

Walpole

The State of *London Luxury 2024*

FEATURING A SPECIAL REPORT ON LUXURY'S
EVOLVING RELATIONSHIP WITH ART AND CULTURE



IN ASSOCIATION WITH



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“Creativity will *always*
win the day. Be bold,
dare to be different,
be a *culture generator*.”

Welcome



Last winter's hot ticket was without a doubt the V&A's stand-out show: *Gabrielle Chanel: Fashion Manifesto*. The fastest-selling exhibition in the museum's history welcomed more than 400,000 visitors, positive proof of both the public allure of luxury and the symbiotic relationship between luxury and culture. It was an emphatic illustration of luxury's enduring role as culture generator, reflector and supporter. For me, there couldn't have been a more timely and pertinent reminder of how fundamental creativity and innovation are to luxury's success.

Is London a creative, innovative city? Much of its soft power globally rests in its creative industries, fashion schools and the free access it gives to its world class cultural institutions. Creativity and culture are central to the city's success, and two of the key themes we explore in this second edition of Walpole's *The State of London Luxury* report. This year's report also looks at the emerging importance of London's

HNWI residents – 80% of whom plan to maintain or boost luxury spending, the 71% surge in investment in luxury retail, as well as other interesting indicators – all of which should inspire confidence in a city that continues to demonstrate its resilience.

Gabrielle Chanel herself wrote: 'in order to be irreplaceable, one must always be different'. As we look towards 2025, the message from the V&A's blockbuster is clear: creativity will always win the day. Be bold, dare to be different, be a culture generator. And should you need inspiration, in London, you need look no further than your nearest museum.

Helen Brocklebank
CEO, Walpole



Hugh Seaborn
CVO, CEO, Cadogan

From J. M. W. Turner's stunning sunsets and Rossetti's Pre-Raphaelite masterpieces to the explosion of rebellious creativity on the King's Road, Chelsea has long been the place

that artists call home. I am delighted that *The State of London Luxury* report allows us to explore creativity as London's superpower and illustrates that the relationship between art, culture and luxury has accelerated consumer's interest and spending towards exceptional experiences.

Once more, we have partnered with Walpole to take the pulse of luxury retail, using insight from our community to create a snapshot of sentiment and to better understand the trends shaping tomorrow's neighbourhoods. This report clearly demonstrates the growing importance of physical retail

and its close connection to hospitality – notably stewardship and curation are listed among the top factors that retailers feel contribute to the success of their stores.

These findings consolidate our strategy and underline the importance of prioritising projects that allow the community and creativity to thrive, such as the transformation of Sloane Street and the creation of new spaces for independent creatives on the King's Road. We hope this report will inspire us all to remain committed to making London an unbeatable global force in arts and culture.

Foreword



Gus Casely-Hayford OBE
Director of V&A East

It was only while living in the US that I really fell in love with the UK. Perhaps distance, maybe a different geographical vantage point, gave me the opportunity to reflect on the particular brilliance of Britain's cultural offer, the chance to muse on the irrepressible invention of an art sector that can present and celebrate its past like no other and demonstrate the confidence to endlessly deconstruct (and occasionally eviscerate) cultural conventions and reimagine itself in thrilling ways. It was only while working in Washington DC that I really appreciated the true richness and complexity of London's museum offer. I developed an almost irrational longing to be back among the claustrophobic charm of classical urns and grand sarcophagi in the basement of Sir John Soane's Museum, or to be overcome by the pinch-yourself privilege of being present at the opening of one of those V&A fashion exhibitions. It was only while trying to buy a tailored jacket in New York that I began hankering after the restrained cool of Savile Row, longed to walk through the metropolitan villages of cottage-couture, stroll from Marylebone to Mayfair taking in its heritage brands, its makers, its gorgeous narratives of craft and sourcing that connect dunhill to Dover Street Market, that traverse geography and heritage in such beautiful ways.

We do not say it enough, but there is so much about Britain's cultural sector that is utterly unique and about which we should be profoundly proud.

It was on London's streets that I discovered the wider UK, came to learn about the knot handloom weaving of Kilbarchan, the great Lobb shoe studios of Northampton, the varied specialists that underpin regional identity, came to understand something of the diverse and complex history of Britain's invention and creativity. I also came to appreciate



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the depth of our cultural offer, from our peerless art schools to our world- leading architectural studios, from our prestige department stores to the tight-knit constellations of collectives and makers that define us. All are connected by those national creative characteristics of innovation and invention, by irreverence and revolt, by a fearless, pugnacious passion for beauty, quality and history.

And crafting a new V&A in East London is in great part driven by an acknowledgment of that heritage – siting our new institution in the heart of the demographic dynamism and cultural churn of the East London creative matrix was deliberate. We wanted to be at that catalytic frontier of national reinvention where post-Brexit narrative is being forged in the fire of young bellies. We wanted to be part of the energy that is crafting a new national story of making and manufacture, of luxury and craft, of world-class art and world-changing artisans. Let’s wrap our young in heritage, but let’s recast our nation’s understanding of itself through a lens of possibility, diversity and creative innovation. Although we face generational challenge, we should be excited, optimistic about our future. We have the chance to redefine national creative narrative, why not one of quality, excellence, diversity, luxury and opportunity? Let’s thoughtfully look backwards to go confidently forward – and do so with pride.

London Luxury *in Numbers*

227_k

The city is home to a growing number of millionaires, with more than 227,000 people now categorised as high-net-worth individuals, making London the wealthiest city in Europe

22%

Overseas visitors return to UK. 2022/23 shows a 22% increase to 38mn

25%

Sales of London homes priced at £15mn and above, jumped 25% from 2023 to 2024

424_{mn}

Central London retail investment volume totalled £424mn in the second quarter of 2024, with an increase of 71% year on year, according to CBRE data

80

The number of Michelin-starred restaurants has increased to 80, including new openings such as two-Michelin-starred Alex Dilling at Hotel Café Royal and well-established three-Michelin-starred Hélène Darroze at The Connaught

80%

Eight in ten UK HNWIs believe they will spend the same or more on luxury products and experiences in 2024

66%

Two thirds of UK HNWIs expect their disposable income to increase in 2024

15

Between 2018 and 2019 just two new luxury hotels opened in London. From 2023 to 2025, London will have seen the launch of at least 15 new five-star hotels



Introduction

Cities can be likened to living organisms, drawing vitality from the energy of the people, organisations, and institutions that make them thrive and grow.

The figures on the previous page highlight the key commercial pillars that shape the landscape of London's luxury market. Together, they form a dynamic, interconnected ecosystem that, despite challenges like the absence of Tax-Free Shopping and work visa complexities, continues to attract billions in investment - ensuring its growth and long-term sustainability.

In this second edition of *The State of London Luxury* report, in association with Cadogan, we explore who calls London home, who visits, their purchasing power, and where that money is spent. The report not only presents critical industry data but also incorporates insights from the second year of our exclusive London Luxury Survey.

Yet, thriving is about more than just economic vitality; it's about wellbeing and experiences that bring joy, connection and cultural enrichment. Therefore, this year, we go beyond London luxury's commercial status to explore the city's rich art and culture scene and specifically the evolution of its relationship with luxury brands.

We also explore the evolution of this symbiotic relationship and why London is uniquely positioned to continue to drive growth and innovation in this area. The final section details the policy changes that could improve trading conditions, supercharge the UK's appeal to international customers and deliver growth that will benefit the UK as a whole.



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London luxury
fundamentals

London luxury *fundamentals*

London's enduring dominance as a global luxury goods capital is driven by interrelated factors that were explored in depth in the inaugural *The State of London Luxury* report first published in 2023.

Building on that report, the 2024 edition revisits a number of those fundamentals to track London's performance and understand the impact of wider global luxury market trends on the capital. In it we explore the:

- + Profile and growth in the affluent residential population
- + Continuing appeal for high-end travellers
- + Strength of the luxury retail offer
- + Investment in hospitality
- + Evidence of continued growth

We will draw on publicly available datasets and expert luxury market insights from Knight Frank, Savills, CBRE and Agility Research. The report also features exclusive quantitative research from Walpole and Cadogan's London Luxury Survey to provide an in-depth view of the state of London's luxury market.

Resident affluence

GROWTH IN VOLUME, WEALTH AND RESIDENTIAL PROPERTY

At the core of London's success is the growing affluence of its wealthy residents, which continues to rise steadily and underpins many of the capital's strengths as a global luxury centre. Walpole and Cadogan's 2024 London Luxury Survey underscores the increased significance of these wealthy local residents and shoppers, with 78% of luxury retailers ranking 'local resident affluence' a top three success factor for their stores, up from 61% last year.

VOLUME

London continues to solidify its position as one of the world's leading hubs for wealthy residents. The city is home to a growing number of millionaires, with more than 227,000 people now categorised as high-net-worth individuals, making London the wealthiest city in Europe. London also boasts more centi-millionaires and billionaires than any other European city.

The city is home to a growing number of millionaires, with more than *227,000 people now categorised as high-net-worth individuals*, making London the wealthiest city in Europe



	COUNTRY	MILLIONAIRES (USD 1MN+)	CENTI-MILLIONAIRES (USD 100MN+)	BILLIONAIRES (USD 1BN+)
London	UK	227,000	370	35
Manchester	UK	23,200	67	7
Zurich	Switzerland	88,400	205	10
Geneva	Switzerland	79,800	244	14
Amsterdam	Netherlands	45,200	91	9
Milan	Italy	104,500	165	15
Rome	Italy	57,600	92	10
Frankfurt	Germany	94,500	155	15
Munich	Germany	68,400	85	11
Paris	France	165,000	286	23

Figure 1: UK dominates Europe for wealthy residents

Source: Henley and Partners *World's Wealthiest Cities Report 2024*

Battersea Power Station 2024 © Charlie Round-Turner



On a global basis, *Knight Frank's Wealth Report 2024* data shows the UK still delivers in volume terms for ultra-high-net-worth individuals (UHNWIs) – those worth \$30mn+ – against key markets (outside China and the US), as Figure 2 demonstrates.

78% of *luxury retailers* rank 'local resident affluence' a top three *success factor* for their stores

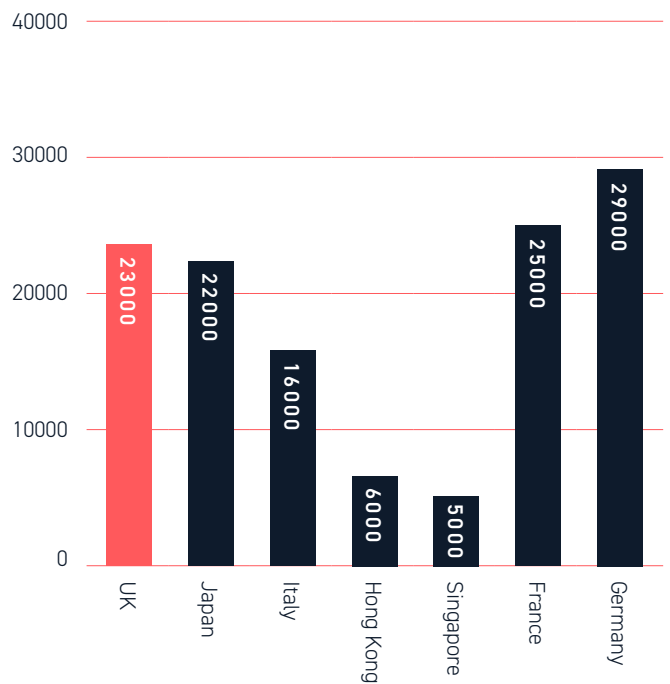


Figure 2: 2023 Total UHNWIs - \$30MN+ exc N America and China

Source: Knight Frank Wealth Report 2024

Bond Street © Warren Dupuy

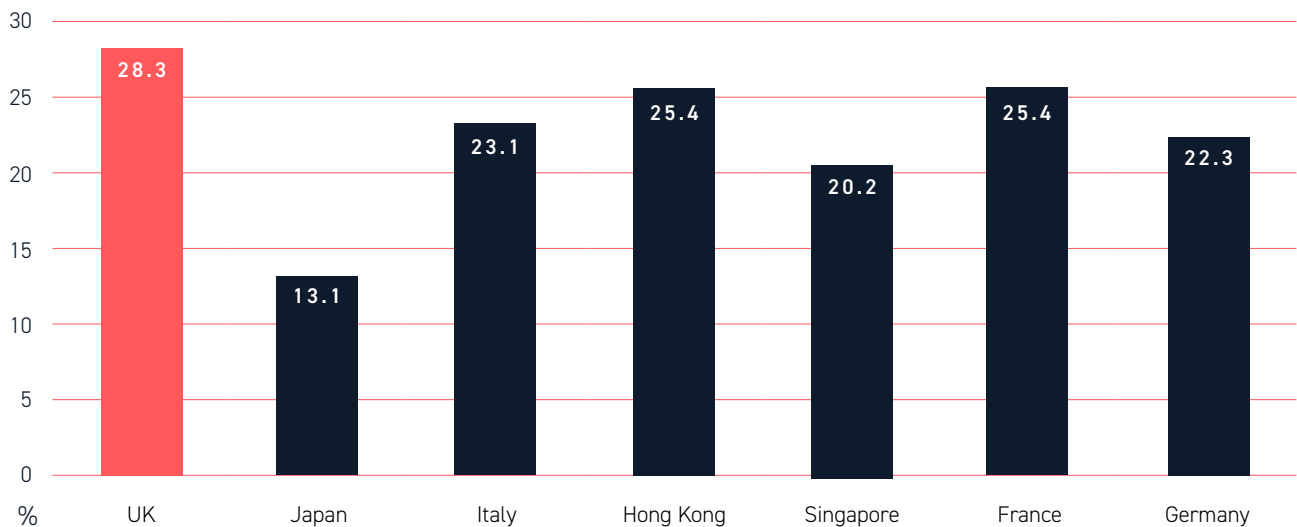


Figure 3: UK forecast to grow UHNWIs faster than many key luxury hubs to 2028

Percentage growth number of UHNWIs 2022-2028

Source: Knight Frank Wealth Report 2024

Thinking about the growth of this customer segment, while it is true China and India are likely to experience significant growth in UHNWIs, the UK is forecast to have the highest growth rate of this critical audience to 2028 across the same key luxury markets, as highlighted in Figure 3.

