

Global Asset Solutions

JAPAN HOTEL TRANSACTIONS AND MARKET OUTLOOK

FY 2025 - H1 2026

AT A GLANCE

Japan in 2025 and the first half of 2026

We recently published our APAC Transactions Report, where we found that Japan represented 35% of all the transactions in the period it covered. In this report, we take a closer, more focused look.

The past eighteen months have tested Japan in ways few expected. The Bank of Japan ended the era of near zero rates, raising them four times, and government bond yields reached their highest since 1997. In November 2025, China advised its citizens against travelling to Japan, and Chinese arrivals fell by nearly half within weeks.

Yet visitors kept coming, 42.7 million of them in 2025, the first year above 40 million, and hotels changed hands at more than twice the pace of 2024. The buyers were mostly Japanese: REITs, corporates and leasing companies, buying business hotels in Tokyo, Osaka and Fukuoka at prices their cash flow could support without heavy borrowing, while international funds took the chance to sell. You might have expected the market to slow. It did the opposite, though it bought a different kind of hotel. Here is how it looked.

- Japan recorded USD 6.3 billion of hotel transactions in 2025, 42.4% more than the USD 4.4 billion of 2024, across 92 transactions, more than double the 43 of 2024.
- 18,600 keys changed hands at USD 337,000 per key, down 12%, and an average transaction of USD 68.1 million, down by a third. Japan bought more hotels, and smaller and cheaper ones.
- Upscale and Midscale & Economy hotels took 94.2% of volume. Luxury was four transactions and USD 364.5 million.
- Tokyo, Osaka and Fukuoka accounted for 76.0% of 2025 volume. Tokyo alone recorded 30 transactions and USD 2.5 billion.
- Domestic capital bought what international funds sold. Over the eighteen months to June 2026, REITs, corporates and leasing companies took 77% of volume; international funds were net sellers by about USD 630 million.
- Japan received 42.7 million international visitors in 2025, up 15.8% (JNTO). Chinese arrivals fell by around 45% in December and 56% in the first half of 2026; South Korea, Taiwan and Hong Kong filled most of the gap.
- The first half of 2026 recorded 30 transactions and USD 1.6 billion at USD 245,000 per key, with the policy rate at 1.00% from June and 1.25% from September (Bank of Japan).

