

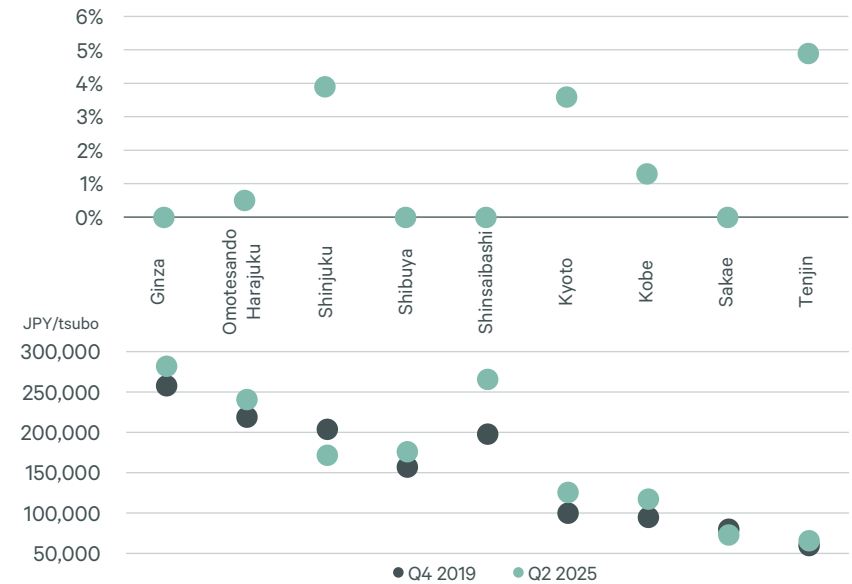
Average rents set new record highs in four areas as broad range of sectors including sporting goods push up rents

▶ $\pm 0.0\text{pp}$ Q-o-Q ▶ $+0.0\%$ Q-o-Q ▶ $\pm 0.0\text{pp}$ Q-o-Q ▲ $+3.1\%$ Q-o-Q ▶ $\pm 0.0\text{pp}$ Q-o-Q ▶ $+0.0\%$ Q-o-Q

Ginza Vacancy Rate Ginza Average Rent Shinsaibashi Vacancy Rate Shinsaibashi Average Rent Sakae Vacancy Rate Sakae Average Rent

- Average rents rose q-o-q in four of the 10 surveyed areas in Q2 and remained unchanged in the remaining six. The number of areas with rents above those prior to the pandemic was unchanged from the previous quarter, standing at seven. Rents in four areas (Omotesando/Harajuku, Shibuya, Shinsaibashi, and Kobe) rose to the highest levels since CBRE's surveys began.
- While the number of areas with prime area vacancy of 0% remained at four (Ginza, Shibuya, Shinsaibashi, and Sakae), vacancies increased in four other areas (Shinjuku, Kyoto, Kobe, and Tenjin). However, these increases in the vacancy rate were the result of building-specific factors, and not indicative of any waning of retailer demand. With the supply-demand balance in prime areas still extremely tight, the quarter saw new store openings and tenant interest in many secondary and peripheral areas.
- Demand was driven by outdoors/sporting goods brands, with new stores in the sector confirmed in Shinjuku, Shibuya, and Kyoto. With one new opening being a flagship store, this pushed up market rates in the area, reflecting brands' commitment to their storefront strategies.
- Duty-free goods sales figures published by the Japan Department Stores Association have shown y-o-y declines for four consecutive months since February 2025. On high streets, certain luxury brands have begun to recalibrate store launch timings, amid other signs of reexamining their retail strategies. Demand for store space nevertheless remains strong from a wide range of retail sectors, ensuring the supply-demand balance remains tight. Rents are therefore projected to continue rising nationwide.

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



Source: CBRE, Q2 2025

Nationwide occupier trends

Outdoors/sporting goods brands drive demand

Floor space for new prime area store openings and lease contracts signed in Q2 2025 dropped by 41.1% q-o-q to 1,447 tsubo. Approximately half of the total this quarter was leased by outdoors/sporting goods brands, with firms in the sector opening new stores in Shinjuku, Shibuya, and Kyoto. With one new opening being a flagship store, this pushed up market rates in the area, reflecting brands' commitment to their storefront strategies.

With vacancy rates standing at 0% in most major areas, retailers are either forced to wait for new supply or seek landlords looking for new tenants at the conclusion of current lease contracts in existing buildings. As a result, an increasing number of retailers are adopting more flexible stances with respect to floor space and area. This led to an increase in new store openings and tenant interest in secondary and peripheral areas during the quarter.

