



Quarterly Office Market Report Tokyo Q2 2026

July 27, 2026

Xymax Research Institute

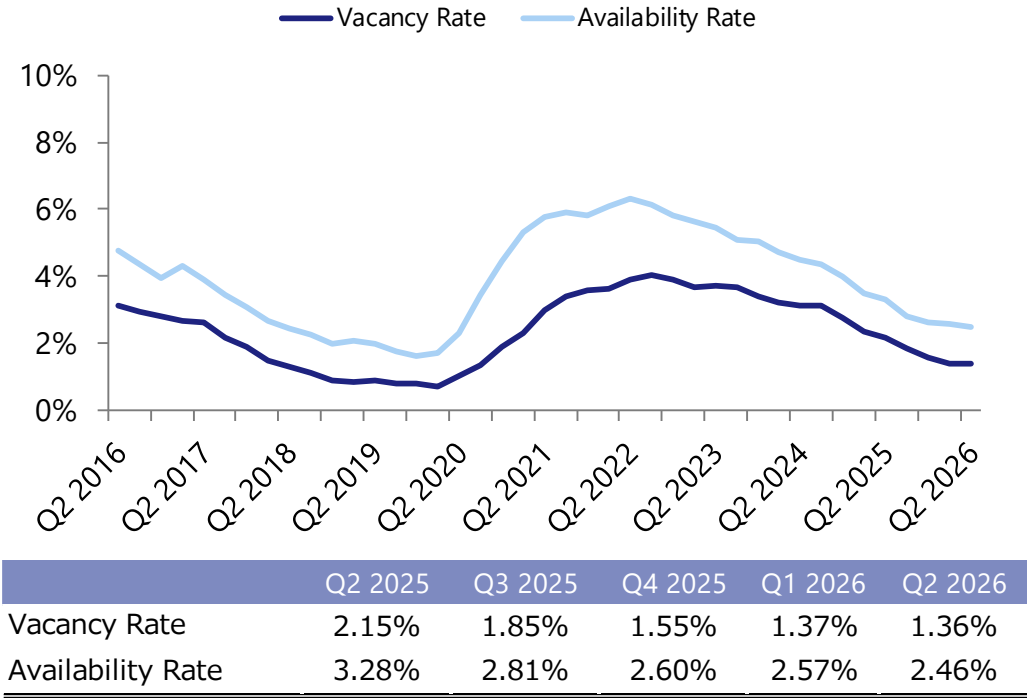
Summary

- In Q2 2026 (April–June 2026), the office market in the 23 wards of Tokyo saw a decline in both the vacancy rate and new contract rent compared to the previous quarter.
- The **vacancy rate** fell 0.01 pts from the previous quarter to **1.36%**. 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 0.11 pts from the previous quarter to **2.46%**. As for the **increase and decrease in vacant space**, the decrease outweighed the increase, with the **increase** at **96,000 tsubo** and the **decrease** at **97,000 tsubo**. The **vacancy turnover ratio**, the percentage of vacant space leased to tenants, fell 9.8 pts from the previous quarter to **57.1%**.
- The **new contract rent index**, the level of new lease rent, was **105**, down 3 pts from the previous quarter. The **contract rent diffusion index (DI)**, the percentage of buildings with higher new contract rent minus that of buildings with lower new contract rent, fell 3 pts from the previous quarter to **52**, in positive territory for the ninth consecutive quarter.
- The **paying rent index**, which includes new contract rents and existing rents, rose 7 pts from the previous quarter to **116**.
- The **average free rent duration** for **all lease contracts** and **lease contracts with free rent** was **2.0 months** and **3.8 months**, respectively. The **ratio of free rent of two months or more** was **45.3%**, and that of **six months or more** was **12.0%**.