2025 in numbers

USD 6.3BN
TRANSACTION VOLUME

92
TRANSACTIONS

USD 337K
AVERAGE PRICE PER KEY

18,600
KEYS TRANSACTED

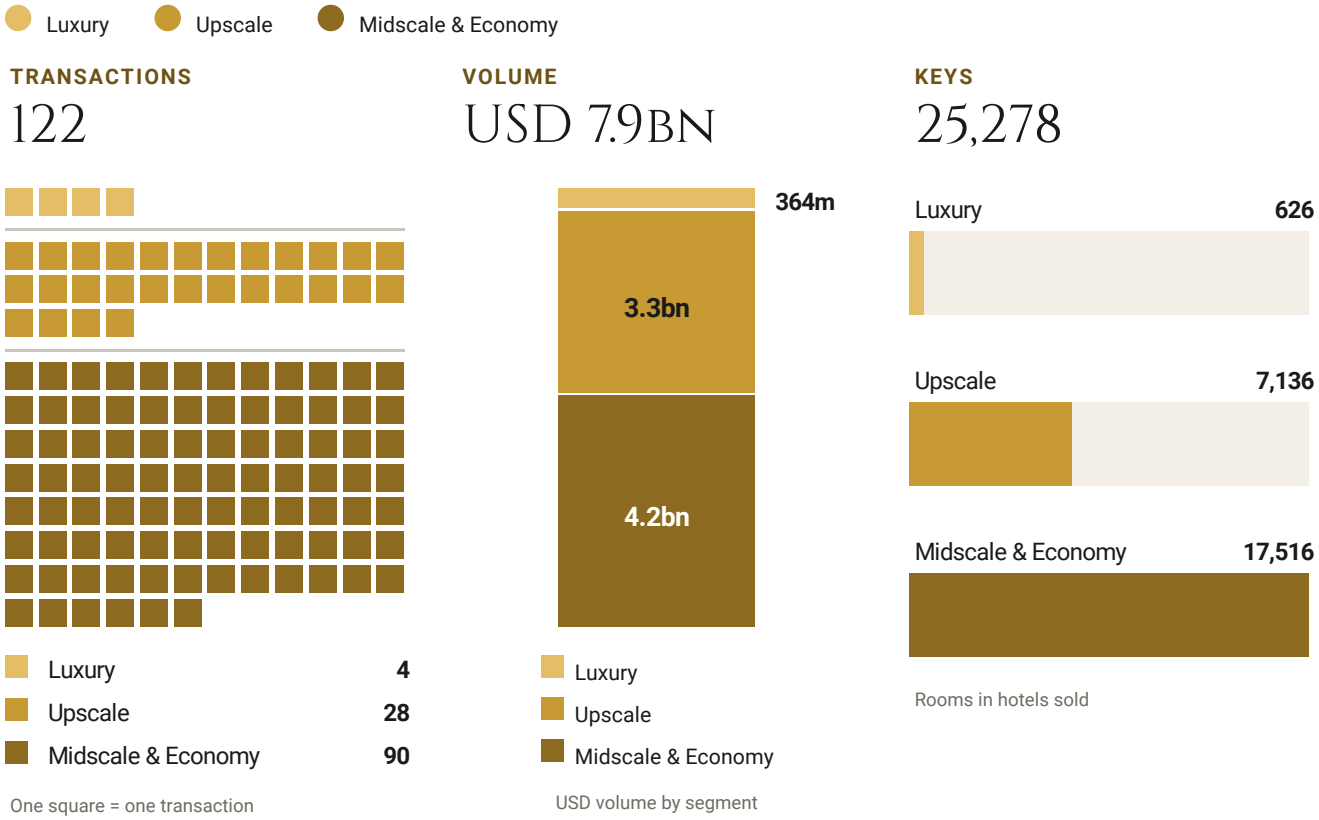
USD 68.1M
AVERAGE TRANSACTION

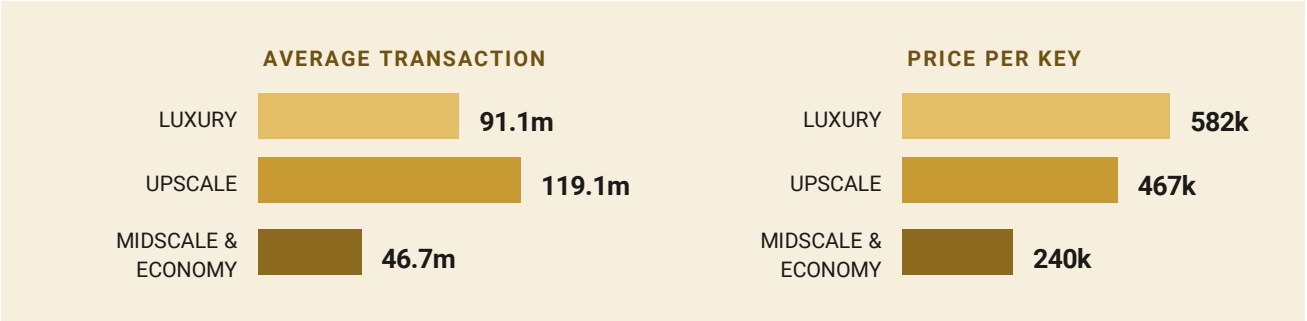
Japan, hotel transactions above USD 20 million, FY 2025. Source: Global Asset Solutions.

Every measure of activity grew and every measure of size fell. Volume rose 42.4% and the count more than doubled. The average transaction fell from about USD 102 million to USD 68.1 million, the average price per key from about USD 383,000 to USD 337,000, and the average transaction carried 202 rooms. Sixty-four of the 92 transactions were below USD 50 million. The fall in the averages is composition, not repricing: within the year, Upscale pricing outside the Hyatt Regency Tokyo stayed between USD 395,000 and USD 549,000 per key in every quarter, and Midscale & Economy rose from USD 240,000 to USD 318,000.

