

FEASIBILITY STUDY FOR THE RETAIL COMPLEX
IN HARAJUKU, TOKYO, JAPAN

by

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The feasibility study of retail complex in the town of Harajuku in Tokyo, Japan.

by

Edward Yang

Submitted to the Department of Urban Studies and Planning on August 16, 1985 in partial fulfillment of the requirements for the Degree of Master of Science in Real Estate Development.

ABSTRACT

This thesis is a feasibility study of a development of a retail complex in a town called Harajuku in the Shibuya-ku district of Tokyo, Japan. The nature of the development is a marketplace with an emphasis on fast foods, ethnic foods and restaurants on 12,500 square feet site.

The study also traces several transformations of the town of Harajuku between 1970 to 1980, as a result of the rapid growth and infusions of the daytime visiting population to Harajuku from the suburbs of Tokyo.

Thesis Supervisor: Rosemary Grimshaw

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Preliminary Introduction

Greater Tokyo Metropolis is divided into twenty-three districts. One of these, Shibuya-ku consists of seven towns. They are Yoyogi, Shibuya, Shoto, Sendagaya, Ebisu, Harajuku, Hiroo and Shinjuku. Of these towns Harajuku is the primary focus of this study.

The site under consideration for development lies in the western part of Harajuku. The site is certain to maintain its value because of its location where both Harajuku Station and Meijijingumae Subway Station is situated less than fifty feet from the subject site.

The impetus of Tokyo Olympic in 1964 which took place in the town of Harajuku led to the gradual commercial developments of Harajuku in the late '60s and early '70s. The continuous commercial developments in Harajuku in the '70's has gradually changed the zoning restrictions on this site. Originally this site was zoned for residential uses however was changed to allow for the development of retail complex, as proposed in this project.

Today Omotesando Street is often called Champs Elysees of Tokyo. It has earned this name primarily since chic boutiques, luxury condominiums, chic restaurants and coffee shops sprouted along this street as well as along the interconnecting streets of Mejidori Street and Aoyamodori Street.

I. SUMMARY OF CONCLUSIONS AND RECOMMENDATION

Findings contained in this report are capsulized in the following paragraphs.

1. We have found strong evidence indicating a sizable opportunity area for festive food and retail complex in Harajuku. Interest in the development of retail complex of this nature has been encouraging. Based on the results of our survey of visiting populations of all age brackets, we see a gross sales of about \$550 per square foot on our first year estimate.
2. The subject property, located in district one of Harajuku, is in a position to take most of this potential up to the limits of the site itself. In order to do this, however, it will be necessary that:
 - A. The retail space be of exceptionally high design by incorporating and coordinating a small symbolic signs such as the cricket, fish, pigs etc... over the front door of each relevant stores. Highly sensitive and fashion oriented consumers will demand this to a greater degree than lessees.
 - B. That aggressive marketing begin as soon as possible, as other well established shopping mall in Harajuku could imitate the concept and provide competition. It should be noted, however, that this site has an inherent locational advantage in Harajuku than any of the established shopping mall, for development of this nature.

3. An acceptable range of average sales price per transaction, based on the average disposable income and monthly allowances of the consumers would be from \$2.00* to \$15.00 per transaction with the non-food item at the higher end of the range.
4. The potential seen for this project is based on a nearly complete domination of the market-for fast foods, snacks and ethnic foods and not upon the general market conditions.
5. The floor layout must be designed flexibly to accomodate:
 - A. The changes in the nature of business due to high turnover rates of tenants (ie. retail, fast foods, restaurants etc.)
6. The floor plan must be well thought out to allow for the disparities of interests and spending habits between the two distinct group of consumers.

* All currency conversion in this study is based on \$1.00 = 250 yen.

II. GROWTH TRENDS IN HARAJUKU

The town of Harajuku experienced over 150% growth rate in its day time population from 1970 to 1980. Like most towns of similar size in Tokyo, all of this growth occurred as a result of the increase in suburban visitors, while the visitors from the central city grew only slightly. The table below illustrates the substantial rise in the visiting population in each of the most popular shopping towns in Tokyo.

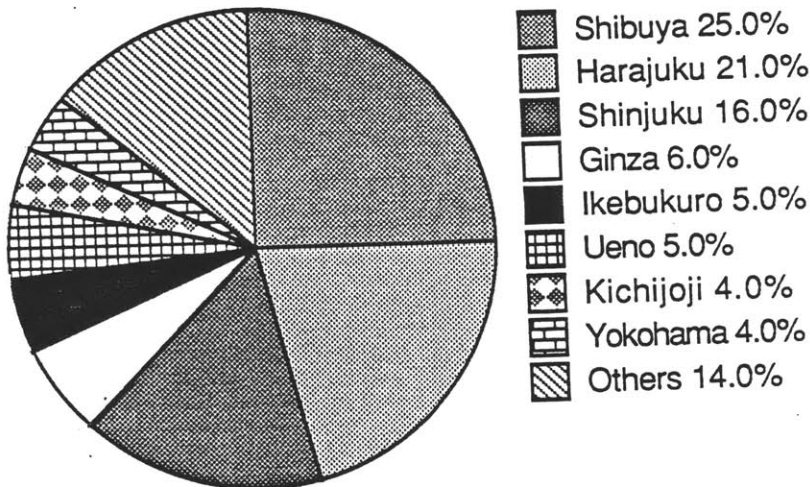
TABLE 1: PASSENGER COUNTS OF HARAJUKU AND FIVE MAJOR STATIONS BETWEEN 1976 - 1980.

| TOWNS | 1976 | 1980 | % CHANGE |
|-----------|-------------|-------------|----------|
| TOKYO | 277,064,930 | 249,730,080 | -9.86 |
| SHINJUKU | 488,558,340 | 461,032,230 | -5.63 |
| HARAJUKU | 37,196,420 | 40,969,790 | 10.14 |
| SHIBUYA | 244,366,040 | 245,682,230 | 0.54 |
| IKEBUKURO | 332,414,990 | 333,367,640 | 0.29 |
| UENO | 125,737,390 | 117,566,500 | -6.49 |

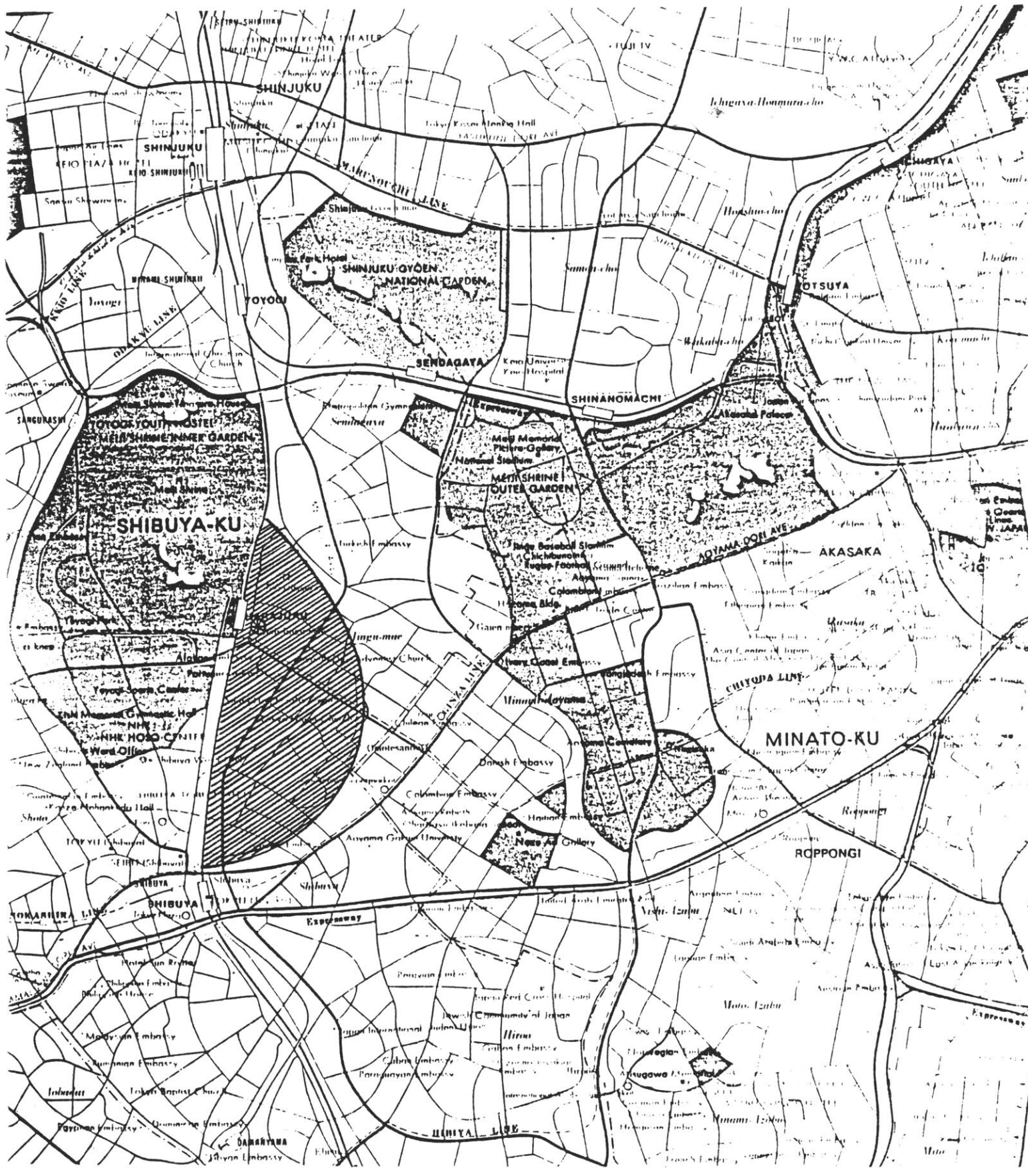
SOURCE: JAPAN NATIONAL RAILROAD.

Although the compounded annual growth rate during the 70's compares favorably with that of other major railroad stations in Tokyo, all indications are that the rate of growth has increased during the early 80's and is not decelerating. Passenger count estimates for the years following the last census indicate growth of 42,250,000 in 1981; 43,500,000 in 1982; and 44,800,000 during 1983.

CHART I: CAPTURE RATE OF EIGHT MOST POPULAR SHOPPING TOWNS.



SOURCE: NOMURA DISPLAY COMPANY, LTD.



STUDY AREA⁵



SUBJECT SITE

ILLUSTRATION 1: STUDY AREA

III. ANALYSIS OF SUBJECT SITE, LOCATION AND ENVIRONS.

The parcel under consideration for development lies in the western part of Harajuku. It contains a total of 1,160 square meters or about 12,500 square feet. It is at fifty feet adjacent from Japan National Railroad's Harajuku Station and eighty feet from Chiyoda Subway's Meiji Jingumae Station. The property's frontage of 43 meters or approximately 141 feet frontage is facing a four lane traffic artery.

The southern part of Harajuku was first to be developed as an extension of activity of the Olympic Stadiums in late 60's. Luxury mid-rise residential condominiums, commercial offices and a good deal of retailing still exist along this corridor. Although it served as a sort of downtown Harajuku, this area was never well organized for that role, and it presently is central to only a fraction of Harajuku's residential population and visiting population.

Development gradually spread eastward and a commercial and retailing center called the Palais France evolved in the intersection of east side of Takeshita Street and Meiji-dori Street.

Palais France Shopping Center, a mid-sized-vertical shopping center with brand name stores such as Gucci, Yves Saint-Laurant, Nina Ricci etc... served as the focal point for this area. However, as the high end retail stores were developed in the neighboring town of Aoyama, it too lost its centrality to the major portion of Harajuku's visiting population.

