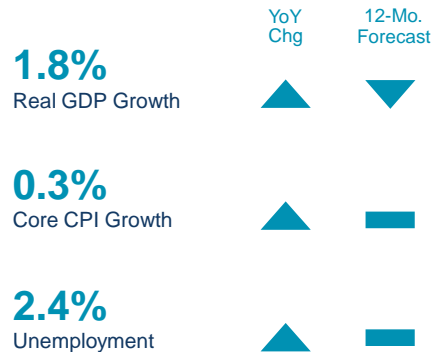
JAPAN ECONOMIC INDICATORS
Q3 2019

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 Slip From Consumption Tax Hike and Natural Disasters

Overall retail sales slipped by 0.1% year-on-year in the autumn of 2019, ending 11 consecutive seasons of growth. In September, sales in all retail sectors expanded due to a pre-tax hike surge in demand. However, in October, post-tax hike, overall retail sales dropped 7.0%, and sales at department stores, hit by temporary closures during typhoons and rainstorms, went down by 17.3%. This is a steeper decline than after the last tax hike of 2014. The national government has launched a reduced tax rate system and cashless points rebate to alleviate negative impact, awarding more than 78 billion yen in two months, but with limited effect, as only smaller stores are qualified for the program.

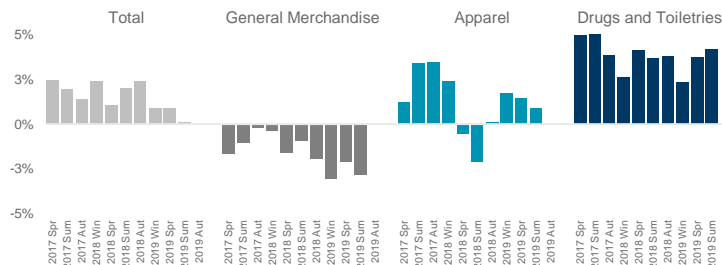
Shibuya Evolving From a Youth Town to a Pop-Culture Hub Enjoyed by All Ages

"Shibuya Scramble Square," above Shibuya station, opened in November following a five-year construction period. The 16-floor retail complex includes luxury brands, specialty shops and F&B stores entering Japan for the first time, and features an attention-grabbing rooftop observation deck. Tokyu Plaza, within Shibuya Fukuras, opened in December, targeting the mature market, and with other new facilities, the Shibuya station area is developing into a shopping hub for all ages. In contrast, Dogenzaka area targets to become the center of new youth culture. Following Shibuya 109's renewal after renovation in the Spring, Shibuya Parco also reopened in November after redevelopment, attracting younger customers to its pop culture stores such as Nintendo TOKYO and Pokemon Center. Shibuya evolution will continue with a retail and accommodation complex opening in Miyashita Park in the 2020 Olympic Year.

Inbound Spending Hits Record High Despite Sluggish Visitor Growth

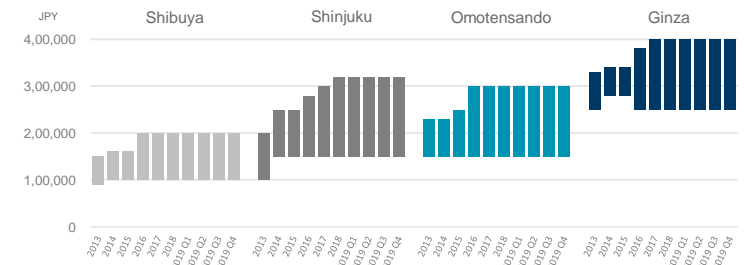
Inbound visitor numbers dropped year-on-year in October and November of 2019, primarily due to a fall in Korean visitors under current Japan-Korea tensions. Growth rate of visitors from other major countries/regions also slowed. However, with greater numbers of long-haul visitors for the Rugby World Cup and Chinese visitors, inbound spending hit a record high in Q3, up 9.0% year-on-year. With the first Integrated Resorts coming to Japan and development of the luxury tourism sector, the industry is expecting further growth in inbound spending.

RETAIL SALES BY SECTOR (YoY)



Source: Ministry of Economy, Trade and Industry

RETAIL RENT BY SUBMARKET



Source: Cushman & Wakefield Research



Shibuya PARCO, Shibuya



Burberry Ginza, Ginza



Kiehl's Tokyo Flagship Store, Shibuya



anello Tokyo, Harajuku



Source: Cushman & Wakefield Research

TOP PRIME RENTAL RATES

SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	400,000	1,241.22	0%	■
Shinjuku	320,000	992.97	0%	■
Omotesando	300,000	930.91	0%	■
Shibuya	200,000	620.61	0%	▲

USD/JPY = 108.68

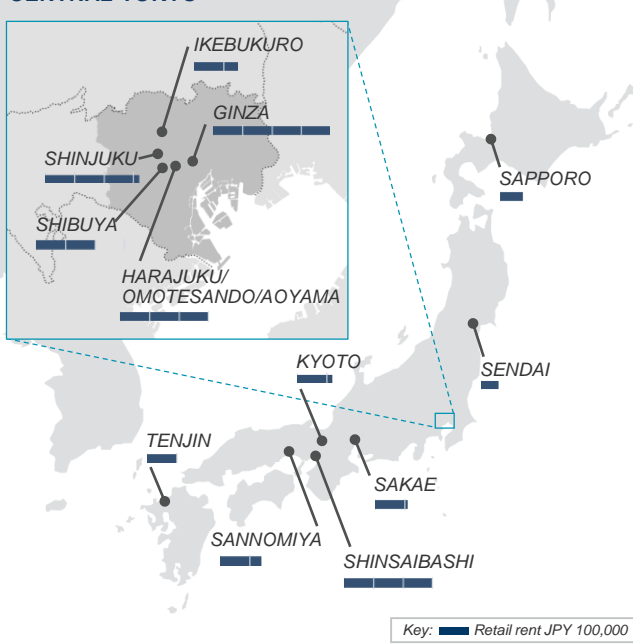
MAJOR NEW RETAIL FACILITIES

FACILITY	OPEN	SUBMARKET	RETAIL AREA	
			SQ.M.	SF
Shibuya Scramble Square	November	Shibuya	Approx. 32,000	344,445
Shibuya PARCO	November	Shibuya	Approx. 42,000	452,084
Minami-machida Grandberry Park	November	Machida	Approx. 53,000	570,487

NEW OPENINGS

RETAILER / SHOP	OPEN	SUBMARKET
Burberry Ginza	November	Ginza
Kiehl's Tokyo Flagship Store	November	Shibuya
Mikimoto Osaka Shinsaibashi	November	Shinsaibashi
anello Tokyo	December	Harajuku

CENTRAL TOKYO



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