Transactions by segment

Japan, transactions by segment, January 2025 to June 2026

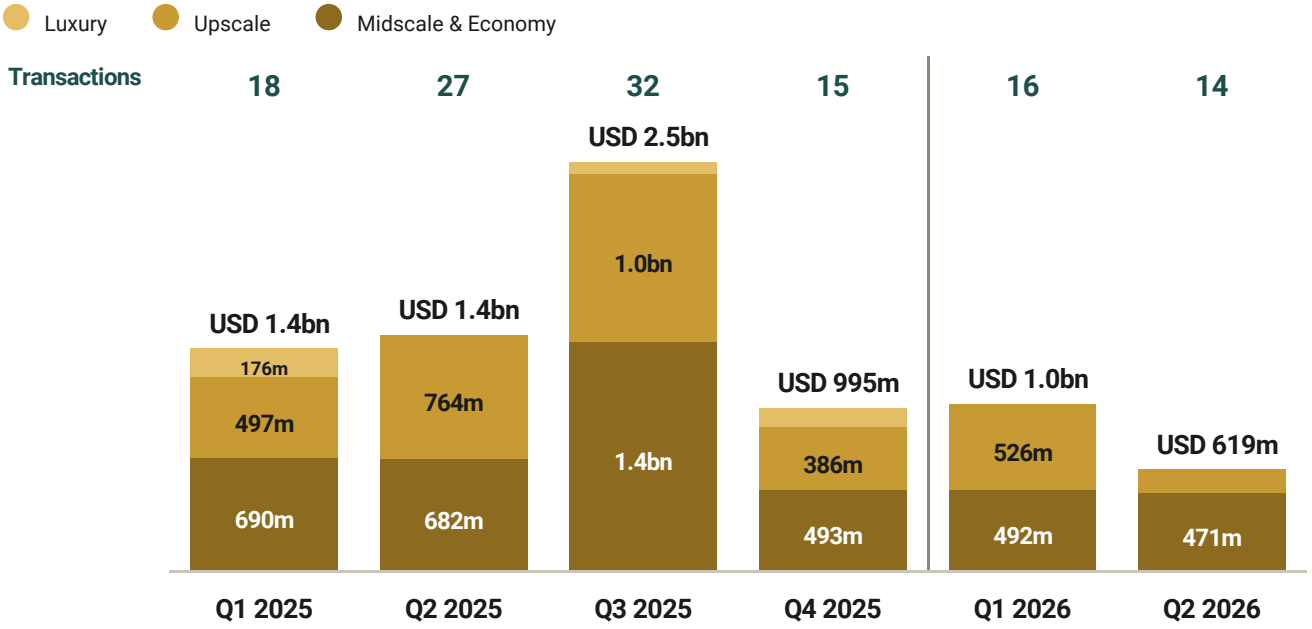




Japan, transactions, volume and keys by segment, with average transaction and price per key, January 2025 to June 2026. Source: Global Asset Solutions.

Over the eighteen months to June 2026, 90 of 122 transactions were Midscale & Economy: USD 4.2 billion at USD 46.7 million a transaction and USD 240,000 per key. Upscale was 28 transactions and USD 3.3 billion at USD 467,000 per key, a figure lifted by the Hyatt Regency Tokyo and the Hilton Fukuoka Sea Hawk. Luxury was four transactions and USD 364.5 million; three were partial interests or allocations within larger deals, so its USD 582,000 per key rests on a thin base. In 2025 alone, Upscale took 42.5% of volume and Midscale & Economy 51.7%. Among the hotels with a disclosed service type, 65 were limited service properties at USD 44.1 million and USD 281,000 per key, and the 21 full service hotels averaged USD 126.0 million and USD 514,000 per key. Japan bought business hotels, one at a time.

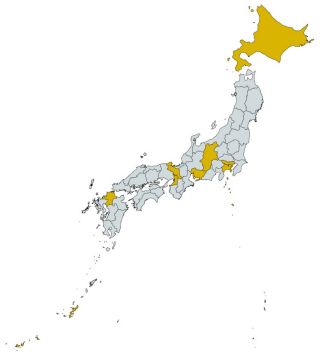
Japan, volume by segment and number of transactions per quarter, Q1 2025 to Q2 2026



Japan, volume by segment and number of transactions per quarter, Q1 2025 to Q2 2026. Source: Global Asset Solutions.

