MARKETBEAT
TOKYO
GRADE A OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
0.6% Vacancy Rate	▼	—
4,558,622 Annual Net Absorption, SF	▼	▲
14.5% 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
8.7M Tokyo Employment[1]	▲	▲
2.2% Tokyo Unemployment Rate[1]	▼	—
2.5% Japan Unemployment Rate[2]	▲	—

Source: Tokyo Metropolitan Government, Ministry of Internal Affairs and Communications

ECONOMIC SENTIMENT

The Bank of Japan's June Tankan DI (the Business Conditions Diffusion Index) remained at +18. After rising for two consecutive quarters, the DI remained unchanged from the previous (March 2026) survey. The outlook DI is expected to decline by 7 points, signaling a more cautious business outlook. Although corporate revenues are projected to grow 3.3%[3] y-o-y in FY 2026 (April 2026–March 2027), recurring profits are forecast to fall by 2.4%[3] y-o-y as rising costs weigh on earnings. The Tokyo office worker population expanded by approximately 38,000[4] y-o-y in Q2 2026, supporting steady occupier demand.

SUPPLY, DEMAND AND RENTAL TRENDS

Prime Grade A office assumed achievable rents in the Tokyo Central 5 Wards rose to US$91.11 per sf per annum in Q2 2026, up 14.5% y-o-y and 4.9% q-o-q, with vacancy remaining extremely tight at 0.6%. Net absorption in 1H 2026 was slightly below new supply. While demand has moderated compared with 2024 and 2025, this partly reflects limited market liquidity caused by a shortage of available space. With a 95.5% pre-commitment rate of scheduled delivered space in the next 12 months and relatively low supply in 2027–2028, tight market conditions are expected to persist.

Across submarkets, the availability rate in Shibaura/Kaigan fell 32.4% y-o-y. Asking rents rose by double digits across nearly all submarkets, led by Harumi/Kachidoki at +31.2%. The average assumed achievable rent in Kyobashi/Yaesu/Nihonbashi reached US$117.25, surpassing Marunouchi/Otemachi at US$113.09, as nearly 90% of surveyed buildings recorded rental growth, compared with approximately 70% in Marunouchi/Otemachi.

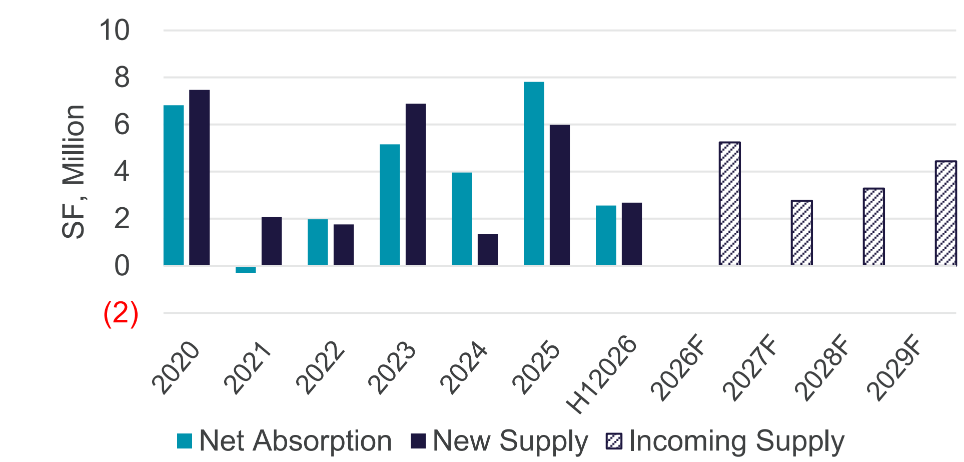
INFLATIONARY PRESSURES SPILL OVER INTO OFFICE MARKET

Rising construction costs are driving delays in new office developments. Of the 36 projects scheduled for completion between 2026 and 2030, as at August 2025, eight have been postponed, impacting approximately 3.1 million sf of leasable area (excluding two projects with undisclosed floor areas) and resulting in an average delay of 25 months. Landlords are increasingly passing higher construction and operating costs on to tenants. Some have begun introducing CPI-linked rent escalations in new leases and renewals.

