

MARKETBEAT



0.0%

RENT GROWTH
SHINJUKU (YoY)

0.0%

RENT GROWTH
GINZA (YoY)

0.1%

RETAIL SALES GROWTH
(SUMMER, YOY)WHAT'S
NEXT

HIGHLIGHTS

Retail sales edged up on last-minute demand

Retail sales in the Summer grew 0.1% year-on-year in 2019. Last-minute demand before the consumption tax hike from 8% to 10% on 1 October sustained growth, despite the hit to apparel and F&B sales from the cool and rainy summer this year. Major department stores have reported seeing sales surging in September.

Retailers roll out more experiential offerings

Physical retail stores continue to evolve. The renovated "Tokyu Hands Ikebukuro" and "Eslite Spectrum Nihonbashi" opened in September illustrated how stores, which as a place for communal and experiential activities, can also drive customer loyalty. Utilizing the same concept, Apple has secured space for hands-on sessions (the Forum) and meetings with app developers (the Boardroom) in Apple Marunouchi, the largest Apple Store in Japan which opened in September. These immersive in-store experiences have been replicated at their new or renovated/ relocated stores in Shinjuku, Kyoto, Shibuya and Tenjin. With Apple's significant expansion plans in Japan, their retail spaces have increased by over 50% in 18 months with one more scheduled before the end of the year.

Cashless payments inspires unmanned stores

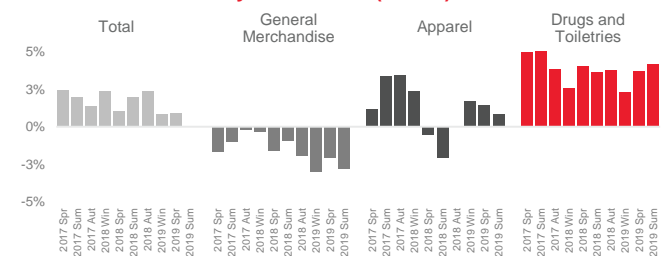
The Government of Japan launched cashless points rebates after the tax hike to alleviate the increase and promote electronic payments. With a move to cashless society, self-service stores are on the rise. JR East Japan opened an unmanned convenience store, while NTT Data also started a staff-less store experiment in Roppongi. Meanwhile, Fabric Tokyo, an online apparel brand, revealed plans for an unstaffed made-to-order jeans store. Other operators are also jumping on the bandwagon to reduce labor costs.

Economic Indicators (Japan)

	Q1 19	Q2 19	12 Months Forecast
Real GDP Growth	2.2%	1.3%	—
Core CPI Growth	0.8%	0.6%	—
Unemployment	2.5%	2.3%	—

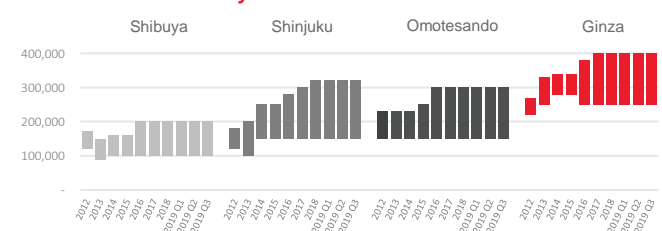
Source: Cabinet Office, Statistics Bureau. GDP growth is annualized based on the real seasonally-adjusted quarterly figure & Core CPI is YoY figure, seasonally-adjusted.

Retail Sales by Sector (YoY)



Source: Ministry of Economy, Trade and Industry

Retail Rent by Submarket



Source: Cushman & Wakefield Research

Isao Suga
Head of Retail Services
+81 3 3596 7033
isao.suga@cushwake.com

Hideaki Suzuki, PhD
Head of Research & Consulting
+81 3 3596 7804
hideaki.suzuki@cushwake.com

Top Prime Rental Rates

SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	400,000	1,247.73	0%	■
Shinjuku	320,000	998.19	0%	■
Omotesando	300,000	935.80	0%	▲
Shibuya	200,000	623.87	0%	▲

USD/JPY = 108.11

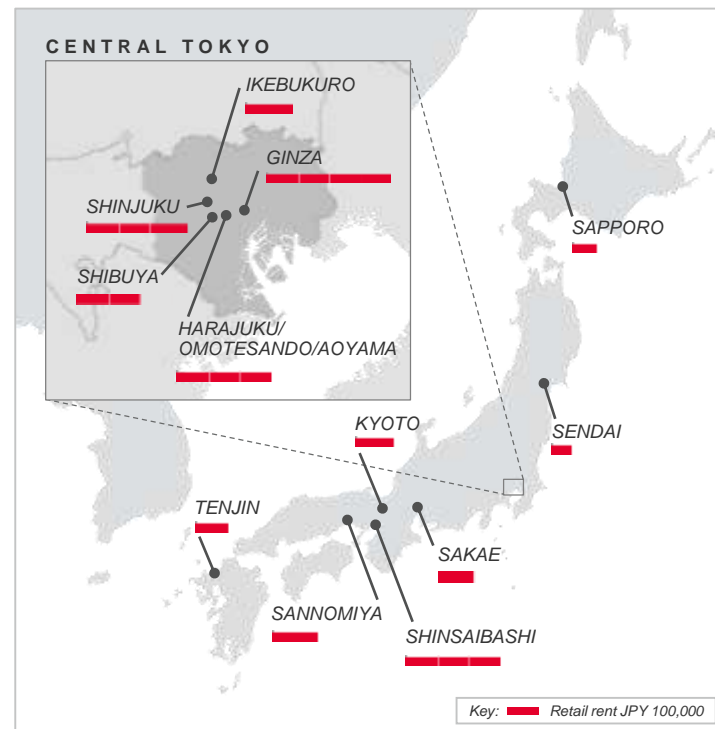
Major New Retail Facilities

FACILITY	OPEN	SUBMARKET	RETAIL AREA	
			SQ.M.	SF
Q Plaza Ikebukuro	July	Ikebukuro	16,577	178,433
COREDO Muromachi Terrace	September	Nihonbashi	Approx. 6,000	64,583
Daimaru Shinsaibashi	September	Shinsaibashi	Approx. 40,000	430,556

New Openings

RETAILER / SHOP	OPEN	SUBMARKET
L'OCCITANE Omotesando Voyage Sensoriel	July	Omotesando
Longchamp La Maison Ginza	July	Ginza
Apple Marunouchi	September	Marunouchi
UNDER ARMOUR Brand House Shinjuku	September	Shinjuku

Major Retail Submarkets



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Q Plaza Ikebukuro, Ikebukuro



L'OCCITANE, Omotesando



Longchamp, Ginza



Apple Store, Marunouchi



Source: Cushman & Wakefield Research