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## CBRE Releases "Pop-Up Stores Blooming: A New Retail Format"

### Street Level Pop-up Stores Increase by 43% in Three Years Growth in Store Demand and Widening of Geographic Area Anticipated

CBRE today released a special report entitled "Pop-Up Stores Blooming: A New Retail Format". The report is based on CBRE's survey of street level pop-up stores that have opened in the main retail areas of Tokyo (Ginza, Omotesando & Harajuku, Shinjuku, and Shibuya). By comparing pop-up store openings in 2015 and 2018, the study uncovered market trends and provided in-depth insight that was then used to forecast potential future developments.

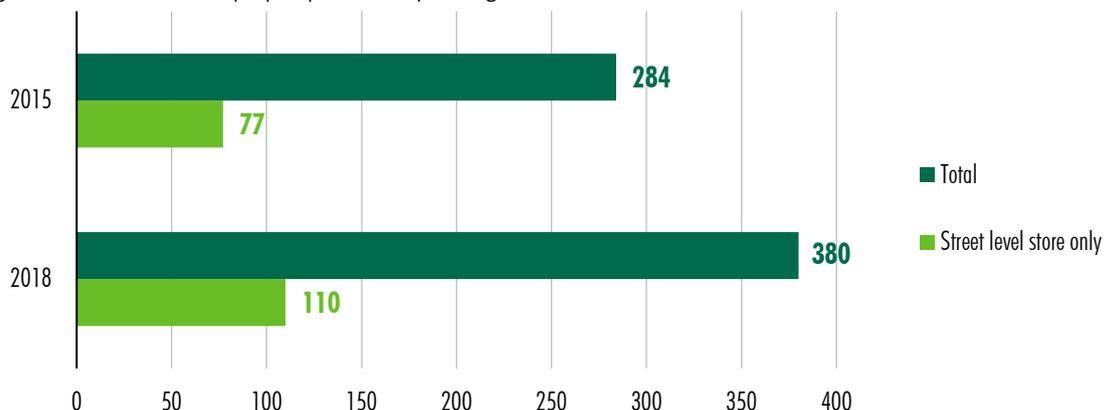
\*Survey period: March 20 to April 8, 2019

#### ◇ Study of street level pop-up stores

##### Volume

In recent years, the main retail areas of Tokyo have seen an increase in pop-up stores - short-term sales spaces aimed to promote new product launches or cater to seasonal demand. CBRE noticed that in addition to the traditional locations such as department stores and shopping centers, there was a significant increase in the number of pop-up stores opening in street level units. In 2015, the total number of pop-up stores was 284, but this had increased by 34% to 380 in 2018. The growth in pop-up stores launching in street level stores was even sharper. In 2015, the total number of pop-up stores occupying street level stores was 77, but this had increased by 43% to 110 in 2018. Street level stores accounted for almost 40% of the 96-store increase in pop-up stores overall.

Figure 1: Number of pop-up store openings



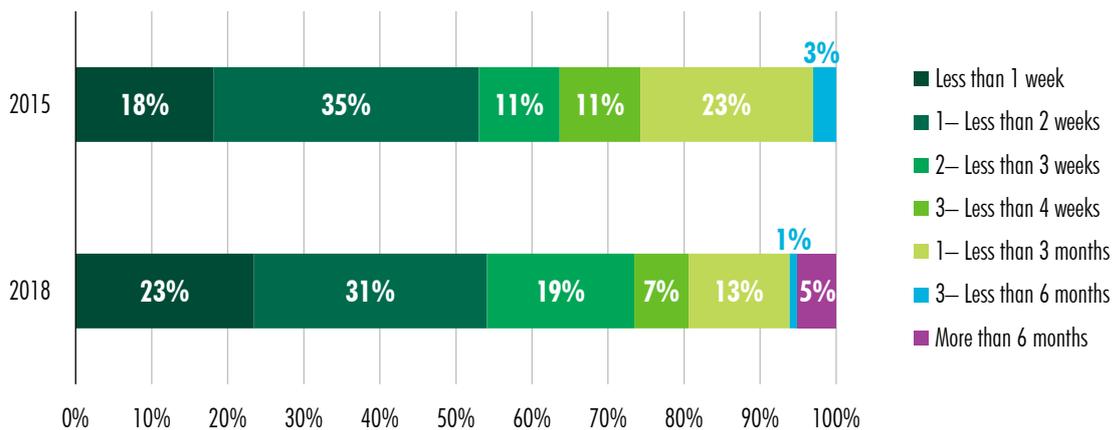
Source: CBRE, April 2019

One of the reasons for the increase in street level pop-up stores is that more retailers have started to use pop-up stores to promote their brand and products (rather than solely for sales). This has been underpinned by the rapid adoption of smartphones and the ensuing growth of social media, both of which have dramatically improved ease of communication. The instantaneous spread of information has led to pop-up stores becoming a popular means of corporate promotion. In particular, street level stores are seen to be suited to convey brands' overall concept, and allow the retailers to create content more freely than in department stores or shopping centers. As such, more retailers have come to value the format's strong promotional impact, which led to an increase in pop-up stores within street level stores.

