CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
¥550,000 Ginza Prime Top Rent	▲	▬
-0.7% Annual Household Income Growth, Real	▼	▲
0.6% Annual Retail Sales Growth, Nominal	▬	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.4% Real GDP Growth (Annualized, SAAR)[1]	▼	▲
3.1% Core CPI Growth (YOY)	▲	▼
2.6% Unemployment Rate Seasonally Adjusted	▬	▬

Source: MIC, METI, Mizuho Research & Technologies
1. Mizuho Research & Technologies as of January 30, 2026

RECORD HIGH INBOUND ARRIVALS DESPITE CHINA SLOWDOWN

Despite headwinds of de facto travel restrictions from Beijing—causing mainland Chinese visitors to drop 42% in December 2025 YoY —the Japanese tourism market demonstrated remarkable resilience. While the slowdown led to a 17.1% sales decline in duty-free stores, this impact was mitigated by robust, high-value spending from Western, Australian, and Taiwanese tourists, fueled by the weak yen. Overall, Japan welcomed approximately 42.68 million foreign visitors in 2025, with travel spending hitting a record high, up 16.4% YoY. The expansion was driven by a combination of volume growth, a diversified portfolio of source countries, and increased per-capita spending.

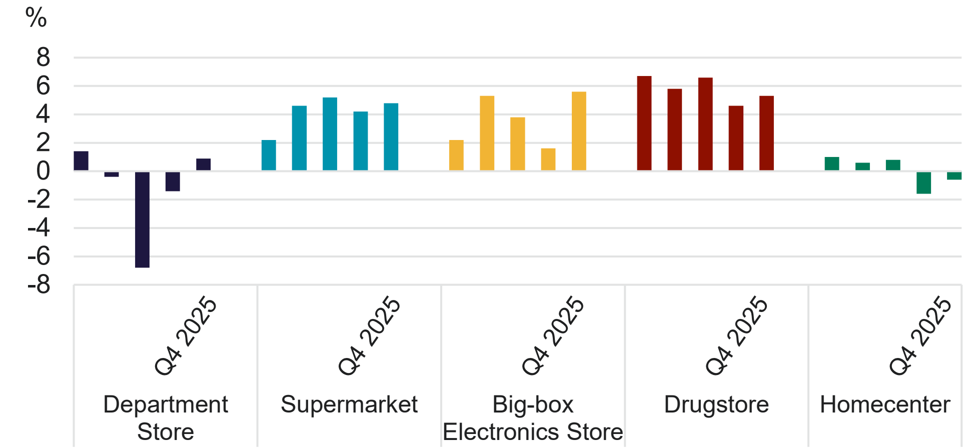
NEW FLAGSHIP OPENINGS ELEVATE THE BRAND EXPERIENCE

Tokyo saw a wave of flagship openings shifting from pure retail to "salon-like" engagement to maximize dwell time. In November, Bulgari established a new location in Omotesando that embodies the architectural beauty of Rome. Following this Loewe celebrated the grand opening of "CASA LOEWE Ginza"—its largest store in Japan—in a prime location on Ginza Chuo-dori Avenue, featuring the world's first dedicated gifting counter. Furthermore, Bacha Coffee, specializing in 100% Arabica specialty coffee, made its Japan debut in Ginza. Its fusion of "culinary delights and experience" has drawn long queues daily. Saint Laurent also launched a large-scale flagship store in the Omotesando area. Following Paris and Los Angeles, it introduced its creative line "Saint Laurent Rive Droite," creating a space where culture—including art and music—coexists with retail. Van Cleef & Arpels also opened a new boutique in Ginza 1-chome, showcasing the brand's excellence through Japan's first lozenge-patterned facade design and exclusive VIP rooms.

