



## ASIAN RETAIL MARKET FLASH

## TABLE OF CONTENTS

REGIONAL MARKET OVERVIEW	P. 2-3	BANGKOK, MANILA	P. 7
<b>GREATER CHINA</b>		JAKARTA, NEW DELHI	P. 8
BEIJING, SHANGHAI	P. 4	HO CHI MINH CITY, HANOI	P. 9
GUANGZHOU, HONG KONG	P. 5	<b>NORTH ASIA</b>	
TAIPEI	P. 6	TOKYO, SEOUL	P. 10
<b>SOUTH &amp; SOUTHEAST ASIA</b>		ASIA MAP	P. 11
SINGAPORE	P. 6		

## EXECUTIVE SUMMARY

Heightened inflationary pressure and spillover from the slowing global economy have started to affect sentiment in many Asian retail property markets, as retailers have begun to take a more cautious stance towards expansion and accepting higher rentals.

The **Tokyo** retail market has seen several quarters of positive rental growth, in which all major brands were looking to expand. But amid concerns stemming from the global fallout of the sub-prime crisis, some brands have become more cautious and aggressive expansion plans have been scaled back.

In **Singapore**, competition in the retail sector is set to heat up as 4.34 million sf of space is scheduled for completion in 2008 and 2009. New malls and unconventional locations are attracting keen leasing interest, and existing malls are stepping up asset enhancement works and adopting new marketing strategies to remain relevant and attractive to shoppers and retailers.

**Seoul** has seen growth of retail sales slow and sentiment in the retail market deteriorate. Non-store retailing (home and on-line shopping) continued to grow in the first quarter of 2008, exerting further downward pressure on rents, especially in the Myeong-dong retail hub. However momentum and sentiment in the Gangnam retail market remained upbeat.

Early indications of market consolidation became notable in **Hong Kong** as inflationary pressure and stock market volatility impacted local spending sentiment, albeit amid considerable growth in retail sales volume and wages. Landlords appear unlikely to compromise on asking rents and rents are expected to remain stable at present levels over the short- to medium-term. Prices and rents appear to have limited, if any, room to grow.

However expansion by international brands remained brisk in a number of high-growth Asian markets, most notably India, China and Vietnam, and showed no signs of abating.

In China, **Shanghai** saw the entry of Korean fashion retailer Y by codes combine, as well as continued expansion by international brands including Esprit and C&A in the quarter. In **Beijing**, four retail properties came on stream in the first quarter of 2008, adding new supply of 2.8 million sf to the market. Space in newly opened shopping malls and stores was largely absorbed, and take-up increased significantly, reaching

2.86 million sf. **Guangzhou's** retail rentals and vacancy remained stable, since no new supply has entered the market for four consecutive quarters.

In **New Delhi**, the first quarter of 2008 again witnessed numerous international players entering India's retail markets. A JV between Israel's BIG Shopping Centers and Lehman Brothers will invest US\$2.4 billion (INR 96.29 billion) to develop 60 shopping malls with about 24 million sf of retail space. CapitaLand, Singapore's largest developer, entered into separate JV agreements with Advance India Projects Ltd and Prestige Group, to develop 15 malls in north and south India, with a combined asset value of more than US\$1.5 billion (INR 60 billion).

In **Vietnam**, despite inflation stalking the market, retail revenue of HCMC in the first quarter of 2008 increased 39% y-o-y to US\$3.28 billion. With department stores and shopping centres in prime CBD locations fully occupied, some retailers have rented private houses to set up shophouse retail units. In Hanoi, the opening of two major shopping centres in the first quarter of 2008 brought total retail stock to approximately 150,000 sm (1.61 million sf) across eight centres. Despite the new space, vacancy remained at zero. More luxury brands are renovating shophouses and villas as no major, well-located space will be available before late 2009.

In **Taipei**, some landlords reportedly raised asking rents following the presidential election; though some may have over-valued their properties, resulting in vacancies in non-prime locations. However, prime retail streets continued to record full occupancy and retailers are queuing up for prime locations.

With **Thailand's** stable transfer of power to the democratically elected government, sentiment in the Bangkok retail market improved in the first quarter of 2008. Total retail supply increased by 1.1% q-o-q with the opening of four retail centres. Rents were generally in line with the trend of slow growth in retail sales.

