

YoY Chg 12-Mo. Forecast

-16.7% (YoY)
Rent Growth Shinsaibashi



-5.0% (YoY)
Rent Growth Ginza



-2.0% (Spr., YoY)
Retail Sales Growth



JAPAN ECONOMIC INDICATORS Q2 2020

YoY Chg 12-Mo. Forecast

-28.1%
Real GDP Growth



0.0%
Core CPI Growth



2.8%
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.

Apparel Retailers Struggle

Overall retail sales (preliminary figures included) in the June-August period reached JPY37,135 billion, down 2.01% y-o-y, a significant recovery from the 10.26% y-o-y slump of the March-May period. Sales grew in ten F&B product categories, including convenience store and non-store retailing such as e-commerce and mail order, but general merchandise sectors including department stores and General Merchandise Store, in addition to apparel and accessories continued double-digit negative growth y-o-y.

The COVID-19 pandemic has accelerated the demise of department stores, which have been sluggish for some time. The Nakago Fukushima, Sogo Tokushima, Sogo Seibu, Seibu Otsu, Seibu Okazaki and Takashimaya Konandai stores all closed in August. The Mitsukoshi Ebisu store is scheduled to close in February next year. The department store crash reflects the decline of the major apparel sector, for which the stores were the primary sales channel. Apparel firms have been hit hard by the pandemic, with urgent cost-cutting required. Firms such as TSI HD, World, Onward HD and Sanyo Shokai are reducing headcount and shuttering stores and brands to strengthen financial positions.

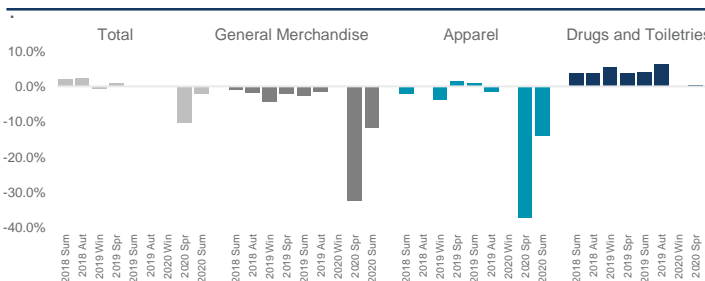
Retail Store Formats Evolve

Prime retail rents in Q3 were flat in Shibuya, down JPY20,000 in Shinjuku, and remained mostly the same in other markets. New format retail stores emerged in the quarter amid pressures over falling rents. Cosmetics brand Orbis opened its first concept shop in Omotesando, while Shiseido opened a brand flagship store in Ginza, with both new stores incorporating beauty experience features. The try-and-buy presentation retailer "b8ta" attracted attention with new stores at the Yurakucho Denki Building and the Shinjuku Marui Main Building. As the consumer environment has changed the retail industry is searching for new services to offer.

Reopening and Regeneration of the Parks

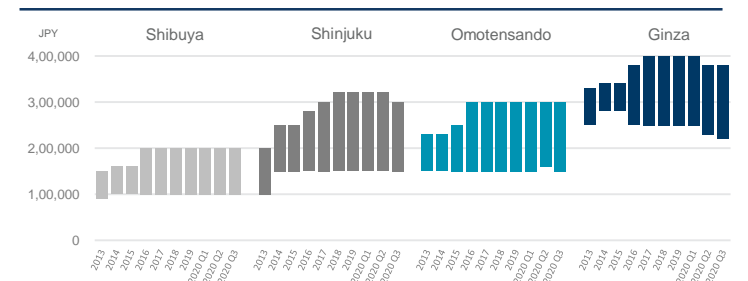
The state of emergency was lifted at the end of May. The Go To Travel stimulus campaign, launched at the end of July, was extended to Tokyo from October, with movement restrictions eased. Park facilities under the Park PFI program re-opened in the quarter. Mitsui Fudosan opened "RAYARD MIYASHITA PARK" in Shibuya in July, and "RAYARD Hisaya-odori Park" in Nagoya City in September. Besides, "SHUKUNOVA" in Shinjuku also opened in July, together with "Ohori Terrace" in Fukuoka City and "BEACH⇄PARK LIVING" in Yokosuka City in September. The Park PFI program is designed to revitalize shopping parks while providing a safe, open space with reduced exposure to coronavirus infection.

RETAIL SALES BY SECTOR (YoY)



Source: Ministry of Economy, Trade and Industry

PRIME RETAIL RENT BY SUBMARKET



Source: Cushman & Wakefield Research

SHISEIDO GLOBAL FLAGSHIP STORE (Ginza)



RAYARD MIYASHITA PARK (Shibuya)



Alexander McQueen (Omotesando)



BROOKS BROTHERS (Omotesando)



Source: Cushman & Wakefield Research

TOP PRIME RENTAL RATES

SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	380,000	1,211.25	-5%	▼
Shinjuku	300,000	956.25	-6.3%	▼
Omotesando	300,000	956.25	0%	▼
Shibuya	200,000	637.50	0%	■

USD/JPY = 107.78

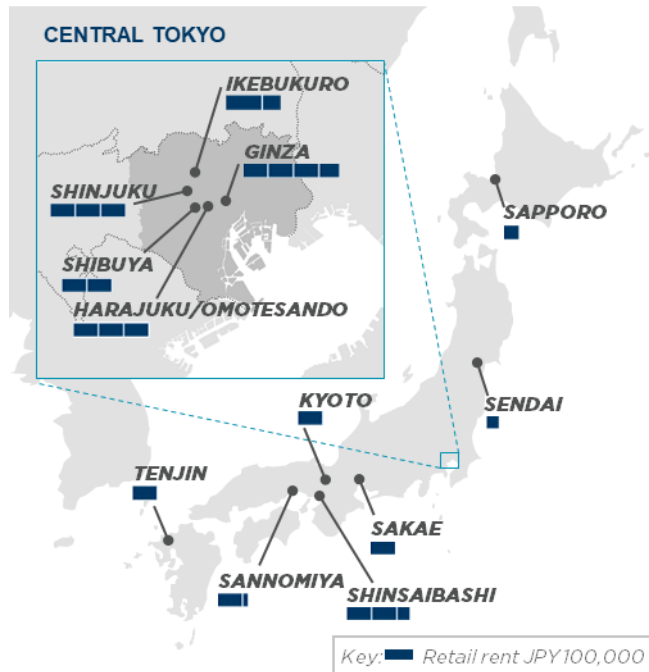
MAJOR NEW RETAIL FACILITIES

FACILITY	OPEN	SUBMARKET	RETAIL AREA ※	
			SQ.M.	SF
RAYARD MIYASHITA PARK	July	Shibuya	13,000	139,931
Rinku Premium Outlets of the fifth phase	August	Rinku Town	45,700	491,910
RAYARD Hisaya-odori Park	September	Nagoya	7,200	77,500
LaLaport AICHI TOGO	September	Aichi	63,900	687,813

※approximate size

NEW OPENINGS

RETAILER / SHOP	OPEN	SUBMARKET
SHISEIDO GLOBAL FLAGSHIP STORE	July	Ginza
b8ta	August	Yurakucho / Shinjuku
Alexander McQueen	September	Omotesando
BROOKS BROTHERS	September	Omotesando



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