

Japan Viewpoint Retail

Japan High Street Retail: Resilient Appeal Amid Evolving Inbound Spending

REPORT

CBRE RESEARCH
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Summary



- Inbound overseas tourist consumption in Japan, which has driven the country’s post-pandemic recovery and growth of the high street market, is evolving. Starting in Q1 2025, sales figures for duty-free goods released by the Japan Department Stores Association have recorded two consecutive q-o-q decreases. The stronger Yen appears to have contributed to falling sales, particularly among high-value items in the categories of “shoes, bags, leather goods”, “jewelry, precious metals”, and “watches and cameras”.
- Inbound tourist consumption is transitioning to the “everyday items” and “experiences” categories. In Q2 2025, consumption by foreign visitors fell from the previous year for “shoes, bags, leather goods”, but rose y-o-y for “clothes”, “cosmetics and perfume”, and “food and beverages”.
- While such changes in inbound consumption patterns may be affecting street-level high street retail sales figures, owners are maintaining a positive view with respect to store sales. CBRE’s surveys show most building owners still anticipate sales figures for the 2025 calendar year to outstrip those of 2024.
- This is a reflection of the strong appeal that high street locations have for visiting tourists. Shinsaibashi and Ginza boast the highest proportion of floor space dedicated to stores in sectors preferred by foreign tourists. Harajuku has seen the highest proportion of new openings since 2023, making it the go-to destination for the latest trends and fashions. Opening stores which align with evolving tourist consumption trends is key to further enhancing high street appeal.

01

Changes in Inbound Tourist Consumption

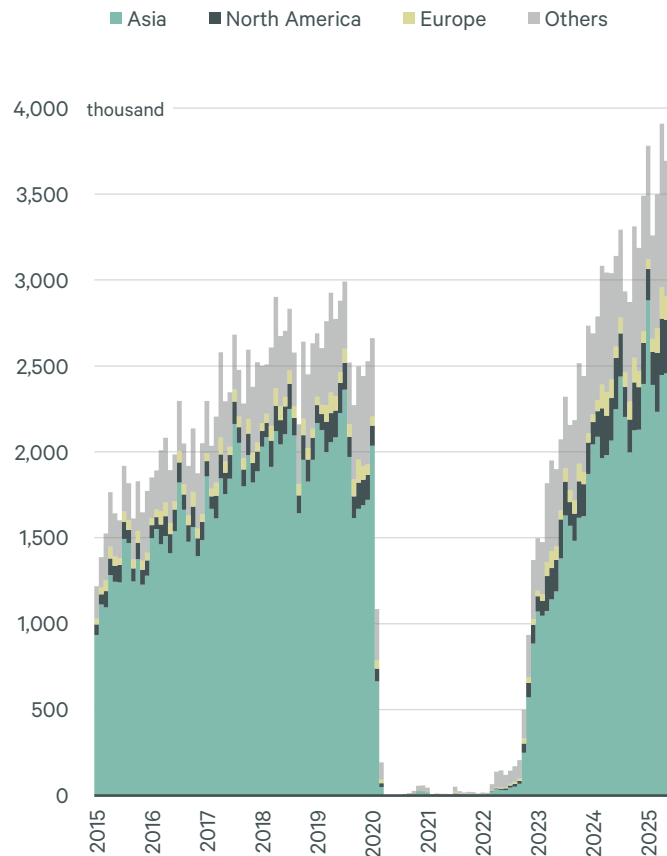
Inbound tourist consumption shifts even as tourist numbers continue to rise

The trend of increasing numbers of foreign tourists visiting Japan has continued in 2025. Japan National Tourism Organization data show the number of overseas tourists visiting Japan in July 2025 reached 3.437 million, up 4.4% y-o-y. This brought the cumulative total for the year to July to approximately 24.99 million, the highest on record (Figure 1).

At the same time, however, changes have begun to be observed in inbound tourist consumption, which has driven the post-pandemic recovery and growth of the high street market.