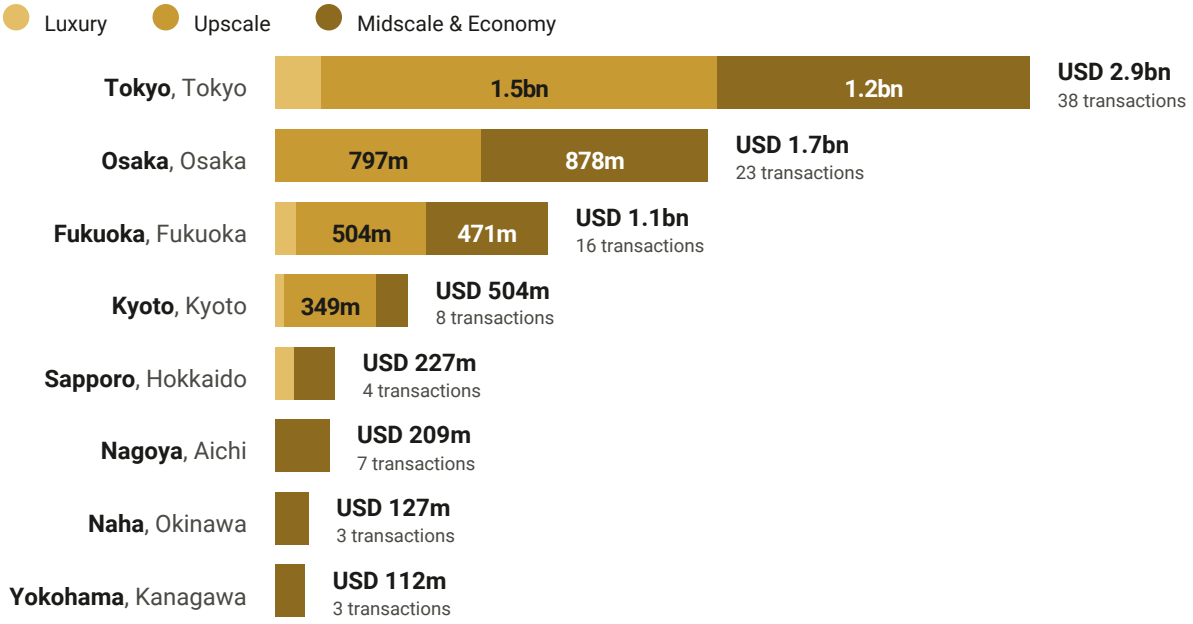
The year built to the third quarter and fell back: 18 transactions and USD 1.4 billion, then 27 and USD 1.4 billion, 32 and USD 2.5 billion, and 15 and USD 995 million. Three things met in the third quarter: the Hyatt Regency Tokyo in July, the ten hotel Samty portfolio sold to EGW Asset Management in the same month, and the run of business hotel trades ahead of the Japanese fiscal half year end on 30 September. The first half of 2026 recorded 16 transactions and USD 1.0 billion, then 14 and USD 619 million, the smallest of the six quarters. Midscale & Economy fell to USD 172,000 per key in the first quarter of 2026 on large regional hotels, including the 800 room Toyoko Inn Nagoya Meieki Minami at about USD 38,000 per key, and recovered to USD 283,000 in the second. No segment repriced. The mix moved.

