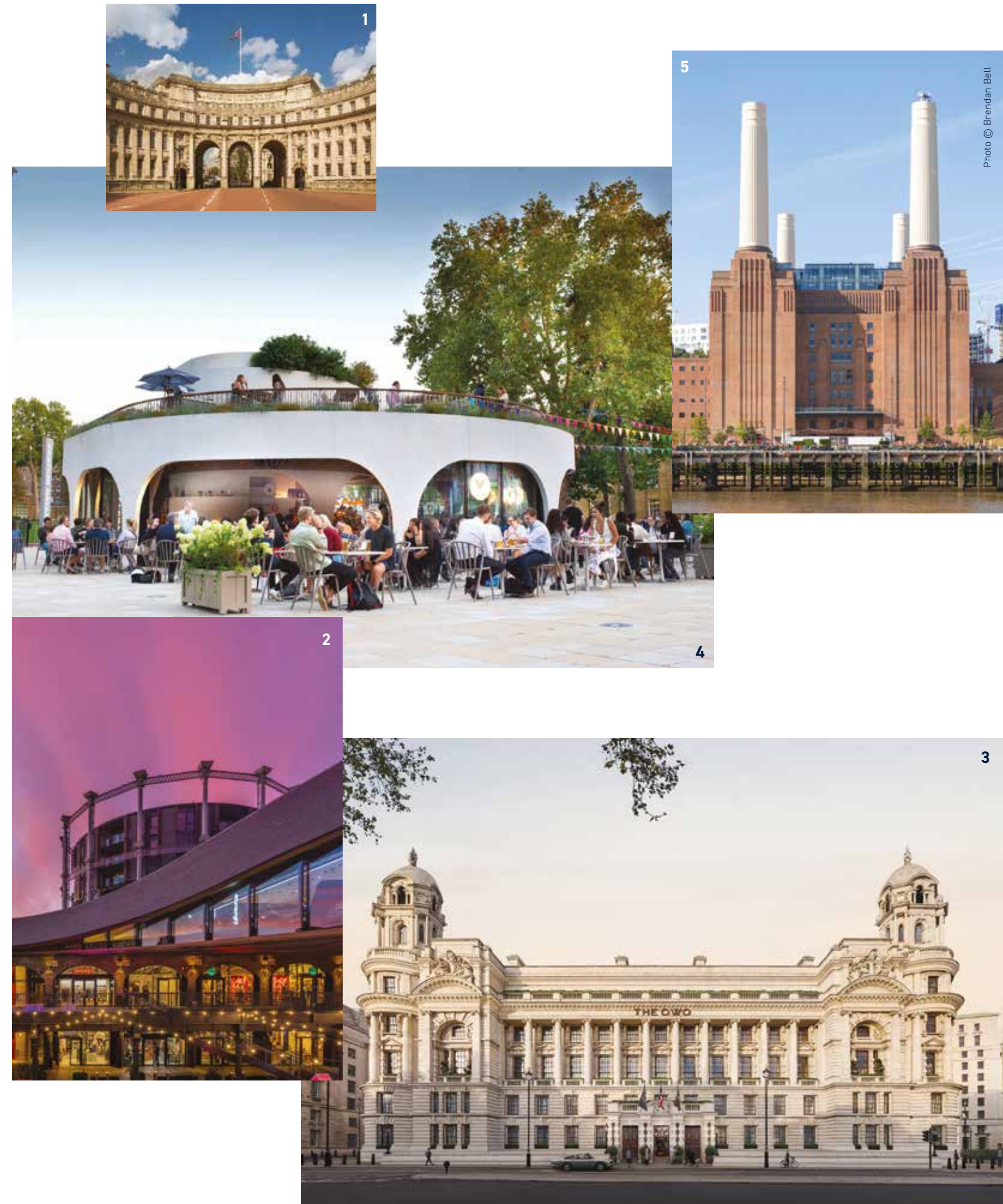
The first new public square in London's West End for over a century - originally built as a school for military orphans in 1801 - Duke of York Square (4) was acquired by Cadogan in 1998 and redeveloped into an award-winning masterplan that creates a new and dynamic public space with communal squares, retail quarter, offices, community facilities and the Saatchi Gallery.

