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The property market remained strong in 2017, supported by low interest rates, a booming tourism industry and improving economic conditions.

In 2017, Japan’s strengthening real estate market has been supported by continued low interest rates, a booming tourism market, growth in the Nikkei 225, low office vacancy rates, low unemployment rates and an increase in the number of double-income households.

In 2016, per capita GDP increased by 12.7%, the first increase to be seen in four years. The real growth estimate for fiscal 2017 has been estimated at 1.9%. Japan’s economy has recorded seven consecutive quarters of growth, the longest run since 1994.

The Nikkei 225 hit a 21-year high in October. The 16-day win streak that occurred that month was the longest in the Nikkei’s history. It has increased by around 17% since the beginning of the year. Analysts are expecting it to hold steady in 2018. At the end of 2017, the Bank of Japan announced their intent to keep monetary easing in place.

The USD has remained between the 107 ~ 117 Yen range, while 2016 saw it fluctuate from 99 ~ 121.

HEADLINES IN 2017

- Foreign funds and corporations acquired 1.1 trillion Yen of real estate in Japan in 2017, triple the amount acquired in 2016 and the first time the annual total has exceeded one trillion Yen.

- Commercial assessed land values nationwide increased by 1.4% in 2017 after a 0.9% increase in 2016. In Tokyo’s 23 wards, land values increased by 5.5% in 2017, after a 4.8% increase in 2016.

- Residential assessed land values nationwide increased by 0.022% in 2017 - the first increase in 9 years. Residential land in regional areas decreased for the 25th year in a row. Tokyo’s 23 wards saw an increase of 3.0%.

- The unemployment rate in November was 2.7%, the lowest level seen in 24 years.

- Central Tokyo’s population is forecast to increase by 43% over the next 23 years. Minato ward’s population reached a 54-year high in 2017, growing by 33% over the past 10 years. Chuo ward’s population reached a 55-year high and is expected to grow 25% by 2024.

- Strict short-stay accommodation regulations were approved by the government to combat the rise in B’n’B rentals and the new laws will go into effect from June 2018.

- Foreign tourist numbers reached 26.17 million between January and November, an increase of 19% from the same period in 2016.
The average price of a new apartment in greater Tokyo was 59,920,000 Yen in the first half of 2017, up 5.9% from the first half of 2016 and the highest level seen since 1991 when prices reached 61,370,000 Yen. The average price per square meter was 875,000 Yen, up 8.2% from the previous year. In the Tokyo metropolitan area, the average price was 1,088,000 Yen/sqm, up 5.9% from 2016.

The price-to-income ratio in the Tokyo metropolitan area was 11.46 times, the 3rd year in a row to record an increase. Kyoto Prefecture was the least affordable district in Japan with a ratio of 12.94.

Supply remains limited

Developers have had immense difficulty in obtaining sites for residential development due to rising land prices, short supply and a preference for building hotels or office buildings. As a result, residential properties on offer by top real estate developers are decreasing and sales volumes are falling.

17,000 new apartments were released for sale in Tokyo’s 23 wards in 2017, a 15% increase from 2016. Supply is expected to remain the same in 2018. In 2016, the supply of new apartments across Japan reached the lowest level seen since 1992, with 76,993 apartments released for sale. A total of 78,500 new apartments were forecast for 2017. The supply in greater Tokyo in 2016 was 35,772 units, down 11.6% from 2015. As many as 38,000 units were forecast for 2017.

Strong demand for luxury apartments

The high-end apartment continues to remain bullish. A total of 1,084 apartments priced over 100 million Yen were sold in the greater Tokyo area between January and November, up 51.6% from 2016. The average contract ratio was 73.7%, up 5.7 points from 2016 and above the 70% level said to indicate healthy market conditions. The annual supply up until November had reached 1,470 units. Between 2010 and 2012, the annual supply in this price range was around 600 ~ 900 units. In 2013 the supply reached 1,500 units before dropping to 900 in 2014.

