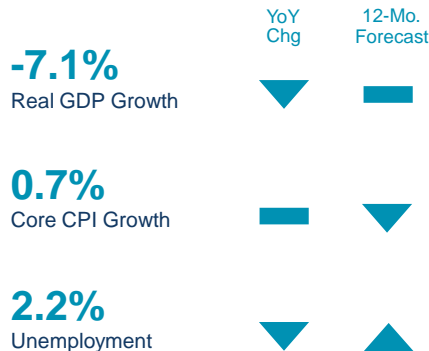


#### JAPAN ECONOMIC INDICATORS Q4 2019



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

#### Weakened Consumption Further Hit by Warm Winter and COVID-19 Outbreak

Overall retail sales were impacted by warmer winter weather and reduced tourist arrivals, but slid just 0.6% y-o-y (Dec-Feb) as consumers stocked up amid coronavirus concerns. Drug store sales rose 18.9% y-o-y in February, with hygiene goods and household products surging 46.5% and 30.6% respectively. However, demand for non-essential goods remained low post-tax hike, and was further diminished by travel cancellations and government coronavirus containment actions. The warmer winter also blunted general merchandise and fabrics apparel and accessories sales, both recording five consecutive months of contraction. The COVID-19 crisis deepened after March, dashing hopes of a prompt recovery.

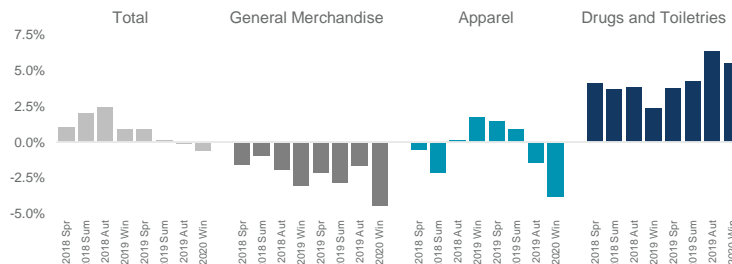
#### Inbound-led Markets Turn as International Arrivals Plunge, Rent of Shinsaibashi Dropped

The inbound tourism industry was impacted first by the COVID-19 outbreak, as China banned group travel at the start of the CNY period. China tourists, with 36.8% of spend in the 2019 inbound market, fell by nearly 90% y-o-y in February. Trips from other Asian countries were also cancelled. The MLIT survey shows the Japan city hotel occupancy rate fell to a preliminary 60.2% in February, down 19.2 bp y-o-y. Retail leasing sectors highly reliant on foreign visitor spending have been hard hit. Evidently, rental growth in Osaka Shinsaibashi was driven by drug stores favored by tourists for healthcare goods, cosmetics and OTC medicine. Prime rent of the area had doubled from JPY 150,000 in 2015 to JPY 300,000 in 2017. However, the rental dipped to JPY 280,000 in Q1 2020 and is expected to slide further, with no other main drivers in the market.

#### Rental Levels for Greater Tokyo and Elsewhere Set to Decline

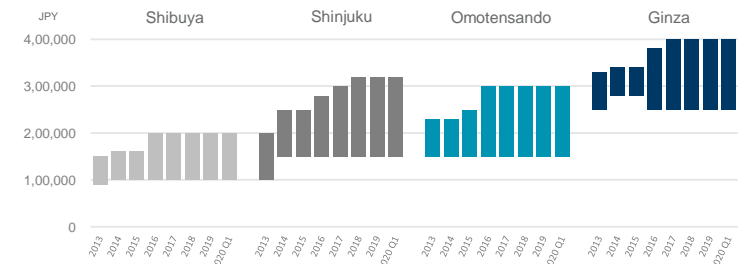
The coronavirus spread in Japan since March has been alarming and major city governments have called for containment and self-isolation measures. High street shops, department stores and malls have shortened operating hours or shut down. Apple, Chanel, Coach and several major brands in Greater Tokyo temporarily closed stores in March. Department stores have been particularly hard hit, with sales down 12.2% y-o-y in February and reportedly diving 30-40% in March. With a state of emergency announced on April 7, high street market rental levels are expected to turn downwards in the coming period.

#### RETAIL SALES BY SECTOR (YoY)



Source: Ministry of Economy, Trade and Industry

#### RETAIL RENT BY SUBMARKET



Source: Cushman & Wakefield Research



@cosme TOKYO, Harajuku



Source: Cushman &amp; Wakefield Research

TOD'S Ginza, Ginza



Louis Vuitton Maison Osaka Midosuji, Shinsaibashi



YVES SAINT LAURENT BEAUTÉ Omotesando Flagship Boutique, Omotesando



## TOP PRIME RENTAL RATES

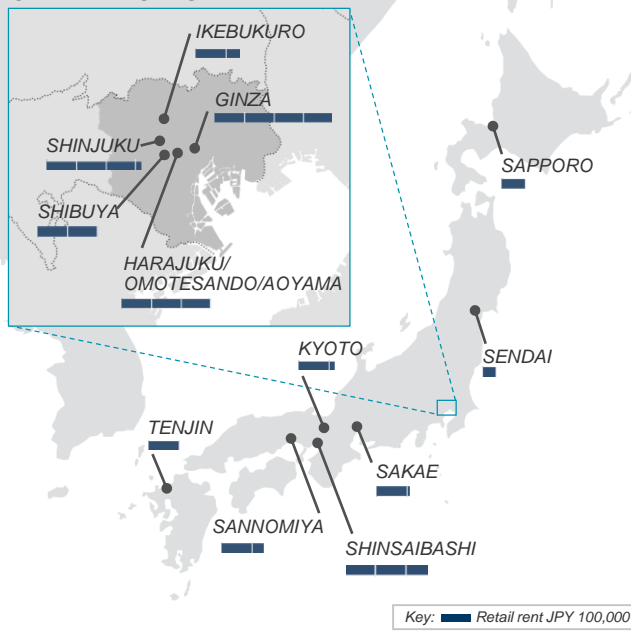
SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	400,000	1,252.33	0%	▼
Shinjuku	320,000	1,001.86	0%	▼
Omotesando	300,000	939.25	0%	▼
Shibuya	200,000	626.16	0%	■

USD/JPY = 107.72

## NEW OPENINGS

RETAILER / SHOP	OPEN	SUBMARKET
@cosme TOKYO	January	Harajuku
TOD'S Ginza	January	Ginza
Louis Vuitton Maison Osaka Midosuji	February	Shinsaibashi
Goldwin Harajuku	February	Harajuku
ECOALF Shibuya	March	Shibuya
YVES SAINT LAURENT BEAUTÉ Omotesando Flagship Boutique	March	Omotesando
TUMI Ginza	March	Ginza

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