MARKETBEAT
JAPAN
RETAIL Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YoY Chg	Outlook
¥550,000 Ginza Prime Top Rent	—	—
0.7% Worker Household Real Income Growth, (YoY)*	▲	▼
5.3% Retail Sales Growth, (YoY) *	▲	▲

ECONOMIC INDICATORS

	YoY Chg	Outlook
0.3% Real GDP Growth (Annualized, SAAR)**	▲	▲
1.4% Core CPI Growth (YOY)*	▼	▼
2.5% Unemployment Rate Seasonally Adjusted*	—	▼

Source: MIC, METI, Daiichi Life Research Institute
**As of May 2026*
*** Q2 estimate (YoY). All other indicators are YoY monthly figures.*

DEMAND SUPPORTED BY CONSUMER RECOVERY AND VISITORS

A private research institute forecasts Japan's real GDP to grow by 0.1% q-o-q (0.3% annualized) in Q2 2026, marking the third consecutive quarter of expansion[1]. However, Middle East uncertainty is expected to keep growth subdued. Core CPI (ex-fresh food), rose 1.4% y-o-y as at May 2026. Inflation has remained at below 2% since February 2026, due to lower energy and food price pressures. Despite easing inflation, upside risks remain for higher Middle East-related material and commodity costs. Working household real income rose 0.7% y-o-y as at May 2026, continuing an upward trend since the beginning of the year and helping support consumer spending. Retail sales rose 5.3% y-o-y in May 2026[2], supported by strong auto, air conditioner, and consumer electronic sales including gaming consoles.

While inbound arrivals fell 5.2% y-o-y in Q2 2026, mainly due to a 60% drop in visitors from China, spending per visitor rose 3.3% y-o-y.

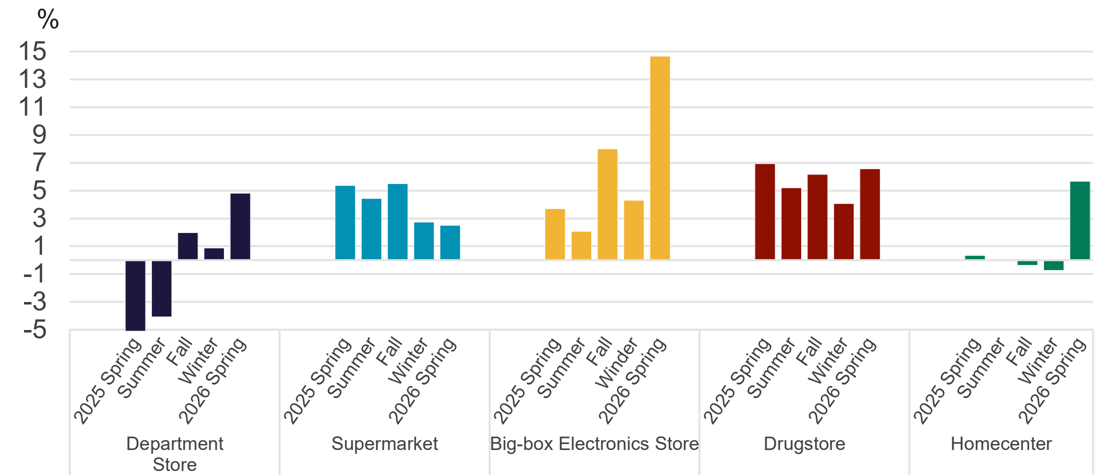
MAJOR FLAGSHIP STORE TURNOVER ACCELERATES IN SHINJUKU

Shinjuku saw significant flagship store activity from major brands in the quarter. NIKE opened a four-story flagship in the former LUSH premises, featuring Shinjuku-inspired design and a NIKE BY YOU personalization zone, in a highly experiential retail concept. Japanese eyewear company JINS opened a flagship in the former Burberry premises at Shinjuku Sanchome. The 1,000 sqm store is among its largest globally and showcases Japanese eyewear culture. Onitsuka Tiger opened one of its largest global flagship stores in July at the former Under Armour Brand House premises. The four-story space features experiential attractions such as arcade games, capsule toy machines and photo booths, designed to increase dwell time and generate social media buzz. The opening expands the brand's Shinjuku presence to five stores, while its former location will welcome a new ASICS flagship at the end of July. These developments highlight Shinjuku's appeal to sportswear and lifestyle brands seeking large-format flagship spaces, while reinforcing its evolution into an experience-driven retail hub supported by inbound demand.

