

MARKETBEATS



6.7%
RENT GROWTH
SHINJUKU (YoY)

0.0%
RENT GROWTH
GINZA (YoY)

2.5%
RETAIL SALES
GROWTH (YoY)

WHAT'S
NEXT

HIGHLIGHTS

Sustained growth of cosmetics/pharmaceutical retail sales

Japan's overall retail sales in the third quarter of 2018 increased 2.5% year-on-year, on the back of Fuel (13.2%) and Food & Beverages (2.3%). This is largely attributed to higher prices for petroleum and vegetables due to unfavorable weather. Demand for drugs and cosmetics remained steady while clothing items continued to be sluggish.

Year-end last-minute battle for shoppers before tax increase

The last year-end sales prior to the consumption tax increase, along with the number of foreign visitors, that previously dipped due to the natural disasters right before the Chinese National Day holidays, is recovering with strong momentum in the fourth quarter of 2018. With the highest number of winter bonus recorded, retailers including department stores weighed in on the year-end battle for consumers, particularly as this is also the last year-end prior to the consumption tax hike from 8% into 10%. This very reason also prompted retailers to continue opening up new stores.

Osaka to host 2025 World Expo

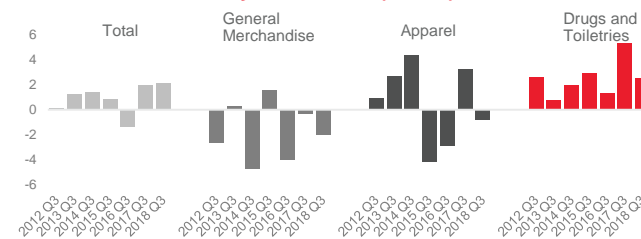
Osaka has been chosen to host the World Expo in 2025, which will mark 55 years since the last one. There has been a positive reception throughout the nation as the city will hold another milestone event after the 2020 Tokyo Olympics. The number of foreign visitors, which surpassed 30 million, is expected to grow further with this development. Retailers have already shown huge interest in the market, which is expected to deepen the current external demand-led high streets. The discussion for an Integrated Resort will gain momentum in conjunction with this new initiative.

Economic Indicators (Japan)

	Q2 18	Q3 18	12 Months Forecast
Real GDP Growth	2.8%	-2.5%	▲
Core CPI Growth	0.8%	1.0%	▲
Unemployment	2.4%	2.3%	■

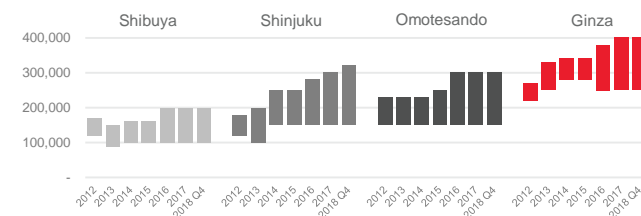
Source: Cabinet Office, Statistics Bureau. GDP growth is annualized based on the real seasonally-adjusted quarterly figure & Core CPI is YoY figure, seasonally-adjusted.

Retail Sales by Sector (YoY)



Source: Ministry of Economy, Trade and Industry

Retail Rent by Submarket



Source: Cushman & Wakefield Research

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Research Publication

DATA
INTO
ACTION



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DATA INTO ACTION

Top Prime Rental Rates

SUBMARKET	JPY/TSUBO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	400,000	1,223.26	0%	▬
Shinjuku	320,000	978.61	6.7%	▲
Omotesando	300,000	917.45	0%	▬
Shibuya	200,000	611.63	0%	▲

USD/JPY = 110.28

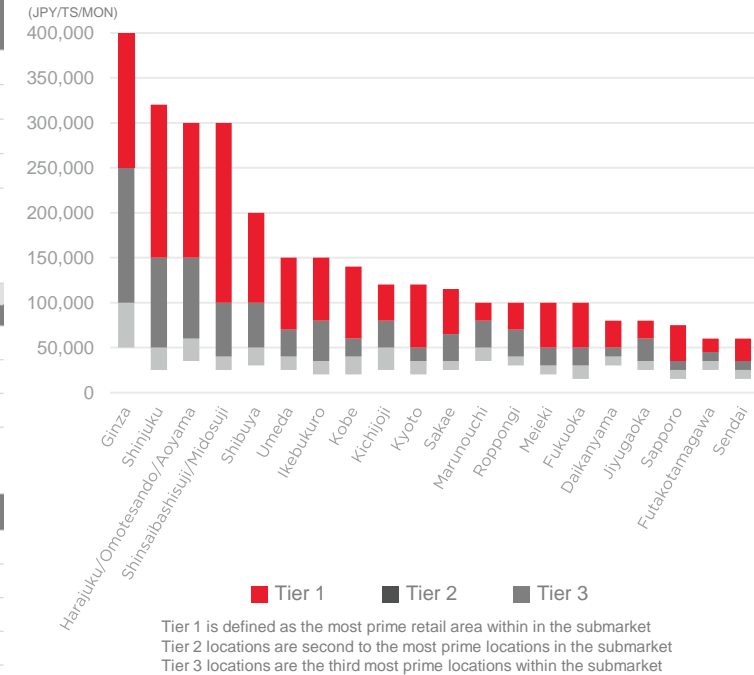
Major New Retail Facilities

FACILITY	OPEN	SUBMARKET	RETAIL AREA SM	SF
HULIC SQUARE TOKYO	October	Ginza	15,782	169,876
SHARE GREEN MINAMIAOYAMA	October	Aoyama	About 10,000	107,639
Nijubashi Square	November	Marunouchi	2,700	29,063

New Openings

RETAILER	OPEN	SUBMARKET	PROPERTY
Palace Skateboards	November	Omotesando	J5 Bldg
BOTTEGA VENETA	December	Ginza	Ginza Maronie Bldg
Charles & Keith	December	Shibuya	Imamura Bldg
Tory Burch	December	Ginza	Fuji Konishi Bldg
KAKAO FRIENDS (2 stores)	December	Omotesando	Jinsho Bldg, b-town

Major Retail Submarkets in Japan



KAKAO FRIENDS, Omotesando



Tory Burch, Ginza



BOTTEGA VENETA, Ginza



Palace Skateboards, Omotesando



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