

MARKET FUNDAMENTALS

	YoY Chg	Outlook
¥550,000 Ginza Prime Top Rent		
-0.9% Worker Household Real Income Growth, (YoY)*		
2.7% Retail Sales Growth, (YoY) *		

ECONOMIC INDICATORS

	YoY Chg	Outlook
1.4% Real GDP Growth (Annualized, SAAR)**		
1.7% Core CPI Growth (YOY)*		
2.5% Unemployment Rate Seasonally Adjusted*		

Source: MIC, METI, Daiichi Life Research Institute
*As of August 2026
**As of June 2026

MACRO: GRADUAL RECOVERY, WEAK CONSUMER SPENDING

Private sector forecasts indicate that Japan’s real GDP grew 0.1% q-o-q (0.4% annualized) in Q3 2026, extending its growth streak to a second consecutive quarter.¹ Core CPI (excluding fresh food) rose 1.7% y-o-y in August, remaining below 2% for seven consecutive months amid energy subsidies and easing food inflation. Although nominal worker-household income increased 1.3% y-o-y, real income declined 0.9%, reversing May’s 0.7% gain and marking a second consecutive monthly drop, signaling continued pressure on household purchasing power.

Retail sales climbed 2.7% y-o-y in August, but the three-month moving average fell 1.1% m-o-m to 117.2 (2020 = 100). The METI characterized sales as “showing mixed movements.”² International visitor arrivals totaled 6.54 million in July and August, down 16.8% y-o-y, reflecting a roughly 60% decline in visitors from China.³ Despite gradual economic recovery, weak real-income growth and reduced Chinese visitor numbers are weighing on retail demand, limiting the near-term recovery outlook.

MICRO: RETAILERS BLEND BRAND IDENTITY WITH LOCAL CHARACTER

Omotesando saw several flagship store openings in August, including Lululemon’s Harajuku global flagship, and Google Store Omotesando — its first flagship outside the United States. Human Made opened a first flagship, Human Made Tokyo, in September.

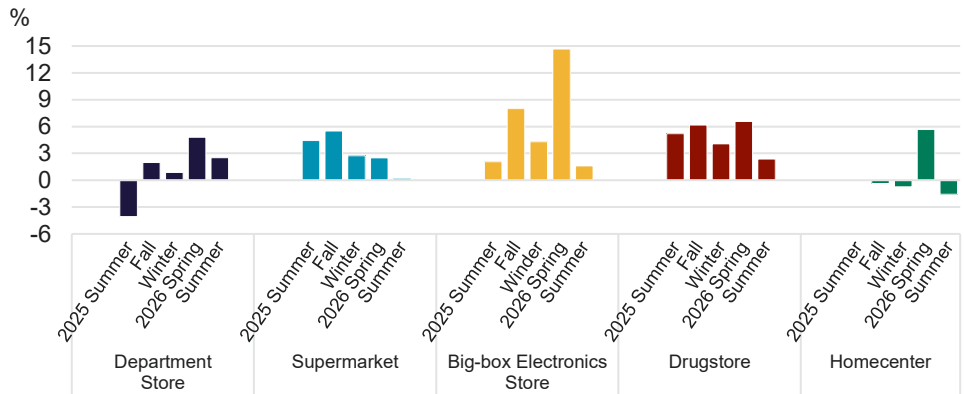
Lululemon Harajuku reinforces brand identity ties with the neighborhood via artwork inspired by local landmarks. Google marks 25 years in Japan to leverage the intersection of fashion, culture and technology at Omotesando with device demonstrations and hands-on AI experiences. Fast-growing HUMAN MADE’s first flagship is in an area central to the brand’s roots. Meanwhile, The TOFROM YAESU complex, opening in September, combines established local restaurants with newer popular venues to reinterpret Yaesu’s history and alleyway culture.

These developments highlight a broader retail strategy: integrating brand identity with local character to create differentiated experiences and strengthen destination appeal beyond conventional shopping and dining.