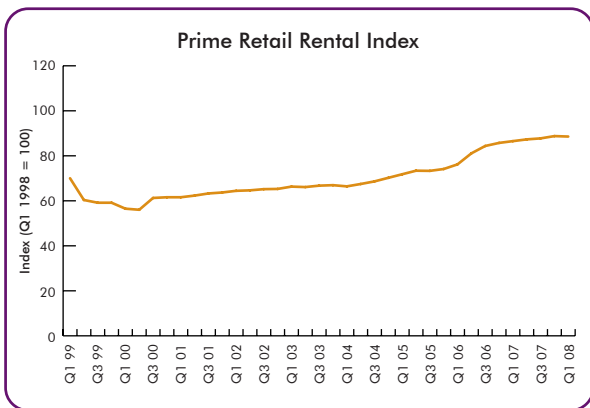
In **Jakarta**, as demand for retail space in traditional shopping malls weakens, mall development, especially in the CBD, has shifted to an entertainment and lifestyle theme, with malls serving as more multi-functional destinations. A number of large developments are underway. Malls in the CBD continue to attract F&B and branded fashion retailers.

Region/ Country	City	Shopping District		Prime Retail Rents* (psf month)		Forex (31 March 08)
				Local currency	US\$ equivalent	
<b>NORTH ASIA</b>						
<b>Japan</b>	Tokyo	Ginza	JPY	5,100 - 7,700	51.2 - 77.4	99.54
		Omotesando		3,060 - 4,590	30.7 - 46.1	
		Shibuya		2,625 - 4,410	26.4 - 44.3	
		Shinjuku		2,310 - 4,410	23.2 - 44.3	
		Harajuku		2,000 - 3,500	20.1 - 35.2	
<b>GREATER CHINA</b>						
<b>PRC</b>	Beijing	Xidan	RMB	65 - 113	9.3 - 16.1	7.012
		Wangfujing		116 - 169	16.5 - 24.1	
		Jianguomenwai		55 - 130	7.8 - 18.5	
		Chaoyangmenwai		64 - 99	9.1 - 14.1	
	Shanghai	Huaihai Middle Road	RMB	98 - 145	14.0 - 20.7	7.012
		Nanjing East Road		86 - 159	12.3 - 22.7	
		Nanjing West Road		115 - 170	16.4 - 24.2	
		Xujiahui		86 - 159	12.3 - 22.7	
	Guangzhou	Shangxiajiu Road	RMB	93 - 121	13.2 - 17.2	7.012
		Tianhe CBD		50 - 225	7.1 - 32.1	
		Beijing Road+Lingyuanxi		160 - 242	22.8 - 34.5	
		Huanshidong		139 - 143	19.9 - 20.4	
	Hong Kong	Central	HK\$	474	60.9	7.78
		Causeway Bay		461	59.2	
		Tsim Sha Tsui		370	47.5	
Mong Kok			312	40.0		
<b>Taiwan</b>	Taipei	Zhongxiao Road	NT\$	618	20.3	30.38
		Nanjing/Zhongshan N Road		425	14.0	
		Ximentin		515	17.0	
		Dunhua S Road		308	10.1	
<b>SOUTH &amp; SOUTHEAST ASIA</b>						
<b>Singapore</b>	Singapore	Orchard Road	SS	36.4	26.4	1.38
		City Hall/Marina Centre		27.4	19.9	
		Suburban		29.1	21.1	
<b>Thailand</b>	Bangkok	Pratumwan	THB	167 - 279	5.3 - 8.9	31.49
		Silom		112 - 279	3.6 - 8.9	
		Sukhumvit		112 - 232	3.6 - 7.4	
<b>Philippines</b>	Manila	Makati CBD	PHP	111.5	2.7	41.77
<b>Indonesia</b>	Jakarta	CBD	IDR	32,500 - 75,000	3.5 - 8.1	9205
		Blok M		23,200 - 42,500	2.5 - 4.6	
<b>India</b>	New Delhi	South Extention	INR	700 - 800	17.4 - 19.9	40.12
		Connaught Place		650 - 750	16.2 - 18.7	
		Greater Kailash I		750 - 850	18.7 - 21.2	
		Greater Kailash II		300 - 450	7.5 - 11.2	
		Khan Market		1,000 - 1,250	24.9 - 31.2	
		Basant Lok		350 - 450	8.7 - 11.2	
<b>Vietnam</b>	Ho Chi Minh City	CBD		-	8.5	16,110
	Hanoi	CBD		-	8.4	

\* Quoted Rents are based on Ground Floor Shops with area about 1,000 sf (gross).

