MARKET IN MINUTES
Savills Research

Office Leasing

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Diminishing vacancies lift rents

Strong competition for space is driving vacancies down to near pre-pandemic lows.

- Both Grade A and large-scale Grade B offices have enjoyed steady improvements in rent and vacancy rates and are gradually inching towards pre-pandemic lows.
- Average Grade A office rents in the C5W rose by 3.2% quarter-on-quarter (QoQ) and 10.8% year-on-year (YoY) to JPY36,882 per tsubo per month.
- The average Grade A office vacancy rate in the C5W tightened by 0.8 percentage points (ppts) QoQ and 2.4ppts YoY to 0.7%.
- Average large-scale Grade B office rents rose by 4.6% QoQ and 11.1% YoY to JPY27,957 per tsubo per month.
- Vacancy rates in the large-scale Grade B market increased marginally by 0.1ppts QoQ but decreased 1.4ppts YoY to 1.5%.
- Large new supply is being met with strong demand, with large completions entering the market at high or full occupancy due to strong pre-leasing activity.
- As the availability of new modern offices becomes limited, leasing for upcoming large completions should stay strong, drawing tenants to the lagging bay areas.
- Spillover demand for office space into Tokyo's 18W and the Greater Tokyo area is expected to drive rental growth, albeit at a more moderate pace.

"Tokyo's office market extended its growth streak in Q3/2025, with rents rising towards pre-pandemic levels and vacancies tightening further. Large volumes of new supply entered the market with high occupancy rates driven by strong pre-leasing activity. The growing scarcity of prime space leaves large corporations with limited options, accelerating relocation decisions and rental momentum."

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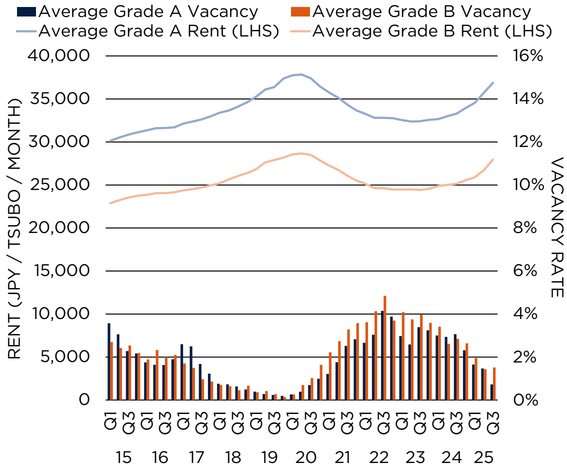
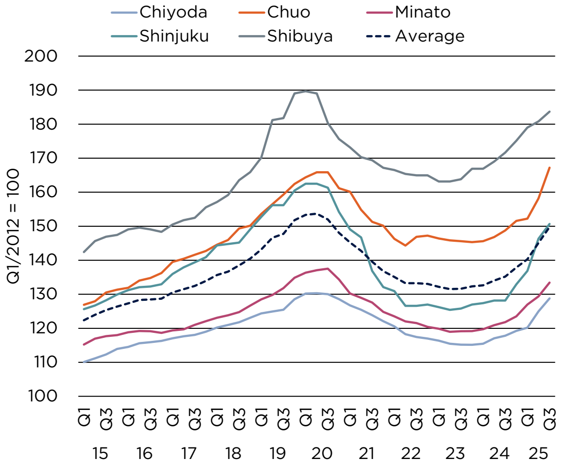
GRAPH 1: Office Rents and Vacancy in Tokyo's C5W*, 2015 to Q3/2025



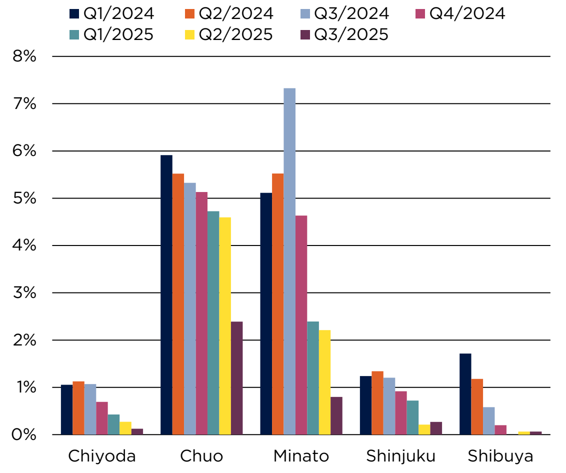
Source Savills Research & Consultancy
* Chiyoda, Chuo, Minato, Shibuya, and Shinjuku