Vacancy Rate 1.36%, Availability Rate 2.46%

- The vacancy rate **fell 0.01 pts** from the previous quarter to **1.36%**.
- The availability rate **fell 0.11 pts** from the previous quarter to **2.46%**.
- The vacancy rate declined for the twelfth consecutive quarter, and the availability rate fell for the sixteenth consecutive quarter.
- The vacancy rate fell by only 0.01 pts compared to the previous quarter and has remained largely flat recently.
- There are some cases where rent is prioritized over filling vacancies quickly, maintaining higher rent levels. These trends may be contributing to a gradual decline in the vacancy rate.
- As it is difficult to find large vacant spaces in existing buildings, there is interest in buildings scheduled for completion several years from now.

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



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

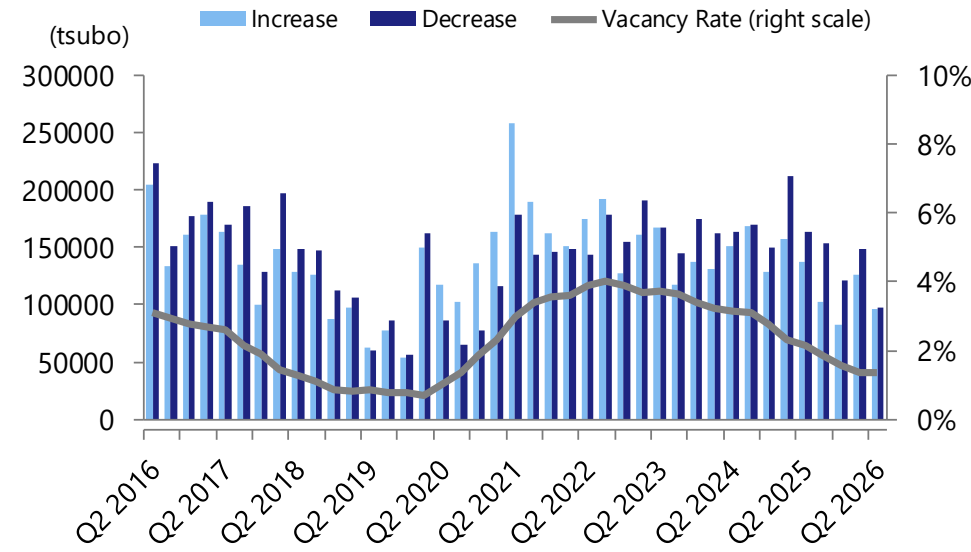
Availability rate: The percentage of the sum of currently vacant space, space for which a cancellation notice has been given, and space that is accepting tenant applications (before the previous tenant has left) to the total rentable area

See [Vacant Office Space Monthly Report](#) for the rates by building size and location.

Vacant Space Increase: 96,000 Tsubo; Decrease: 97,000 Tsubo

- The **increase in vacant space** was **96,000 tsubo**, 30,000 tsubo less than in the previous quarter.
- The **decrease in vacant space** was **97,000 tsubo**, 52,000 tsubo less than in the previous quarter.
- On the back of robust office demand, the decrease in vacant space outweighed the increase for the twelfth consecutive quarter.
- As tenants find it difficult to locate properties that meet their criteria amid declining vacancy rates and building owners continue to prioritize rent levels, changes in vacant space are limited in either direction.

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



- Increase in vacant space is 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 is 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