Up to 40% of apartments in Branz Roppongi The Residence have reportedly been sold off-the-plan. The average apartment price is 550 million Yen with a penthouse priced at 1.5 billion Yen. The property is 200 meters from Tokyo Midtown and due for completion in early 2019.

Park Mansion Hinokicho-Koen overlooking Tokyo Midtown and Hinokicho Park was completed in April. Apartments have been sold entirely off-market and by invitation only.

Mori Building announced plans for their Toranomon-Azabudai project. It will include seven buildings with 1,300 apartments, including one apartment sized over 1,000 sqm. The largest building will be 65 floors and 330 meters tall.
## RESIDENTIAL NEW CONSTRUCTION

### COMPLETED IN 2017

- **Atlas Nishiazabu**
  - 32 ~ 82 sqm
  - 64 ~ 164 million Yen (1.6 million Yen/sqm)
  - ON SALE

- **Branz Shibuya Tokiwamatsu**
  - 70 ~ 150 sqm
  - 105 ~ 298 million Yen (1.32 ~ 2.05 million Yen/sqm)
  - ON SALE

- **Brillia Towers Meguro**
  - 30 ~ 150 sqm
  - 40 ~ 459 million Yen (1.7 ~ 2.8 million Yen/sqm)
  - SOLD OUT

- **Geo Minami Aoyama**
  - 49 ~ 86 sqm
  - (1.9 million Yen/sqm)
  - ON SALE

- **Open Residencia Aoyama The House**
  - 45 ~ 80 sqm
  - 66 ~ 127 million Yen (1.6 million Yen/sqm)
  - SOLD OUT

- **Park City Chuo Minato The Tower**
  - 41 ~ 115 sqm
  - 43 ~ 259 million Yen (1.35 million Yen/sqm)
  - SOLD OUT

- **Premist Rokubancho**
  - 60 ~ 144 sqm
  - 96 ~ 305 million Yen (2.25 million Yen/sqm)
  - ON SALE

- **Premist Shirokanedai (Leasehold)**
  - 75 ~ 90 sqm
  - 126 ~ 234 million Yen (1.9 million Yen/sqm)
  - ON SALE

- **Proud Roppongi**
  - 100 ~ 318 sqm
  - 232 million ~ 1.43 billion Yen (2.3 ~ 4.5 million Yen/sqm)
  - ON SALE

- **Royal Season’s Akasaka**
  - 57 ~ 136 sqm
  - 150 ~ 550 million Yen (3 million Yen/sqm)
  - ON SALE

- **The Parkhouse Azabu Gaien Nishi Dori**
  - 43 ~ 119 sqm
  - 65 ~ 230 million Yen (1.7 million Yen/sqm)
  - ON SALE

- **The Parkhouse Chiyoda Kojimachi**
  - 41 ~ 133 sqm
  - 72 ~ 327 million Yen (1.85 million Yen/sqm)
  - SOLD OUT

- **The Parkhouse Gran Azabu Sendaiizaka**
  - 120 ~ 133 sqm
  - 240 ~ 320 million Yen (2.15 million Yen/sqm)
  - SOLD OUT

- **The Parkhouse Nishi Shinjuku Tower 60**
  - 33 ~ 156 sqm
  - 32 ~ 350 million Yen (1.05 million Yen/sqm)
  - SOLD OUT

- **The Parkhouse Shinjuku Gyoen**
  - 55 ~ 100 sqm
  - 60 ~ 260 million Yen (2 million Yen/sqm)
  - SOLD OUT

- **The Parkhouse Shirokane Chojamaru**
  - 55 ~ 168 sqm
  - 108 ~ 378 million Yen (1.41 ~ 2.42 million Yen/sqm)
  - SOLD OUT
EXISTING APARTMENTS

The number of second-hand apartments sold in 2016 exceeded the number of brand new apartments, showing a shift in attitude towards existing stock. This has continued throughout 2017. The high price of new apartments has encouraged buyers to consider older properties. Professional flippers have also been active in the market, refurbishing older apartments to make them look like new inside.