GRAPH 2: Grade A Office Rental Index by Ward, 2015 to Q3/2025



Source Savills Research & Consultancy

GRAPH 3: Grade A Office Vacancy by Ward, Q1/2024 to Q3/2025



Source Savills Research & Consultancy

GRADE A OFFICE

The Tokyo Grade A office market has continued its growth streak due to steady demand. Average rents in the C5W rose by 3.2% QoQ and 10.8% YoY to JPY36,882 per tsubo in Q3/2025. All five constituent wards enjoyed rental growth on both a quarterly and annual basis, demonstrating positive and sound market sentiment, with Chuo seeing the strongest increase over the quarter.

The average Grade A office vacancy rate across the C5W fell by 0.8ppts QoQ to 0.7%. Among the constituent wards, Shibuya and Chiyoda held the tightest vacancies, with availability nearly non-existent, reflecting strong tenant appetite. Minato and Chuo saw a notable improvement, while Shinjuku saw a slight uptick. Despite the improvement across most wards, the average vacancy remains slightly above pre-pandemic ultra-low levels.

New office supply in 2025 is expected to be higher than that of the previous year, driven by several major completions in Minato. Strong demand for modern office space has resulted in a large portion of the new supply being pre-leased. In addition, delays in some developments will help stagger the market's new stock in the coming years, facilitating smoother absorption and stability among existing office properties.

LARGE-SCALE GRADE B OFFICES

The large-scale Grade B market continued to strengthen in tandem with the Grade A market, with average rents increasing by 4.6% QoQ and 11.1% YoY to JPY27,957 per tsubo in Q3/2025. Chiyoda led the broad-based rental growth across the C5W, recording a quarterly rental gain of 6.8%, and a more impressive annual 12.7% growth, reflecting robust demand. Chuo, Minato, and Shinjuku followed with steady increases, supported by the relative scarcity of new Grade A stock, which has funnelled some demand into the Grade B space. Shibuya's rents witnessed the least quarterly rental growth of 1.7%, though annual growth remained strong at 10.1%.

Average large-scale Grade B vacancy levels rose marginally by 0.1ppts QoQ, but remained on a tightening trend, falling by 1.4ppts YoY to 1.5% in Q3/2025. Chiyoda and Shinjuku both saw a marginal decrease while Shibuya, Minato and Chuo experienced an uptick in vacancies.

Overall, the large-scale Grade B market continues to see rental growth outperforming Grade A offices, with broad-based growth across the C5W despite modest fluctuations in vacancy. The ability of landlords to sustain higher rents in the face of slight availability increases shows the depth of underlying demand, and many are capitalising on the chance to raise rents after missing earlier opportunities. Demand is expected to remain strong, particularly from tenants who are unable to access the limited Grade A stock. In addition, rising construction costs will constrain future new supply, further tightening the supply-demand equilibrium.

GRADE A RENTS AND VACANCY RATES BY WARD

Chiyoda

Grade A office rents rose by 3.1% QoQ and 9.3% YoY in Chiyoda to JPY43,302 per tsubo in Q3/2025. Vacancy rates continued their decline by 0.2ppts QoQ and 1.0ppts YoY to a 0.1% low, tighter than levels seen before the pandemic. Many prime offices with full occupancy are commanding sharp rental hikes, as landlords capitalise on the limited supply and competing incoming tenants. In addition, some landlords are taking the opportunity to increase rents aggressively during contract renewals or tenant replacements, after having missed earlier opportunities. Some landmark buildings have even surpassed top rents of JPY60,000 per tsubo, highlighting the strong demand in the ward. Chiyoda's status as the prime office district in Tokyo should continue to attract strong tenant interest, and any vacancies resulting from tenant relocation should be quickly filled, leading to consistent tight vacancy.

Officebusters will relocate its headquarters to an expected 700 tsubo of office space in the Higashi Ote Building in October, spanning four floors. In addition, Orient Corporation is reported to be moving into the Kojimachi Kousai Building with a lease of 700 tsubo.

