

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
1.3 % Vacancy Rate	▼	▲
7,928,155 Annual Net Absorption, SF	▲	▼
6.7% Assumed Achievable Rent (YOY)	▲	▼

(Figures are for Grade A office buildings in Central 5 Wards, and rents are quoted JPY per tsubo per month unless otherwise noted.)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast ²
8.5M Tokyo Employment ¹	▲	▲
2.5% Tokyo Unemployment Rate ¹	—	—
2.3% Japan Unemployment Rate ¹	▼	—

Source: Tokyo Metropolitan Government, MIC

ECONOMY: TOKYO’S OFFICE EMPLOYMENT GROWTH AT 6Y CAGR OF 1.4%

Japan’s annual real GDP growth is forecast to rise from 0.2% in 2024 to 0.7% in 2025, supported by robust earnings in the non-manufacturing sector and despite heightened global economic uncertainty stemming from U.S. trade policy. The aggregated ordinary income for the fiscal year ending March 2026 is forecast to remain at approximately 25% above the 10-year historical average^{3, 4}. Tokyo’s total office-using employment has grown at CAGR of 1.4%⁵ over the past six years, driving demand for office space.

SUPPLY/DEMAND: VACANCY RATE DROPS BELOW 2%

Annual net absorption in Tokyo's Central 5 Wards Grade A office market reached 7.9 msf in Q2, doubling y-o-y. This drove a 2.0 pp decline in the availability rate, and a 2.7 pp drop in the vacancy rate to record less than 2% for the first time in four years. The quarter-end pre-commitment rate for newly completed buildings (NLA: 5.2 msf) stood at 85.8%, suggesting limited large-scale vacancies ahead. Rising relocation costs have prompted existing tenants to secure additional space within the same buildings. Extended fit-out and reinstatement periods have also led to earlier marketing of potential vacancies, helping to lease spaces before tenant move-outs.

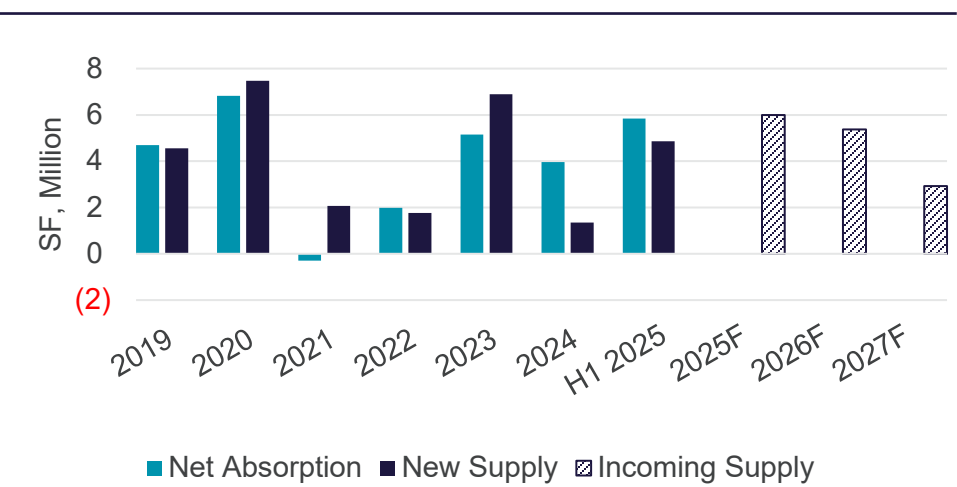
PRICING: ROBUST DEMAND AND NEW SUPPLY DRIVE FURTHER RENT GROWTH

The Tokyo Central 5 Wards Grade A office assumed achievable rent rose 6.7% y-o-y to ¥37,639, surpassing the growth in asking rents. Alongside rising occupancy, cumulative construction costs have risen by approximately 30% since 2019⁶, driving up asking rents for newly completed buildings and pushing overall Grade A market rents higher. Among submarkets, Shibaura / Kaigan and Shinagawa Konanguchi experienced the largest annual rent growth of +18.2% and +14.8%, respectively, reflecting the impact of new supply.