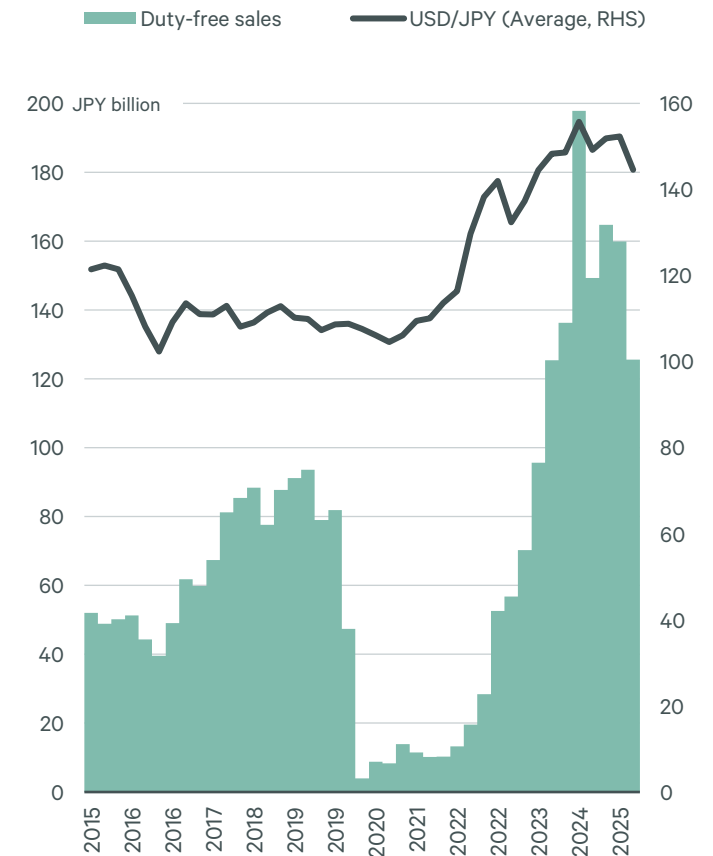
According to data released by the Japan Department Stores Association (JDSA), duty-free sales figures for June 2025 for the 87 nationwide department stores surveyed reached JPY 39.2 billion, with approximately 500,000 paying customers. These numbers represent y-o-y decreases of 40.6% and 13.8% respectively. Quarterly duty-free sales volume has now fallen q-o-q for two consecutive quarters (Figure 2). The JDSA attributes this fall to fewer sales of high-value items, resulting from the continued strengthening of the Yen.

Figure 1: Foreign Visitors to Japan



Source: Japan National Tourism Organization, CBRE, August 2025.

Figure 2: Duty-Free Sales at Department Stores and FX Rate



Source: Japan Department Stores Association, CBRE, July 2025.

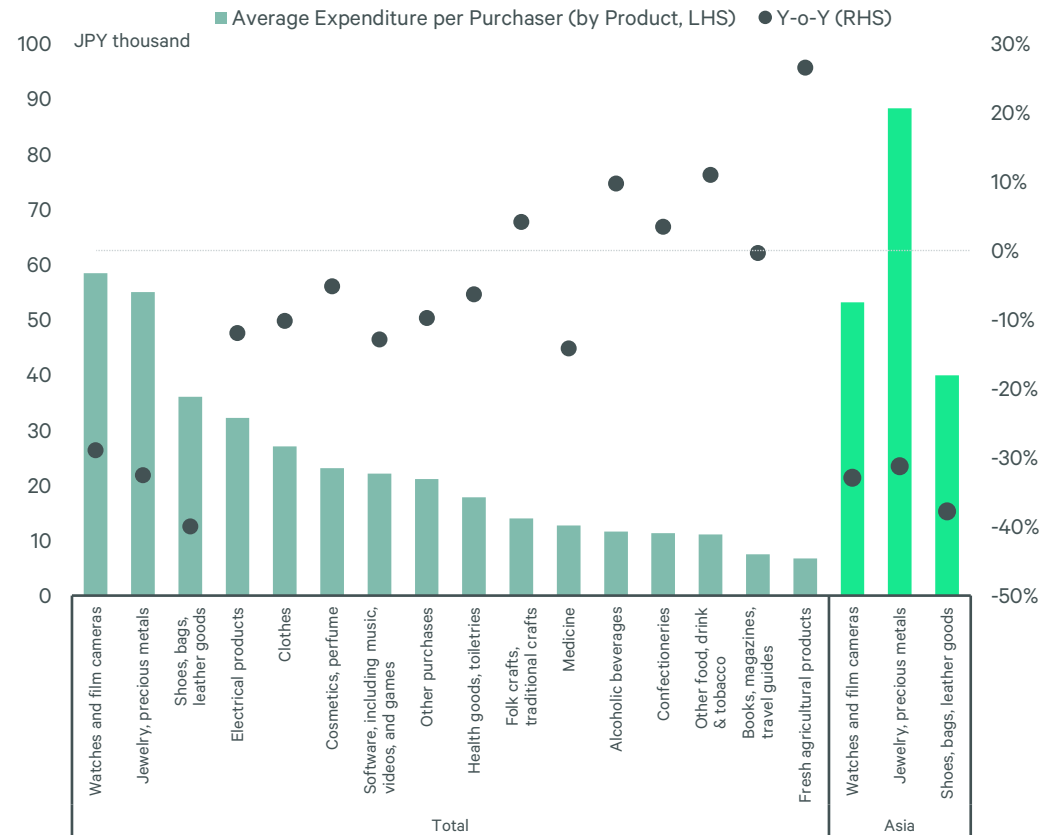
Per-capita high-value item purchase volume falls, particularly among Asian visitors