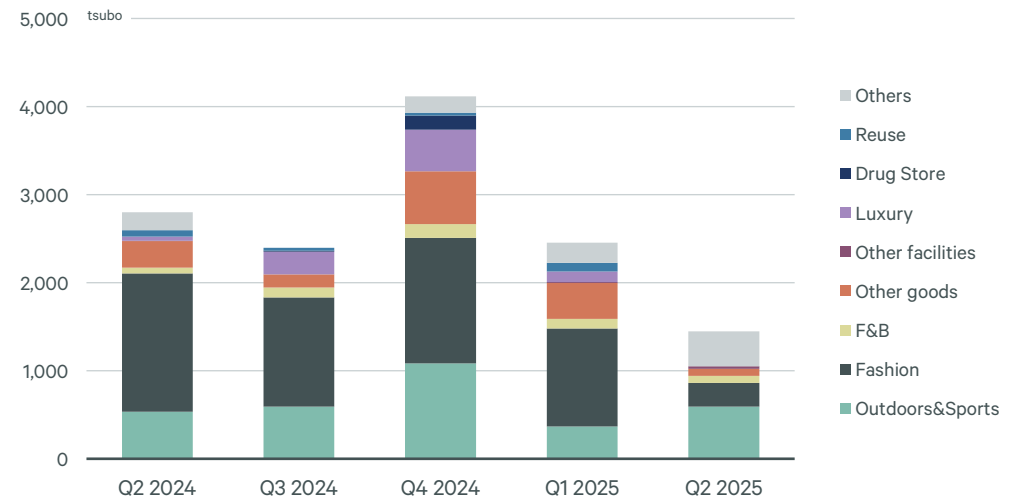
Affected by falling sales for high-end items due to the stronger yen, duty-free goods sales figures published by the Japan Department Stores Association has declined y-o-y for four consecutive months since February 2025. On high streets, certain luxury brands have begun to recalibrate store launch timings, amid other signs of reexamining their retail strategies. However, this trend has shown no signs of expanding into the luxury goods sector as a whole or into other sectors. The quarter saw demand from a wide range of retail sectors, with apparel leading the way, followed by F&B, luxury goods, and outdoors/sporting goods.

Tokyo

Ginza vacancies remain nonexistent; rents rise to new all-time high in Shibuya

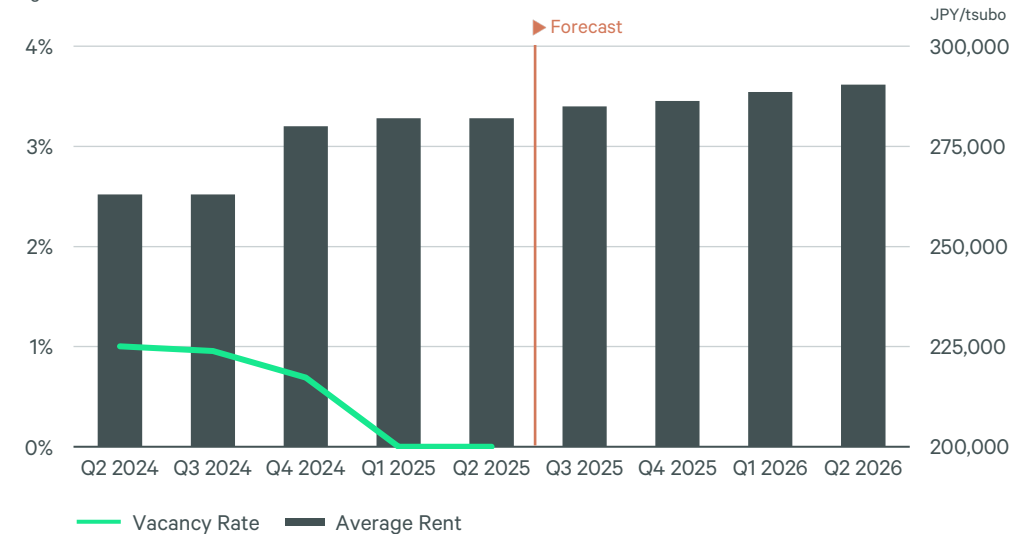
In **Ginza**, new stores were opened this quarter in the secondary area by apparel and cosmetics retailers, and a showroom operator. Interest was also seen in other available high street properties (including those excluded from the vacancy data as they are not yet available for immediate occupancy) from luxury goods, apparel, and footwear retailers, among others. Available units in the prime area are so limited, even including those for which the previous tenant has not yet left, that demand has emerged in the secondary area, where options are more plentiful and rents more affordable. The prime area vacancy rate (based on units available for immediate occupancy) remained unchanged from the previous quarter at 0.0%.

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, Q2 2025.

Figure 3: Ginza



Source: CBRE, Q2 2025.

Tokyo (cont.)

Average rents were unchanged q-o-q at JPY 282,000, maintaining their record high levels. This quarter saw certain luxury brands alter the launch date for new store openings as part of a reassessment of their overall retail strategies. However, this trend has shown no signs of expanding into the luxury goods sector as a whole or into other sectors. CBRE projects average rents to rise by 3.0% over the next 12 months, or 12.6% above the pre-COVID level of Q4 2019. With new demand seen from a wide range of sectors, low-rent properties are expected to see their rents raised. Also, new available space is likely to emerge in the prime area in the coming quarters, and strong competition between retailers may further push up rents in the area.