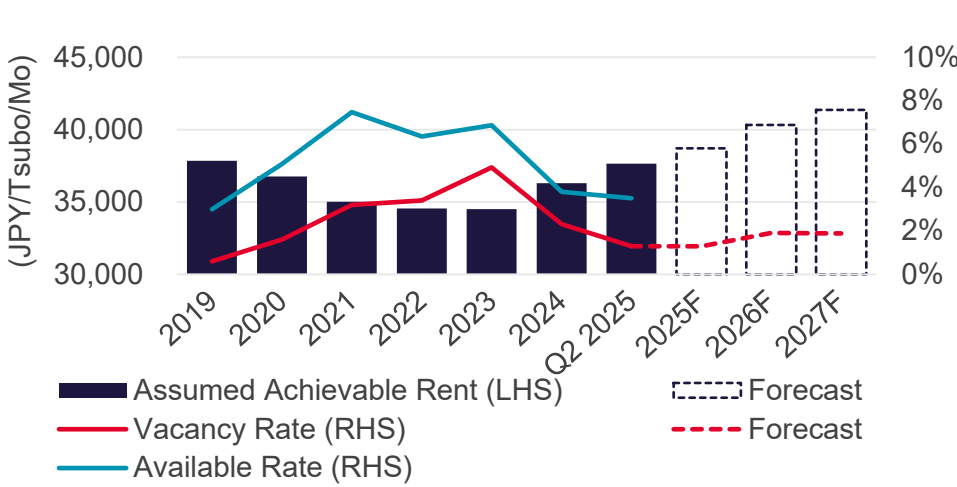
OUTLOOK

- Over the next two years, Tokyo’s office-related employment is projected to grow at CAGR of 1%, adding approximately 10,000 employees annually².
- We expect the Tokyo C5W Grade A office vacancy rate to remain below 2%, supported by a stable pre-commitment rate of 75.3% for incoming supply for the next twelve months, 1.2 times the 10-year historical average as of 2019.
- Although the annual growth rate of assumed achievable rents has slowed in some submarkets, we expect rental growth at CAGR of 5% over the next two years, driven by limited new supply from 2026 to 2027 and sustained strong demand for high-grade office space.

NET ABSORPTION/ INCOMING SUPPLY



VACANCY & RENT INDEX



¹ Tokyo Metropolitan Government, MIC. Average for Q1 2025
² Median of forecasted figures from institutions including Moody’s Analytics.
³ Business Outlook Survey by Ministry of Finance as of Q2 2025. The figures are for “Corporations with a capital of ¥1 billion or over” of “All industries” excluding financial/ insurance services.
⁴ Financial Statements Statistics of Corporations by Ministry of Finance as of Q2 2025. The figures are for “Corporations with a capital of ¥1 billion or over” of “All industries” excluding financial/ insurance services.
⁵ The number of office workers is estimated by allocating the number of workers based on occupational classifications by industry based on the Population Census (2020) and the Labor Force Survey Tokyo Metropolitan Government annual average for 2024.
⁶ Construction Cost Index by Construction Research Institute as of June 2025

KEY LEASE TRANSACTIONS Q2 2025

TENANT	INDUSTRY	Relocated to	SUBMARKET	Relocated from	SUBMARKET**	RSF	REASONS FOR RELOCATION
LY Corporation	TMT*	Akasaka Trust Tower	Akasaka	-	-	569,333	Expansion
Amazon Japan G.K.	TMT*	Azabudai Hills Mori JP Tower	Toranomon / Kamiyacho	-	-	533,750	Expansion
ITOCHU Corporation	Retail & Wholesale	Akasaka Trust Tower, ATT EAST	Akasaka	Tokyo Head Office Building, Itochu Garden	Aoyama / Omotesando	Over 356,000	Redevelopment
Sompo Holdings, Inc.	Public Sector	Toranomon Althea Tower	Toranomon / Kamiyacho	Sompo Japan Headquarters Building	Kasumigaseki / Uchisaiwaicho	249,759	Cost reduction
DAIICHI SANKYO COMPANY, LIMITED	Manufacturing	Nihonbashi 1-chome Central District Redevelopment Block C	Kyobashi / Yaesu / Nihonbashi	Daiichi Sankyo Building A/B	Nihonbashi	193,751	Consolidation