Results of the International Visitor Survey conducted by the Japan Tourism Agency, based on interviews with overseas tourists visiting Japan, provide insight into the decline in sales volume which appears to result from a slowdown in “high-value” item purchases.

Divided by category and compared to the same quarter of the previous year, the largest y-o-y declines in expenditure in Q2 2025 were recorded by “shoes, bags, leather goods” (down 40.0% y-o-y), “jewelry, precious metals” (down 32.2%), and “watches and film cameras” (down 28.9%). The average expenditure per purchaser for these categories ranged from between JPY 35,000 and just under JPY 60,000, which is well above the average for most other categories (Figure 3).

Looking only at tourists from Asian countries, whose expenditure per purchaser for these categories is comparatively higher than those from elsewhere, spending for Q2 2025 was down by between 30 and 40% y-o-y. This indicates that a reduction in spending on high-value items by tourists, particularly those from other Asian nations, is the key factor behind the changes in inbound tourist consumption patterns.

Figure 3: Foreign Visitors’ Average Spending per Purchaser by Product, April-June 2025



* The data are preliminary figures, and the numbers for Asia are estimated based on the number of foreign visitors to Japan, purchase rate, and average spending per purchase.

Source: Japan National Tourism Organization “International Visitor Survey”, CBRE, July 2025.

Spending transitions to “everyday items” and “experiences”

In addition to the slowdown in spending on high-end goods, inbound tourist consumption is undergoing a transition to “everyday items” and “experiences”.

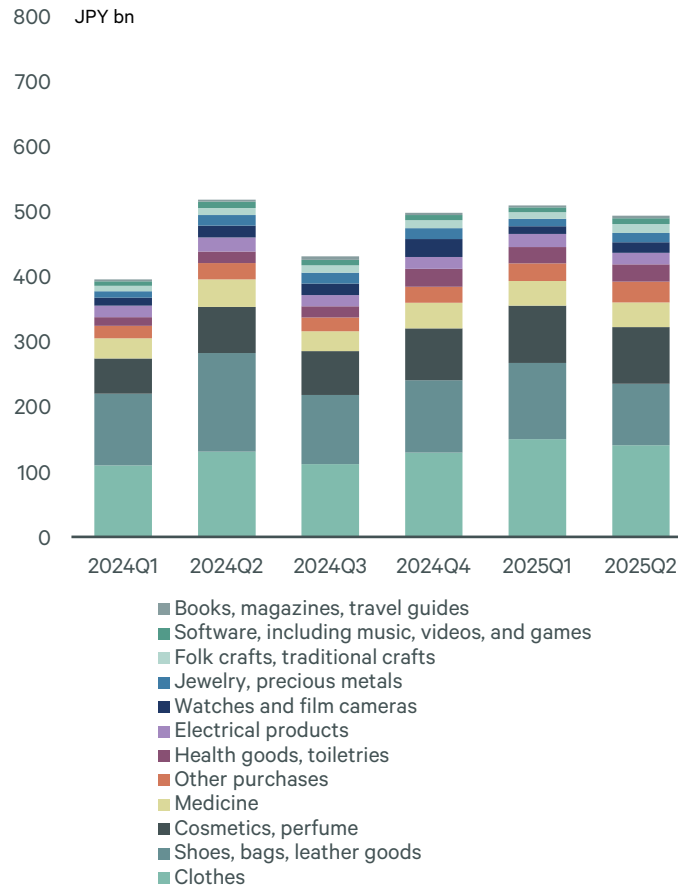
According to the aforementioned International Visitor Survey, preliminary data indicate that total travel expenditure by foreign visitors to Japan reached JPY 2.525 trillion for Q2 2025, an increase of 18% y-o-y. Total expenditure is divided into “shopping” and “dining,” which can be reclassified into the more instructive categories of “general goods” (excluding food and beverages) and “food and beverages”.