In **Omotesando/Harajuku**, several new lease contracts were signed in Q2 2025. In Omotesando, a financial services company secured space in the prime area and apparel retailers and a showroom operator in the secondary area, while in Harajuku, luxury goods, handbag, and capsule toy retailers committed to space in the prime area. Interest was also seen in other available high street properties from various sectors, including luxury goods, apparel, footwear, and sporting goods.

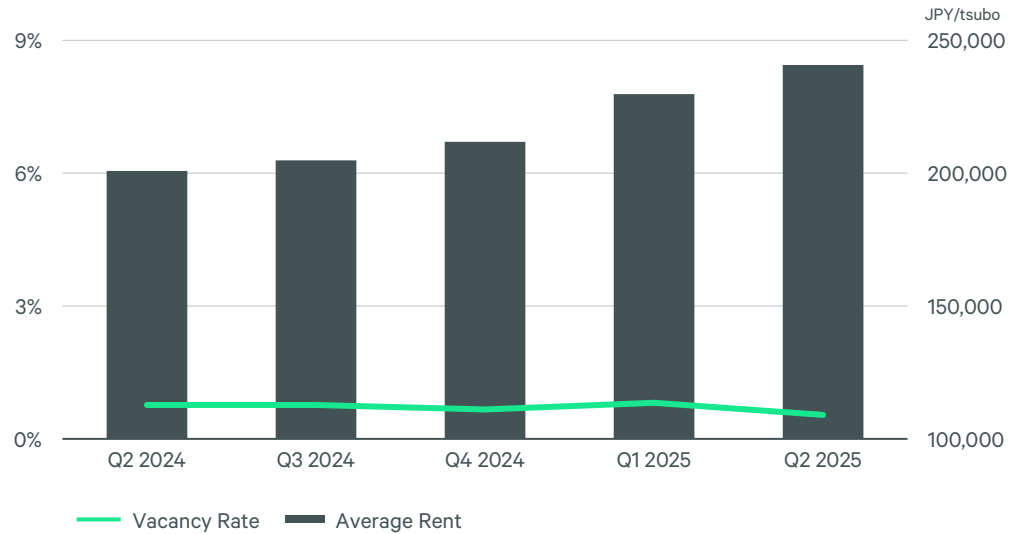
The prime area vacancy rate fell by 0.3 pp q-o-q to 0.5%, as a vacant unit in a property on Aoyama-dori was filled. With available high street units becoming increasingly rare, retailers are expanding their gaze to a broader area. During the quarter, an available unit in a side-street area of Omotesando attracted interest from multiple retailers.

Average rents rose by 4.8% q-o-q to JPY 240,800 in Q2 2025, setting a new all-time high for the second consecutive quarter. Rents rose on Takeshita-dori and Miyuki-dori, as eyewear, capsule toy, and accessory retailers all showed a willingness to pay higher rents on Takeshita-dori, and apparel and footwear retailers exhibited an eagerness to do the same on Miyuki-dori.

In **Shinjuku**, sporting goods and recycled goods retailers confirmed new stores in the prime area this quarter. Interest in other available high street properties was also observed from sporting goods, eyewear, and apparel retailers, and from the entertainment industry. The prime area vacancy rate rose by 1.4 pp q-o-q to 3.9%, due to a new vacancy appearing in a building near Shinjuku Station. Average rents remained unchanged q-o-q at JPY 172,000, with no deals noted affecting rental market rates.

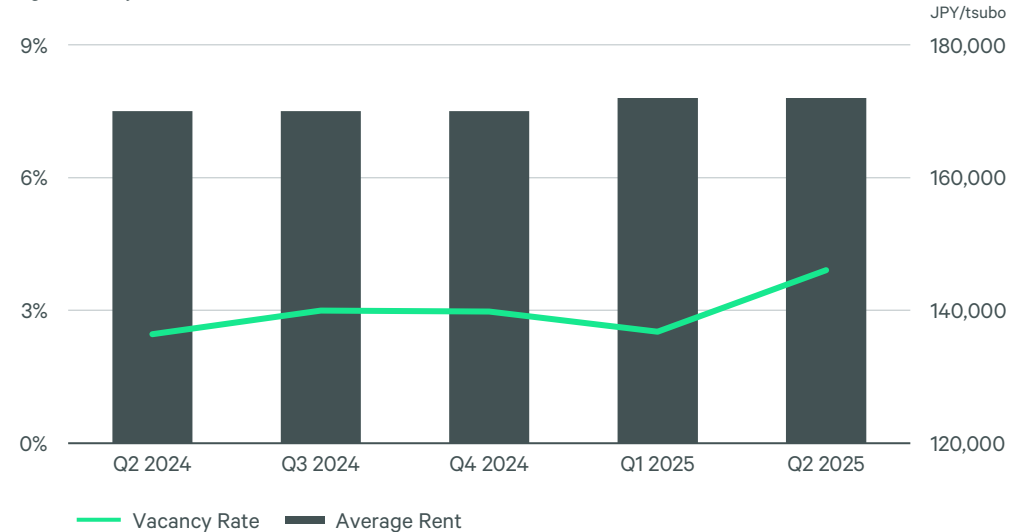
This quarter saw several retailers demonstrate flexibility with respect to their preferred criteria. These included a company from the entertainment industry, which was prepared to offer a tender for a larger unit than desired to ensure it could open shop as quickly as possible. With very few available units in Omotesando, Harajuku, and Shibuya, fashion brands are continuing to look for store space in Shinjuku, with interest already seen for units in an upcoming development.