PEOPLE'S REPUBLIC OF CHINA

BEIJING



- Driven by the need to upgrade malls and retail outlets, brand adjustment for many retail projects has been ongoing. Some prime shopping centres have raised rents in order to adjust tenant mix.
- The Sun Dong'an Plaza has been renamed Beijing APM after a face-lift and repositioning by Sun Hung Kai Properties. The renovated shopping centre now hosts Nike's first China flagship store and several brands new to Beijing. Average rental in Beijing APM has also experienced a substantial increase.
- Three of the malls opened in the first quarter are located in emerging commercial areas, where rentals are low compared to the traditional CBD, thus pulling down the average rental level for shopping centres in Beijing.
- In the first quarter of 2008, the average ground floor rent decreased by 0.2% q-o-q, to about RMB 28.9 psm per day (US\$11.6 psf per month), while the average first floor rent continued its steady increase, rising by 0.6% q-o-q, to RMB 19.9 psm per day (US\$8.0 psf per month).
- The following retail projects are expected to start operations in the upcoming quarter: China Central Place, SOLANA, Park Life and The Village at Sanlitun.

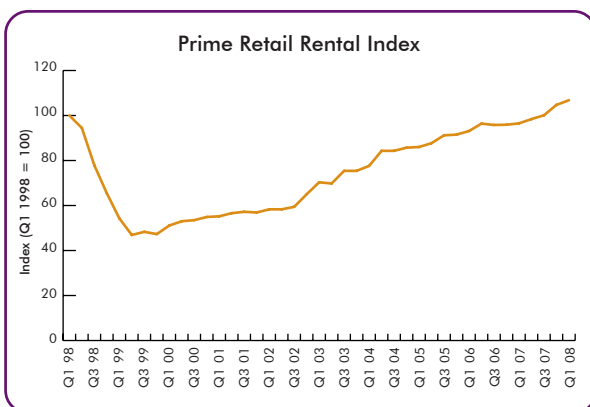
MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Chaoyang	The Village at Sanlitun	16,150	ZARA
Chaoyang	SOLANA	730	Fossil

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

PEOPLE'S REPUBLIC OF CHINA

SHANGHAI



- In the first quarter of 2008, both prime ground and first floor rent continued to rise, increasing by 1.9% and 0.7% q-o-q, respectively, while the overall prime vacancy rate dropped by 2.8 percentage points to 5.5%.
- With the ever-heightening competition in prime retail hubs, landlords are increasingly renovating and repositioning their properties. After several months' renovation, the former Itokin Department Store on Nanjing Road East reopened in January as the flagship store of the domestic sportswear brand, Li Ning. Other examples adopting similar strategies include Golden Eagle Shopping Centre on Nanjing Road West and the Pacific Department Store Xujiahui branch.
- New entries and expansions by foreign retailers continued. In People's Square, Esprit opened a four-storey flagship store of about 43,060 sf in Plaza 336. Korean fashion brand, Y by codes combine set up its first store in Shanghai along Huaihai Road, taking up about 26,910 sf in Joffre 688. Across Huaihai Road, C&A leased about 10,760 sf in Xue Bao City for its sixth outlet.
- With H&M already settled and the possible entry of ZARA in the near future, the Huaihai Road/Sinan Road area is expected to see a gathering of hot fashion brands.

MAJOR LEASING TRANSACTIONS

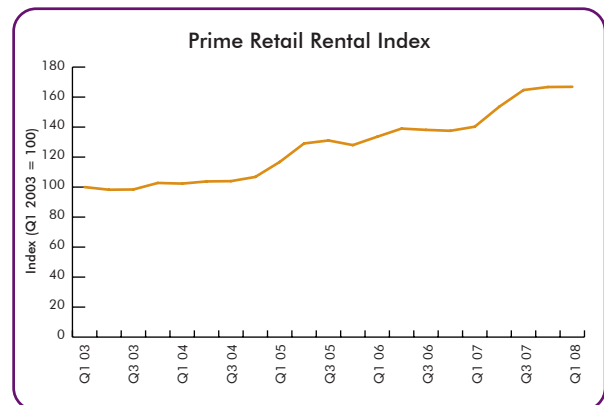
District	Property	Approx. Size (sf)	Tenant
Luwan	Joffre 688	26,910	Y by codes combine
Luwan	Xuebao City	10,760	C&A
Xuhui	Red Town	86,110	Electrolux

