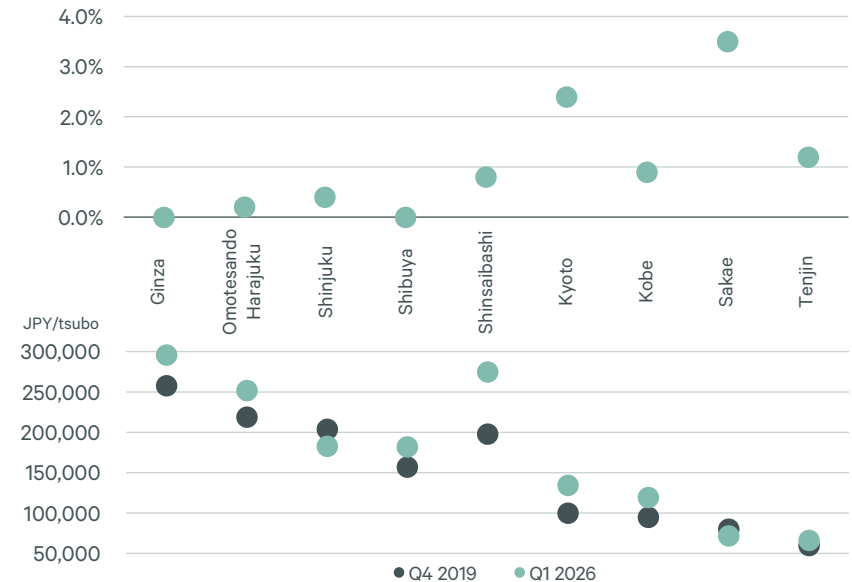


# Average rents set new record highs in five areas; fashion sector drives demand



- In Q1 2026, average rents set new all-time highs in five of the 10 surveyed areas (Ginza, Omotesando/Harajuku, Shibuya, Shinsaibashi, and Kyoto). While rents also rose in Shinjuku, three areas (Kobe, Tenjin, and Umeda) saw rents remain unchanged, while Sakae saw rents decline.
- The vacancy rate in prime areas remained at 0.0% in Ginza and Shibuya, while Omotesando/Harajuku and Shinjuku saw decreases from the previous quarter. Although vacancy in the three Kansai areas remained unchanged, they rose in Sakae (where it had been at 0.0% until the previous quarter) and Tenjin.
- Retailer appetite for storefront space remains generally high and is being seen from a diverse range of sectors, with situations where multiple retailers compete for a single available unit becoming increasingly common. New store openings and relocations by retailers with robust existing store sales drove average rents higher in Q1 2026. Demand was driven by the fashion sector, where several new storefront lease contracts for large units were signed this quarter.
- Average rents are expected to continue to follow an upward trend, backed by the tight supply-demand balance. In prime areas, upward pressure on rents is likely to persist, centered on relocations and new store openings by retailers with robust existing store sales. Retailer demand also remains strong for units in secondary areas, which are often smaller in size and have relatively lower total rental costs, ensuring rents should continue to rise.

Figure 1: Vacancy rate (upper graph) & average rent (lower graph)



Source: CBRE, Q1 2026.

## Nationwide occupier trends

### Fashion brands sign large-scale lease contracts in key areas

Floor space for new store openings and leases signed in prime areas nationwide contracted by 5.8% q-o-q to 3,216 tsubo in Q1 2026, with the fashion sector — where several new storefront lease contracts for large units were signed this quarter in Ginza, Omotesando/Harajuku, Shinsaibashi and Sakae — accounting for 45% of the total.

Retail market conditions, both domestic and overseas, have deteriorated following the Chinese government's travel advisory for its citizens to refrain from visiting Japan issued in November 2025 and the outbreak of the war in the Middle East. However, there have been no major changes to retailer strategies, such as the cancellation of store opening plans, observed in Japan's high-street retail leasing market, and retailer appetite remains strong. During the quarter, a retailer decided to open a large new store on the back of robust existing store sales, while also relocating a store from within a commercial facility to a street-level location.