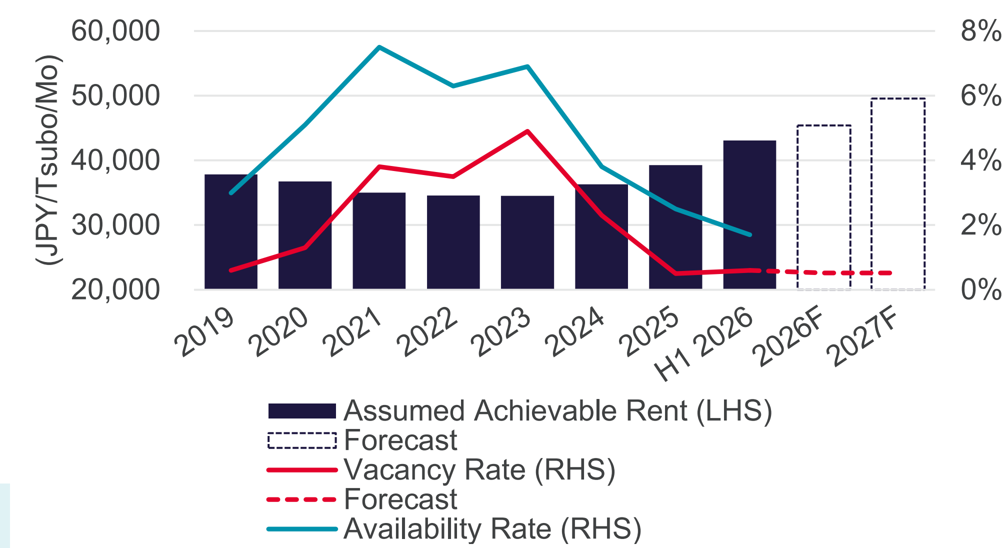
OUTLOOK

- Supported by continued growth in the office worker population, limited new supply in 2027–2028, and the potential for further project delays amid rising construction costs, market conditions are expected to remain tight, sustaining low vacancy and upward pressure on rents. While weaker corporate earnings could eventually dampen office demand, any impact is likely to emerge with a time lag, warranting close monitoring of business performance.
- Japan's headline CPI is projected to increase by approximately 1.2%–2.4%[4] per annum through 2030. With landlords proposing CPI-linked rental clauses, additional inflation consideration will be required beyond market rent growth.

NET ABSORPTION/ INCOMING SUPPLY



VACANCY & RENT INDEX



[1] Tokyo Labor Force Survey Results, Average for Q1 2026 (January-March 2026), released 28 May 2026
[2] Labor Force Survey, May 2026 Results, released 30 June 2026
[3] Survey of Corporate Economic Outlook, Q2 2026 (April-June 2026), released 11 June 2026
[4] Moody's Analytics