WEALTH

Transcending the short-term fluctuations of political uncertainty, interest rates and inflation, there is an underlying strength of wealth in London. According to Knight Frank's Attitudes Survey, professional investment advisors and wealth managers predict stronger growth for their UK clients' wealth compared to other European markets and the US. They anticipate nearly one in five of their UK clients will see their wealth rise by more than 10% in 2024, with around three-quarters of those likely based in London. As shown in Figure 4, this projected growth is over 50% higher than in the US and nearly three times higher than in France or Germany.

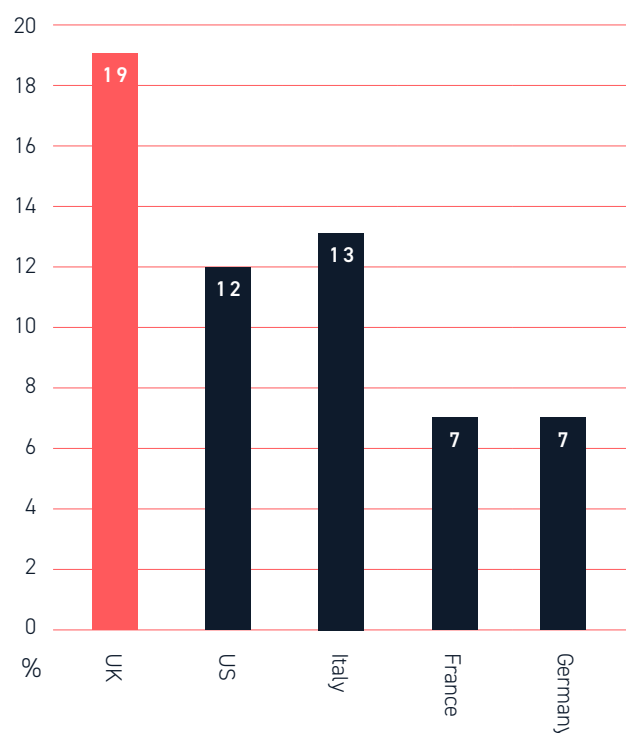


Figure 4:

Percentage of investment advisors and wealth managers saying their clients' wealth will increase significantly (>10%)

Source: Knight Frank Attitudes Survey 2024

RESIDENTIAL PROPERTY

Closely linked to wealth creation, London’s UHNW residents and investors continue to have a growing influence on the strength of real estate markets. The *Knight Frank Wealth Report 2024* suggests around 20% of the world’s wealthy individuals will invest in residential property this year. This comes against a backdrop of soaring sales of London homes priced at £15mn and above, an increase of 25% according to a new wealth survey by Beauchamp Estates.

Furthermore, its survey suggests the past year has seen a 137% increase in new-build apartment deals priced in excess of £15mn. Privacy and security requirements along with an appetite for five-star-hotel-style amenities led these ultra-wealthy buyers to purchase more newly built apartments, often now built alongside luxury hotel developments and managed by the leading hotel marques. These branded residences are now proliferating across London’s luxury locations such as Mayfair, Knightsbridge, Hyde Park and

Whitehall with newly opened Raffles London at The OWO, boasting 85 residences, and The Peninsula offering 25 exclusive apartments.

Alongside the inevitable prime locations, such branded residences appeal to UHNWIs for their ability to provide five-star services akin to the best hotels, including impeccable housekeeping, Michelin-star dining and luxury wellness and entertainment facilities.

Analysis by Knight Frank confirms that the impressive numbers for prime residential property in London are consistently world-beating:

“Of the major markets, Dubai, London, New York and Geneva are still seeing (prime residential) sales above the levels they experienced in the pre-pandemic period – helping to drive global activity.”

Liam Bailey, Global Head of Research, Knight Frank

	FY2020	FY2023	TOTAL VALUE 2023 SALES \$MN
London	197	260	5,607
Hong Kong	175	163	2,865
Los Angeles	155	161	2,781
New York	120	211	3,615
Geneva	33	112	3,144
Paris	3	25	499

Figure 5: London still dominates in prime residential property sales over most other luxury cities across US, Europe and Asia.

Number of Prime Residential Property (\$10mn+) sales exc Dubai

Sources: Knight Frank Research NB: the above tables record publicly available information on US\$10mn+ sales in key global markets, exchange rates are calculated at the date of sale

One of the factors keeping London on top is its sheer physical scale – London is almost the same size as Paris and New York combined. Simply put, London boasts more space to build and extend than its competitors. The investment and regeneration in areas across east London, the now vibrant King's Cross and iconic Battersea Power Station over the past decade have created new villages and centres. All these developments have high-end residential offers appealing to both local wealthy residents keen to enjoy the lifestyle of London's newer locations as well as international investors who see the opportunity for longer-term returns. Connecting these newer districts has been critical to their success, and investment in London's transport links underpins their appeal, notably the Northern Line spur to Battersea Power Station and the opening of the long-awaited Crossrail project, in the form of the Elizabeth Line, which has more than halved journey times across London.

Another advantage of London's physical size is its ability to accommodate a diverse collection of village-like neighbourhoods, each with its own distinct character. This feature is highly valued by both residents and retailers alike. Indeed, this was highlighted in a recent interview with Ed Glaeser from Harvard University:

"Great cities are frequently archipelagos of neighbourhoods that have lots of different variety. That can be a great attraction for a city."

Ed Glaeser, Chairman, Department of Economics, Harvard University

At the nexus of scale, density, diversity and affluence, London's residents are more targetable and more valuable than ever, and critical to London's position as a global luxury capital.

The past year has seen a *137% increase* in new-build apartment deals priced *in excess of £15mn*

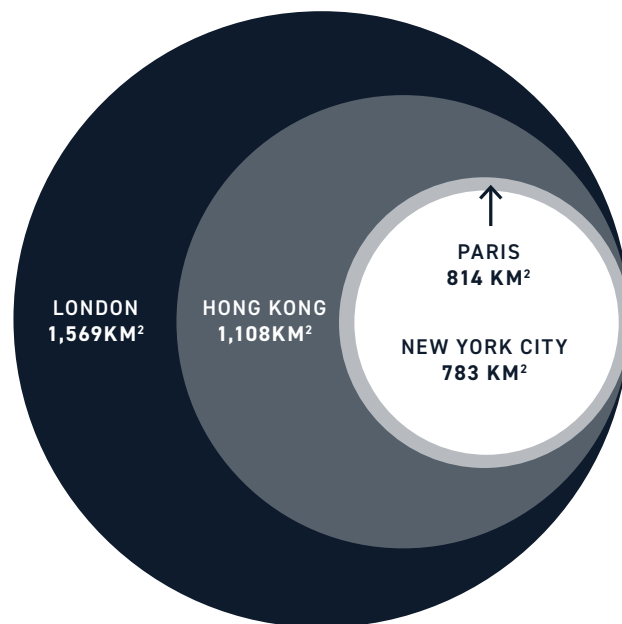


Figure 6: Relative sizes of London, New York and Hong Kong

International Appeal

Luxury tourism, a vital cornerstone of London's economy, continues to be resilient, driven by the city's rich heritage, breadth of cultural offer, world-famous events, new five-star hotel openings and iconic retail locations. As Ross Parkes, Director of Product and Commercial at luxury tour operator Abercrombie & Kent states:

"London simply remains one of the world's most iconic destinations. There is so much history, so much always going on and so much to see. London continues to deliver time and time again."

However, its performance has been significantly hampered by the removal of tax-free shopping for international visitors, the effects of which are well documented, not least the negative impact on international visitor spend on luxury which continues to fall behind spending levels in other European capitals. Despite this handicap, brands and retailers have faced these challenges with resilience and innovation.

GROWTH IN VISITOR NUMBERS

The UK received 38 million visits from overseas residents in 2023 (see Figure 7). This represents a 22% increase on 2022. This year is forecasted to rise still further to 38.7 million visits. Overall spending reached a ten year high in 2023 but VisitBritain forecasts this is to increase to a new high of £32.5bn in 2024. The dominant visitors were from the US with more than 5 million visits, followed by France and Germany.

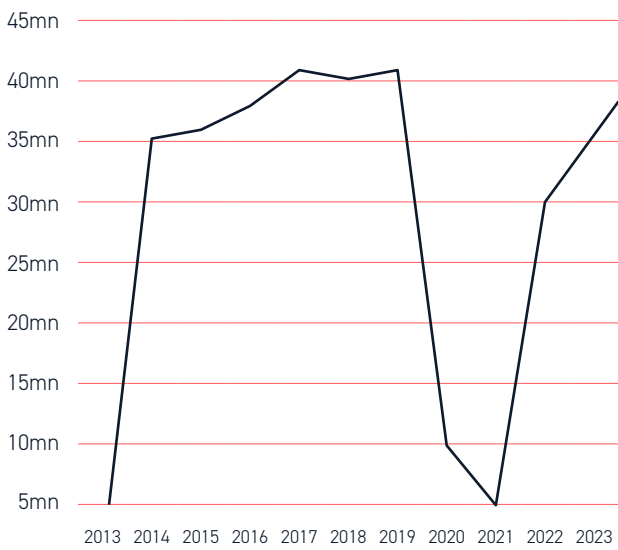


Figure 7: Overseas visitors return to UK.
2022/23 shows a 22% increase to 38 million

Source: ONS Leisure and Tourism 2024

Global airport hubs like Heathrow are also an excellent barometer. Heathrow experienced a 29% increase in international passengers in 2023.

London is undoubtedly benefiting from greater marketing activity too. The Greater London Authority's 2023 Let's Do London campaign, while focusing only on French and German tourists, brought 308,000 additional visitors to the city and generated £162mn in additional visitor spend.

While the growth in visitors numbers is important, delving deeper it is the high-end visitors that are of particular interest. As detailed in Walpole's report *What It's Worth: Enabling the Return of the £30bn High-End Tourism Sector*, produced in association with Bain & Company, high-end tourists spend 14 times more in the UK than the average tourist. Remarkably, as indicated in Figure 9, this significantly exceeds the mean European multiplier of eight times the average visitor. Not only is the per capita high-end spend higher in London, but the indicators make clear that the sheer numbers of high spending tourists are on the rise too.

2023	2022	AIRPORT	2023	% CHANGE VS 2022
1	1	Dubai, UAE (DXB)	86,994,365	31.7
2	2	London, UK (LHR)	74,909,019	28.6
3	3	Amsterdam, Netherlands (AMS)	61,882,546	17.9
4	4	Paris, France (CDG)	61,412,198	18.6
5	9	Singapore, Singapore (SIN)	58,411,000	83.1

Figure 8: Airport passenger numbers 2023 vs 2022

Source: ACI Table of the World's Busiest Airports

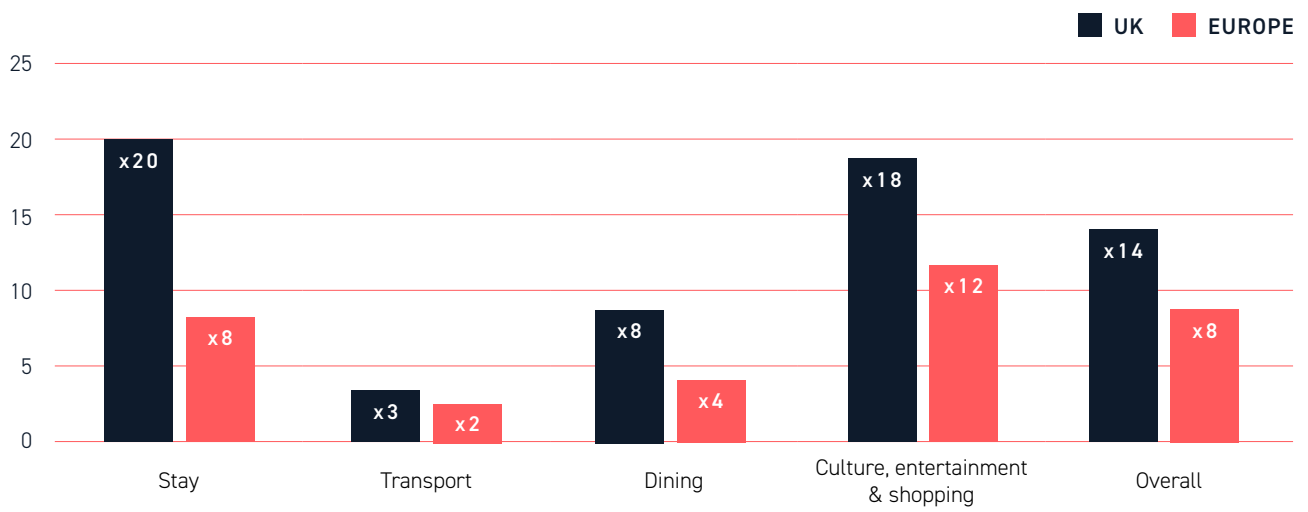


Figure 9: High-end tourists in the UK spend 14 times more than the average tourist. The European average multiplier is x8.

