

**-16.7%** (YoY)  
Rent Growth Shinsaibashi

YoY Chg  
12-Mo. Forecast

**-5.0%** (YoY)  
Rent Growth Ginza

**-0.8%** (Spr., YoY)  
Retail Sales Growth

### JAPAN ECONOMIC INDICATORS Q3 2020

**22.9%**  
Real GDP Growth

**-0.3%**  
Core CPI Growth

**3.0%**  
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.

### Consumer Electronics Mass Retailers and Home Improvement Stores Continue to Diversify

Overall retail sales (preliminary figures included) in the September-November period fell 0.84% y-o-y to JPY37,134 billion. Sales of furniture, household appliances, healthcare products and F&B were positive, but clothing, cosmetics and accessories weakened. Consumer electronics mass retailers saw growth in suburban stores and e-commerce, with almost all consumer electronics products growing y-o-y in the fall period. As Yamada Holdings' acquisition of Otsuka Kagu indicates, consumer electronics mass retailers are looking to build new business that goes beyond household appliances. Home improvement stores were weak in office-related and car supplies, but sales were still generally up y-o-y. Nitori Holdings completed its tender offer for Shimachu Co. in December. Although Nitori is in a different business category, Shimachu has a strong affinity with Nitori due to its key furniture business, and home improvement stores are expanding their market share through M&A. IKEA, which specializes in large suburban stores, opened its Shibuya store in November, planning to capture a greater share of e-commerce with the smaller site city center site.

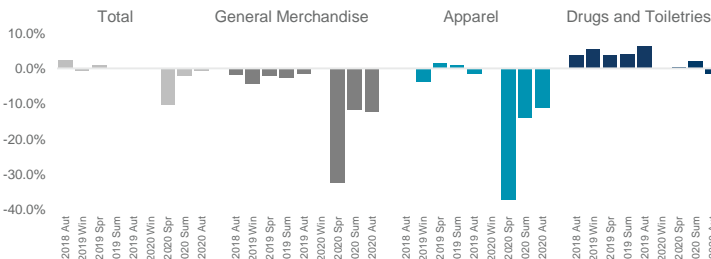
### Apparel Stores Disappearing From High Street

There were few notable transactions in Q4, and prime retail rents in major areas were almost flat. In the fashion sector, inventory continues to remain high, forcing withdrawal from unprofitable stores including high street shops. The Urban Research Jinnan store closed at the end of October, with the closure of Abahouse on Meiji-dori, and the Sovereign House of United Arrows scheduled for the end of January in Marunouchi. In addition, Don Quijote and ABC Mart have emerged as tenants on Otsu-dori Street in Nagoya after the closure of GAP and Bershka. The number of apparel players in main streets is expected to dwindle further. The COVID-19 status forced the suspension of the Go To Travel campaign in December, while 11 prefectures have been declared a state of emergency, further reducing the traffic flows and making the retail situation even more severe. It is expected that rent declines will become apparent after April or May due to revised management plans at the end of the fiscal year.

### Understanding the New Normal for Hotels

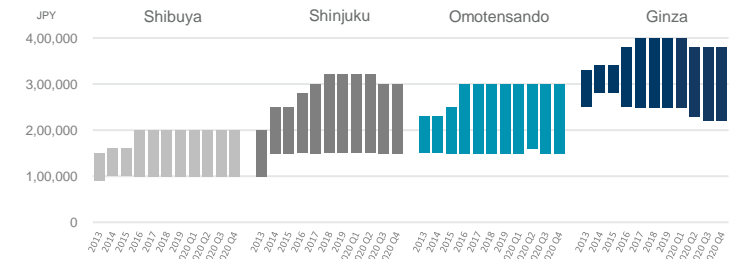
Many hotels opened in 2020 during the pandemic, including new luxury brands entering Japan: Kahara Hotel & Resort Yokohama opened in September, Tokyo Edition Toranomon, Aloft Tokyo Ginza, and Kimpton Shinjuku Tokyo opened in October, and Higashiyama Niseko Village, a Ritz-Carlton Reserve property, opened in December. The industry is again facing challenges with the temporary suspension of the Go To Travel campaign, while the emergency declaration for 11 prefectures has resulted in an extended suspension of campaign activities and downsizing by travel agencies. With the pandemic unlikely to be ended soon, and with growing uncertainty over the resumption of inbound tourism, the revitalization plan for the hotel industry under this new normal is now at the center of discussion.

### RETAIL SALES BY SECTOR (YoY)



Source: Ministry of Economy, Trade and Industry

### PRIME RETAIL RENT BY SUBMARKET



Source: Cushman & Wakefield Research

**BOTTEGA VENETA (Omotesando)**



**IKEA (Shibuya)**



**MAISON KOSE (Omotesando)**



**ALAND (Shibuya)**



Source: Cushman & Wakefield Research

**TOP PRIME RENTAL RATES**

SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	380,000	1,238.17	-5.0%	▼
Shinjuku	300,000	977.50	-6.3%	▼
Omotesando	300,000	977.50	0.0%	▼
Shibuya	200,000	651.67	0.0%	▼

USD/JPY = 107.78

**MAJOR NEW RETAIL FACILITIES**

FACILITY	OPEN	SUBMARKET	RETAIL AREA	
			SQ.M.	SF
MARUNOUCHI TERRACE	November	Marunouchi	2,200	23,681
Shinsaibashi PARCO	November	Shinsaibashi	40,000	430,556

\*approximate size

**NEW OPENINGS**

RETAILER / SHOP	OPEN	SUBMARKET
ALAND	October	Shibuya
BOTTEGA VENETA	October	Omotesando
IKEA	November	Shibuya
COLE HAAN	December	Omotesando
MAISON KOSE	December	Omotesando



**ISAO SUGA**

Head of Retail Services

+81 3 3596 7033 - [isao.suga@cushwake.com](mailto:isao.suga@cushwake.com)

**HARUKA KAWAKAMI**

Associate Director

**ERIKA WATANABE**

Research Analyst

+81 3 3596 7809 - [erika.watanabe@cushwake.com](mailto:erika.watanabe@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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