Quarterly Office Market Report
Tokyo Q3 2025

October 27, 2025

Xymax Research Institute

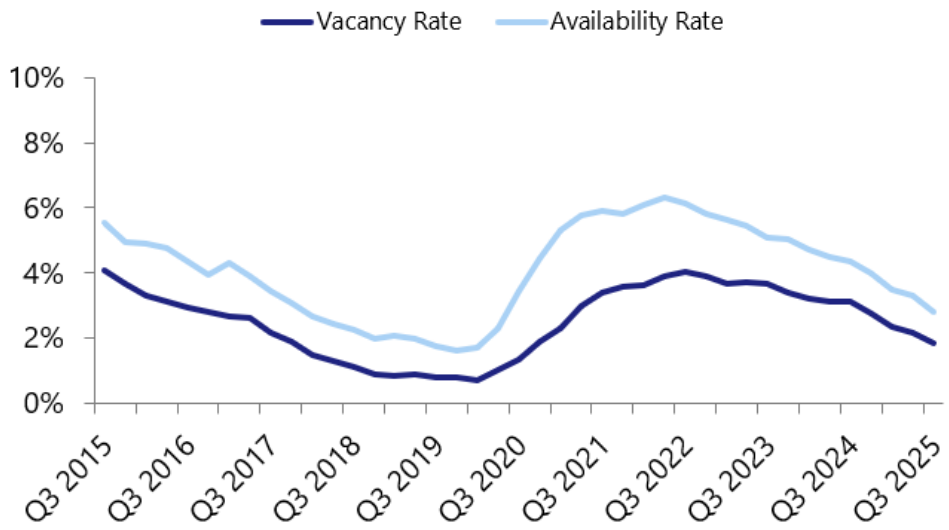
Summary

- In Q3 2025 (July–September 2025), the office market in the 23 wards of Tokyo saw a decline in the vacancy rate but an increase in new contract rent compared to the previous quarter.
- The **vacancy rate** fell 0.30 pts from the previous quarter to **1.85%**. The **availability rate**, which includes space for which a cancellation notice has been given and vacant space currently available (i.e., accepting tenant applications), fell 0.47 pts from the previous quarter to **2.81%**. As for the **increase and decrease in vacant space**, the decrease outweighed the increase, with the **increase** at **102,000 tsubo** and the **decrease** at **153,000 tsubo**. The **vacancy turnover ratio**, the percentage of vacant space leased to tenants, rose 6.4 pts from the previous quarter to **53.0%**.
- The **new contract rent index**, the level of new lease rent, rose 8 pts from the previous quarter to **98**. The **contract rent diffusion index (DI)**, the percentage of buildings with higher new contract rent minus that of buildings with lower new contract rent, was unchanged from the previous quarter at **44**, in positive territory for the sixth consecutive quarter.
- The **paying rent index**, which includes new contract rents and existing rents, rose 4 pts from the previous quarter to **104**.
- The **average free rent (months)** among **all lease contracts** and **lease contracts with free rent** was **2.4 months** and **4.8 months**, respectively. The **ratio of free rent of two months or more** was **41.3%**, and that of **six months or more** was **16.6%**.

Vacancy Rate at 1.85%, Availability Rate at 2.81%

- The vacancy rate **fell 0.30 pts** from the previous quarter to **1.85%**.
- The availability rate **fell 0.47 pts** from the previous quarter to **2.81%**.
- The vacancy rate declined for the ninth consecutive quarter, and the availability rate fell for the thirteenth consecutive quarter.
- Office demand remains resilient amid tenant companies increasing headcount and returning to the office, driving a decline in vacancy rates.

Figure 1: Vacancy & Availability Rates (All Building Sizes)



	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Vacancy Rate	3.10%	2.77%	2.33%	2.15%	1.85%
Availability Rate	4.33%	3.99%	3.50%	3.28%	2.81%

Vacancy rate: The percentage of vacant space (vacant space that has been vacated and is available for immediate occupancy: currently vacant space) to total rentable area

Availability rate: The percentage of the sum of currently vacant space, space for which a cancellation notice has been given, and space that is accepting tenant applications (before the previous tenant has left) to the total rentable area

Please refer to the *Vacant Office Space Monthly Report* for the rates by building size and area.