Most recently, this saw an international architectural competition to create a contemporary, striking restaurant to complement the heritage surroundings. The innovative winning design is now enjoyed by thousands each year - a circular structure with 360-degree wall to floor glazing that fully retracts into the floor – a UK first – allowing for a seamless indoor-outdoor experience.

Another example is the redevelopment of Battersea Power Station (5), left to decay for many years, the multi-million pound investment has seen not only the creation of a new shopping destination with brands including Aesop, Ralph Lauren, Mulberry and Hackett but a huge new residential development and buzzing location south of the River.

“We have to look at what the future’s looking like and experiential retail is definitely the way forward. It’s easy to buy online if you can’t get to the shop, so you have to go for a reason.”

Anabel Kindersley, Co-chair and Co-owner,
Neal's Yard Remedies



L Launch • Lifestyle

LAUNCH

To maintain the vibrancy of the city stated at the outset, it is imperative that London attracts new stores and experiences. As Callum White at Savills, stated:

“For prime retailing areas in London to attract visitors, bringing new and exciting brands onto the street is the way forward.”

Callum White, Retail Agent, Central London, Savills

And those brands are coming to London – both expansions from London based brands, as well as those from abroad. Launches are both physical – in retail, service and hospitality – and digitally focussed businesses, using London as a base or opening their first physical store. There are at least 17 international entrants scheduled this year.

For many of these entrants this is their first venture outside their country of origin, highlighting the dominance of London as the luxury city of choice for international expansion. For example, US eyewear brand Dita opening its debut European store; Indian sustainable luxe bag brand Aranyani opened its first concept store outside India. Nicoli shoes in Bond Street have come from Dubai. Grimm Gallery's Mayfair branch is its first European gallery outside Amsterdam. Luxury fashion resale platform Lampoo opened their first store outside their base in Milan on the King's Road in 2022. Their founder explained their choice of London:

“The UK is the largest luxury fashion market in Europe, so it was natural for us to start our international expansion here. The influence London itself has on the fashion industry makes

our presence in the British capital more relevant than ever. London will be the perfect setting for Lampoo.”

Enrico Trombini, Founder & CEO, Lampoo

LIFESTYLE

London property owners still remain the core customers for the luxury market. The strength of its residential sales performance, therefore, is still a bellwether for its health and potential resilience. When looking at both the ultra prime and prime category, this city is booming.

London currently leads world residential sales in the ultra prime £20mn category, alongside New York. This is the highest level in London since 2014. London is also in the top three cities for prime sales of over £8mn. It is perhaps interesting to note London's scale compared to other European cities such as Paris.