Source: Walpole/Bain/ECCIA Tourism Report 2022 using 2019 data



SURGE IN FIVE-STAR HOSPITALITY DEVELOPMENT

We have seen a remarkable acceleration in super-luxe hotel rooms across London, reaching unprecedented levels of growth. While London does not have an official category above five-star, the scale and quality of facilities and levels of staffing – in some cases three members of staff to every guest – put some of the new hotels on the same tier as the self-proclaimed seven-star hotels in destinations such as Dubai. Growth is forecast until 2028 at the very least, and Figure 10 highlights a selection of the 20 luxury hotel openings, both recently launched and planned, set to debut over the next three to four years. This represents a significant shift, particularly in contrast to the modest numbers of the past, where only three five-star hotels



opened in London between 2020 and 2021, and just two between 2018 and 2019. The landscape has transformed, and the future of luxury hotels has never looked more promising.

These developments have come from a diverse range of organisations. From global brands and international developers to billionaire investors and emerging smaller groups, hospitality investors and providers are recognising London's immense potential and opportunities. Some are choosing London for the first time, such as the Hinduja Group, which opened Raffles London at The OWO (Old War Office) last year after eight years of development. Likewise, The Peninsula London, the city's first billion-pound hotel project, also opened in 2023.

However, not all new properties are large-scale developments. Reflecting London's commitment to offering experiences for all tastes, last year also saw the launch of luxury boutique hotel ...At Sloane in Chelsea, managed by the team behind Paris fashion week favourite Hotel Costes, and Iconic Luxury Hotels' newest London property, The Chelsea Townhouse.

Further, global giants with London properties are adding to their roster, including Mandarin Oriental, which launched its second hotel in Mayfair this year. The Emory, overlooking Hyde Park, is London's first all-suite hotel and the latest opening by Maybourne, whose iconic properties include Claridge's, The Connaught and The Berkeley. New companies are also investing. This year, the newly formed group Kinsfolk and Co will debut The Newman, the first of at least three luxury hotels it plans to open. Six Senses, now owned by IHG, will open its first London hotel in 2025, located in the former Whiteleys building in Bayswater. Additionally, it has chosen London to launch its global club concept, Six Senses Place, as part of this development.

Some of these properties now charge nightly room rates of £1,000 or more, compared to just £500 a decade ago. These developments represent billions in investment, reflecting a strong confidence in London's capacity to attract an ever-increasing number of affluent visitors.



Figure 10: London luxury hotel openings 2023-2025

From *global brands and international developers* to billionaire investors and emerging smaller groups, *hospitality investors and providers* are recognising *London's immense potential and opportunities*



Another welcome evolution of London's luxury hospitality scene is a greater number of top-end restaurants with both visitors and residents enjoying an expanding selection of fine-dining options. As Peter Harden of Harden's restaurant guides stated in 2024:

"Historically, one of the striking features of the London restaurant scene has been its lack of a top tier of splurgy, expensive destinations such as those that have long characterised top-end dining in Paris and Tokyo."

This is now not an issue; indeed, the London fine-dining restaurant scene is thriving.

In Peter Harden's own 2024 Guide, the revealing segmentation of restaurants by spend per head shows the extraordinary growth in the fine-dining market not just in

London, but across the UK. Consequently, Londoners find themselves at the epicentre of a culinary reimagination rich in quality, innovation and new openings.

The number of restaurants costing typically £150 per diner increased 46% year on year in London to 54. Those charging £200 increased 59% and the number of those charging £250 or more per head almost doubled. Unsurprisingly, the greatest density of these establishments is in London, while the rest of the UK put together has similar levels of growth across the £150 and £200 price points. No doubt inflation will have contributed to these figures, but this corner of the hospitality market clearly feels that the UK and its capital can support this level of growth and price point. The number of Michelin-starred restaurants has increased to 80, an increase of six from 2023, including new openings such as two-Michelin-starred Alex Dilling at Hotel Café Royal and well-established three-Michelin-starred Hélène Darroze at The Connaught and Alain Ducasse at The Dorchester.

The importance of London's outstanding culinary offer is a feature that is cited in the London Luxury Survey, with nearly 80% of respondents citing the food and drink offer as being key to the success of their stores and locations.

The London fine-dining restaurant scene is *thriving*

Nearly 80% of respondents to the *London Luxury Survey* cited the food and drink offer as being *key to the success of their stores* and locations

Luxury retail offer

LUXURY DOMINATES RETAIL GROWTH

The breadth of world-famous and emerging luxury brands available in London is peerless, and this blend of iconic houses with next generation talent, combined with the city's department stores, established luxury streets and affluent villages creates a luxury retail offer unlike any other. While there are concerns about the current and future direction of retail as a whole, the luxury sector, with its focus on exceptional customer service, unique experiences and storytelling and consistent long-term investment into stores, continues to outperform.

GDP growth may be stabilising globally (at around 2.6%), but high-end retail investment is increasing by significantly more in London. Though post-pandemic retail markets have been volatile, our research suggests luxury possesses considerable resilience. According to data from CBRE, a leader in global commercial real estate services shows that central London retail investment volumes increased by 71%, totalling £424mn in the second quarter of 2024. This is a significant increase over the same quarter in 2023, where volumes were £302mn. CBRE anticipates full-year 2024 investment volumes in London to exceed 2023.

According to CBRE, all retailers that have moved stores on Bond Street since the start of 2023 have upsized, typifying the return of physical store commitments. On average, brands have upsized by 195%, which equates to an additional 813m² of floorspace. Importantly, it is the luxury sector that is driving a huge percentage of retail growth across London. CBRE data reveals four luxury street deals accounted for almost 60% of total London retail investment for the first half of this year, with some brands on Bond Street doubling the size of their stores.

In Walpole and Cadogan's exclusive London Luxury Survey of luxury brands and retailers, 61% of respondents agree that London dominates the cities of the world as the "best global hub for the purchase of luxury goods and provision of exceptional services". Their pride and positivity in the city's position is also reflected in their ranking of London's luxury streets compared with the rest of the best in the world in Figure 11 below, where a third of our respondents place at least one of London's streets at number one.

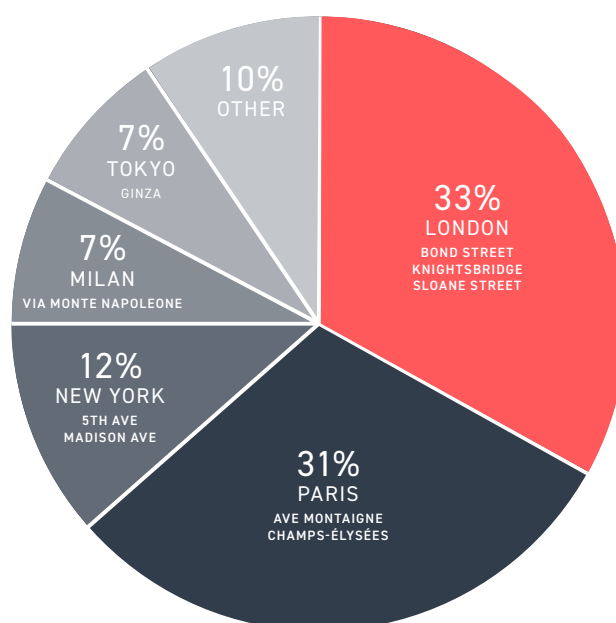


Figure 11: London's luxury streets top the rest of the world

Q: Please choose your top three luxury streets, ranking them 1,2,3

Source: London Luxury Survey 2024



The fact that London is home to several iconic luxury shopping streets is a key part of achieving such impact. London luxury retailers themselves tend to rank Bond Street highest among the alternatives in London and globally, although they clearly consider Paris highly also – even if, as we have seen, Paris does not offer the same commercial opportunities in terms of access to wealthy local consumers. In the managed estate locations, Sloane Street continues to elevate its allure to luxury consumers and brands as Cadogan's £50mn investment in the public realm of the street nears completion at the end of 2024. As Graham Barr at CBRE UK, stated:

“Sloane Street offers the benefit of being an incredibly beautifully curated environment, and a tenant mix where everyone is complementary to one another because Cadogan has such a long-term view of its investment.”

Graham Barr, Head of Retail, CBRE UK

The stunning streetscape created is already paying dividends with Dior's new 836m² store; Valentino's spectacular townhouse; a glittering new opening from luxury jeweller Jessica McCormack; and further significant upsizes from Bottega Veneta, Brunello Cucinelli and Saint Laurent.

In more disparate ownership locations such as Bond Street, between 2022 and 2024 there have been 23 transactions including relocations, upsizing and expansions and 15 new entrants. This has been partly driven by welcome new developments in the street, adding more retail opportunities for buyers and renters.

RISE IN OWNER OCCUPATION

One of the other key shifts in disparate ownership locations is the trend for purchasing rather than leasing. Graham Barr, Head of Retail CBRE UK, explains luxury brands are now looking to buy their properties, rather than lease them. Over the past 15 years, ownership of property has doubled to approximately a third in some luxury locations, with examples including Hermès' purchase of the Asprey building on Bond Street in 2009 for £75mn, and LVMH paying £165mn in 2022 for 160-162 New Bond Street, now home to its Dior London flagship. Likewise, Rolex and Chanel have made significant investments in commercial real estate, demonstrating a confidence in and commitment to prime London luxury retail.

“In disparate ownership locations, the trend is for luxury brands to buy the properties outright, rather than lease. It gives them better protection and control over costs and rent, ensures continuity of business in that location and delivers a long-term investment for those with available capital.”

Graham Barr, Head of Retail, CBRE UK

That brands are willing to invest such sums is testament not only to London as a commercial powerhouse in terms of its customer base, but also to its breadth of unrivalled architecture and unique neighbourhoods, not to mention the allure that these luxury brands themselves bring to these neighbourhoods. Results from the 2024 London Luxury Survey confirm that the capital's distinctive villages are a significant draw, with 80% of respondents feeling they are unique to London's luxury offer.

“Retailers always find London attractive because of the history, the character of the buildings and beauty of the locations. It's unique. In other global hubs, shopping

mall-like locations can sometimes look the same. In London, residents and visitors can have very different luxury retail experiences if they go to Knightsbridge and Shoreditch. And because of London's size, luxury retailers can have several stores that won't cannibalise each other.”

Graham Barr, Head of Retail, CBRE UK

The aforementioned breadth of the retail offer is significantly impressive that international brands will often start in London and then move out to the rest of Europe. Examples of this trend currently include the first stand-alone store from premium travel brand Carl Friedrik on Regent Street, while luxury new entrants to London in 2024 include Jacquemus on New Bond Street and Toteme on Mount Street.

Underpinning these moves are several positive infrastructure and regulatory factors. Among these, Barr references the UK's transparency, the ease of doing business, and employment law. He also underlines that despite potential perceptions to the contrary, the level of 'red tape' in the UK is low compared to other luxury hubs.

Over the past 15 years, ownership of property has doubled to approximately a third in some luxury locations... That brands are willing to invest such sums is a testament to London as a commercial powerhouse

RISE OF PHYSICAL INSPIRATION

In the London Luxury Survey, retailers rank the factors that contribute to the success of their store. Naturally they rank highest those aspects within their direct control, notably the excellence of the customer experience and the knowledge of their staff, as highlighted in Figure 12, below.

Yet, consistent with the overall sample's view of London possessing distinctive 'villages' across the capital, respondents consider the overall 'stewardship/curation of the destination' to be critical. Indeed, ranking the factors by top two mentions, customer experience and available audience factors remain important, but stewardship and curation rise to the top.

Other key factors for retailers reflect their stores' context and setting – namely the profile of the local customer within a small radius of the store, the proximity of luxury/high-end hotels, and neighbouring brands.

'Proximity of luxury/high-end hotels' and 'excellent food and drink options nearby' are both seen to be a key part of the mix, demonstrating how discerning luxury shoppers value not just the luxury retail experience but also enjoy this in the setting of the broader experience that London delivers.

Overall, London's unique blend of strengths is a vital underpinning of its retailers' ongoing success.

