

NEWS & RELEASE

For further inquiry please contact:

Xymax Real Estate Institute

Phone: +81 3-5544-6640 FAX: +81 3-5544-6641

info-rei@xymax.co.jp

Findings from Xymax's collaborative research with Dr. Naoki Katoh, Professor of Kyoto University Graduate School of Engineering

Japan's large retail properties provide 86 sq km of retail floor area in total Equivalent to about 1.3 times the size of Tokyo's Yamanote line or Manhattan Island

In Japan until recently there were very limited statistics focusing on retail properties and almost no such statistics covering the entire nation (NOTE 1). The current available retail statistics are mostly targeting retailers and providing information such as the number of stores and sales. Unlike the office property sector where regular data releases like vacancy rate are available, the retail property had no similar data releases.

To provide fundamental data for the retail property market in Japan, Xymax Real Estate Institute collaborated with Dr. Naoki Katoh, Professor at Graduate School of Engineering, Kyoto University and created a retail property database covering all over Japan (NOTE 2). The joint team estimated the retail floor area of goods retailers, service-oriented shops, and restaurants in large retail properties (defined as goods retail area is 4,500 sq m or larger) (NOTE 3).

Furthermore approximately 1,000 properties were selected from the database as "Select 1000" (NOTE 4), Xymax Real Estate Institute individually estimated the vacant tenant space ratio by gathering the latest vacancy data of the Select 1000 properties.

Summary of findings

Retail floor area of large retail properties

Total retail floor area (estimate): approx. 86 sq km (86,000,000 sq m)

- Large retail properties in this report are retail properties with 4,500 sq m or larger goods retail area.
- The total retail floor area is estimated by combining the areas occupied by goods retailers, service-oriented shops, and restaurants.

Retail floor area by type

- The goods retail areas below are based on the notification submitted under the large-scale retail stores location law. The service-oriented shop and restaurant areas are estimated based on our simulation model (see page 3-4).

By tenant

Goods retailer 78.7% Service-oriented shop 17.1% Restaurant 4.2%

By property type

Suburbs along major road 33.6% Station front / near railway station 25.4%

Suburban residential area 12.3%

By prefecture

Tokyo 8.2% Osaka 6.8% Kanagawa 6.7% Aichi 6.4%

Hokkaido 4.9%

Fukuoka 4.7%

Vacant tenant space ratio of Select 1000 properties

Vacant tenant space ratio: 2.7%

- The above vacant tenant space ratio (not the vacancy rate on floor area) is the ratio of the total number of vacant tenant spaces to the total number of retail spaces. See page 5 for details.

Xymax Real Estate Institute will continue studies of occupied and vacant tenant spaces in retail properties in Japan, update the database, and analyze the data. Our findings will be released as fundamental information for the retail property market.

NOTE 1 Examples of retail statistics include the Current Survey of Commerce by the Ministry of Economy, Trade, and Industry and the Department Store Sales by Japan Department Stores Association. Also, Japan Council of Shopping Centers publicized the estimated retail floor area of 3,090 properties across Japan as of the end of 2011 (4,570,000 sq m).

NOTE 2 Xymax Retail Property Database
The 15,000 occupied and vacant tenant spaces in approx. 7,640 properties are included in the database. The subject properties include: approx. 6,000 retail properties either with over 4,500 sq m goods retail areas located in Japan or multi-tenant properties (25 tenants or more) in major cities; approx. 1,500 office buildings with retail spaces; and approx. 140 restaurant buildings in major high streets in Tokyo.

NOTE 3 The retail floor area in retail properties across Japan is estimated based on the estimation model developed in our collaborative study project with the architecture laboratory of Professor Naoki Katoh at Graduate School of Engineering, Kyoto University.

NOTE 4 Criteria of Select 1000
Properties with 4,500 sq m or larger goods retail area and 25 or more tenant spaces. Also it should be possible to check the current occupancy of the property by visiting the site etc.

Retail floor area of large retail properties

Estimation method

Subject property

142,335 tenant spaces in 5,472 large retail properties in Japan (goods retail area: 4,500 sq m or larger per property)

Data collection period

May 2012 - August 2012

Method

- Goods retail areas (goods-selling tenant areas) are based on the floor areas specified in the notification submitted under the Large-scale Retail Stores Location Law. Our subject properties account for almost 70% in terms of the goods retail area of all the properties under this law (approx. 20,000 properties in total). The service-oriented shop and restaurant (restaurants, cafes, bars, etc.) areas are estimated based on XyMAX's accumulated data (9,590 lease contracts with tenants in 458 properties).
- In this estimation model, four types of probability distributions are applied for each category (sector, property type, etc.). The figures in the table below are the average floor area derived from the Monte Carlo simulation.