LONDON IS PIVOTAL TO GLOBAL PRIME PROPERTY SALES

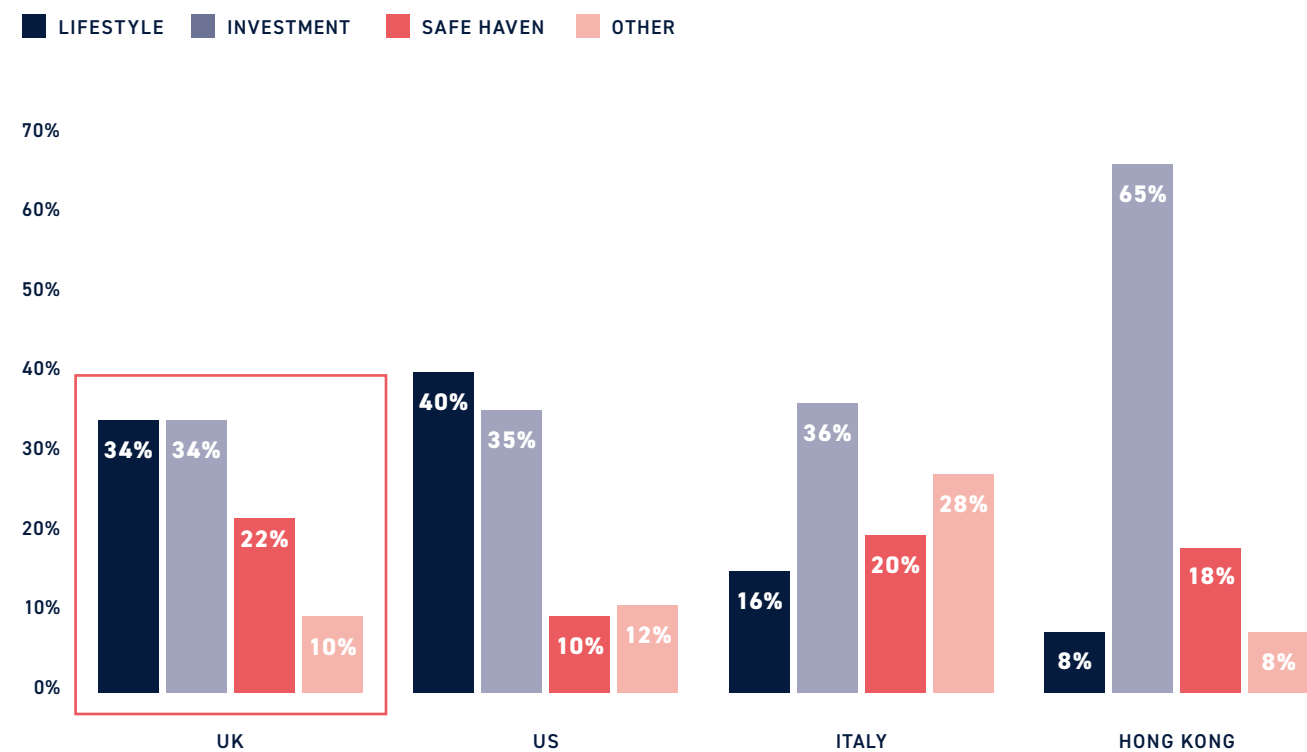
	NUMBER OF ULTRA PRIME (\$22MN+) SALES 2022	NUMBER OF PRIME (\$8MN+) SALES
1	London 43	New York 244
2	New York 43	Los Angeles 225
3	Los Angeles 39	London 223
(10)	Paris 6	Paris 23

Source: Knight Frank Research, Douglas Elliman, Naef Prestige, HM Land Registry, LonRes

We should also not forget that scale and opportunity are major considerations currently. The Knight Frank Pulse Survey 2023 clearly shows that, across the world customers, feel residential property is the least volatile asset class and a valuable hedge against inflation. In that study, HNWIs detail valuable views on

LONDON RESIDENTIAL PROPERTY PROVIDES A SAFER HAVEN FOR INVESTMENT THAN ANY OTHER GLOBAL LUXURY HUB

What will be the main reason behind your next residential property purchase?



Source: Knight Frank HNW Pulse Survey 2023

reasons for their expenditure, including residential property purchases. In the UK and the US residential properties are bought for living in, unlike in Hong Kong or in Italy, as can be seen in the chart above. Furthermore, UK residential property (London for the most part) is currently being relied on to keep its value, with 22% of respondents stating it is a safe haven, over twice as many as feel that in the US. This means London residents are among the most protected in the world against world events and any financial tremors.

One should also remember that the average number of homes held by customers in these income groups worldwide is 3.8. Indeed, 15% of the customers within the Knight Frank *Attitudes Survey* are planning on buying another property in 2023. Critically, over a third (37%) of those customers are planning on buying in the UK. It is very reasonable to assume that a large percentage of those purchases will be in London, which should increase the confidence further of all brand owners across the luxury landscape.