Figure 4: Omotesando/Harajuku



Source: CBRE, Q2 2025.

Figure 5: Shinjuku



Source: CBRE, Q2 2025.

Tokyo (cont.)

New storefront contracts were signed for space in **Shibuya** this quarter by a sporting goods brand in the prime area, and by a showroom operator in the secondary area. Interest was seen in other available high street properties from character goods and footwear retailers, among others. The prime area vacancy rate remained unchanged from the previous quarter at 0.0%.

Average rents spiked by 9.3% q-o-q to JPY 176,000, while prime rents also recorded a significant increase of 6.1% q-o-q to JPY 350,000. Average rents have now registered all-time highs for two consecutive quarters, while prime rents have now matched the record high set in Q2 2018. These hikes are primarily the result of increasing rents on Jingu-dori and Koen-dori, where rents for both final contracts and several tenders this quarter were above market rates. The prominent visibility of these units, together with the fact that both streets have recently been reevaluated in light of new stores opened by major retailers in 2024, informed retailers' willingness to offer higher rents.

Kansai

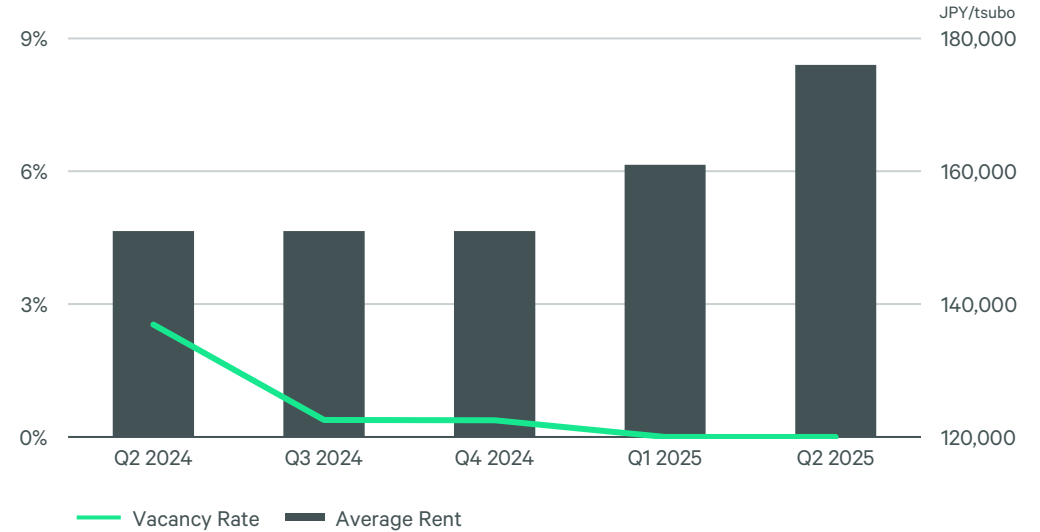
Average rents at record highs in all major areas of Kansai

New storefront contracts were signed in **Shinsaibashi** this quarter by a handbag retailer in the prime area, and by apparel and other retailers in the secondary area. Interest was seen in other available high street properties from retailers operating in a wide variety of sectors, including apparel, footwear, recycled goods, and drugstores. The prime area vacancy rate remained unchanged from the previous quarter at 0.0%.

Average rents rose by 3.1% q-o-q to reach JPY 266,000, the highest since surveys began, largely as a result of rising rents in the southern part of the Shinsaibashi shopping street. Retailers targeting the inbound tourist market have demonstrated an increasing willingness to shoulder larger rent burdens. However, there are several available units in properties on Mido-suji that are taking considerable time to lease, due to the disconnect between landlords' asking prices and what retailers are prepared to pay. It appears likely that retailers preferring this area are no longer as keen to open new stores than before.

