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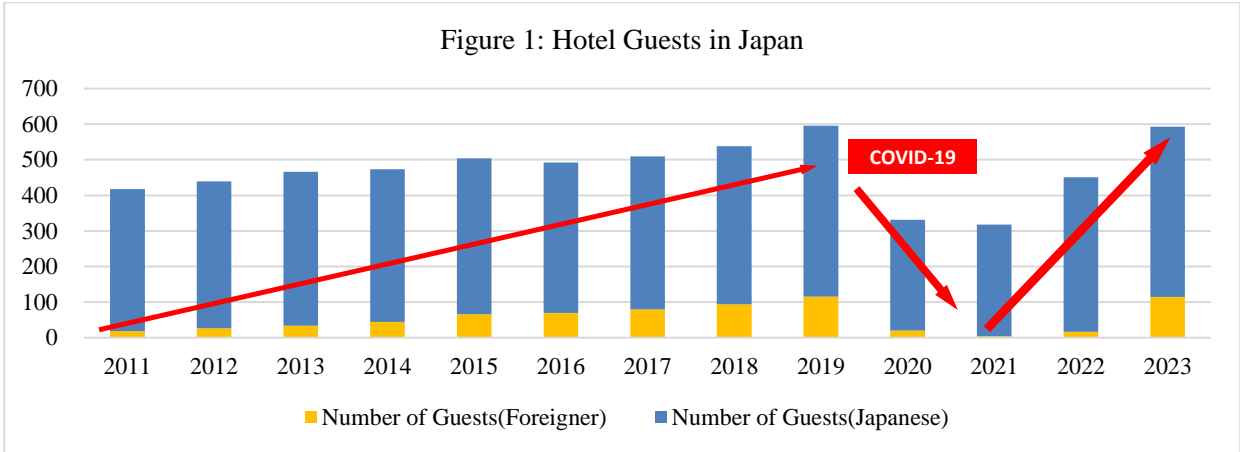
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Report Highlights:

Despite the challenges posed during COVID-19, Western Japan's hotel industry has recovered to pre-pandemic levels largely due the influx of inbound travelers seeking to capitalize on the weak yen. Prefectures in Western Japan accounted for approximately 40 percent of all hotel guests in Japan. With Osaka set to host World Expo 2025 followed by the opening of Japan's first major integrated resort in 2030, many hotels in the Kansai region are looking for innovative ways to attract domestic customers as well as appeal to a wider international audience. These events provide critical opportunities for hotels to try new U.S. products and develop new relationships with U.S. suppliers and organizations.

Hotel Industry Overview

In 2021, Japan ranked number one in the World Economic Forum’s Travel and Tourism Competitiveness Report, a global ranking that assesses a country’s attractiveness and various factors related to travel and tourism. As a result, Japan has seen growth in the number of international tourists and domestic travelers, supporting expansion in the country’s hotel industry. Despite the challenges posed during COVID-19, the industry has recovered to pandemic levels, largely due the influx of inbound travelers seeking to capitalize on the weak yen. In May 2023, Japan’s Ministry of Economy, Trade, and Industry announced that the activity index of accommodation industry has recovered to a level 13% higher than that of December 2019, suggesting that the post-pandemic recovery is complete. Figure 1 shows the transition of Japan’s accommodation numbers over time.



Source: Japan Tourism Agency

According to the 2023 lodging and travel statistics survey conducted by the Ministry of Land, Infrastructure, Transport, and Tourism, the total number of overnight stays in 2023 was approximately 600 million, with domestic travelers accounting for approximately 480 million (80%) and international travelers about 120 million (20%). This reflected a return to the pre-pandemic high set in 2019. It also reaffirmed that foreign visitors continue to drive growth in Japan’s tourism sector, growing from just 7 percent (34 million) in 2013. The weak yen is expected to continue to attract inbound visitors in 2024 and possibly beyond.