*Telecom Media Technology (TMT) industry

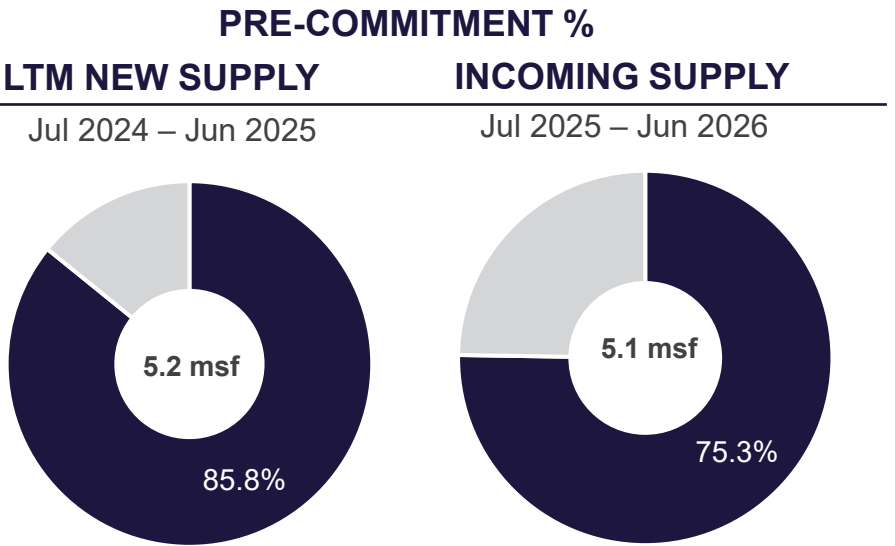
**C&W's office submarket area.

Source: Nikkei Real Estate Market Report

PLANNED GRADE A OFFICE SUPPLY Q2 2025

PROPERTY	SUBMARKET	MAJOR TENANT	TYPICAL FLOOR AREA (SF)	ASSUMED GROSS FLOOR AREA (SF)	PLANNED COMPLETION	OWNER / DEVELOPER
Sumitomo Fudosan Shiba Koen Project	Mita / Tamachi	-	14,589	419,883	Jan-26	Sumitomo Realty & Development
THE LINKPILLAR 2	Shinagawa Konanguchi	Mitsuibishi Jisho Design	39,142	2,240,659	Jan-26	Japan Railways
TOFROM YAESU TOWER	Kyobashi / Yaesu / Nihonbashi	Kobe Steel Group	26,865	2,422,558	Feb-26	Tokyo Tatemono
Nihonbashi 1-chome Naka Area Redevelopment Area C	Kyobashi / Yaesu / Nihonbashi	-	48,820	1,879,887	Mar-26	Mitsui Fudosan, Nomura Real Estate Development
Otemachi Gate Building	Uchikanda	Bank of America, JERA	22,327	919,237	Jul-26	Mitsubishi Estate
Meiji Yasuda Shinjuku Building	Nishi-Shinjuku	HENNGE	29,072	733,993	Sep-26	Meiji Yasuda Life Insurance
Nomura Real Estate Nihonbashi Honmachi Building Project	Nihonbashi	-	18,191	378,296	Nov-26	Nomura Real Estate Development
Nihonbashi Honmachi Mitsui Building & forest	Nihonbashi	Hochiki	12,703	290,609	Dec-26	Mitsui Fudosan
World Trade Center Main Building	Hamamatsucho/ Onarimon	-	30,175	2,238,471	Mar-27	World Trade Center Building
Dogenzaka 2-chome Project, Shibuya-ku, Tokyo	Shibuya	coconala	16,146	676,756	Aug-27	Mitsubishi Estate
TORANOGATE	Toranomon / Kamiyacho	-	30,246	1,290,490	Oct-27	Chuo-Nittochi, UR, Sumitomo Realty & Development

