

Office Market Forecast Report

Tokyo Central 5 Wards / 3 Year Vacancy Forecast

Q4 2023 (Oct - Dec)

Case 1

Vacancy rate will peak in Q1 2025 and then gradually decline.

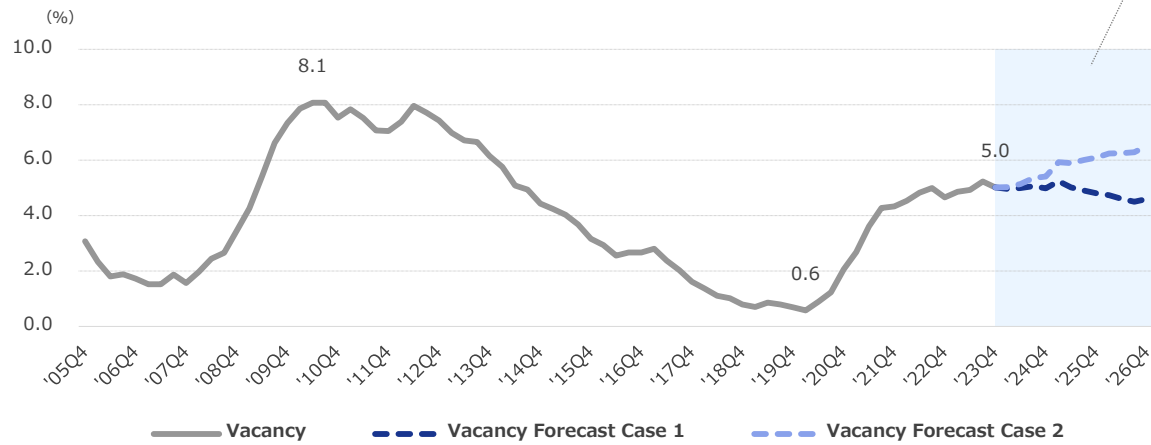
Case 2

Vacancy rate will continue to rise due to a large supply and reach 6.5% in Q4 2026.

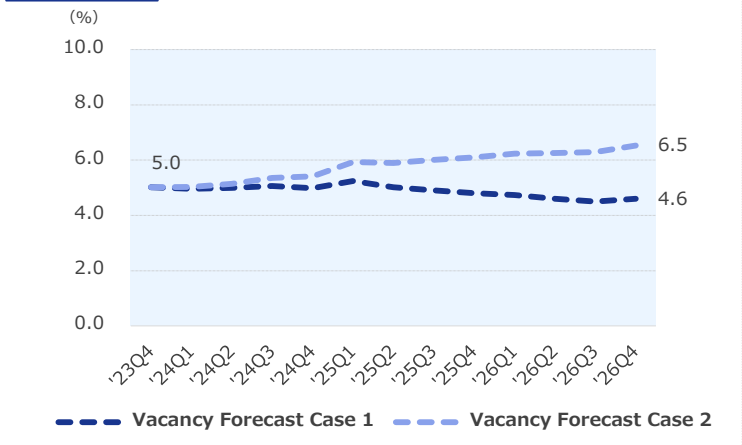
Assumed impact on future office demand due to the review of working style

- Case 1 -15%
- Case 2 -30%

Vacancy



Forecast



		→ Forecast													
		'23Q3	'23Q4	'24Q1	'24Q2	'24Q3	'24Q4	'25Q1	'25Q2	'25Q3	'25Q4	'26Q1	'26Q2	'26Q3	'26Q4
Case 1	New Supply (tsubo)	61,200	41,600	31,100	29,500	52,300	16,700	121,400	25,400	60,100	38,600	54,200	19,900	14,700	44,000
	Net Absorption (tsubo)	69,700	65,300	34,900	25,000	43,800	22,700	92,800	43,600	66,700	46,400	57,500	31,800	22,900	33,400
	Vacancy (%)	5.2	5.0	5.0	5.0	5.1	5.0	5.2	5.0	4.9	4.8	4.7	4.6	4.5	4.6
Case 2	Net Absorption (tsubo)	69,700	65,300	29,300	17,900	30,400	11,500	68,200	27,100	45,800	28,900	38,000	17,000	10,200	19,300
	Vacancy (%)	5.2	5.0	5.0	5.1	5.4	5.4	5.9	5.9	6.0	6.1	6.2	6.3	6.3	6.5

*CAM: Common Area Maintenance
 **1 tsubo ≅ 3.3 sq. m. ≅ 35.58 sq. ft.