Tokyo, Japan’s political and economic center, accounts for the most hotel guests in Japan by prefecture and also saw the highest growth between 2019 and 2023 (Figure 2, below). However, prefectures in Western Japan (highlighted in yellow) accounted for 3 of the top 5, and approximately 40 percent of all hotel guests in Japan. Notably, Osaka and Kyoto each increased 4 percent between 2019 and 2023, reflecting growing interest in traveling to the Kansai region. Okinawa, meanwhile, has struggled to recover to pre-pandemic levels due staffing shortages in the service industry as well as reduced inbound travel from China.

Figure 2: Japan by Prefectures Ranked by 2023 Number of Hotel Guests

	Prefecture	Numbers of Guests in 2019	Numbers of Guests in 2023	Difference	Change
1	Tokyo	78,981,720	97,308,610	18,326,890	23%
2	Osaka	47,427,510	49,350,570	1,923,060	4%
3	Hokkaido	36,983,420	37,933,200	949,780	3%
4	Kyoto	30,749,560	31,892,980	1,143,420	4%
5	Okinawa	32,865,670	30,300,970	(2,564,700)	-8%
6	Chiba	29,229,120	27,332,810	(1,896,310)	-6%
7	Kanagawa	23,883,890	25,218,590	1,334,700	6%
8	Shizuoka	23,429,440	20,700,350	(2,729,090)	-12%
9	Fukuoka	20,420,380	20,028,340	(392,040)	-2%
10	Aichi	19,337,740	18,502,950	(834,790)	-4%
11	Nagano	18,052,570	16,945,840	(1,106,730)	-6%
12	Hyogo	14,417,170	14,848,050	430,880	3%
13	Hiroshima	11,630,710	11,121,560	(509,150)	-4%
14	Tochigi	9,559,870	10,521,310	961,440	10%
15	Fukushima	12,657,410	9,991,200	(2,666,210)	-21%
16	Miyagi	10,934,100	9,921,370	(1,012,730)	-9%
17	Niigata	10,930,410	9,708,330	(1,222,080)	-11%
18	Ishikawa	9,200,650	8,689,770	(510,880)	-6%
19	Kumamoto	7,633,470	8,060,850	427,380	6%
20	Gunma	8,648,440	7,861,380	(787,060)	-9%
21	Kagoshima	8,366,340	7,767,580	(598,760)	-7%
22	Nagasaki	7,248,850	7,662,060	413,210	6%
23	Yamanashi	9,072,350	7,628,020	(1,444,330)	-16%
24	Oita	7,902,700	7,539,850	(362,850)	-5%
25	Mie	8,599,890	7,176,480	(1,423,410)	-17%
26	Gifu	7,304,310	6,737,270	(567,040)	-8%
27	Ibaraki	6,299,850	5,798,540	(501,310)	-8%
28	Iwate	6,276,670	5,708,300	(568,370)	-9%
29	Saitama	5,436,560	5,543,010	106,450	2%
30	Okayama	5,660,680	5,400,710	(259,970)	-5%
31	Ehime	4,385,520	4,653,010	267,490	6%
32	Yamagata	5,571,860	4,502,550	(1,069,310)	-19%
33	Wakayama	5,324,320	4,468,560	(855,760)	-16%
34	Aomori	4,605,770	4,440,270	(165,500)	-4%
35	Shiga	5,016,150	4,301,670	(714,480)	-14%
36	Kagawa	4,659,250	4,227,390	(431,860)	-9%
37	Toyama	3,807,890	3,754,310	(53,580)	-1%
38	Yamaguchi	3,761,960	3,559,320	(202,640)	-5%
39	Kochi	2,903,110	3,428,840	525,730	18%
40	Miyazaki	4,320,060	3,389,750	(930,310)	-22%
41	Shimane	3,641,650	3,319,660	(321,990)	-9%
42	Fukui	4,144,090	3,060,840	(1,083,250)	-26%
43	Akita	3,653,930	2,925,730	(728,200)	-20%
44	Nara	2,726,320	2,599,540	(126,780)	-5%
45	Saga	2,801,730	2,423,970	(377,760)	-13%
46	Tokushima	2,568,550	2,259,020	(309,530)	-12%
47	Tottori	2,887,920	2,236,910	(651,010)	-23%
	Total	595,921,530	592,752,190	(3,169,340)	-1%

Source: Japan Tourism Agency

Note: Western Japan prefectures highlighted in yellow.

