

Hospitality Industry in Japan - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The Hospitality Industry in Japan Market size is estimated at USD 24.79 billion in 2024, and is expected to reach USD 26.29 billion by 2029, growing at a CAGR of 1.18% during the forecast period (2024-2029).

In Japan, hotel performance remained weak for most of 2021. However, slightly recovering occupancy rates from the previous half-year are almost at the levels seen in 2H/2020, even without the help of the 'Go To' Travel campaign. Moreover, hotel revenues have also improved slightly. In 2H/2021, the average daily rates (ADR) index increased by 0.8 points half-year-on-half-year (HoH), and the revenue per available room (RevPAR) index increased accordingly by 3.8 points HoH.

With the COVID-19 pandemic drastically decreasing revenue from accommodation and other key revenue streams, such as corporate events and banqueting, the hospitality industry in Japan has been struggling over the past two years. 2020 saw a rapid increase in the number of bankruptcies, exceeding 120 cases, more than half of which resulted from the pandemic. While the number of bankruptcies in 2021 has fallen, more than two-thirds were due to the pandemic, showing its lingering effects.

Budget hotels, in particular, have been hit harder by the pandemic due to the large supply in the market. The small room sizes of such hotels appear to be an issue for both customers and operators, especially after the pandemic.

Overseas investors have also been looking at the Japanese hospitality industry. For instance, Baring Private Equity Asia acquired The B Osaka Midosuji, a large hotel in Chuo ward, Osaka, in a transaction estimated at over JPY 10 billion (USD 74 million). Overall, while 2021 has seen large transactions in the hotel sector, transaction volumes have been relatively low considering the pandemic.

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Japan Hospitality Market Trends

Increasing Number of Tourists is Driving the Market

International travelers are slowly returning to Japan. According to the Japan National Tourism Organization, the country welcomed 206,500 overseas visitors in September. It was the first time the figure has surpassed 200,000 since the start of the COVID-19 pandemic. The largest number of visitors was from South Korea at 32,700, followed by Vietnam at 30,900, the United States at 18,000, and China at 17,600.

The government has gradually eased border control measures since March, and the number of overseas visitors has subsequently increased significantly compared to 2021, when Japan's borders were almost completely closed. September saw a more than 11-fold increase compared to the same month a year earlier.

The easing of border restrictions coincided with the rapid depreciation of the yen, which has made Japan a more affordable option for many foreign tourists. The number of overseas visitors is expected to continue to climb in the months ahead.

Rising Luxury Hotel Segment Boosting the Market in Japan

The luxury hotel sector has garnered the attention of many brands looking to expand their footprint in the market.

Japan has a relatively limited number of luxury hotels compared to other countries. According to Five Star Alliance, Japan has slightly over 50 hotels listed. In contrast, many Western countries completely dwarf this number, and even neighbors in the Asia Pacific, like Hong Kong and Singapore, have a comparable number of luxury hotels despite the vast difference in the sizes of their economies.

Many well-known international brands have already started opening luxury hotels in Japan. For instance, in late 2020, The Tokyo EDITION, Toranomon, was opened, and the Marriott will keep expanding its footprint with The Tokyo EDITION, Ginza, in 2022. Investment volumes in the hotel sector were on par with the previous year and are expected to increase in 2023. Opportunities in the Japanese hotel market are likely to emerge shortly further.

Japan Hospitality Industry Overview

Homegrown hotel companies largely dominate the hospitality industry in Japan. Domestic brands and their chains constitute around 90% of the total market share. Toyoko Inn Co. is the largest hotel chain in the country in terms of rooms/key supply. It has more than 250 hotel properties and offers around 50,000 rooms/keys across the country. However, with technological advancement and service innovation, other domestic and international companies are increasing their market presence by securing new contracts and tapping new markets. Players including, Toyoko Inn Co Ltd., Route-Inn Hotels, APA Hotels & Resorts, Prince Hotels & Resorts, and Super Hotel Co Ltd., among others have been profiled in the report.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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