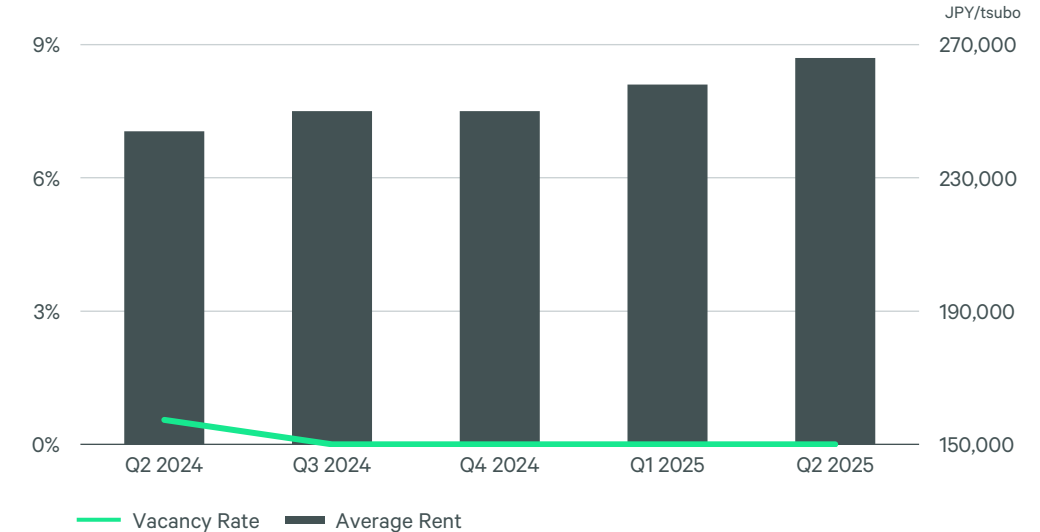
While such changes in retailer appetite for the high-rent prime area have been observed, new lease contract signings and strong retailer interest was seen again this quarter from apparel and cosmetics retailers for space in secondary and peripheral areas. Rising cost-consciousness and further increases in foreign visitor numbers contributed to retailers considering areas further afield than before. Rents stipulated in recent contracts have tended to exceed those paid by prior tenants, pushing up average rents in the area as a whole.

Figure 6: Shibuya



Source: CBRE, Q2 2025.

Figure 7: Shinsaibashi



Source: CBRE, Q2 2025.

Kansai (cont.)

New storefront contracts were signed in **Umeda** in Q2 2025 by a convenience store, as well as apparel and F&B retailers. Interest was seen in other available high street properties from hobby supplies and other retailers. Average rents remained unchanged q-o-q at JPY 129,000.

New contract signings and other retailer activity was observed in Chayamachi this quarter. One available property, located just two minutes' walk from the train station, attracted competing tenders from multiple retailers before finally securing a tenant at the owner's desired rent level.

In **Kyoto**, new storefront contracts were signed by sporting goods and recycled goods retailers in the prime area, and by an eyewear retailer in the secondary area. Interest was seen in other available high street properties from apparel and sporting goods retailers. The prime area vacancy rate rose by 0.4 pp q-o-q to 3.6%, as a suspended unit was made available again. Average rents were unchanged at the record high of JPY 126,000.

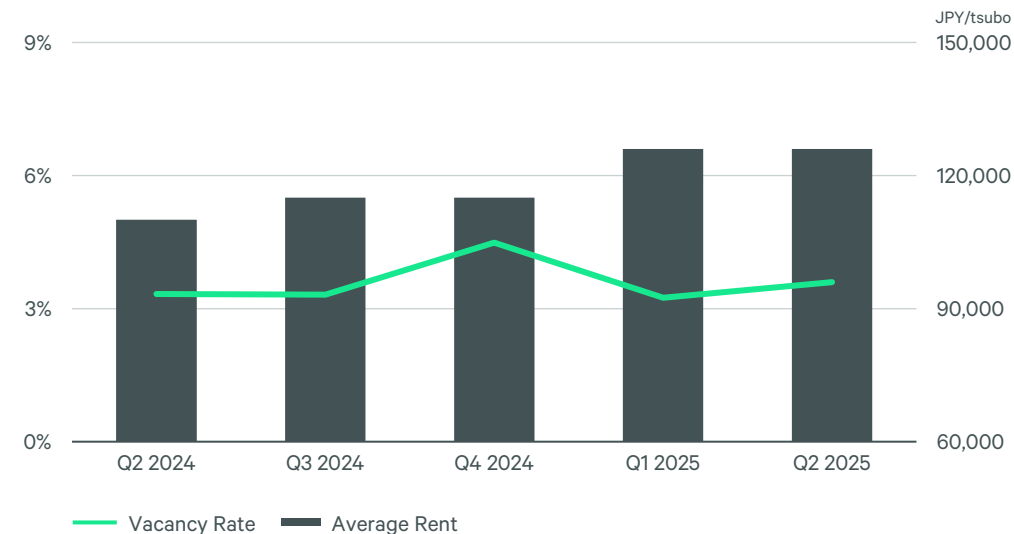
The quarter saw demand from retailers in sectors such as high-end wristwatches, sporting goods, eyewear, and apparel. Areas targeted by retailers continue to expand, with one retailer even looking for space around Kawaramachi as a new location to replace its existing store. The area is being considered due to its ability to attract nighttime traffic. Demand was also on the rise from F&B retailers, for whom targeted areas are particularly broad. This is due to the dramatic increase in the number of foreign tourists staying in Kyoto city hotels.