Vacant Space Increase: 102,000 Tsubo; Decrease: 153,000 Tsubo

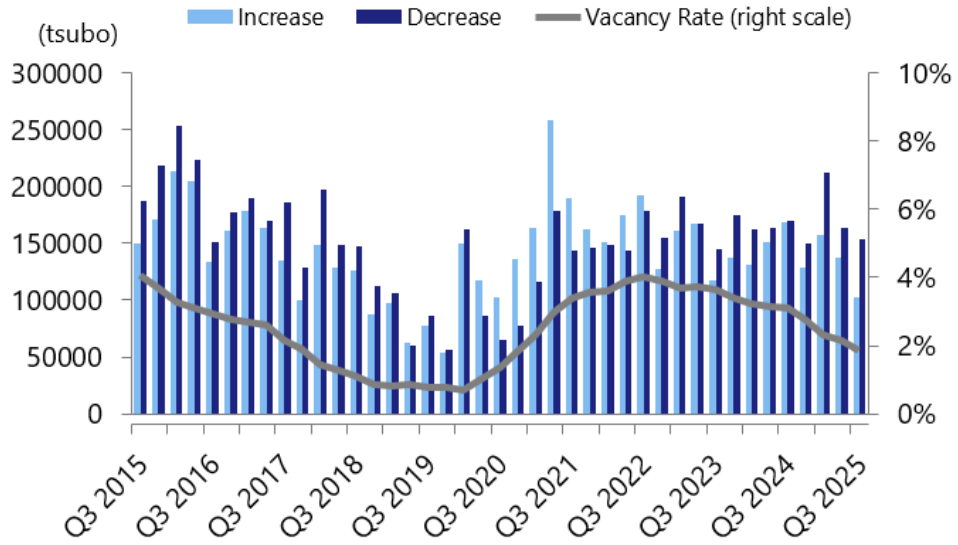
- The **increase in vacant space** was **102,000 tsubo**, 36,000 tsubo less than in the previous quarter.
- The **decrease in vacant space** was **153,000 tsubo**, 10,000 tsubo less than in the previous quarter.
- On the back of relatively robust office demand, the decrease in vacant space outweighed the increase for the ninth consecutive quarter.
- In rental brokerage, there are many cases where a vacancy is filled by existing tenants expanding within the building or through owners seeking tenants after a tenant decides to move out and does not come on the market as a vacancy. Therefore, we believe that the actual numbers of vacancies and occupancies (expansion) are larger than these figures.

Increase in vacant space: The sum of the following
- Vacant space in existing buildings caused by tenants moving out, etc.
- Total rentable area of new completions

Decrease in vacant space: The sum of the following
- Vacant space in existing buildings no longer available for tenants due to new occupancy, etc.
- Space in new completions where lease is signed prior to the completion

For further details, see *Survey of Increase and Decrease in Vacant Office Space (Tokyo 23 Wards)*, released on January 23, 2017.
https://www.xymax.co.jp/english/research/images/pdf/20170123.pdf

Figure 2: Increase and Decrease in Vacant Space (23 Wards, All Building Sizes)

