

ASIA PACIFIC RETAIL TRENDS | Q3 2026

Optimistic retailer sentiment and tight prime supply fuel bullish market



Key Trends

- In **Japan**, competition for space remains intense, prompting occupiers to pay above asking rents to secure flagship locations. Activity is being driven by fashion retailers, led by sports and athleisure brands. Space scarcity is pushing retailers to adopt a more flexible attitude toward location, with secondary high streets in prime areas and emerging locations being considered.
- Leasing sentiment is bullish across **India** with retailers' expansion plans seen in all major markets; limited new supply is the only constraint. Fashion and apparel brands are the largest demand driver, while F&B demand is picking up strongly. Limited availability in prime locations and improving infrastructure are spurring the creation of new high streets in secondary and peripheral areas.
- Retail leasing activity in the **Philippines** is healthy in prime districts and retailers are expanding. High occupancy in shopping mall ground floors is forcing retailers to consider high streets and office podiums. The F&B sector, especially casual dining formats such as coffee and bubble tea shops, is most active, with both international and local groups expanding their footprint.

“ Limited availability in prime areas is spurring retailers to consider emerging retail districts outside core locations to secure space for their expansion needs. ”

Vivek Kaul
Managing Director
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Japan

Tight availability prompts retailers to adopt more flexible stance toward location selection

STATE OF THE MARKET

- Leasing demand is robust across a broad range of sectors. Vacancy in Tokyo's prime retail districts is effectively at zero, intensifying competition for available space and prompting some occupiers to pay above asking rents to secure flagship locations.
- Prime retail rents continue to rise in both Tokyo and Osaka within an increasingly landlord-favourable environment, supported by limited availability and sustained occupier demand. Rental growth is expected in the coming years, albeit at a more moderate pace.

TRANSACTION ACTIVITY

- Leasing activity is largely being driven by fashion retailers, led by sports and athleisure brands. Demand from IP-related retailers, capsule toy operators and lifestyle brands is expanding, with many such groups seeking flagship stores in major retail destinations. Luxury leasing demand has remained broadly stable.
- Space scarcity is pushing retailers to adopt a more flexible attitude toward location, with secondary high streets in prime areas and emerging areas such as Daikanyama now being considered. Many retailers are willing to pre-commit two to three years ahead to secure high street opportunities and future development projects.

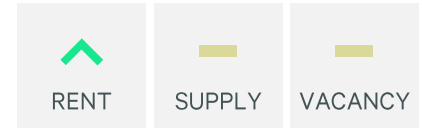
EMERGING TRENDS

- Demand from Korean and Chinese retailers grows further as Japan's stable operating environment attracts new market entrants. Given the shortage of available space in Tokyo, some brands are choosing Osaka as their initial point of entry.
- Japanese brands eyeing overseas expansion are increasingly seeking flagship stores along prime high streets in Tokyo to strengthen brand recognition and enhance credibility with international landlords and consumers.

OUTLOOK

- Occupiers should broaden their location strategies beyond traditional prime streets and begin site selection well in advance. Given the scarcity of available space, retailers may need to secure locations two to three years ahead of planned openings.
- Landlords are advised to maintain a thorough understanding of current market conditions and actively manage lease expiries to capture rental upside and maximise asset value.

SIX-MONTH OUTLOOK



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India

Lack of supply pushes up rents, driving retailers to consider new high streets

STATE OF THE MARKET

- Leasing sentiment is bullish across India with retailers' expansion plans seen in all major markets; limited new supply is the only constraint.
- Strong demand combined with tight supply is rapidly pushing up rents, ensuring the leasing market to be in landlords' favour.
- Previously cautious retailers have now returned to the leasing market as sales improve.

TRANSACTION ACTIVITY

- Fashion and apparel brands are the largest demand driver. Overseas brands retain a preference for shopping centres, while local brands are more comfortable taking high street space.
- F&B demand is picking up strongly, led by local cafe brands expanding nationwide. Jewellery stores demand are firm across both traditional and lab-grown diamond segments. Entertainment operators are active, seeking larger spaces with high ceilings.

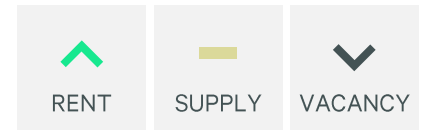
EMERGING TRENDS

- Limited availability in prime locations and improving infrastructure are spurring the creation of new high street areas in secondary and peripheral areas.
- Some developers are undertaking redevelopment of older assets in prime Mumbai locations to create new retail space.
- Quick commerce is scaling rapidly, with more players now competing on 10-minute delivery spanning groceries, electronics, and apparel. While penetration is low, expansion of dark stores (distribution centre for quick commerce) is swift and will impact the grocery market.

OUTLOOK

- Rents should continue to rise amid tight supply pipeline, although retailers' affordability might affect decision making.
- Traditional retailers are turning more selective and taking longer to commit to leases as they keep a close eye on individual store profitability.

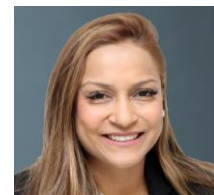
SIX-MONTH OUTLOOK



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Philippines

Leasing demand focuses on prime space as F&B, health and wellness drive activity

STATE OF THE MARKET

- Retail leasing sentiment is healthy in prime districts and retailers are expanding. High occupancy in shopping mall ground floors is forcing retailers to consider high streets and office podiums.
- Owners of refurbished buildings and newly completed malls are bullish toward ground floor space for which they are able to charge a premium rent. Their stance on upper floors is more flexible.

TRANSACTION ACTIVITY

- The F&B sector, especially casual dining formats such as coffee shops, is most active, with both international and local groups expanding their footprint.
- Consumer awareness of health and wellness is creating demand for related trades. Gyms, spas, and clinics are leasing space both inside and outside shopping malls while international footwear and athleisure brands are planning market entry.
- Fashion and apparel performance is diverging. With local consumers prioritising value for money, brands with competitive pricing are doing well, while premium brands' sales are slowing.

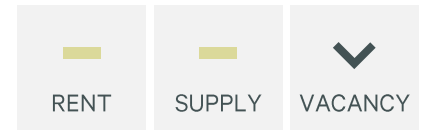
EMERGING TRENDS

- The popularity of experiential retail is reshaping landlords' attitudes toward their tenant mix. Many property owners are designing mall ecosystems with the purpose of increasing dwell time and sales.
- Examples include a mid-to-high end mall which has assigned prime space to local designer brands, which are rotated regularly. This concept is attracting higher-spending customers and boosting overall mall performance.
- Consumer preferences for open space, natural lighting, and greenery are prompting landlords to upgrade their malls. Owners of older shopping centres are refurbishing their assets to capture demand.

OUTLOOK

- With limited new supply and growing demand from F&B and health & wellness brands, vacancy in key retail districts should continue to fall. Rents are expected to be flat for the rest of the year.
- Landlords are suggested to closely follow current trends, craft an optimal tenant mix, and adopt a flexible attitude toward leasing terms to secure their desired tenants.

SIX-MONTH OUTLOOK



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