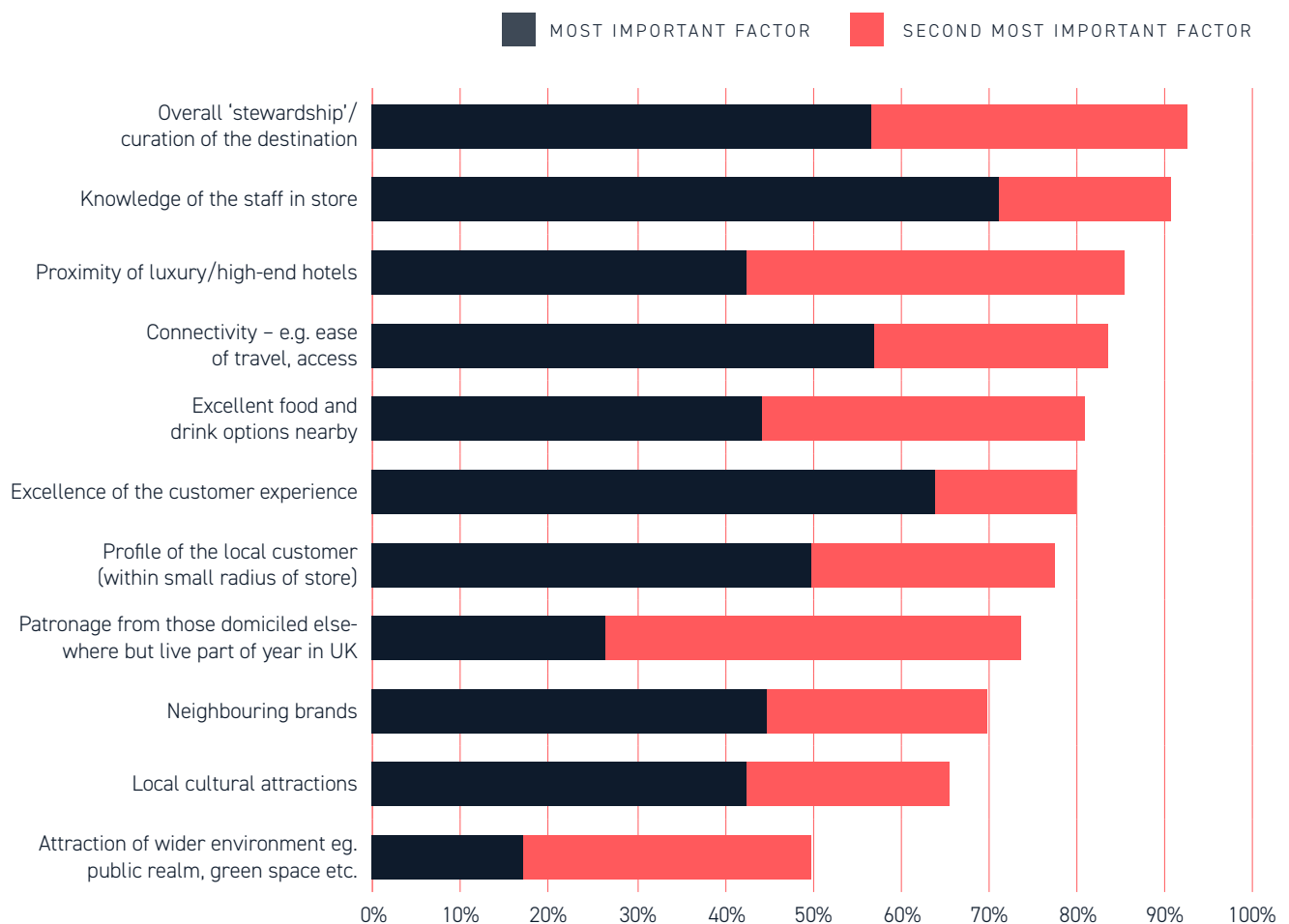


Figure 12: London retailers' ranking of the top two factors contributing to their stores' success

Source: London Luxury Survey 2024

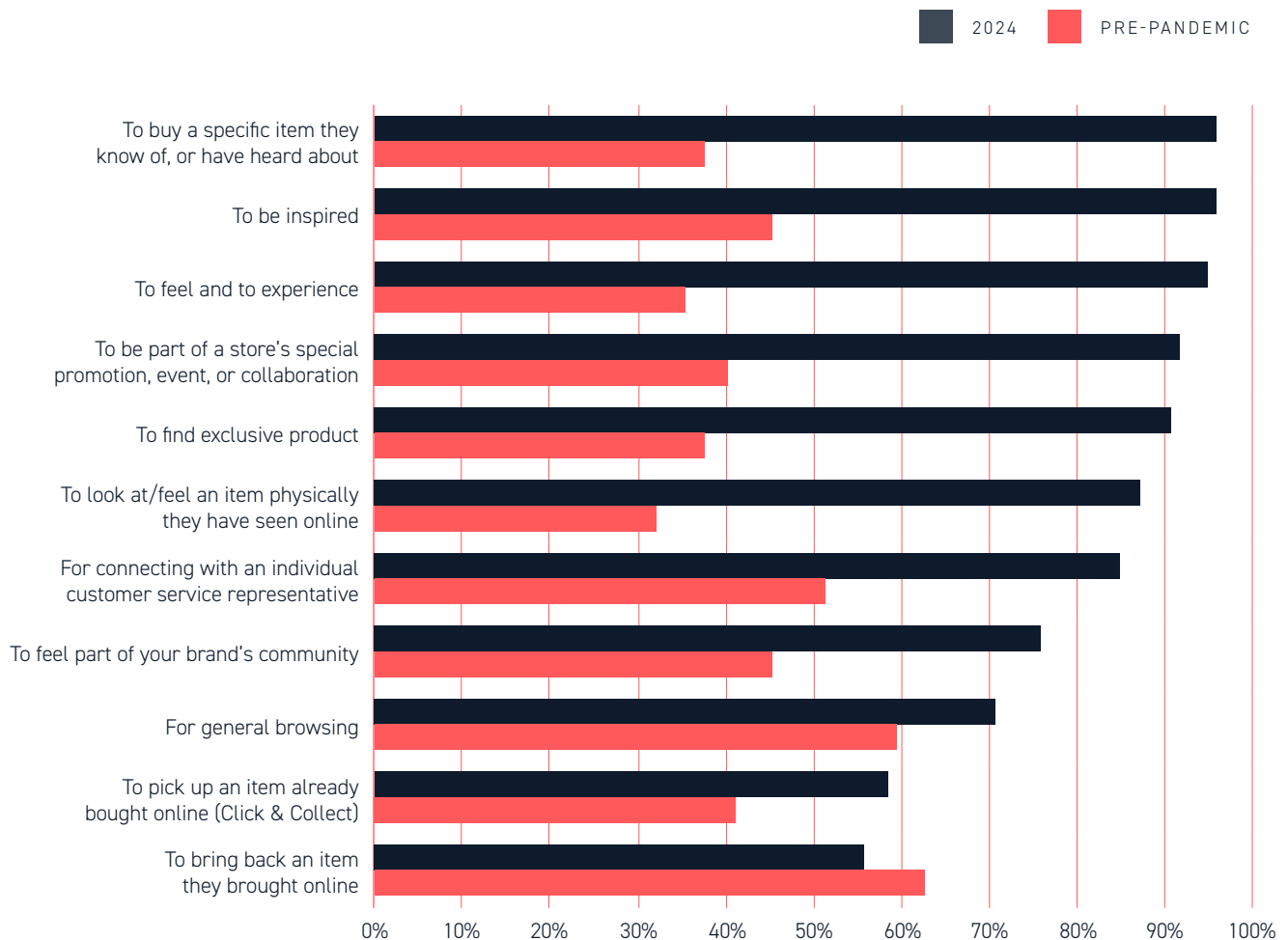


Figure 13: How customers are using stores now and pre-pandemic

Source: London Luxury Survey 2024

We have already commented on the importance of the luxury market in driving total retail in 2024. Further, while it is not surprising that respondents cite 'customer experience' as one of the key – if not *the* key – factor for store success, it does underline the need to understand what this means in-store. In the London Luxury Survey, retailers were asked to consider how customers were using and behaving in their stores pre-pandemic compared to now. Figure 13, above, details the fascinating shifts.

It is true that certain behaviours have not changed dramatically, with retailers reporting their stores used as much as ever for general browsing, picking up or returning online purchases. However, among our retailer respondents,

the rise of physical retail is very clear, covering a range of activities. Many of these changes are likely the result of deliberate strategic decisions by brands, aimed at building 'brand temples' and enhancing customer experiences through memorable, purposefully crafted interactions.

This behaviour covers the full breadth of seeking and finding inspiration, feeling a part of a brand's community, physically connecting with an individual customer service representative, looking at/feeling an item physically which they have seen online, and visiting simply in order 'to feel and to experience'. Retailers also see that exclusive or limited-time promotions and products are helpful, but the data suggests they drive less footfall than 'general browsing'.

We also ask our retailers to comment on the importance of added value services. They confirm that services such as personal shopping, styling, direct delivery and personal in-home tailoring/fitting) are expected by nine out of ten customers. Further confirmation of the level of service expectation comes in data from Agility Research regarding members of Very Important Customer (VIC)/VIP programmes. It indicates that UK and London customers are more likely to be members of these programmes than in other markets, therefore are likely to expect that level of extra service. No wonder then, that Gucci chose London for the European launch of its 1,393m² Gucci Salon in New Bond Street, and Valentino opened its New Maison concept on Sloane Street.

While the importance of the physical shopping environment is well-recognised, online and digital retail offerings remain crucial in the luxury market. However, luxury e-commerce platforms have faced significant challenges over the past year. In fact, two-thirds of respondents believe that online shopping can never provide the service level expected by luxury customers, and 63% feel that luxury customers have shown a preference for the physical shopping experience. Despite these concerns, there is still optimism about the future of luxury e-commerce, with 60% of respondents believing that luxury online fashion platforms can succeed again with a strategic overhaul. We will continue to monitor this evolving landscape with interest.

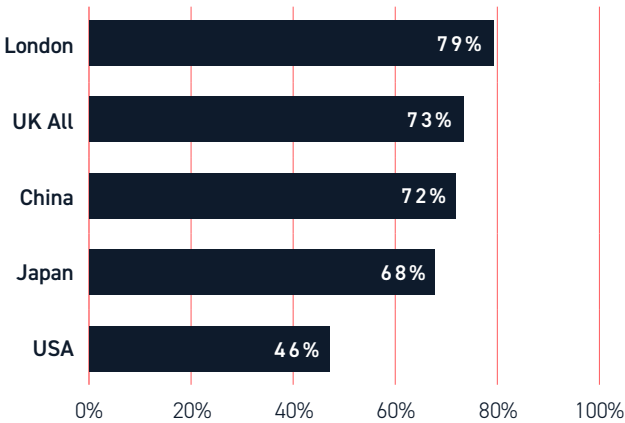


Figure 14: UK and London HNWIs are potentially closer to luxury brands than those in other markets

Percentage of HNWIs who are members of VIP/VIC programmes
Q: Are you a member of any luxury brand VIP/VIC programme?
Base: All HNWI per country.

Source: 2024 Agility TrendLens™. VICEMEMBER.

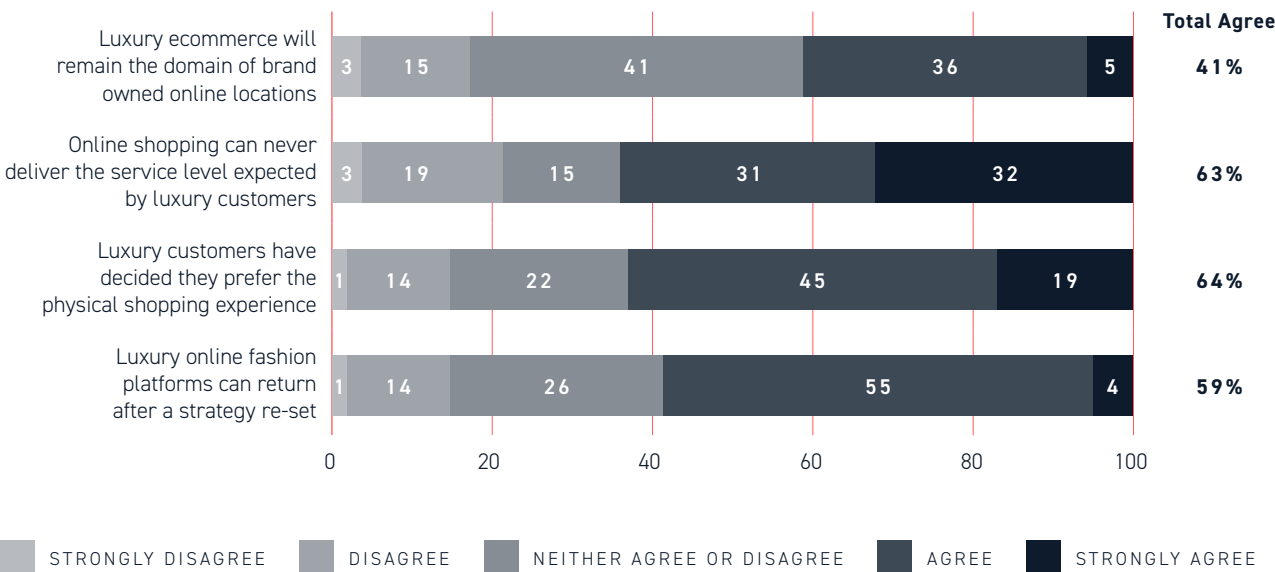


Figure 15: Physical retail dominates, but over half of our respondents suggest multi platform luxury e-commerce could return

Source: London Luxury Survey 2024



Evidence of continued growth

CUSTOMER SPEND INCREASES AND GENERAL POSITIVITY

As many across the industry have commented, it was unlikely that the exceptional growth seen in luxury markets immediately post-pandemic would continue unabated, and globally luxury is seeing a period of 'normalisation'. In the UK, given political and economic headwinds including uncertainty from a change of government and the continued absence of Tax-Free Shopping, we might have expected significant dampening of UK market sentiment. However, the strength and growing wealth of the UK's affluent residents, London's enduring appeal and the resilience and innovation across the luxury sector means the overall outlook remains broadly positive. There are several data points to support this.