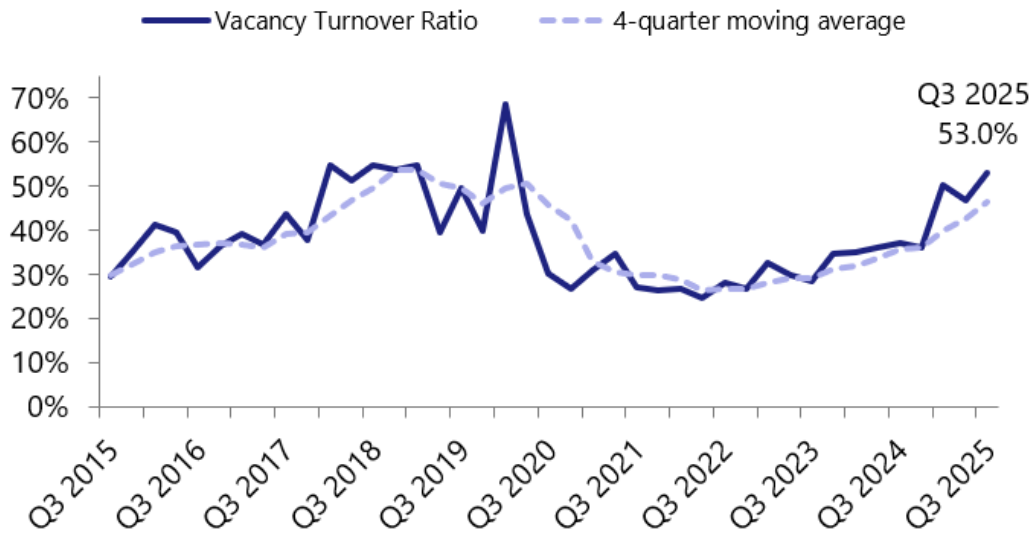


	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Increase	168,000	129,000	157,000	138,000	102,000
Decrease	170,000	150,000	212,000	163,000	153,000
Vacancy (right scale)	3.10%	2.77%	2.33%	2.15%	1.85%

Vacancy Turnover Ratio at 53.0%

- The **vacancy turnover ratio rose 6.4 pts** from the previous quarter to **53.0%**.
- The vacancy turnover ratio has remained at around 50% for the third consecutive quarter.
- Due to an increase in office demand, vacancies are increasingly being filled relatively quickly by successor tenants.
- In well-located buildings, multiple applications are often received after recruitment for tenants begins.

Figure 3: Vacancy Turnover Ratio



	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Vacancy Turnover	37.1%	36.0%	50.1%	46.6%	53.0%

Vacancy turnover ratio: The percentage of vacant space leased during the quarter to the total vacant office stock (initial vacancy + vacancy added during the quarter)

New Contract Rent Index at 98

- The **new contract rent index rose 8 pts** from the previous quarter to **98**.
- While it had hovered at around 90 relative to the 2020 Q1 baseline until the previous quarter, it rose significantly this quarter.
- Rents are rising in buildings in central Tokyo where demand is strong. It remains to be seen whether rents will also rise in the peripheral areas going forward.

Figure 4: New Contract Rent Index

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
New Contract Rent Index	92	89	94	90	98

New contract rent index: An index for new unit contract rent with property-specific influences removed by adjusting for quality in factors that form rent, including gross building area and age of the building.

Please refer to the following reports for further details.

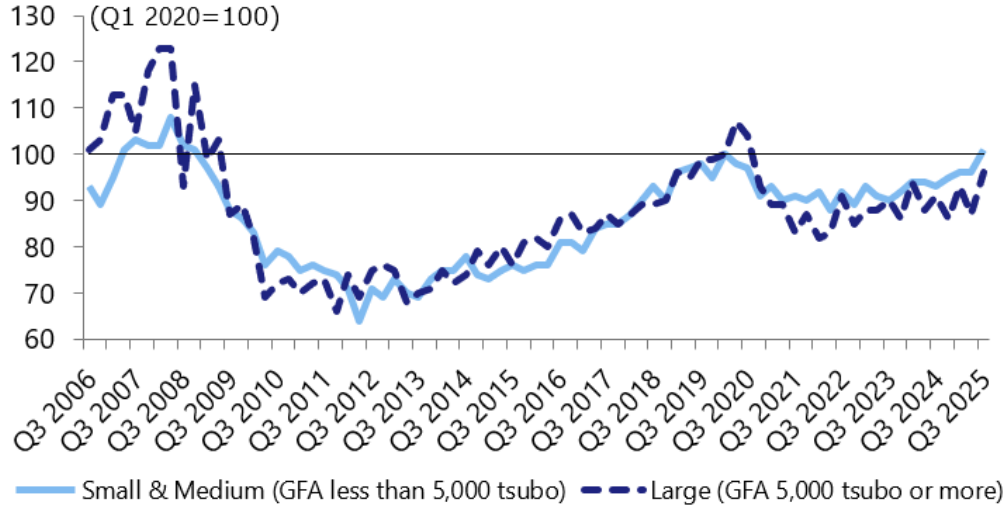
Xymax New Contract Rent Index, released on September 19, 2014
https://www.xymax.co.jp/english/research/images/pdf/20140919-04.pdf

Revised New Contract Rent Index, released on April 19, 2021 (in Japanese only)
https://soken.xymax.co.jp/2021/04/19/2104-new_contract_rent_index_revise2021/

New Contract Rent Index (By Building Size): 96 for Large Buildings, 101 for Small & Medium

- The **new contract rent index (for large buildings with a gross building area of 5,000 tsubo or more) rose 9 pts** from the previous quarter to **96**.
- The **new contract rent index (for small & medium-sized buildings with a gross building area of less than 5,000 tsubo) rose 5 pts** from the previous quarter to **101**.
- Both large and small & medium-sized buildings saw significant increases from the previous quarter.