Types of Hotels in Japan

In Japan, there are four main types of hotels, each catering to different customer segments with unique concepts and services.

Business Hotels: Originally designed for business travelers, Business Hotels feature smaller rooms suitable for single occupancy. They are known for their convenient locations with easy access to transportation. While lacking extravagant facilities and services associated with leisure, they offer amenities such as wireless LAN, personal computers, and printers catering to business needs. Recently, there has been an increase in non-business travelers and groups, leading some business hotels to increase the number of twin rooms.

Resort Hotels: Located near beaches, ski resorts, and theme parks, Resort Hotels aim to provide guests with a sense of escape and luxury. Resorts often have picturesque views of the sea or mountains, and they incorporate features like barbecue areas and thematic designs in rooms and amenities. Premium dining, outdoor hot springs, spas, and wedding facilities are common, enhancing the overall relaxation experience. Many resort hotels serve as wedding venues.

City Hotels: City Hotels are large-scale establishments situated in urban areas. They often include restaurants, wedding venues, and leisure facilities, expanding their utility beyond just accommodation. Diverse revenue streams, including non-accommodation businesses, are a notable characteristic of City Hotels. Some hotels offer packages that include both accommodation and the use of on-site facilities. While rooms typically accommodate one or two individuals, hotels with rooms for larger groups are also available.

Ryokan (Japanese Style Hotel): Ryokan, or traditional Japanese hotels, are typically found in tourist destinations, but are becoming more common in urban areas to cater to the demand from inbound tourists. These urban-style ryokan establishments are often designed in a traditional Japanese style and frequently feature hot springs (onsen) facilities. Onsite restaurants typically serve Japanese cuisine. They are primarily oriented towards tourism and leisure activities rather than business purposes.

Figure 3: Number of Hotels and Hotel Rooms by Category

	Business Hotels	Japanese Style Hotels	City Hotels	Resort Hotels
2022	8,636	13,798	1,149	1,663
2023	8,734	13,829	1,140	1,714
YoY % Changes	+1.13%	+0.22%	-0.78%	+3.07%
Numbers of Hotel Rooms Changes by Category				
	Business Hotels	Japanese Style Hotels	City Hotels	Resort Hotels
2022	815,522	240,351	193,037	127,149
2023	832,305	240,775	194,878	129,763
YoY % Changes	+2.05%	+0.18%	+0.95%	+2.06%

Source: Hotel Bank

As seen in Figure 3, there are more Japanese-style hotels (ryokan) than any other type of hotel in Japan. However, ryokans are relatively small with an average of only 18 rooms per establishment. As a result, there are significantly more business hotel rooms in Japan with an average of 95 rooms per establishment. Resort hotels are similar in size at 75 rooms per establishment – notably smaller than one might find in other countries. City hotels are the larger establishments with an average of 170 rooms each. Resort hotels saw the fastest growth between 2022 and 2023 with demand spurred by government travel campaigns and increased remote work. Meanwhile, business hotels showed strong recovery due to increased post-pandemic business travel.

Major Japanese Hotel Companies

Figure 4 shows Japan's top 25 hotels by sales. The majority are business and city hotels, but it is noticeable that resort hotel groups such as Resort Trust, Seibu Holdings, and Oriental Land Corporation, occupy some of the top spots. The main difference between resort hotels and city hotels is their location. City hotels are situated in urban areas, while resort hotels are located in areas surrounded by nature or nearby major tourist destinations. City hotels attract a diverse range of guests, including tourists and business travelers while resort hotels are predominantly visited by individuals seeking leisure activities such as sightseeing and outdoor adventures.