Retail floor area of large retail properties (estimate) Overall estimation

	Goods	Service	Restaurant	Total
Retail floor area (sq m)	67,771,085	14,758,989	3,606,656	86,136,730
(%)	78.7%	17.1%	4.2%	100.0%

By property type (estimate) (sq m)

	Goods	Service	Restaurant	Total	(%)
Station building / direct access from station	3,305,484	866,549	447,708	4,619,741	5.4%
Station front / near station	15,869,139	4,795,730	1,205,214	21,870,083	25.4%
Shopping street	5,557,357	1,099,574	286,495	6,943,426	8.1%
Suburban residential area	8,452,822	1,862,336	311,614	10,626,772	12.3%
Suburbs along major road	23,997,187	4,071,361	834,979	28,903,527	33.6%
Other	10,589,096	2,072,380	520,860	13,182,336	15.3%
Total	67,771,085	14,767,930	3,606,869	86,145,884	100.0%

Note: The total figure in the retail floor area by property type and that by prefecture may differ from technical reason because they were individually run the model based on different category.

By prefecture (estimate) (sq m)

Prefecture	Goods	Service	Restaurant	Total	(%)
Hokkaido	3,306,165	734,235	145,162	4,185,562	4.9%
Aomori	829,631	128,040	31,037	988,708	1.1%
Iwate	644,908	169,356	36,816	851,079	1.0%
Miyagi	1,476,431	275,227	56,768	1,808,426	2.1%
Akita	632,541	90,706	20,011	743,258	0.9%
Yamagata	556,589	77,122	14,869	648,579	0.8%
Fukushima	987,537	165,485	29,569	1,182,591	1.4%
Ibaraki	1,743,062	352,747	73,050	2,168,859	2.5%
Tochigi	1,209,359	188,573	46,305	1,444,236	1.7%
Gunma	1,176,161	167,519	37,042	1,380,722	1.6%
Saitama	3,587,192	908,996	198,610	4,694,798	5.4%
Chiba	3,760,700	898,342	195,908	4,854,950	5.6%
Tokyo	5,404,836	1,179,701	492,954	7,077,491	8.2%
Kanagawa	4,284,459	1,170,940	303,919	5,759,318	6.7%
Niigata	1,348,214	189,539	49,412	1,587,165	1.8%
Toyama	628,208	165,187	30,708	824,103	1.0%
Ishikawa	790,274	171,178	32,180	993,632	1.2%
Fukui	435,554	59,134	12,004	506,693	0.6%
Yamanashi	521,205	82,771	21,451	625,427	0.7%
Nagano	1,064,788	188,671	36,027	1,289,486	1.5%
Gifu	1,136,370	331,368	62,939	1,530,677	1.8%
Shizuoka	1,605,005	315,544	74,592	1,995,140	2.3%
Aichi	4,195,733	1,113,639	221,826	5,531,198	6.4%
Mie	1,339,745	357,101	57,583	1,754,428	2.0%
Shiga	1,138,720	190,035	38,162	1,366,917	1.6%
Kyoto	1,222,905	264,721	69,117	1,556,743	1.8%
Osaka	4,389,014	1,095,071	365,977	5,850,062	6.8%
Hyogo	3,455,402	988,935	214,459	4,658,796	5.4%
Nara	738,840	212,475	38,460	989,775	1.1%
Wakayama	427,740	70,264	12,175	510,179	0.6%
Tottori	333,181	59,957	13,159	406,297	0.5%
Shimane	288,833	44,794	10,004	343,631	0.4%
Okayama	908,721	149,535	25,747	1,084,003	1.3%
Hiroshima	1,757,315	354,330	84,903	2,196,548	2.5%
Yamaguchi	841,943	126,138	28,762	996,842	1.2%
Tokushima	283,099	45,808	10,715	339,622	0.4%
Kagawa	707,557	111,528	25,880	844,965	1.0%
Ehime	685,246	154,246	32,315	871,807	1.0%
Kochi	224,796	41,135	9,148	275,080	0.3%
Fukuoka	3,265,093	601,123	176,187	4,042,403	4.7%
Saga	441,207	68,750	18,472	528,429	0.6%
Nagasaki	503,911	103,224	22,722	629,857	0.7%
Kumamoto	927,603	162,847	31,899	1,122,349	1.3%
Oita	668,143	100,561	19,307	788,011	0.9%
Miyazaki	513,091	82,353	19,147	614,590	0.7%
Kagoshima	733,156	101,009	23,438	857,602	1.0%
Okinawa	650,902	159,102	35,869	845,873	1.0%
Total	67,771,085	14,769,058	3,606,765	86,146,908	100.0%

Note: The total figure in the retail floor area by property type and that by prefecture may differ from technical reason because they were individually run the model based on different category.

Vacant tenant space ratio of Select 1000 properties

Estimation method
Subject property “Select 1000” – The properties with 25 or more tenant spaces selected from the 5,472 large retail properties (goods retail area: 4,500 sq m or larger), in which we were able to check its current occupancy with floor map or by site visit etc. 1,032 properties in total.
Data collection period May 2012 - August 2012
Method The ratio of the number of vacant tenant spaces (2,571 spaces) to the number of all the tenant spaces (93,588 spaces). This ratio is NOT the ratio of the size of the floor area (sq m).

	Occupied space				Vacant space	Total
	Goods	Service	Restaurant	N/A*		
Number of tenant spaces	55,543	17,493	17,779	202	2,571	93,588
(%)	59.3%	18.7%	19.0%	0.2%	2.7%	100.0%

*N/A is those that were not able to classify into goods retailer, service-oriented shop, or restaurant.