

MARKETBEAT RETAIL SNAPSHOT



TOKYO, JAPAN

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Q3 2014



ECONOMIC OVERVIEW

The previous quarter saw a negative GDP growth of -1.8% (quarter-on-quarter, seasonally adjusted) due to a reactionary fall in demand after the frontloaded demand in quarter one before the hike in consumption

tax in April. However, this quarter is forecast to see a GDP growth rate of 1.0, due to increasing investment activity in the corporate sector and the anticipated recovery of private consumption.

Current consumption is driven by the robust demand for luxury goods and the increasingly enhanced tourist shopping activity. This is witnessed by a significant increase in sales of duty-free goods, with a record-breaking number of tourist visits to Japan.

What is noteworthy is the deregulation to boost the sales of duty-free goods: from October 1, the exemption of consumption tax will include personal consumption items such as food, beverages, drugs and cosmetics — an expansion from the existing duty-free list of home electronic appliances, clothing and handbags. Going forward, such duty-free goods are anticipated to be one of the key catalysts to drive sales in light of the dramatically weakening Japanese Yen.

RETAIL MARKET OVERVIEW

Sales from foreign tourist shopping activity rose

Due to bad weather caused by typhoons and the remaining negative impact from the hike in consumption tax in April, sales of existing shopping centers fell by 2.1% (year-on-year) in July, marking four months of consecutive falls (year-on-year), although the rate of decline of the sales was compressed from June, according to the Japan Council of Shopping Centers. Sales of department stores nation-wide fell by 0.3% (year-on-year) in August to US\$3,921 million, marking five months of consecutive falls (year-on-year), according to the Japan Department Store Association.

In the first half of August, the sales were sluggish due to typhoons and heavy rain. But the sales picked up in the second half due to increased demand for autumn clothing and sales promotions. In addition, the sales from foreign tourist shopping activity reached a record-high of US\$43 million, marking record-breaking August sales, and supported the sales in the greater metropolitan area.

It has been six months since the hike in consumption tax in April was enacted. Some retailers saw a heavier and longer reactionary fall in sales than expected, after frontloaded demand before the hike of tax. Nevertheless, the robust demand for luxury goods and increasing foreign tourist shopping activity drove sales in the

greater metropolitan area. Leveraging this trend, duty-free shops in the city center and customer services offered in English will be introduced in order to strengthen measures to accommodate the 'inbound demand'. Although tenants had differing business sentiments, major retail markets in Tokyo moved steadily forward as witnessed by aggressive new openings in the third quarter. These include DELVAUX in GYLE in Omotesando, which opened its first flagship shop in Asia; and ZADIG & VOLTAIRE in GLASSAREA AOYAMA, which launched its first company store.

In Ginza, two significant projects started their publicity one after another. The Ginza Redevelopment is scheduled to open in November 2016 with an approximate gross floor area of 1.6 million square feet (msf) by J. Front Retailing and Mori Building, announced the onset of preparation room and pre-leasing activities. Tokyo Land Corporation has announced the start of the construction of Ginza 5-Chome project (tentative name), which is scheduled to open in autumn 2015 with 0.5 msf. The project is located in front of the intersection of Ginza and Sukiya-bashi. These projects, acting as catalysts to showcase Ginza significantly, should be carefully watched.

OUTLOOK

The business circumstance surrounding retailers is not optimistic due to the reactionary fall in sales caused by the hike in consumption tax and the surge in rents. As a result, tenants are more selective about premises than ever in order to secure profits. On the other hand, capital markets of property will trend bullishly, backed by surge in land prices associated with increasing rents especially at prime locations in large cities.

As for retail markets, both landlords and tenants are anticipated to increasingly switch to a new business category — the consumption of 'experiencing', and lifestyle — to differentiate themselves from the competitors. For example, an apparel company enters the food and beverage market as part of its business expansion strategy.

