

YoY Chg 12-Mo. Forecast

-20.0% (YoY)
Rent Growth Shinsaibashi

0.0% (YoY)
Rent Growth Ginza

-0.24% (Spr., YoY)
Retail Sales Growth

JAPAN ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

1.9%
Real GDP Growth

-0.5%
Core CPI Growth

2.9%
Unemployment

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 Endure Negative Growth in Wake of Last Year's Demand Surges

Overall retail sales (preliminary figures included) for the June - August period fell 0.24% y-o-y to JPY37.45 trillion. August was the first month of decline in six months. Home viewing of the Olympic Games, beginning July 23, prompted greater demand for eating-in and grocery shopping, lifting supermarket and convenience store sales. However, against a backdrop of rising global food commodity prices, food-related product sales are weakening in response to widespread price rises. Consumer electronics retailers and home centers have also seen sales tumble following last year's spike in demand for furniture and home appliances, experiencing negative growth for three and four consecutive months, respectively.

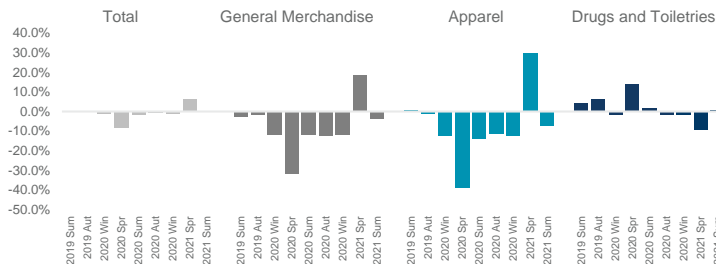
Retail Stores Shifting from Goods to Experiences

Mall operators and department stores are increasingly introducing experience-based offerings, including Showrooming and Online Merge Offline (OMO) concepts, predominantly with Direct to Consumer (D2C) brands. Marui Co. is growing its Showrooming presence and is currently developing Mercari Station, Concept Shoppes, and Shibuya Base. Among major department stores, Seibu Shibuya opened Choose Base Shibuya in the period, with around 700 sq m across four areas including an exhibition room and a café, on the first floor of the carpark tower. Daimaru Tokyo opened a D2C brand showroom in a corner of the women's wear section. With b8ta, a pioneer in this category, planning a new store in Shibuya, and Showfields, in which Sojitz has invested, planning to expand into Japan, physical stores are set to be redefined.

Luxury Watch Market Strengthens

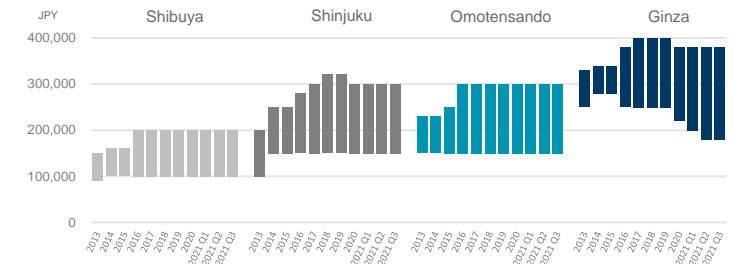
Demand for high-end watches retailing for more than JPY1 million has been rising, as the wealthy continue to drive luxury spending. The prolonged state of emergency has channeled more disposable income into luxury goods, while stable prices of parallel imported watches has also prompted investment purchases. In particular, demand for Rolex timepieces is at a high level due to their brand reputation, functionality, and retained value. Parallel import prices have increased during the year in response to limited supply. Overall, the luxury watch sector continues to strengthen, in response to the change in money flow and its high attractiveness as an investment area. Responding to this trend, more luxury watch retailers are now considering new high-street store openings.

RETAIL SALES BY SECTOR (YoY)



Source: Ministry of Economy, Trade and Industry

PRIME RETAIL RENT BY SUBMARKET



Source: Cushman & Wakefield Research

RALPH LAUREN (Ginza)



MONCLER (Roppongi)



LINA STORES (Omotesando)



CHOOSEBASE SHIBUYA (Shibuya)



Source: Cushman & Wakefield Research

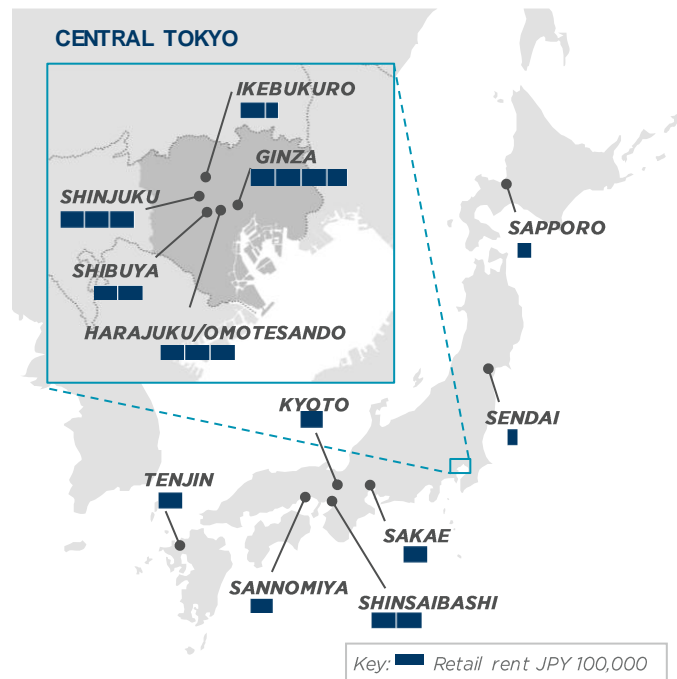
TOP PRIME RENTAL RATES

SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	380,000	1,145.02	0.0%	▲
Shinjuku	300,000	903.96	0.0%	■
Omotesando	300,000	903.96	0.0%	▲
Shibuya	200,000	602.64	0.0%	■

USD/JPY = 111.92

NEW OPENINGS

FACILITY	OPEN	SUBMARKET
RALPH LAUREN	July	Ginza
MONCLER	July	Roppongi
STUSSY	July	Shibuya
GONTRAN CHERRIER	July	Omotesando
LINA STORES	July	Omotesando
CHOOSEBASE SHIBUYA	September	Shibuya
THE TOKYO	September	Marunouchi



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