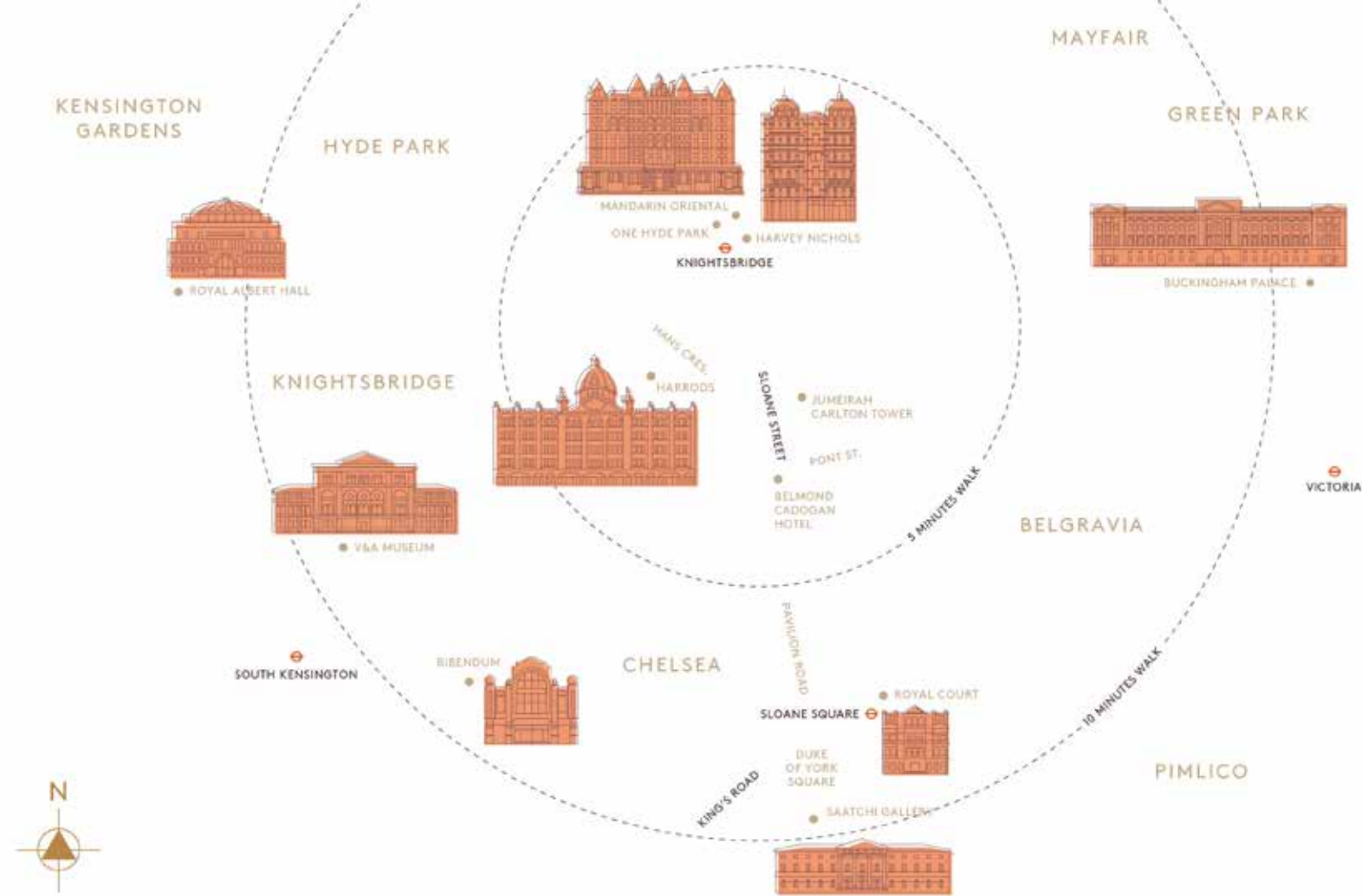
Unlike international visitors, these buyers will spend their income day to day, in restaurants, shops and local stores, as

well as on investing for the long term. They may not be there throughout the year, but for a good deal of it.

One of London's key attractions is its walkability, especially for those coming from large US Cities and the Gulf States which are designed around cars.