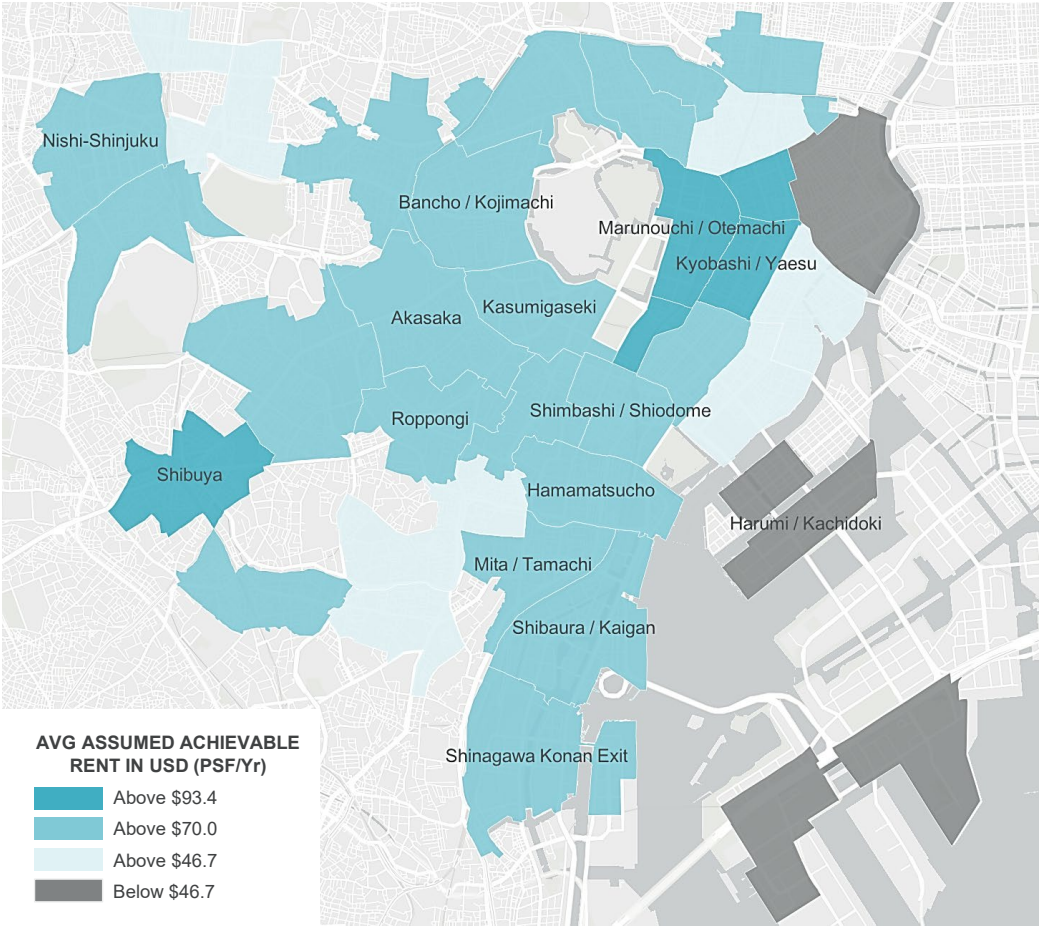
Source: Press releases from Owner / Developer or Major Tenant, Nikkei Real Estate Market Report