Figure 4: Major Japanese Hotel Companies (2022)

Rank	Hotels	HQ Bases	Sales USD
1	Resort Trust	Aichi	1,577 million
2	Seibu Holdings	Tokyo	1,331 million
3	Route Inn	Tokyo	970 million
4	Apa Hotel Group	Tokyo	916 million
5	Kyoritsu Group	Tokyo	627 million
6	Toyoko Inn Group	Tokyo	486 million
7	Oriental Land Corporation	Chiba	479 million
8	Hotel Okura	Tokyo	381 million
9	Keio Corporation	Tokyo	329 million
10	New Otani	Tokyo	324 million
11	Tokyu Hotels	Tokyo	287 million
12	The Empire Hotel	Tokyo	286 million
13	Fujita Kanko	Tokyo	284 million
14	Super Hotel	Osaka	264 million
15	Greens Corporation	Mie	254 million
16	Ooedoosen Corporation	Tokyo	248 million
17	Japan Hotel	Tokyo	230 million
18	Mitsui Fudosan Hotel Management	Tokyo	214 million
19	Kintestu Holdings	Osaka	202 million
20	Soutetsu Holdings	Kanagawa	191 million
21	Hankyu-Hanshin Hotels	Osaka	189 million
22	Daiwa Resorts	Tokyo	188 million
23	Palace Hotel	Tokyo	172 million
24	Royal Holdings	Fukuoka	167 million
25	Royal Hotel	Osaka	164 million

Source: Career Tasu

Top 3 Hotel Companies

Resort Trust: Resort Trust is a comprehensive resort company with a focus on high-end hotels. They have multiple locations nationwide under names like Bay Court Club and XIV, as well as other hotels under names like Sun Resort & Lodge and Sun City. Bay Court Club, known for its exclusive membership, has gained attention as a resort hotel. They hold the top share in resort memberships within Japan.

Seibu Holdings: Seibu Holdings operates 47 hotels domestically and has a significant presence internationally, making it well-known globally. Hotels with the name "Prince Hotel" are operated by Seibu Holdings. Hotel brands "Prince Smart Inn" and "Prince Hotel" are considered business hotels while the "Grand Prince", "The Prince" and "The Prince Gallery" are considered resort hotels.

Route Inn: Route Inn Group is a hotel company that primarily operates a nationwide chain of business hotels. The group has several hotel brands including Route Inn, Ark Hotel, Granvillio Hotel, and Grantia. Each hotel brand serves a different purpose, with Route Inn focusing on business hotels, Ark Hotel on city hotels, and Granvillio Hotel on resort hotels.

Key Upcoming Developments

There are two significant events on the horizon likely to spur development in Japan's hotel industry, both taking place in the country's second-largest city, Osaka.

Integrated Resort (IR): In July 2018, the Government of Japan passed legislation allowing Integrated Resorts (IRs), mixed-use properties including hotels, entertainment and convention venues, and leisure facilities anchored by a casino, to operate. The purpose of the new legislation was to attract inbound tourists to underserved destinations and ultimately help boost surrounding local economies. The Japanese government approved Osaka as Japan's first host of an IR. The Osaka prefectural and city government plan to open the IR in 2030 on the artificial island Yumeshima in Osaka Bay. The resort will be developed in partnership with MGM Resorts International and ORIX Corporation, who will act as IR operators and project leaders. The site will cover approximately 492,000 square meters, with a total floor area of about 770,000 square meters for the massive facility. The Osaka IR will feature an international conference center capable of accommodating up to 6,000 people, exhibition facilities, three hotels with around 2,500 rooms, entertainment facilities including the Yumeshima Theater with 3,500 seats, food and beverage outlets, retail shops, and service facilities spanning about 310,000 square meters. Additionally, a casino facility is planned as part of the development. According to Osaka prefecture, the resort is expected to attract around 20 million visitors annually and bring 1.14 trillion Japanese yen (\$8.1 billion) in annual economic benefits to Western Japan. For more information see <https://www.trade.gov/market-intelligence/japan-integrated-resort>.