- 1 PALAIS FRANCE
- 2 LA FORET
- 3 SUBWAY STATION
- 4 SITE

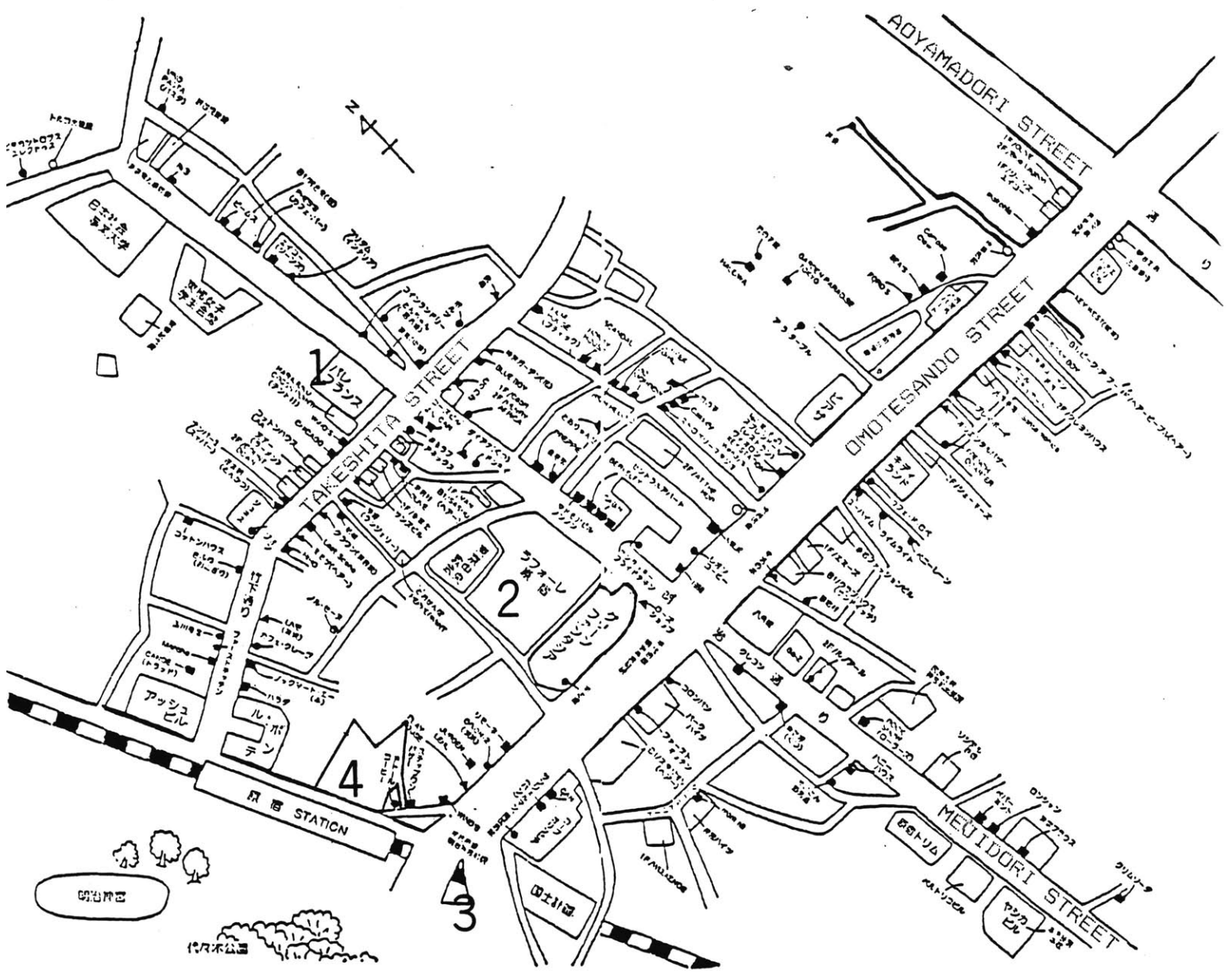


ILLUSTRATION 2 : DETAILED MAP OF HARAJUKU/AOYAMA

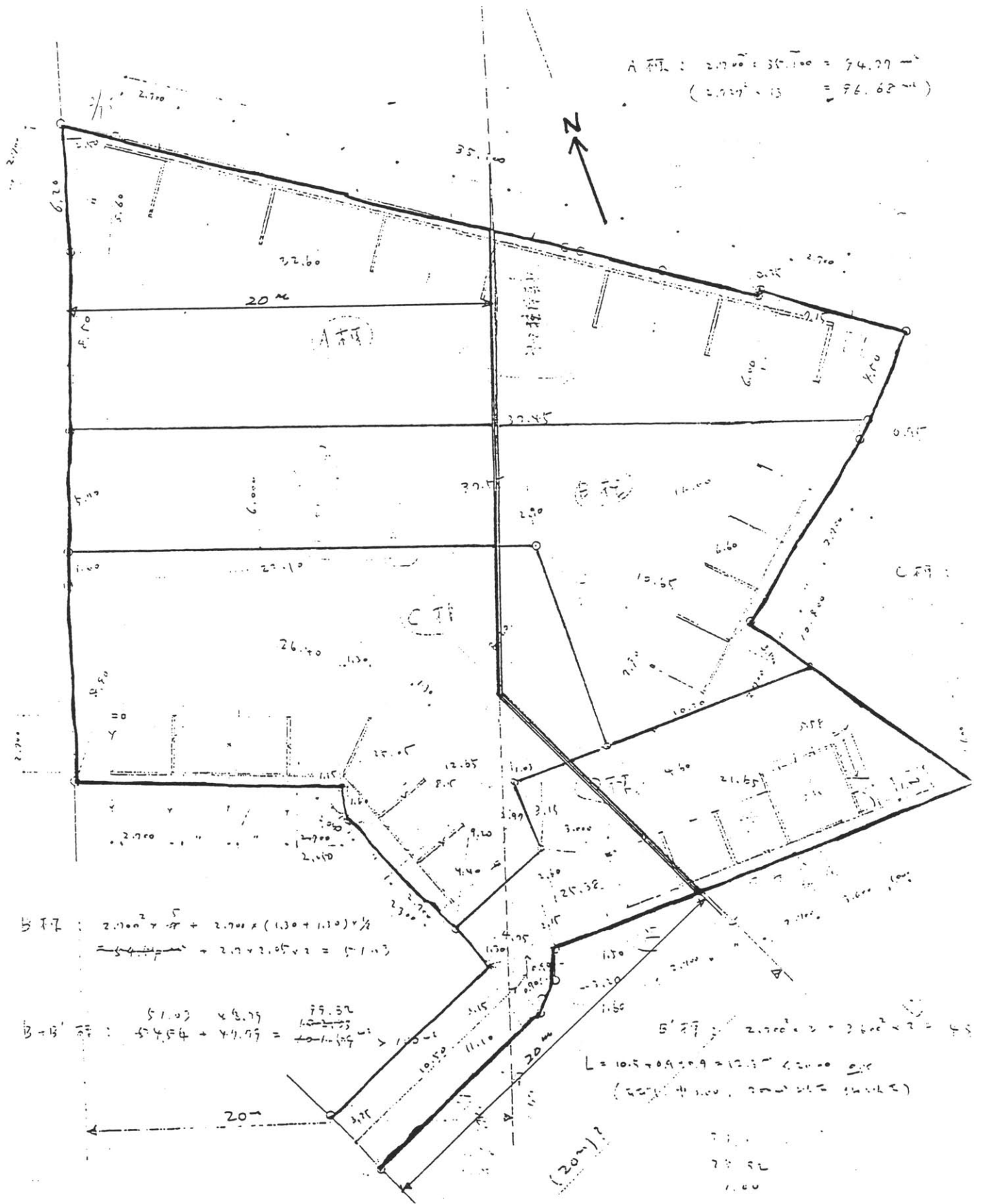
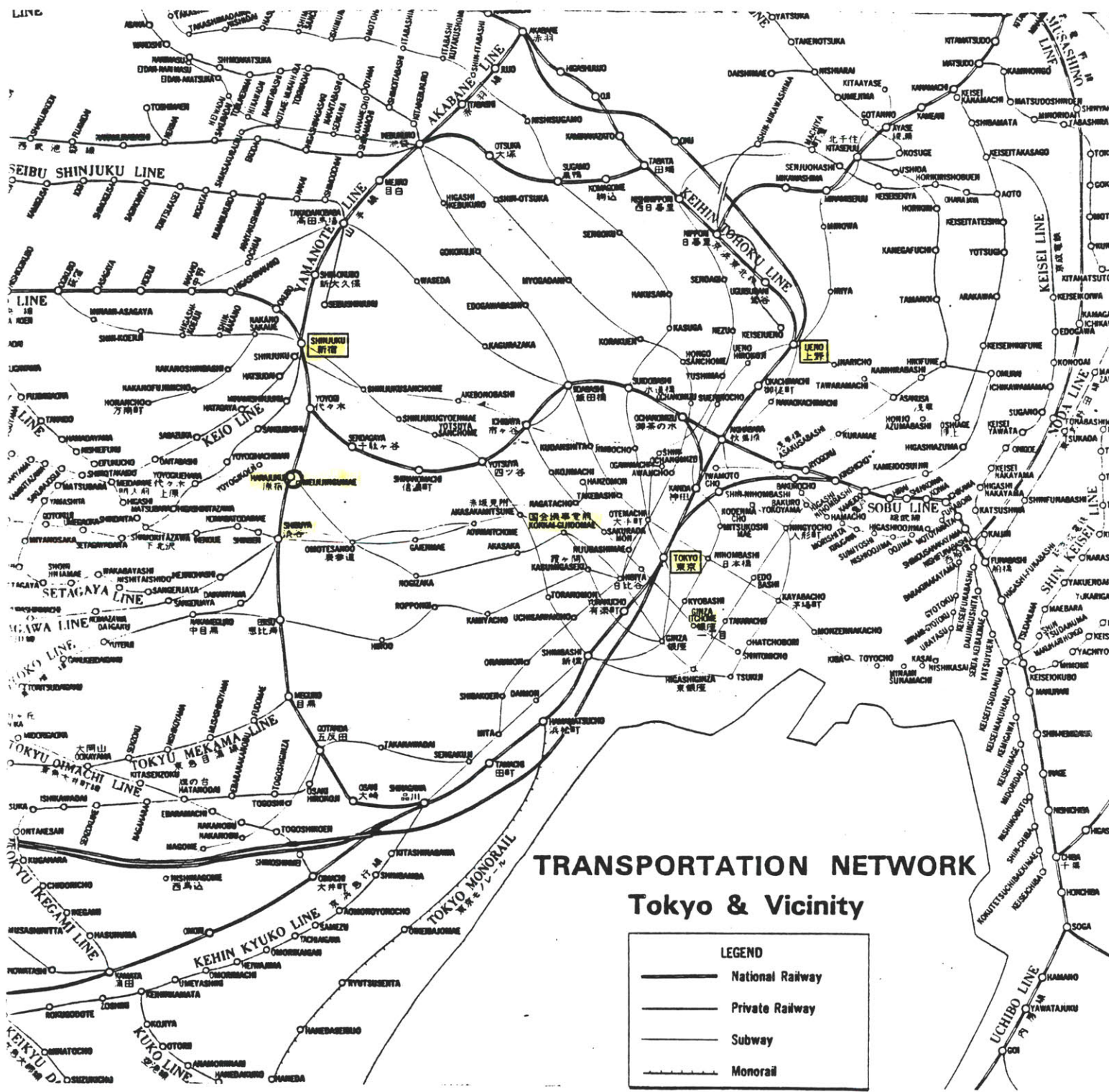


ILLUSTRATION 3 : MAP OF THE SITE

Most recent growth has taken place primarily in the central portions of Harajuku. Commercial development in this area has centered around 250 feet from the subject site. This indoor vertical mid-sized mall called La Foret contains approximately 80,000 square feet of retailing space and presently the largest shopping center in Harajuku. Strip commercial development has also occurred along Takeshita Street with international and domestic chain stores such as Baskin Robbins Ice Cream Store, MacDonaldis Hamburger, First Kitchen Hamburger, D'Lite boutique and hosts of boutiques, restaurants, and snack stores serving crepes has popped up along this street in a relatively short period of time span, two to three years in the mid 70's.

The subject site sits at a strategic position between the location favored by the teens and the young urban professionals. This strategic location is advantageous since it serves as a crossroad to both types of consumers, as a result, it allows more exposure and visibility to a larger volume of the visiting population.

The advantages of its location also include its proximity to Meiji Shrine, immediate access to Harajuku Station and Meiji Jingumae Station, and its exposure on major arteries of Omotesando Street and Ekimaedori Street. The characteristics of the neighborhood and the expansion of the existing retail outlets and new developments of various retail stores in Harajuku fully justify the development of the Marketplace as planned.



TRANSPORTATION NETWORK Tokyo & Vicinity

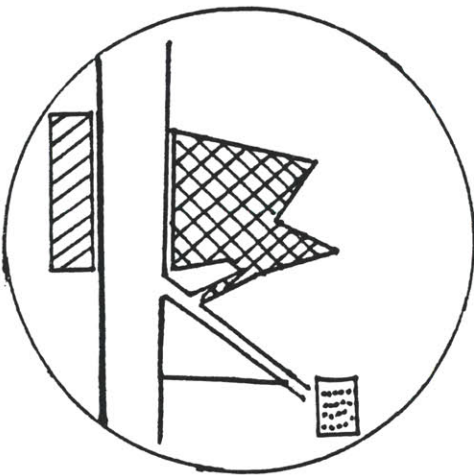
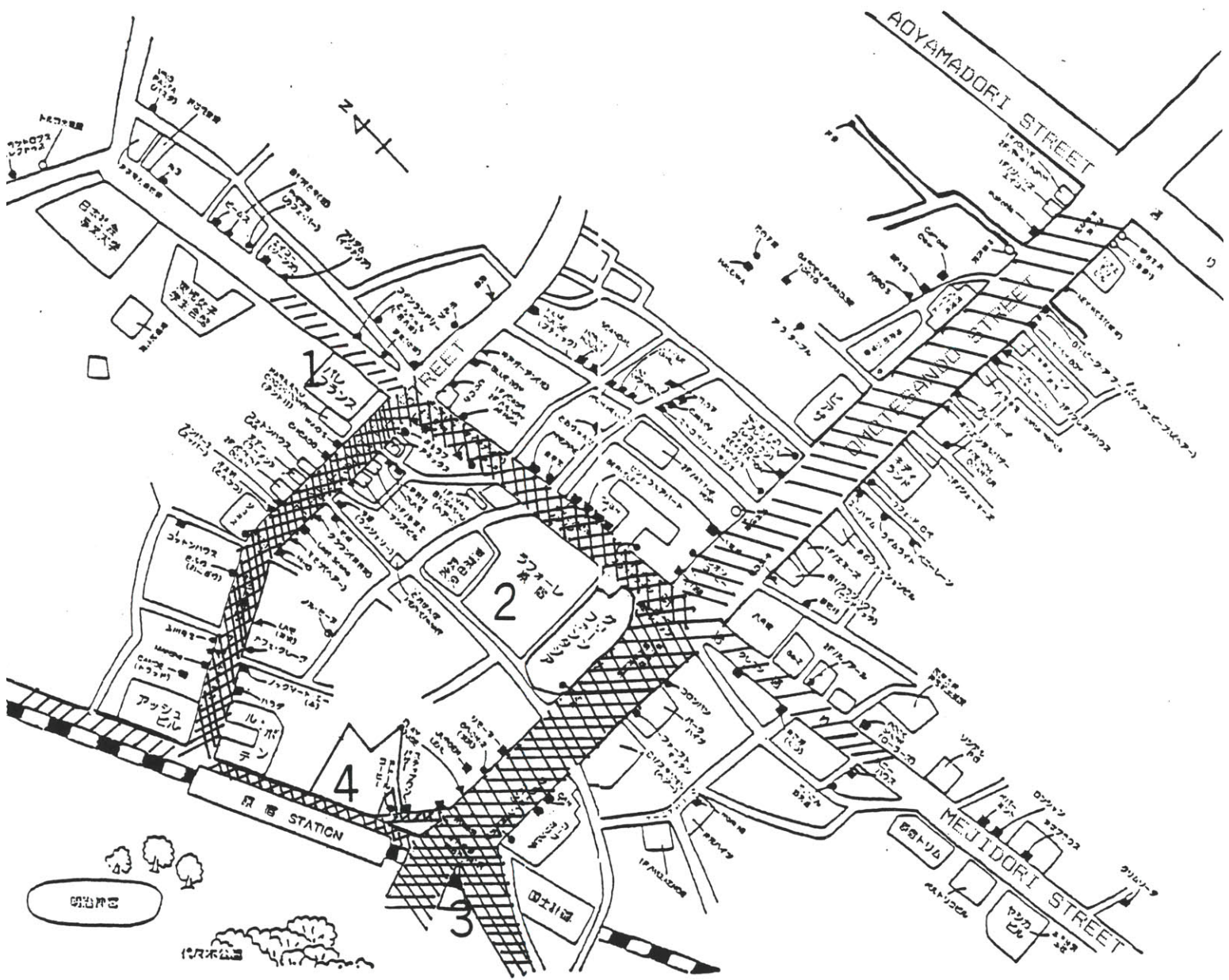