According to Agility Research, a luxury consulting firm specialising in affluent consumers, its TrendLens 2024 report suggests two-thirds of UK HNWIs expect their disposable income to increase in 2024, as highlighted in Figure 16.

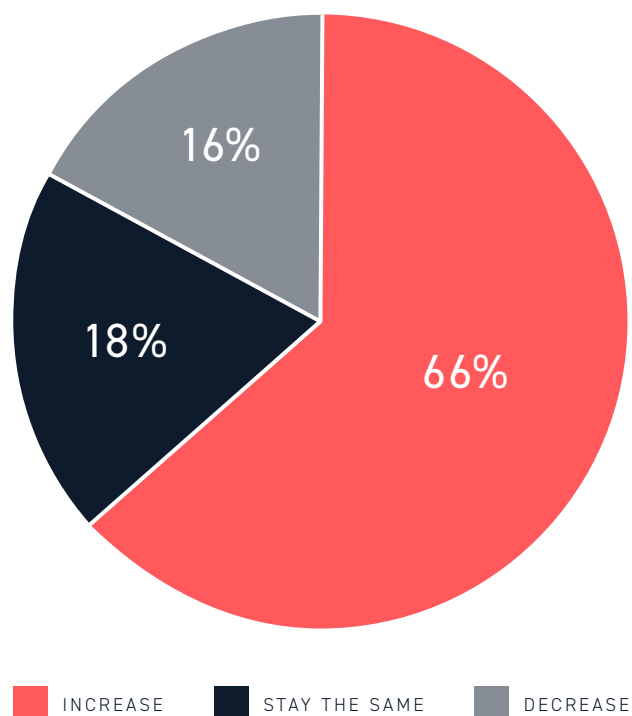


Figure 16: Two-thirds of HNWIs expect their disposable income to increase in 2024

Source: Agility Research TrendLens 2024

In addition, more than eight in ten UK HNWIs believe they will spend the same or more on luxury products and experiences in 2024, as shown in figure 17.

This positive sentiment is reflected in our own London Luxury Survey: more than half of respondents feel positive for 2024, rising to two-thirds over the next two to three years. In fact, the major difference between the two time periods offered is seen among those feeling 'very positive' for business over the next two to three years, as highlighted in Figure 18, which rises to a quarter of our respondents, while a marginal 3% and 4% felt 'very concerned' across either period.

SOFT POWER INFLUENCE

Advocates of soft power argue that it allows nations to achieve eminence even amid economic or political challenges. Are we already experiencing the effects of London's 'softer' powers? Current trends support this view. Despite recent domestic political turmoil, a broader global perspective reveals a clear picture. The Brand Finance Soft Power Index in Figure 19, right, shows that the UK's soft power has strengthened, positioning it as the second strongest

globally after the US, and reclaiming its leading status in Europe. Luxury is a microcosm of soft power in action – the ecosystem of culture, hospitality and retail all work together to make the UK the number one place in the world for high-spending international visitors.

The criteria measured for this index include reputation, influence, familiarity and performance. Arguably the data throughout the first half of this report demonstrate indicators that will continue to contribute to all these criteria.

Our examination of the fundamental pillars of luxury – the wealth of residents and visitors, availability of brands and continuation of all three - reveals a resilient and powerful London, whose unique combination of value, vibrancy and enduring charisma enable the continued prosperity of the luxury capital.

At the foundation of each of these pillars is London's precious realm of art and culture – as distinctive as it is exceptional. How it is evolving, and how it is entwined with and contributes to the luxury firmament is explored in the rest of the report.

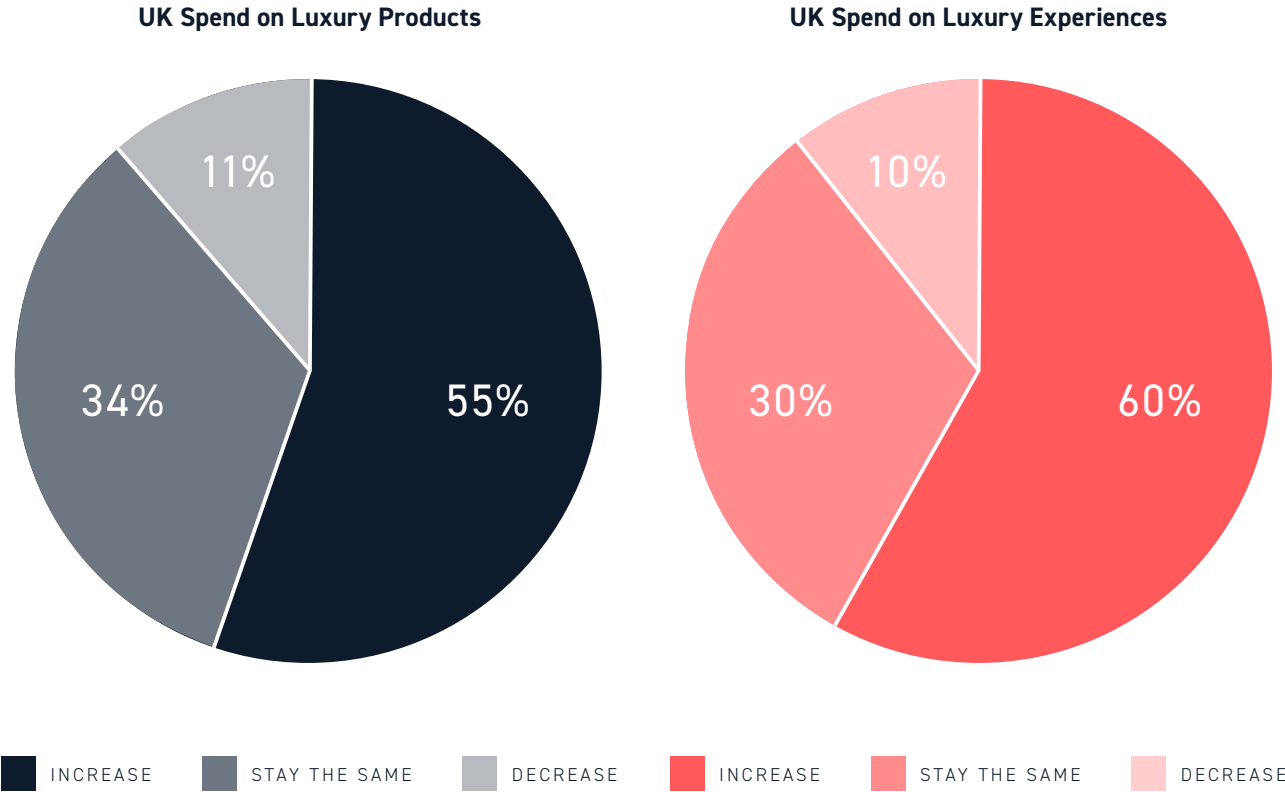


Figure 17: More than eight in ten HNWIs believe they will spend the same or more on luxury products and experiences in 2024

Source: Agility Research TrendLens 2024

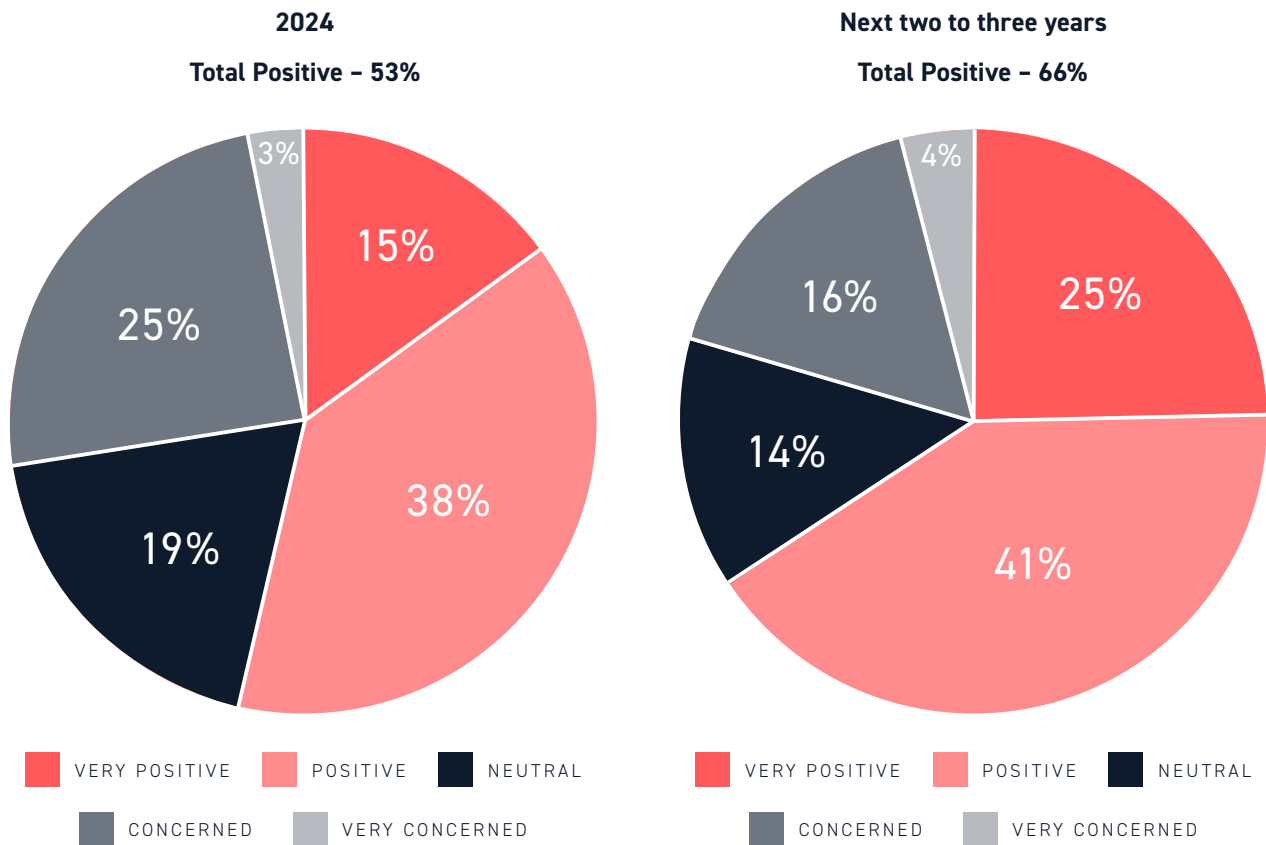


Figure 18: Luxury brands in London are feeling positive

Q: How are you feeling about the prospects for your business – in 2024 / over the next two to three years?

Source: London Luxury Survey 2024

2021			2024		
1	Germany	62.2	1	US	78.8
2	Japan	60.6	2	UK	71.8
3	UK	57.9	3	China	71.2
4	Canada	57.2	4	Japan	70.6
5	Switzerland	56.3	5	Germany	69.8
6	US	55.9	6	France	67.3

Figure 19: London's soft power worldwide is second only to the US

Source: Soft Power Index 2024 / Brand Finance



W

Luxury's evolving
relationship with
art and culture

Luxury's evolving relationship with *art and culture*

In the first edition of *The State of London Luxury* study, which explored London's position as a global luxury capital and the factors that underpin its success, the breadth of the city's cultural offer and the influence of its art market emerged as being key to London's international dominance. As Peter Jenkins, CEO, The Conran Shop, observed:

"London is a centre of creativity, of culture, of art, of experiences, and I think that, among other things, it 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."

Building on this insight, in this year's report we wanted to examine these strengths in greater depth and go a stage further to explore the symbiotic relationship that exists between luxury brands, art and culture, and, importantly, understand why it is key to London's enduring creative reputation and commercial success.

LONDON CONTINUES TO INSPIRE

London, with its global reputation for creativity, strength of its art market and breadth of culture offer is the natural home for luxury brands to develop and perfect their relationship with art and culture. World-class museums, galleries, exhibitions, theatre and performance, breadth of creative education, brands and cultural visionaries, all give London the edge for creators in search of inspiration and audiences looking for extraordinary cultural experiences. It also makes it a magnet for a diverse range of artistic and creative talents, established and emerging, who come to study, work and live in this ever-inspiring capital.

Arts and culture are now embedded within the strategies of most luxury brands and as our London Luxury Survey

clearly demonstrates, 95% of respondents agree that an "association with art and culture was important" with more than half stated it was "extremely important".

(Figure 20, below)

Q: In your view, how important is association with arts and culture for luxury brands in the UK?

