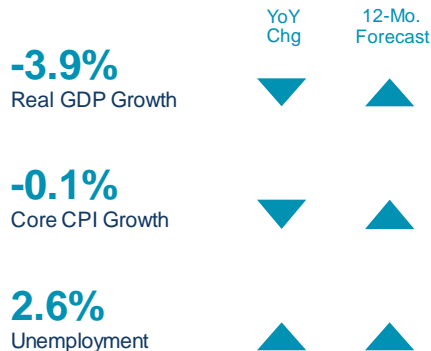
JAPAN ECONOMIC INDICATORS
Q1 2021

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 Rebound From Last Year's State of Emergency

Overall retail sales (preliminary figures included) for the March - May period rose by 6.3% y-o-y to reach JPY36.97 trillion. Department store and general merchandise sales grew by 18.7%, and apparel fabrics sales by 29.91% in the period, rebounding from the widespread temporary commercial closures enforced under the first state of emergency in 2020. However, compared to the pre-COVID-19 environment, sales were down 19.1% and 20.51%, respectively. Foodstuffs and pharmaceuticals rose by 0.4% and dropped by 9.16% respectively but were up on pre-COVID levels. Consumer electronics sales rose a modest 0.76% y-o-y but were 6.47% higher than pre-COVID figures. Consumption is expected to recover as the vaccination campaign progresses, although risk from the Delta variant remains.

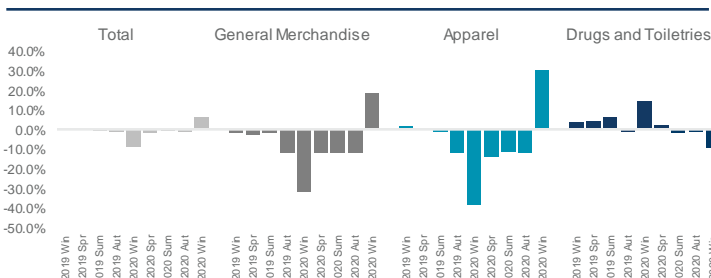
Luxury Brands Continue to Drive Tier 1 Street Store Market

Department store sales rose for the third consecutive month in May, up 65.2%, as shoppers turned out in force compared to the same month during the 2020 state of emergency period but were down 43.1% on the pre-COVID period. The market remains challenging and dependent on government policies. Department stores are focusing on direct sales. Luxury brands and high-ticket items sales are growing, while food, lifestyle and homeware goods sales have also been active. Against the backdrop of this demand structure, the Tier 1 retail market in the Ginza and Omotesando areas is again seeing inquiries from luxury retailers, and rents in this market are now expected to exceed pre-COVID levels. Demand may weaken in non-prime areas, but the overall market is expected to recover more quickly than in past downturns due to the number of high-quality available properties.

Prime Rents in Shinsaibashi Continue to Fall

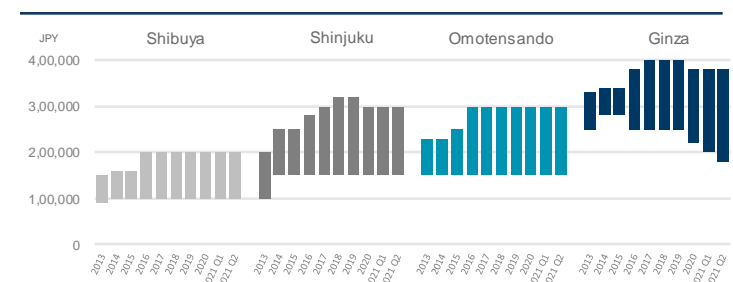
The highest prime rent in Osaka Shinsaibashi in Q2 was Y200,000, down 33.3% from its peak in Q4 2019. The pharmacy sector has suffered from rushed expansion in the area. Apparel and hotel / tourism sectors have also been impacted with resulting closures. Inbound domestic tourism in Kansai has boosted expansion in the F&B and hospitality sectors, with top prime rents in Shinsaibashi touching Y30,000 since Q3 2017 in response to demand. However, Tier 1 street properties in Shinsaibashi have suffered from rising vacancy, with barely any new tenants entering. Bearish sentiment also prevails on the owner side, and the market may fall further as prices remain low. More positively, an international exhibition scheduled for 2025, combined with IATA forecasts for a return to 2019 global passenger levels by 2023, one year ahead of the previous forecast, bode well for an earlier recovery in inbound demand.

RETAIL SALES BY SECTOR (YoY)



Source: Ministry of Economy, Trade and Industry

PRIME RETAIL RENT BY SUBMARKET



Source: Cushman & Wakefield Research



IKEA (Shinjuku)



GUCCI (Ginza)



WWS (Shinjuku)



Blue Bottle Coffee (Shibuya)



Source: Cushman & Wakefield Research

TOP PRIME RENTAL RATES

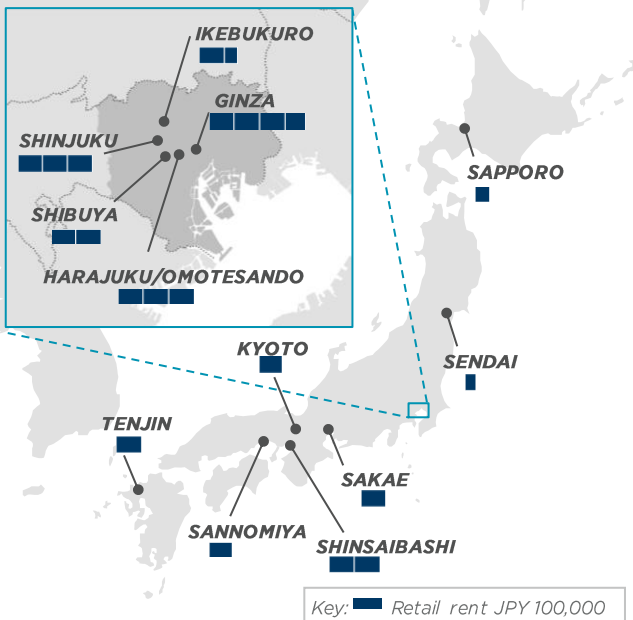
SUBMARKET	JPY/TS/MO	USD/SF/YEAR	GROWTH (YoY)	FORECAST
Ginza	380,000	1,158.89	0.0%	▲
Shinjuku	300,000	914.92	-6.3%	■
Omotesando	300,000	914.92	0.0%	▲
Shibuya	200,000	609.94	0.0%	■

USD/JPY = 110.58

NEW OPENINGS

FACILITY	OPEN	SUBMARKET
Shu Uemura	April	Omotesando
Desigual	April	Shinsaibashi
Blue Bottle Coffee	April	Shibuya
WWS	April	Shinjuku
GUCCI	April	Ginza
IKEA	May	Shinjuku
UNITED TOKYO	May	Harajuku
UNIQLO	May	Asakusa
Lindt	June	Omotesando
Allbirds	June	Marunouchi

CENTRAL TOKYO



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