ILLUSTRATION 4: TRANSPORTATION NETWORK

- 1 PALAIS FRANCE
- 2 LA FORET
- 3 SUBWAY STATION
- 4 SITE






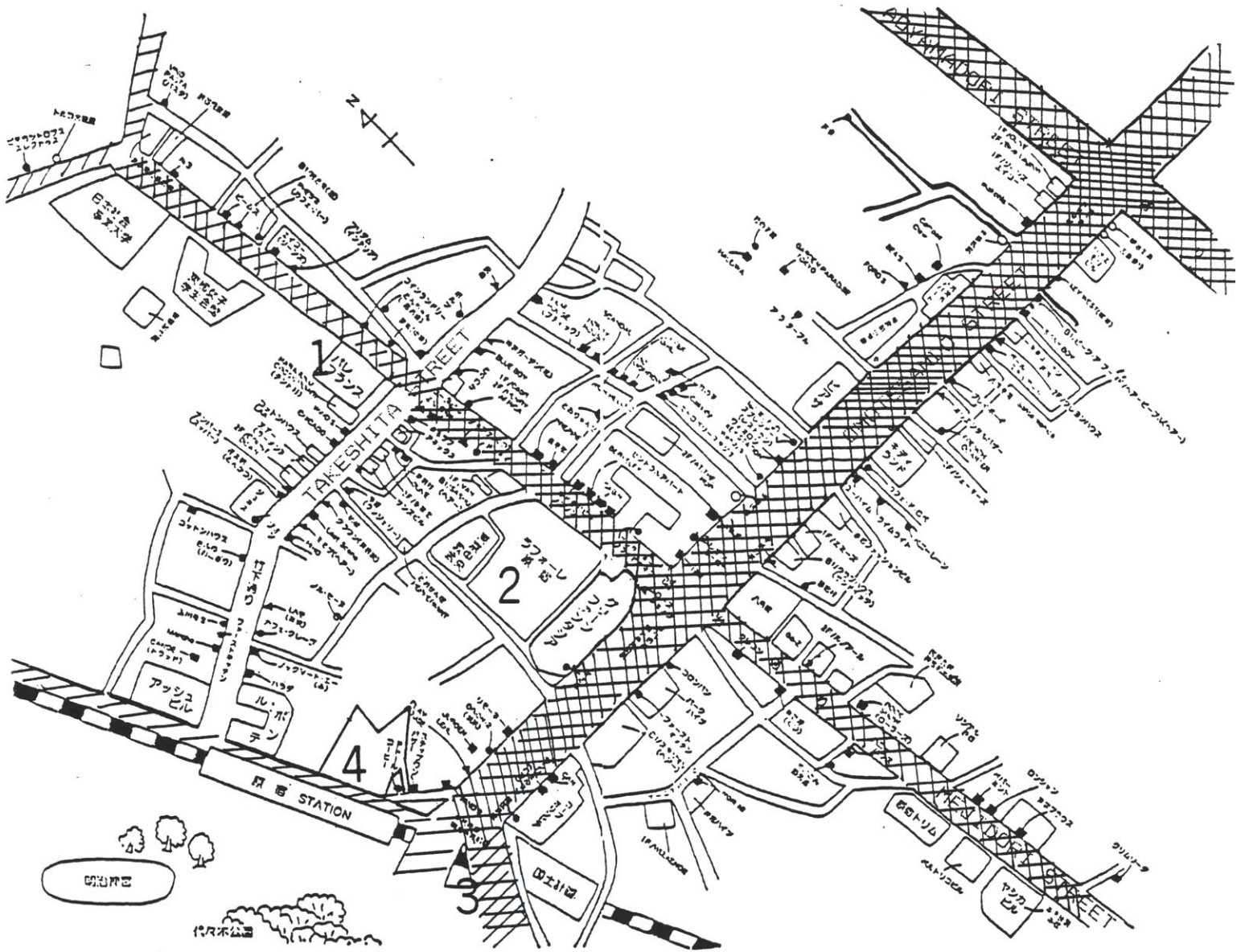
-  HEAVY TRAFFIC
-  ABOVE AVERAGE TRAFFIC
-  AVERAGE TRAFFIC

ILLUSTRATION 5: PEDESTRIAN TRAFFIC MAP

- 1 PALAIS FRANCE
- 2 LA FORET
- 3 SUBWAY STATION
- 4 SITE






-  HEAVY TRAFFIC
-  ABOVE AVERAGE TRAFFIC
-  AVERAGE TRAFFIC

ILLUSTRATION 6: AUTOMOBILE TRAFFIC MAP

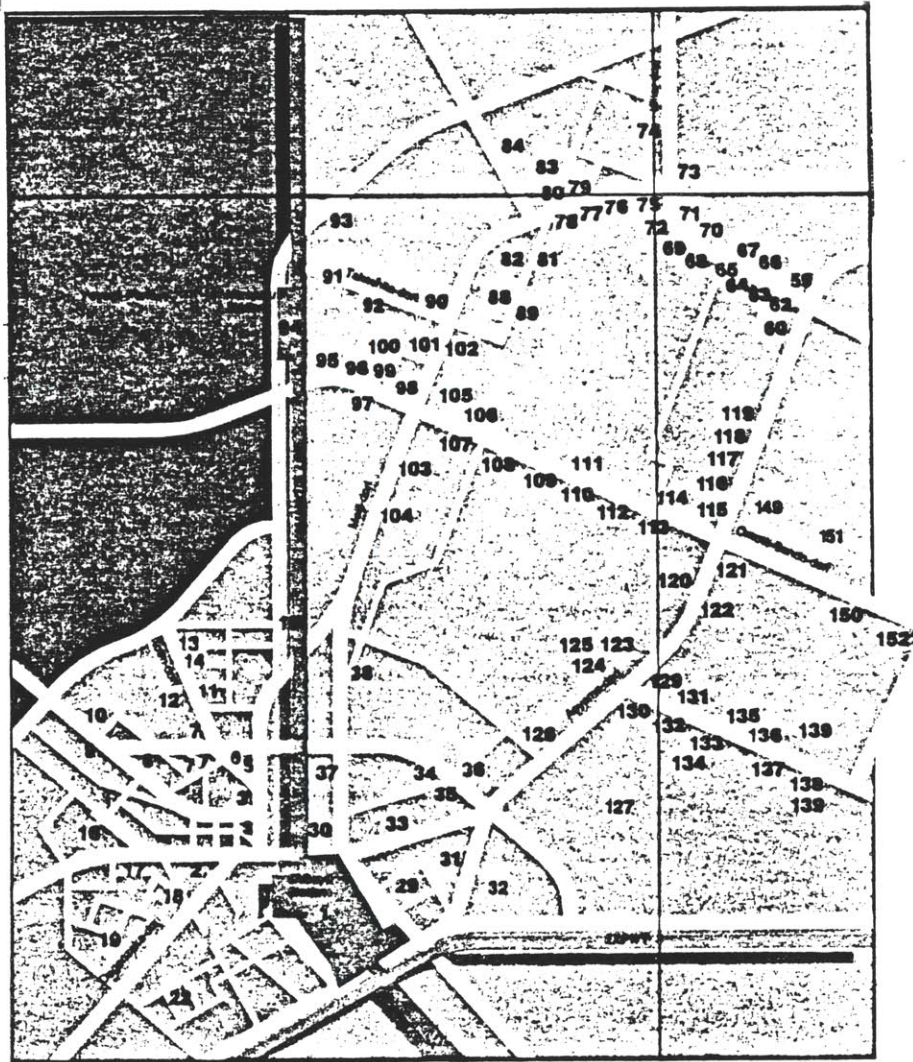


ILLUSTRATION 7: DETAILED MAP OF MAJOR RETAIL
 ATTRACTIONS IN NEWARK, NJ

- 56 The Spaghetti Factory Aoyama.** * It must be the variety that entices the large numbers that gather here—there are 80 different kinds of pasta. The portions don't amount to much more than a snack, so if you're hungry you may want to order 2 dishes and/or a salad with spicy dressing. Always crowded. *Open daily 11:30am-9:45pm. 3-2-7 Minami Aoyama, Minato-ku. 405-4623.*
- 57 China Doll.** ☆☆☆ The original *Frenchified* Chinese restaurant. The food and the atmosphere alike are Westernized. The place to go if you're looking for Chinese food that goes well with wine. *Neo-Chinese. Open daily 11:30am-11:30pm. 2-27-19 Minami Aoyama, Minato-ku. 479-0201.*
- 58 Killer Street.** Fashion designer Junko Koshino named this street lined with fashion boutiques. Aoyama Street divides it into north and south sides. The south side leads to Aoyama Cemetery and Nishi Azabu; the north takes you to Victor Studios and the National Stadium. In the middle is the Aoyama Street crossing, where you find a Western-style clothing shop, *Tejien Men's Shop*, and across from it the fashion building, *Bell Commons*. Up the north side of the street are *Nicole*, *Baily*, *Stockman* and other shops well watched by stylists. *Yamamoto Kansai's* boutique is around the left-hand corner just before Victor Studios. On the south side is the ski wear shop *Ski Shop Jiro*. The sycamore trees lining the street add to the fine window shopping.
- 59 Aoyama Bell Commons.** This popular meeting place attracts many people with its variety of goods and services. Firmly established as a fashion center, there are also aerobics and tennis instruction gyms, and several restaurants and cafes. If you're hungry, don't miss *Sushisei*. Understandably crowded, it offers excellent sushi at very reasonable prices. Branches in Roppongi and NY. *2-14-6 Kita Aoyama, Minato-ku. 475-8111.*
- 60 Hamilton Shirt Boutique.** Here are 3 floors of exquisite shirts. The 1st floor features *Issey Miyake* shirts, the 2nd floor carries *Ralph Lauren's* polo shirts, and the 3rd *Hamilton* shirts. The Hamilton boutique features large sizes and the clerks speak some English. *Open Tu-Su 11am-7:30pm. Closed M. 3-2-5 Kita Aoyama, Minato-ku. 475-1971.*
- 61 Ambiente Aoyama's** scattered manner of displaying Italian designer furniture gives the impression that the casual purchaser is welcome—a look at the price tags will dispel this illusion. Patronized primarily by architecture and design professionals, the store's displays are designed for efficient viewing, not for creating a luxurious mood by setting up designer rooms. Special orders are accepted; small interior accessories are also stocked. *Open M-Sa 9:30am-6:30pm. Closed Su. 3-1-30 Minami Aoyama, Minato-ku. 405-6720.*
- 62 Comme Ca Du Mode.** Simple fashion designs in basic colors—black, gray and navy blue. The main shop is separated into ladies' (1st floor) and men's (2nd floor). *Open late for leisurely shopping. Open M-Sa noon-11pm, Su and holidays 11am-8pm. 3-1-30 Jingumae, Shibuya-ku. 478-6761.*
- 63 Barbiche.** Bigli's top quality men's label, *Barbiche*, is heavily influenced by US '40s fashion. This men's fashion line changes seasonally in style and use of fabric. Stop outside the comprehensive window display for ideas on coordinating—then step right in. Highly recommended for young, fashion-conscious men. *Open daily 11am-8pm. 3-1-28 Jingumae, Shibuya-ku. 404-8757.*

- 64 Le Chinois.** ☆☆☆ Le Chinois serves Cantonese- and Szechuan-style dishes slightly modified for the Japanese palate. The interior is a modern mix of art deco mirrors and marble. The excellent service is comparable with NY's most fashionable restaurants. *Open M-Sa 6pm-2am, Su and holidays 6pm-midnight. Reservations required. Basement 1, Bianca Bldg, 3-1-26 Jingumae, Shibuya-ku. 403-3929.*
- 65 Boutique Nicole.** A pioneer in designer fashions in Japan, much like Bigli, this boutique is masterminded by *Mitsuhiro Matsuda*, known in NY for his *Matsuda* label. He even has his own boutique on Madison Avenue. A visit here is a must for those interested in keeping up with Tokyo fashions. *Open daily 11am-8pm. 1st-2nd floors, Nicole Bldg, 3-1-25 Jingumae, Shibuya-ku. 478-0998.*
- 66 Zipper.** This shoe store prides itself on its healthy export business to Los Angeles, but to wear these shoes you have to fall within the Japanese norm of men's sizes 6½ through 9½ or ladies' sizes 5 through 7. Though perhaps short-sighted, the company feels that the small number of sales of larger sizes doesn't merit producing them. The good news is that the cuts and designs are fairly irregular, so if you're close to one of these sizes, you may still be able to find something that fits. *Open daily noon-8pm. 2-11-16 Kita Aoyama, Minato-ku. 478-2644.*



- 67 Ball Shop.** Distributed as *Complements* brand in the US, *Marithe* and *Francois Girbaud's* designer clothing is available for less under the local labels of *Ball* and *Closed*. The entire stock is imported from Italy. *Open daily 11am-8pm. Closed 2nd and 3rd W of the month. 3-42-2 Jingumae, Shibuya-ku. 478-2049.*
- 68 Galerie Watari.** Next door to *On Sundays* and sharing the same owner, this gallery deals mainly in modern art, drawings and photographs, and makes a point of presenting little-known foreign artists. The works of *Andy Warhol*, *Yosef Boyes* and *Nam June Paik* have also passed through this gallery, and young *Keith Haring* was first introduced in Japan here. *Open M-Sa 11am-7pm. Closed Su, holidays. 3-7-6 Jingumae, Shibuya-ku. 405-7005.*
- 69 On Sundays** is, bar none, the bookshop for creative artists in Tokyo. Unlike stores with an ordinary stock of architecture and film books, this place stocks 4,000 to 5,000 different art postcards at any given time, as well as a good variety of magazines and newspapers from around the world. *Open Tu-Su 11am-10pm. Closed M. 3-7-6 Jingumae, Shibuya-ku. 478-0809/470-1424.*
- 70 Korean Barbecue Dalichi Jingu.** ☆☆☆
 ☆☆☆ Though not usually considered *haute cuisine*, Korean barbecue is your best bet in Japan for inexpensive beef. The only Korean barbecue to serve tenderloin cuts, *Dalichi Jingu's* fare competes admirably with its fashionable culinary neighbors in Aoyama. Cook the marinated meat on a brazier at your table and try an order of Korean salad with soya dressing. Highly recommended are the *kalbi* and barbecued liver. Beer is served in small bottles to save it from going flat. *Open M-Sa 5pm-3am; Su, holidays 5pm-midnight. Reservations required. 3-41-8 Jingumae, Shibuya-ku. 401-9146.*

- 71 Tower House.** (1967) Designed by *Takamitsu Azuma* as his own residence. In the expensive *Gaienmae* area, this house is located on a 213-square-foot (19.8-square-meter) site with a ground floor area of 127 square feet (11.88 square meters). Although it's small, the house's 5 floors make maximum use of the limited site area, and its stepped construction allows as much natural light as possible to enter. The inner and outer walls are of bare concrete. This house is one solution to the diverse problems of needing to live close to the center of a city with astronomical land prices. *Private residence. 3-39-4 Jingumae, Shibuya-ku.*
- 72 Basso.** Featuring the styles of the '50s and '60s, this women's boutique gave birth to many modern trends. Teenagers will also find prices and fashions to fit. Affiliated shops include *Dep't* for second-hand clothes, *Shabby Gentleel* for interior goods, and the restaurant/club *Pithecanthropus Erectus*. *Open Tu-Sa noon-8pm, Su 1-6pm. Closed M. 3-7-4 Jingumae, Shibuya-ku. 475-0868.*
- 73 Halles Capone.** The Tokyo version of *Marithe* and *Francois Girbaud's Halles Capone* in Paris. Their entire line of jeans for the '80s is on display here. *Open daily 11am-8pm. Closed 2nd and 3rd W of the month. 2-5-8 Jingumae, Shibuya-ku. 470-1762.*
- 74 La Patata.** ☆☆☆ *La Patata* is Italian for the potato, and this cafe offers simple, elegant Italian cooking in an at-home atmosphere. The grilled fresh fish is the number one recommendation. *Italian. Open Tu-Su noon-2pm. 6-11:30pm. Closed M. 1st floor, Shiobara Gaien Bldg. 2-9-11 Jingumae, Shibuya-ku. 403-9664.*
- 75 Margaret Howell,** designer of men's shirts, made her debut at *Brown's* in London, *Marcel Lesance* in Paris, and *Maxfield Blue* in Los Angeles. The Tokyo shop caters to both men and women. *Open daily 11am-8pm. 3-34-10 Jingumae, Shibuya-ku. 497-9681.*
- 76 34 Square.** The *Last Road* runs between Aoyama and Harajuku, and is one of the most recent targets for development in this fashion-conscious area. *34 Square*, opened 3 years ago, is one of the original boutique buildings on *Last Road*. Only 5 shops are located in this building, each of them with a distinct personality. One of them, *Craftsmanship*, sells original eyeglasses and is said to be the shop where the late *John Lennon* acquired his favorite pair. Their glasses may seem tasteless or chic, depending on your outlook, but the number of faithful patrons attests to their success. *Open Th-Tu noon-8pm. Closed W. 3-34-8 Jingumae, Shibuya-ku. 475-0795.*
- 77 Night Bar.** ☆☆ This restaurant's interior, designed by *Masami Matsui*, is as fashionable as its address. In spite of its name and wide selection of cocktails, aperitifs and *cognac digestifs*, you must eat if you wish to drink here. The tempting Mediterranean seafood available here makes this a delightful proposition. *Open daily 7pm-3am. Closed 2nd Su of month. Basement 1, Herushi Bldg, 3-34-5 Jingumae, Shibuya-ku. 470-0373.*