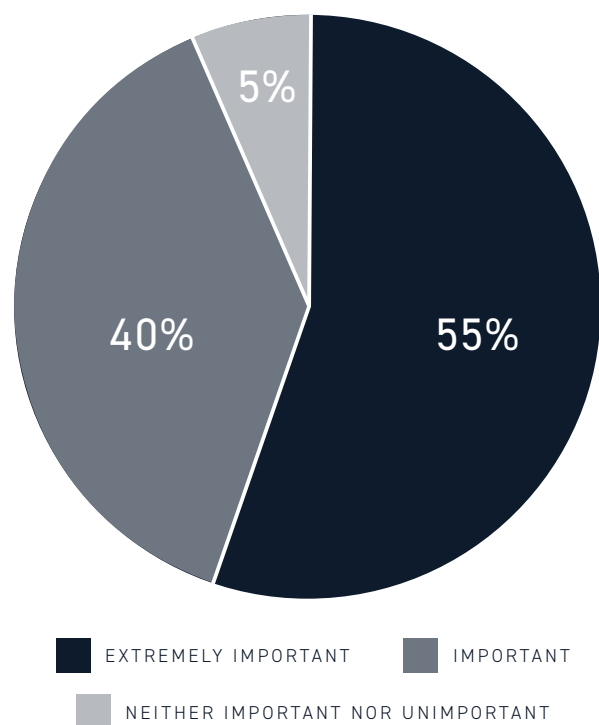


Figure 20: 95% of respondents agree on the importance of luxury brands' connections with arts and culture

Source: London Luxury Survey 2024

In the following pages, we will explore key developments at the intersection of arts, culture and luxury, and examine how we can work towards securing its future under the following themes:

- + Intensifying relevance
- + Deepening relationships
- + Strengthening the benefits
- + Safeguarding the future

To further our understanding, we have also interviewed selected industry leaders for their own perceptions and attitudes towards the multi-layer relationship that exists between the worlds of luxury, art and culture.

Intensifying relevance

INCREASED ENGAGEMENT WITH ART AND CULTURE

The relationship between art, culture and luxury has gained momentum over recent years and brands are deepening their association. New departments have been formed and

specialist talent hired as luxury brands seek to leverage their connection with the arts and culture. This is partly being driven by the shared audience and customer (both high-net-worth and aspirational) engagement in creative cultures, and we see this particularly in London where the breadth of the cultural offer is so broad.

One of the most buoyant is art. Matthew Slotover, Founder of Frieze, commented on the growth of galleries as an example:

“In my world, when I started around 20 to 25 years ago there were five or six galleries in London. Now there are 150.”
Matthew Slotover, Founder, Frieze

Over the past 25 years, one of the most significant shifts has been the ability for more artists to earn a living from their work. The landscape has transformed as only a select few could do this a quarter-century ago. Additionally, art's appeal as an investment among high-net-worth individuals (HNWIs) continues to grow. The table below shows that art continues to lead as a favourite 'passion' investment, with interest increasing.

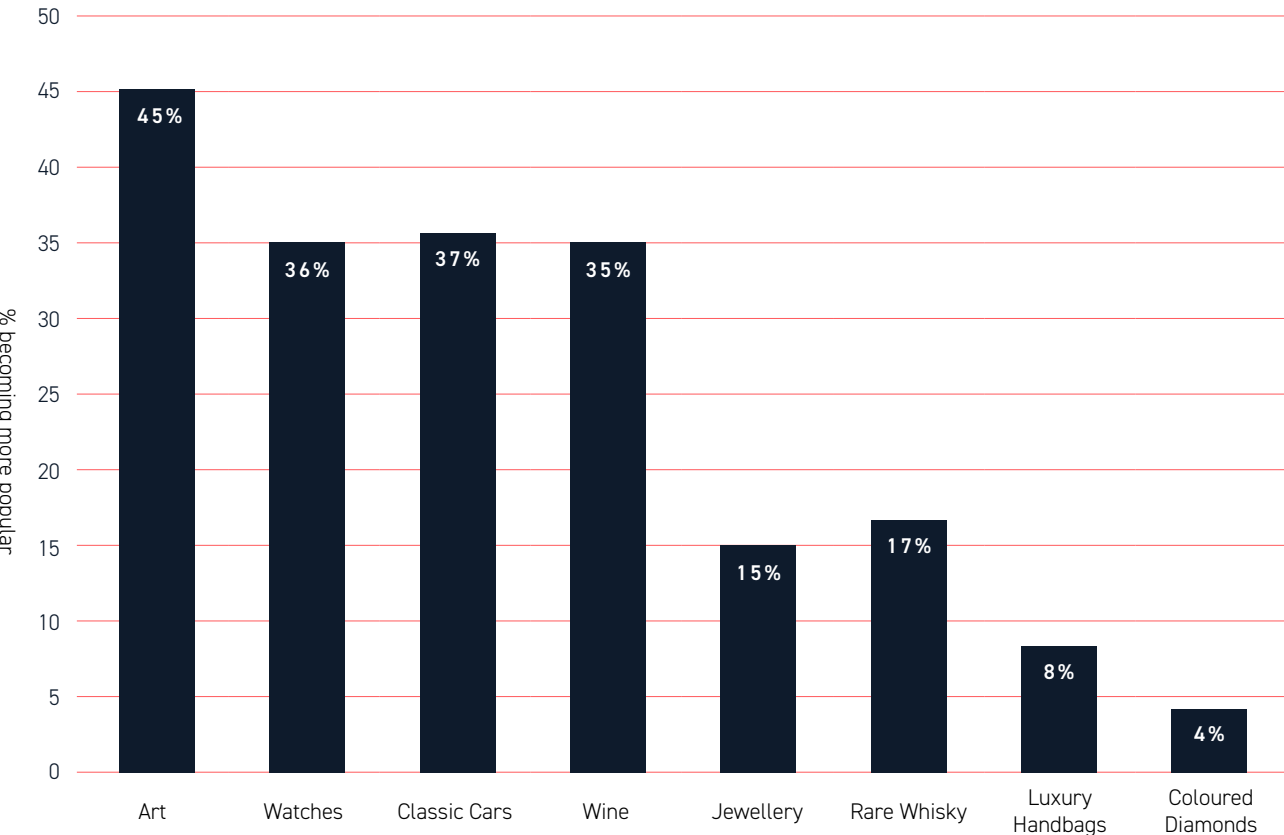


Figure 21: Art is becoming ever more popular as a passion investment in the UK

Q. Which investments of passion are becoming more popular among your clients?

Source: Knight Frank Luxury Investment Index 2024 – UK Sample

What's particularly relevant here is the motivation behind this trend. According to data from Knight Frank, the top three driving factors behind art purchases are the "joy of ownership" and "intellectual interest", in addition to its investment potential. This differs across markets – for instance, in China intellectual interest ranks much lower on the list and investment scores most highly.

This contrast highlights the deepening cultural significance of art in the UK compared to other markets, a point that Matthew Slotover, Founder of Frieze, also emphasised:

"Someone put it to me recently that in London you have 500 serious players in art, but 500,000 who are engaged in it. In New York you have 5,000 serious players in art. And that's it."

Matthew Slotover, Founder, Frieze

We are also seeing growth across other corners of the art market. Christie's Anthea Peers, President of EMEA, reports strong performance in 2024, with March's post war and contemporary auctions up 14% year-on-year and audience numbers up 31%. Notably, 38% of Christie's buyers are now millennials.

In theatre, audiences have returned, with attendance 7% higher than pre-pandemic levels. The Royal Ballet and Opera have surpassed their 2019 income figures. Museums and galleries are experiencing their highest footfall in four years, with a 13% increase from January to March 2024 compared to the same period in 2023, totalling 42.4 million visitors. However, this growth is not guaranteed – a point we'll explore further later.



OPPORTUNITIES FOR EXCEPTIONAL EXPERIENCES

The growing association between culture and luxury is becoming more relevant as consumers increasingly shift their interest and spending towards unique experiences. According to the *Bain/Altagamma Luxury Goods Worldwide Market Study 2023* data, luxury spending surpassed the historical highs of 2019, with a 15% growth in 2023, and while we are now seeing a rebalancing of growth in some categories, demand for authentic and culturally immersive experiences, particularly among younger generations, continues to grow. The fusion of culture and luxury – especially at the world-class level of culture available in cities like London – creates vast opportunities for delivering truly exceptional experiences.

As discussed earlier, retail and hospitality spaces are evolving to meet this demand, increasingly offering multi-experience environments. Many luxury brands now boast collections of art that rival those of national museums.

As Liam Bailey, Partner at Knight Frank comments:

“How do you treat people who can buy anything they want? The answer is you try to give them access to experiences and opportunities they can’t get on their own. Privileged access to artists, writers, cultural talks, maybe a masterclass or workshop. It also suggests you are part of a community, as well as a collector.”

Liam Bailey, Partner, Global Head of Research, Knight Frank

A prime example of this is Gucci’s new headquarters and Gucci Salon on New Bond Street, housed in a historic building that was once an art gallery. The walls feature a curated mix of new and established artists, further blending luxury and culture.

In 2023, Claridge’s launched the Royal Academy of Arts Prize, a long-term initiative aimed at nurturing the next generation of artistic talent. This collaboration between two storied London institutions not only provides monetary support but also offers invaluable exposure through Claridge’s Art Space, located in one of the world’s most prestigious neighbourhoods.

With Sloane Street’s ‘relaunch’ due in 2025, the focus for landowners Cadogan is to layer the customer experience with cultural partnerships including Frieze London, London



Craft Week and the Saatchi Gallery to bring further beauty and joy to the desirability of shopping along the world-famous green boulevard.

The uniqueness Bailey refers to is further supported by Agility Research’s TrendLens data, which highlights what UK high-net-worth individuals (HNWIs) seek in a luxury brand experience. They rank originality, uniqueness and exclusivity above all else. The data also reveals the types of luxury experiences that are most favoured. More than half of those surveyed showed a preference for special dinners, exclusive retail events, and masterclasses, while charity events and auctions also ranked highly.

Also in 2023, dunhill teamed up with Frieze to produce “Freize Masters Talks”, a series of live masterclasses and cutting-edge perspectives on art from antiquities and Old Masters to icons of the 20th Century. The talks were curated by Dr Nicholas Cullinan, at the time Director of the National Portrait Gallery, and brought together artists, writers, curators and directors to explore the connections between historical art and contemporary practice. Those taking part included Gilbert and George, Mandy El-Sayegh, Antony Gormley and Rachel Whiteread.



A different, but equally outstanding example of an extraordinary, rare experience can be found at Raffles London at The OWO (Old War Office). The building's rich history was something Geoff Hull, Director at EPR Architects and a lead partner in the project, was eager to preserve. Hull emphasised the emotional impact of the space:

"It is such an important building for London. We love to repurpose these kind of character rich buildings, as in many of these luxury projects, it enables the creation of an indulgent emotion and a memorable experience. The output of the team's hard work enables a lasting memory driven by stories of the past and a mixture of experiences created within the spaces."

Geoff Hull, Director, EPR Architects

The storytelling potential at The OWO is immense. The building's historical connections to figures including Winston Churchill, TE Lawrence and Ian Fleming, offer countless narrative possibilities. However, transforming this historic structure posed significant challenges over the eight-year project.

One of the key obstacles was converting the building from a "fortress-like structure" that kept people out, to a "destination space that was welcoming, to attract people in".

Perhaps the most striking example of the fusion of culture, history and luxury is the creation of the Pavilion – a dining space in The OWO's grand courtyard designed by DaeWha Kang. The Pavilion, with its circular glass façade and stainless-steel roof, stands in sharp contrast to its historical surroundings. Kang describes the design as evoking the feeling of being inside a Georgia O'Keeffe painting, with softly ribbed white columns resembling petals that radiate to form the ceiling. To complete the design, the roof's metalwork is finished with Aston Martin paint, a subtle nod to the building's history and James Bond connections.

Geoff Hull praises Kang's creation, saying: "To me it's a piece of art" and a fitting testament to the seamless blend of luxury, history and architectural innovation at The OWO.

Deepening the relationship

Hull’s comment on the Pavilion at The OWO demonstrates the evolution of luxury’s involvement in the creative sectors. From the Medicis in the 14th century, patronage has supported artists, the finest craft-makers and cultural thinking. As Clément Boisseau, Chief Strategy Director at agency BETC, has suggested, echoing Hull’s comment: “Luxury brands are the new Medicis... and their works of craft have become works of art.”

As the diagram below, Figure 22, illustrates, luxury brands now play a role in the cultural landscape that is not only ‘active’ but also ‘generative’. Through their collaborations with artists, creators, the arts and cultural organisations, they have become an integral part of the culture itself, enriching the very landscape they inhabit. The passion for inspiration and commitment to creativity embedded in their products and services have solidified this role in the eyes

of their audiences. A perfect example of this is the sell-out ‘Gabrielle Chanel. Fashion Manifesto’ exhibition at the V&A in London.

While not all brands engage across every segment shown, the virtuous circle created benefits all participants and at all levels.

There are numerous examples of the symbiotic relationship that exists between luxury and the arts. One is the long-standing relationship between jeweller Van Cleef & Arpels and ballet. When Louis Arpels met George Balanchine, co-founder of the New York City Ballet, it led to the creation of *Jewels*, a ballet choreographed by Balanchine in 1967. Inspired by this artistic collaboration, Van Cleef & Arpels designed a collection of ballet-inspired jewellery, which remains a bestselling line to this day. Building on this legacy, Van Cleef & Arpels launched *Dance Reflections*, a global contemporary dance festival. The 2022 edition in London was a collaboration with Sadler’s Wells, Tate and the Royal Ballet, and the festival is set to return in March 2025.