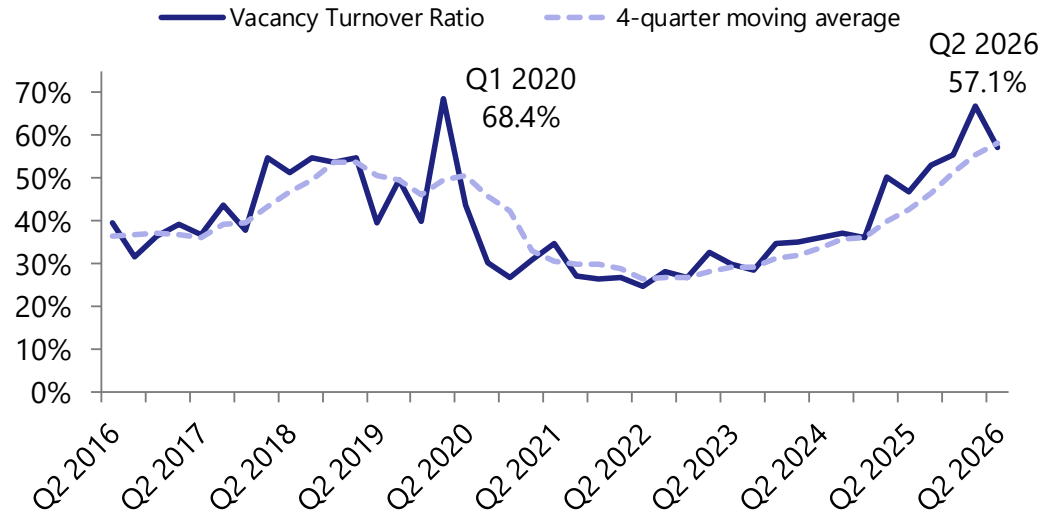
For details, see *Survey of Increase and Decrease in Vacant Office Space (Tokyo 23 Wards)* released on January 23, 2017.
https://www.xy max.co.jp/english/assets/pdf/news_research/20170123.pdf

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Increase	138,000	102,000	83,000	126,000	96,000
Decrease	163,000	153,000	121,000	149,000	97,000
Vacancy (right scale)	2.15%	1.85%	1.55%	1.37%	1.36%

Vacancy Turnover Ratio at 57.1%

- The **vacancy turnover ratio** was **57.1%**, **down 9.8 pts** from the previous quarter.
- Although the vacancy turnover ratio declined from the previous quarter, it has remained above 50%.
- The quarterly moving average stood at 58.1%, further surpassing the all-time high recorded in the previous quarter.

Figure 3: Vacancy Turnover Ratio



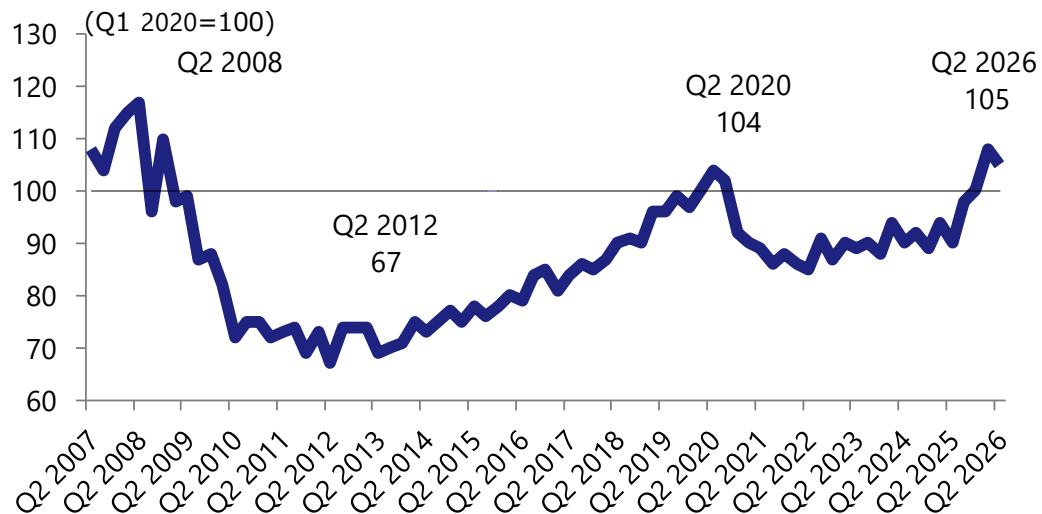
	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Vacancy Turnover	46.6%	53.0%	55.5%	66.9%	57.1%
4-quarter moving average	42.5%	46.4%	51.3%	55.5%	58.1%

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 105

- The **new contract rent index fell 3 pts** from the previous quarter to **105**.
- Although it declined from the previous quarter, it remains above the level seen before the COVID-19 pandemic caused rents to fall (Q2 2020).
- Against the backdrop of a declining vacancy rate, the trend of setting asking rents at higher levels continues, with the upward trend in rents holding steady.
- Amid rising costs due to recent inflation, in addition to a trend toward raising rent levels at the time of contract, some leases are now incorporating CPI-indexed rent, which adjusts rent in response to price trends even after a tenant moves in.