- 78 Tube.** A good place to find a one-of-a-kind knit item—everything is handmade. While not unusual in a Western capital, this turn away from mass production is rare in Tokyo. Tube seems to have its hands full with local orders, so they do not respond very quickly to orders from abroad. *Open M-Sa 10am-6pm. Closed 3rd Sa of month, Su, holidays. 3-31-20 Jingumae, Shibuya-ku. 402-4404.*
- 79 Mominoki House.** ☆☆☆ This natural food restaurant gets its fish and vegetables directly from Saitama Prefecture. *Natural* food usually implies an emphasis on nutrition over taste, but Mominoki pleases the palate as well. A wide range of healthy taste treats is available. *Open M-Sa 11am-11pm. Closed Su. 1st floor, YOU Bldg, 2-18-5 Jingumae Shibuya-ku. 405-9144.*
- 80 Ghee.** ☆☆☆ Seating 20 people in as many square meters, this cozy restaurant serves a wide variety of curries. The chef, educated in London, pays special attention to vegetarians. Take-out is available. *Open M-Sa noon-2pm, 6-10pm. Closed Su, holidays. 1st floor, Fudo Bldg, 2-18-7 Jingumae, Shibuya-ku. 401-4023.*
- 81 Boutique Kansai International.** Yamamoto Kansai's innovative and creative designs have won him great acclaim both in Japan and abroad. One of the vanguard of Japanese designers who use traditional motifs, his fashion shows at the National Sports Hall attract a host of celebrities, both in the audience and on the catwalk. Nagisa Oshima, director of *Merry Christmas Mr. Lawrence*, graced the ramp in a recent show. The boutique stocks an extensive collection for both men and women. *Open daily 11am-8pm. 3-28-7 Jingumae, Shibuya-ku. 478-1958.*
- 82 Vino e Pasta.** ☆☆☆ Wine and pasta... and a cheerful place to partake of them. Homemade handcut pasta is a rarity in Tokyo, but here they serve nothing but. This and antipasto and pasta combinations are a good bet. *Open M-Sa 11:50am-2pm, 5:30-9:40pm. Closed Su, holidays. 3-27-15 Jingumae, Shibuya-ku. 478-0417.*
- 83 Cul de Sac.** ☆☆☆ Cul de Sac's subdued lighting, soothing background music and leafy interior create an inviting, intimate atmosphere aided by friendly and efficient service. Standard cocktails and dainty food in low-key, well-coordinated cafe-bar style. One of the original establishments of this type in the neighborhood, they seem to add to the menu every time you visit. *Open daily 6pm-1am. 1st floor, Villa Gloria, 2-31-7 Jingumae, Shibuya-ku. 478-2631.*
- 84 Bar Radio.** ☆☆☆☆☆ With interior design by Takashi Sugimoto and a rusted iron wall sculpture by Isamu Wakabayashi, Bar Radio is the haunt of young designers and other creative types. They don't come for the environment alone—the bartender is justly famous for his talents. After the 9 seats at the bar are filled, the latecomers are content to stand and participate in the informal salon. *Open M-Sa 7pm-2am. Closed Su, holidays. Basement 1, Villa Gloria, 2-31-7 Jingumae, Shibuya-ku. 405-5490.*
- 85 Pithecanthropus Erectus.** ☆☆☆☆☆ The first basement is a bar, go down another flight and you'll find a bar, restaurant and space for live performances. This unusually spacious club features experimental artists and performers and a number of untried, unproven and unknown modern music groups, all in a spirit of fun for the fashionable set. Restaurant serves Japanese food. *Open M-F 7pm-2am, Sa till 4am. Closed Su. Basement 1, Villa Bianca, 2-33-12 Jingumae, Shibuya-ku. 423-2491.*
- 85 Rise Bar.** ☆☆☆ Done up entirely in pink, Rise is a modern bar with a few nostalgic touches. The latest in music is coordinated with videos shown on the 4-foot screen, and the reasonably priced menu includes such old favorites as Akadama port wine and grilled octopus. *Open M-Th 8pm-4am; F, Sa till 5am; Su, holidays till 2am. No. 8, 3rd floor, Barbizon Bldg, 2-1-8 Sendagaya, Shibuya-ku. 405-4392.*
- 86 GA Gallery.** (1983) This building is the gallery for the brilliantly produced international architectural magazine *A.D.A. EDITA*. Designed by owner Yukio Futagawa along with Makoto Suzuki, each room in this small, bare concrete building is unique. Natural light enters via a number of strategically placed slits. It features a good selection of architecture magazines and a gallery. 3-12-14 Sendagaya, Shibuya-ku.
- 87 National Noh Theater.** (1983) The large black roof of this building immediately catches the eye. The effective combination of modern and traditional Japanese architecture by designer Hiroshi Oe has resulted in a fitting scene for this traditional art. Ample use of wood, especially the massive wooden columns and beams, lends a sturdy, solid feeling. The stage still gives off the fragrance of new cypress. This is a setting that will surely get better and better with age, as the spirit and mystery of Noh are absorbed. Call for schedule of performances. 4-18-1 Sendagaya, Shibuya-ku. 423-1331.
- 88 Beams** offers coordinates of G. Armani jackets and ties, shirts by Stephen Bros. and Bagutta, and jeans by Liberto and San Francisco for the fashion-conscious young man. A complete outfit is expensive. The shop offers a nice overview of Tokyo fashion. *Open daily 11am-8pm. Nua Harajuku Bldg, 3-24-7 Jingumae, Shibuya-ku. 470-3947.*
- 89 Tompo.** ☆☆☆ Just a few years ago, 3 sisters from Beijing arrived here in their mother's home country and opened this restaurant. Tompo has only 10 seats, but the food is unique, the price quite appealing and the volume hard to beat. The tofu and tomato stir fry is a rare treat and you get 15 tasty morsels if you order pot-stickers in soup. The hearty lunch special is quite popular. *Mandarin. Open daily 11:30am-2pm, 6-11pm. Closed 1st and 3rd Su of month. 3-24-9 Jingumae, Shibuya-ku. 405-9944.*
- 90 Palais France.** Located on the corner of Meiji-dori and Takeshita-dori, Harajuku's teenage-fashion streets, Palais France houses 34 boutiques stocking a wide range of chic fashions and perfumes. Built in 1974 when Harajuku had a more mature clientele, it has survived the teenagers' onslaught admirably. *Cafe Royal*, on the 1st floor overlooking the street, evokes a Parisian ambience. Restaurants are located in the basement and boutiques on the 1st to 4th floors. *Mamu* on the 3rd floor offers a wide range of German-made bedding and quilts. *Open F-W, boutiques 11am-8pm, Cafe Royal 9am-10pm, restaurants 11am-10pm. Closed Th. 1-6-1 Jingumae, Shibuya-ku. 405-6151.*
- 91 Takeshita Street.** This long, narrow street, passing from the Yamanote Line's Harajuku Station to Meiji-dori, is worshiped as the birthplace of young fashion and is a mecca for young men and women from all over Japan. Some come from as far away as Osaka or Hokkaido just for the day and on weekends it's very crowded. The many clothing and accessory boutiques all emphasize new ideas along with inexpensive prices. Incredibly crowded in the daytime, by 9pm all the shops are closed and the place seems deserted. Fashion magazines often come here searching for models, and to report on the various boutiques.
- 92 Last Scene.** Managed directly by a small manufacturer, this boutique offers the latest fashions at reasonable prices. Unlike many of the other shops and boutiques lining Takeshita-dori, Last Scene aims to provide designer quality at street prices. *Open daily 11am-8pm. 1-16-7 Jingumae, Shibuya-ku. 478-5130.*
- 93 At Gallery.** Showcasing young Japanese artists, this shop provides free space for 10-day exhibitions; both Katsuhiko Hibino and Akihiko Koseki have had debut shows here. A catalog of At Gallery artists and their work is published annually. Recommended for all art fans. *Admission charge. Open M-Sa noon-7pm. Closed Su, holidays. 2nd floor, Okura Bldg. 1-22-1 Jingumae, Shibuya-ku. 401-3189.*
- 94 Harajuku Station.** (1924) In the old days, train stations were built to reflect local flavor and pride. Only a few of these old-style stations remain in the Tokyo area, and this is one of them. Built in the Taisho period, the wooden architecture is European-style. The left and right sides of the building are not the same size; other old-fashioned features include a number of pillars on the inside and a fancy tower-like structure on the roof. 1-18-20 Jingumae, Shibuya-ku.
- 95 Jurgen Lehl (Harajuku Branch).** Jurgen Lehl has lived in Japan for only a decade and a half, actively reviving many lost traditions of Japanese clothing styles which have strongly influenced his fabrics and design. Lehl, originally a textile designer, acts as both brand director and designer, overseeing the total operation from his studio in a waterfront warehouse. This boutique stocks his ladies' collection and accessories, and also Tint brand interior fabrics. *Open daily noon-8pm. 1-13-18 Jingumae, Shibuya-ku. 405-9737.*
- 96 Hobby Sakura.** Unlike its fashion-conscious neighbors on Omotesando-dori, Hobby Sakura specializes in toy models and radio parts. When it opened 30 years ago, it became popular with foreigners because it was near the old US Army residential quarters (Green Heights—now Yoyogi Olympic Stadium). *Open Tu-Su 11am-8pm. Closed M. 1-13-13 Jingumae, Shibuya-ku. 470-6588.*
- 97 Studio V.** Yusuke Suga's Studio V Salon in NY, frequented by many celebrities, now enjoys considerable prestige. His Tokyo branch has won the esteem of the fashion elite, especially for the *aftercut* hair design in which clients may participate. *Studio V Coffee and Snack Shop* offers salads, teas, coffees and other drinks. A small flower shop adjoins the entrance. *Open daily 11am-8pm. 6-31-11 Jingumae, Shibuya-ku. 406-3747.*

98 Laforet. Located in Harajuku, Tokyo's fashion center, this building contains a seemingly endless number of boutiques. These stores sell copies as well as originals, so the prices vary considerably. The clientele is generally younger than at Parco's and merchandise is more or less geared in that direction. Events are held at the 5th-floor Laforet Museum. *Boutiques open daily 11am-8pm, restaurants and coffee shop open 11am-10pm. 1-11-6 Jingumae, Shibuya-ku. 475-0411.*

99 Ota Memorial Museum of Art. This jewel of a small private art museum features rotating exhibits from its fascinating collection of traditional Japanese prints. Colors used in such works were commonly obtained from natural sources and are often faded, but this collection retains its original pristine beauty. A stone garden and bamboo benches in the center of the building tempt the weary connoisseur. There's also a nice restaurant in the basement. Recommended. *Located behind the Harajuku Laforet building. Admission charge. Open Tu-Su 10:30am-5:30pm. Closed M and from 25th to end of each month. 1-10-10 Jingumae, Shibuya-ku. 403-0880.*

CASA MOZART

100 Casa Mozart. ☆☆☆ The 1st floor is a cafe-salon, the 2nd floor houses a collection of Mozart memorabilia, the 3rd floor is designated Mozart Hall; if you're not a Mozart fan you don't belong here. *Open daily noon-9pm year-round. 1-10-23 Jingumae, Shibuya-ku. 403-1756.*

101 Sashu. Managed by Saburo Watanabe, Sashu is one of Tokyo's top commercial beauty salons, located in a warehouse in the fashionable Jingumae area. Large skylights fill this spacious studio with natural warmth, highlighting the *ikebana* (flower arrangement) artfully arranged throughout. Foreigners get a discount. *Open W-M 11am-8pm. Closed Tu. Basement 1, Lion Bldg, 1-9-13 Jingumae, Shibuya-ku. 404-7892.*

102 Copen. ☆☆☆ A marriage between East and West, this is a cross between a sushi shop and a sandwich place. Fish and vegetables are sandwiched between bread and dipped in soy sauce. *Euro-Japanesque. Open daily M, Tu, Th-Sa 11:45am-9:30pm; Su, holidays 11:45am-7:30pm. 4-32-13 Jingumae, Shibuya-ku. 470-3101.*

103 Obscure Desire of Bourgeoisie. *new* Concept designs by Harajuku veteran Hitomi Okawa. Reflecting the image of London street fashion when taken as a whole, the individual pieces are quite versatile as additions to an avant-garde wardrobe. *Open M-Sa noon-8pm. Closed Su, holidays. 6-10-12 Jingumae, Shibuya-ku. 409-2674.*

104 Mounkberry's ☆☆☆ In the 1st basement you'll find a wine bar with 50 labels to choose from; the 2nd offers a private dance floor for members only. The crowd tends to be fashion designers and photographers. Dance music caters to the modern tastes of the wine bar crowd. *Wine bar. Open M-Sa 6pm-2am; downstairs open M-F 8pm-3am, Sa till 4am. Closed Su. Basements 1-2 Dai-ichi Chisan Bldg, 6-12-15 Jingumae, Shibuya-ku. 409-1191.*

105 Sambista. ☆☆☆ The tropical mood of this restaurant/club is enhanced by live performances by local reggae, salsa and tango groups. South/Central American menu in a very informal atmosphere. *Open daily 7pm-2am. 1st floor, 4-30-2 Jingumae, Shibuya-ku. 401-9237.*

106 Goro's. The handmade crafts sold in this shop utilize skills that the owner, Goro Takahashi, picked up when living with American Indians. With the loving attention he devotes to his handbags and turquoise jewelry, he conveys a rustic beauty not often encountered in urban life. The prices are justified in that all items are handmade. *Open daily noon-8pm. 2nd floor, Ueda Bldg, 4-29-4 Jingumae, Shibuya-ku. 404-8079.*

107 Kiddyland. A department store stocked with toys and hobby accessories from the basement to the 5th floor. Specifically, there's party gear, greeting cards and stationery in the basement; interior design kits and general accessories on the 1st floor; character kits and brand-name goods on the 2nd; toys on the 3rd; hobby accessories on the 4th; games on the 5th. A must for toy fans into anything from cuddly dolls to the latest computer and LSI games. *Open daily 10 am-8pm. Closed 3rd Tu of the month. 6-1-9 Jingumae, Shibuya-ku. 409-3431.*

108 Oriental Bazaar. No one can deny that the big stone Buddha in the entrance exudes an Oriental presence. This antique and curio shop boasts 80 percent foreign customers. Popular purchases include lamp stands made from Japanese flower vases—those made from fine Kutani or Imari pottery can run quite high. Folding papers, screens, kimono, antique chests and Buddhist figures are also popular. Half way up Omotesando from Harajuku Station, it's the only shop of its kind in this neighborhood renowned for window shopping and people watching. Recommended for tourist items and relatively inexpensive used *kimono*. *Open F-W 9:30am-6:30pm. Closed Th. 5-9-13 Jingumae, Shibuya-ku. 400-3933.*

109 Paul Stuart Japan. This is the Tokyo branch of the original Paul Stuart shop on Madison Avenue and 45th Street in NY. Under a licensing contract, 60 percent of the clothes are Japanese originals. The interior borrows from traditional Japanese themes—take a look at the ceiling, the details on the staircase and the garden. *Open daily 11am-7pm. Closed 3rd W of the month. Jingumae Ota Bldg, 5-7-20 Jingumae, Shibuya-ku. 406-8121.*

110 Crayon House. Crayon House is one of the largest stores in Japan for illustrated and children's books. Adults are welcome and browsing is encouraged. You can also take a break in the coffee shop. *Open daily 11am-8pm, year-round. 2nd floor, Harajuku Sanku Bldg, 5-7-5 Jingumae, Shibuya-ku. 406-6492.*

111 Dojunkai Aoyama Apartments. (1925) Except in artisan and merchant row houses in the old *Shitamachi* area, you rarely see several families living in large collective housing buildings. People generally prefer separate dwellings with gardens. The first time this old pattern—of upper middle class families maintaining separate houses—began to crumble was in the *Taisho* period just after the turn of the century, when the working class expanded due to industrialization. As the suburbs grew, so did the numbers who refused to commute. The first real apartments came with the reconstruction after the *Great Kanto Earthquake* in 1923. The rebuilding gave birth to the Dojunkai construction organization and the apartments they built were Japan's first introduction to comfortable European-style collective urban housing. Dojunkai put up many apartment houses but this Aoyama work is its best. The tree-lined boulevard of Omotesando and mature character of the apartments make for one of the most beautiful urban sights in Tokyo. Originally leased, the apartments are now sold like condominiums. Anyone with the opportunity and the money can live here. But real estate agents may have plans to build a high-rise on the site, so you'd better buy soon. Designed by Dojunkai engineers. *4-12 Jingumae, Shibuya-ku.*

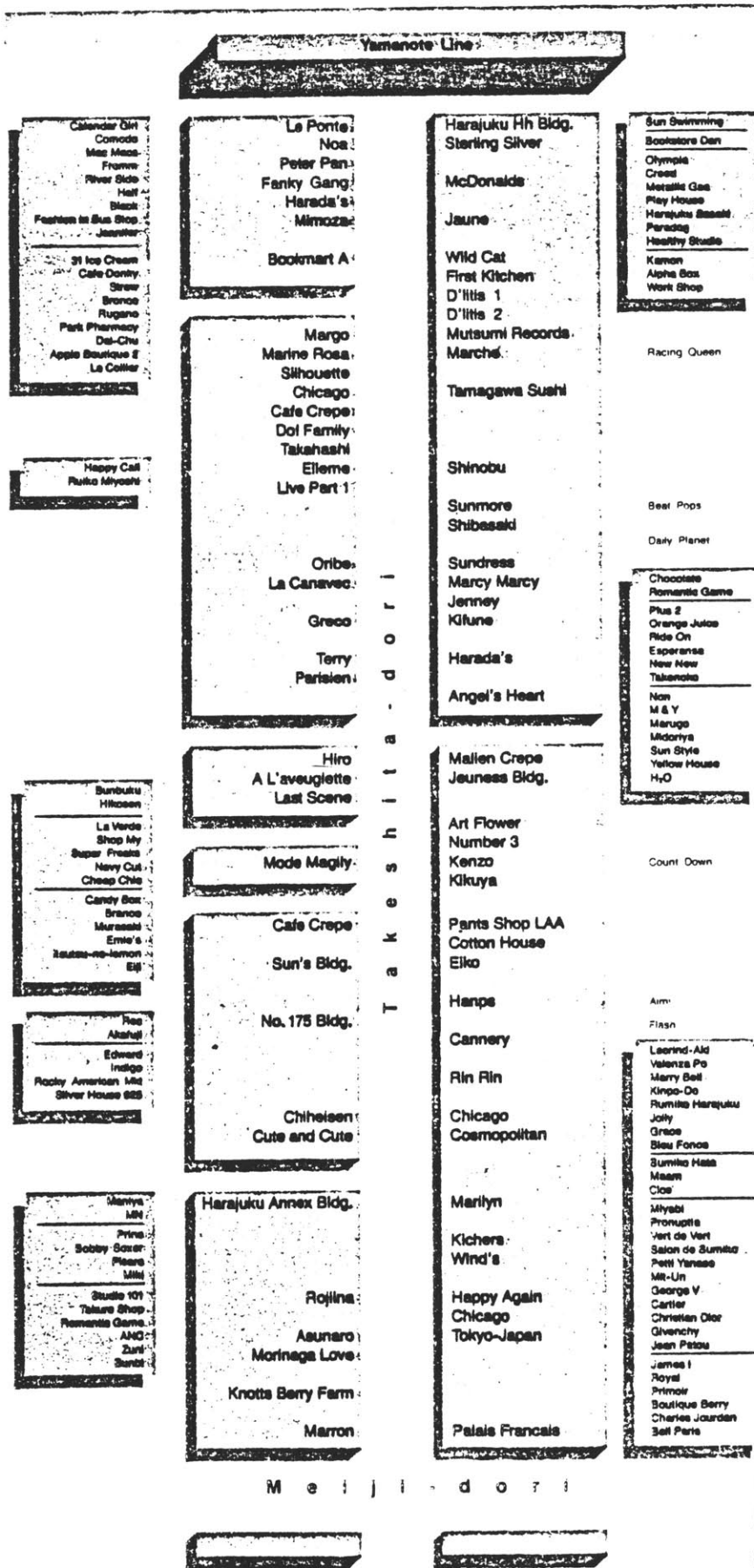


ILLUSTRATION 8: LAYOUT OF TAKESHITA STREET

Takeshita Street. This long, narrow street passing from the Yamanote Line's Harajuku Station to Meiji-dori, is worshiped as the birthplace of young fashion and is a mecca for young men and women from all over Japan. Some come from as far away as Osaka or Hokkaido just for the day and on weekends it's very crowded. The many clothing and accessory boutiques all emphasize new ideas along with inexpensive prices. Incredibly crowded in the daytime, by 9pm all the shops are closed and the place seems deserted. Fashion magazines often come here searching for models, and to report on the various boutiques.