OUTLOOK

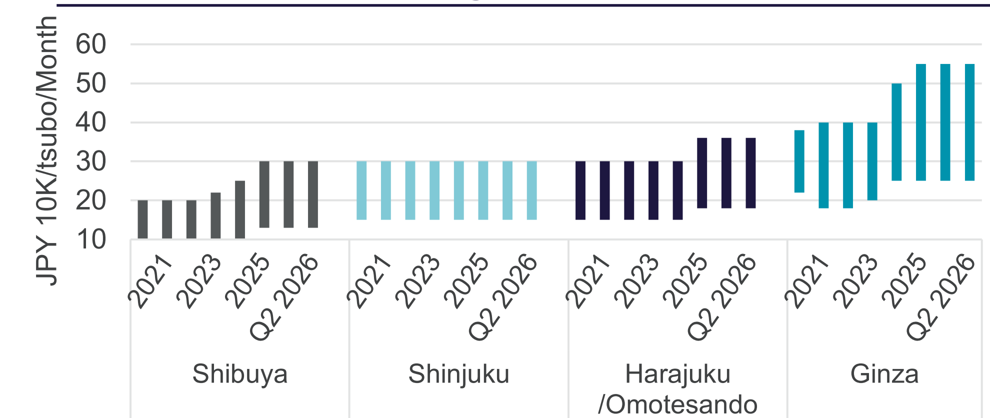
- Although inbound visitor numbers declined, higher per-capita spending drove inbound tourism expenditure to JPY2.51 trillion, up 0.2% y-o-y. Inbound demand is expected to remain resilient.
- Demand for showroom-style flagship stores and large multi-level retail space remains robust in Shinjuku, with brand exposure and customer attraction continuing to support rents alongside strong sales performance.

Annual Growth of Retail Sales

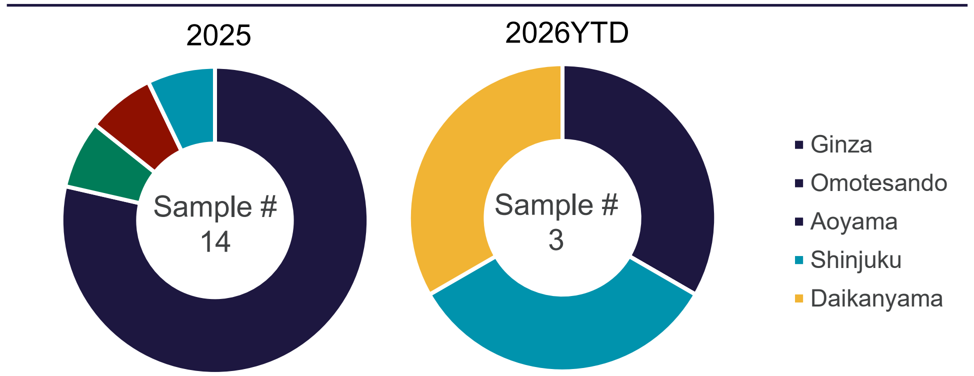


Source: METI

Prime Retail Rent Range, since 2020



Trend in New Luxury Store Openings[3]



1 Dai-ichi Life Research Institute, "Japan Economic Outlook FY2026–FY2027 (June 2026): Revised Following the Second Preliminary GDP Estimate for Q1 2026
2 Japan National Tourism Organization (JNTO)
3 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	3-1-20, Shinjuku, Shinjuku-ku	Shinjuku	10,800*
NIKE	3-26-6, Shinjuku, Shinjuku-ku	Shinjuku	17,100
Mercedes-Benz	5-1-1, Minami-Aoyama, Minato-ku	Omotesando	1,500**