As we have seen, London presents residents with a unique lifestyle where every need and desire will be satisfied. Central to this is food, and London's position as a global culinary capital is unassailable – something that was unthinkable even 20 years ago. Londoners are hungry for pleasure – and it delivers. London now has 74 restaurants with Michelin stars. Five with three stars and ten with two stars. Ten years ago, it was 60. The diversity of its food offering parallels that of its inhabitants and the quality and range of its restaurants for both residents and visitors is matchless. The Chinese in particular value food and drink very highly, placing it number one in their preferred experiences list.

A noteworthy improvement in London is the fact that there are truly excellent restaurants across all areas of London, not just



Conclusion

We started this report outlining why we believe London is vital to global luxury and why that word is apposite. We hope we have demonstrated the essential qualities that are hardwired into the city. Those that are needed by luxury brands to thrive. We also hope we have evidenced London's current energy and drive – enough to face the challenges presented by authorities beyond its control.

Clearly some of the values we have chosen are more critical than others in building major luxury markets – like investment, and an affluent audience. London repeatedly and consistently finds itself on or near the top on each core attribute.

In addition to all the more quantifiable factors mentioned throughout this report, there are of course other key aspects of day to day life which London delivers: world class schools for any age of child; a sense of safety that cannot be assumed in other capitals; and excellent healthcare.

Other luxury markets are undoubtedly preforming well, Hong Kong, Paris, Chengdu, Los Angeles are all splendid cities, each with its own riches. But where London is unique is that it delivers against all the assets we describe in the 'vital' framework. Consistently. Splendidly. And it is that which gives it its momentum and glittering authority. ¹⁰

in the West End. Here Michelin star-rated restaurants can now be found in the 'villages' of Chelsea, Clerkenwell, Spitalfields and Shoreditch, not just in Mayfair. Residents can stay local and still experience stunning cuisine. Examples of the most exciting openings across the city include:

- The first restaurant from famed Italian wine maker **Cantinetta Antinori** opened in April 2023 in Sloane Street.
- **Joia**, opened in February 2023 on the top floors of the new Art'otel in Battersea Power Station. It is the first restaurant in London for Michelin-starred Portuguese chef Sá Pessoa.
- Housed within the historic Bethnal Green Town Hall Hotel, **Elis** presents an interpretation of two Michelin-starred chef Rafael Cagali's Brazilian-Italian heritage, with a menu that deftly fuses the powerful flavours of each cuisine.
- **Humo** is the debut restaurant from exciting culinary talent Colombian-born chef Miller Prada, protégé of Michelin-starred

Endo Kazutoshi. Directly translated as 'smoke' in Spanish, Humo uses a 4 metre-long grill where no electricity or gas is used. Instead the food is wood fired using British oak, cherry walnut or beech.

- **Alex Dilling at the Hotel Café Royal** was awarded two Michelin stars within seven months of opening for his European cuisine on the first floor, overlooking Regent Street.
- **Studio Frantzén**, Harrods' new rooftop restaurant, serves the Swedish Chef's critically acclaimed Nordic gastronomy with Asian influences set in a luxurious contemporary interpretation of Scandinavian design.

To complete our look at luxury life in London we will showcase the social and event calendar. One of the key reasons that keeps London in demand is access to an exclusive happenings list that is the longest, fullest and most diverse of any city in the world. ¹¹

The London Season Calendar

Events both in the centre of the capital or just outside are hotly anticipated and revered. Summer is always key – and sport reigns here – Ascot, Henley Regatta, Wimbledon and Cowes Week are central. But events such as the first of London's Fashion Weeks in February and Freize Art Fair in October ensure a full social calendar across the year. No other city comes close.