## Tokyo

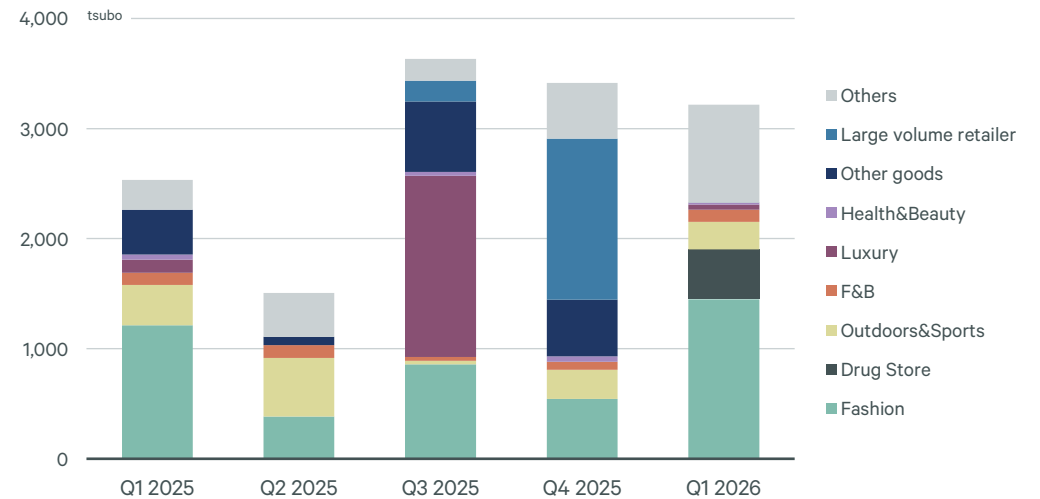
### Rents reach all-time highs in Ginza, Omotesando/Harajuku, and Shibuya

In **Ginza**, new storefront lease contracts were signed this quarter by a footwear retailer in the prime area, and by apparel and reuse retailers in the secondary area. Additionally, interest was observed for available units across the high street (including those not yet available for immediate occupancy) from luxury, apparel, wristwatch, and reuse retailers. The prime area vacancy rate (calculated based on units available for immediate occupancy) remained at 0.0% for the fifth consecutive quarter.

Average rents (assuming a regular-shaped 60 tsubo unit) rose 1.4% q-o-q to JPY 296,000, setting a new all-time high. The primary cause of this quarter's strong rental growth was rising rents on Marronnier-dori, where a retailer seeking a unit to relocate temporarily during the renovation of its existing store submitted a proposal with rent levels above market rates. CBRE projects average rents to rise by 2.9% over the next 12 months, an upward revision from the previous forecast of +2.2%, reflecting the continued rise in retailers' acceptance of higher rents.

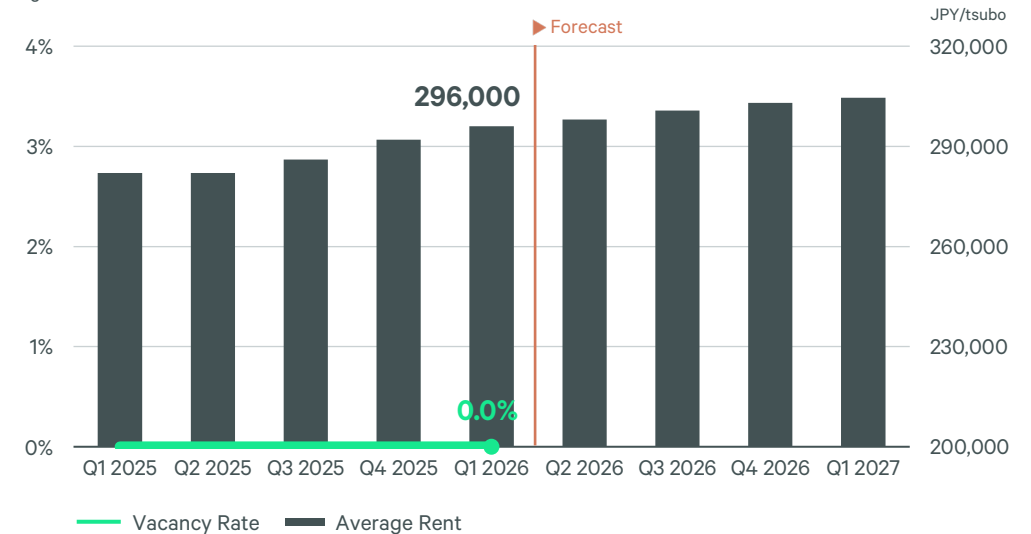
Rents are also rising in the secondary area, with demand particularly strong for smaller units of less than 60 tsubo. Intense competition among several retailers, primarily in the fashion and reuse segments, for available space drove rents higher this quarter.