OUTLOOK

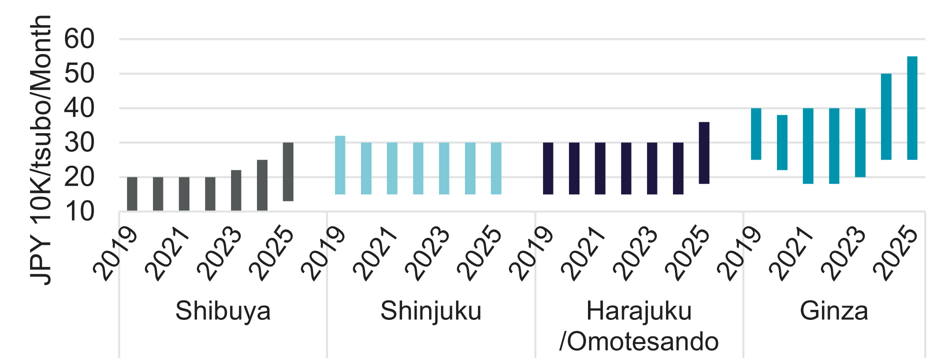
- Retailers continue to adopt stay-oriented formats, integrating VIP salons and café (F&B) functions alongside core retail space to enhance experiential value.
- In Ginza, although no transactions lifted prime rents during this quarter, the annual upper range rose approximately 10% to a record high. While Tier 1 flagship demand has stabilized, new developments imply potential for further rental appreciation.
- Demand remains strong in Tier 2 areas, driven by luxury, athleisure, and Korean brands. With prime vacancy rates critically low, the tight supply-demand balance indicates a continued upward trend in average rents.

Annual Growth of Retail Sales from Q4 2024, Quarterly

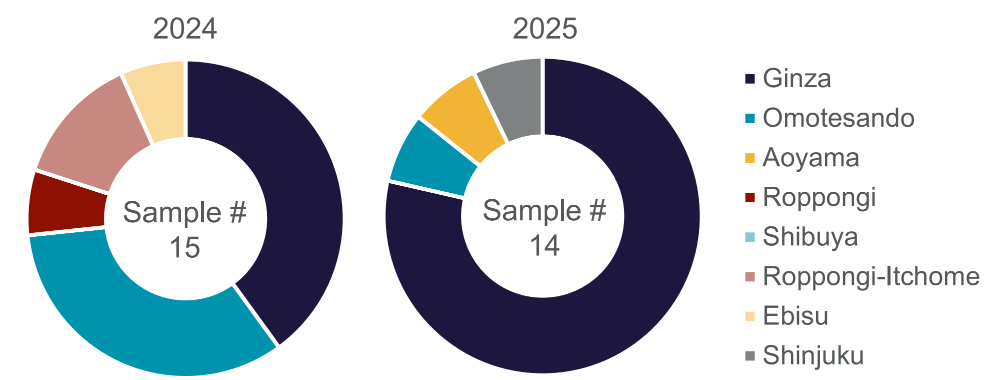


Source: METI

Prime Retail Rent Range after 2019



Trend in New Luxury Store Openings*



**Tenant count of luxury brands opening new stores in Tokyo's 23 wards, categorized by submarket.*

KEY LEASE TRANSACTIONS

TENANT	PROPERTY	SUBMARKET	RSF (Approx.)
BVLGARI	3-6-1, Kita-Aoyama, Minato-ku	Harajuku/Omotesando	Undisclosed
CASA LOEWE	5-8-15, Ginza, Chuo-ku	Ginza	10,390
Bacha Coffee	5-6-6, Ginza, Chuo-ku	Ginza	4,056

Source: Company press releases

KEY RETAIL FACILITY OPENING

PROPERTY	PURPOSE	OWNER/ DEVELOPER	SUBMARKET
Mitsui Outlet Park Okazaki	Retail	Mitsui Fudosan	Aichi
LaLaport Tokyo-Bay North-wing Rebuild	Retail	Mitsui Fudosan	Chiba

Source: Owner/developer press releases

RETAIL RENT IN PRIME AREA
FIGURES IN BLUE INDICATE UPWARD REVISIONS FOR Q4

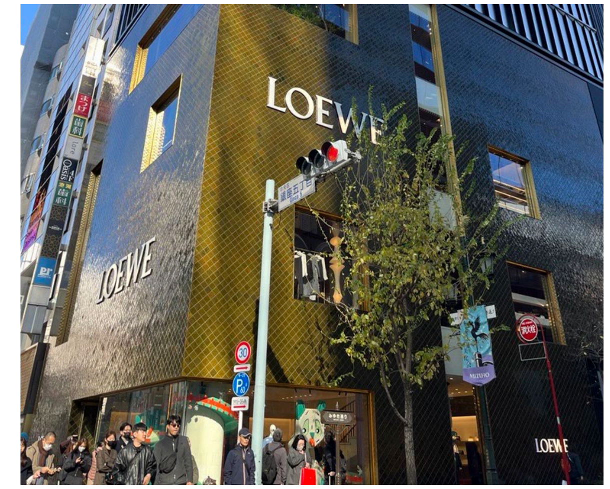
SUBMARKET	TOP JPY/Tsubo/Mo	BOTTOM JPY/Tsubo/Mo	12-MONTH FORECAST (AVERAGE)
Ginza	550,000	250,000	▲
Harajuku/Omotesando	450,000	180,000	▲
Shinjuku	300,000	150,000	▲
Shibuya	300,000	130,000	▲
Shinsaibashi/Midosuji	400,000	150,000	▲
Kyoto	150,000	60,000	▲
Sakae	130,000	50,000	▲
Tenjin	100,000	50,000	▲
Sapporo	70,000	40,000	▲