Transactions by city, buyer and seller



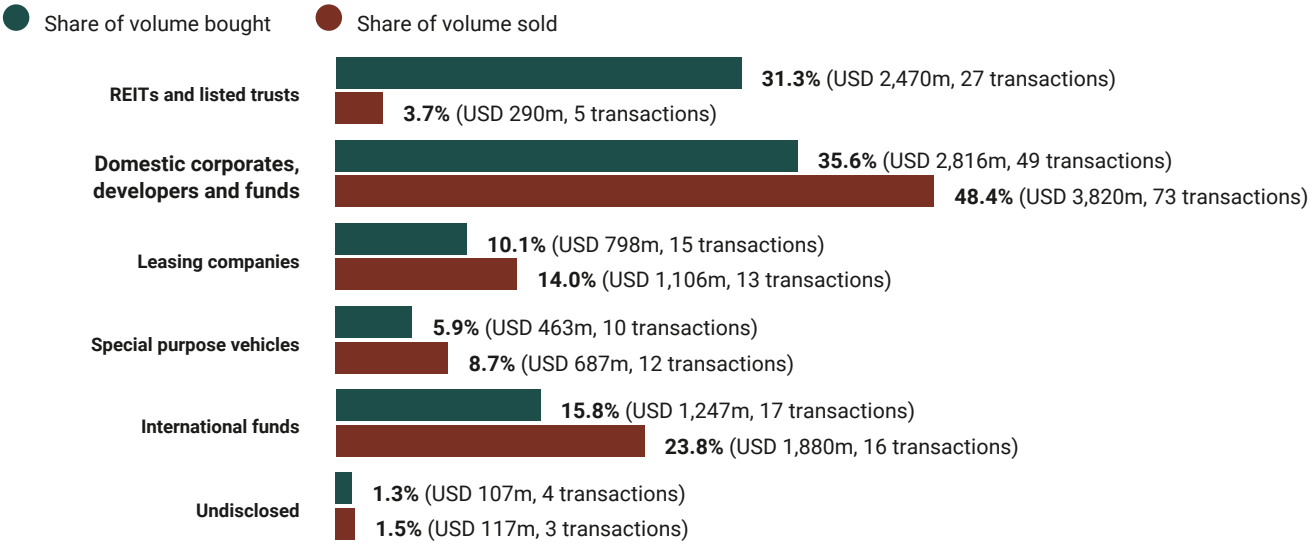
Tokyo led with 38 transactions and USD 2.9 billion over the eighteen months, 37% of the volume, at USD 491,000 per key. Osaka recorded 23 and USD 1.7 billion with no Luxury asset among them, Fukuoka 16 and USD 1.1 billion, Kyoto 8 and USD 504 million. Tokyo's Upscale hotels sold at USD 751,000 per key, well above Osaka's USD 447,000; the two cities' Midscale & Economy hotels were closer, at USD 331,000 and USD 271,000. Nagoya shows the other end: seven transactions and 2,139 keys at USD 98,000 per key, the lowest of any city, because what traded there was large economy and midscale stock.

Japan, volume by city and segment, January 2025 to June 2026



Japan, volume by city and segment, January 2025 to June 2026. Twenty further transactions worth USD 1.1 billion, including two multi-city portfolios, were spread across other locations. Source: Global Asset Solutions.

Japan, share of transaction volume by buyer and seller group, January 2025 to June 2026



Japan, share of transaction volume by buyer and seller group, January 2025 to June 2026. Groups are our classification from the names of the parties. Source: Global Asset Solutions.

What drove the market

01 Money

The Bank of Japan raised its policy rate to 0.50% in January 2025 and 0.75% in December, then to 1.00% in June 2026 and 1.25% on 18 September 2026, the highest in about three decades (Bank of Japan). The ten year government bond yield reached 2.496% on 13 April 2026, its highest since 1997 (Ministry of Finance). The yen stayed weak, above JPY 155 to the US dollar after the September decision [TO VERIFY]. Volume rose anyway, because domestic institutions bought income: business hotels in Tokyo, Osaka and Fukuoka at prices that operating cash flow supports without leverage. By the second quarter of 2026, Japanese real estate investment across all sectors was down 27% year on year, with early signs of a gap between what buyers offer and what sellers accept (Savills). The slowdown to 30 hotel transactions in the half matches that wider market rather than anything specific to hotels. Japan has moved from a currency and rate story to an operating story.

02 Governments

Japan changed prime minister in October 2025. On 14 November, after the new prime minister told the Diet that a Chinese use of force against Taiwan could constitute a survival-threatening situation for Japan, the Chinese Foreign Ministry advised its citizens to avoid travelling to Japan (Chinese Ministry of Foreign Affairs; Bloomberg). The advisory was still weighing on arrivals in August 2026 (JNTO). Trade policy went the other way: a trade agreement with the United States on 22 July 2025 at a 15% tariff ended three months of uncertainty (Congressional Research Service). Several cities, including Kyoto, raised accommodation taxes. Expo 2025 ran in Osaka from April to October and carried the Kansai market through the year.

