

Prime shopping malls and streets perform well but secondary areas continue to struggle



Key Trends

- **Thailand's** retail market remains stable despite slowdown in overseas visitors as prime malls continue to outperform. Bangkok's retail market continues to show a clear bifurcation in performance, with prime malls managed by experienced retail landlords maintaining high occupancy but those outside the CBD continuing to struggle.
- Leasing activity in **Japan** remains robust as demand continues to broaden from retailers across multiple categories. Prime retail districts in Tokyo such as Ginza, Omotesando, Harajuku continue to witness keen competition for space, with Shibuya attracting the bulk of demand.
- In **Hong Kong SAR**, market sentiment is strengthening as retail sales improve, with prime streets remaining the focus of attention. Leasing momentum accelerated through the first three quarters and is expected to gain further traction in Q4-2025, supported by Golden Week and year-end holiday demand.

“Tight vacancy in prime shopping streets and malls makes it imperative for retailers to plan well ahead to secure the space and strategic locations they desire.”

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Vivek Kaul

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Thailand

Retail market remains stable despite slowdown in overseas visitors as prime malls continue to outperform

SIX-MONTH OUTLOOK



STATE OF THE MARKET

- Bangkok’s retail market continues to show a clear bifurcation in performance. Prime malls managed by experienced retail landlords are maintaining high occupancy, while those outside the CBD continue to struggle.
- Although tourist arrivals have declined over the past six months, this has been partially offset by an upturn in local footfall and spending as landlords introduce more new-to-market brands.

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TRANSACTION ACTIVITY

- International brands, particularly those from mainland China and Japan, continue to show a strong interest in Bangkok, focusing on prime malls and new developments.
- F&B remains the key driver of leasing activity, accounting for around 40% of new openings. Cafes and casual dining restaurants are especially active, led by new-to-market foreign entrants and spinoffs form popular local brands. Brand collaborations such as seasonal menus and concept restaurants are being utilised to generate a buzz and drive sales.
- Health and wellness retailers continue to expand, with more fitness brands and recreational centres entering the market.

EMERGING TRENDS

- Owners of prime malls are focusing on asset enhancement to address the slowdown in tourist traffic and prepare for new supply due in 2026. Initiatives include creating themed retail zones, rotating pop-up formats and refining trade mix to better appeal to local clientele.
- Suburban malls are seeking to build footfall by adding more public areas, such as rooftop gardens, event spaces, and co-working facilities to create a stronger sense of community and engagement.

OUTLOOK

- Landlords are advised to prioritise concept diversification and experience-driven enhancements to attract traffic and new brands.
- There are opportunities for retailers to leverage the first-store economy trend by introducing new concepts and exclusive collaborations to capture fast-changing consumer interest.
- Those targeting the low-to-mid market segment may also consider expanding into suburban malls to secure favourable lease terms and diversify their footprint.

Japan

Leasing activity remains robust as demand continues to broaden from retailers across multiple categories

SIX-MONTH OUTLOOK



STATE OF THE MARKET

- Prime retail districts in Tokyo such as Ginza, Omotesando, Harajuku continue to witness keen competition for space, with Shibuya attracting the bulk of demand.
- Although rents in Ginza and Shibuya now stand at record highs and will remain on an upward track, growth will be at a slower pace.
- Demand in Ginza is broad based while that in Shibuya is driven by casual and fashionable brands targeting younger shoppers.

TRANSACTION ACTIVITY

- Leasing activity from sporting goods, eyewear, and fashion brands, especially new entrants from Korea, is strengthening. In contrast, expansion by luxury groups has stabilised in recent quarters.
- Tight availability in prime Tokyo submarkets and the ongoing increase in tourist arrivals to Japan is encouraging retailers to expand to other markets popular among foreign visitors.
- These include Shinsaibashi, Osaka, where high-end brands are agglomerating along Midotsuji street, and shopping arcades are being filled by a wider range of retailers. Elsewhere, luxury watch brands have opened standalone shops in Tenjin, Fukuoka.

EMERGING TRENDS

- Leasing demand continues to broaden, with new sources of requirements including hobby stores and IP retailers selling capsule toys.
- Similar to international brands, domestic brands are also expanding in prime areas.
- Among foreign retailers, Korean brands, especially cosmetics, fashion, fast food chains and coffee shops, and mainland Chinese brands, led by F&B and fashion, are aggressively looking for sites to expand.

OUTLOOK

- With vacancy rates in some prime submarkets reaching 0%, retailers are advised to plan three to four years before lease expiry to secure their desired space.
- As leasing demand continues to broaden, landlords should closely monitor the latest retail trends and adjust leasing strategy to ensure their properties remain relevant.

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Hong Kong SAR

Leasing sentiment strengthens as retail sales improve; prime streets remain the focus of attention

SIX-MONTH OUTLOOK



STATE OF THE MARKET

- Leasing momentum accelerated through the first three quarters and is expected to gain further traction in Q4 2025, supported by Golden Week and year-end holiday demand.
- Demand remains stable in prime areas, with occupiers prioritising brand alignment and location quality.
- Primary shopping streets across all four major districts continue to perform well amid tight availability. However, secondary and tertiary streets are facing more challenging conditions.

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TRANSACTION ACTIVITY

- F&B demand is being led by smaller casual dining concepts, particularly upscale Korean cuisine. These operators typically seek 1,000–1,500 sq. ft. units in popular dining districts. However, large-format F&B operators remain under pressure.
- Mid-market fashion retailers are showing interest in core areas but remain reluctant to venture beyond prime streets amid a consumer shift toward e-commerce channels.
- Luxury retailers are expanding flagships rather than increasing store count to enhance client engagement and elevate the shopping experience. Landlords often are supportive of these expansions, subsidising part of the CapEx to solidify long-term partnerships.

EMERGING TRENDS

- Watch and jewellery retailers are restructuring and relocating, with many multi-brand franchises facing pressure from principals to establish single-brand flagships.
- The growing number of sports and entertainment events at Kai Tak Sports Park is boosting retail performance in nearby malls, generating demand from established retail chains.

OUTLOOK

- Occupiers should plan well ahead and explore pre-leasing options to secure prime street locations.
- Property owners should remain flexible and open to innovative retail concepts to capture evolving consumer demand.
- Strategies for landlords include incorporating more experiential elements and activity-based offerings to sustain foot traffic and engagement.

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