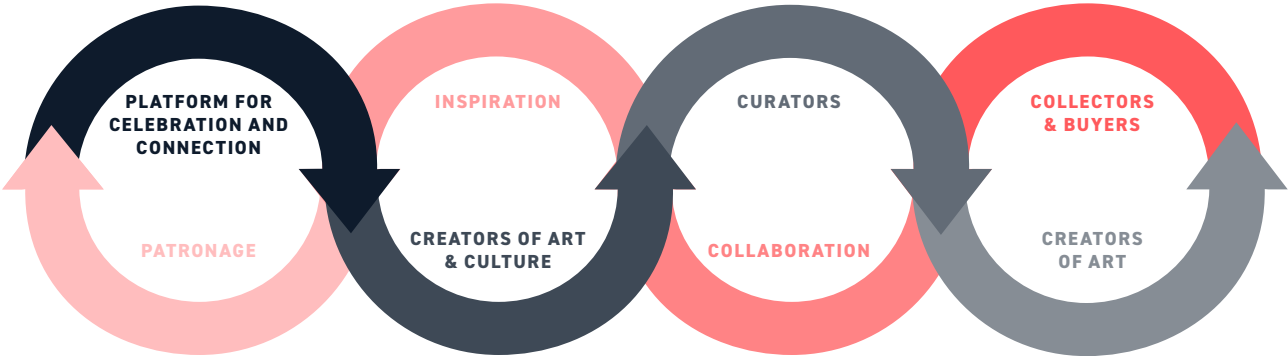


Figure 22: Through collaborations with artists and creators, luxury brands now play a role in the cultural landscape that is not only ‘active’ but also ‘generative’

Awards and residencies are becoming an increasingly prominent aspect of luxury brands' support for creativity. Rolls-Royce Motor Cars, for example, chose the potential of textiles for its 2022 Spirit of Ecstasy Challenge, part of its Muse programme, which collaborates with artists pushing technical and conceptual boundaries. Demonstrating the fluidity of the cultural landscape, Rolls-Royce invited artists, designers, architects and other creative virtuosi to reimagine the brand's iconic sculptural figurine, using textiles as the medium. The extraordinary winning pieces were showcased in a central London exhibition.

Powerful collaborations between brands and the arts can provide audiences with a deeper understanding of the brand's values and creative expression. Manolo Blahnik's collaboration with The Wallace Collection featured a showcase of Blahnik's designs and shoes alongside art from the museum's collection, as well as curated talks from a variety of design communities. The goal was to ignite a conversation about the sources



of inspiration, and, for Blahnik, The Wallace Collection had been a source of personal creative inspiration for decades. Importantly, the exhibition was free and open to everyone, not just Blahnik's existing or potential clients. Accessibility was a key priority, not an afterthought. This approach proved beneficial for all involved and The Wallace Collection experienced a 30% increase in visitor numbers, with 200,000 people attending the exhibition.

“For us it never comes from a place of commercial gain. It is a celebration of what we are all doing and producing. It is much more about our aligned values.”

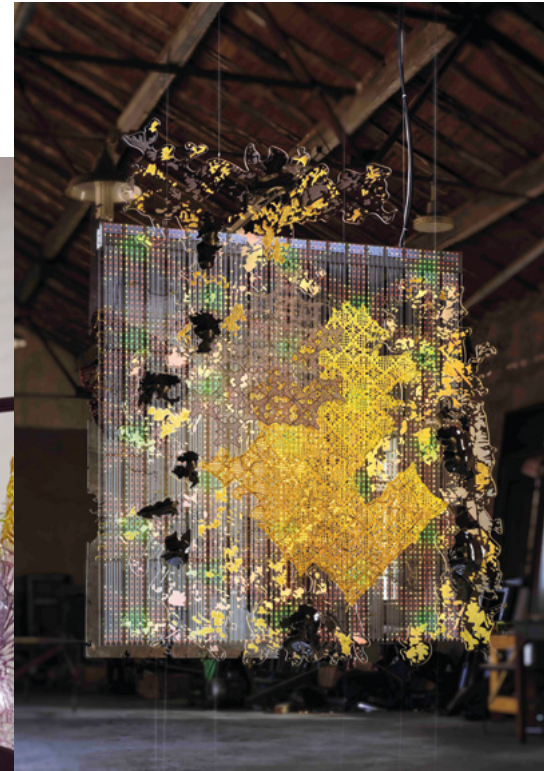
Jodie Blake, CMO, Manolo Blahnik

For further testament to this, Manolo Blahnik has just announced a new partnership with the V&A for 2025. *Marie Antoinette Style* will open in Autumn 2025 and will explore the origins and countless revivals of the style shaped by the most fashionable queen in history. The final decades of the eighteenth century have had a lasting influence on over 250 years of design, fashion, film and decorative arts. Manolo Blahnik will be the only brand sponsor of the exhibition, which will explore how and why Marie Antoinette's style, youth and notoriety has provided a constant source of inspiration.

These examples come from art and performing arts, but Figure 22, on the previous page, illustrates a broader trend across all creative sectors, where boundaries have increasingly blurred. Catwalks serve as a prime example of this shift. For more than 20 years, they have evolved from runways to performance art, a transformation often attributed to Alexander McQueen's groundbreaking use of robots to spray paint model Shalom Harlow in a white strapless dress – a quintessential display of British playful rebellion.

In recent years, this fluidity across creative sectors has become even more pronounced. Shows at London Fashion Week, for instance, have featured diverse elements such as the London Chamber Orchestra, poet Kai-Isaiah Jamal, Rambert Dance Company and The Bach Choir, reflecting the expanding interplay between fashion and other artistic disciplines. Jodie Blake, CMO at Manolo Blahnik also noted:

“Go to Fashion Week and it's a completely mixed audience. There will be amazing poets like Arch Hades and music performances or spoken word. A huge range of creative touchpoints. I think it's about designers being more open about



their inspiration and it comes out as part of the narrative.”

Jodie Blake, CMO, Manolo Blahnik

As luxury collaborations have become deeper and more multifaceted, brands have significantly broadened their audience reach. This approach has allowed them not only to maintain strong connections with existing high-net-worth individuals (HNWIs) but also enhance their relevance to younger luxury buyers and aspirational audiences. This new fluidity is reflected in buying patterns at Christie’s:

“People have started to cross the swimming lanes. One of the key trends is that a generation ago buyers used to focus on one area – for example, they would collect Monet. The new buyers and bidders are buying across markets. They might start with a luxury item and then they move to paintings.”

Anthea Peers, President, Christie’s EMEA

**Powerful collaborations
*between brands and
the arts* can provide
audiences with a deeper
understanding of the
brand’s values and
*creative expression***



V&A fashion exhibitions/Gabrielle Chanel, Fashion Manifesto © Victoria and Albert Museum
Royal Ballet and Opera/RBO Auditorium, © RBO, Photographed by Sm Canetty-Clarke

Cultural *collaborations*

1. Claridge's Royal Academy Schools Arts Prize
2. Rolls-Royce Spirit of Ecstasy Challenge
3. Gabrielle Chanel. Fashion Manifesto at the V&A
4. Belmond and Photo London at Somerset House
5. Beyond Fashion at the Saatchi Gallery
6. Gucci and Tate Modern
7. CHANEL Culture Fund and the National Portrait Gallery
8. Manolo Blahnik at The Wallace Collection
9. Louis Vuitton and Yayoi Kusama
10. Boodles and The National Gallery
11. Raffles London at The OWO
12. Frieze and dunhill
13. Brown's Hotel and Sir Paul Smith
14. Rolex and Royal Ballet and Opera
15. Christie's and artist Lakwena Maciver

Strengthening the benefits

INTENSITY OF THE EMOTIONAL ENGAGEMENT

All our expert interviews highlighted the profound impact that emotional responses have on audiences in their interactions with art and culture. As Anthea Peers from Christie's noted:

Art is about the emotional connection between viewer and object, which allows you to create a dialogue. But the extra step that unites art and luxury is that they are about the creator, a touchpoint with the creative force behind it. And there is something profound about that. It goes beyond the average purchase or experience.

Anthea Peers, President, Christie's EMEA

For many years, the marketing industry has understood that brands that evoke an emotional response from their audiences achieve far greater effectiveness than those relying solely on rational messaging. For luxury brands, the power of capturing emotions and emotional connections is at the heart of the brand experience.

Sophie Wybrew-Bond, Chief Commercial Officer at Royal Ballet and Opera (RBO), exemplifies this understanding. She shared insights on how her partners are reaping the rewards of their associations:

"Brand partners are getting two key benefits from an association with RBO. One is practical. One is emotional. The practical benefit is associated with being world class. RBO is a world class arts organisation and being top of your game in any market is disproportionately advantageous. And the arts world is no different. The other part is the emotional benefit which is associated with the emotions that our art forms provoke. And the highest quality of art provokes the highest quality engagement and emotional response."

Sophie Wybrew-Bond, Chief Commercial Officer, Royal Ballet and Opera

Research conducted by Binet and Field for the IPA (Institute of Practitioners in Advertising) using the IPA Databank has repeatedly highlighted the commercial value of emotionally focused messaging. Its work showed that brands employing emotional communications are nearly twice as likely to

Percentage of campaigns in the IPA Databank reporting very large profit growth

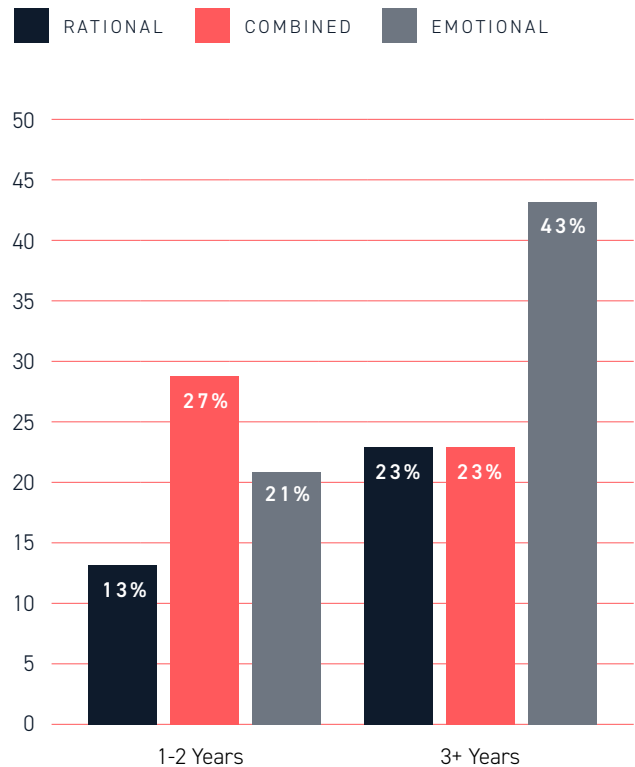


Figure 23: The longer the time frame, the more emotional messaging drives profit

Source: IPA Databank / Les Binet and Peter Field.

experience significant bottom-line return, compared to those using only rational messaging. Notably, Figure 23 illustrates that the longer emotional messaging is employed, the more significant the impact on profit. Campaigns in the IPA Databank that used emotional messaging for at least three years reported such return 43% of the time, compared to just 23% for campaigns that relied solely on rational messaging.

This long-term benefit is evident in the experiences of Royal Ballet and Opera and its partners, some of whom have been associated with the organisation for 18 years, indicating a strong return on investment (ROI).

“Our partners often have a philanthropic objective at the heart. And that philanthropic start point can have a commercial outcome for partners over the long term.”

*Sophie Wybrew-Bond, Chief Commercial Officer,
Royal Ballet and Opera*

Digging a little deeper, the neuroscience behind the effectiveness of creating emotional responses is interesting and lies in their ability to capture more of the brain's attention. As Phil Barden, Managing Director of Decode Marketing, explained:

“When we are in a state of high emotional arousal, our attention span increases, and our senses are heightened, allowing us to deeply process the stimulus that triggered this arousal.”

This deep processing of emotional stimulus happens in the brain's 'emotion centre' next to the 'memory centre'. The result is that emotionally stimulating experiences forge stronger memories. Furthermore, emotional content is more likely to be shared, a crucial factor in today's landscape of social media and the era of two-way communication with customers and their networks.

Creators themselves also speak of the fundamental need to evoke powerful emotions. Artist Yinka Ilori, who has collaborated with the V&A, commented on this and how it is part of the process of storytelling in his work:

“I'm an architect of joy. I like to create spaces where joy lives and that can be passed on.” *Yinka Ilori, Artist and Designer*

The intensity of emotion that arts and cultural experiences can evoke helps maintain customer engagement. One of the most intense emotions is awe, which not only benefits brand health but also surprisingly supports customers' well-being. Recent research by Dr Dacher Keltner in *Awe: The New Science of Everyday Wonder and How it Can Transform Your Life* (2023) indicates that awe is as essential to our wellbeing as joy, contentment and love. What an extraordinary benefit for audiences.

OPPORTUNITY FOR INNOVATION

While luxury brands continually introduce new products and collaborations, cultural institutions themselves are also evolving by developing narratives and creating new

platforms to foster and strengthen brand partnerships. It might seem that luxury brands are always setting the trends and capable of capturing the zeitgeist of emerging innovations and avant-garde creations. However, history and heritage can sit alongside these, and luxury brands are masters at navigating the two, capable of being both timeless and relevant. Sophie Wybrew-Bond of Royal Ballet and Opera commented on their own performances:

“Our productions can be historic but reimagined for today's audiences or they can be a brand-new works. But both processes require high levels of innovation, and innovation is also one of the hallmarks of luxury brands. They also need to be cutting edge to be relevant and contemporary.”

