

### MARKET FUNDAMENTALS

	YOY Chg	Outlook
<b>¥550,000</b> Ginza Prime Top Rent	▲	▬
<b>2.5%</b> Annual Household Income Growth, Real	▲	▲
<b>1.2%</b> Annual Retail Sales Growth, Nominal	▲	▲

### ECONOMIC INDICATORS

	YOY Chg	Outlook
<b>2.1%</b> Real GDP Growth (Annualized, SAAR) <sup>1</sup>	▲	▲
<b>1.8%</b> Core CPI Growth (YOY)	▲	▼
<b>2.7%</b> Unemployment Rate Seasonally Adjusted	▲	▬

Source: MIC, METI, Mizuho Research & Technologies  
1. Mizuho Research & Technologies as of May 19, 2026

### CONSUMPTION RECOVERY AND INBOUND TOURISM SUPPORT DEMAND

Real GDP grew 2.1% annualized in Q1 2026, marking a second consecutive quarter of expansion, supported by stronger private consumption, particularly in services and nondurable goods. Core CPI (ex-fresh food), which had stayed above 2% since March 2022, fell below 2% for two consecutive months from February 2026. Real income of working households rose 2.5% y-o-y, returning to growth after five quarters, while retail sales increased 1.2% y-o-y for the second consecutive quarter, indicating improving consumer sentiment. Sales grew across all major retail segments, underscoring resilient demand. Inbound demand remained firm, with international arrivals reaching approximately 10.68 million in Q1 2026, broadly in line with Q1 2025. Visitor spending is expected to rise 2.5% y-o-y, with a continued shift from goods to experience-led consumption, including accommodation, dining, transport, and entertainment.

### RISE ON DESTINATION RETAIL

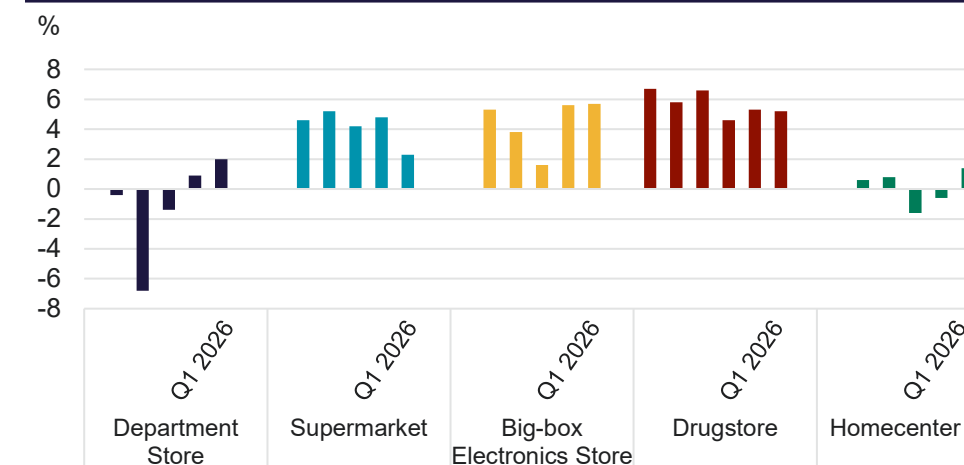
“Destination retail” is gaining traction, particularly in high-street locations. The Dior Bamboo Pavilion in Daikanyama exemplifies this trend, positioning immersive, one-of-a-kind experiences as core value. Inspired by Dior’s 30 Montaigne flagship and Japanese bamboo gloves, the concept store integrates retail, café, and curated artistic spaces to attract both shoppers and visitors. Large-scale mixed-use developments completed this quarter reflect a shift in tenant mix from traditional retail toward F&B and experiential uses. By extending dwell time, these schemes aim to drive cross-shopping and maximize overall sales.

- OIMACHI TRACKS: Food and community-led daily destination balancing local and wider demand
- NEWoMan TAKANAWA MIMURE: Lifestyle hub targeting office workers and travelers
- BASEGATE Yokohama Kannai: Edutainment and event-driven circulation
- Karuizawa T-SITE: Wellness and culture for affluent, long-stay visitors
- TOKYO DREAM PARK: Immersive, IP-driven experience consumption

### OUTLOOK

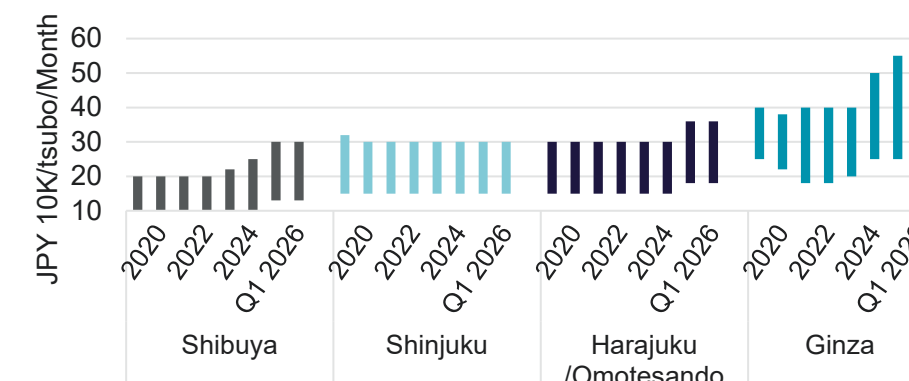
- Elevated oil prices driven by Middle East geopolitical risks pose a downside risk to the retail market, as higher airfares and fuel surcharges increase travel costs and may dampen inbound demand.
- From a CRE perspective, persistently high material and logistics costs are pressuring tenants’ fit-out expenses, requiring developers to enhance assist value to sustain rent affordability.

