

MARKETBEATS



0.0%
RENT GROWTH
SHINJUKU (YoY)

0.0%
RENT GROWTH
GINZA (YoY)

0.9%
RETAIL SALES GROWTH
(Winter, YoY)

WHAT'S
NEXT

HIGHLIGHTS

Continuous Retail Sales Growth

Retail sales growth remained sustained, growing 0.9% year-on-year in the Spring of 2019. While the pace of increase slowed in April, the 10-day Golden Week holidays to celebrate Emperor Naruhito's enthronement boosted consumer demand and accelerated retail sales. We anticipate growth to remain robust in the following quarter with the government widely expected to go-ahead with the consumption tax hike in October.

Agglomeration of lifestyle brands in Ginza

"MUJI Ginza", the global flagship store of MUJI, opened in early April. With a total of 10 floors and a basement, it boasts the largest MUJI store in the world, occupying around 4,000 sq.m. with "food" as the main theme. Situated above is "MUJI HOTEL", the third lifestyle hotel of the group after those in Shenzhen and Beijing. In the same quarter, Ginza LOFT reopened after expanding 1.4 times its retail area. It now includes a cafeteria and six floors filled with lifestyle products. We anticipate more lifestyle brands to open in the Ginza 2-chome and 3-chome areas in the near future.

Foreign fast-fashion brands revising store plans

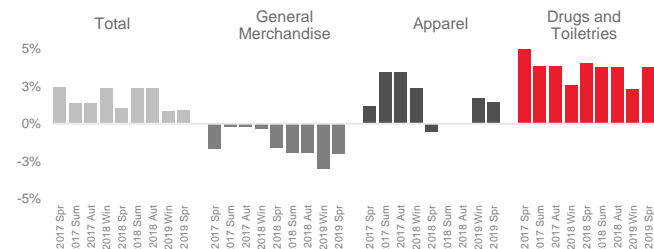
While domestic retailers adopting the SPA model continue their expansion, foreign fast-fashion brands are revising their store growth plans. GAP Harajuku closed in May while Aoyama Trading is considering transferring their franchise of American Eagle Outfitters. While the change is partly due to these brands' evolving global strategies, more significantly, maintaining profitability while located on high streets with premium rents remains a challenge. We expect tenant mix along high streets to change as retailers of other sectors are entering.

Economic Indicators (Japan)

	Q4 18	Q1 19	12 Months Forecast
Real GDP Growth	1.8%	2.2%	—
Core CPI Growth	0.7%	0.8%	—
Unemployment	2.4%	2.5%	—

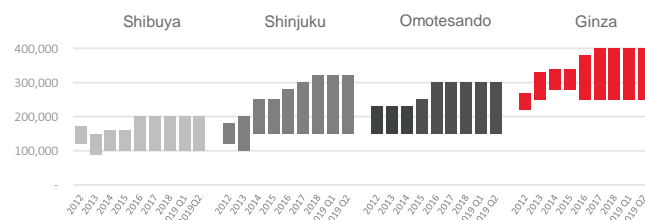
Source: Cabinet Office, Statistics Bureau. GDP growth is annualized based on the real seasonally-adjusted quarterly figure & Core CPI is YoY figure, seasonally-adjusted.

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/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	400,000	1,249.89	0%	▬
Shinjuku	320,000	999.91	0%	▬
Omotesando	300,000	937.41	0%	▬
Shibuya	200,000	624.94	0%	▲

USD/JPY = 107.93

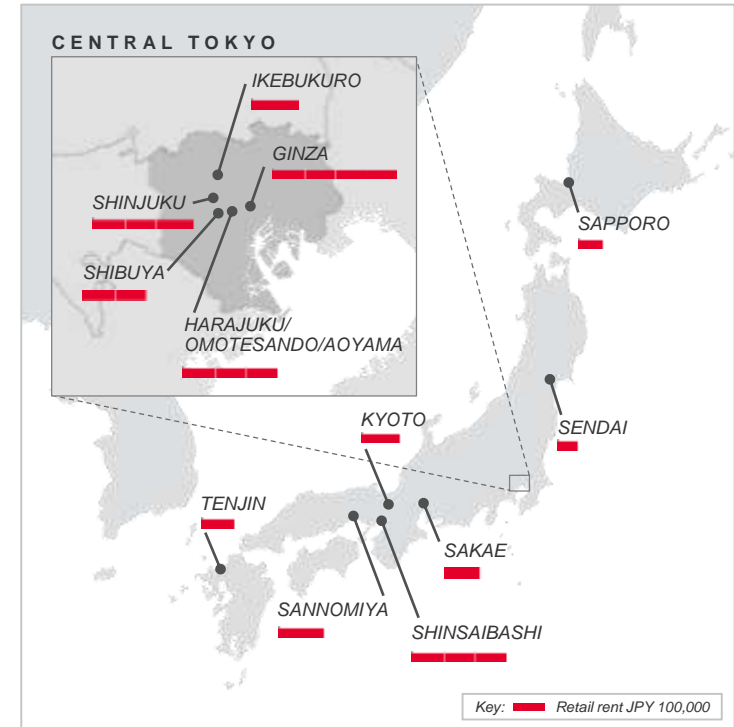
Major New Retail Facilities

FACILITY	OPEN	SUBMARKET	RETAIL AREA	
			SQ.M.	SF
PARCO CITY	June	Okinawa	Approx. 60,000	645,843
OITA OPA	June	Oita	Approx. 4,000	43,056

New Openings

RETAILER	OPEN	SUBMARKET	PROPERTY
MUJI Ginza	April	Ginza	—
Tiffany @ Cat Street	April	Harajuku	—
MARNI	April	Omotesando	Omotesando Hills West Wing
LUSH Shinjuku	June	Shinjuku	—

Major Retail Submarkets



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MUJI Ginza, Ginza



Tiffany @ Cat Street, Harajuku



LUSH Shinjuku, Shinjuku



Source: Cushman & Wakefield Research