Figure 4: New Contract Rent Index



New contract rent index: An index for new contract rent per tsubo with property-specific influences removed by adjusting for quality in factors that form rent, including gross building area and age of the building.
See the following reports for further details:

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

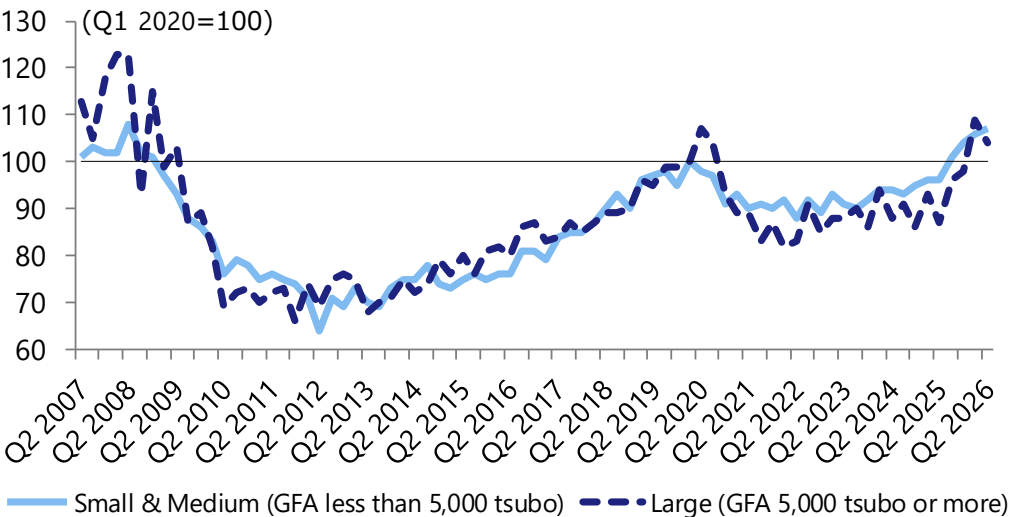
Revised New Contract Rent Index, released on April 19, 2021 (in Japanese only)
https://soken.xymax.co.jp/2021/04/19/2104-new_contract_rent_index_revise2021/

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
New Contract Rent Index	90	98	100	108	105

New Contract Rent Index (By Building Size): 107 for Large Buildings, 104 for Small & Medium

- The **new contract rent index (for large buildings with a gross building area of 5,000 tsubo or more)** fell 2 pts from the previous quarter to **107**.
- The **new contract rent index (for small & medium-sized buildings with a gross building area of less than 5,000 tsubo)** fell 2 pts from the previous quarter to **104**.
- Although rents have fallen from the previous quarter—when significant increases were seen in both large and small & medium buildings—they remain at a high level.