Office Market Forecast Report

Case 1

Asking rent will rise 6.6% over the next 3 years to the upper 23,000 yen/tsubo range in Q4 2026.

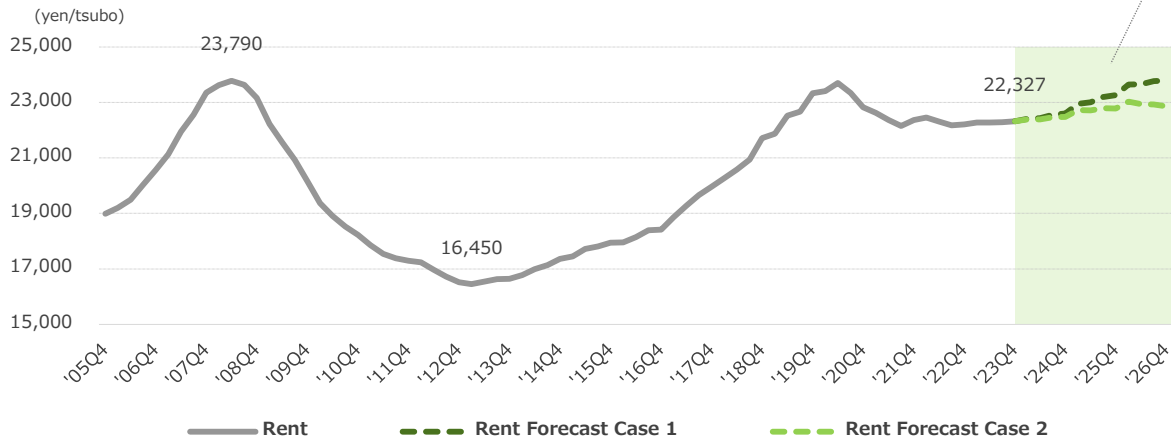
Case 2

Asking rent will increase by 2.4% over the next 3 years and remain almost flat from 2026.

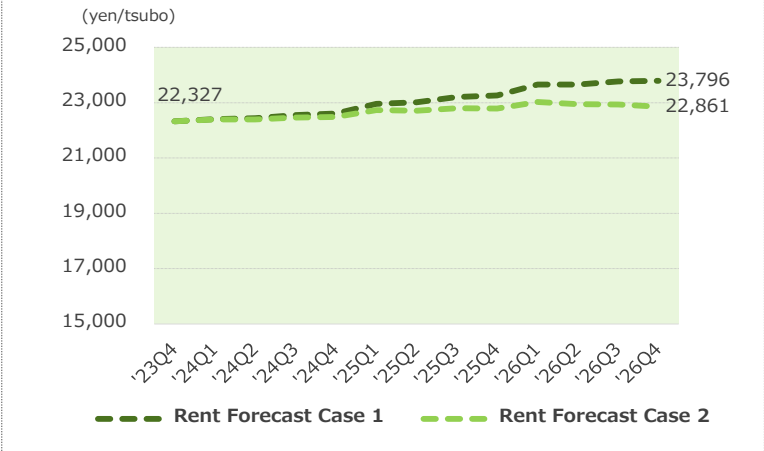
Assumed impact on future office demand due to the review of working style