*Sophie Wybrew-Bond, Chief Commercial Officer,
Royal Ballet and Opera*

Royal Ballet and Opera has introduced a new platform called The Story Stage, designed to give audiences an inside look at the production process and the experience of being part of it. Supported by Rolex, the Insights programme offers tickets for discussions with performance creators – directors, performers and musicians – held in the Clore Studio. These sessions are filmed and shared on both Rolex and the Royal Ballet and Opera's channels. This approach, which Rolex essentially owns, represents a growing trend where brand ownership of content creates benefits for both partners. Through the Insights programme, Rolex provides audiences with a deeper understanding of the creative process, positioning itself as a key player in the cultural community.

Such innovations are made possible by advancements in digital technology, which have opened up new avenues for collaboration. For instance, Lightroom's immersive experience has introduced fresh audiences to David Hockney's work in a new way.

Several interviewees noted the need for more cultural organisations to recognise the potential of digital technology to enhance their assets and relationships with luxury brands. Sponsorships can go beyond simple branding on individual productions. Technology allows for the creation of entirely new assets, transforming these relationships from mere sponsorships into genuine partnerships.

Securing the future

Many of our industry respondents have expressed deep concern about the future of the arts, culture and grassroots creativity in London. Despite the £2bn Culture Recovery Fund introduced after Covid, the sector remains apprehensive. In response, the Mayor of London has established the city's first Culture at Risk Office to protect well-loved cultural venues and spaces. Additionally, the Creative Enterprise Zone has been created to provide support, including space and business development resources.

Nurturing creative talent is crucial for achieving world-class quality and differentiates London from many other global luxury cities.

Sophie Wybrew-Bond of the Royal Ballet and Opera emphasised this:

“We have a resident company of dancers that we have nurtured throughout their careers. We have a resident orchestra and a resident chorus. This gives us longevity with our artists, meaning we can nurture talent and take creative risks. This is part of what underpins world class status.”

Cuts in subsidies could jeopardise the ability to maintain this level of excellence. However, brands across the luxury sector are stepping up to support both established and emerging artists from diverse cultures, ensuring that they remain integral to London's cultural fabric.

We continue to have world-class creative education in London. Some of the biggest designers for the past 30 years including Alexander McQueen, John Galliano, Jimmy Choo, Stella McCartney, Christopher Kane and Phoebe Philo studied in London art and fashion schools. UAL (University of the Arts London) is central to the London offer, and since 2003 has brought together the various creative disciplines to produce a single force in creative education. Their impact is still felt globally, and they attract a huge number of international students. Nearly a third of the total creative workforce in London is international – a huge benefit that drives diversity of ideas.

Almost all – 94% – of respondents in the London Luxury Survey believed London and the UK's creative education was important to the UK luxury industry. Well over half stated it was “extremely important”, as evidenced in Figure 24.

However, in the UK, since 2010 students taking Arts subjects has dropped by 47% at GCSE level and 29% at A-level. Luxury brands and arts organisations who need innovation and creative talent to thrive should be alarmed as these students are much less likely to be open to a career in our great industry.

Q: How important is the quality and breadth of London and the UK's creative education for luxury brands in the UK?

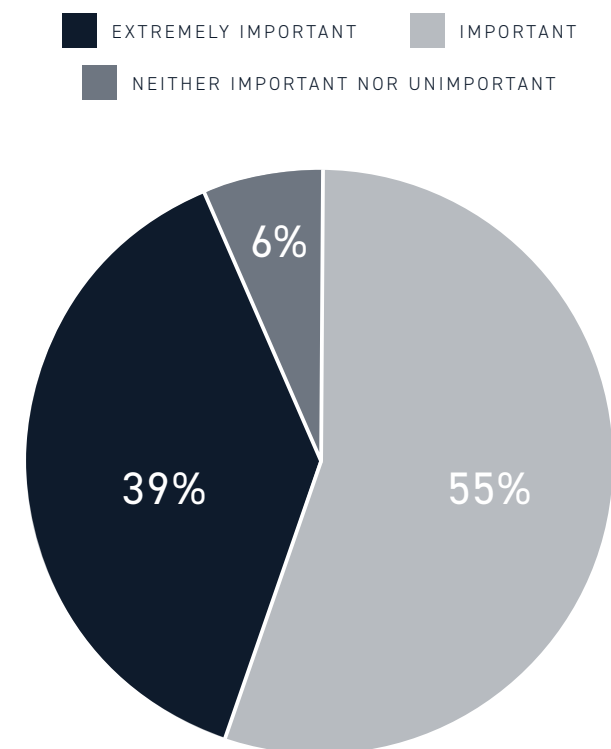


Figure 24: Relative importance of the UK's creative education for luxury brands

Source: London Luxury Survey 2024



INVESTMENT IN CULTURE

Despite clear challenges around arts funding and education at government level, luxury businesses are stepping further than ever into this sphere.

The most influential luxury brands today are not only timeless but those that embody the zeitgeist, community and culture – brands with a deep cultural presence. As suggested in Figure 22 earlier, this involves making a cultural impact that extends beyond the creative value of products and experiences. It requires transitioning from merely supporting the arts to actively engaging in and shaping the cultural landscape, and a number of luxury businesses have initiatives that are putting this front and centre.

For example, Cadogan Estates has just completed a £235mn investment in culture and creativity in London's King's Road. Chelsea has always been home to artists and the new community-led space, The Gaumont includes cinema, flagship retail, office and residential accommodation, as well as an extraordinary art installation by renowned London-based artist Shezad Dawood.

However, following a community consultation, which highlighted the resounding call for more independent outlets and spaces focused on the arts, music and literature, a cluster of small spaces in The Gaumont will be home to independent, emerging creatives to strengthen and encourage King's Road position at the epicentre of London's art, fashion, design and music scene.

In the UK, Belmond has chosen photography as its focus, specifically contemporary travel photography, aligning beautifully with the brand. Last year Belmond launched its association with Photo London, at Somerset House, as Presenting Partner. This year it not only renewed the association but also launched a photographic residency. It wants to challenge the norms of travel photography and breathe new life into an art form that has become familiar and expected, and awarding only those designs that are "intensely original". Judged by an international jury, the award will seek to inspire and encourage a new generation of artists and visionaries in this space. Arnaud Champenois, Senior Vice President - Global Brand & Marketing, Belmond commented on why the project works so well for the brand and how he would like to see the art form develop.

"This year Belmond was the lead sponsor of Photo London at Somerset House, which embodied our commitment to contemporary travel photography.

Taking over the Portico Rooms, the exhibition comprised of a selection of works from our ongoing campaign, 'Belmond Legends', where we invite contemporary photographers from all around the world to shoot our iconic properties and present them with a new lens. Through 'Belmond Legends' we use the artistic expression photography to convey the timeless stories and vibrant history of our portfolio, where we delve deeper into the spirit of each destination, in a new way."

Arnaud Champenois, Senior Vice President - Global Brand & Marketing, Belmond



London has proven itself time and time again to be one of the *most resilient of all luxury hubs*. One of the core pillars of this is its *global dominance* in world-class art and culture



The Chanel Culture Fund is a global initiative that champions equality of voice and gives visibility to global gamechangers at a time when the arts provide a vital source of inspiration and shifting perspectives on the way we view the world. Chanel has also committed to a series of long-term partnerships with leading cultural institutions around the world to create new programmes that will support innovation in creative and cultural thinking.

In London, Chanel recently launched its partnership with the National Portrait Gallery via *Reframing Narratives: Women in Portraiture*, a three-year initiative aimed at improving the representation of women in its collection.

This project seeks to highlight the often-overlooked contributions of women who have shaped British history and culture. Led by Chanel Curator Dr Flavia Frigeri, the project will research existing works, acquire new portraits and commission pieces of contemporary trailblazing women. The project also aims to challenge traditional views of women's careers and

contributions, examining factors such as class, race, gender and sexuality. Iconic women including artists, activists and pioneers from various fields, will be featured. Additionally, the role of women photographers and women's contributions during the world wars will be explored.

London has proven itself time and time again to be one of the most resilient of all luxury hubs. One of the core pillars of this is its global dominance in world-class art and culture. While many brands are already investing across the industry, we could be mindful of the quote from Harvard Business Review's Amy Bernstein below and ask ourselves "What more can we do?"

"It's not czars or colonial overlords or other single leaders who get to decide what any city will symbolise from one decade (or century) to the next. It's the people who still flock to them in search of one thing: the opportunity to create their own individual and collective futures."

Amy Bernstein, Harvard Business Review



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Building
future success

Building *future success*

London's enduring appeal is based on an exceptionally broad range of factors, encompassed by the different sections of this report. This appeal to consumers, brands and investors alike is strong and enduring despite a challenging macroeconomic landscape. However, there are several policy changes that could serve to improve trading conditions, supercharge the UK's appeal to international customers and deliver growth that will benefit the UK as a whole.

ECONOMIC AND POLITICAL LANDSCAPE

At its most fundamental level, the appeal of London and the UK is based on a strong commitment to the rule of law, political stability and ease of doing business. While there have been challenging headwinds for the UK, it remains a beacon of stability in an era of geopolitical uncertainty. It is essential that policymakers recognise the fundamental importance to investors and businesses of this stability. Commitments such as the Government's mooted cap on corporation tax positively impact this environment.

VALUE OF TOURISM

Tourism and high-spending visitors are central to the luxury business model. According to Bain & Company, pre-Covid around 50% of sales were made while customers were travelling.

While the UK faces specific challenges in attracting high-spending international visitors, the lack of a holistic high-value tourism strategy means that the UK is failing to compete effectively for these visitors. Given that Italy and

numerous other countries already have a strategy in place, the UK risks wasting the opportunity to drive growth by not putting one in place.

Walpole's own research has shown that high-end visitors spend 14 times more than the average, and that for every £1 spent by those staying in high-end accommodation £8 of value is generated in other industries such as culture, entertainment and retail.

One key deterrent for international visitors is the loss of Tax-Free Shopping, following the UK's departure from the European Union. This is a drag on London's and the UK's economic performance. While London is the shop window, the supply chain for London's shopping districts spans the length and breadth of the country.

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 that in turn supply that mill.

Beyond this, the uncompetitive nature of the UK's visa regime in comparison to Schengen, a lack of joined-up strategy in promoting London and the UK overseas, and a failure to tackle perceptions among tourists about crime and safety all combine to leave potential opportunities for growth unrealised.



The UK remains a beacon of stability in an era of geopolitical uncertainty. It is essential that policymakers recognise the fundamental importance to investors and businesses of this stability

ACCESS TO TALENT AND TRAINING IN CREATIVE ARTS

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 craftsmanship, skill and service that defines luxury. London is a hub for luxury employment and as such enjoys substantial pools of talent for businesses to draw on. Continued Government investment in the institutions that deliver this talent, from art and design schools to

skill-specific training providers, is essential to ensuring the continued success of London as a destination to grow a luxury business.

Likewise, numerous respondents have discussed the importance of creative education more broadly. Given the scale and growth potential of the UK creative industries, including luxury, the benefits of investment in teaching creative skills in schools cannot be understated.

About Walpole

Walpole is the sector body for the British luxury industry which is worth £81bn to the UK economy, supports over 450,000 jobs and contributes 3.7% of the UK's GDP. A not-for-profit organisation, Walpole speaks on behalf of more than 250 of Britain's finest brands including Alexander McQueen, Aston Martin, Burberry, Claridge's, Fortnum & Mason, Glenfiddich, Harrods, Rolls-Royce Motor Cars and Wedgwood, and is recognised in both Westminster and Brussels.

With a mission to promote, protect and develop the business of luxury in the UK, Walpole brings its members together to collaborate and connect. Key events include the annual Walpole 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 Bremont, Emilia Wickstead, Nyetimber and Orlebar Brown – 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

About Cadogan

Cadogan's association with Chelsea began over 300 years ago. Since that time, the family and place have grown together – evolving the Cadogan Estate into one of London's most characterful and distinctive neighbourhoods, comprising 93 acres of Chelsea stretching northwards to Knightsbridge along Sloane Street and south through Sloane Square and along the King's Road.

Cadogan is a family business, property manager, investor and developer and this significant history shapes their values and purpose today. A commitment to invest in the long-term success of Chelsea means that the community lies at the heart of their strategy, influencing investments and initiatives to enrich the area's unique character, while safeguarding its future vibrancy.

cadogan.co.uk

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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 past 20 years Cassidy has run an international consultancy that works across marketing effectiveness, brand reputation, media sales and commercial development. Among her clients are Financial Times, Channel 4, London Business School, Harrods, RBS, Honda, the IPA (Institute of Practitioners in Advertising) and LinkedIn. She researched and authored the first *The State of London Luxury Report* in 2023, and *The New State of Luxury* for the FT and the IPA. Cassidy has been a visiting fellow for several UK universities and is also an advisor and honorary fellow of The Marketing Society.

Will Goodhand is CEO of Insight Team Ltd, the strategic insight and research consultancy. Formerly Head of Brand & Communications Research on the board of Kantar TNS, Goodhand consults to the world's leading luxury and destination brands. He regularly speaks at global marketing and insight conferences and he mentors start-up businesses.

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