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## PEOPLE'S REPUBLIC OF CHINA

## GUANGZHOU

- Guangzhou retail sales resumed rapid growth during the traditional peak season. Rents for prime ground floor retail space reached RMB 47.9 psm per day (US\$19.0 psf per month), up 0.1% from last quarter. Rentals in Tianhe increased 5.7% q-o-q, outperforming the market.
- F&B and fashion retailers represented the most active demand in the leasing market. Most demand focused on traditional retail hubs, such as the Tianhe and Yuexiu districts. TESCO opened its first Guangzhou store (about 148,500 sf) in Baiyun District in February.
- After four consecutive quarters without any new completions, the vacancy rate tightened to 8.5%. Projects in the pipeline and slated to hit the market this year include Bercy Plaza in the Tianhe CBD, which will bring about 430,560 sf of retail space in the second quarter.
- With a number of up-market retail developments proposed or under construction, PRNC is expected to emerge as a luxury retail hub. Among others, the Seasons Mall, developed by the GT Landmark Group, is expected to attract high-end tenants.



### MAJOR LEASING TRANSACTIONS

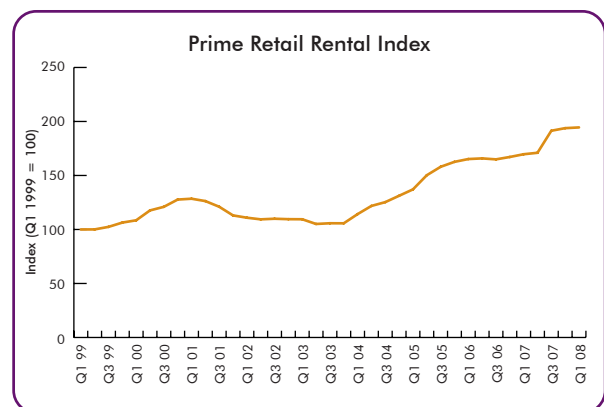
District	Property	Approx. Size (sf)	Tenant
Tianhe	Central Park View	7,530	Ferrari
Yuexiu	Modern Mall	2,690	Starbucks
Yuexiu	Modern Mall	2,150	HSBC

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## PEOPLE'S REPUBLIC OF CHINA

## HONG KONG

- Consumer sentiment has been impacted by both inflationary pressure and the negative wealth effect due to volatility in the stock market. The surging cost of basic food items has also eroded the purchasing power of local residents.
- Some landlords remain bullish on Hong Kong's retail business, and both asking prices and rents remain high. In contrast, retailers are more cautious in selecting retail space, with their sensitivity on rental costs significantly enhanced due to the uncertainties on the global economic front.
- In the current stalemate between landlords and retailers, vacancy in traditional prime shopping areas may begin to register a mild increase in coming quarters, suggesting that retail rents may have exceeded the market's reach.
- Concern over the sustainability of robust growth in tourist arrivals given the UEFA EURO 2008 tournament and Olympic Games in Beijing as well as the global financial situation could lead to further uncertainty in the retail market. While the impact of these events and the anticipated strains in the global economy remain unknown, prices and rents of retail properties may have limited, if any, room to grow.



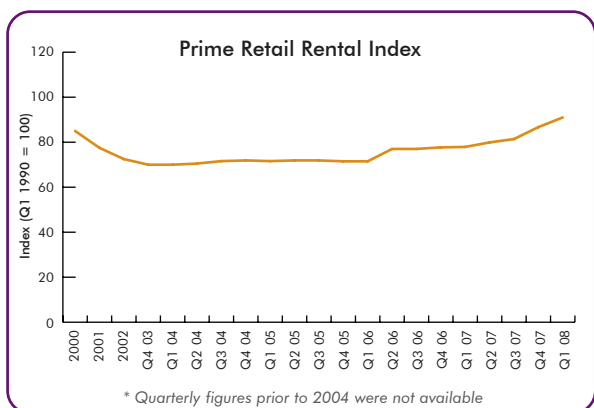
### MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Central	Shop C, G/F & 1/F, Yip Fung Building	3,000 (gross)	Sa Sa Cosmetic
Central	G/F & M/F, Yu To Sang Building	6,380 (net)	Chow Sang Sang
Mong Kok	G/F, 46-50 Tung Choi Street	4,120 (gross)	Apex Sport