ECONOMIC INDICATORS

NATIONAL	2012	2013	2014F
GDP Growth	1.4%	1.6%	2.1%
CPI Growth	-0.03%	0.13%	2.15%
Private Final Expenditure Growth	2.0%	2.0%	-0.2%
Govt. Final Expenditure Growth	1.7%	2.1%	1.0%

Source: Cabinet Office, Govt. of Japan, Roubini Global Economics

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PRIME RETAIL RENTS

MAIN STREETS	JPY TSUBO*/MT H	EURO SF/YR	US\$ SF/YR	Q-Q-Q CHANGE	Y-Q-Y CHANGE
Ginza	310,000	747.56	959.56	0.0%	6.9%
Omotesando	250,000	602.87	773.84	0.0%	0.0%
Shinjuku	220,000	530.53	680.98	0.0%	0.0%
Shibuya	150,000	361.72	464.30	0.0%	0.0%

NOTE: * I Tsubo is approximately 3.3sqm and 35.58sqft

I Euro =139.846 JPY, I US\$ =108.950 JPY as at 19th Sep. 2014

Q-Q-Q & Y-Q-Y changes are calculated on the basis of JPY

Source: Cushman & Wakefield Research

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SQUARE FEET	COMPLETION DATE
Shinjuku Nakamura Bldg.	Shinjuku	45,210	Oct. 2014
La Kagu	Kagurazaka	10,355	Oct. 2014
Grandtree Musashikosugi	Musashikosugi	398,278	Nov. 2014

SIGNIFICANT LEASING TRANSACTIONS

TENANT	LOCATION	PROPERTY	SQUARE FEET
Delvaux	Omotesando	Gyle	2,476
Zadig & Voltaire	Minami Aoyama	Glassarea Aoyama	2,271
En Route	Ginza	Maruito Ginza Dai 3 Bldg.	3,821

SIGNIFICANT PROJECTS COMING ONTO THE MARKET

PROPERTY	LOCATION	SQUARE FEET	COMPLETION DATE
Mitsui Outlet Park Kisaradu	Kisaradu	91,496	Jul. 2014
Sapporo Mitsui JP Bldg.	Sapporo	88,956	Aug. 2014
WACCA	Ikebukuro	50,592	Sep. 2014

ECONOMIC OVERVIEW

前期の GDP 成長率は、4 月の消費税増税を目前にした第 1 四半期の駆け込み需要の後の反動減のために-1.8%（対前四半期比、季節調整済み）とマイナス成長となった。しかし、今期は企業による投資活動が上昇基調であることや民間消費の回復に支えられ、GDP 成長率 1.0%と持ち直しが予想されている（日本経済研究センター）。昨今の民間消費は、底堅い高額品需要や益々勢いを増している外国人観光客の購買活動に牽引されている。外国人観光客数の最高記録が塗り替えられ、免税品の売上が大幅に増加している。免税品の売上の増加に資する緩和策で特筆すべきものは、10 月 1 日から食品、飲料、薬品及び化粧品等の個人消費商品が消費税免税の対象品目に含まれるようになることである。従来からの消費税免税の対象であった家電商品、衣服やハンドバッグに加え、上記の個人消費商品が消費税免税の対象になる。急激な円安にも助けられ、今後はそのような免税対象商品が売上を牽引する主要な触媒の一つになることが予想される。

RETAIL MARKET OVERVIEW

訪日外国人の売上が増加。

日本ショッピングセンター協会が発表した既存 S C 売上高（7 月）は前年同月比-2.1%で、前月より改善したものの、4 ヶ月連続で前年を下回る状況となった。台風による天候不順と消費税増税の影響が残る中での結果という見方になっている。百貨店協会が発表した全国百貨店売上高（8 月）は、店舗数調整後で前年比 0.3%減の 4 2 7 2 億円と、5 カ月連続でマイナスとなった。