Figure 2: New openings and lease contracts in prime areas



\* Total floor space for all new openings or new contracts. Includes all available space in prime areas on high streets nationwide (nine areas in total) for immediate occupancy or for occupancy within 18 months of the survey date (including incomplete developments). Source: CBRE, Q1 2026.

Figure 3: Ginza



Source: CBRE, Q1 2026.

## Tokyo (cont.)

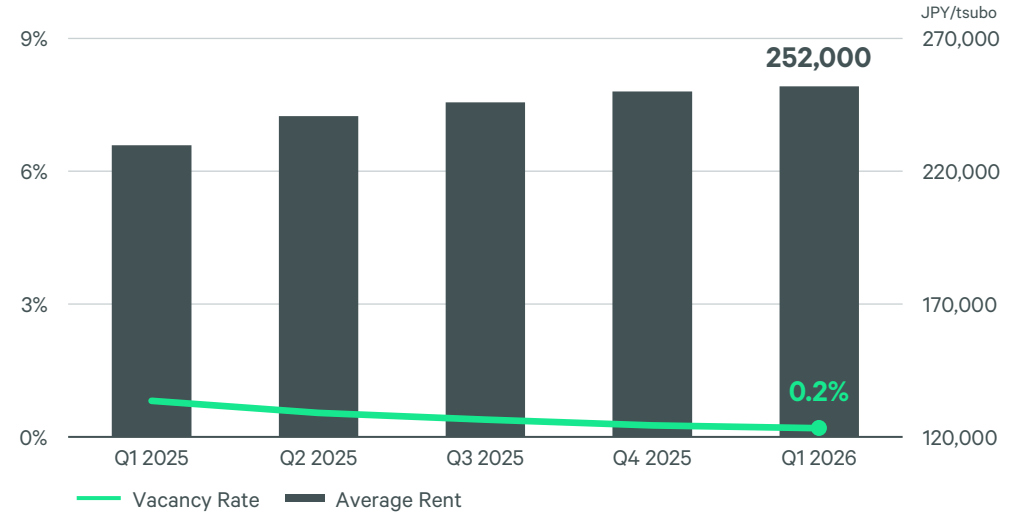
In **Omotesando/Harajuku**, new storefront lease contracts were signed in Q1 2026 in the secondary area of Omotesando by a sporting goods retailer and an F&B operator, and in the prime area of Harajuku by apparel and cosmetics retailers. In the peripheral area, apparel, furniture, and cosmetics retailers also secured space this quarter. Interest was observed for available units across the high street from luxury, apparel, and sporting goods retailers. The prime area vacancy rate fell 0.1 pp q-o-q to 0.2%, setting a new all-time low for the second consecutive quarter.

Average rents rose 0.8% q-o-q to JPY 252,000 this quarter, setting a record high for the fifth consecutive quarter. Several retailers in the apparel sector displayed higher rent-paying capacity in Q1 2026, including a retailer that signed a contract for space near Jingumae Crossing, which drove up average rents in the area. This retailer was able to accept higher rent levels due to its robust existing store sales. In another case involving a scarce available unit in the prime area, the rent level offered by an apparel retailer was reportedly comparable to those offered by a competing luxury brand.