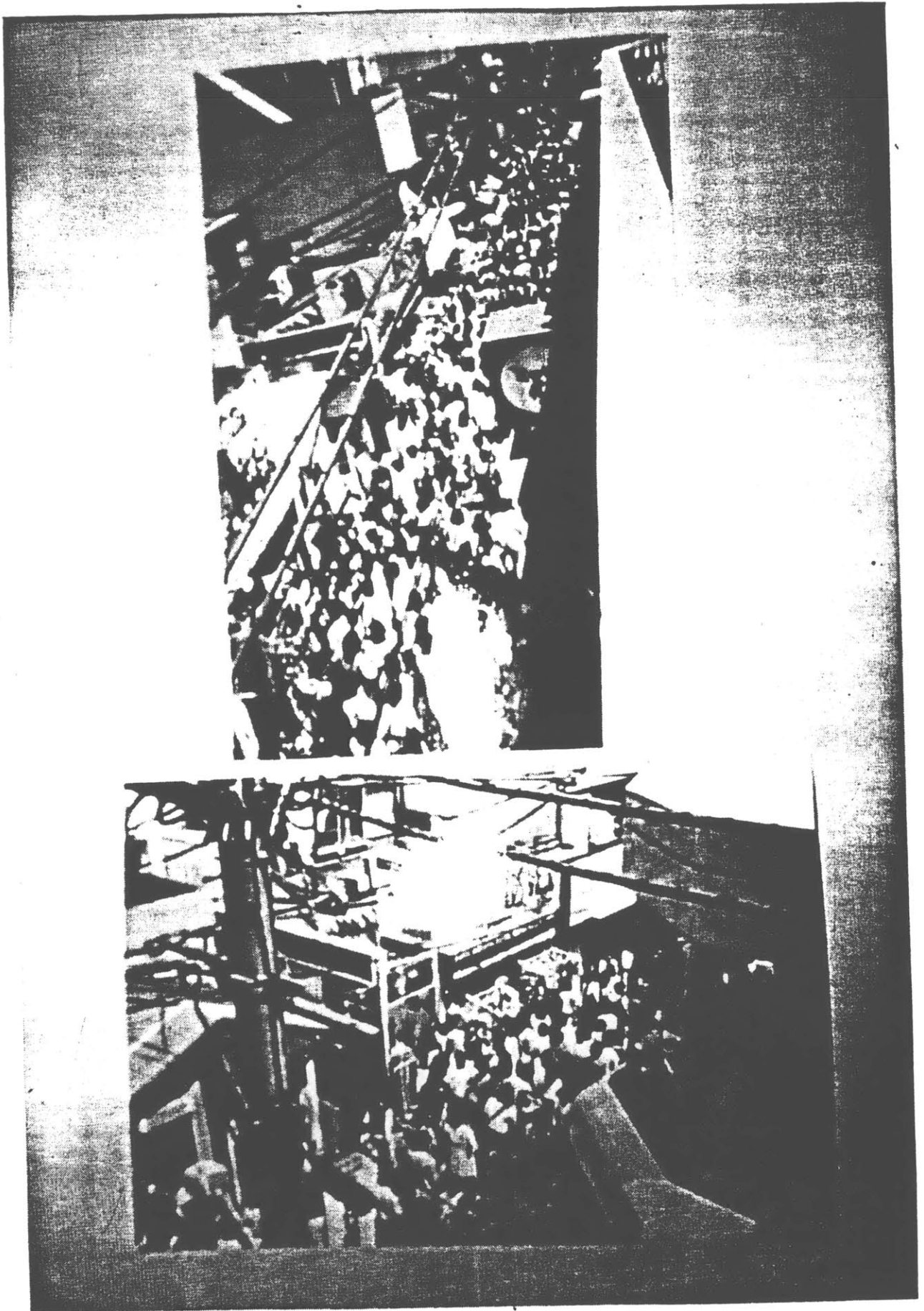


ILLUSTRATION 9: PHOTOGRAPH OF TAKESHITA STREET



ILLUSTRATION 10: PHOTOGRAPH OF TAKESHITA STREET 19

IV. MARKET ANALYSIS

Our analysis of the market for the festive marketplace has involved three aspects:

- 1) An extensive examination of the market conditions;
- 2) an examination of the supply of existing retail outlets in the study area;
- 3) an investigation into the announced and planned developments of major retail facilities.

1. OVERALL MARKET CONDITIONS

Our research found that about 200 wholesale entities and over 500 retail entities has been established in the study area since 1970. Rentals ranged from \$40 per square foot in a less accessible location to over \$250 per square foot in some of the sites with the highest exposure and accessibility by pedestrians. Location of high exposure and convenient accessibility by pedestrians such as the subject site is in the greatest demand. The subject site is the only vacant site in Harajuku for immediate development potential. The table below illustrates the distribution of stores according to each districts (Harajuku is divided into six districts).

TABLE 2 : Distribution of Stores in Harajuku by Districts.

| DISTRICTS: | 1 | 2 | 3 | 4 | 5 | 6 |
|---------------------------------|------|-----|-----|-----|-----|------|
| CLASSIFICATIONS: | | | | | | |
| WHOLESALE | | | | | | |
| NUMBER OF WHOLESALE ENTITIES | 32 | 44 | 40 | 53 | 32 | 63 |
| NUMBER OF SALES CLERKS EMPLOYED | 461 | 511 | 634 | 350 | 350 | 964 |
| GROSS SALES (\$ IN MILLIONS) | 81 | 58 | 150 | 41 | 41 | 308 |
| RETAIL | | | | | | |
| NUMBER OF RETAIL ENTITIES | 266 | 62 | 85 | 120 | 58 | 150 |
| NUMBER SALES CLERKS EMPLOYED | 1147 | 333 | 567 | 439 | 322 | 1707 |
| GROSS SALES (\$ IN MILLIONS) | 89 | 11 | 30 | 33 | 20 | 356 |

Source: Shibuya City Hall.

The survey by Shibuya City Hall of 547 non-food retail outlets found an average sales per square foot of \$394, average sales per employee of \$54,320 and average sales per non-food retail outlet of \$228,720 per annum. This survey also found 38% of the non-food retail outlets in the study area employed only one to two employees; 37% employed three to four employees and 25% employed four or more employees. This survey also found over 73% of non-food retail outlets had a store space of slightly less than 530 square feet. The tables below tabulates the data collected on 547 non-food retail outlets in Harajuku.

TABLE 3: Distribution of Stores by Numbers of Employees Based on 547 Non-Food Retail outlets.

| <u>NUMBER OF EMPLOYEES PER STORE</u> | <u>NUMBER OF STORES</u> |
|--------------------------------------|-------------------------|
| 1 - 2 EMPLOYEES | 210 |
| 3 - 4 EMPLOYEES | 205 |
| 5 - 9 EMPLOYEES | 99 |
| 10 - 19 EMPLOYEES | 25 |
| 20 - 29 EMPLOYEES | 4 |
| 30 - 49 EMPLOYEES | 3 |
| 50 - 99 EMPLOYEES | 1 |
| OVER 100 EMPLOYEES | --- |

Source: Shibuya City Hall.

TABLE 4 : Distribution of Stores by Retail Space.

| STORE SPACE IN SQUARE FEET | NUMBER OF STORES |
|----------------------------|------------------|
| 215 SF OR LESS | 194 |
| 215 - 527 SF | 205 |
| 538 - 1,066 SF | 100 |
| 1,076 - 5,371 SF | 35 |
| 5,382 - 16,135 SF | 5 |
| 16,145 - 32,280 SF | 1 |
| 32,2924 OR OVER | --- |

Source: Shibuya City Hall.

Table 5: Sales Efficiency Data of Food and Non-Food Retail Outlets Combined.

| | |
|-------------------------------------|--------------|
| SALES PER WHOLESALE ENTITY | \$ 2,860,000 |
| SALES PER RETAIL ENTITY | \$728,000 |
| SALES PER EMPLOYEE OF RETAIL ENTITY | \$119,500 |

Source: Shibuya City Hall

Table 6: Sales Efficiency Data of 547 Non-Food Retail Outlets.

| | |
|-----------------------|-----------|
| SALES PER STORE | \$228,720 |
| SALES PER EMPLOYEE | \$54,320 |
| SALES PER SQUARE FOOT | \$394 |

Source: Shibuya City Hall.

2. An Examination of the Supply of Existing Retail Outlets in the Study Area.

There is less of a truly measurable market for the festive marketplace than other types of commercial developments. One reason for this is the propensity for consumers' willingness to travel several hours to get to Harajuku to experience the festive atmosphere is very high thus defining a clear market boundaries are difficult. Nevertheless, an examination of the inventory of spaces in Harajuku convertible to a development of similar concept is worthwhile.

Harajuku did not develop major concentrations of retail space until well into the 1970's. In fact, the major portion of retail growth appears to have occurred in the last six years.

Three primary geographic pressures have been exerted on the location of retail space:

- A. Proximity to Yoyogi Park, Meiji Shrine and Olympic Stadium;
- B. Proximity to higher income residential areas;
- C. Proximity to Yoyogi College Entrance Preparation Seminars.

A brief examination of the distribution of retail spaces in the study area will provide a geographic context for the subject's development and render a clearer understanding of the nature of competition as well as the locational needs of the tenants (see also table 2).

La Foret is the largest concentration of retail space in the study area. Its evolution is a result of the coexistence of several factors: high income residential sector and the growth in visiting population to Harajuku.

The high concentration of retail space that has evolved here has led to many of the same problems confronting retail tenants in the area--namely, parking, congestion and higher rentals per square foot. The concentration maintains its success as evidenced by the continued demand for retail space here; it has also created a huge captive market of daytime workers to the surrounding boutiques. Lately, La Foret has lost a good deal of its functionality in accessibility to the entire retail area, as the surrounding boutiques and retail outlets with a more local business flavor gain their status.

Local boutiques frequently updates their products in response to the latest fashions and trends. The design of the facades and store layouts of these boutiques changes frequently to avoid monotony. The creation of their image as the trendsetter and its acceptance by consumers will lead to a decline in the importance of this vertical mall can be expected for the future.

Strip developments along Takeshita Street has created another major concentration of boutiques and retail outlets. This concentration is located strategically with respect to growth in the northern part of Harajuku in response to the explosive increase in the visiting population of teenagers.

This suffers from intense congestion of pedestrians which serves as the limiting factor for any future growth along this street. However, this street continues to attract more visitors. Perhaps the innovative and fashionable stores crowded with people with lots of interpersonal interaction taking place seems to be the primary factor for attracting consumers. Appendix II portrays the street of Takeshita and three most popular stores along the street--D'lites Part I, D'lites Part II and D'lites Part III.

Examination of the inventory yielded several generalizations about the tight supply of retail space in the study area.

- A. The buildings in the study area rarely have space available.
- B. The frequent conversions from other types of structures to retail outlets.
- C. The frequent utilization of old and marginal buildings for retail outlets.
- D. The frequent utilization of push-carts to supplement the shortage of retail space.
- E. The spillover of residential usage in general retail space.
- F. The frequent violation of zoning codes.

The examination does not represent the entire inventory of retail space; however it is a representative concentration of retail outlets which substantiates the points made above.

3. An Investigation into the Announced and Planned Development in Major Retail Facilities.

A primary thrust of our research into the festive marketplace has been to compile data on future developments and plans for developments in other most popular shopping towns in Tokyo (see chart I). In this way, we are able to predict market conditions under which the proposed subject development will enter and operate in the market.

Although other shopping towns in Tokyo will continue to develop their own patterns of retail outlets and malls on their fringes, the inertia of Harajuku--the atmosphere, the environment, the existing stores, the people and the image--will clearly create a very difficult process for any competing developments outside of Harajuku to attract the visiting population of teenagers and young urban professionals away from Harajuku.

The sheer image of Harajuku, the strength of subject's location within Harajuku and the novelty of the festive marketplace within the novelty of the town itself, serve as the inherent marketability and will capture the growing visiting population of teens, young urban professionals and tourists into Harajuku.

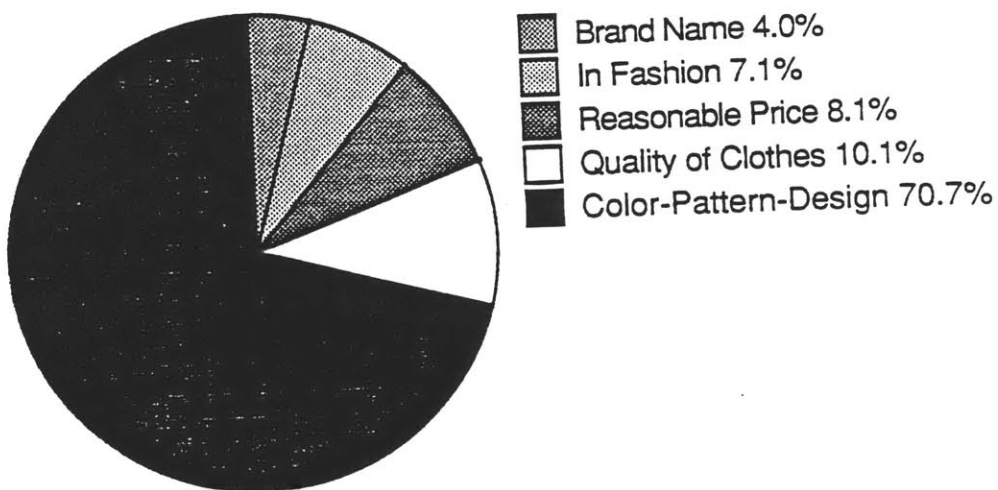
V. SURVEY OF CONSUMERS

The market for festive food complex has not yet been established. Traditional methods of measuring the demand based on current demand of food items in Harajuku is only a preface to a central question of "How many people are willing to buy at the marketplace?"-- a question which can actually only be answered by: a) analyzing the consumer profile statistics; b) studying the consumer behavioral pattern; c) a direct street interviews of the potential customers.

A. Analyzing the Consumer Profile Statistics.

Harajuku called the town of "fashion inventory" is famous for various specialized boutiques carrying impulse goods ranging from low to moderately priced ornaments, accessories and various fashionable items.