KEY LEASE TRANSACTIONS Q2 2026

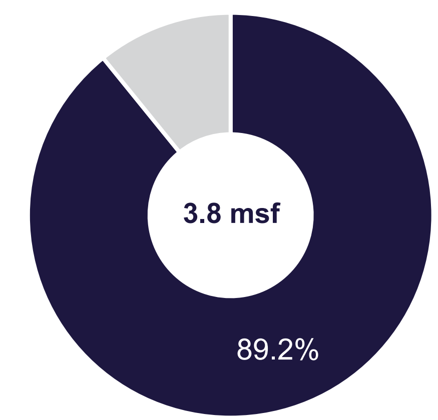
TENANT	INDUSTRY	RELOCATED TO	SUBMARKET	RELOCATED FROM	SUBMARKET*	RSF	REASONS FOR RELOCATION
JTB	Consumer services	Shiodome City Center	Shinbashi / Shiodome	JTB Building	Kita Shinagawa / Higashi Shinagawa	209,941	Communication Enhancement (Head Office)
Sumitomo Densetsu	Construction services	Nihonbashi Honcho MK-SQUARE	Nihonbashi Honcho / Nihonbashi Muromachi	Sumitomo Densetsu Building	Mita / Tamachi	143,436	Expansion & Productivity Improvement (Head Office)
YAMADA Consulting Group / Yamada & Partners	Professional services	Torch Tower	Marunouchi / Otemachi	Marunouchi Trust Tower North Building	Marunouchi / Otemachi	106,750	Expansion & Engagement Enhancement (Head Office)
TerraSky	IT services	TOFROM YAESU TOWER	Kyobashi / Yaesu / Nihonbashi	Taiyo Seimei Nihonbashi Building	Kyobashi / Yaesu / Nihonbashi	81,130	Business Expansion (Head Office)
Nihon M&A Center Holdings	Professional services	Yaesu 2-chome Middle Area Redevelopment	Kyobashi / Yaesu / Nihonbashi	Tekko Building	Marunouchi / Otemachi	67,608	Expansion (Head Office)