Chuo

In Chuo, the Grade A office market saw an impressive rental growth of 5.7% QoQ and 12.4% YoY to JPY36,229 per tsubo. Vacancy tightened significantly by 2.2ppts QoQ and 2.9ppts YoY to 2.4%, marking eight consecutive quarters of improvement. Similar to Chiyoda, many prime buildings with zero vacancies are enjoying rental uplifts as new tenants take over secondary vacancies at higher rents and this trend is expected to continue to support gradual rental uplift. Meanwhile, bifurcation persists, with many office buildings in the prime city centre having zero vacancies, while a small handful of struggling offices, particularly in the bay area, keep overall vacancies elevated in the ward. That said, with limited availability in the city centre, demand is expected to spill over to the bay areas, as evidenced by the recent absorption of office space in those areas that had previously remained persistently vacant.

Accenture plans to lease between 3,500 and 7,000 tsubo of office space in Harumi Prime Square, taking up a large proportion of vacant space in the building, illustrating how large premium office space demand is pushing into the Tokyo Bay area. JA Mitsui Leasing is slated to relocate its headquarters to an estimated lease of 2,700 tsubo across three floors in the Nihonbashi 1-Chome Mitsui Building in September 2026. Elsewhere, software company Obic will reportedly move into around 1,300 tsubo of space at Dai-ichi Life Kyobashi Kino Terrace.

MINATO

Minato experienced average Grade A rental growth by a moderate 3.1% QoQ and 9.5% YoY to JPY33,806. Vacancy tightened by 1.4ppts QoQ and 6.5% YoY to 0.8%. The large supply primarily from the LINKPILLAR 1 came to market with its office spaces largely leased, reflecting the strong tenant demand in high-quality office spaces.

This quarter has seen reports of large tenant activity. For instance, Amazon Japan is set to expand its office space in May 2026 by leasing a massive 15,000 tsubo of floor area at Azabudai Hills Mori JP Tower. Cmic Holdings and Konica Minolta Japan have reportedly relocated their headquarters to Blue Front Shibaura Tower S, leasing more than 3,000 tsubo, and an estimated 2,000 tsubo, respectively. Elsewhere, construction company Toa plans to shift its headquarters to THE LINKPILLAR 2, slated for completion in spring 2026, with the relocation taking place in summer 2027 with a lease of approximately 2,200 tsubo across two floors.

SHIBUYA

Shibuya's average rents rose by 1.6% QoQ and 7.0% YoY to JPY39,239 per tsubo. Vacancy rates remained flat over the quarter, sitting at a tight 0.1%, while decreasing 0.5ppts YoY. The shortage of Grade A office supply is expected to continue, given the few projects nearing completion, which may lead to stronger demand for high-quality space in other C5W areas.