Total transactions nationwide of second-hand apartments between January and September increased by 5.1% from the same period in 2016. In the greater Tokyo area, transactions increased by 5.3% from 2016. Almost 60% of the apartments sold in Japan were located in the Tokyo area.

The price-to-income ratio for an apartment in the Tokyo metropolitan area was 9.13, up 0.56 points from the previous year. Okinawa was in second place nationwide with a ratio of 7.80.

As at November, the average price of an existing apartment sold in the Tokyo metropolitan area had seen a year-on-year increase for the 62nd month in a row. Across greater Tokyo, prices have increased for the past 59 months.

In central Tokyo’s 3 wards of Chiyoda, Chuo and Minato, remaining inventory as at November was down 11.3% from the previous year, and had declined for the previous 9 months. The average sale price between January and November was 1,064,000 Yen/sqm, up 3.8% from the same period in 2016. In September, average sale prices reached a record high of 1,123,300 Yen/sqm. Transactions are up 10% from 2016.

Approximately a third of apartments in central Tokyo sold at their full asking price. Two thirds of listings sold at a discount of 0~3%. The median time to sell an apartment in central Tokyo was around 48 days, 5 days longer than 2016. 74% of apartments sold within 90 days of listing.
TOP RE-SALES IN 2017

<table>
<thead>
<tr>
<th>Property</th>
<th>Beds</th>
<th>Price per sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toranomon Hills Residence</td>
<td>2-Bed</td>
<td>3,085,000 Yen/sqm</td>
</tr>
<tr>
<td>Roppongi Hills Residence</td>
<td>3-Bed</td>
<td>2,845,000 Yen/sqm</td>
</tr>
<tr>
<td>Roppongi Hills Residence</td>
<td>1-Bed</td>
<td>2,788,000 Yen/sqm</td>
</tr>
<tr>
<td>The Parkhouse Gran Minami Aoyama</td>
<td>2-Bed</td>
<td>2,709,000 Yen/sqm</td>
</tr>
<tr>
<td>The Parkhouse Gran Minami Aoyama</td>
<td>1-Bed</td>
<td>2,608,000 Yen/sqm</td>
</tr>
<tr>
<td>The Parkhouse Gran Minami Aoyama</td>
<td>2-Bed</td>
<td>2,516,000 Yen/sqm</td>
</tr>
</tbody>
</table>

MOST EXPENSIVE APARTMENTS CURRENTLY ON THE MARKET

<table>
<thead>
<tr>
<th>Property</th>
<th>Size</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bliss Beige Jingumae</td>
<td>717 sqm</td>
<td>3,500,000,000 Yen</td>
</tr>
<tr>
<td>City Tower Takanawa</td>
<td>430 sqm</td>
<td>930,000,000 Yen</td>
</tr>
<tr>
<td>Toranomon Hills Residence</td>
<td>137 sqm</td>
<td>740,000,000 Yen</td>
</tr>
<tr>
<td>Forestseine Akasaka Hinokizaka</td>
<td>143 sqm</td>
<td>720,000,000 Yen</td>
</tr>
<tr>
<td>Forestseine Akasaka Hinokizaka</td>
<td>170 sqm</td>
<td>620,000,000 Yen</td>
</tr>
<tr>
<td>Tokyo Twin Parks</td>
<td>207 sqm</td>
<td>558,000,000 Yen</td>
</tr>
<tr>
<td>Garden Passage Hiroo</td>
<td>236 sqm</td>
<td>550,000,000 Yen</td>
</tr>
<tr>
<td>Park House Akasaka Shinsaka</td>
<td>199 sqm</td>
<td>540,000,000 Yen</td>
</tr>
<tr>
<td>Premist Rokubancho</td>
<td>144 sqm</td>
<td>538,000,000 Yen</td>
</tr>
</tbody>
</table>
There were 3,620 reported sales of detached homes across the Tokyo metropolitan area between January and November, down 1.7% from the same period in 2016. In Tokyo's Shinagawa, Ota, Meguro and Setagaya wards there were 616 reported sales, up 9.0% from 2016.