An analysis of the data divided in this way shows that consumption volume of “general goods” recorded a y-o-y decrease for Q2 2025 (Figure 4, left). This was largely due to the 38% decrease recorded by “shoes, bags, leather goods”, which encompasses many high-value items. Everyday consumables, such as “clothes” and “cosmetics and perfume”, recorded y-o-y increases of 8% and 23%, respectively.

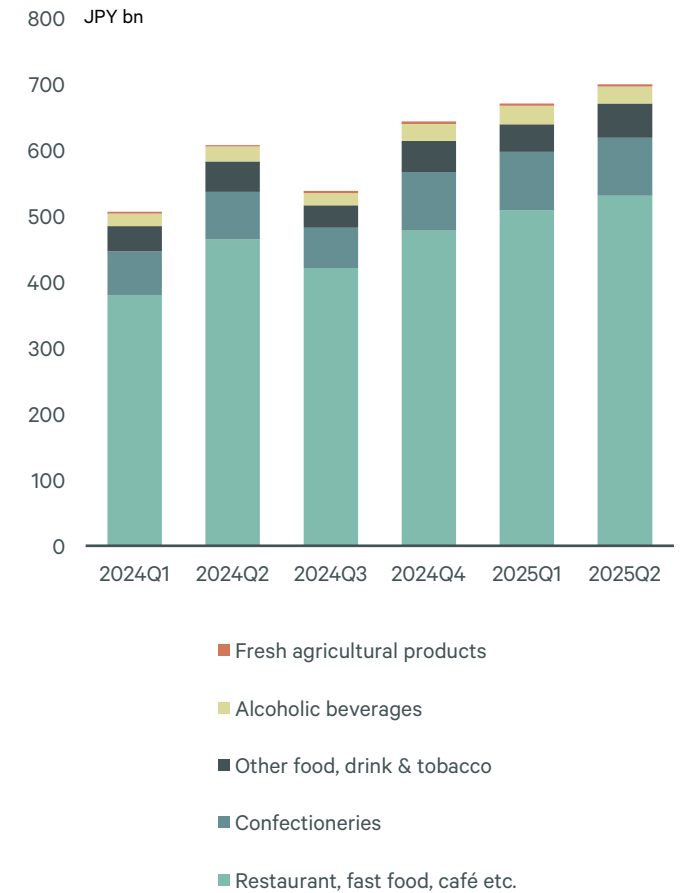
At the same time, purchase volume by tourists in the broad category of “food and beverages” continues to rise steadily (Figure 4, right). Japanese food culture remains extremely popular, and tourist spending appears to be shifting toward experiences rather than physical items, as exemplified by the popularity of Japanese cuisine.

Figure 4: Foreign Visitors' Total Spending by Product, Estimated

General Goods



Food & Beverage



* The purchase amount is estimated based on the number of foreign visitors to Japan by nationality, the purchase rate by product, and the average spending per purchaser. Source: Japan National Tourism Organization "International Visitor Survey", CBRE, July 2025.

* The “Food and Beverages” category is derived by isolating food-related items from the “Shopping” category and aggregating them with “Restaurant, fast food, café etc.”