OUTLOOK

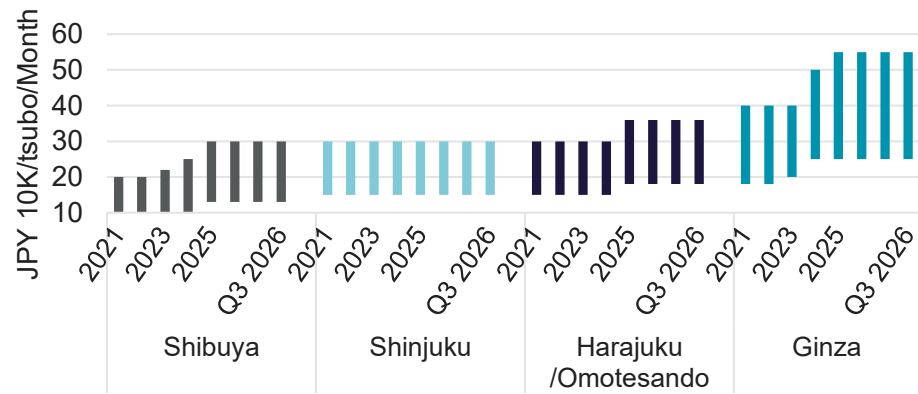
- Although consumer spending is expected to recover only gradually, demand for prime retail locations that enhance brand visibility is likely to remain resilient. In major retail districts such as Omotesando, flagship stores blending local character with brand identity and retail developments offering experiential attractions, particularly F&B, are expected to drive future market activity.

Annual Growth of Retail Sales

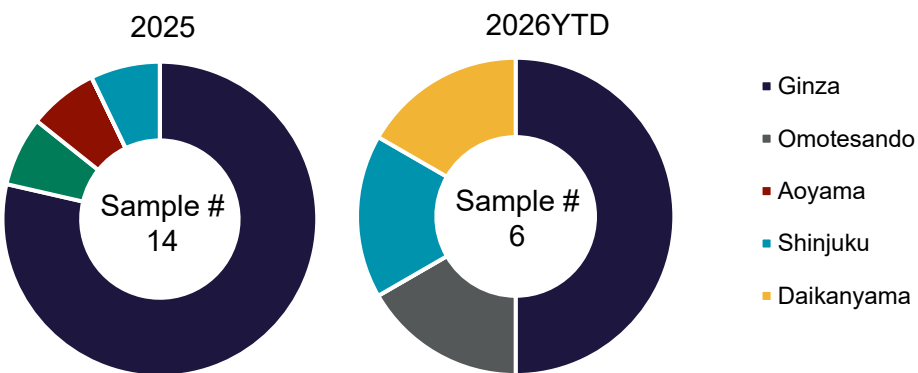


Source: METI

Prime Retail Rent Range, Since 2020



Trend in New Luxury Store Openings⁴



¹ Dai-ichi Life Research Institute, "Japan Economic Outlook FY2026–FY2027 (September 2026): Revised Following the Second Preliminary GDP Estimate for Q2 2026"
² Ministry of Economy, Trade and Industry (METI), "Preliminary Report on the Current Survey of Commerce (August 2026)"
³ Japan National Tourism Organization (JNTO)
⁴ Tenant count of luxury brands opening new stores in Tokyo’s 23 wards, categorized by submarket.

KEY LEASE TRANSACTIONS

TENANT	PROPERTY	SUBMARKET	RSF (Approx.)
Google Store	4-30-3 Jingumae, Shibuya-ku	Omotesando	*12,500
lululemon	1-13-12 Jingumae, Shibuya-ku	Omotesando	**13,100
HUMAN MADE	6-25-10 Jingumae, Shibuya-ku	Omotesando	*6,400

Source: Company press releases

*GFA **Retail space

KEY RETAIL FACILITY OPENING

PROPERTY	PURPOSE	OWNER/ DEVELOPER	SUBMARKET
TOFROM YAESU	Retail	Tokyo Tatemono	Kyobashi, Yaesu/Nihonbashi
JIYUGAOKA MUSE SQUARE	Retail	Hulic / Kajima Corporation	-

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.

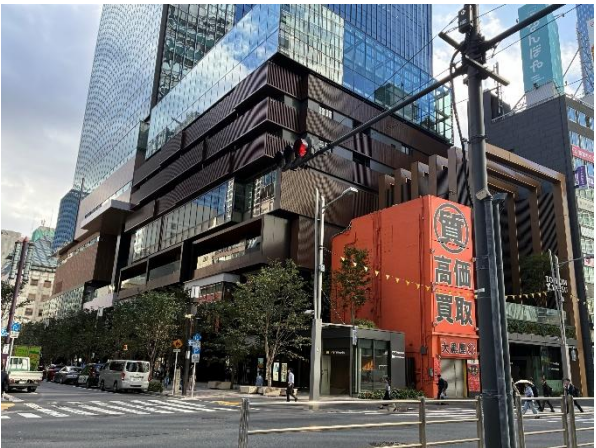
GOOGLE



LULULEMON



TOFROM



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