In Tokyo's Minato ward, detached homes represented 4.8% of all residential listings. In Shibuya ward, they represented 15.7% of listings.

The average asking price of a house in the Tokyo metropolitan area was 60,44,000 Yen as of November 2017, up 4.9% from 2016. The average size of a house sold across greater Tokyo as well as within the Tokyo metropolitan area was between 97 ~ 107 sqm in 2017, while the average building age ranged from 19 ~ 21 years.

Inventory of unsold houses started to increase in 2017, ending a 46-month run of year-on-year decreases. Current inventory in the Tokyo metropolitan area as at November is about 3.2% below the level seen in 2013. Remaining inventory averaged over the year sits at 15.6 months, up from a 14.3 month average seen in 2016.
Since July, the average advertised rent for an apartment in Tokyo’s 23 wards has seen a decrease from 12 month’s prior.

Vacancies in landmark buildings in central Tokyo have tightened considerably since 2016. Continued low vacancy rates may put upwards pressure on rents. The average occupancy rate for J-REITs in the second half of 2016 reached 96%, a record high and exceeding a previous peak in 2008. Occupancy rates are high in Tokyo, but have been showing a declining trend in other cities.

Park Court Roppongi Hilltop was the only property from our landmark selection below to see an increase in vacancy rates from 2016.

Serviced apartments and monthly stays

The Otemachi/Marunouchi business district saw the very first residential apartments developed this year. Ascott Marunouchi Tokyo opened in March with 130 serviced apartments in a high-rise above Otemachi Station. This is the first time residences have been built in the Otemachi/Marunouchi business district.

Singapore’s MetroResidences entered the short-stay market in Japan in July offering monthly rentals.

### Vacancy Rates in Landmark Buildings in Tokyo

<table>
<thead>
<tr>
<th>Building</th>
<th>Location</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akasaka Tower Residence</td>
<td>Minato, Tokyo</td>
<td>1.3%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Ark Hills Sengokuyama Residence</td>
<td>Minato, Tokyo</td>
<td>2.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>City Tower Azabujuban</td>
<td>Minato, Tokyo</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Motoazabu Hills</td>
<td>Minato, Tokyo</td>
<td>6.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Park Court Azabujuban The Tower</td>
<td>Minato, Tokyo</td>
<td>1.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Park Court Roppongi Hilltop</td>
<td>Minato, Tokyo</td>
<td>0.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Roppongi Hills Residence</td>
<td>Minato, Tokyo</td>
<td>3.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>The Parkhouse Gran Chidorigafuchi</td>
<td>Chiyoda, Tokyo</td>
<td>6.8%</td>
<td>1.4%</td>
</tr>
<tr>
<td>The Westminster Roppongi</td>
<td>Minato, Tokyo</td>
<td>6.1%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Toranomon Hills Residence</td>
<td>Minato, Tokyo</td>
<td>7.0%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
The average office vacancy rate across central Tokyo’s five business districts was 3.03% in November, down 0.72 points from 12 month’s prior and down from a peak of 9.43% recorded in June 2012. Shinjuku’s vacancy rate dropped to 1.58% in October, down from a peak of 11.9% seen in July 2012.

Average office rents in November were up 3.2% from last year and have seen consecutive increases for the past 47 months.

The average dividend yield on office REITs in Tokyo’s central 3 wards of Chiyoda, Chuo and Minato dipped into the 4% range, after being in the 5% range during poor market conditions in 2011.