 <p><i>January</i></p>	<p><i>February</i></p> <p>London Fashion Week British Academy Film Awards</p>	<p><i>March</i></p> <p>Cheltenham Festival The Boat Race</p>
<p><i>June</i></p> <p>Royal Ascot Henley Royal Regatta Investec Derby Nevill Holt Opera The Boodles Tennis (right) Glastonbury Grange Park Opera London Fashion Week Queen's Club Championships Royal Academy Summer Party (right) The National Gallery Summer Party</p>		
<p><i>August</i></p> <p>Qatar Goodwood Festival Cowes Week Burghley Horse Trials BBC Proms Wilderness Festival</p>		<p><i>September</i></p> <p>Goodwood Revival London Fashion Week Cliveden Literary Festival Last Night of the Proms LAPADA Arts & Antiques Fair Salon Privé Supercar Show, Blenheim Palace</p>

<p><i>April</i></p> <p>Grand National Festival Salon Prive Supercar Show, Chelsea The London Marathon</p>	<p><i>May</i></p> <p>Glyndeborne Opera Festival London Craft Week (right) RHS Chelsea Flower Show (Chelsea in Bloom) Royal Windsor Horse Show</p>	
	<p><i>July</i></p> <p>Goodwood Festival of Speed (right) Formula E The Game Fair Formula One British Grand Prix BBC Proms Latitude Festival Round Island Race, Isle of Wight British Open Polo Championship - Cowdray Gold Cup (left) Moët & Chandon July Festival Newmarket Wimbledon</p>	
<p><i>October</i></p> <p>Frieze London Art Fair, and Frieze Masters, Regent's Park (right) London Film Festival</p>		<p><i>December</i></p> <p>The Fashion Awards New Year's Eve – Fireworks Spectacular – River Thames</p>

About Walpole

Walpole is the UK's only sector body for luxury brands, it speaks on behalf of more than 250 of Britain's finest brands across a wide range of sectors, which collectively are worth £48 billion to the UK economy and contribute 2.4% of the UK's GDP. A not-for-profit organisation, Walpole members include Alexander McQueen, Burberry, Claridge's, FARFETCH, Glenfiddich, Harrods, McLaren, Rolls Royce and Wedgwood and is recognised in both Westminster and Brussels.

With a mission to protect, promote and develop the business of luxury in the UK, Walpole brings its members together to collaborate and connect both digitally and in-person. Key events include the annual British Luxury Summit and the Walpole British Luxury Awards. It also provides a collective voice for luxury on key topics, commissions industry-leading research and works with government on issues affecting the sector.

Walpole runs the flagship 'Brands of Tomorrow' programme to develop new British luxury brands – alumni include Orlebar Brown, Nyetimber, Bremont and Emilia Wickstead, and works with the London Business School MBA programme to help develop the talent of the future with 'Luxury Leaders of Tomorrow'. Walpole also spearheads the British Luxury Sustainability Manifesto, with the vision of making British luxury the global benchmark for luxury sustainability.

thewalpole.co.uk

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Our thanks to Marie Hickey, Director, Commercial Research at Savills who provided valuable data and insights for inclusion in the report and to our researcher and writer Fran Cassidy and Merry Baskin.

Fran Cassidy is an experienced senior marketer and researcher. She has worked as a brand owner, a media owner and in agencies. However, for the last 20 years Fran has run an international consultancy that works across marketing effectiveness; brand reputation; media sales and commercial development. Her clients have included Channel 4; London Business School; Harrods; RBS;

About Cadogan

Cadogan is a family business, property manager, investor and developer – with a 300-year history that informs its dynamic estate management approach today. As proud custodians of over 90 acres of Chelsea and Knightsbridge, their long-term stewardship aims to enrich the area's unique character, while safeguarding its future vitality.

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Honda; the IPA (Institute of Practitioners in Advertising) and the Financial Times. Last year she researched and authored 'The New State of Luxury' for the FT and the IPA. Fran is also an Advisor and Honorary Fellow of The Marketing Society.

Merry Baskin has worked as a strategic communications planning director and market researcher in London, Paris, New York, Stockholm and Brussels over the past 40 years. Her blue chip domestic and international clients have included De Beers, Cunard, British Airways, Diageo, Goldman Sachs, Visa Europe, Apple, Nike and Calvin Klein. She is a Visiting Fellow at London's New College of the Humanities and twice been The Executive in Residence at the University of Oregon's School of Journalism. She has judged Communications Effectiveness Awards on three continents and been and Effectiveness Master at the Cannes Lions International Festival of Creativity. She now runs her own consultancy, Baskin Shark.



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