03 Travellers

Japan received 42.7 million international visitors in 2025, up 15.8% and the first year above 40 million. South Korea sent 9.5 million, China 9.1 million and Taiwan 6.8 million, twenty of 23 major markets set records, and visitors spent JPY 9.5 trillion (USD 63.5 billion), up more than 17% (JNTO). The first eight months of 2026 brought 27.6 million, down 2.7%: Chinese arrivals were down 56% in the first half and 59% in August, while South Korea, Taiwan, Hong Kong and eleven other markets set records for the month (JNTO). Concentration in Chinese demand is a visible underwriting risk for the hotels that relied on it; the market as a whole has filled most of the gap. Tokyo kept the strongest rate growth in the region, with RevPAR up more than 15% in July 2026 and luxury occupancy near 75%, while rate growth in upscale and midscale slowed (STR/CoStar, as reported by Truist Securities) [subject to licence]. Foreign guests made up 57.1% of Tokyo guest nights in the first quarter of 2026 (JNTO). Supply is not following demand: Tokyo's room capacity has not grown since early 2025 and the next luxury openings are dated 2027 to 2030 (Nikkei Asia; operator announcements). The government still targets 60 million visitors and JPY 15 trillion (USD 100.3 billion) by 2030.

The deals

HOTEL	DATE	LOCATION	SEGMENT	ROOMS	PRICE	PER KEY
Hyatt Regency Tokyo	Jul 2025	Tokyo	Upscale	746	**USD 834m**	USD 1,118k
Hilton Fukuoka Sea Hawk	Feb 2025	Fukuoka	Upscale	1,052	**USD 415m**	USD 394k
Samty hotel portfolio (ten hotels)	Jul 2025	Five cities	Midscale & Economy	1,530	**USD 390m**	USD 255k
Candeo Hotels Osaka The Tower	May 2025	Osaka	Upscale	548	**USD 292m**	USD 532k
Centara Grand Hotel Osaka	Mar 2026	Osaka	Upscale	515	**USD 247m**	USD 479k

Five largest hotel transactions in Japan, January 2025 to June 2026. All five prices were reported, allocated or confirmed; none is an estimate. Source: Global Asset Solutions.

Hyatt Regency Tokyo (Tokyo), USD 834m

The hotel changed hands twice in eight months, and our records treat the two steps as one sale, dated to the first. In July 2025, a consortium of KKR, Gaw Capital, MDM Real Estate Group and EGW Asset Management sold the 746 room hotel in Shinjuku to GK Midtown Tokyo, a special purpose company advised by Japan Hotel REIT's asset manager. The parties did not announce the sale; The Wall Street Journal reported it on 24 November 2025 and Gaw Capital confirmed it without naming the buyer or the price. Japan Hotel REIT Investment Corporation completed the acquisition from the vehicle on 13 March 2026 for JPY 126 billion (USD 834 million), funded by a JPY 61.8 billion (USD 409 million) equity issue and JPY 65 billion (USD 430 million) of new borrowing (Japan Hotel REIT, Tokyo Stock Exchange disclosures). The record carries the transaction at that price, about USD 1.1 million per key, above the USD 788,000 of the Grand Nikko Tokyo Daiba in November 2024, the highest Japanese figure in the previous edition. The consortium had owned the hotel since 2023 and completed a JPY 9.4 billion (USD 64 million) renovation in July 2025, immediately before the sale. The March 2026 purchase completed that sale rather than starting a new one and is not counted in the first half of 2026. The Hyatt brand continued; the sponsor's hotel management company took over the tenant company that operates the hotel under a Hyatt franchise. No repositioning plan has been disclosed.

Hilton Fukuoka Sea Hawk (Fukuoka), USD 415m

Japan Hotel REIT acquired the 1,052 room Hilton Fukuoka Sea Hawk from Mizuho Leasing in February 2025 for about USD 415 million, USD 394,000 per key, at a disclosed yield of 6.0% (Japan Hotel REIT). It is the largest single hotel by rooms in our Japanese record, with about 110,900 square feet of meeting space, and the record shows a prior sale in August 2024 at about USD 436 million. The FY 2024 edition read Mizuho Leasing's role as a warehousing step between GIC and the REIT and asked whether the pattern would recur. The Hyatt Regency Tokyo answered that in the same year: the two largest Japanese hotel purchases in this record have followed the same route, a global fund selling to a domestic vehicle and a listed REIT completing the purchase later. The Hilton brand continued. No repositioning plan has been disclosed.