EXPO 2025: The World Expo is scheduled to be held in Osaka in 2025. The event will run for 184 days from April 13 to October 13, 2025, with an estimated attendance of approximately 28 million visitors, including around 3.5 million inbound tourists. 160 countries are planning to exhibit. The six-month long Expo 2025 Osaka marks the return of the World Expo to Japan 20

years after the Aichi Expo 2005 and 55 years after Osaka Expo 1970. This will be the third time Osaka hosts a World Expo and the sixth time Japan hosts a World Expo. The theme of Expo 2025 Osaka is “Designing Future Society for Our Lives”. The theme of the USA Pavilion (pictured below) is “Imagine What We Can Create Together” which will highlight U.S. efforts to develop advances in sustainability, space exploration, education, and entrepreneurship by encouraging exchange, collaboration, and growth. Musicians, dancers, artists, speakers, and chefs representing various regions throughout the United States will provide education, entertainment, and inspiration to millions of visitors. The Pavilion will also offer regional American cuisines and an authentic retail experience. The USA Pavilion will hold its national day – a day of entertainment, special guests, music, and parades – on Saturday, July 19, 2025. For more information see: <https://jp.usembassy.gov/us-breaks-ground-for-pavilion-at-expo-2025-osaka/>.

USA Pavilion at World Expo 2025



Emerging Trends in Western Japan Hotels

With the two aforementioned major events on the horizon – the IR project and Expo 2025 – many hotels in the Kansai region are looking for new, innovative ways to attract domestic customers as well as appeal to a wider international audience. As the number of foreign visitors increases, hotels are also adapting their restaurants and services to meet these needs. One of the most notable changes is seen in Japanese cuisine restaurants, with teppanyaki (tabletop hot plate) restaurants being particularly popular among tourists. For example, The St. Regis Hotel in Osaka, despite its New York-themed décor, recently opened its first teppanyaki restaurant called "WAJO", featuring an entirely Japanese-style interior and offering menus such as Kobe beef to cater to the tastes of visitors. Other hotels such as Conrad Osaka, Hilton Osaka, and others have also introduced Japanese-style restaurants to accommodate this trend.



WAJO at St. Regis Osaka

Still, as the majority of customers are domestic, many hotels continue to look for ways to attract Japanese consumers. With the rapid depreciation of the yen, many Japanese travelers are finding

it increasingly challenging to travel overseas. That, combined with the downturn in outbound travel during the pandemic, has prompted hotels to try to give domestic travelers the experience of traveling overseas without having to leave the country. As a result, many hotels have started to implement more internationally-themed fairs. For example, the Hotel Monterey chain, based in Osaka, has implemented two-month long American Fairs at its restaurants for two years in a row. The St. Regis Hotel in Osaka implemented two American-themed fairs in 2023 – a month-long craft beer promotion and a special 3-day wine and jazz festival.

Hotel Fair Examples



It is often the case that these fairs exclusively use ingredients and beverages from a specific country, making them an excellent opportunity for business-to-consumer promotions. Some fairs focus on specific types of food and beverages, such as wine, meat, and spirits. The ability to conduct promotions based on specific ingredients is another significant feature of hotel fairs. These specialized events cater to the interests of specific consumer groups, further enhancing the appeal and effectiveness of hotel promotions.

Specific Product Fair Examples



These types of international events have proved widely popular among consumers. In some cases, hotels reported that the number of guests doubled during the event promotion period. Importantly for the United States, these events provide critical opportunities for hotels to try new U.S. products and develop new relationships with U.S. suppliers and organizations. ATO Osaka has prioritized seeking out and developing these opportunities with hotels in Western Japan. Please see the GAIN Report: [ATO Osaka Activities Reach 24 Million Consumers in 2023](#) and contact atoosaka@usda.gov to learn more.

Attachments:

No Attachments.