In **Shinjuku**, new storefront lease contracts were signed this quarter by a merchandising retailer in the prime area. Interest was observed for available units across the high street from apparel, eyewear, jewelry, cosmetics, and sporting goods retailers. The prime area vacancy rate fell 1.4 pp q-o-q to 0.4%, dropping below 1% for the first time since Q1 2021. Average rents rose 2.2% q-o-q to JPY 183,000 on the back of rising rents near the Shinjuku Station South Exit, where multiple retailers submitted applications for a unit with rents above market rates.

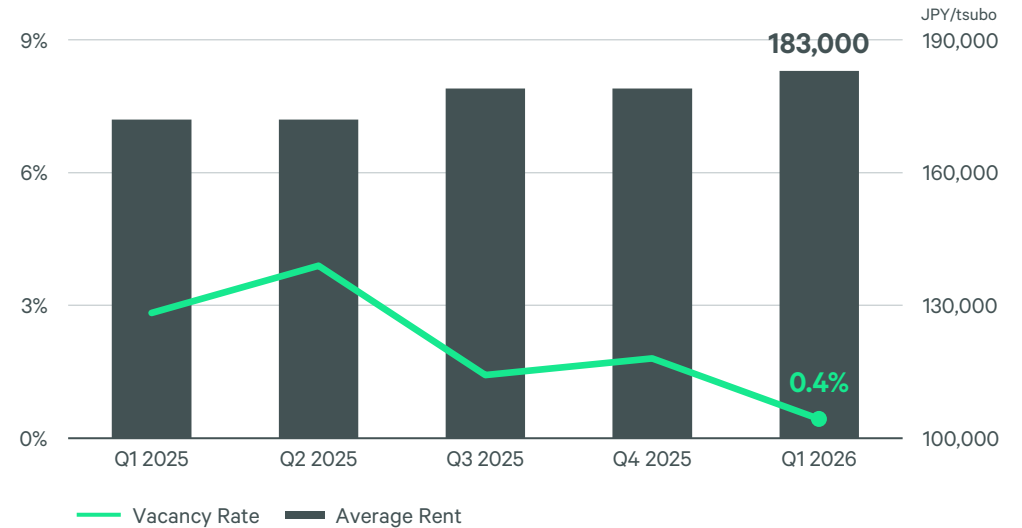
The vacancy rate is likely to remain low in the coming quarters, with many of the few remaining units in the market already having been pre-leased or applied for. As new marketing begins for a unit with floor space matching the requirements of many retailers, the tender is expected to attract proposals from multiple retailers, pushing up retailers' rental expectations.

Figure 4: Omotesando/Harajuku



Source: CBRE, Q1 2026.

Figure 5: Shinjuku



\* Shinjuku's vacancy rates for Q1 2025 have been recalculated due to a partial change in the target sample.  
Source: CBRE, Q1 2026.

## Tokyo (cont.)

In **Shibuya**, several tenants leased units in the peripheral area during Q1 2026, while interest was observed for available units across the high street from character goods, capsule toy, and eyewear retailers. The prime area vacancy rate remained at 0.0% for the fifth consecutive quarter. Average rents rose 1.1% q-o-q to JPY 182,000, recording an all-time high for the second quarter in a row. The primary cause of this quarter's strong rental growth was rising rents in Shibuya Center-gai, driven by an upward shift in acceptable rent levels among retailers due to robust appetite for space.

During the quarter, SEIBU SOGO Department Stores announced the closure of SEIBU SHIBUYA on September 30, 2026. The "Loft" and "Movida" buildings will remain in operation. As no new plans have been announced for the SEIBU SHIBUYA site, a prolonged absence of retail space in this location could potentially impact pedestrian traffic in the surrounding area.

## Kansai

### Average rents set new record highs in Shinsaibashi and Kyoto

In **Shinsaibashi**, new storefront lease contracts were signed this quarter by apparel and drugstore retailers in the prime area. Interest was observed for available units across the high street from luxury, sporting goods, and apparel retailers, as well as showroom operators. The prime area vacancy rate remained unchanged q-o-q at 0.8%. One unit was occupied but it was too small to have any impact on aggregate figures.