Samty hotel portfolio (Fukuoka, Kyoto, Tokyo, Hiroshima, Nagasaki), USD 390m

EGW Asset Management acquired a portfolio of ten hotels with 1,530 rooms from Samty Holdings in July 2025, through its Eastgate Samty Japan Hospitality Fund, at a reported price of about USD 390 million, or USD 255,000 per key. The portfolio is made up of business and limited service hotels under Samty's S-Peria flag and the Nest, Center and Oakwood names, in Fukuoka, Kyoto, Tokyo, Hiroshima and Nagasaki, with the largest single asset the 287 room S-Peria Hotel Hakata. It was the largest portfolio sale in Japan in the eighteen months and the largest Midscale & Economy transaction in the record. The buyer is an international fund manager taking a seller's operating platform wholesale, in the same month that the Hyatt Regency Tokyo consortium sold, so EGW was on both sides of the Japanese market in July 2025. Samty continued its disposals into 2026 with the Mercure Tokyo Haneda Airport and the Mercure Hida Takayama. The hotels kept their brands. No repositioning plan has been disclosed.

How 2026 is looking

USD 1.6BN
TRANSACTION VOLUME

30
TRANSACTIONS

USD 245K
AVERAGE PRICE PER KEY

6,678
KEYS TRANSACTED

USD 54.5M
AVERAGE TRANSACTION

Japan, hotel transactions above USD 20 million, H1 2026, reported on its own. Source: Global Asset Solutions.

The first half of 2026 recorded 30 transactions and USD 1.6 billion, about 30% of 2025's volume in half the time, with no Luxury transaction. Upscale was six transactions and USD 673 million at USD 311,000 per key; Midscale & Economy was 24 and USD 963 million at USD 213,000. The average transaction carried 223 rooms, against 202 in 2025, and the average price per key fell to USD 245,000: the half year bought larger hotels, further from Tokyo, more cheaply per room. Tokyo recorded eight transactions and USD 438 million, Osaka six and USD 434 million, Kyoto two and USD 299 million, Sapporo three and Nagoya four, the last at USD 80,000 per key across 1,386 keys. Over the eighteen months from January 2025 to June 2026, Japan recorded 122 transactions, USD 7.9 billion and 25,278 keys.

What to watch

Three things will decide how the second half of 2026 reads when the next edition is written: financing, Osaka after Expo, and where the visitors come from.

- **Financing.** Every transaction in this record closed with the policy rate at 1.00% or below, and all sector investment was already down 27% by the second quarter of 2026 (Savills). The September rise to 1.25% is the first test of whether Midscale & Economy holds above USD 250,000 per key, whether the Upscale band of USD 395,000 to 549,000 outside trophy assets survives, and whether the sellers of 2021 to 2023 vintages still find domestic buyers at those prices.
- **A third REIT completion.** Two of the three largest Japanese purchases in this record passed from a global fund through a domestic vehicle to a listed REIT. The structure depends on the REIT's ability to raise equity, and the Hyatt Regency Tokyo issue was taken in March 2026.
- **Osaka after Expo.** Osaka recorded 23 transactions and USD 1.7 billion over the eighteen months, with Upscale at USD 447,000 per key, and six of them closed in the first half of 2026 after Expo 2025 had shut in October. The next edition will show whether Osaka pricing holds on resident and regional demand alone.
- **Source markets.** Arrivals from China were down 59% in August 2026 while South Korea, Taiwan and Hong Kong filled most of the gap (JNTO). Hotels underwritten on Chinese group and leisure demand are where a repricing would show first; hotels with a spread of source markets have so far not needed one. If the advisory is eased, the recovery would show first in Osaka and in the Luxury tier, where Chinese demand was concentrated.
- **Supply.** Tokyo's room count has not grown since early 2025 and the next luxury openings are dated 2027 to 2030. Where new rooms cannot be built, existing hotels are bought, and the Tokyo Upscale price of USD 751,000 per key is the measure of that scarcity.

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