New prime area storefront lease contracts were signed in **Kobe** this quarter by sporting goods and capsule toy retailers, while secondary area contracts were signed by apparel and other retailers. Interest was seen in other available high street properties from luxury goods, cosmetics, and apparel retailers. The prime area vacancy rate rose by 0.3 pp q-o-q to 1.3%, as several smaller vacancies of 5 to 10 tsubo emerged in Sannomiya Center-gai.

Average rents rose by 0.9% q-o-q to reach JPY 117,500, another new record high, on the back of rising rents in and around Sannomiya Center-gai, where demand is strong from apparel, eyewear, and sporting goods retailers. Prime rents fell 8.0% q-o-q to JPY 230,000, with intra-area relocation demand from luxury brands having run its course for the time being.

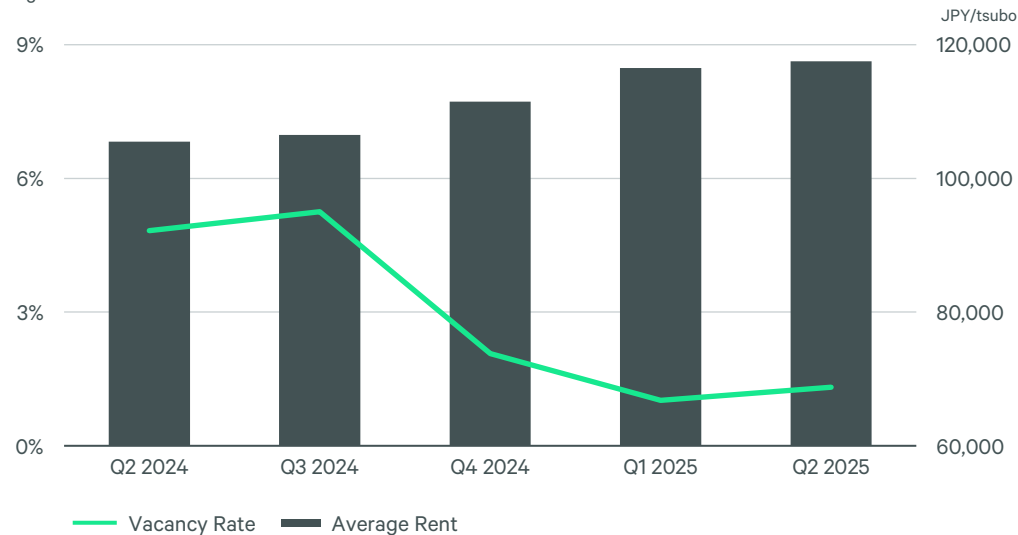
Retailer options in the prime area are dwindling. This led to expressions of interest during the quarter in available properties in the peripheral area, with one contract signed for a new apparel store in the Former Foreign Settlement area.

Figure 8: Kyoto



Source: CBRE, Q2 2025.

Figure 9: Kobe



Source: CBRE, Q2 2025.

Nagoya

New demand may push up rents

During the quarter, an apparel retailer confirmed a new store in the prime area of **Sakae**, while interest was seen in other available high street properties from luxury goods, high-end supermarkets, and apparel retailers. The prime area vacancy rate remained unchanged from the previous quarter at 0.0%.

While average rents remained unchanged q-o-q at JPY 73,000, both landlords and retailers were seen eyeing higher rents. The quarter's sole new prime area contract was signed at a rent level roughly 20% higher than that paid by the unit's previous tenant, as the result of multiple retailers competing for the space. Another unit available in the secondary area was advertised at rents approaching prime area rates but received tenders almost immediately.

Average rents in Sakae may begin climbing soon, with many relatively wealthy retailers considering opening stores in the area. Spanning the sectors of luxury goods, sporting goods, and apparel, these retailers possess strongly performing flagship stores in the highly competitive Tokyo and/or Osaka markets. If these retailers are forced into competition for space in Sakae, where available units are significantly fewer in number than in Tokyo or Osaka, this will only serve to exacerbate upward pressure on the area's rent levels.