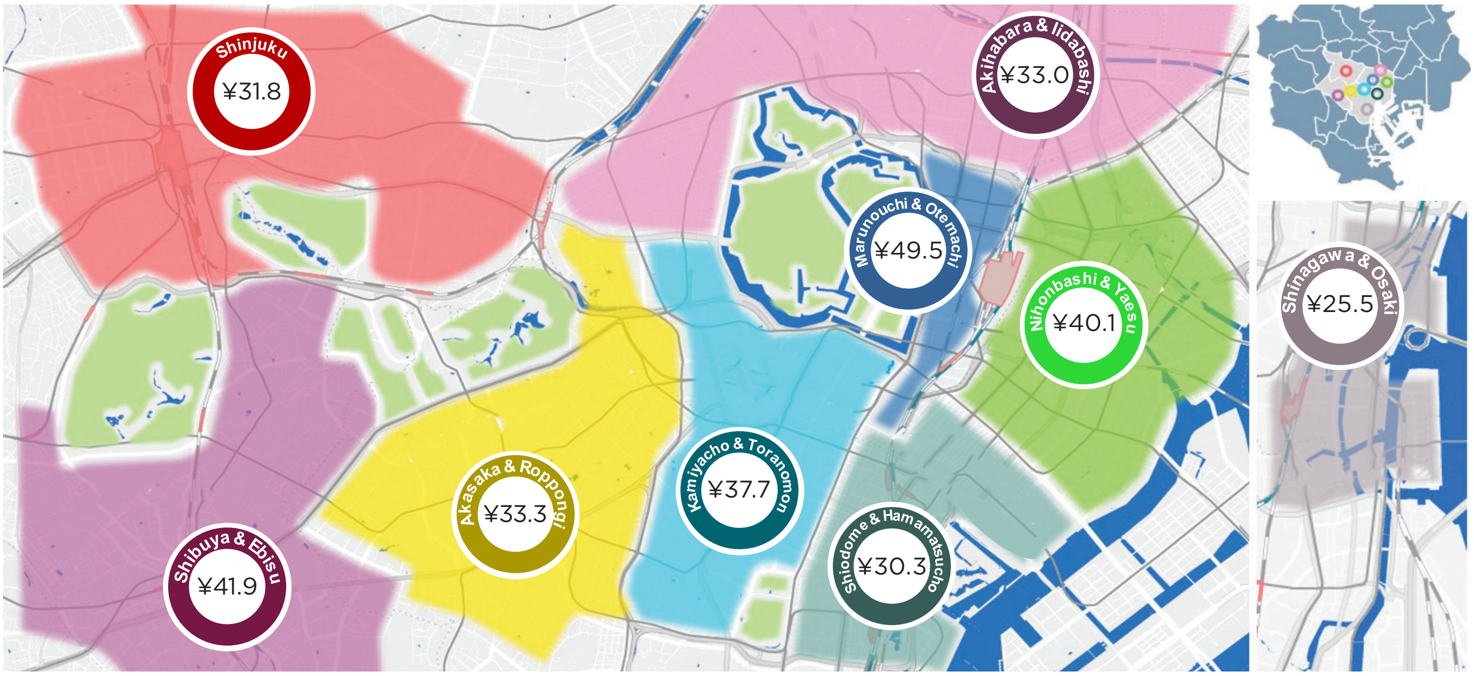
Major tenant movement in Shibuya remained limited during the quarter. Keyholder, a talent agency management and operations firm, moved its headquarters to Ebisu Prime Square Tower, taking up 300 tsubo. Some companies have abandoned office expansion plans to retain their current offices, as the scarcity of large office spaces leaves few options. Even in Minato's Aoyama submarket, adjacent to Shibuya, Grade A office buildings are operating at almost zero vacancy, highlighting the strong tenant appetite in the area.

SHINJUKU

Grade A rents in Shinjuku increased by 3.0% QoQ and a massive 17.5% YoY to JPY31,833 per tsubo, the highest annual change recorded among the C5W member wards. This comes as rents remain around 7% below pre-pandemic levels, highlighting ample potential for further upside in rental growth. Vacancies edged up 0.1 ppts QoQ but fell 0.9 ppts YoY to 0.3%. Grade A offices in Shinjuku have the highest average age among the C5W. Nevertheless, demand remains strong, with some buildings over 40 years old observing rental increment despite having virtually zero vacancies, and top rents reaching as high as JPY40,000.

Travel agency H.I.S. is expected to move into a leased area of over 3,000 tsubo in the Sumitomo Fudosan Shinjuku Central Park Building at an unspecified date. Meanwhile, general contractor Kumagai Gumi will lease an estimated area of 1,700 tsubo of office space in Kagurazaka AK Building. Another general contractor, Fujita, has moved its Tokyo Branch and Metropolitan Civil Engineering Branch to an area of approximately 900 tsubo in Nishi Shinjuku Prime Square on the 2nd of September.

MAP 1: Average Rents Per Tsubo in Selected Submarkets, Q3/2025



Source Savills Research & Consultancy
Grade A Office, average passing rent + CAM per tsubo per month in thousand JPY. Coloured areas for illustrative purposes only.

TABLE 1: Tenant Relocations, Q3/2025

Origin → / Destination ↓	Chiyoda	Chuo	Minato	Shibuya	Shinjuku	Other	Destination total
Origin total	6	6	16	1	5	17	
Chiyoda	1	1	2		1	1	6
Chuo		5	1			4	10
Minato	5		10		1	2	18
Shibuya				1		1	2
Shinjuku			1		2	1	4
Other			2		1	8	11