**C&W's office submarket area. "-" means no applicable data.*
Source: Nikkei Real Estate Market Report

PRE-COMMITMENT %

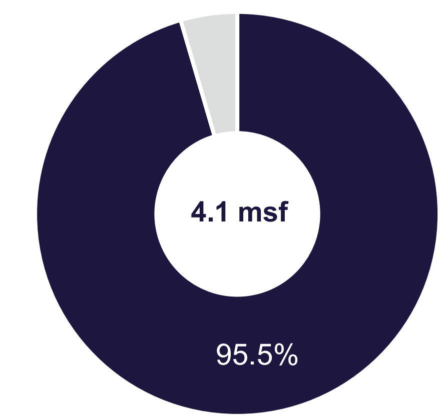
LTM NEW SUPPLY

July 2025 - June 2026



INCOMING SUPPLY

July 2026 - June 2027



PLANNED GRADE A OFFICE SUPPLY Q2 2026

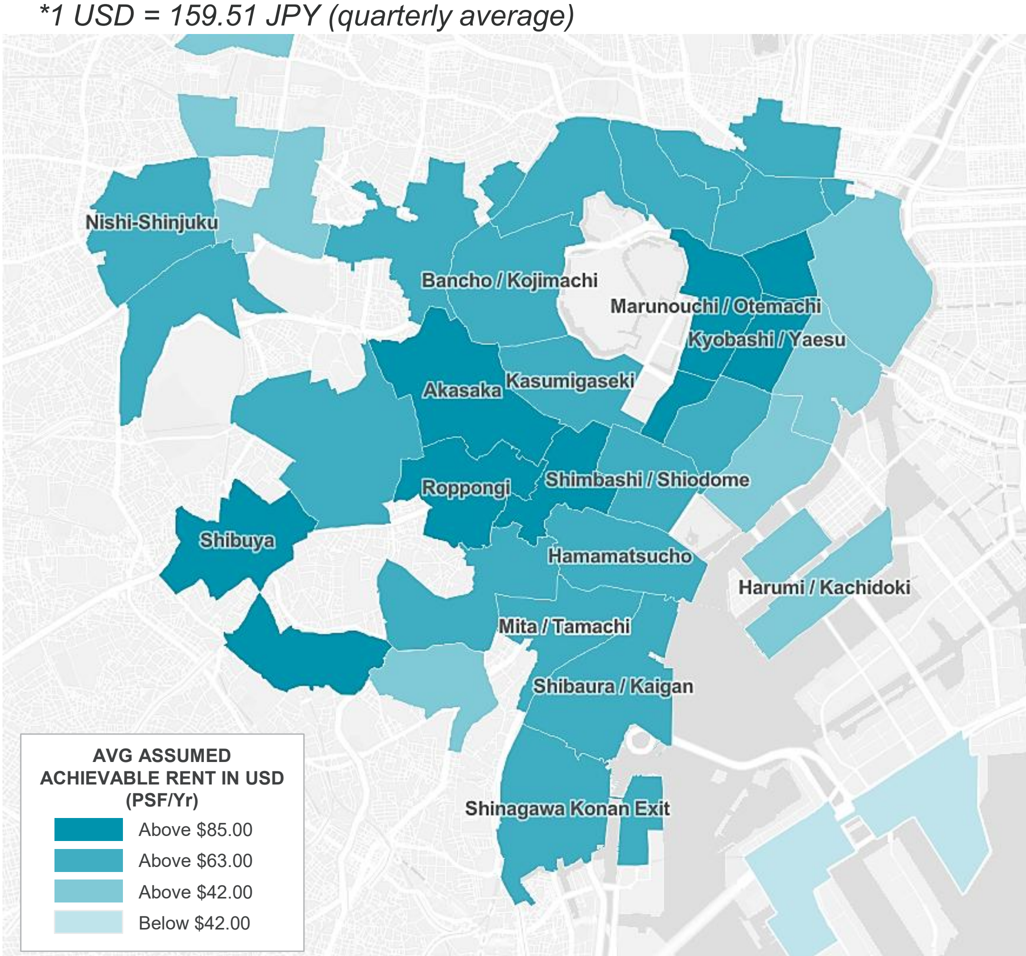
PROPERTY	SUBMARKET	MAJOR TENANT	TYPICAL FLOOR AREA (SF)	ASSUMED GROSS FLOOR AREA (SF)	PLANNED COMPLETION	OWNER / DEVELOPER
Otemachi Gate Building	Uchikanda	Mitsubishi Jisyo Community, Hitachi Construction Machinery, JS Corporation	22,327	919,237	Jul-26	Mitsubishi Estate
Tokyo Mid Town Nihonbashi Nihonbashi Nomura Mitsui Tower	Kyobashi / Yaesu / Nihonbashi	Bank of America, JERA, Daiichi Sankyo	48,820	1,879,887	Sep-26	Mitsui Fudosan, Nomura Real Estate Development
Meiji Yasuda Shinjuku Building (tentative name)	Nishi-Shinjuku	HENNGE, CAPCOM, uSonar, Chugai Pharmaceutical	29,072	733,993	Sep-26	Meiji Yasuda Life Insurance
Nomura Real Estate Nihonbashi Honmachi Building Project	Nihonbashi	Marufuji Sheetpiling, Dai-Dan	18,191	378,296	Nov-26	Nomura Real Estate Development
Nihonbashi Honcho Mitsui Building & forest	Nihonbashi	Hochiki, Central Glass	12,703	290,609	Dec-26	Mitsui Fudosan
Osaki River Walk Garden	Osaki / Gotanda	LIFULL, Leverages, Tokyu Architects & Engineering, Mizuno	27,577	745,331	Feb-27	Tokyu Land Corporation, Takenaka Corporation
World Trade Center Main Building	Hamamatsucho/ Onarimon	Nippon Sanso Holdings, Sumitomo Mitsui Trust Panasonic Finance	30,175	2,238,471	Mar-27	World Trade Center Building
MITAKE Link Park	Shibuya	-	27,755	501,355	Jun-27	Hulic, Shimizu
TORANOGATE	Toranomon / Kamiyacho	NIHON DENGI, ASSIGN	30,246	1,290,490	Oct-27	Chuo-Nittochi, UR, Sumitomo Realty & Development
Dogenzaka 2-chome Project (tentative name)	Shibuya	coconala, PIA	16,146	676,756	Nov-27	Mitsubishi Estate