Fukuoka

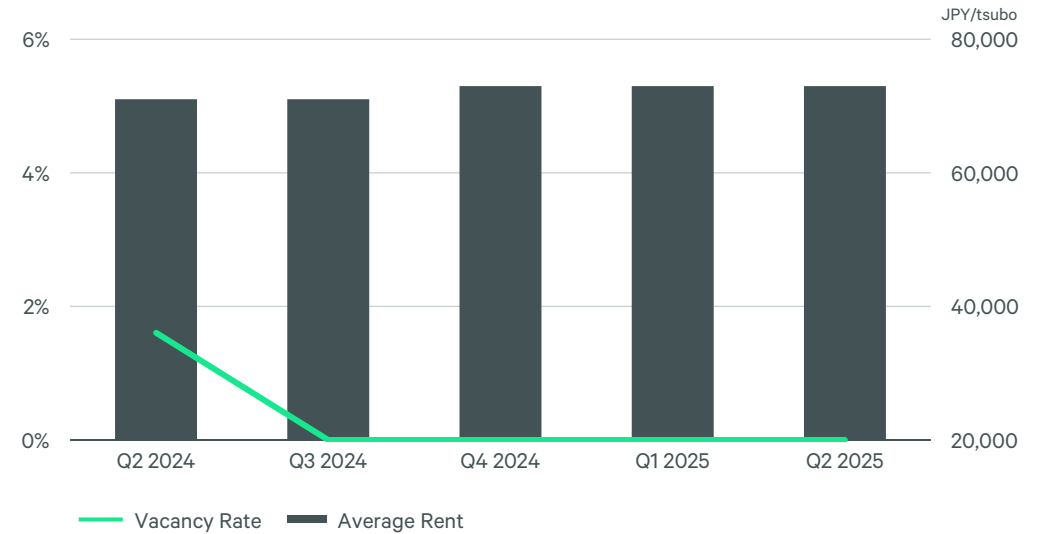
Several retailers open first stores in the secondary area

New storefront lease contracts were signed in **Tenjin** this quarter by an F&B retailer in the prime area, and by cosmetics, apparel, and footwear retailers in the secondary area. Interest was seen in other available high street properties from retailers of recycled goods, handbags, apparel, and capsule toys. The prime area vacancy rate rose by 0.1 pp q-o-q to 4.9%, due to a multi-level unit securing a tenant for only the ground-level space, reducing the denominator for the purposes of our calculation. Vacant floor space in the area was unchanged.

In the secondary area, several long-term vacancies were filled this quarter by retailers opening their first stores in Fukuoka. Greater options in the secondary area in comparison to the prime area, combined with retailers' strong desire to open new stores as soon as possible, resulted in the absorption of these vacancies.

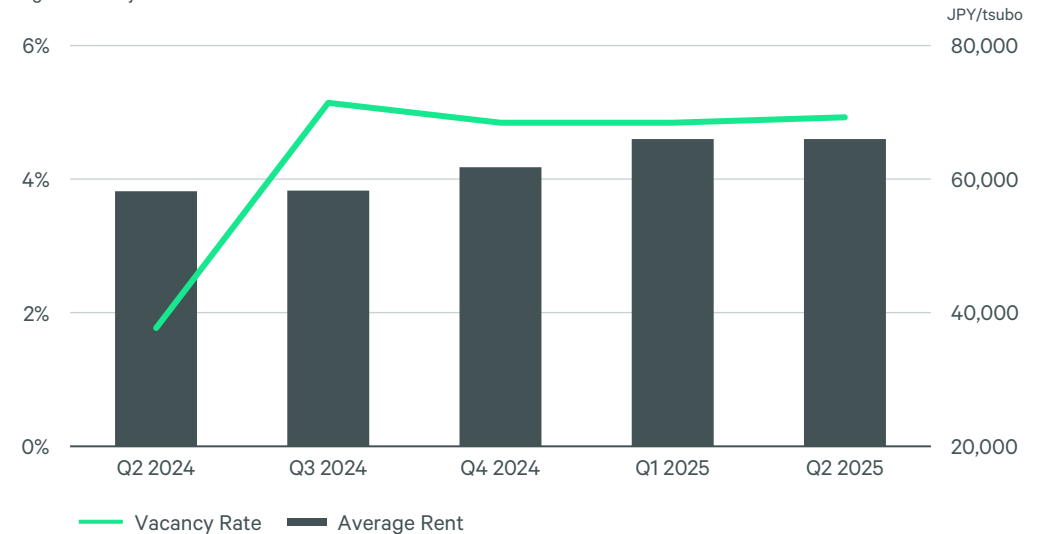
While average rents remained unchanged q-o-q at JPY 66,000, retailers' willingness to pay higher rents suggests that they may begin to rise from next quarter.

Figure 10: Sakae



Source: CBRE, Q2 2025.

Figure 11: Tenjin



Source: CBRE, Q2 2025.