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TAIWAN

TAIPEI



- Retail sales grew about 4% y-o-y in the first quarter of 2008. Meanwhile, private consumption expenditure is forecast to gain momentum and achieve annual growth of 2.92% in 2008. The increased consumption indicates that Taiwan is gradually emerging from the cloud cast by the credit card debt turmoil.
- Rentals of high street shops in prime areas remained unchanged; while average rentals for Taipei's retail market jumped nearly 5% q-o-q, to NT\$446 (US\$14.68) psf per month. The stabilisation of rents in prime locations is primarily due to already high rental levels, while the severe shortage of retail supply also acted to prevent further increases as there was no major leasing activity.
- Harley-Davidson leased 24,910 sf of retail space in Asia Plaza in Neihu. The flagship store, which will be its largest in Asia, is scheduled to open in April. It is the motorcycle company's first store in Taiwan.
- Retail rents are expected to follow a moderately upward trajectory in the short- to medium-term as there will be no new supply until the end of 2008. A new shopping mall located in the Xinyi Planned Area is slated to commence operations as early as the fourth quarter of 2008.

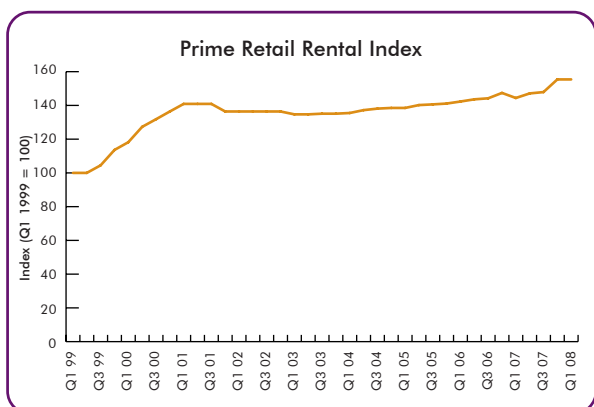
MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Neihu	Asia Plaza	24,910	Harley-Davidson
Zhongxiao E. Rd.	Breeze Center II	2,135	Sport b.
Zhongxiao E. Rd.	Breeze Center	1,070	De Beers

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SINGAPORE

SINGAPORE



- New malls and unconventional locations are attracting keen leasing interest. Many malls announced makeover plans to remain relevant and yield accretive while a considerable number of malls are seeking to differentiate themselves by bringing in niche labels and products.
- While there are new entrants, some brands are consolidating or even exiting the market. OSIM International closed about 30 stores in Asia. Fashion label Country Road exited Singapore due to differences with its Australian parent company.
- Retail rents remain likely to increase in 2008, albeit at a more moderate rate due to the abundance of choice for retailers. We expect Orchard Road mall rents to increase by 3%-5% in 2008, down from our earlier estimate of 4%-7%. With many mall revamps and pre-leasing activity at upcoming malls it will be an interesting year.
- However, the retail sector will have to grapple with downside risks such as rising inflation, impact from the US sub-prime problems and the lacklustre global stock market.

MAJOR LEASING TRANSACTIONS

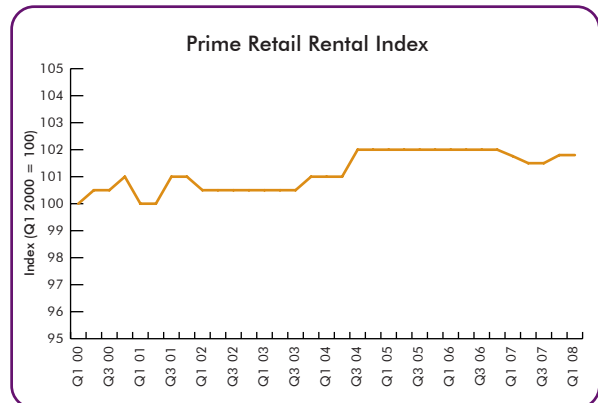
District	Property	Approx. Size (sf)	Tenant
Orchard	Tanglin Post Office	18,000	Friven
East	Changi Airport Terminal 3	18,000	Kopitiam
City Hall / Bugis	Odeon Tower	10,000	Supperclub

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# THAILAND

# BANGKOK

- The retail sales figures for February 2008 grew significantly at 10.9% y-o-y, however the dramatic increase was due to the low level of the 2007 figure. The Consumer Confidence Index rose for the fifth straight month in March, after a year of steady declines, on an improved political situation and government economic stimulus measures.
- We expect to see more community malls and lifestyle shopping malls throughout 2008 in midtown and suburban areas of Bangkok, and Tesco Lotus and Carrefour are shifting their model from conventional stores to smaller-scale lifestyle shopping malls. The shift in format is to serve the changing lifestyle of Thai consumers.
- Total retail supply increased by 3.1% y-o-y and by 0.8% q-o-q, with the opening of six retail centres in Bangkok. Five of these were community malls, including The O@s, The Curve, Navamin Town Center, Greenwealth Shopping Center and Green Place which was the only one located downtown. The quarter saw the opening of one superstore, Tesco Lotus, located in Salaya. Wanasorn Building also opened with a mix of offices and 18,500 sf of retail space located on Phayathai Road.



