

Hotel and Retail Sectors to Remain Resilient Despite Decrease in Chinese Visitors

December 2025

The Chinese government has called for its citizens to refrain from traveling to Japan. While this has raised concerns about the potential consequences of a decrease in Chinese visitors, CBRE believes any impact on the overall inbound tourism market is likely to remain limited. This is because the proportion of group tours by Chinese visitors to Japan, which used to account for around 50% of arrivals from this market, has fallen to 15.6%, indicating that the inbound market has become more resilient to changes in diplomatic relations.

At the same time, the weak yen and attractive prices for foreigners are supporting an increase in visitor arrivals from other markets. The increase in demand from visitors, particularly from the Americas, Europe, and Australia—all of which are regions characterized by longer stays and rising shopping expenditure—should compensate for the decrease in inbound demand from Chinese visitors. Any negative impact on the hotel and retail sectors in the Japanese real estate market should therefore be mild.

1. Impact to be mitigated by rise in Chinese Foreign Individual Travel (FITs)

According to the media, recent weeks have seen the Chinese government urge its citizens to refrain from travel to Japan, and flights between Japan and China have been reduced. Hence, a decrease in Chinese visitors to Japan appears unavoidable. While it is difficult to establish a clear outlook on the magnitude and duration of the decrease, the impact is likely to remain limited.

This is primarily due to the increasing proportion of Chinese visitors who arrange their trips independently (Foreign Individual Travel, or FITs). According to the Japan Tourism Agency's "Consumption Trend Survey for Foreigners Visiting Japan", the percentage of Chinese visitors traveling as FITs was 83% in the most recent period of July-September 2025. Individual travelers are considered less susceptible to changes in Japan-China relations, as they tend to separate politics from their personal values and actions.

Decreases in Chinese visitors to Japan, triggered by complexities in diplomatic relations, have been observed several times in recent years (Figure 1, from Q4 2010 onward and from Q4 2012 onward). The impact period of these decreases typically lasted around one year, leading to a total reduction of approximately 30% in Chinese visitors to Japan during each of those periods. In some months, a decrease of nearly 50% was observed.

Following these events, the issuance of group tourism visas to Chinese nationals decreased in 2011 and 2013, respectively. However, the number of individual tourist visas issued continued to increase (Figure 2). This supports the notion that individual travel is less susceptible to the effects of diplomatic relations.

Furthermore, the proportion of group travelers, who are more vulnerable to diplomatic influences, previously stood at around 50%. However, it is currently 15.6%, suggesting that any future decline in Chinese visitors to Japan is likely to be limited.

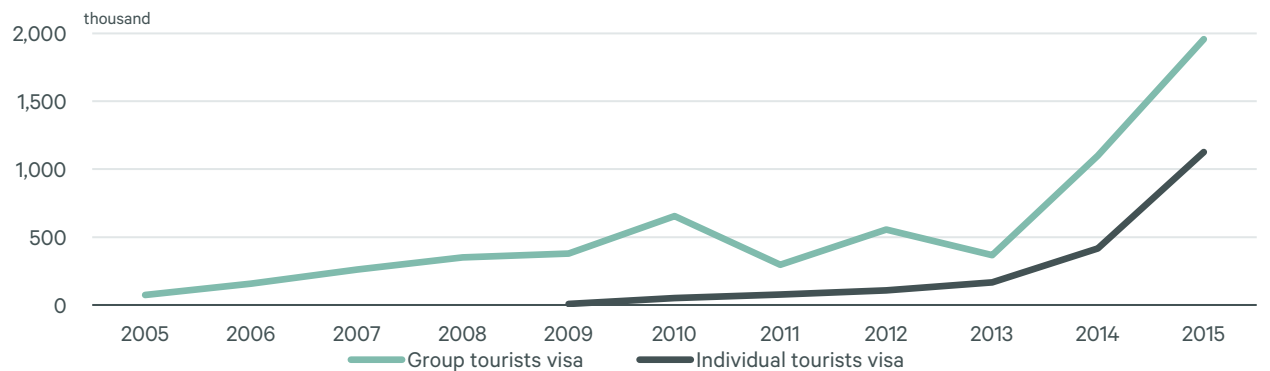
Figure 1: Number of Chinese Tourists and Proportion of Group Travelers



Source: JNTO, Japan Tourism Agency, CBRE, December 2025.

Note: The survey regarding the proportion of group travelers was suspended from Q2 2020 to Q3 2022 due to the COVID-19 pandemic.

Figure 2: Number of Visas Issued for the Purpose of Tourism to Chinese Nationals



Source: Ministry of Foreign Affairs of Japan Press Release, CBRE, December 2025.