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

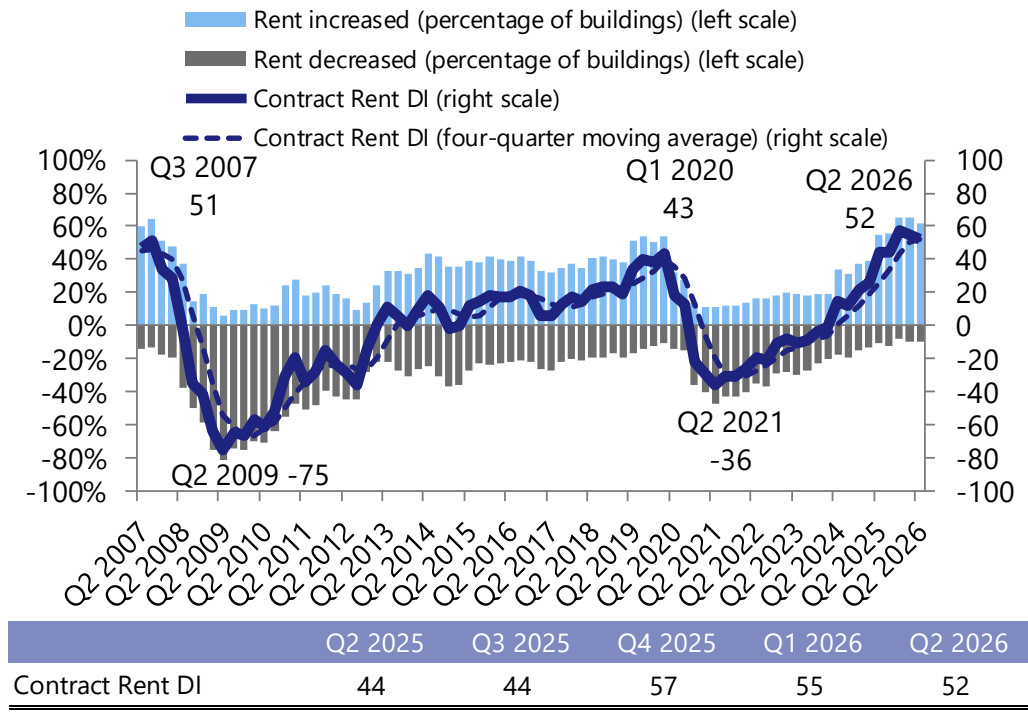


	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Large Buildings	87	96	98	109	107
Small & Medium Buildings	96	101	104	106	104

Contract Rent DI at 52, a Positive DI for the Ninth Consecutive Quarter

- The **contract rent diffusion index (DI)** was **52**, **down 3 pts** from the previous quarter.
- The percentage of buildings with higher new contract rents compared to the six months ago was **62%**, down 3 pts, while the percentage of those with lower rents remained unchanged from the previous quarter at **10%**.
- The DI has remained in positive territory for the ninth consecutive quarter.
- It has remained above the 51 recorded in Q3 2007, indicating a continued upward trend in rents.

Figure 6: Contract Rent DI



Contract rent DI: An index derived by “the percentage of buildings with higher new contract rents than six months ago minus that of buildings with lower rents.” It indicates the direction of change in new contract rent.

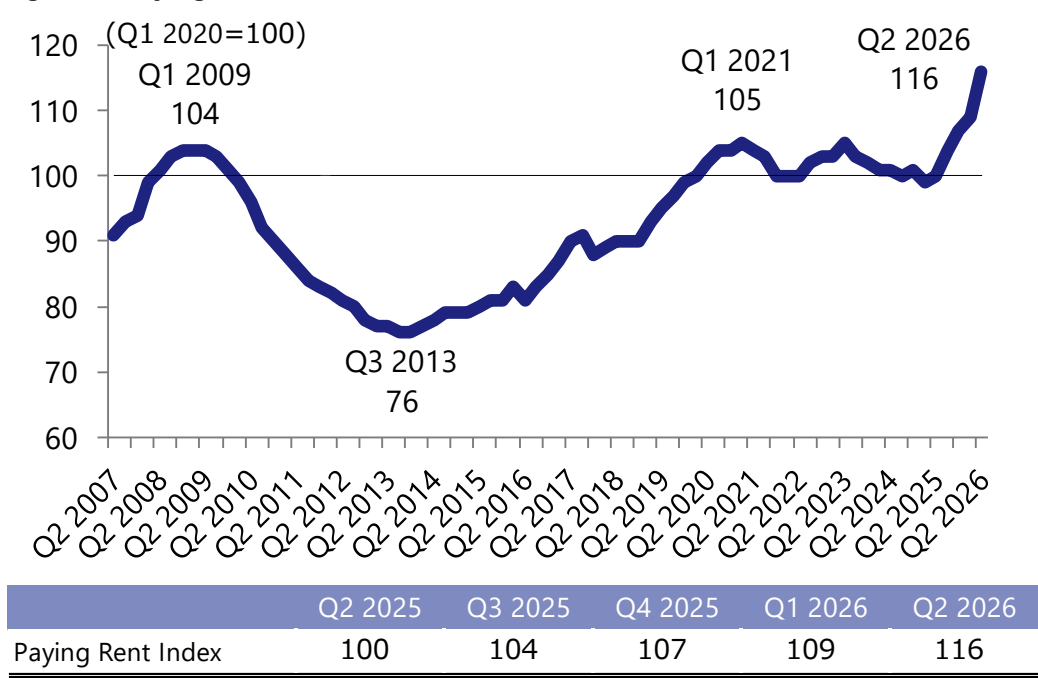
For the DI’s relationship with various economic indices, see *Release of Quarterly Contract Rent DI Report*, released on December 13, 2013.
https://www.xymax.co.jp/english/research/images/pdf/131211_News-release.pdf