Figure 5: New Contract Rent Index (By Building Size)

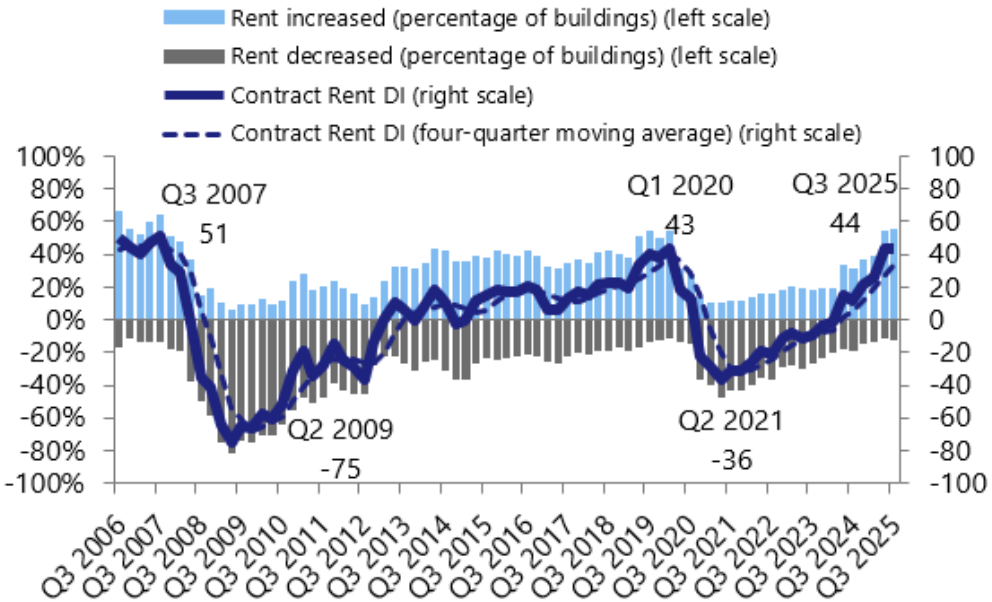


	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Large Buildings	91	86	93	87	96
Small & Medium Buildings	93	95	96	96	101

Contract Rent DI at 44, a Positive DI for the Sixth Consecutive Quarter

- The **contract rent diffusion index (DI)** was **unchanged** from the previous quarter at **44**.
- The DI was positive for the sixth consecutive quarter, indicating a more pronounced upward trend.

Figure 6: Contract Rent DI



	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Contract Rent DI	12	22	26	44	44

Contract rent DI: An index derived by "the percentage of buildings with a higher new contract rent than six months ago − that of buildings with a lower rent)." It indicates the direction of change in new contract rent.

For the DI's relationship with various economic indices, see *Release of Quarterly Contract Rent DI Report*, released on December 11, 2013.
https://www.xymax.co.jp/english/research/images/pdf/131211_News-release.pdf

For the DI's relationship with the new contract rent index, see *Office Market Report Tokyo Q4 2020 TOPIC 1*, released on February 3, 2021.
https://www.xymax.co.jp/english/research/images/pdf/20210203.pdf

Paying Rent Index at 104

- The paying rent index **rose 4 pts** from the previous quarter to **104**.
- While it had been fluctuating at around 100 relative to the 2020 Q1 baseline, this quarter saw a relatively large increase.

Figure 7: Paying Rent Index

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Paying Rent Index	100	101	99	100	104

Paying rent index: A rent index that includes both new contract rent and existing lease rent. It lags new contract rent and has less volatility.