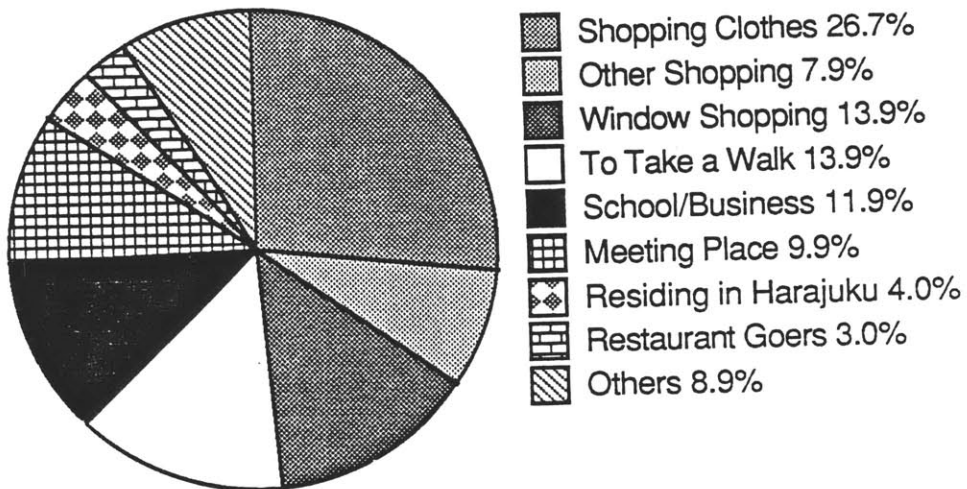
CHART II: Main Points of Purchase in Clothes.



Source: Nomura Display Company, LTD.

Approximately 49% of visitors come to Harajuku with their thier ultimate motive to shop. Pie graph below delineates the distribution of the purpose of their visit to Harajuku.

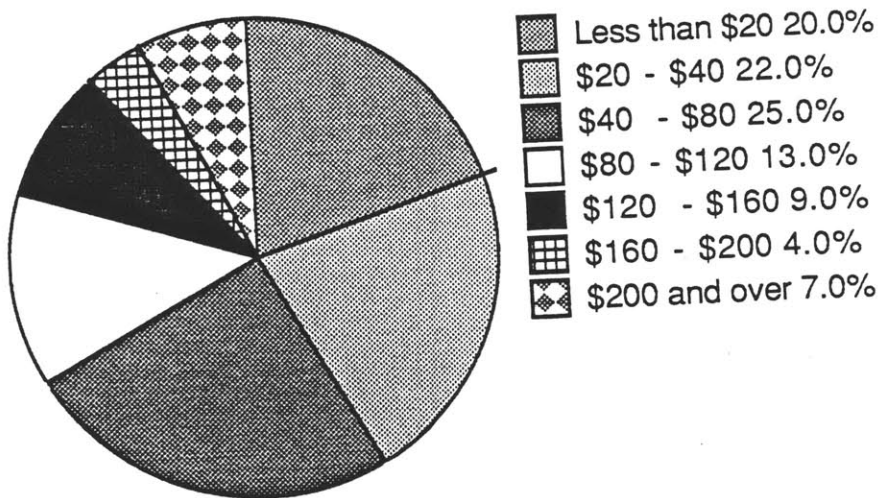
Chart III: Purpose of Visit to Harajuku.



Source: Nomura Display Company, LTD.

The average "pocket money" for men is \$77 and \$71 for women. The research also found that visitors over the weekdays have significantly higher pocket money than visitors over the weekends. The discrepancy between the amount of weekday and weekend is primarily due to the enormous increase of low-teens between the age of 14-16 visiting Harajuku over the weekends with their average pocket money of \$20. The chart below illustrates the distributions of visting population according to their spendable pocket money.

Chart IV: Distribution of Dispensable Pocket Money.

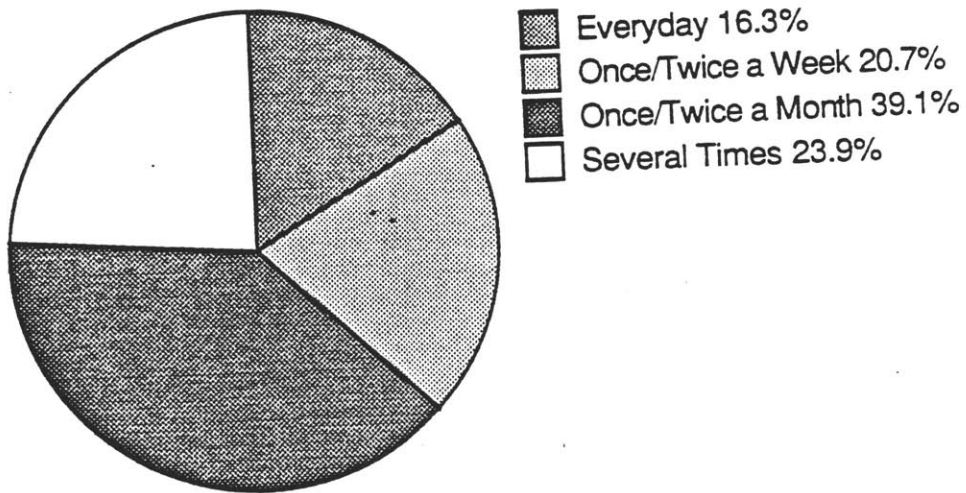


Source: Nomura Display Company, LTD.

B. Studying the Consumer Behavioral Pattern.

The majority of the visiting population of Harajuku are from the suburbs of Tokyo. These visitors spend over four hours of round-trip travelling time to get to Harajuku. The chart below describes the visitors into five categories according to their frequency of visit to Harajuku.

Chart V: Frequency of Visit to Harajuku.



Source: Nomura Display Company, LTD.

Visiting population to Harajuku can be divided into these general categories: teenagers, tourists, college students, young urban professionals, and foreigners residing in Tokyo. Each category tend to have their own distinct walking course.

Teenagers from other towns of Tokyo or suburbs have their most favorite stores all set in their minds before their visit. They exit Harajuku Station from Takeshita Exit and directly enter Takeshita Street. They walk all the way along Takeshita Street and on to La Foret via Meijidori Street. By the time they reach La Foret, they have already made a decision on what to buy that day.

They trace back their original way to make a purchase. For these teenagers preferring variety goods of fashionable items, Takeshita Street is like a treasure box where they will always enjoy walking no matter how often they visit Harajuku. Their walking course is illustrated below.

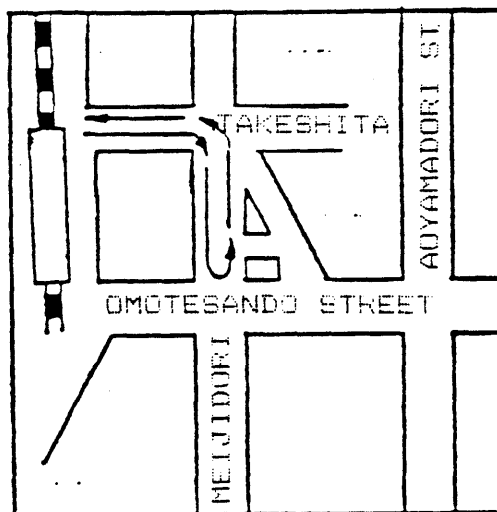


Illustration 11: Typical Shopping Course of Teenagers Visiting Harajuku.

Young urban professionals, college students and foreigners residing in Tokyo, who visit Harajuku are those who are more fashion oriented than their peers. Their age range is anywhere between 21 to 35. Their income is significantly above average and they are usually from a wealthy family. They approach Harajuku from either Harajuku Station's Omotesando Exit or from the neighboring town of Aoyama via Omotesando Street. They mingle at the intersection of Meijidori Street and Omotesando Street at chic coffee shops in the area. Their walking course is illustrated below.

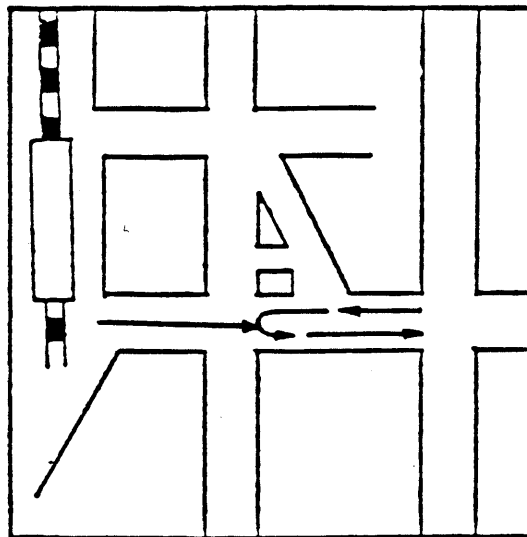


Illustration 13: Typical Shopping Course of Young Urban Professionals.

C. Direct Street Interviews.

Interviews primarily centered around attitudinal questions to evaluate their values. Some of the representative questions posed during the interviews are as follows;

1. What type of building design would you like to see in Harajuku?
2. What amenities do you consider most important to attract you on this site?
3. What is the degree of importance of developing a festive marketplace on this site to further attract young urban professionals in this area of Harajuku?
4. Do you (young urban professionals) have any reservations to mingle with low-teens and teenagers in Harajuku?

D. Survey Conclusion.

Over 98% of the interviewees expressed interest in the project, however about 31% of young urban professionals preferred to be somewhat away from the crowds of low-teens and teenagers.

Our projections for success of the project rely more heavily on the result obtained from our direct street interviews of young urban professionals, and to a lesser degree on low-teens and teenagers.

VI THE CONCEPT OF FESTIVE MARKETPLACE IN HARAJUKU.

The marketability of festive marketplace derives from its novelty and the differences from the traditional vertical shopping mall that are in existence in Tokyo. Unlike the typical vertical mall the marketplace will incorporate the casual atmosphere of Chinese marketplace, traditional and communal atmosphere of Japanese festivals and the marketing concept of Fulton Market and Quincy Market. This marketplace will re-create the source of amusements that are present in the town of Harajuku within the marketplace, with a touch of foreign flavor.

The essential ingredients in the festive marketplace concept is to incorporate the festive, lively and fashionable sense into the image and the design of the building. A very sensitive attention to detail is necessary to a greater degree than a typical vertical shopping malls in Tokyo. An explicitly stated orientation to marketplace must be perceived as an extension to their walking routes since it is customary in Harajuku to enjoy walking around the streets while "munching" and "drinking."

The concept of festive marketplace with an emphasis in ethnic foods will cut across all age groups by eventually attracting consumers in all age groups.

(See Appendix C for schematic designs and Appendix D for floor layouts).

VII. FINANCIAL EVALUATION

DATA SUMMARY: HARAJUKU MARKETPLACE

| | | | |
|-----------------------------|----|---------------|-----------------------------------|
| P.G.I. IN YEAR 1: | \$ | 1594125 | \$130.00/SQ. FT. @ 5% GROWTH RATE |
| OPER. EXPENSES IN YEAR 1 | \$ | 605768 | 38.00% OF PGI |
| N.O.I. IN YEAR 1: | \$ | 940534 | 59.00% OF PGI |
| INITIAL PROJECT COST: | \$ | 2425160 | |
| EQUITY CONTRIBUTION: | \$ | 399492 | |
| NUMBER OF MORTGAGES: | | 1 | |
| ORIGINAL MORTGAGE LOAN: (1) | \$ | 2025668 | 83.53% LOAN/VALUE |
| MORTGAGE INTEREST RATE: (1) | | 8.00% | |
| MORTGAGE TERM: (1) | | 10 YEARS | |
| MORTGAGE CONSTANT: (1) | | .145593 | |
| DEPRECIATION METHOD: | | STRAIGHT LINE | |
| DEPRECIABLE BASIS: | \$ | 2025704 | 83.53% BASIS/VALUE |
| USEFUL LIFE: | | 18 YEARS | |
| ORDINARY INCOME TAX RATE: | | 50.00% | |
| CAPITAL GAINS TAX RATE: | | 30.00% | |
| HOLDING PERIOD: | | 10 YEARS | |
| RESALE PRICE: | \$ | 18238452 | OVERALL RATE AT 8.00% |
| RESALE COMMISSION: | | 2.00% | |
| DESIRED EQ. DISC. RATE: | | 15.00% | |

MORTGAGE ONE SCHEDULE: HARAJUKU MARKETPLACE

PRINCIPAL: \$ 2025668
 INTEREST RATE: 8.00%
 MORTGAGE CONSTANT: .145593

| YR. | ANN. DEBT SERVICE | INTEREST = PAYMENT | PRINC. + AMORTZ. | REMAIN. MTG. BAL. | DEBT COV. RATIO |
|-------|-------------------|--------------------|------------------|-------------------|-----------------|
| 1 | 294923 | 157072 | 137852 | 1887816 | 3.1891 |
| 2 | 294923 | 145630 | 149293 | 1738522 | 3.3485 |
| 3 | 294923 | 133239 | 161685 | 1576837 | 3.5160 |
| 4 | 294923 | 119819 | 175104 | 1401733 | 3.6918 |
| 5 | 294923 | 105285 | 189638 | 1212095 | 3.8763 |
| 6 | 294923 | 89546 | 205378 | 1006717 | 4.0702 |
| 7 | 294923 | 72499 | 222424 | 784293 | 4.2737 |
| 8 | 294923 | 54038 | 240885 | 543408 | 4.4874 |
| 9 | 294923 | 34045 | 260878 | 282530 | 4.7117 |
| 10 | 294922 | 12392 | 282530 | 0 | 4.9473 |
| <hr/> | | | | | |
| | 2949232 | 923565 | 2025667 | | |

DEPRECIATION SCHEDULE: HARAJUKU MARKETPLACE

USEFUL LIFE: 18 YEARS
 DEPRECIABLE BASIS: \$ 2025704
 DEP. METHOD: STRAIGHT LINE

| YR. | ANNUAL DEPREC. DEDUCT. | ANNUAL S.L. = DEPREC. | ANNUAL EXCESS DEPREC. + | EXCESS CUMUL. DEPREC. | REMAIN. DEPREC. BASIS |
|-------|------------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| 1 | 112539 | 112539 | 0 | 0 | 1913165 |
| 2 | 112539 | 112539 | 0 | 0 | 1800626 |
| 3 | 112539 | 112539 | 0 | 0 | 1688087 |
| 4 | 112539 | 112539 | 0 | 0 | 1575548 |
| 5 | 112539 | 112539 | 0 | 0 | 1463008 |
| 6 | 112539 | 112539 | 0 | 0 | 1350469 |
| 7 | 112539 | 112539 | 0 | 0 | 1237930 |
| 8 | 112539 | 112539 | 0 | 0 | 1125391 |
| 9 | 112539 | 112539 | 0 | 0 | 1012852 |
| 10 | 112539 | 112539 | 0 | 0 | 900313 |
| <hr/> | | | | | |
| | 1125391 | 1125391 | 0 | | |

BEFORE TAX CASH FLOW: HARAJUKU MARKETPLACE

AVERAGE NOI GROWTH RATE: 5.51%
 AVERAGE BTCF GROWTH RATE: 8.03%
 AVERAGE TAXABLE INCOME GROWTH RATE: 9.89%

| YR. | NET OPERATING INCOME | - ANNUAL DEBT SERVICE | = BEFORE TAX CASH FLOW | + PRINC. AMORTZ. | - DEPREC. DEDUCT. | = TAXABLE INCOME |
|-----|----------------------|-----------------------|------------------------|------------------|-------------------|------------------|
| 1 | 940534 | 294923 | 645611 | 137852 | 112539 | 670923 |
| 2 | 987560 | 294923 | 692637 | 149293 | 112539 | 729391 |
| 3 | 1036938 | 294923 | 742015 | 161685 | 112539 | 791161 |
| 4 | 1088785 | 294923 | 793862 | 175104 | 112539 | 856427 |
| 5 | 1143224 | 294923 | 848301 | 189638 | 112539 | 925400 |
| 6 | 1200386 | 294923 | 905463 | 205378 | 112539 | 998301 |
| 7 | 1260405 | 294923 | 965482 | 222424 | 112539 | 1075366 |
| 8 | 1323425 | 294923 | 1028502 | 240885 | 112539 | 1156848 |
| 9 | 1389596 | 294923 | 1094673 | 260878 | 112539 | 1243012 |
| 10 | 1459076 | 294922 | 1164154 | 282530 | 112539 | 1334145 |
| | | | | 2025667 | 1125391 | |