Scope of Survey / Definition

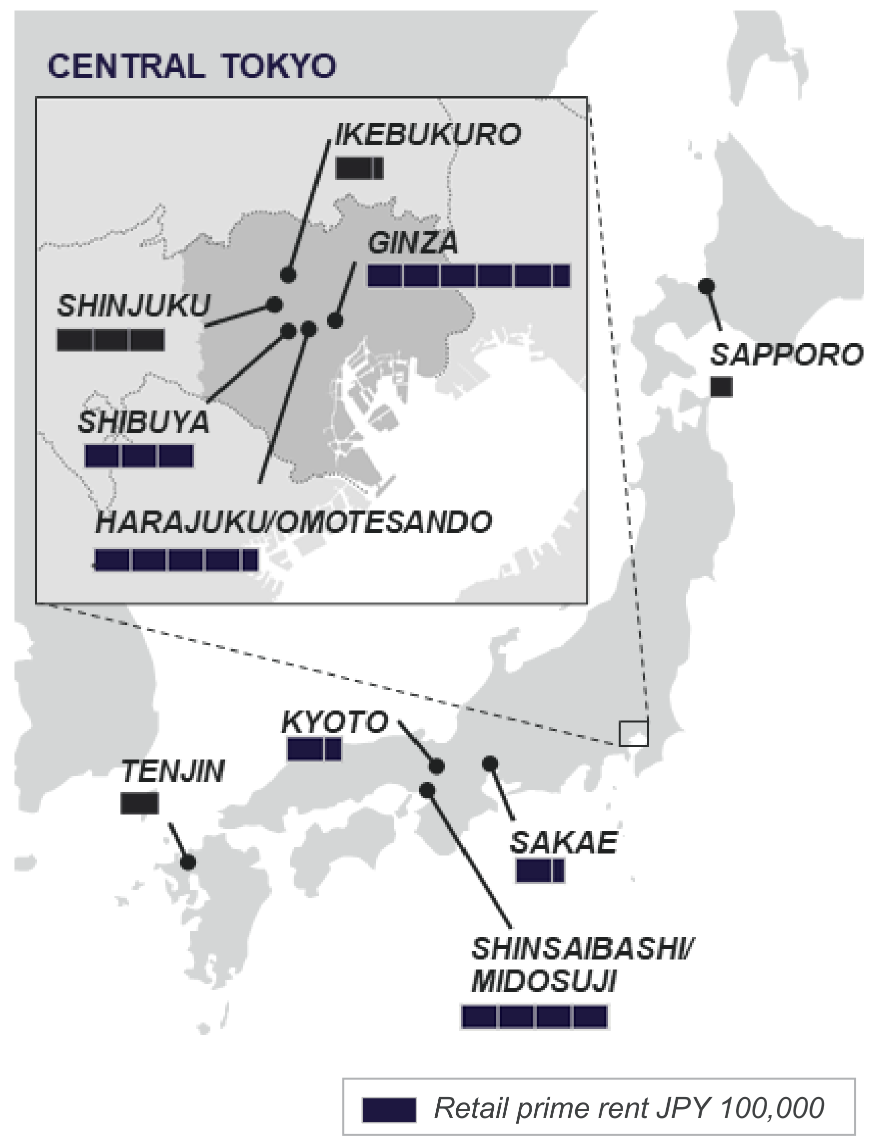
Prime Area	The most prime retail areas within 20 retail submarkets across Tokyo, Osaka, Nagoya, Kyoto, Kobe, Fukuoka, Sapporo, and Sendai.
Rent	The assumed achievable rent for ground-floor retail space available for lease in existing properties located in prime areas at the end of each quarter. Rents include common area management fees but exclude concessions such as free rent periods.

BVLGARI (OMOTESANDO)

LOEWE (GINZA)



BACHA COFFEE (GINZA)



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