For further details, see *Paying Rent Index Is Released*, released on October 15, 2015.
https://www.xymax.co.jp/english/research/images/pdf/20151015.pdf

Average free rent (months) of all lease contracts: 2.4 months; ratio of free rent granted: 49.4%

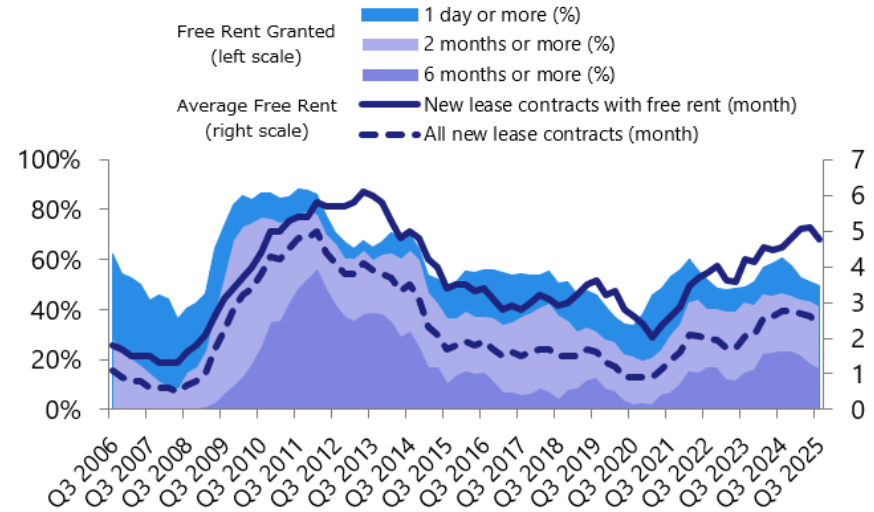
- The **average free rent (months) of all lease contracts** decreased **0.2 months** from the previous quarter to **2.4 months**.
- **The average free rent (months) of lease contracts with free rent decreased 0.3 months** from the previous quarter to **4.8 months**.
- The **ratio of free rent granted** for **1 day or more fell 1.7 pts** from the previous quarter to **49.4%**.
- The **ratio of free rent granted for 2 months or more fell 2.0 pts** to **41.3%**.
- The **ratio of free rent granted for 6 months or more fell 2.0 pts** to **16.6%**.
- As vacancy rates decline, there has been an increase in cases, primarily involving small lots and sub-offices, where free rent is not offered or is only offered for short periods.

Free rent: Calculated from the time lag between the start of a new contract and the start of rent payment for the contract.

Ratio of free rent granted: The percentage of contracts with free rent

Average free rent (months): Average number of months of the free rent period

Figure 8: Free Rent

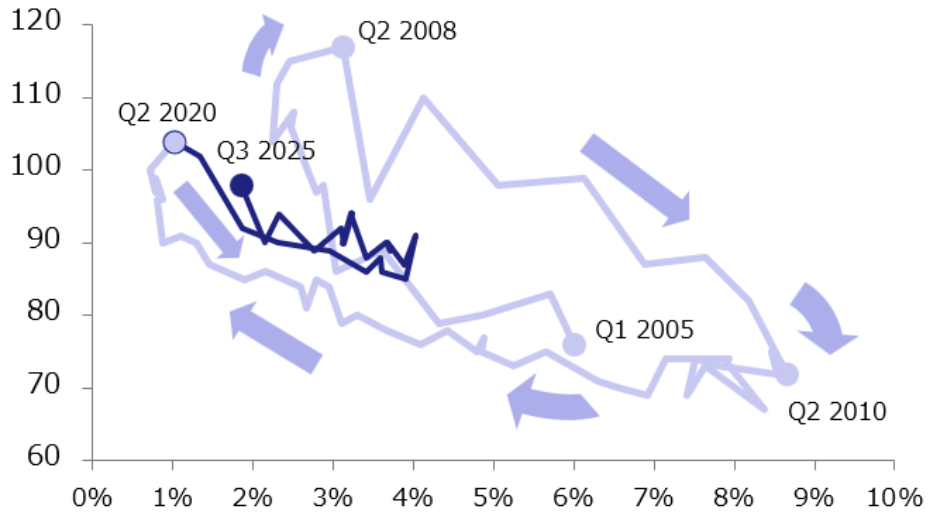


		Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Average Free Rent Months	All	2.7	2.8	2.7	2.6	2.4
	w/ FR	4.5	4.8	5.1	5.1	4.8
Ratio of Free Rent Granted	1 day +	60.5%	57.6%	52.9%	51.1%	49.4%
	2 mon. +	46.8%	45.8%	44.1%	43.3%	41.3%
	6 mon. +	23.2%	23.3%	21.6%	18.6%	16.6%

