NL4 · STARGIRA INTELLIGENCE

Japan Inbound Capital Intelligence

Foreign Investor Weekly

Edition **#003** Covering **2026-09-01 to 2026-09-08** Article **16** of 18

INVESTABLE THEMES · JAPAN INBOUND CAPITAL INTELLIGENCE #003

Japan hotels: foreign money closes in Sapporo, Kyoto and Furano while a $1bn Tokyo hunt stalls — and four ordinances cap the minpaku competition

Sources: JLL (H1 2026 APAC hotel volumes), 2026-07-21; AB Capital release, 2026-08-31; Bloomberg via The Japan Times (Hongkong Land), 2026-09-03; 日本経済新聞 (Taito), 2026-09-08; 産経新聞 (Shinjuku), 2026-09-07

Japan led Asia-Pacific hotel transactions in the first half of 2026 with $1.9bn, up 75% year on year, against a regional total of $6.8bn, up 54%; mainland China was $1.5bn and Australia $901m. The deals that closed are outside central Tokyo. AB Capital Investment, a Hong Kong firm founded in 2020 with a closed Fund I and a Fund II in market, bought the 161-key Residence Hotel Stripe Sapporo through Fund II, its 15th hotel in Japan, price and seller undisclosed; its 12th was a 123-room Sapporo business hotel in May and its 10th and 11th were two Osaka City Express by Marriott properties in November; Mingtiandi reports it has hired Satoshi Yamashita, formerly head of acquisitions at PIMCO Prime Real Estate, as a director. Pacifica Hotels G.K. — a Tokyo company whose CEO Seth Sulkin is an American with more than 30 years in Japan — signed a Marriott franchise for the 195-room Westin Hokkaido Furano Resort, under construction since August and opening in summer 2029, with no capital partner or cost disclosed. Gaw Capital's GCP Hospitality took management of 14 Kyoto hotels (1,063 keys) with IHG in August. SC Capital's Shinjuku purchase in July is the central-Tokyo exception: a 206-room asset, the former Citadines Central Shinjuku, for a manager with US$1.3bn invested in Japanese hotels since 2010. Against that, Hongkong Land is targeting deals of more than $1bn for prime Tokyo mixed-use, has approached Blackstone (Tokyo Garden Terrace Kioicho) and Hulic (Otemachi Place), and "has struggled to secure the right property or a suitable co-investment partner"; Hongkong Land and Blackstone declined comment and Hulic did not respond. Its H1 results do not mention Japan; parent Jardine Matheson says it is "moving at pace in evolving Jardine Matheson into an investment company". United Airlines starts the first continental-US nonstop to Sapporo on 11 December, three times weekly.

The supply side. On 15 July the Tourism Agency and other ministries sent local governments a technical-advice notice on "zero-day regulation" of minpaku (民泊 — private short-stay lets registered under the 2018 lodging law). Ordinances may now ban new minpaku, or restrict them to weekends and holiday eves, where unrestricted operation would harm residential quiet or school environments; they may also require noise meters, entrance cameras and data retention. The agency had opposed zero-day rules until it reversed in July. Within eight weeks, three cities and wards moved. Kyoto's expert panel drafted a zero-day rule for new minpaku in residential-only and industrial zones, exempting existing facilities and requiring on-site staff, aiming at the February 2027 council; the city had 1,216 registered minpaku at end-FY2025. Shinjuku will ban minpaku in residential-only zones and education districts and cut the cap in commercial zones from 180 to 120 days, with public comment in October, a bill to the February 2027 assembly and a grace period for existing facilities. It has 3,775 registered minpaku, and the ward says about 2,000 may no longer be able to operate; complaints ran to 1,334 in FY2025 against 82 in FY2021. Taito submitted a bill on 8 September banning new minpaku in residential zones and other areas where hotels are prohibited, effective January 2027 if passed, with existing facilities exempt. It had already amended its ordinance in June: minpaku registered from 1 October 2026 lose weekday operation entirely, while those registered by 30 September keep their existing rules. The ward has about 1,440 operators; new applications nearly tripled in 2025 to almost 1,400 and complaints rose fourfold to 257. Toshima had legislated first, with provisions effective from 15 December 2025; a trade source describes a 120-day annual cap from 16 December 2026 applied retroactively to existing minpaku.

Where the opportunity comes from. Japanese owners of central-Tokyo mixed-use are not sellers at today's bid, so foreign capital with a return target is buying operating hotels in regional cities where entry yields still clear against inbound-tourism cash flows [S]. And for a licensed hotel owner in Asakusa, Ueno, Shinjuku or Kyoto, four ordinances now cap or bar the substitute product — a regulatory moat that bites on new supply first, and on Shinjuku's existing stock only after its grace period [S]. The entry maths change twice: a hotel underwrite in these wards can assume less minpaku pressure on weekday rates from 2027, and any Tokyo residential asset whose yield depends on short-stay conversion must be re-underwritten now. The route into central-Tokyo mixed-use is a co-investment partner with an existing owner, not an outright purchase; the route into regional hotels is a Japanese acquisitions lead and an off-market operator relationship.

How to act: re-run any minpaku-dependent Taito underwrite before 30 September; read Shinjuku's grace-period terms in the October comment window; note Toshima's 16 December cap, Taito's January 2027 zone ban, and the Kyoto and Shinjuku bills in February 2027; watch for other wards using the same MLIT template.

From Japan Inbound Capital Intelligence, edition #003 (2026-09-08). All articles in this edition