In Tokyo, 120 new office buildings containing 4.04 million sqm of floor space are planned for completion between 2017 and 2019. In 2016, 1.35 million square meters (approx. 14.5 million sq ft) of new office space was supplied across the country, down 25% from 2016 and the lowest level seen since 1980. 84% of the supply was located in Tokyo.

Google Japan announced plans to relocate their head office from Roppongi Hills to a 35-storey new office building located just south of Shibuya Station. Google will be leasing the entire 50,000 sqm of office space in the building. The move is scheduled for 2019.

WeWork announced their debut in Japan with three locations in central Tokyo - Ginza, Shimbashi and Akasaka. Offices are expected to open in 2018.

Singapore sovereign wealth fund GIC announced plans to acquire a 43% stake in the Shinjuku MAYNDS Tower for 62.5 billion Yen. GIC’s expected yields on acquisitions are around the 3% range.

**COMPLETED IN 2017:**

- **Otemachi Park Building:** A 150m tall tower overlooking the Imperial Palace. The total floor area is 150,000 sqm. It includes the Ascott Marunouchi Tokyo serviced apartments on the upper floors.
- **Akasaka Intercity Air:** A 205m tall tower with over 82,000 sqm of leasable office space. The main tenant is Saison Information Systems.
- **Jingumae Tower Building:** A 115m tall office building with a total floor area of 43,000 sqm. It is located right at the end of Harajuku’s busy Takeshita-dori shopping street.
In Tokyo’s Ginza district, an uptick in retail demand due to record-high foreign tourist numbers has helped to push land values to historical highs, exceeding those seen during Japan’s bubble economy. The land value alongside Ginza Chuo Dori in Ginza 5 Chome (in front of the Kyukyodo Building) reached 40,320,000 Yen per square meter (approximately 33,100 USD/sq ft) in 2017, up 26% from 2016 and exceeding the previous record of 36,500,000 Yen last seen in 1992. This particular location has been the most expensive land in Japan for the past 32 years.

The Ginza Six shopping complex opened in April on the site of the former Matsuzakaya department store. It has 241 stores over 13 floors and is the largest commercial building in the Ginza district. Monthly rents along this street can range from 45,386 ~ 75,643 Yen/sqm.

A block of land alongside Chuo Dori - Ginza’s main shopping street - reportedly sold for a record price of 64 million Yen. With a potential buildable area of up to 2,300 sqm, the sale price could represent as much as 8.2 million Yen per buildable square meter, almost double the price paid by a developer in 2016 for a retail site several blocks away.

The land alongside Omotesando Hills had a rosenka value of 12,560,000 Yen/sqm in 2017, up 24.7% from 2016. Shibuya Crossing had a value of up to 21,600,000 Yen/sqm, an increase of 15.9% from the previous year.

The average monthly rent for ground floor retail in Omotesando for the first half of 2017 was 12,950 Yen/sqm, up 5.7% from the first half of 2016 but down 5.7% from the second half of 2016. The monthly rent for non-ground floor retail was 8,351 Yen/sqm, down 6.1% from the first half of 2016. Monthly rents alongside Omotesando Avenue are between 45,386 ~ 60,514 Yen/sqm, up 40 ~ 50% from 2016.

In May, Prada Holding BV acquired the Herzog & de Meuron-designed MM Aoyama Building, aka the Miu Miu Store, alongside Miyuki-dori Street in Omotesando. Typical monthly rents along this street are around 30,257 ~ 45,386 Yen/sqm.

**HEADLINES**

- After the land was sold back to Sensoji Temple by the Tokyo Government, shopkeepers alongside the Nakamise shopping street in Asakusa were hit with a 16-fold increase in their previously-subsidized store rents.

- In December, Norges Bank Real Estate Management (NBREM), part of Norway’s sovereign wealth fund, announced plans to acquire a 70% stake in a 132.5 billion Yen (approx. 1.17 billion USD) portfolio of retail real estate in Tokyo’s Omotesando district along with partner Tokyu Land. This is the fund’s first acquisition in Asia. Expected yields are in the 2% range.
Japan’s hotel industry continues to be supported by a booming foreign tourist market that has seen foreign visitor arrivals more than triple over the past 10 years.