### Annual Growth of Retail Sales from Q4 2024, Quarterly

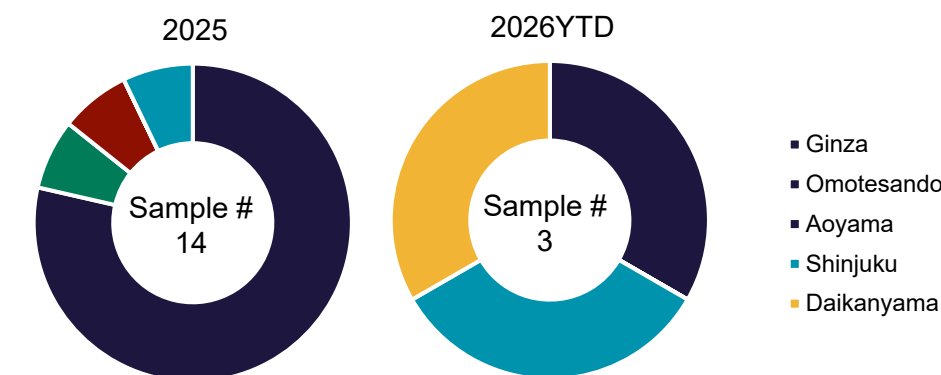


Source: METI

### 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.)
JINS	4-5-1, Ginza, Chuo-ku	Ginza	4,910
DIOR	8-1, Sarugakucho, Shibuya-ku	Daikanyama	19,390*
TAMBURINS	28-14, Sarugakucho, Shibuya-ku	Daikanyama	Undisclosed

Source: Company press releases  
\* Site Area

KEY RETAIL FACILITY OPENING

PROPERTY	PURPOSE	OWNER/ DEVELOPER	SUBMARKET
OIMACHI TRACKS	Retail, Hotel, Residence, Office	East Japan Railway Company	Oimachi
NEWoMan TAKANAWA MIMURE	Retail	LUMINE	Takanawa

Source: Owner/developer press releases

RETAIL RENT IN PRIME AREA

FIGURES IN BLUE INDICATE UPWARD REVISIONS FOR Q1

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.

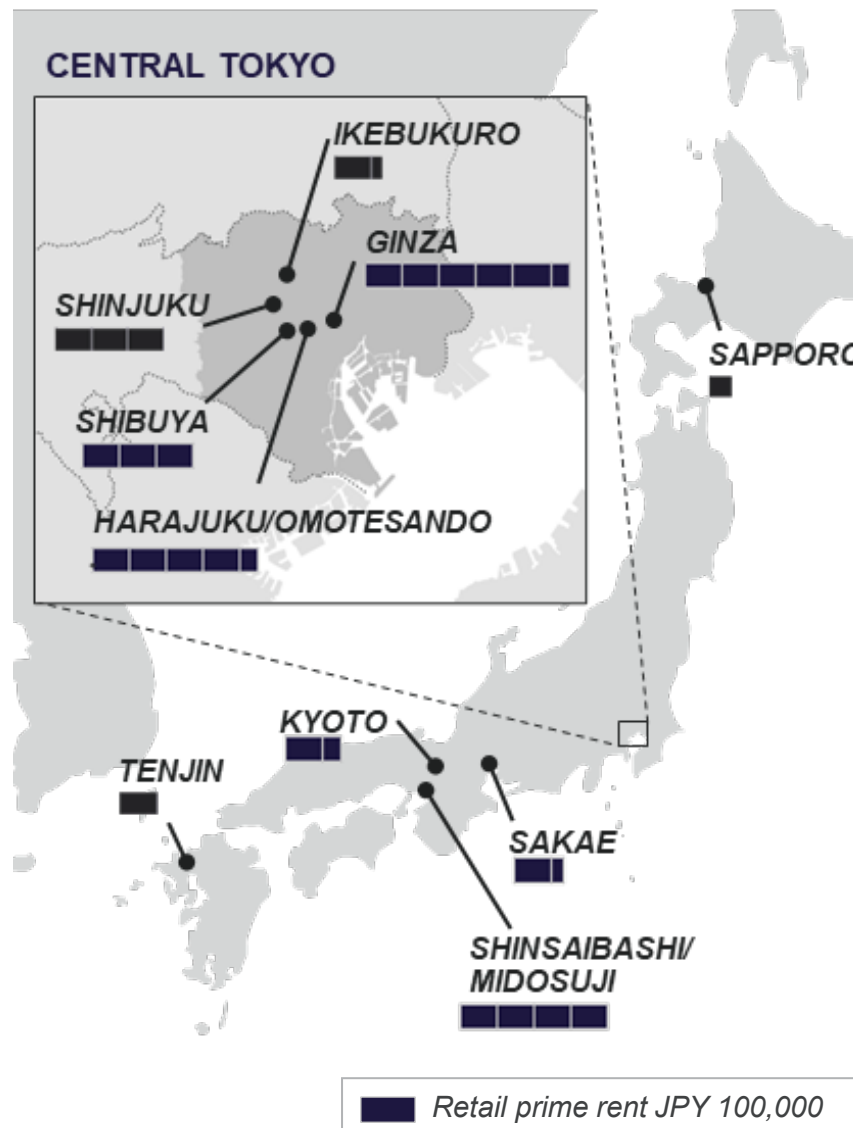
JINS (GINZA)



DIOR (DAIKANYAMA)



TAMBURINS (DAIKANYAMA)



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