Figure 12: High Street Market

| | | Vacancy Rate | | | | | | | | | | | | | |
|---------|-------------------------|------------------------------------|---------|---------|---------|---------|-----------|-----------|----------------------------------|---------|---------|---------|---------|----------|----------|
| | | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 | Q-o-Q(pp) | Y-o-Y(pp) | | | | | | | |
| Tokyo | Ginza | 1.0% | 1.0% | 0.7% | 0.0% | 0.0% | ±0.0 | -1.0 | | | | | | | |
| | Omotesando/ Harajuku | 0.8% | 0.8% | 0.7% | 0.8% | 0.5% | -0.3 | -0.3 | | | | | | | |
| | Shinjuku | 2.5% | 3.0% | 3.0% | 2.5% | 3.9% | +1.4 | +1.4 | | | | | | | |
| | Shibuya | 2.5% | 0.4% | 0.4% | 0.0% | 0.0% | ±0.0 | -2.5 | | | | | | | |
| Kansai | Shinsaibashi | 0.6% | 0.0% | 0.0% | 0.0% | 0.0% | ±0.0 | -0.6 | | | | | | | |
| | Umeda | — | — | — | — | — | — | — | | | | | | | |
| | Kyoto | 3.3% | 3.3% | 4.5% | 3.2% | 3.6% | +0.4 | +0.3 | | | | | | | |
| | Kobe | 4.8% | 5.3% | 2.1% | 1.0% | 1.3% | +0.3 | -3.5 | | | | | | | |
| Nagoya | Sakae | 1.6% | 0.0% | 0.0% | 0.0% | 0.0% | ±0.0 | -1.6 | | | | | | | |
| Fukuoka | Tenjin | 1.8% | 5.1% | 4.8% | 4.8% | 4.9% | +0.1 | +3.1 | | | | | | | |
| | | Average Rent (JPY / Tsubo / Month) | | | | | | | Prime Rent (JPY / Tsubo / Month) | | | | | | |
| | | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 | Q-o-Q(%) | Y-o-Y(%) | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 | Q-o-Q(%) | Y-o-Y(%) |
| Tokyo | Ginza | 263,000 | 263,000 | 280,000 | 282,000 | 282,000 | ±0.0 | +7.2 | 400,000 | 400,000 | 450,000 | 450,000 | 450,000 | ±0.0 | +12.5 |
| | Omotesando/ Harajuku | 200,800 | 204,800 | 211,800 | 229,800 | 240,800 | +4.8 | +19.9 | 350,000 | 350,000 | 380,000 | 400,000 | 400,000 | ±0.0 | +14.3 |
| | Shinjuku | 170,000 | 170,000 | 170,000 | 172,000 | 172,000 | ±0.0 | +1.2 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | ±0.0 | ±0.0 |
| | Shibuya | 151,000 | 151,000 | 151,000 | 161,000 | 176,000 | +9.3 | +16.6 | 300,000 | 300,000 | 300,000 | 330,000 | 350,000 | +6.1 | +16.7 |
| Kansai | Shinsaibashi | 244,000 | 250,000 | 250,000 | 258,000 | 266,000 | +3.1 | +9.0 | 380,000 | 380,000 | 380,000 | 380,000 | 380,000 | ±0.0 | ±0.0 |
| | Umeda | 127,000 | 127,000 | 129,000 | 129,000 | 129,000 | ±0.0 | +1.6 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | ±0.0 | ±0.0 |
| | Kyoto | 110,000 | 115,000 | 115,000 | 126,000 | 126,000 | ±0.0 | +14.5 | 150,000 | 170,000 | 170,000 | 180,000 | 180,000 | ±0.0 | +20.0 |
| | Kobe | 105,500 | 106,500 | 111,500 | 116,500 | 117,500 | +0.9 | +11.4 | 250,000 | 250,000 | 250,000 | 250,000 | 230,000 | -8.0 | -8.0 |
| Nagoya | Sakae | 71,000 | 71,000 | 73,000 | 73,000 | 73,000 | ±0.0 | +2.8 | 100,000 | 100,000 | 110,000 | 110,000 | 110,000 | ±0.0 | +10.0 |
| Fukuoka | Tenjin | 58,200 | 58,300 | 61,800 | 66,000 | 66,000 | ±0.0 | +13.4 | 100,000 | 100,000 | 110,000 | 110,000 | 110,000 | ±0.0 | +10.0 |

For Ginza in Q3 2024, the vacancy rate was recalculated due to a partial change in the target unit for lease.

Source: CBRE, Q2 2025.

Terms and Definitions

| | | |
|---------------------|--|---|
| Subject Area | High Street | <ul style="list-style-type: none"> High Street is an area on prominent city center streets where street-level retail stores are clustered. High Street is divided into "prime area" and "secondary area". |
| Vacancy Rate | Survey subjects | <ul style="list-style-type: none"> 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 (59 properties), Shibuya (68 properties), Shinsaibashi (180 properties), Kyoto (183 properties), Kobe (106 properties), Sakae (52 properties), Tenjin (195 properties) The target floors are rental units that are leased as street-level retail spaces with the entrance on the first floor (including upper floors). Physically available for tenants at the time of survey (excluding newly constructed facilities that have not yet opened for business). |
| Rent | Survey subjects | <ul style="list-style-type: none"> The multiple survey points are set in High Street as locations to assume virtual vacant spaces. The assumed rental units on each point have an approximate floor area of 200m² per floor. The rent assumption applies only to the ground floor. |
| | Average Rent (High Street Rent) | <ul style="list-style-type: none"> 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 |
| | Prime Rent | <ul style="list-style-type: none"> 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 |

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