Foreign tourist numbers reached 26.17 million between January and November, up 19% from the same period in 2016 and 46% from 2015.

Major real estate companies and hotel developers continue to pursue sites across Japan to build hotels to cater to growing demand. Over 75 hotels and resorts opened across Japan in 2017.

Hotels in Tokyo had an average occupancy ratio of 72 ~ 85% throughout the year, while hotels in Kyoto Prefecture had an occupancy ratio of between 57 ~ 74%. Nationwide, the average occupancy ratio for business and city hotels was 65 ~ 84%, 32 ~ 49% for ryokan-style accommodation and 51 ~ 73% for resort hotels. For the majority of the year Nagano Prefecture had the worst or second worst operating ratios in the country with an average of 38% between January and October.

**Kyoto**

Kyoto City is expected to see another 12,000 hotel rooms added by 2020, a 40% increase from 2015. The city had 33,887 rooms as at the end of 2016. Guest houses and small-scale accommodation facilities are not included in this number, which means the total could be larger. In September 2017, foreign tourists accounted for 41% of hotel guests in the city, up 3.5 points from the previous year. Major hotels reported an average operating ratio of 90% for that month.

Several major companies have been actively buying or leasing traditional machiya houses in Kyoto to convert into overnight accommodation facilities. New market entrants include lingerie manufacturer Wacoal Holdings and real estate company Sankei Building.

**Nara**

Nara City had 15.54 million tourists in 2016, up 3.8% from 2015. Approximately 10% of the tourists were foreigners, a 62% increase from 2015. Mori Trust won the bid to develop a luxury low-rise hotel on the edge of Nara Park. The hotel will be designed by architect Kengo Kuma and is expected to attract an internationally branded hotel operator. Meanwhile, HULIC won a bid to develop a 30-room hotel 1.3 hectare site within Nara Park. Rooms will have an average size of 80 sqm and will have their own outdoor rotenburo baths. Completion is scheduled for 2019.

The former Nara Juvenile Prison will be converted into a luxury hotel by 2020. Public bidding was held in January with Solare Hotels and Resorts selected from a total of 3 bidders. The red brick prison was built in 1908.

**International entrants**

In July, Hyatt Hotels announced plans to open a Hyatt House-branded hotel in Kanazawa in 2020.

In September, Singapore’s GIC announced that they would acquire a 51% stake in the 1,191-room Sheraton Grande Tokyo Bay Hotel for approximatley 51 billion Yen. The total acquisition price is estimated at 100 billion Yen - almost double what the hotel had previously sold for in 2013. Almost 20% of the hotel guests are foreign tourists, a four-fold increase from several years ago.

In October it was announced that Tobu Railway and Marriott International would open the 296-room AC Hotel By Marriott Tokyo Ginza in 2020. This will be the first AC Hotel brand to open in Asia.
Standard Land Prices for commercial land increased by 0.5% nationwide in 2017. This was the first time in 10 years to see a year-on-year increase. Five of the top ten increases in commercial standard land prices across Japan were located in Kyoto City. One location in front of the Fushimi-Inari Shrine saw the commercial land price increase by 29.6% from 2016 and is now 78% than in 2014.

In Tokyo, the Ginza address took the top three spots for price increases, while Chiyoda Ward saw the highest increase for residential land prices with a 5% increase. The most expensive residential land in Japan is in Chiyoda's Rokubancho address with a standard land price of 3,800,000 Yen/sqm in 2017, up 4.7% from 2016.

Commercial government assessed land values increased by 1.4% nationwide in 2017 after a 0.9% increase in 2016. Residential land values nationwide increased for the first time in 9 years with a 0.022% increase. In Tokyo, land values increased by 5.5% in 2017 after a 4.8% increase in 2016.