Average rents rose 1.5% q-o-q to JPY 275,000, setting a new all-time high for the first time in two quarters. The primary cause of this quarter's rental growth was rising rents on the Shinsaibashi-suji Shopping Street, due to an upward shift in retailers' acceptance of higher rents for a newly available unit.

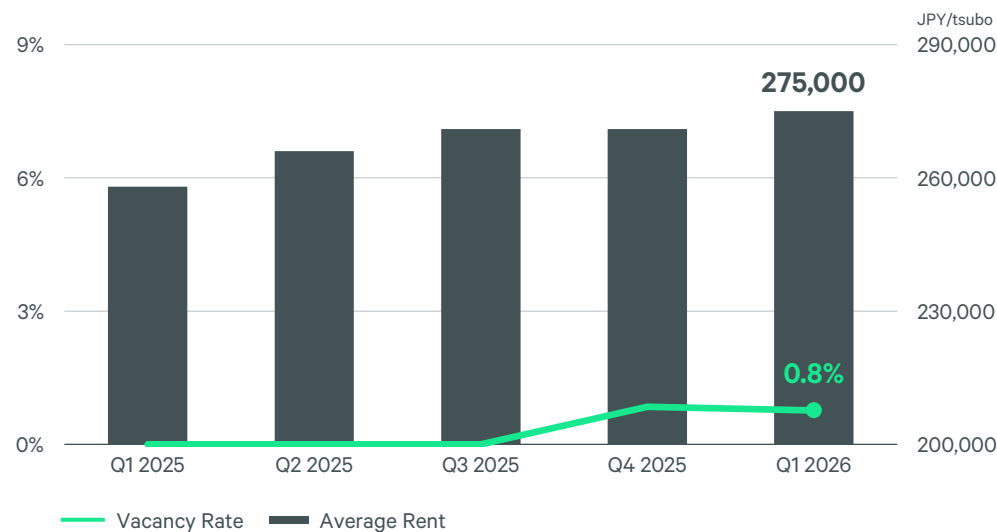
A new retail property, QUARTZ SHINSAIBASHI is scheduled to open in April 2026, with the luxury brands occupying the lower floors expected to open between early summer and autumn. As a result, new flagship stores of retailers of jewelry and sporting goods have opened along Nagahori-dori. This quarter, an apparel brand decided to open a new store in anticipation of the improved attractiveness of the area as a retail location.

Figure 6: Shibuya



Source: CBRE, Q1 2026.

Figure 7: Shinsaibashi



Source: CBRE, Q1 2026.

### Kansai (cont.)

In **Umeda**, a sporting goods retailer and a showroom operator signed new storefront lease contracts in Q1 2026. Average rents remained unchanged q-o-q at JPY 129,000.

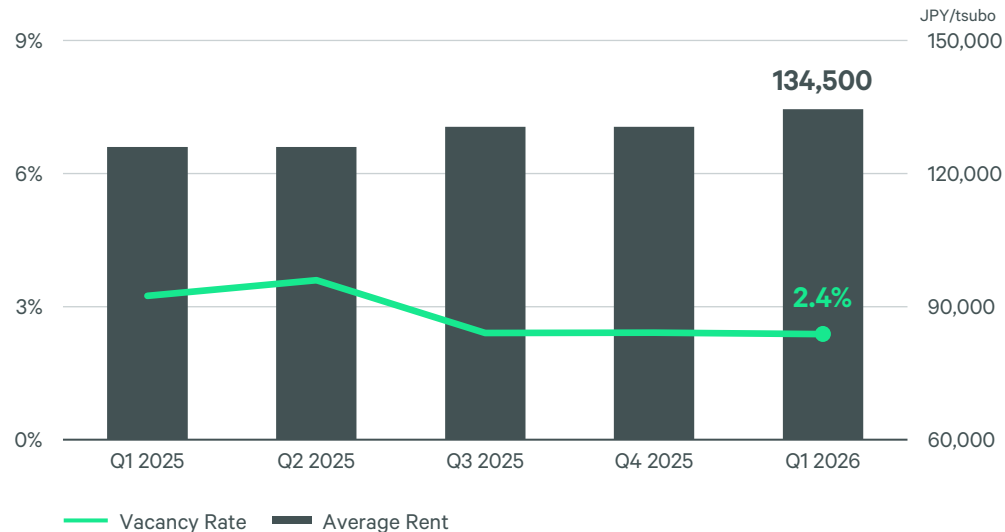
Many retail facilities around Osaka station are undergoing renovation. One of those is Hankyu Department Store's Umeda Main Store, which will open a new area called HANKYU LUXURY in March, just prior to the opening of the character zone in LUCUA SOUTH in April 2026. The renovation of the 5th and 6th floors has expanded the property's retail floor space by 1.6x, while also improving circulation between the floors. Some brands in the store have adopted multi-level formats with internal elevators.