8 月は台風や大雨が続くなど天候に恵まれず、月前半の売り上げは低調なものとなったが、販促や月の後半からの秋物需要の盛り上がりで、月後半には持ち直しの動きをみせた。一方で、訪日外国人売上は 4 7 億円と、8 月としては過去最高を記録。特に大都市圏の店舗の売り上げを下支えしている。

4 月の消費税増税から 6 ヶ月が経ち、一部のリテラーからは、反動減は想定以上に深く、長いという見方も出てきている。そのような状況下の中で、売り上げを牽引しているのは、大都市圏での高額品需要とインバウンド需要となっている。その為、インバウンド需要の取り組みの強化策として、都心型店舗での免税店の導入や英語接客対応、などインバウンド対応が鮮明になっている。上記のようにテナントの景況感はマダラ模様になっているが、東京都内主要商業地のリテールマーケットは堅調に推移し、今期も積極的な新規出店が確認された。表参道では、デルポーがブランドとして、アジアで初の旗艦店をジャイルに出店した。また、ザディグ・エ・ヴォルデールが初の直営路面店をグラッセリア青山に出店した。

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銀座については、2つの大型プロジェクトが、相次いで広報をしている。J・フロントリテイリング、森ビルらによる銀座6丁目の再開発プロジェクト『銀座六丁目10地区第一種市街地再開発事業』（延床面積約147,000㎡・2016年11月開業予定）については、準備室の発足とリーシングスタートを発表した。また、東急不動産は、銀座・数寄屋橋交差点に、2015年秋開業に向け、『（仮称）銀座5丁目プロジェクト』（延床面積約49,700㎡、2015年秋開業予定）の着工を発表した。銀座エリアの動向を大きく変える要因となる2つの大型プロジェクトには今後も注目していきたい。

OUTLOOK

前述の消費税の反動減や賃料の高騰があり、リテilerを取り巻く環境は決して楽観的ではなく、その結果として、事業収益の確保の観点からテナントの物件に対する見方が従来よりシビアになっている。しかしながら、地価の高騰により、不動産売買マーケットは引き続き高めで推移しており、現状の賃料に関しては、大都市の一等地では上昇するトレンドが続いている。

同質化が進む中で、差別化を図るため、デベロッパーやテナント各社は新しい業態を導入や開発する動きが顕著になってきている。コト消費やライフスタイル業態の開発など、従来にあまり無かった業態への転換を図っている。その一例として、アパレル系会社では、飲食事業に参入する動きも見られ、このような新たな業態の開発する拡張の戦略が進められている。

レポートに関するお問合せは以下にご照会ください。

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建設企業で大規模商業施設の設計、みずほ信託銀行で証券化不動産実務、CBREで調査・分析業務に従事。オックスフォードブルックス大学国際不動産学修士、早稲田大学国際不動産研究所招聘研究員、日本不動産金融工学学会会員、一級建築士。

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Profile

Keisuke began his career at a construction company designing shopping malls. After he got a Masters degree in the UK, Keisuke joined Mizuho Trust & Banking where he got hands on experience in the Japanese property securitization market. Following that he moved to CBRE and analyzed the investment market and various property indexes.

(Visiting researcher of Waseda University, Member of the Japanese Association of Real Estate Financial Engineering, First Class Architect)

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Profile

Prior to joining C&W, Isao Suga played a significant role in the expansion of Mitsui Fudosan's retail shopping center business, including Mitsui's flagship LaLaport SC and Tokyo Midtown assets. Isao Suga now heads the Japan Retail Services team and is instrumental in building the brand representation and leasing businesses. Isao Suga also supports outbound services, which leverages C&W's global network to assist Japanese retailers expand internationally.

<クッシュマン・アンド・ウェイクフィールドについて>

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<http://www.cushmanwakefield.com>

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<http://www.cushwake.com/cwglobal/jsp/localHome.jsp?Country=Japan&Language=JP&requestid=1064208>

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