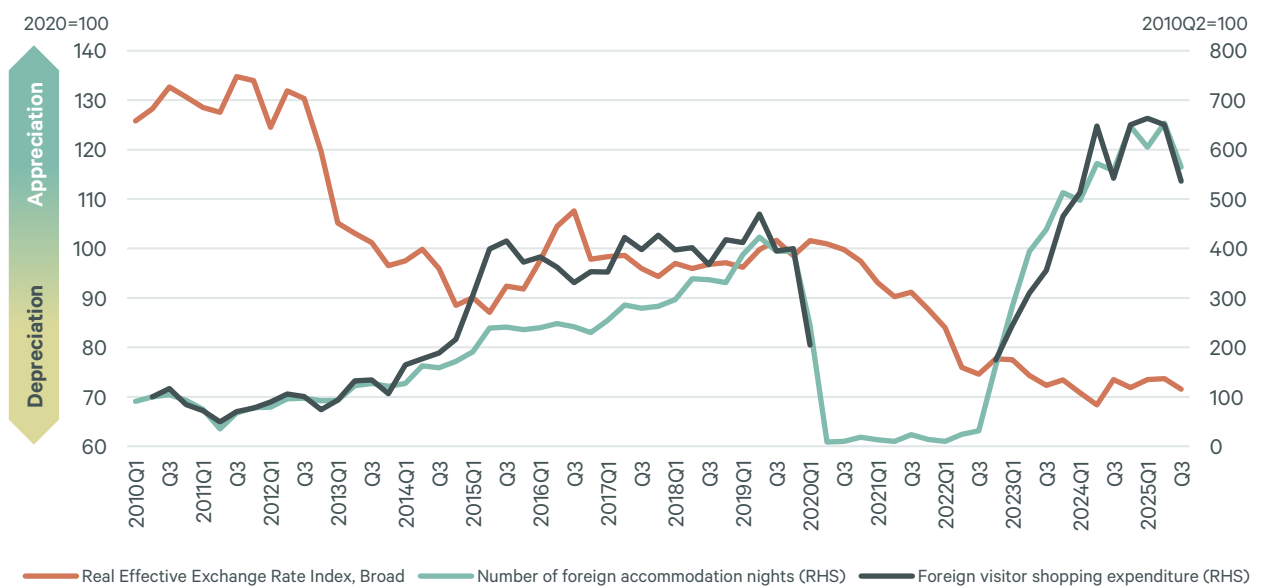
2. More diverse inbound market reduces dependence on Chinese visitors

Japan's sustained appeal as a travel destination for foreigners is expected to compensate for the decrease in Chinese visitors. The Real Effective Exchange Rate (REER) Index— an indicator representing the comprehensive external value of the yen, adjusted for inflation—shows that yen depreciation typically leads to increased foreign overnight stays and shopping expenditure (Figure 3). Currently, the yen's value is at its lowest level since 2010 when the increase in inbound visitors began. Compared to pre-pandemic 2019, it has fallen by about 30%.

As a result, the nationalities and regions of foreign visitors to Japan are also diversifying. Of note is the especially high growth rate of visitors from the Americas, Europe, and Australia compared to 2019. Specifically, in a year-to-date* comparison, growth rates for the U.S. are: +91%, Australia: +70%, and Europe: +59%, which are higher than China: +1%, South Korea: +49%, Taiwan: +36%, and Hong Kong: +10%.

* Year-to-date up to October; for Europe, statistics are available only through August (JNTO "Statistics on Japan's Inbound Tourism").

Figure 3: Real Effective Exchange Rate Index, Number of Foreign Accommodation Nights and Foreign Visitor Shopping Expenditure (Index)



Source: Japan Tourism Agency, Macrobond, BIS, CBRE, December 2025.

Note: "Foreign visitor shopping expenditure" was estimated by multiplying the number of foreign visitors to Japan by the average shopping expenditure per visitor. Data for Q2 2020 through Q3 2022 is not available because the survey was suspended during the COVID-19 pandemic.

Visitors from the Americas, Europe, and Australia have longer average stays per trip (Figure 4). The significant growth in visitor numbers from these regions should therefore compensate for the decrease in Chinese visitors and support hotel accommodation demand as well as consumption. Per-capita shopping expenditure tends to have higher growth rates for visitors from the Americas, Europe and Australia, as well as Southeast Asia (Figure 4). The more diverse range of nationalities and regions of visitors to Japan are playing a more prominent role in the expansion of inbound consumption, lessening the retail market's dependence on Chinese visitors.

Based on this evidence, CBRE believes that the impact of the decline in Chinese visitors on the hotel and retail sectors in the Japanese real estate market will remain limited.

Figure 4: Average Number of Nights and Y-o-Y Change in Shopping Expenditure per Capita by Country/Region (Oct. 2024 – Sep. 2025)



Source: Japan Tourism Agency, CBRE, December 2025.

Note: Data covers foreign visitors to Japan for tourism/leisure purposes.

The y-o-y change in shopping expenditure per capita compares the period "Oct. 2024 – Sep. 2025" with "Oct. 2023 – Sep. 2024".

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