In **Kyoto**, a new storefront lease contract was signed this quarter by an apparel retailer in the prime area. Interest was observed for available units across the high street from luxury, eyewear, sporting goods, and character goods retailers. The prime area vacancy rate remained unchanged q-o-q at 2.4%. Average rents rose 3.1% q-o-q to JPY 134,500, setting an all-time high. The primary cause of this quarter's strong rental growth was rising rents near Fujii Daimaru on Shijo-dori, influenced by an upward shift in retailers' acceptance of higher rents.

In **Kobe**, new storefront lease contracts were signed this quarter by footwear and apparel retailers in the prime area, and by a high-end wristwatch retailer in the secondary area. Interest was observed for available units across the high street from reuse, capsule toy, and jewelry retailers. The prime area vacancy rate remained unchanged q-o-q at 0.9%. Average rents also remained stable at JPY 119,500, maintaining an all-time high.

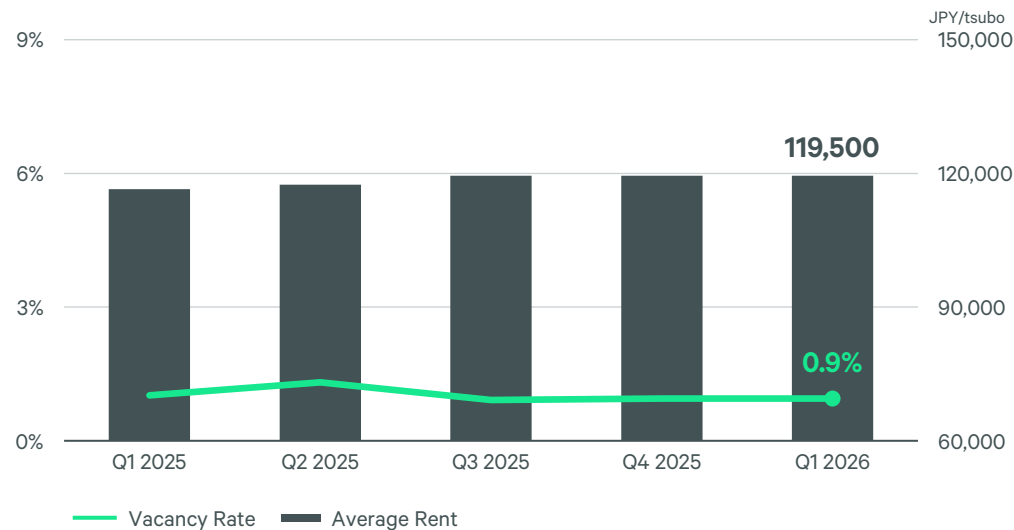
During the quarter, J. FRONT RETAILING, which owns Daimaru Kobe, signed a contract to acquire Kobe Kyu Kyoryuchi 25 Bankan and announced plans to enhance the appeal of the former foreign settlement area of Kobe, through synergies with its department store business. The property is expected to be transferred in stages through June 2027.