**Duration**

In both 2015 and 2018, the most popular duration for pop-up stores was "1–2 weeks" (2015: 35%; 2018: 31%). If "Less than 1 week" is included, the total exceeds 50%, in line with the original concept of a pop-up store which is basically a store that suddenly appears (i.e. pops up) in vacant store space and then disappears after a relatively short period of time. (Figure 2)

Figure 2: Street level pop-up stores by duration of operation



Source: CBRE, April 2019

There are two benefits to having a short duration. First, it conveys a feeling of a special, time-limited experience which can help attract visitors. Second, the costs of opening a store can be kept at a minimal, making it easier for relatively small-scale retailers to open a store.

**Area**

In 2015, the most popular areas for pop-up stores were Harajuku (38%) and Omotesando (29%), with the closely-located areas collectively accounting for 67%. In 2018, conversely, "Omotesando" took the top position (45%) followed by "Harajuku" (34%). The combined share of both areas was 79%, 12 points higher than in 2015. (Figure 3) One major reason for the concentration of pop-up stores in Harajuku and Omotesando is the popularity of these areas as places to visit among the millennial generation. Many companies are pitching their products to millennials as they seek to establish a younger customer base.

Figure 3: Street level pop-up stores by area

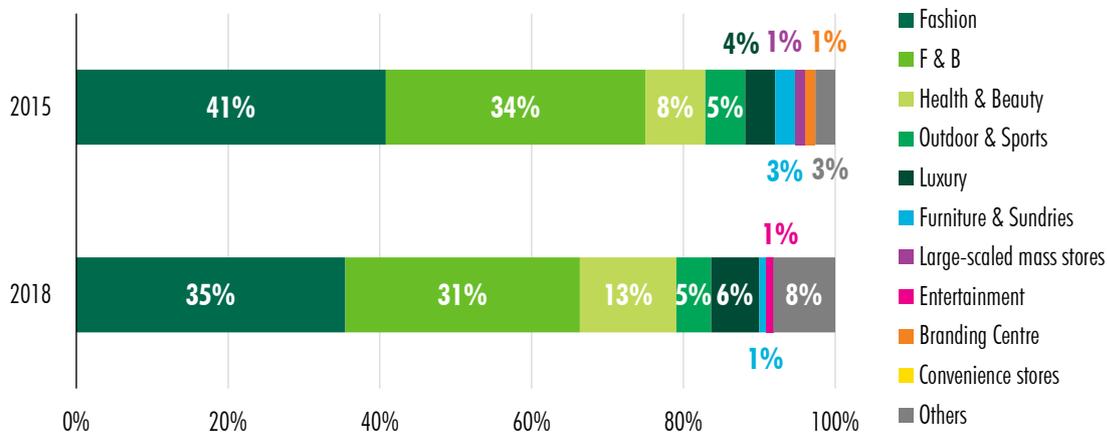


Source: CBRE, April 2019

**Business Type**

Looking at pop-up store openings by business type, in both 2015 and 2018, the most popular formats were fashion (41% and 35%) and food retail/restaurants (34% and 31%). (Figure 4)  
In the fashion industry, there have been a growing number of cases where apparel-focused brands collaborate with another fashion brand to produce a product that is only sold for a limited time.

Figure 4: Street level pop-up stores by business type



Source: CBRE, April 2019

**◇ Future developments**

CBRE foresees a continued increase in street-level pop-up store openings in Tokyo’s main retail areas. The launch of next-generation 5G\* communications this year is especially key as it will significantly expand technology options for retailers, including high-capacity video streaming and virtual reality (VR). In addition, broadening the promotional techniques and scope of implementation should lead not only to expansion in store demand, but also to widening the scope of geographic area for store openings.

\* The next generation of mobile telecommunications, positioned above 4G and 4G LTE.

Kaoru Kurisu, Director of CBRE Research, commented: "Retailers are focused on physical stores that serve as consumer contact and experience points. Pop-up stores are especially well-suited to promote specific products and events, and we expect to see even greater demand from retailers. Furthermore, as real estate owners become increasingly familiar with pop-up stores, there will likely be more openings in the near future."

For further details please refer to the "Pop-Up Stores Blooming: A New Retail Format" report released today.

<https://www.cbre.co.jp/en/research-reports/retail-reports>

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