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/assets/pdf/news_research/20210203.pdf

Paying Rent Index at 116

- The paying rent index **rose 7 pts** from the previous quarter to **116**.
- It further surpassed the previous high set in the prior quarter, which was the highest level since the survey began.
- Against the backdrop of a robust office market, negotiations for rent increases have intensified, and as more tenants are agreeing to rent adjustments, paying rents are on the rise.

Figure 7: Paying Rent Index



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.xy max.co.jp/english/assets/pdf/news_research/20151015.pdf

Average Free Rent Duration for All Contracts: 2.0 Months; Free Rent Grant Rate: 53.1%

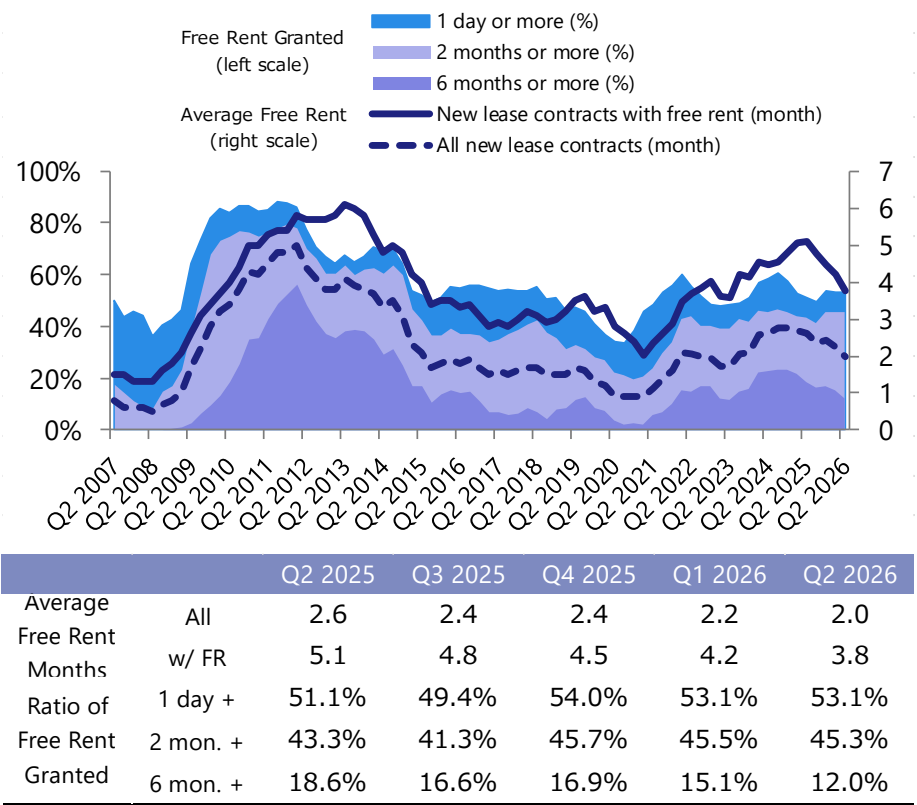
- The **average free rent duration for all lease contracts** decreased **0.2 months** from the previous quarter to **2.0 months**.
- The **average free rent duration for lease contracts with free rent** decreased **0.4 months** from the previous quarter to **3.8 months**.
- The **rate of free rent grants lasting one day or more** **remained unchanged** from the previous quarter at **53.1%**.
- The **rate of free rent grants lasting 2 months or more** **fell 0.2 pts** to **45.3%**.
- The **rate of free rent grants lasting 6 months or more** **fell 3.1 pts** to **12.0%**.
- Against the backdrop of a tight office market, the granting of long-term free rent has been limited, with the exception of certain properties such as newly constructed buildings.