Figure 8: Kyoto



Source: CBRE, Q1 2026.

Figure 9: Kobe



Source: CBRE, Q1 2026.

## Nagoya

### Vacancy rate rises to 3.5% and rents decrease by 1.4%

In **Sakae**, new storefront lease contracts were signed in Q1 2026 by apparel retailers in the prime and peripheral areas, and by an F&B operator in the secondary area. Interest was observed for available units across the high street from sporting goods, apparel, and footwear retailers.

The prime area vacancy rate rose 3.5 pp q-o-q to 3.5%. Average rents fell 1.4% q-o-q to JPY 72,000. The primary cause for both the vacancy increase and the rent decrease was the emergence of a large vacant unit on Minami Otsu-dori. While this area saw rent increases in 2024 due to a store opened by a luxury brand, the current lack of demand from retailers with high rent-paying capacity has led to lower average rents. The new retail facility HAERA, scheduled to open in June, likely served as the recipient of retailer demand due to the lack of available units on Minami Otsu-dori.

Conversely, the secondary and peripheral areas witnessed increasing demand from apparel retailers seeking to relocate from retail facilities to street-level locations. This is due to floor renovations requiring tenant exits, or mismatches between visitors and target customer demographics. Some retailers signed or showed interest in street-level retail space in secondary and peripheral areas this quarter.

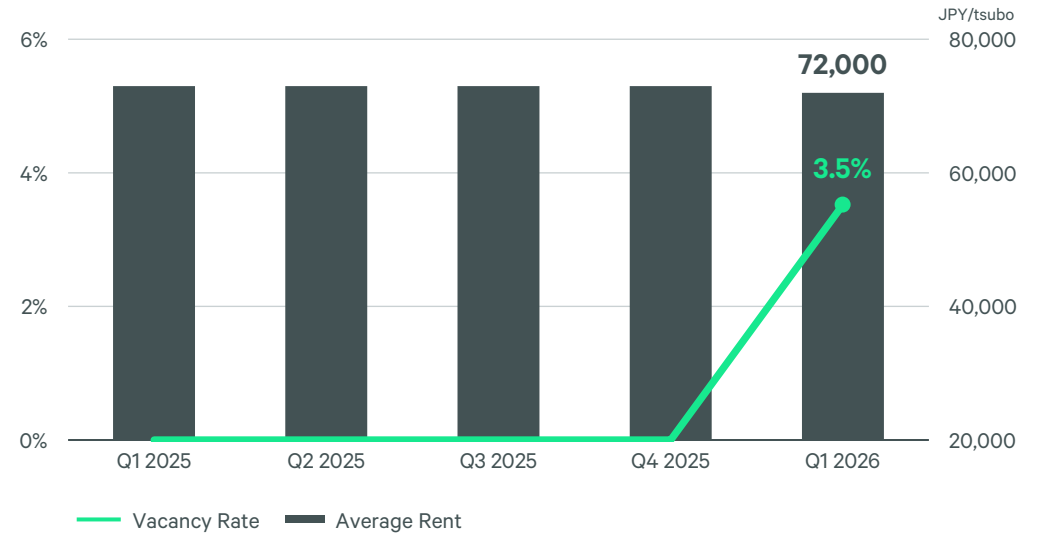
## Fukuoka

### Vacancy rate rises to 1.2% while rents maintain record high

In **Tenjin**, new storefront lease contracts were signed this quarter by an F&B operator in the prime area and by an apparel retailer in the secondary area. Interest was observed for available units across the high street from eyewear and apparel retailers, as well as F&B. The prime area vacancy rate rose 0.3 pp q-o-q to 1.2%, primarily due to several vacancies arising in the Shintencho Shopping Street. Average rents remained unchanged q-o-q at JPY 66,500, maintaining an all-time high. Overall, retailer demand for store openings remained firm.

