

Office Market Forecast Report

Tokyo Central 5 Wards / 3 Year Forecast

Q4 2024 (Oct - Dec)

Vacancy

Vacancy rate will continue to level off in the upper 3% range after 2026.

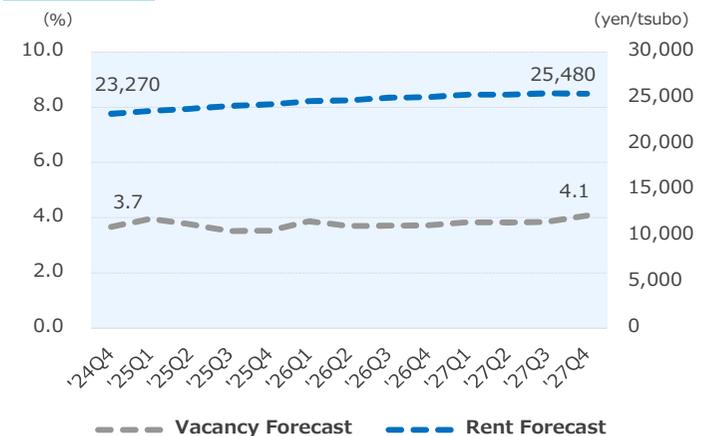
Asking Rent

Asking rent has increased for 5 consecutive quarters and is forecast to rise by 9.5% over the next 3 years.

Vacancy and Asking Rent



Forecast



→ Forecast

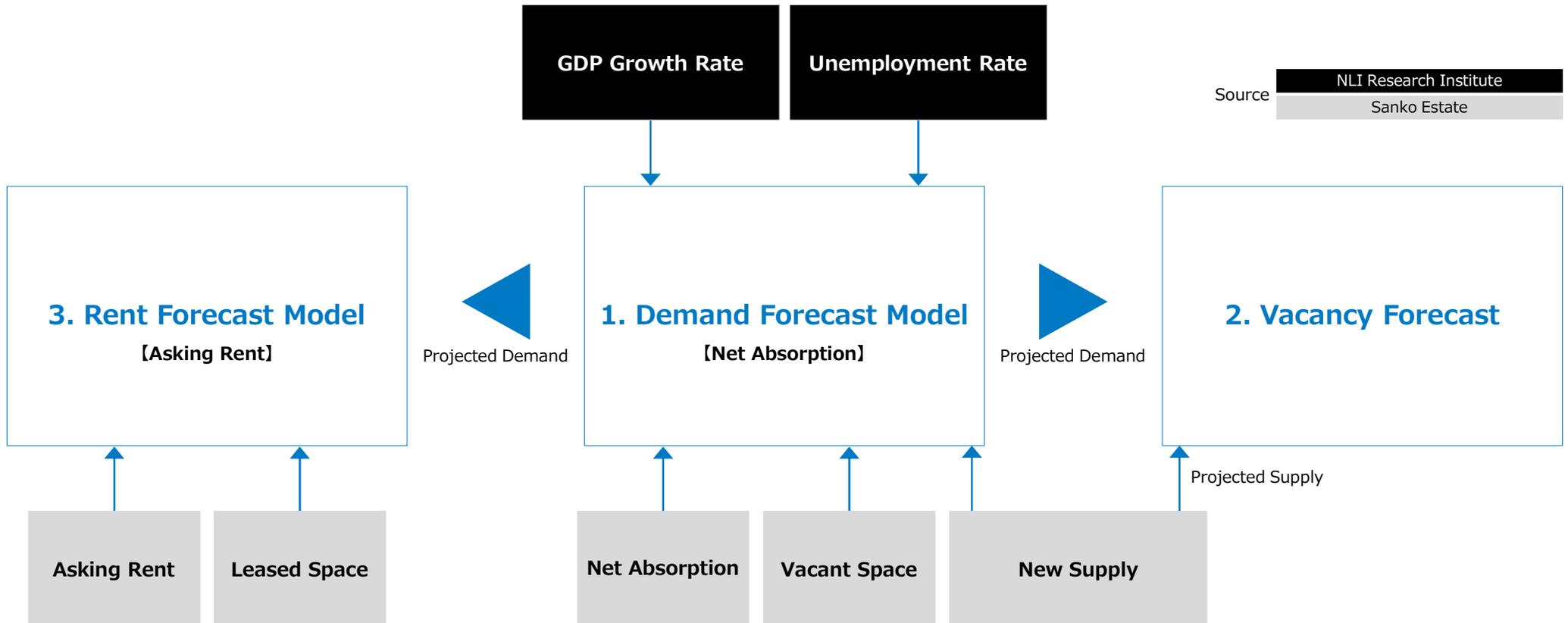
| | '24Q3 | '24Q4 | '25Q1 | '25Q2 | '25Q3 | '25Q4 | '26Q1 | '26Q2 | '26Q3 | '26Q4 | '27Q1 | '27Q2 | '27Q3 | '27Q4 |
|---|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Vacancy (%) | 4.2 | 3.7 | 4.0 | 3.8 | 3.5 | 3.5 | 3.9 | 3.7 | 3.7 | 3.7 | 3.8 | 3.8 | 3.9 | 4.1 |
| Asking Rent (including CAM* fees, yen/tsubo**) | 23,040 | 23,270 | 23,589 | 23,819 | 24,127 | 24,307 | 24,641 | 24,763 | 25,031 | 25,102 | 25,356 | 25,362 | 25,499 | 25,480 |
| Asking Rent Q-Q change (%) | 1.5 | 1.0 | 1.4 | 1.0 | 1.3 | 0.7 | 1.4 | 0.5 | 1.1 | 0.3 | 1.0 | 0.0 | 0.5 | -0.1 |
| New Supply (tsubo) | 55,400 | 7,900 | 112,100 | 30,700 | 25,200 | 40,400 | 90,800 | 6,400 | 30,500 | 21,000 | 33,200 | 9,100 | 5,900 | 35,300 |
| Net Absorption (tsubo) | 88,400 | 44,700 | 81,500 | 47,700 | 46,000 | 37,800 | 56,200 | 22,300 | 27,100 | 19,900 | 21,800 | 9,500 | 3,900 | 13,100 |

*CAM: Common Area Maintenance

**1 tsubo ≅ 3.3 sq. m. ≅ 35.58 sq. ft.

Methodology

Commercial Property Research Institute's market forecast uses both NLI Research Institute's economic projections and Sanko Estate's office market data, including detailed estimates of new supply. This forecast model projects net absorptions and estimates vacancy rates for the next 12 quarters. Projected net absorptions are also used to run an auto-regressive model to forecast asking rents. The effect of demolition is not taken into account.



Subject Area : Tokyo Central 5 Wards (Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, and Shibuya Ward)

Subject Building Size : 50 tsubo or larger leasable area per standard floor

About Commercial Property Research Institute, Inc.

Commercial Property Research Institute provides comprehensive office market research and consulting services as a member of Sanko Estate Group. Sanko Estate is regarded as the leading provider of real estate services in Japan since 1977.

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