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	YOY	VACANCY RATE	YOY	LTM NET ABSORPTION (SF)	LTM NEW SUPPLY (SF)	INCOMING SUPPLY WITHIN 1yr (SF)	AVG ASKING RENT IN USD (PSF/Yr)	YOY	AVG ASSUMED ACHIEVABLE RENT IN USD* (PSF/Yr)	YOY
Kyobashi / Yaesu / Nihonbashi	8,387,945	8,387,945	2.4%	1.1pp	0.0%	-0.6pp	1,550,007	1,508,732	1,275,523	$128.00	27.5%	$117.25	24.8%
Marunouchi / Otemachi	20,886,899	20,886,899	1.3%	0.0pp	0.0%	-0.3pp	62,661	0	0	$121.84	13.0%	$113.09	10.2%
Shibuya	5,511,675	5,511,675	0.7%	-0.4pp	0.0%	-0.4pp	22,047	0	249,795	$110.46	17.8%	$98.99	13.1%
Toranomon / Kamiyacho	9,155,192	9,127,726	1.1%	-3.1pp	0.3%	-0.2pp	18,310	0	0	$107.91	20.7%	$97.58	17.9%
Roppongi	7,541,382	7,533,841	0.9%	-2.0pp	0.1%	-2.3pp	173,452	0	0	$102.54	13.7%	$94.85	19.9%
Akasaka	4,889,928	4,870,369	1.5%	-4.7pp	0.4%	-3.6pp	1,269,156	1,138,666	0	$98.98	23.3%	$93.47	24.3%
Kasumigaseki / Uchisaiwaicho	3,540,147	3,529,526	0.3%	-1.3pp	0.3%	0.1pp	-3,540	0	0	$90.01	15.3%	$84.23	13.2%
Shimbashi / Shiodome	4,285,546	4,281,260	1.1%	0.1pp	0.1%	-0.4pp	17,142	0	0	$88.82	16.5%	$81.68	14.0%
Shibaura / Kaigan	3,862,852	3,851,263	1.1%	-32.4pp	0.3%	-1.0pp	38,629	0	0	$86.79	13.2%	$81.08	10.1%
Bancho / Kojimachi	2,671,950	2,671,950	0.7%	-2.7pp	0.0%	-3.1pp	82,830	0	0	$85.01	15.2%	$78.92	15.1%
Shinagawa Konanguchi	7,601,020	7,410,994	2.8%	1.5pp	2.5%	2.4pp	777,364	960,749	0	$81.99	11.3%	$77.70	12.2%
Hamamatsucho/ Onarimon	3,574,912	3,557,037	3.7%	2.6pp	0.5%	-0.3pp	10,725	0	1,250,433	$78.62	10.8%	$73.53	10.6%
Mita / Tamachi	4,133,249	4,050,584	2.3%	1.7pp	2.0%	1.6pp	151,759	218,766	0	$79.50	9.4%	$74.26	11.6%
Nishi-Shinjuku	3,593,984	3,547,263	5.4%	4.4pp	1.3%	1.1pp	-39,534	0	551,541	$75.13	12.5%	$69.73	9.6%
Harumi / Kachidoki	3,203,173	3,078,249	5.3%	-12.7pp	3.9%	-13.6pp	435,632	0	0	$54.94	32.5%	$50.01	31.2%
Central 5 Wards (Local unit/currency)	**111,639,401 3,137,410 tsubo**	**110,969,565 3,118,586 tsubo**	**1.7%**	**-1.8pp**	**0.6%**	**-0.7pp**	**4,558,639 128,112 tsubo**	**3,826,913 107,548 tsubo**	**4,062,370 114,165 tsubo**	**$98.60 JPY 46,639 tsubo/month**	**16.0%**	**$91.11 JPY 43,096 tsubo/month**	**14.5%**

*1 USD = 159.51 JPY (quarterly average)



Source: *OpenStreetMap (contributors: Microsoft, Facebook and its affiliates), Esri Community Maps (contributor: Esri)*

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

225 buildings as of Q2 2026

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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