AFTER TAX CASH FLOW: HARAJUKU MARKETPLACE

ORDINARY INCOME TAX RATE: 50.00%
 AVERAGE BTCF GROWTH RATE: 8.03%
 AVERAGE ATCF GROWTH RATE: 6.03%

| YR. | BEFORE TAX CASH FLOW | - TAX LIABILITY | + TAX SAV. OTH. INC. | + TAX CREDIT | = AFTER TAX CASH FLOW |
|-----|----------------------|-----------------|----------------------|--------------|-----------------------|
| 1 | 645611 | 335462 | 0 | 0 | 310149 |
| 2 | 692637 | 364696 | 0 | 0 | 327942 |
| 3 | 742015 | 395580 | 0 | 0 | 346435 |
| 4 | 793862 | 428214 | 0 | 0 | 365648 |
| 5 | 848301 | 462700 | 0 | 0 | 385601 |
| 6 | 905463 | 499151 | 0 | 0 | 406312 |
| 7 | 965482 | 537683 | 0 | 0 | 427798 |
| 8 | 1028502 | 578424 | 0 | 0 | 450078 |
| 9 | 1094673 | 621506 | 0 | 0 | 473167 |
| 10 | 1164154 | 667072 | 0 | 0 | 497081 |

AFTER TAX REVERSION: HARAJUKU MARKETPLACE

| | | |
|--------------------------------|----|----------|
| REMAINING DEPREC. BASIS: | \$ | 900312 |
| CAPITAL GAINS: | \$ | 16573910 |
| x CAPITAL GAINS TAX RATE: | | 30.00% |
| = TAX ON CAPITAL GAINS: | \$ | 4972174 |
| EXCESS ALLOW. DEPRECIATION: | \$ | 0 |
| x ORDINARY INCOME TAX RATE: | | 50.00% |
| = TAX ON EXECSS ALLOW. DEPREC: | \$ | 0 |
| RESALE PRICE: | \$ | 18238452 |
| - RESALE COMMISSION: | \$ | 364769 |
| = NET RESALE PRICE: | \$ | 17873682 |
| - OUTSTANDING MTG. BALANCE: | \$ | 0 |
| = BEFORE TAX REVERSION: | \$ | 17873682 |
| - TAXES DUE AT TIME OF SALE: | \$ | 4972174 |
| | | ----- |
| = AFTER TAX REVERSION: | \$ | 12901508 |

RATES ANALYSIS: HARAJUKU MARKETPLACE

 DESIRED EQ. DISC. RATE: 15.00%
 EQUITY CONTRIBUTION: \$ 399492
 A.T. JUST. EQ. CONT.: \$ 5076272

| YR. | CASH | | INTERNAL | | PAYBACK | |
|-----|------------------------|-------|------------------------|--------|---------|-------|
| | RATE OF RETURN B.T. | A.T. | RATE OF RETURN B.T. | A.T. | B.T. | A.T. |
| 1 | 1.616 | 0.776 | 24.731 | 16.974 | 1.616 | 0.776 |
| 2 | 1.734 | 0.821 | 5.130 | 3.801 | 3.350 | 1.597 |
| 3 | 1.857 | 0.867 | 2.955 | 2.142 | 5.207 | 2.464 |
| 4 | 1.987 | 0.915 | 2.253 | 1.560 | 7.194 | 3.380 |
| 5 | 2.123 | 0.965 | 1.949 | 1.274 | 9.318 | 4.345 |
| 6 | 2.267 | 1.017 | 1.805 | 1.112 | 11.584 | 5.362 |
| 7 | 2.417 | 1.071 | 1.737 | 1.014 | 14.001 | 6.433 |
| 8 | 2.575 | 1.127 | 1.710 | 0.949 | 16.576 | 7.560 |
| 9 | 2.740 | 1.184 | 1.698 | 0.906 | 19.316 | 8.744 |
| 10 | 2.914 | 1.244 | 1.691 | 0.879 | 22.230 | 9.988 |

RATIO ANALYSIS: HARAJUKU MARKETPLACE

 DESIRED EQ. DISC. RATE: 15.00%
 INITIAL PROJECT COST: \$ 2425160
 A.T. JUST. PROJ. VALUE: \$ 7101940

| YR. | NET WORTH | | NET PRESENT VALUE | | COST-BENEFIT RATIO | |
|-----|-----------|----------|-------------------|---------|--------------------|--------|
| | B.T. | A.T. | B.T. | A.T. | B.T. | A.T. |
| 1 | 9633723 | 6871047 | 8539059 | 5845027 | 22.375 | 15.631 |
| 2 | 10359090 | 7389833 | 8518604 | 5705950 | 22.324 | 15.283 |
| 3 | 11125660 | 7941173 | 8488830 | 5567410 | 22.249 | 14.936 |
| 4 | 11935890 | 8527102 | 8451804 | 5430419 | 22.156 | 14.593 |
| 5 | 12792400 | 9149794 | 8409264 | 5295798 | 22.050 | 14.256 |
| 6 | 13698010 | 9811569 | 8362661 | 5164205 | 21.933 | 13.927 |
| 7 | 14655670 | 10514890 | 8313202 | 5036156 | 21.809 | 13.606 |
| 8 | 15668550 | 11262420 | 8261890 | 4912053 | 21.681 | 13.296 |
| 9 | 16740030 | 12056950 | 8209548 | 4792191 | 21.550 | 12.996 |
| 10 | 17873680 | 12901510 | 8156850 | 4676780 | 21.418 | 12.707 |

VIII. APPENDICES

- A. Schematic Design and Tentative Floor Plans.
- B. Legal Considerations.
- C. Image Elements

ADDENDUM

The result of this research of the current market trends, the pedestrian counts, the transportation linkages, the automobile traffic counts, location of the site, the financial analysis, the customer surveys and the surrounding competition all supports the implementation of this development.

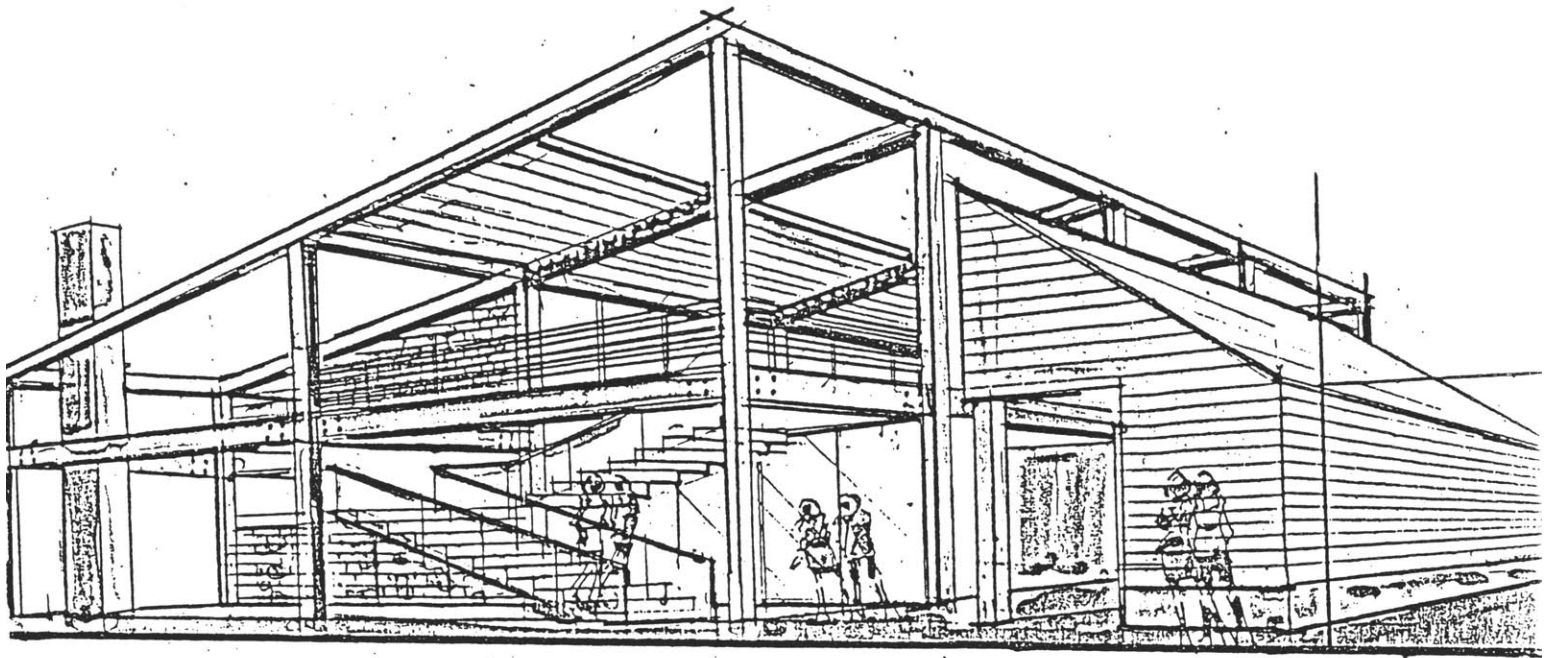
However, the developer must understand four major implicit assumptions underlying this study:

1. the development of similar marketplace would not be significant in the town of Harajuku;
2. the economy of Harajuku would remain healthy;
3. the environment the marketplace is will continue to be the center of fashion;
4. consumer preference for the novelty of a festive marketplace will continue.

In addition to these assumptions, a succesful implementation of this project will require the developer to carefully consider the design elements in order to accomodate the high turnover rates of tenants in Harajuku.

The developer must design the structure to create the concept of "node" rather than "destination" by establishing an outdoor corridor to encourage the consumers to walk thru the structure. This will increase the traffic.