Market Cycle Shift to Upper Left: Vacancy Rate -0.30 pts, New Contract Rent Index +8 pts

- The market cycle **shifted to the upper left** as the **vacancy rate fell 0.30 pts** and the **new contract rent index rose 8 pts**.
- Amid the continuing downward trend in vacancy rates, rents rose significantly this quarter , approaching levels seen during the boom period just before the COVID-19 pandemic.
- The office market remains robust, but risks exist, including the impact of U.S. trade policies and fluctuations in financial capital markets. Future developments must be closely monitored regarding their impact on the office market.

Figure 9: Market Cycle



	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Vacancy Rate	3.10%	2.77%	2.33%	2.15%	1.85%
New Contract Rent Index	92	89	94	90	98

Note: The vacancy rate before March 2011 is based on data by a major leasing agent.

Market cycle: The vacancy rate plotted on a quarterly basis on the horizontal scale, and the new contract rent index on the vertical scale. It tends to move to the upper left (vacancy down, rent up) when the office market is booming and to the lower right (vacancy up, rent down) when the market is in a recession.

Major Building Completions and Office Relocations

Major building completions

Name	Floors Above ground/ Below ground	Ward	Address	Completion	Total floor area (tsubo)
Mitamachi Terrace	20/3	Minato	5-34-2 Shiba	Aug 2025	16,790
Shiba Onarimon Tower	19/2	Minato	6-1-1 Shimbashi	Jul 2025	7,392

Source: Compiled by Xymax Research Institute based on information released by companies

Major office relocations

Company	From	To	Timing	Purpose	Size (tsubo)
Honda Motor Co., Ltd.	Toranomon Alcea Tower *Minato Ward*	Yaesu 2-Chome Central District Category-I Urban Redevelopment Project *Chuo Ward*	In 2029	To improve productivity and create new value	4,000
TOA Corporation	Shinjuku Park Tower *Shinjuku Ward*	THE LINKPILLAR 2 *Minato Ward*	Around summer 2027	Personnel growth associated with business expansion	2,200
Kracie	Yokoso Rainbow Tower *Minato Ward*	THE LINKPILLAR 2 *Minato Ward*	Around June 2027	To improve work efficiency and organizational collaboration	1,650

Source: Compiled by Xymax Research Institute based on information released by companies.
The sizes of offices are estimates.