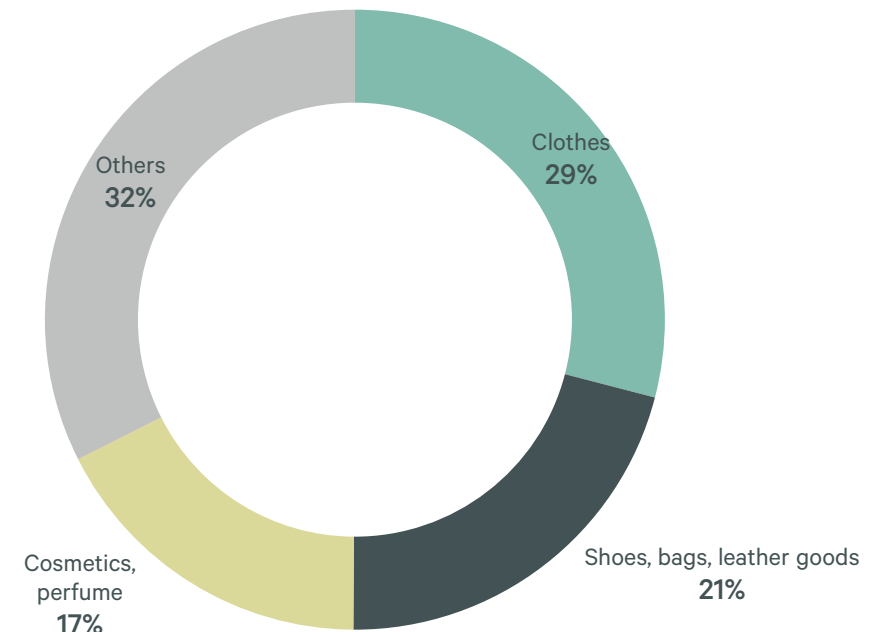
“Clothes”, “shoes, bags, leather goods”, and “cosmetics, perfume” continue to dominate general goods purchases

Among “general goods” purchases, the categories of “clothes”, “shoes, bags, leather goods”, and “cosmetics, perfume” continue to comprise the largest proportion. Figure 5 shows an estimate of total “general goods” purchases by overseas tourists between January and June of 2025. “Clothes” accounts for 29% of the total, at JPY 291.3 billion, while the three categories mentioned above make up a total of JPY 677.8 billion, or 68% of the total. While a decline in consumption volume for the category of “shoes, bags, leather goods”, particularly by Asian tourists, was largely responsible for the overall drop in inbound consumption of general goods reported in H1 2025, it still stood at JPY 211.0 billion, the second largest figure of all categories and making up 21% of total consumption.

The common factors underlying these three categories are the existence of multiple high-profile brands, both domestic and international, and the availability of goods at a wide variety of price points. For these reasons, they are still able to secure inbound demand through the broad range of options they provide for tourists, even amid unfavorable macroeconomic conditions created by exchange rate fluctuations.

Another significant factor behind strong consumption is the presence of unique Japanese products and storefront design. Sales of domestic apparel and shoe brands in street-level high street stores remain strong, even as the Yen strengthens. For some overseas brands, the conversion of traditional Japanese homes into stores and the implementation of local Japanese elements into their products has proven to be a winning strategy.

Figure 5: Foreign Visitors' Total General Goods Spending by Product in H1 2025, Estimated



* The purchase amount is estimated based on the number of foreign visitors to Japan by nationality, the purchase rate by product, and the average spending per purchaser.

Source: Japan National Tourism Organization "International Visitor Survey", CBRE, July 2025.

02

Boosting the Appeal of the High Street

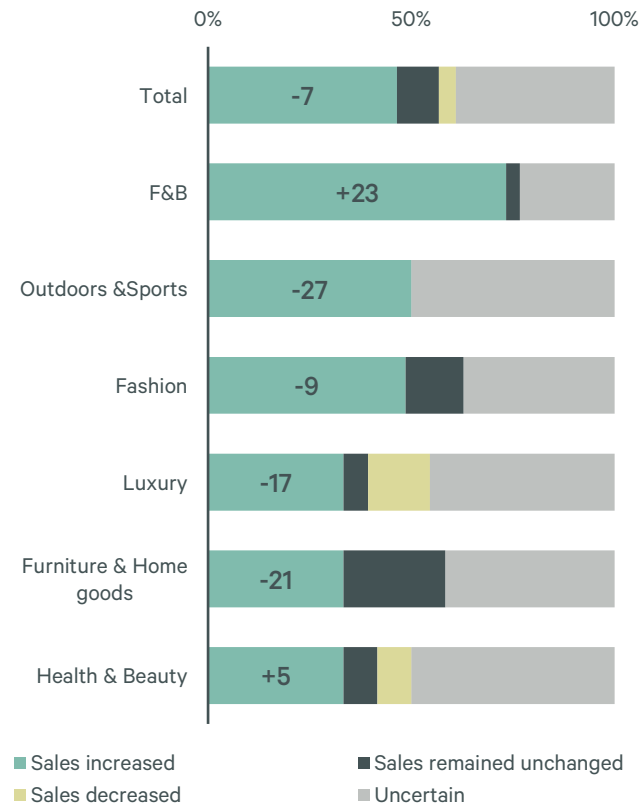
While acknowledging the effect of declining sales for high-value items, owners remain positive about storefront sales

Changing consumption by overseas tourists in 2025 is exerting an effect on the sales figures of high street street-level stores.