**Ginza in top spot**

In Tokyo’s Ginza district, land values are at a historical high. The rosenka tax value for land alongside Ginza Chuo Dori in Ginza 5 Chome reached 40,320,000 Yen per square meter (approximately 33,100 USD/sq ft) in 2017, up 26% from 2016 and exceeding the previous record of 36,500,000 Yen last seen in 1992.

Land under the Yamano Music Building (Ginza 4-5-6) had an assessed land value of 50,500,000 Yen/sqm in 2017, up 25.94% from 2016 and up 241% from 2002.

A block of retail land alongside Ginza’s Chuo Dori Street was reported to have sold for 64 million Yen per square meter in late 2017. The property is directly across the street from the recently opened Ginza Six department store.
There is a pronounced bipolarisation in Japan’s resort market with clear winners and losers. Some locations, such as Niseko, Okinawa and Hakone, are seeing strong investment and growing tourist numbers, while other locations remain stuck in decline. Earlier in 2017 it was reported that owners of some properties, such as land and holiday apartments in resort towns, are unable to even give away their properties, and instead are paying exorbitant amounts to real estate companies just to dispose of them.

**Hakone**
Hakone had 19.56 million tourists in 2016, up 12.6% from 2015. Almost a fifth of those stayed overnight. Over 460,000 foreign tourists stayed in the town’s hotels and resorts in 2016, an increase of 22.4% from 2015.

- The 224-room Hakone Hotel Kowaki-en announced in March that they will be closing their doors in January 2018, ending 60 years of operations. The modernist property is owned by Fujita Kanko and is expected to form part of a larger redevelopment in the future.
- Fujita’s nearby Hakone Kowaki-en Ten-yu opened in April. All 150 rooms have their own outdoor rotenburo baths. Nightly room rates range from 28,000 Yen ~ 116,000 Yen.
- The historic landmark Fujiya Hotel will close temporarily from April 2018 to conduct earthquake retrofitting to the 126-year old property.
- Mori Trust acquired the 96-year old, 14-room Gora Kansuirou Hotel and plan to convert it into a small luxury hotel.
- In November, InterContinental Hotels Group announced plans to open a 100-room hotel alongside Haya River. This will be their first Indigo-branded hotel in Japan. Opening is scheduled for 2019.
- The 14-room Kanaya Resort Hakone, operated by Nikko’s Kanaya Hotel Kanko Group, opened in November. Nightly room rates range from 29,000 ~ 110,000 Yen.

**Karuizawa**
Karuizawa had 8.46 million tourists in 2016, up 0.4% from 2015.

- Tokyu Fudosan Holdings acquired the Kyu-Karuizawa Hotel from an offshore company. Tokyu plans to operate the recently refurbished 50-room hotel.

**Niseko**
Niseko had 1.67 million tourists in 2016, down 1.3% from 2015. Of those, 204,000 were foreign tourists, an increase of 15% from 2015.

Domestic and international developers have been working on several luxury projects in this area, including both hotels and condominiums. A luxury condominium that opened in December 2016 had two penthouses priced between 400 ~ 600 million Yen. Both units have since sold to buyers from Hong Kong and Thailand. The number of properties owned by foreign capital has increased by over 11% over the past year, with almost a third owned by Hong Kong-based companies and individuals. Transactions involving Japanese parties has been steadily decreasing in the area, with the market relying heavily on foreign demand.

**Other**
- Mori Trust acquired an 81-year old historic home in Atami to convert into a small luxury hotel. The house sits on a 8,300 sqm block of hilltop land with sweeping views towards the ocean.
- Kamori Kanko announced plans for an 80 billion Yen overhaul and redevelopment of their Rusutsu Resort in Hokkaido. The project will include a 148-room luxury condo-hotel called The Vale Rusutsu. Prices are expected to range from 40 ~ 300 million Yen with sales already underway.