Survey Overview

	Vacancy Rate	Increase and Decrease in Vacant Space	Vacancy Turnover Ratio	New Contract Rent Index
Description	Vacant space and available space versus total office stock in the market.	A quarterly increase and a quarterly decrease in volume of vacant space in the market.	The ratio of the vacant space leased during the quarter to all the vacant office stock in the market.	Office rent index based on new contract rents. This index uses a statistical method to remove property-specific influences such as size and age of buildings.
Main Point	Supply and demand balance in the market	Supply and demand balance in the market	Supply and demand balance in the market	Level of contract rents
Sector	Office Building			
Market	Tokyo 23 Wards			
Building Size	GFA 300 tsubo or more	GFA 300 tsubo or more	GFA 300 tsubo or more	GFA 300 tsubo or more
Release	Every Quarter			
Data Source	Data of available vacant spaces and buildings. Independently collected by Xymax.	Data of available vacant spaces and buildings. Independently collected by Xymax.	Data of available vacant spaces and buildings. Independently collected by Xymax.	Data of new contract rents including CAM charge. Independently collected by Xymax.
Data Used in Recent Quarter	9,020 buildings	7,097 contracts	7,097 contracts	535 contracts
How to Calculate	• Vacancy rate = vacant space ÷ rentable space • Vacant Space Total available vacant space in completed buildings as of the time of the research. • Rentable Space Rentable space of completed buildings as of the time of the research. • Availability rate = available space ÷ rentable space • Available space Total available space, which consist of vacant space and space for which notice of cancellation has been given. Where rentable space is not available, the rentable space is estimated from the gross floor area of the building using the formula developed in the joint study with the laboratory of Professor Naoki Kato at Kyoto University Graduate School of Engineering.	• Increase in volume of vacant space a. Space in existing buildings formerly occupied by tenants b. Total rentable area of new completions • Decrease in volume of vacant space a. Space in existing buildings leased under a new agreement b. Space in new completions but lease is signed prior to the completion c. Space that had been vacant but the owner decided not to lease Where rentable space is not available, the rentable space is estimated from the gross floor area of the building using the formula developed in the joint study with the laboratory of Professor Naoki Kato at Kyoto University Graduate School of Engineering.	• Vacancy Turnover Ratio = Volume of vacant space leased during the quarter ÷ (Initial vacancy + Vacancy added during the quarter) Then, compute the four-quarter moving average amount with the ratio derived from this formula. • Volume of vacant space leased during the quarter: Same as the "decrease in volume of vacant space). • Initial vacancy: Total volume of completed buildings that are available for lease as of the start of the quarter. • Vacancy added during the quarter: Same as the "increase in volume of vacant space"	1) Develop a rolling hedonic model (overlapping period: five quarters) based on the collected new contract data with property-specific factors as variables (location, building size, building age, facilities, date of signing of lease, etc.). 2) Estimate the quarterly contract rent by assigning the values of a typical building to the model developed in the preceding step. 3) Calculate the rent estimated in the preceding step based on Q1 2020 as the base point (=100) by market segment (four segments). 4) Integrate the figure of the preceding step as a Fisher index using gross floor area as weight. The New Contract Rent Index of the Tokyo office market is the integrated figure. This model shows changes in new contractrents after

Survey Overview

	Contract Rent DI	Paying Rent Index	Free Rent Granted (%) & Average Free Rent (Month)
Description	Index of changes in new contract rents. Calculated by counting and comparing the buildings where rent has increased and those where rent has decreased.	Index of changes in paying rents (new and existing contract rents).	Distribution of free rent and average length of free rent period. Free rent is the time lag between the start of the contract and the start of the rent payment.
Main Point	Direction of contract rent trends	Level of rents paid by tenants	Market trends that are not reflected in contract rents
Sector	Office Building		
Market	Tokyo 23 Wards		
Building Size	All	GFA 300 tsubo or more	All
Release	Every Quarter		
Data Source	Data of new contract rents including CAM charge. Independently collected by Xymax.	Data of new and existing contracts signed for buildings under management by Xymax.	Data of new contracts signed for buildings under management by Xymax.
Data Used in Recent Quarter	680 contracts	4,913 contracts	83 contracts
How to Calculate	1) Compare the data of new contract rent per tsubo with that in the 6-month prior period in the same building. Each contract was counted separately into three categories: buildings with "rent increase", "no change" or "rent decrease" 2) Calculate the percentage of buildings with "rent decrease" and buildings with "rent increase". 3) Subtract the percentage of buildings with "rent decrease" from the percentage of buildings with "rent increase". This outcome is the Contract Rent Diffusion Index (DI).	1) Calculate the rent per tsubo of each tenant from the data of new and existing lease contracts and memorandums. 2) Develop a rolling hedonic model (overlapping period: five quarters) based on the rents calculated in the preceding step (the "paying rent") with property-specific factors as variables (location, building size, building age, facilities, date of signing of lease, etc.). 3) Estimate a quarterly contract rent by assigning the values of a typical building to the model developed in the preceding step. 4) The Paying Rent Index is the rent estimated in the preceding step based on Q1 2010 as the base point (=100). With this method, influences from replacement of sample data and deterioration of buildings over age are removed from the result.	• Free Rent Period (Until Q4 2020) The period between the start of the contract and the startof the rent, shown in number of days. (Q1 2021 onward) The period for new contracts (excl. contracts for expansion within building and recontracts) during which rent has continuously been reduced to an amount equivalent or close to CAM charges since the date of contract. • Ratio of Free Rent Granted The ratio of contracts with free rent in all the new contracts (excl. contracts for expansion within the building and recontracts) • Average Free Rent (Month) of All the Contracts The simple average of the free rent period including lease contracts with no free rent period. • Average Free Rent (Month) of Contracts with Free Rent The simple average of the free rent period of lease contracts with a free rent period