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

Free rent grant rate: The percentage of contracts with free rent

Average free rent duration: Average number of months of the free rent period

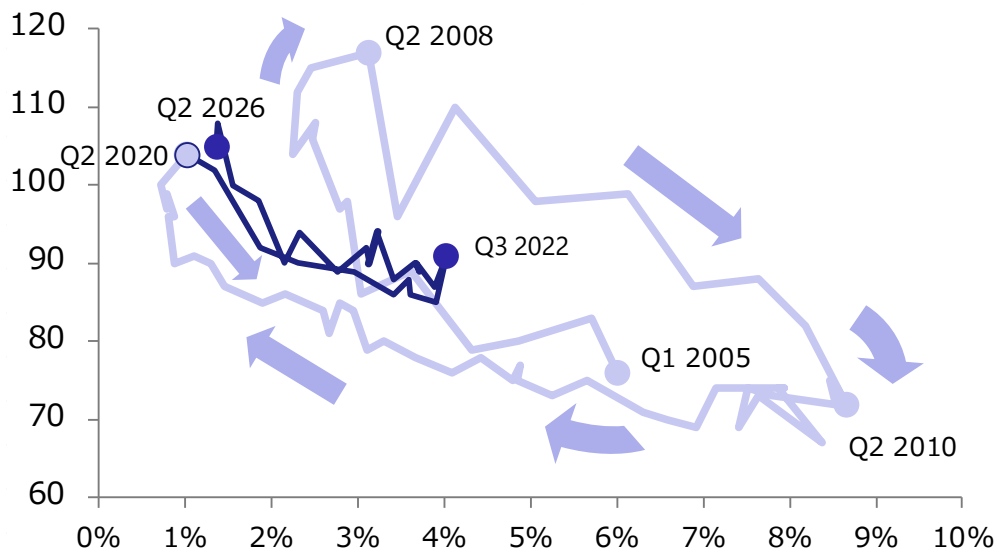
Figure 8: Free Rent



Market Cycle Moved to Lower Left: Vacancy Rate -0.01 pts, New Contract Rent Index -3 pts

- The market cycle **moved to the lower left** as the **vacancy rate fell 0.01 pts**, and the **new contract rent index dropped 3 pts**.
- Although the new contract rent index has declined from the previous quarter, it remains above the levels seen during the boom period just before the COVID-19 pandemic.
- While the office market remains strong, there have been some delays in the delivery of materials used for interior construction. As a result, the period between signing a lease and moving in may be extended, which could affect the pace of vacancy turnover. It is necessary to continue closely monitoring the impact on the office market going forward.

Figure 9: Market Cycle



	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Vacancy Rate	2.15%	1.85%	1.55%	1.37%	1.36%
New Contract Rent Index	90	98	100	108	105

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)
WORK VILLA YAESU	13/2	Chuo	1-18-1 Kyobashi	May 2026	4,057

Source: Compiled by Xymax Real Estate Institute based on information released by companies

Major office relocations

Company	From	To	Timing	Purpose	Size (tsubo)
Yamada & Partners Tax Corporation	Marunouchi Trust Tower N Building <i>Chiyoda Ward</i>	TOKYO TORCH Torch Tower <i>Chiyoda Ward</i>	Around summer 2028 (planned)	To strengthen collaboration with other offices and group companies	3,000
Sumitomo Densetsu Co., Ltd.	Sumitomo Densetsu Building <i>Minato Ward</i>	Nihonbashi Honcho MK-SQUARE <i>Chuo Ward</i>	By around summer 2028 (planned)	To strengthen investment in human capital	2,471

Source: Compiled by Xymax Real Estate 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	9,061 buildings	5,954 contracts	5,954 contracts	589 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	• 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.

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	564 contracts	4,987 contracts	50 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 start of 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