- Case 1** -15%
- Case 2** -30%

Asking Rent



Forecast

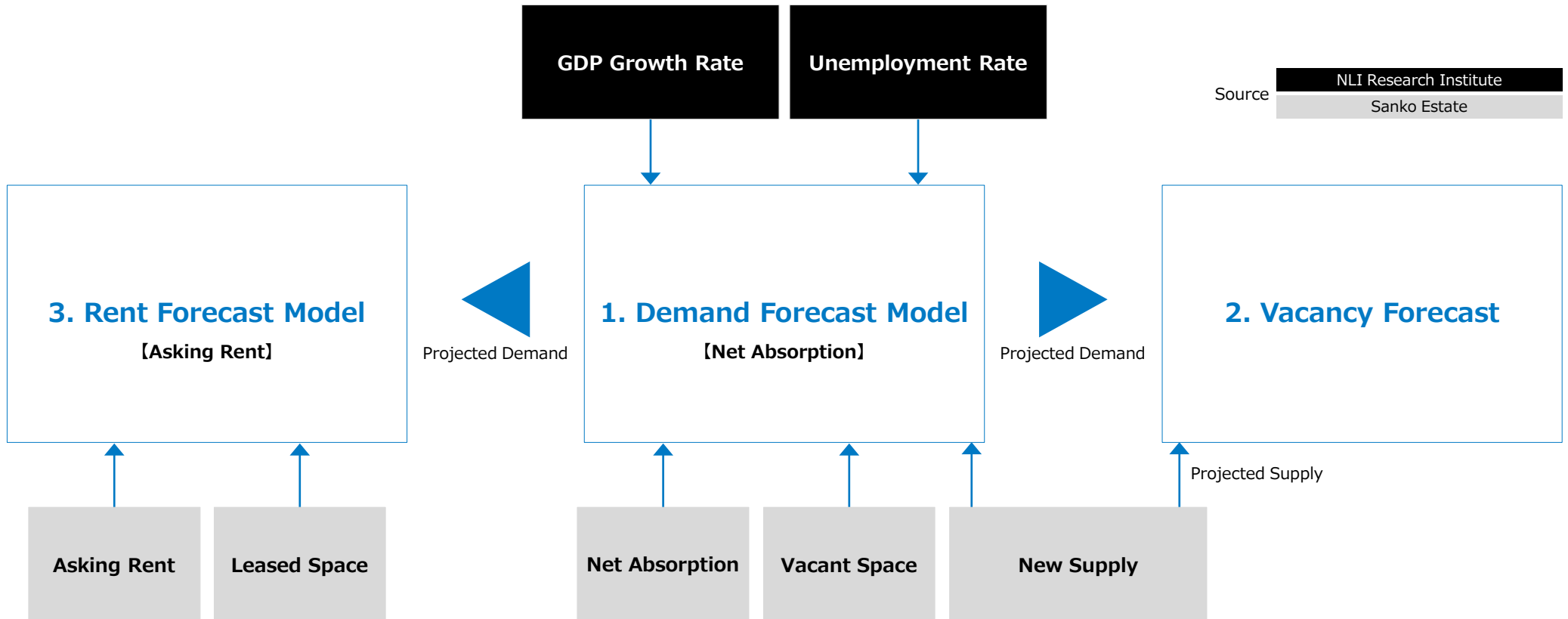


		→ Forecast													
		'23Q3	'23Q4	'24Q1	'24Q2	'24Q3	'24Q4	'25Q1	'25Q2	'25Q3	'25Q4	'26Q1	'26Q2	'26Q3	'26Q4
Case 1	Asking Rent (including CAM* fees, yen/tsubo**)	22,289	22,327	22,412	22,443	22,557	22,611	22,955	23,013	23,203	23,267	23,655	23,662	23,771	23,796
	Asking Rent Q-Q-Q change (%)	0.0	0.2	0.4	0.1	0.5	0.2	1.5	0.3	0.8	0.3	1.7	0.0	0.5	0.1
Case 2	Asking Rent (including CAM* fees, yen/tsubo**)	22,289	22,327	22,392	22,398	22,466	22,485	22,728	22,715	22,801	22,789	23,031	22,942	22,931	22,861
	Asking Rent Q-Q-Q change (%)	0.0	0.2	0.3	0.0	0.3	0.1	1.1	-0.1	0.4	-0.1	1.1	-0.4	0.0	-0.3

*CAM: Common Area Maintenance
 **1 tsubo ≅ 3.3 sq. m. ≅ 35.58 sq. ft.

Methodology

Regarding the impact on the office market triggered by COVID-19, the negative impact on office demand will continue, as it is often associated with a reduction in office space due to the revision of working styles. On the other hand, since the changes in office demand are discontinuous, with the year 2020 marking the boundary, it is undeniable that time-series statistical analysis will need help to reflect these changes in future forecasts. We conducted a new analysis using the existing demand forecasting model, assuming the impact of -15% (Case 1) and -30% (Case 2) on future office demand due to the revision of working styles.



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

Assumed impact on future office demand due to the review of working style

Case 1	-15%	Case 2	-30%
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About Commercial Property Research Institute, Inc.

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