According to the results of CBRE’s latest survey of landlords, conducted in July 2025, 46% of owners reported that their street-level retail tenants experienced an increase in sales in H1 2025 compared to the same period in the previous year. This represents a drop of 7 pp. from the previous survey conducted in January 2025, when 53% of owners responded that 2024 sales volume was up from that of 2023 (Figure 6).

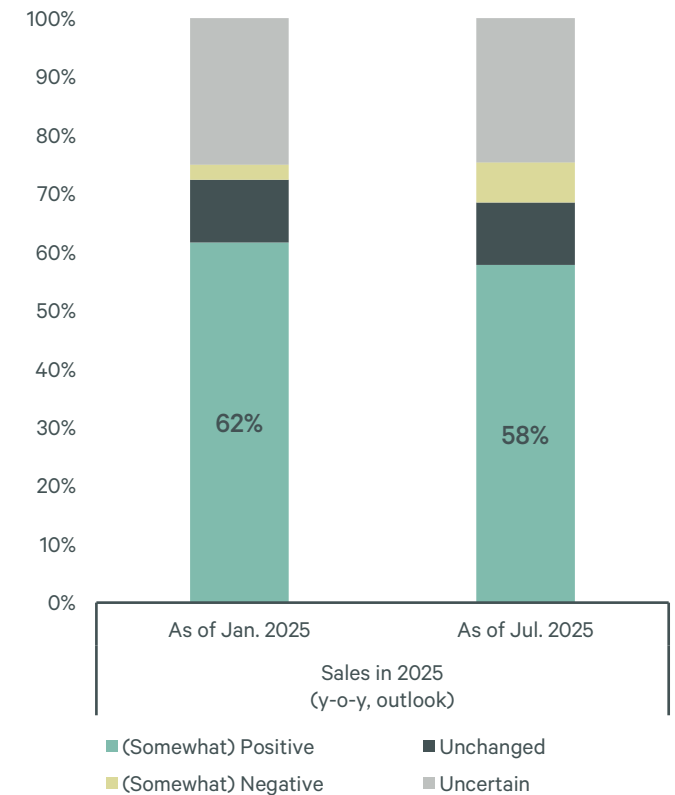
Divided by retail category, several sectors recorded drops in the number of respondents indicating that sales had increased. The largest decreases in the number of respondents indicating rising sales were recorded, in order, in the sectors of “outdoors/sporting goods”, “furniture and home goods”, and “luxury goods”, suggesting that these categories may be experiencing the most significant sales losses in recent times. This trend correlates partially with the slowdown in high-value item consumption by overseas tourists. On the other hand, an increasing number of owners are reporting that “food and beverage” and “health and beauty” (including cosmetics and perfumes) retailers have recorded positive sales figures. Furthermore, owners maintain a generally positive outlook, with the majority still anticipating that sales figures for the 2025 calendar year will outstrip those of 2024 (Figure 7).

Figure 6: Owner's Perspective on Sales of High Street Stores H1 2025 (Year-on-Year Comparison)



* Respondents were asked about changes in sales compared to the same period of the previous year. The figures represent the difference in percentage points (pp) from the response rate indicating that “sales in 2024 increased compared to the previous year.” Source: CBRE, July 2025.

Figure 7: Owner's Outlook on Sales of High Street Stores Full Year 2025 (Year-on-Year Comparison)



Source: CBRE, July 2025.

High streets, particularly Shinsaibashi, Ginza, and Harajuku, retain strong appeal for tourists