## MAJOR LEASING TRANSACTIONS

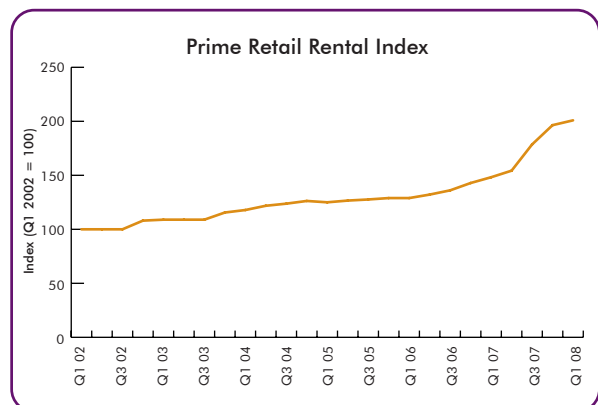
District	Property	Approx. Size (sf)	Tenant
Pathumwan	Zen @ Central World	26,900	Assumption University

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# PHILIPPINES

# MANILA

- The prime retail market continued to perform well as average occupancy in the major malls within Metro Manila remained at approximately 95%.
- Average rental rates increased approximately 2.3% q-o-q during the period under review. The increase in rental rates and high occupancy indicate the continuing demand for prime retail space. Prime retail rents have not dropped even with the additional supply from the Ayala projects, Phase 1 of Greenbelt 5 (fourth quarter of 2007) and Trinoma (second quarter of 2007) and the expansions in the various SM and Robinsons Malls over the course of 2007.
- Mall developers are also continuing to expand their operations in major cities outside Metro Manila.
- Several retail developments in and around Metro Manila are now designed to include integrated BPO office space. The most recent completion was Robinsons Otis in December 2007, with the first two floors reserved for retail space and the upper floors BPO space. The upcoming Glorietta 5 in the CBD, scheduled for completion in the second half of 2008, will offer prime retail space on lower floors with the upper floors reserved as BPO space.



## MAJOR LEASING TRANSACTIONS

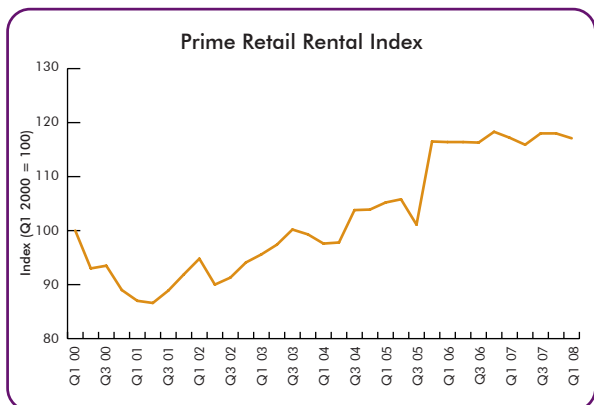
District	Property	Approx. Size (sf)	Tenant
Makati CBD	Greenbelt 5	1,700	Paul Smith
Makati CBD	Greenbelt 5	768	Marc by Marc Jacobs
Makati CBD	Greenbelt 5	768	Designs Ligna

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\* Anchor tenant

INDONESIA

JAKARTA



- The strong marketing performance of high-end shopping malls in the CBD is drawing major developers to the retail market, and especially retail projects positioned as entertainment and lifestyle destinations, as there is demonstrated demand for the segment.
- Expansion of under-license international brands continued, with Giordano taking space in Pacific Place and MaxMara in Plaza Indonesia.
- Combining various types of properties in a single development area is a major property development trend in Jakarta, with added appeal for both residential buyers and retail tenants, driving the increase in mixed-use developments.
- High demand for CBD space saw rents edge upward, while the flat performance of secondary shopping malls saw rents decline slightly.
- Looking at new supply, City Walk in Cityloft at Jl. KH. Mas Masnyur opened in the CBD, with primarily F&B tenants. East Jakarta saw the expansion of Pusat Grosir Cililitan (PGC). The extension of Plaza Indonesia and the revamped Sudirman Place are expected to come on stream in the CBD in the near future.

MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Central	Grand Indonesia	3,200	Y & Y Restaurant
South	Pacific Place	3,200	Giordano
Central	Plaza Indonesia	2,700	MaxMara

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INDIA

NEW DELHI

- Italian fashion brand Giorgio Armani will invest INR 10 million (US\$250,000) in a 51:49 JV with India's biggest developer, DLF. Armani will hold 51%.
- The Netherlands-based Pearle Europe, part of international investment major HAL Group, is entering into a 50:50 joint venture partnership with Reliance Retail to sell optical products at "Vision Express" stores located in Reliance's various retail formats. Pearle Europe operates optical retail stores in 21 countries across Europe and the Middle East. Reliance also formed an equity JV with Marks & Spencer and a licensing deal with Hamleys.
- Other brands contemplating the market include IKEA, Roseby's, Fossil Inc, the UAE-based Al-Futtaim Group, Spanish chain Presto, Cartridge World, Sally Hansen and illycaffè.
- Brands planning to expand include Gucci, Giordano International, Swiss watchmaker Rado, Walt Disney, Spar International, Dubai's Landmark Group, Sri Lanka-based MAS Holdings, Levi Strauss and Cookie Man.
- On the domestic front, RPG Group's retail venture Spencer's will invest INR 25 billion (US\$623 million) over the next two years and developer Suncity Projects will invest over INR 24 billion (US\$598 million) by 2011 to enhance its retail presence.
- Retailer Shoppers' Stop will invest INR 10 billion (US\$249 million) for expansion, while S Kumar Group's Brandhouse and multiplex chain Inox Leisure both have INR 4 billion (US\$100 million) expansion plans. Tata's Infiniti Retail will invest INR 8 billion (US\$199 million) in expansion by 2010, Koutons Retail will add 2,000 stores by 2011 and Ethnic retail chain FabIndia and Vishal Retail will invest around INR 2 billion (US\$50 million) each.
- India's fourth largest FMCG company, Dabur India, intends to invest INR 1.4 billion (US\$35 million) by 2010 in opening health and beauty retail chains.
- Developer Ritesh Properties plans to enter the retail sector, opening around 500 stores nationwide over the next five years.

MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Gurgaon	MGF Metropolis Mall	10,000	United Colors of Benetton
Saket District Centre	MGF Metropolitan Mall	3,900	The Noodle House
South Delhi	South Extension Part - II	2,500	Puma

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## VIETNAM

## HO CHI MINH CITY

- Local retailers are quickly expanding their networks, making full use of their relative monopoly before foreign retailers can enter with full ownership in 2009. Co-opmart, one of Vietnam's leading retailers, opened its 27th outlet in Binh Tan District in January. Co-opmart is not the only domestic player in the field, Vinatex Mart launched two more outlets in HCMC during the period under review.
- Average rent is currently approximately US\$7.4 psf per month (excluding service charge and VAT) due to the slight decline in rents outside the CBD, however average rent in the CBD increased to US\$8.5 psf per month.
- HCMC continued to emerge as a destination for brand names. Charles & Keith opened its first store at Mac Thi Bui in the vibrant District 1 commercial district, Geox opened its second store in the Opera View, and Mo&Co opened its second store in Nguyen Trai, also District 1.
- Gosto, a local brand name, launched its first outlet in Le Loi, District 1, with a modern luxury design that upgraded the image of local brands.
- Many developers started work on mixed-use projects in which retail will be an important element. Most projects are located outside of the CBD in District 6, the Nha Be District and District 7.

### MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
1	Private house - 123 Nguyen Trai	600	Mo & Co
1	Private house - 10 Mac Thi Bui	500	Charles & Keith
Binh Tan	153 Binh Tri Dong	80,000	Co-opmart supermarket

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## VIETNAM

## HANOI

- The opening of the Parkson (131,900 sf) and Syrena (53,800 sf) malls added new supply in the first quarter of 2008. Several luxury brands seized the opportunity to put entry plans into effect and both projects were fully absorbed.
- The wave of luxury brands entering the market continued, with 30 entering the capital during the quarter.
- Weak contract law is proving a serious detriment as some landlords fail to honour agreed terms or rents. In March, Vincom City Towers forced Gloria Jean's Coffee to use corner space midway through their contract.
- Despite inflationary pressure cutting into purchasing power, supermarket chains including the Hapro Group and Nhat Nam JSC are looking to expand throughout the city. They prefer large floor plates, but must take smaller spaces if wishing to expand in central Hanoi.
- Ten of Hanoi's 12 major wet markets will be converted into shopping or trade centres. Since these are well established markets in large central locations there is heavy competition for space in the new markets. Some residents and kiosk owners are complaining that the process may destroy the low-end retail market.
- The severe shortage of retail stock is creating windfall profits for some developers. The first two retail floors of Ha Thanh Plaza (approximately 43,060 sm) in Dong Da District will open soon. This Grade C project is attracting brands like Ninomaxx and May 10, who are paying at least US\$50 psm per month for first floor space.
- No significant new openings are expected until 2009, when Hanoi Indochina Plaza, The Garden, CEO Tower and Vincom 2 should come on stream.

### MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Cau Giay	Floor 1, Big C	3,770	Pizza Hut
Tay Ho	Syrena Serviced Residences, 51 Xuan Dieu	10,760	Fivimart
Dong Da	Floor 1, Parkson Viet Tower, 198B Tay Son	220	Lancome

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JAPAN

TOKYO

- Leasing activity over the last quarter has shown signs of a slowdown as retailers become less inclined to absorb high rental costs.
- Developers who were bullish in acquiring properties during 2007 may find it difficult to secure tenants at asking rents, particularly for non prime assets.
- Rent levels for prime space in the major retail districts have remained relatively unchanged.
- Swarovski opened its first flagship store in Ginza in March (4,800 sf).
- De Beers opened a 5,600 sf store in Ginza in March. This is the largest De Beers store in Japan and opened along Marronnier Dori which now boasts an impressive list of high-end retailers including Gianfranco Ferre, Bottega Veneta, Christian Lacroix and Mikimoto.
- Following the recent opening of major flagship stores in Ginza by some of the worlds leading luxury brands, Mitsukoshi and Isetan have announced plans to renovate Mitsukoshi Ginza. The building will double in size after completion, expected in fall 2010; expanding from 463,000 sf to 877,000 sf. Isetan and Mitsukoshi will look to reposition several of their major department stores in order to clearly differentiate the two brands.
- Isetan and Mitsukoshi also unveiled plans to open JR Osaka Mitsukoshi-Isetan as a major tenant of the Osaka Station Shin-Kita Building, slated for completion in 2011 in Osaka's Umeda district. The new Mitsukoshi-Isetan will occupy 12 of the building's 31 floors, with total retail space expected to be approximately 540,000 sf.

MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Ginza	GINZA GLASSE	10,800	DIESEL
Roppongi	Roppongi Hills	10,800	Adidas Performance Center
Ginza	JEWEL BOX GINZA	4,800	Swarovski

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

SOUTH KOREA

SEOUL

- Bleak consumer sentiment prevailed in the retail market, with consumer spending appearing to have peaked. Retail sales in February increased 7.2% y-o-y, but the y-o-y increase in January was 9.7%. The February figure represented a decline of 4.2% from the previous month, and the second consecutive month of declining growth.
- The Retail Business Survey Index (RBSI) of Korea, a leading indicator for retail business sentiment, was 110 for the first quarter of 2008 when conducted in the last quarter of 2007, but dropped to 93 for the second quarter. Sentiment in the retail market is thus expected to continue to deteriorate.
- Substantial growth (11.2% y-o-y) in non-store retail sales, including home shopping and online shopping, also dampened sentiment among traditional retailers.
- However the picture does vary somewhat according to district. Oversupply in Myeong-dong continued to see vacancy rise and rents decrease, while the Gangnam retail market remained brisk. The relocation of Samsung companies and affiliates to the Samsung Town district of Gangnam has brought 25,000 new workers to the district and momentum and sentiment in the retail market remained upbeat.
- Accordingly, rents in Gangnam witnessed upward pressure given the strong demand for retail space.

MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Gangnam	79 Cheongdam-dong	15,070	10.CORSO.COMO
Sinchon	18-21 Chancheon-dong Seodaemun-gu	9,250	UNIQLO
Gangnam	COEX mall	1,780	ELLE

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.



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# ASIAN RETAIL MARKET FLASH

Q1 2008



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