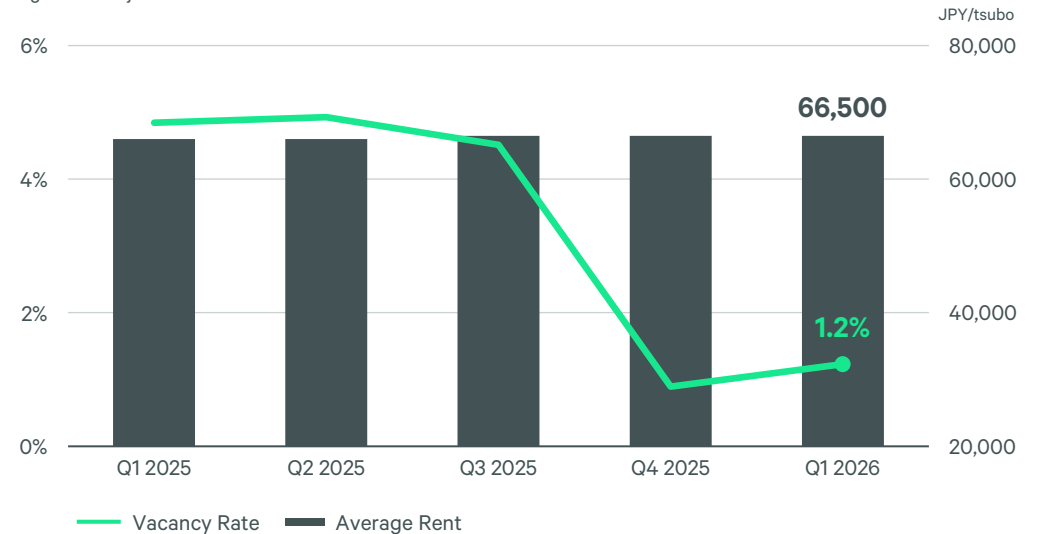
Signs of rising rents are emerging in Daimyo in the secondary area, where a landlord was seen setting asking rents above market rates. Multiple contracts and inquiries from apparel retailers were confirmed in this area this quarter. More cases of retailers considering space in the secondary area coupled with the rise in retailers' acceptance of higher rents appears to be supporting landlords' aggressive asking rents.

Figure 10: Sakae



Source: CBRE, Q1 2026.

Figure 11: Tenjin



Source: CBRE, Q1 2026.

## Terms and Definitions

<b>Subject Area</b>	<b>High Street</b>	<ul style="list-style-type: none"> <li>High Street is an area on prominent city center streets where street-level retail stores are clustered.</li> <li>High Street is divided into "prime area", "secondary area" and "peripheral area".</li> </ul>
<b>Vacancy Rate</b>	<b>Survey subjects</b>	<ul style="list-style-type: none"> <li>Vacancy rate cover all units for lease in prime areas. The number of properties is as follows: Ginza (148 properties), Omotesando/Harajuku (243 properties), Shinjuku (61 properties), Shibuya (68 properties), Shinsaibashi (182 properties), Kyoto (183 properties), Kobe (106 properties), Sakae (50 properties), Tenjin (196 properties)</li> <li>The target floors are rental units that are leased as street-level retail spaces with the entrance on the first floor (including upper floors).</li> <li>Physically available for tenants at the time of survey (excluding newly constructed facilities that have not yet opened for business).</li> </ul>
<b>Rent</b>	<b>Survey subjects</b>	<ul style="list-style-type: none"> <li>The multiple survey points are set in High Street as locations to assume virtual vacant spaces.</li> <li>The assumed rental units on each point are regular-shaped and have an approximate floor area of 60 tsubo (200m<sup>2</sup>) per floor.</li> <li>The rent assumption applies only to the ground floor.</li> </ul>
	<b>Average Rent (High Street Rent)</b>	<ul style="list-style-type: none"> <li>Average of the upper rents and lower rents based on sample survey of the subject area at the end of the quarter, including CAM, and excluding any incentive such as free rent</li> </ul>
	<b>Prime Rent</b>	<ul style="list-style-type: none"> <li>Highest rent based on sample survey of the subject area at the end of the quarter, including CAM, and excluding any incentive such as free rent</li> </ul>

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