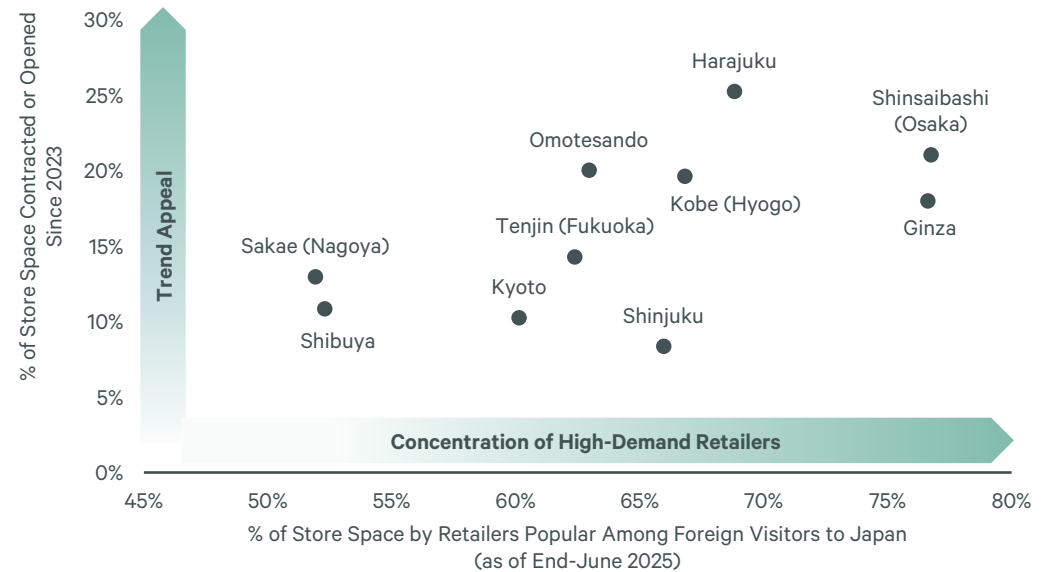
One of the primary reasons owners remain positive about sales in their high street stores is the strong appeal that Japanese high streets retain for foreign tourists, as well as the significant foot traffic they generate.

CBRE has analyzed the appeal of each of Japan’s major high street areas for overseas tourists in terms of two major factors: the number of existing stores which match recent tourist consumption trends (Figure 8, x axis), and the number of new stores offering opportunities to partake of the latest trends and fashions (Figure 8, y axis).

All nine major high street areas surveyed by CBRE feature a majority of stores in sectors favored by overseas visitors, keeping their appeal to tourists generally high. In Shinsaibashi and Ginza, over 80% of retail floor space is occupied by sectors commonly patronized by foreign tourists, with new stores established since 2023 accounting for around 20% of space in each area. Harajuku has the highest proportion of new stores among all high street areas, at 25%.

Opening stores which align with evolving tourist consumption trends is key to further enhancing high street appeal.

Figure 8: Appeal of High Streets to Foreign Visitors to Japan



Categories of High Street Stores Sector

Categories		High Street Stores Sector
Food & Beverage		F&B/Convenience stores/Large Retail Store
General goods	Clothes	Apparel
	Shoes, bags, leather goods	Luxury/Watches & Glasses/Fashion Accessories/Outdoors & Sports/Reuse
	Cosmetics, perfume	Health & Beauty/Drug Store

Source: Japan National Tourism Organization “International Visitor Survey”, CBRE, July 2025.

Increasing the appeal of high street retail based on changing tourist consumption trends

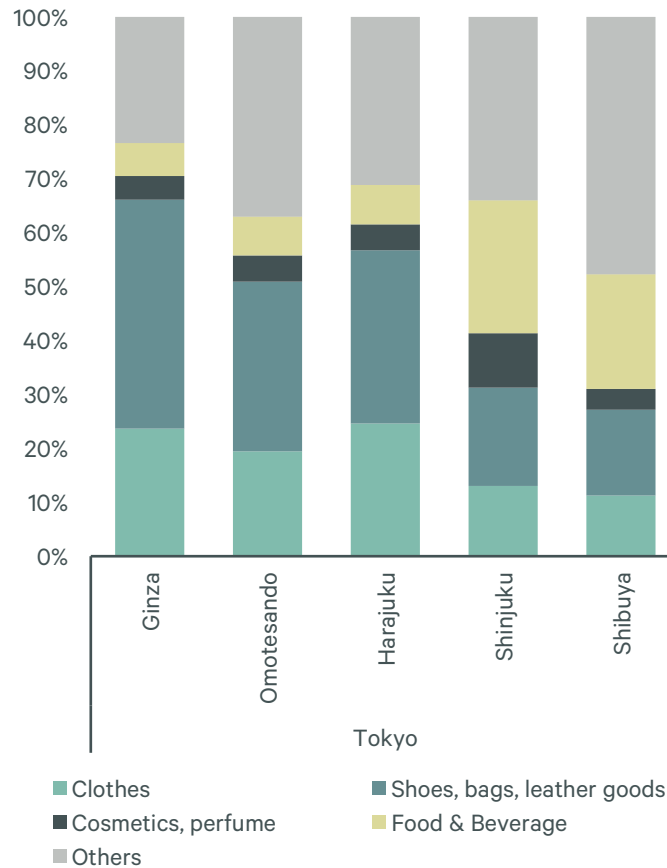
Figure 9 and 10 show the proportion of current retail floor space devoted to sectors sought by overseas tourists in Tokyo’s high streets, and retailer demand by desired floor space for the same sectors. While Ginza, Omotesando, and Harajuku are notable for the significant proportion of their total floor space currently occupied by retailers of “clothes” and “shoes, bags, leather goods”, the same trend can also be observed in retailer demand. In specific terms, sporting and street fashion brands are seeking space in these areas to house flagship stores, with interest from both Japanese and Korean brands.

