

# MARKETBEATS



**6.7%**  
RENT GROWTH  
SHINJUKU (YoY)

**0.0%**  
RENT GROWTH  
GINZA (YoY)

**0.9%**  
RETAIL SALES GROWTH  
(Winter, YoY)

WHAT'S  
NEXT

## HIGHLIGHTS

### China's New E-commerce Law in force

Retail sales of Winter 2019 shows a 0.9% year-on-year growth, underpinned by the drugs and toiletries category, which grew a robust 2.3% y-o-y. On the other hand, the new Chinese E-commerce Law, that took effect on January 2019, imposes a stronger regulation on the domestic resale of commodities purchased overseas, which would likely impact Chinese tourists' inbound spending in Japan.

### Law change has not impacted on high streets

A historical high of 2.6 million visitors visited Japan in February, the month of the Chinese New Year. Nevertheless, department stores relying heavily on Chinese spending have reported sales dipping due to the new law. While the impact on main streets is observed to be limited at the moment, the market will watch closely the effects on inbound demand, especially drug stores, which have drove rental growth of main street stores.

### Stronger presence of alternative retailers

While no significant change in rent is observed this quarter, retailers, other than those in merchandise and fashion, have remained active. Starbucks Reserve Roastery Tokyo, the company's fifth and biggest outlet of its kind, has opened in Nakameguro, an area famous for cherry blossoms. Long lines forming everyday and extensive media coverage proves its success. Samsung opened Galaxy, a VR experience store in Harajuku where FOREVER 21 was originally located. With men's fashion on an uptrend, Isetan and Hankyu have revamped their men's stores in Shinjuku and Yurakucho respectively to reflect a new approach in menswear that recognizes diverse lifestyles.

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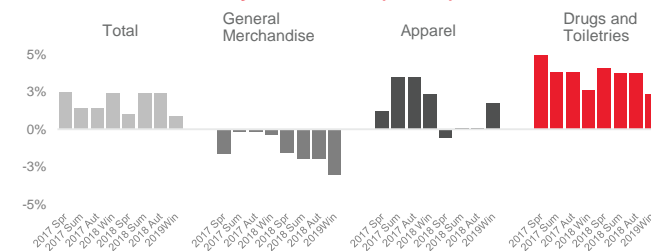
DATA  
INTO  
ACTION

### Economic Indicators (Japan)

	Q3 18	Q4 18	12 Months Forecast
Real GDP Growth	-2.4%	1.9%	—
Core CPI Growth	1.0%	0.7%	—
Unemployment	2.3%	2.4%	—

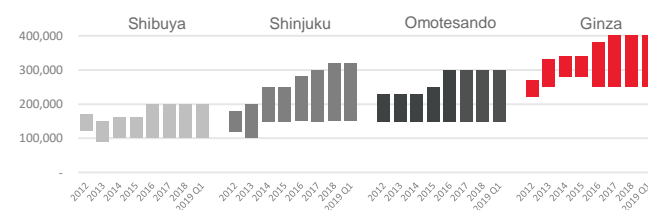
Source: Cabinet Office, Statistics Bureau. GDP growth is annualized based on the real seasonally-adjusted quarterly figure & Core CPI is YoY figure, seasonally-adjusted.

### Retail Sales by Sector (YoY)



Source: Ministry of Economy, Trade and Industry

### Retail Rent by Submarket



Source: Cushman & Wakefield Research



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## Top Prime Rental Rates

SUBMARKET	JPY/TSUBO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	400,000	1,216.79	0%	▬
Shinjuku	320,000	973.43	6.7%	▲
Omotesando	300,000	912.59	0%	▬
Shibuya	200,000	608.40	0%	▲

USD/JPY = 110.86

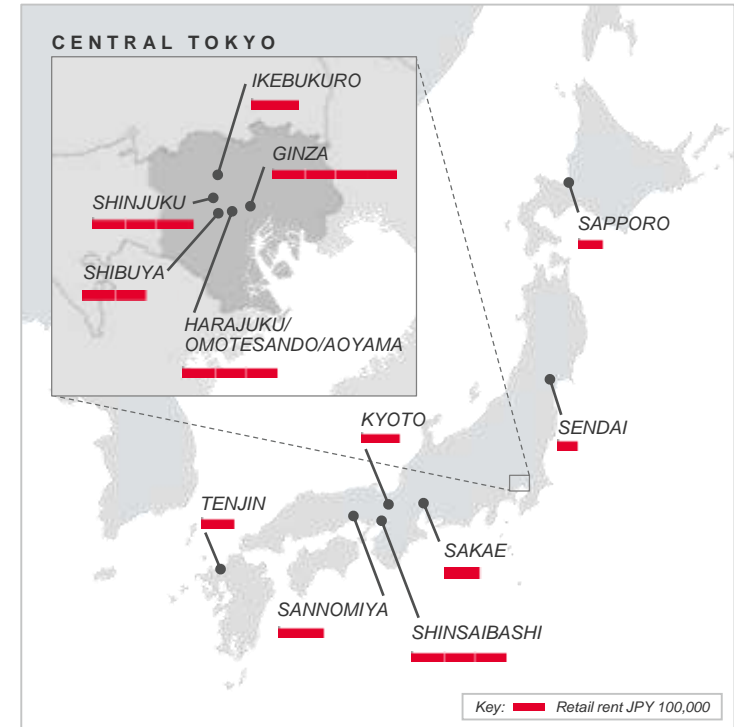
## Major New Retail Facilities

FACILITY	OPEN	SUBMARKET	RETAIL AREA	
			SQ.M.	SF
ISETAN MEN'S Renewal	March	Shinjuku	Approx. 9,900	106,563
HANKYU MEN'S TOKYO Renewal	March	Yurakuchō	Approx. 11,000	118,403
Kinshicho PARCO	March	Kinshicho	22,900	246,493

## New Openings

RETAILER	OPEN	SUBMARKET	PROPERTY
Seiko Premium Boutique Ginza	February	Ginza	Ginza Rotary Building
Starbucks Reserve Roastery Tokyo	February	Nakameguro	—
Galaxy Harajuku	March	Harajuku	—
GU	March	Shibuya	—

## Major Retail Submarkets



DATA INTO ACTION

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Starbucks Reserve Roastery Tokyo, Nakameguro



Galaxy Harajuku, Harajuku



GU Shibuya, Shibuya



Source: Cushman & Wakefield Research