MARKET STATISTICS

SUBMARKET	NET LEASABLE AREA (SF)	OCCUPIED SPACE (SF)	AVAILABILITY RATE		VACANCY RATE		LTM NET ABSORPTION (SF)	LTM NEW SUPPLY (SF)	INCOMING SUPPLY WITHIN 1yr (SF)	AVG ASKING RENT IN USD		AVG ASSUMED ACHIEVABLE RENT IN USD*	
				YOY		YOY				(PSF/Yr)	YOY	(PSF/Yr)	YOY
Marunouchi / Otemachi	20,886,899	20,824,238	1.3%	-1.9pp	0.3%	-1.5pp	313,303	0	0	\$119.04	5.5%	\$113.33	4.9%
Kyobashi / Yaesu / Nihonbashi	6,879,213	6,837,937	1.3%	-1.4pp	0.6%	-0.7pp	414,955	371,632	2,784,254	\$110.81	10.6%	\$103.67	5.9%
Shibuya	5,206,726	5,185,899	1.1%	-0.1pp	0.4%	-0.6pp	31,240	0	0	\$104.08	2.6%	\$97.40	2.4%
Toranomon / Kamiyacho	9,155,192	9,109,416	4.2%	-9.2pp	0.5%	-11.2pp	1,736,853	805,744	0	\$98.67	8.3%	\$91.33	12.3%
Roppongi	7,541,382	7,360,389	2.9%	-2.8pp	2.4%	-1.8pp	362,678	236,882	0	\$99.58	11.0%	\$87.36	10.8%
Akasaka	3,751,263	3,601,212	6.2%	-2.8pp	4.0%	-5.0pp	187,563	0	1,138,666	\$88.64	7.9%	\$82.99	8.3%
Kasumigaseki / Uchisaiwaicho	3,540,147	3,533,067	1.6%	0.1pp	0.2%	-1.0pp	35,401	0	0	\$86.16	3.3%	\$82.11	5.9%
Shibaura / Kaigan	3,862,852	3,812,635	33.5%	28.5pp	1.3%	-1.1pp	1,487,013	1,480,043	0	\$84.66	13.4%	\$81.28	18.2%
Shimbashi / Shiodome	4,285,546	4,264,118	1.0%	-2.7pp	0.5%	-2.8pp	119,995	0	0	\$84.17	5.5%	\$79.12	5.9%
Shinagawa Konanguchi	6,640,271	6,633,631	1.3%	-1.8pp	0.1%	-2.8pp	1,930,772	1,796,957	960,749	\$81.31	13.8%	\$76.44	14.8%
Bancho / Kojimachi	2,671,950	2,589,120	3.4%	1.0pp	3.1%	3.1pp	140,649	223,479	0	\$81.47	1.2%	\$75.67	1.9%
Mita / Tamachi	3,914,483	3,898,825	0.6%	-19.1pp	0.4%	-16.0pp	886,758	311,532	218,766	\$79.21	8.9%	\$73.48	11.4%
Hamamatsucho/ Onarimon	3,574,912	3,546,313	1.1%	0.4pp	0.8%	0.3pp	-10,725	0	0	\$79.31	4.9%	\$73.42	5.5%
Nishi-Shinjuku	3,593,984	3,586,796	1.0%	-7.6pp	0.2%	-2.1pp	75,474	0	0	\$73.69	6.3%	\$70.24	9.6%
Harumi / Kachidoki	3,203,173	2,642,618	18.0%	-5.8pp	17.5%	-4.8pp	153,752	0	0	\$45.78	4.3%	\$42.09	4.4%
Central 5 Wards (Local unit/currency)	107,812,489 3,014,827 tsubo	106,410,926 2,930,412 tsubo	3.5%	-2.0pp	1.3%	-2.7pp	7,928,155 222,805 tsubo	5,226,268 146,874 tsubo	5,102,435 143,394 tsubo	\$93.83 JPY 40,203 tsubo/month	6.3%	\$87.84 JPY 37,639 tsubo/month	6.7%

*1 USD = 144.50 JPY (quarterly average)



Scope of Survey

- Office buildings
- In Tokyo Central 5 Wards
 - Completed after 2000
 - Net leasable area of 4,000 tsubo / 142,333 sf or more
 - Standard floor area of 300 tsubo / 10,675 sf or more

221 buildings as of Q2 2025

Definition

Rent: Assumed achievable rent or asking rent, gross rent including CAM, divided by total Net Leasable Area

Vacancy Rate: Current vacancy divided by total Net Leasable Area where the space is immediately available

Availability Rate: Available space divided by total Net Leasable Area and includes the space not yet vacated but lease cancellation notice has been accepted

Net Absorption: (Vacant space of previous quarter) + (Net Leasable Area of New supply provided during current quarter) – (Vacant Space of current quarter)

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