The “cosmetics and perfume” sector features very few existing stores, meaning new openings attract significant attention. Retailers of “cosmetics and perfume” have a clear preference for areas such as Ginza and Omotesando with high concentration of stores handling “clothes” and “shoes, bags, leather goods”, which have high affinity with “cosmetics and perfume”. Such retailers place importance on storefront designs that communicate their specific brand vision to the customer. These unique stores should enhance the appeal of high street areas.

Although “food and beverage” retailers tend to be concentrated in Shinjuku and Shibuya, Harajuku is the most desired location for future stores. Specific demand has been observed from overseas-based retailers, as well as those with dining establishments that specialize in experiential offerings. Some retailers are also looking to leverage dining experiences to facilitate customer communication, and demand for spaces that can house apparel stores with on-site cafes are on the rise.

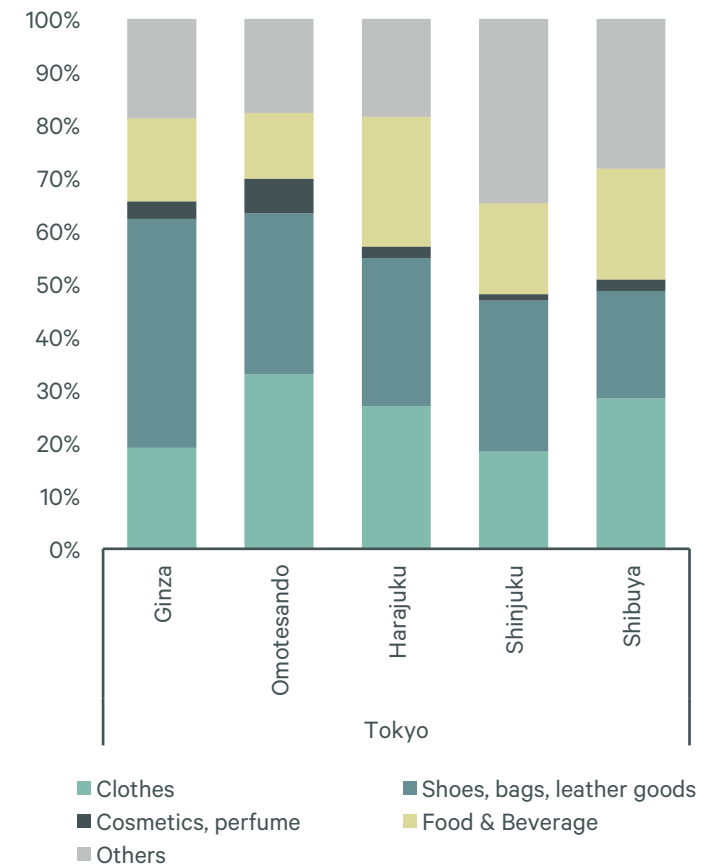
Such new store openings should serve to further amplify the appeal of high street areas in the coming years.

Figure 9: Share of Key Sectors on High Streets by Floor Space as of 2025 Q2



* Please refer to the previous page for the table between categories and sectors
Source: CBRE, July 2025.

Figure 10: Share of Key Sectors in Demand for High Street Store Openings by Floor Space as of 2025 Q2



* Demand is calculated by collating all enquiries from the past year. In cases where store area data is unavailable, average figures by sector are applied. Please refer to the previous page for the table between categories and sectors
Source: CBRE, July 2025.

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