Source: Company press releases
**GFA*
***Building Area*

KEY RETAIL FACILITY OPENING

PROPERTY	PURPOSE	OWNER/ DEVELOPER	SUBMARKET
QUARTZ Shinsaibashi	Retail	Hulic and others	Shinsaibashi / Midosuji
HAERA	Retail	J Front City Development and others	Sakae

Source: Owner/developer press releases

RETAIL RENT IN PRIME AREA

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	▲

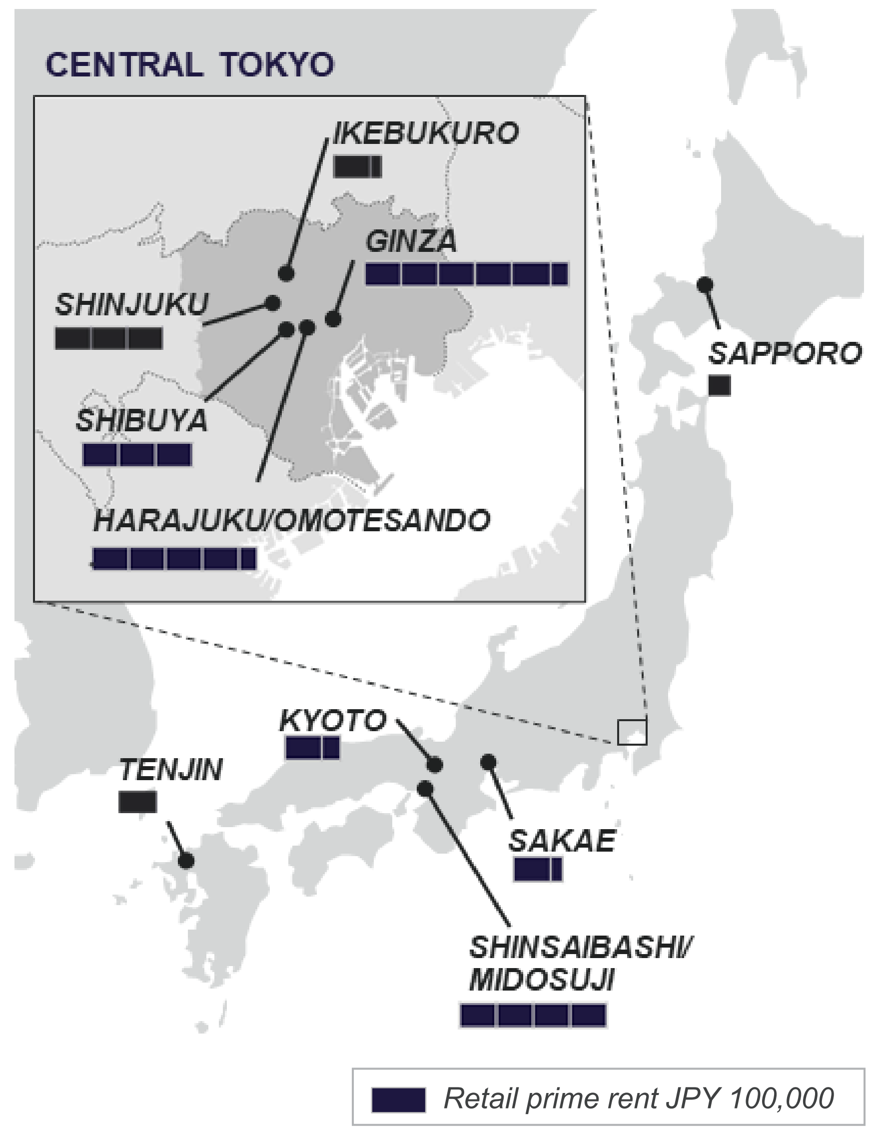
Scope of Survey / Definition

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 (SHINJUKU)

NIKE (SHINJUKU)

HAERA (NAGOYA SAKAE)



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