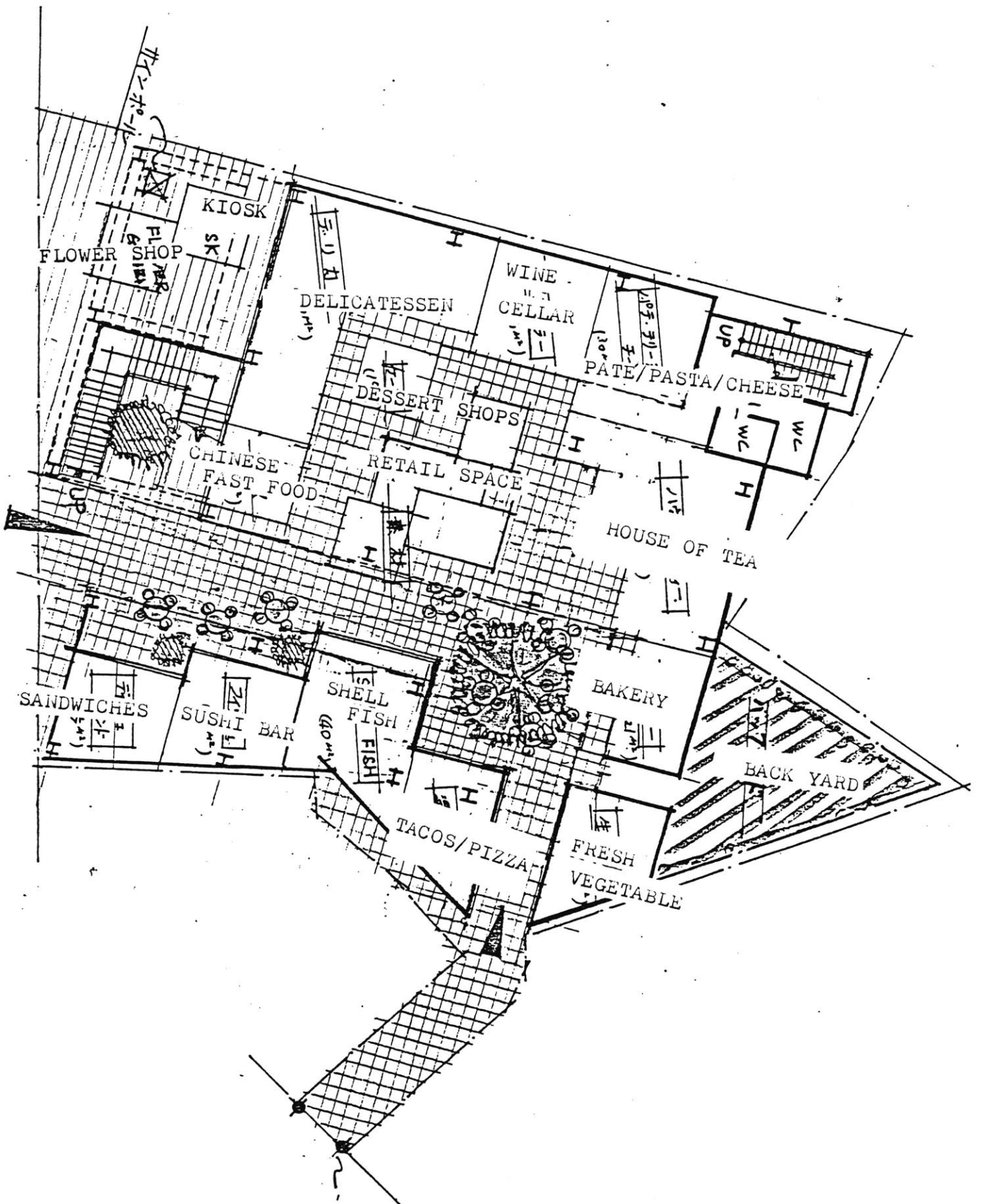
appendix : A



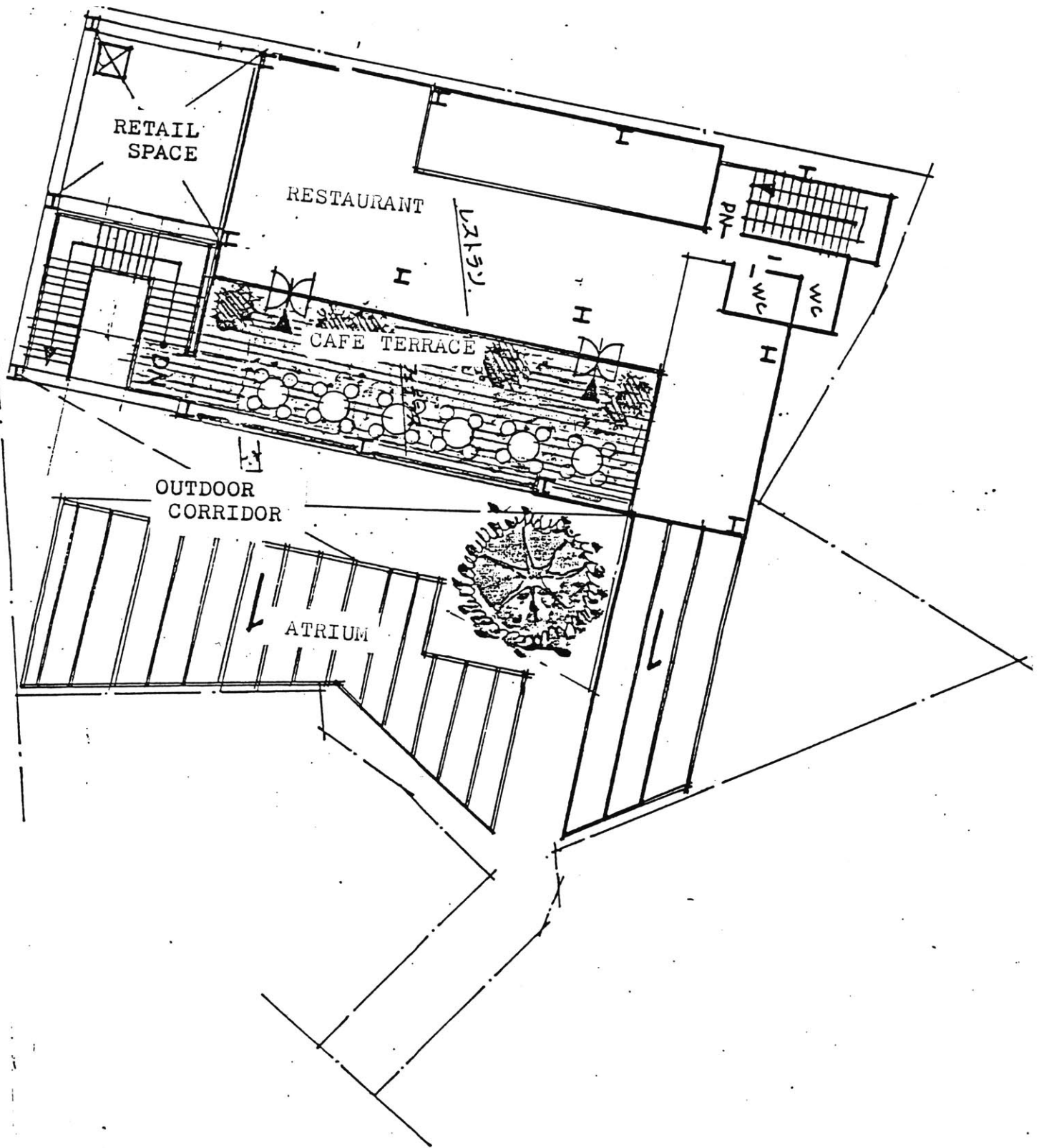
SCHEMATIC DESIGN



INTERIOR VIEW OF OUTDOOR CORRIDOR



TENTATIVE FIRST FLOOR PLAN



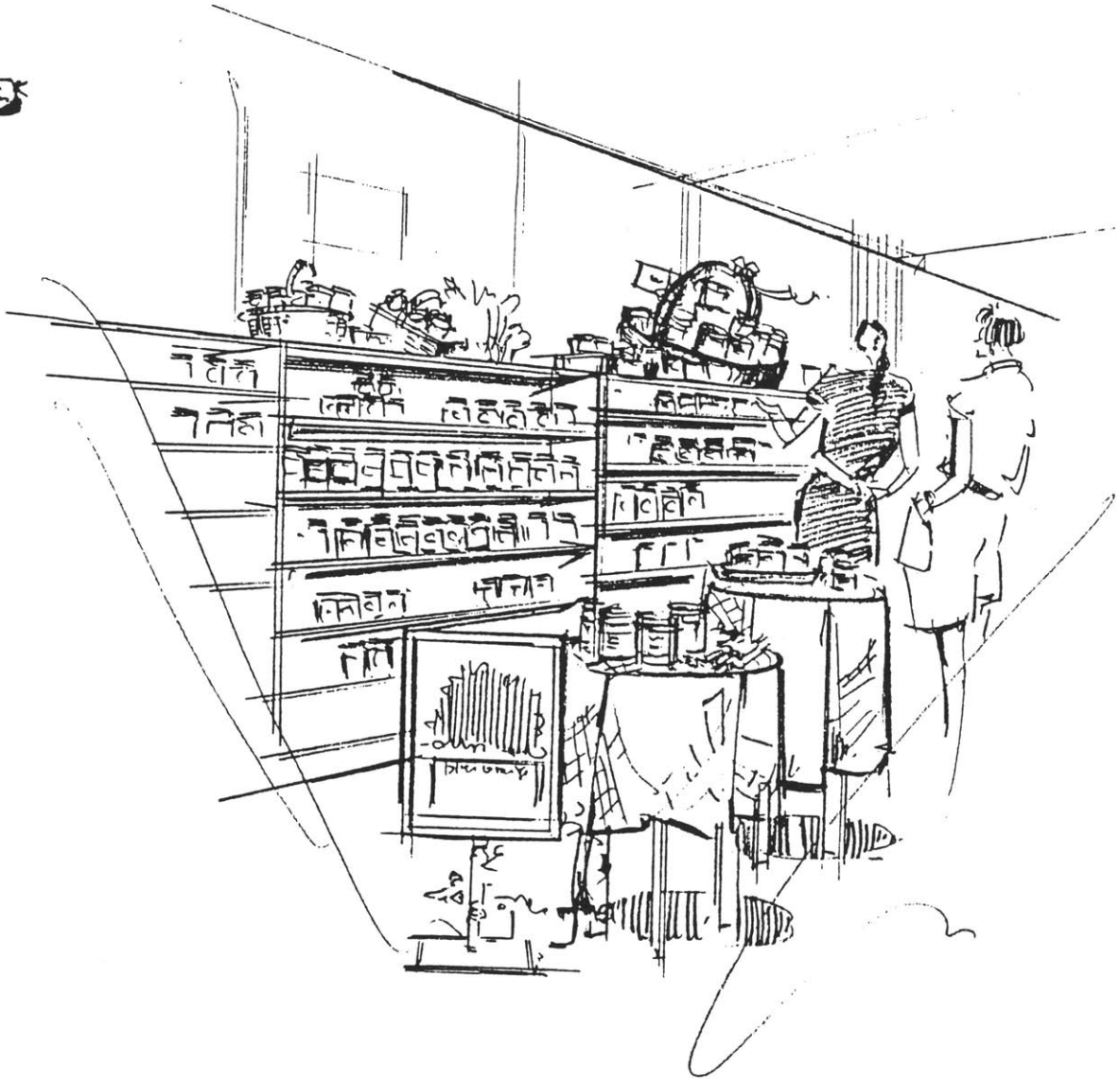
TENTATIVE SECOND FLOOR PLAN

appendix : B

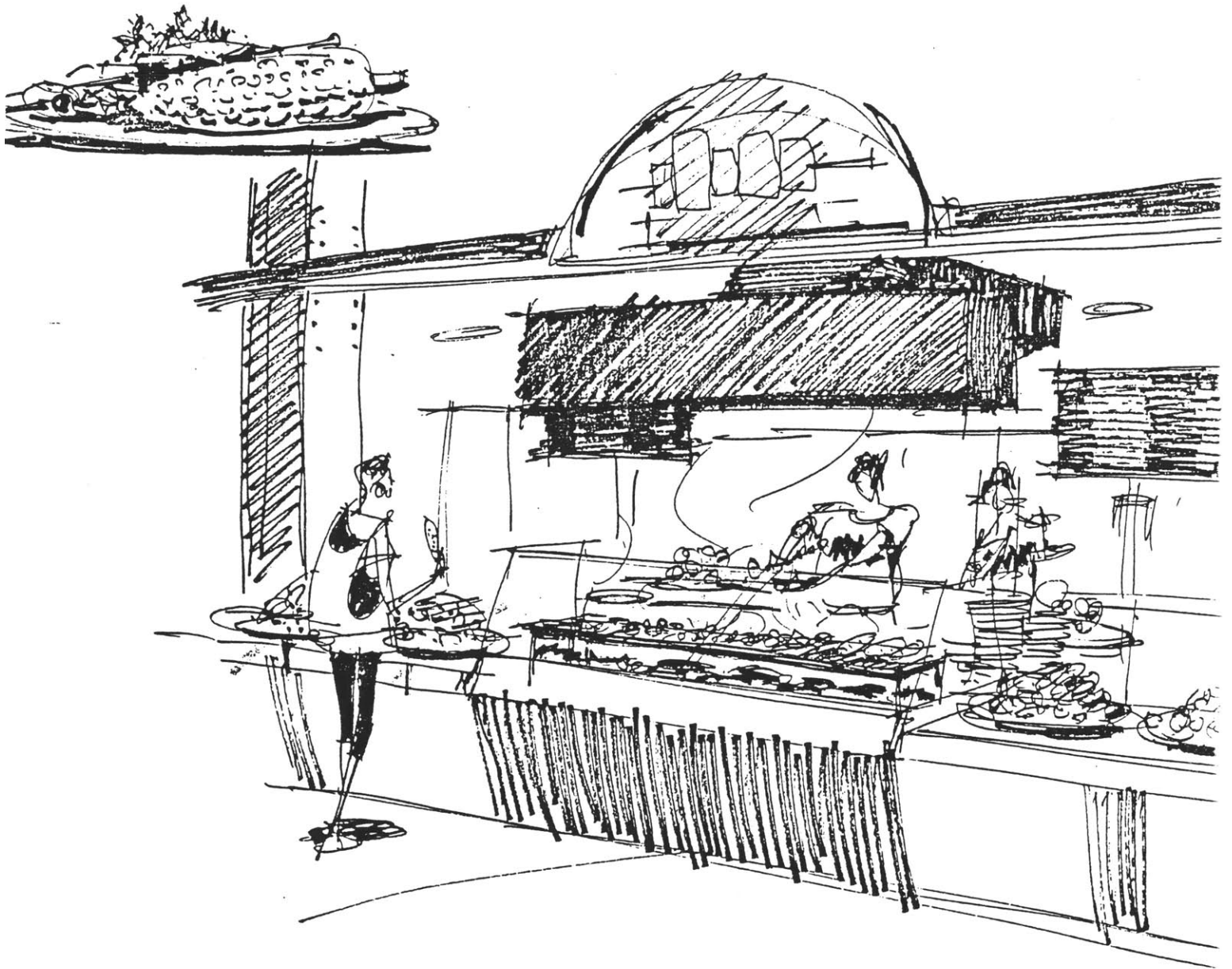
1. The land is owned fee simple by the devlopper.
2. Excepting easements for utilites and sewers which do not interfere with construction for the project as planned what there are no other easements, encroachments, or rights of way affecting the use of the subject property.
3. That the completed project wil be free and clear of all liens and encumbrances excepting mortgaga loan financing and non-delinquent property taxes.

appendix:C

image elements



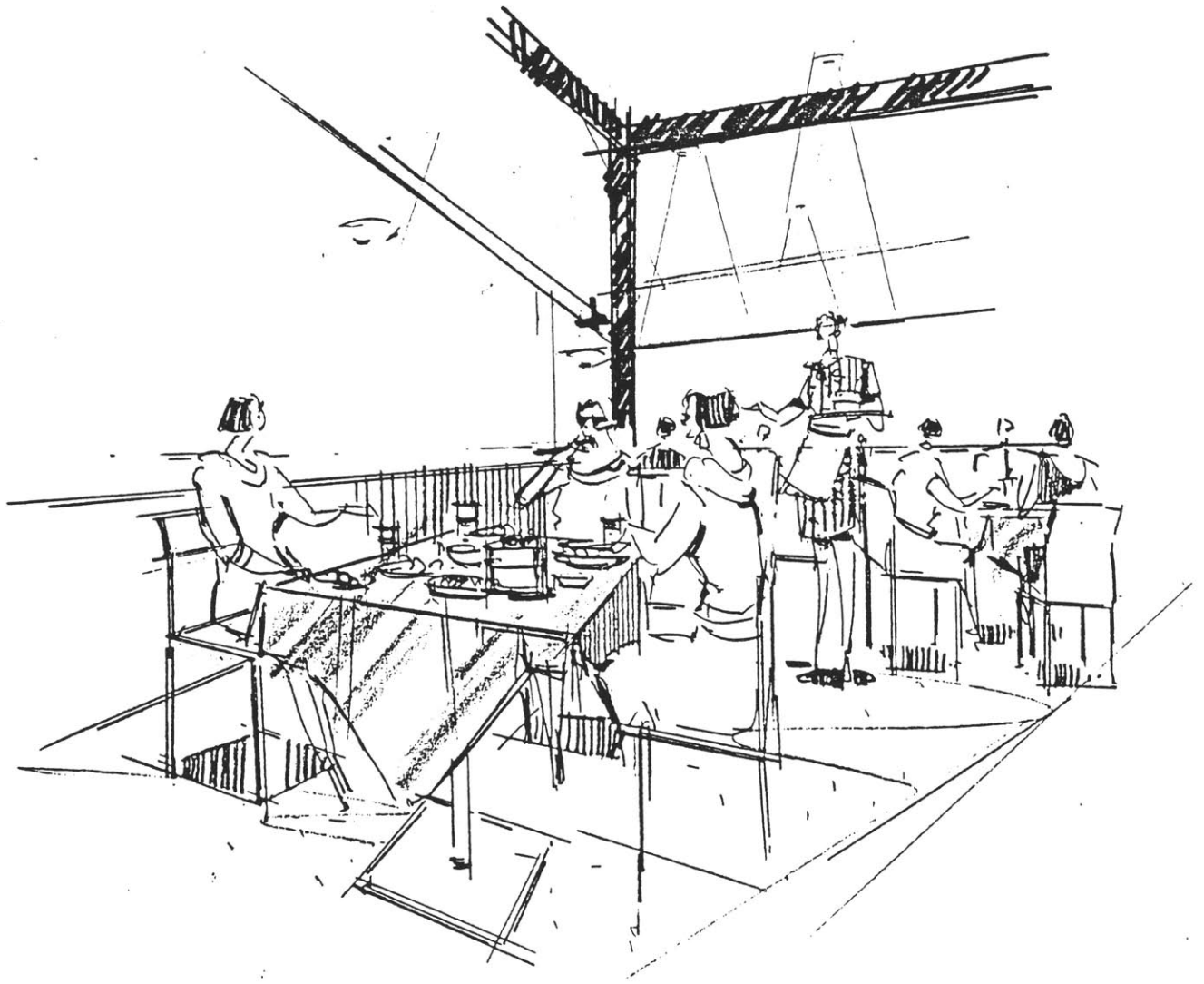
RETAIL SPACE



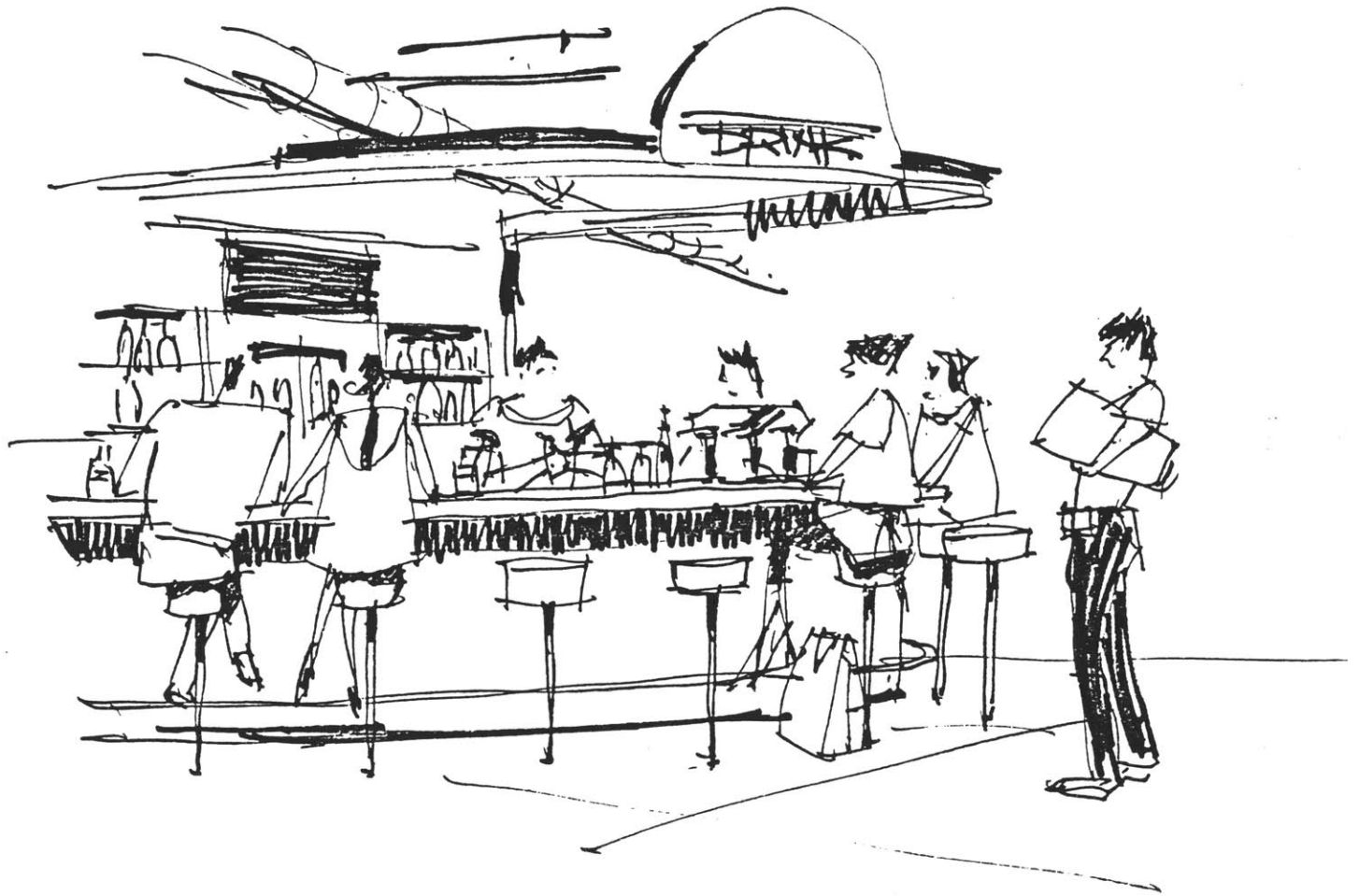
DELICATESSEN



SUSHI BAR



RESTAURANT



BAR