Source Nikkei RE, Savills Research & Consultancy

TABLE 2: Notable Office Leasing Transactions, Q3/2025

COMPANY	BUSINESS SECTOR	TYPE	FORMER/CURRENT LOCATION	NEW LOCATION	APPROXIMATE CHANGE IN RENTS (QOQ)	APPROXIMATE SPACE TSUBO	APPROXIMATE SPACE SQ M
Amazon Japan	E-commerce	Office Expansion	- -	Azabudai Hills Mori JP Tower Minato	7.5%	15,000	49,600
NTT Data	Internet/ Technology	Office Expansion	- -	Oimachi Tracks Business Tower Other	-	9,000	29,800
Accenture	Consulting	Office Expansion	- -	Harumi Prime Square Chuo	2.8%	3,500-7,000	11,600-23,100
H.I.S.	Hospitality Services	Office Relocation	Kamiyacho Trust Tower Minato	Sumitomo Fudosan Shinjuku Central Park Building Shinjuku	0.0%	3,000	9,900
Cmic Holdings	Pharmaceutical Services	HQ Relocation & Office Consolidation	Hamamatsucho Building, SG Square Multiple	Blue Front Shibaura Tower S Minato	5.0%	3,000	9,900

Source Nikkei RE, Savills Research & Consultancy

OFFICE MARKET OPTIMISM SPREADS BEYOND C5W

As the C5W continues to perform strongly, with rising rents and limited availability of office space, the demand is gradually spilling over into Greater Tokyo, particularly from SMEs seeking more affordable options. The demand is further supported by consistent strong net migration across the Greater Tokyo prefectures including Kanagawa, Saitama, and Chiba, with many companies tapping into these demographics to attract local talents by reducing their need for long commutes to central Tokyo.

In Q2/2025, average large-scale office[1] rents in the Tokyo 23W increased by 5.0% YoY to JPY27,300 per tsubo, while vacancy declined by 1.5ppts YoY to 3.0%. Saitama City performed well with a 10.7% YoY rental increase to JPY22,400 per tsubo and has a tight vacancy of 1.0%. Meanwhile, Yokohama City and Kawasaki City also recorded healthy rental growth with tightening vacancies, while Funabashi City/Chiba City saw rents reaching an all-time high but faced challenges in terms of occupancy.

Well-located assets near major train stations remain in high demand, with some achieving competitive rents relative to the C5W despite their age and offering value-add potential through renovations and refurbishments to further drive rental increment potential. Many of these assets are owned by older individuals with limited resources, creating value-add opportunities for institutional investors. Rising construction and land costs are expected to limit new supply moving forward, reinforcing the importance of existing stock and targeted redevelopment strategies in sustaining growth. For a more in-depth overview of the Greater Tokyo office market, please refer to our "Greater Tokyo Office Market – September 2025" report.

1 Defined as properties with typical floorplates above 200 tsubo.

OUTLOOK

The C5W Tokyo office market continues to show signs of robust activity, experiencing consistent rental growth, albeit still below pre-pandemic levels, showing room for further upside. Although flexible work arrangements continue to take hold, the return to office trend continues, and many companies have designated 2025 as the year for a full return to the office. Vacancies are approaching tight pre-pandemic levels, demonstrating an overall sense of scarcity for office space, especially for large companies, many of which are facing limited large-scale stock options. Robust demand for new office space with modern amenities fuelled strong pre-leasing, leading to large completions entering the market with full or high occupancy, and this momentum is expected to continue.

While the office market remains exceptionally strong, leasing practices are evolving. The adoption of furnished, setup, and satellite offices has been rising steadily. Once mostly limited to medium-sized buildings, these offerings are now expanding into large-scale properties and are no longer concentrated in startup hubs in Shibuya but are spreading across the broader office market. Additionally, the pandemic has accelerated flexible work arrangements, prompting even large companies to consider opening satellite offices in the peripheral wards alongside their main headquarters in the C5W to enhance convenience for employees by shortening commutes. Rising construction costs is one of the key drivers for this trend, especially for relocating companies, where office setup costs and time required represent a significant burden.

Corporate performance looks strong, with quarterly corporate profits in Q2/2025 hitting an all-time high at JPY35.8 trillion, slightly above the previous peak in Q2/2024, supporting elevated overall stock price. Mergers and acquisitions deal volumes in Japan hit record levels, surpassing JPY30 trillion in the first half of 2025, driven by major corporate activity. Many companies have undertaken reorganisations to support global expansion, reflecting a broader trend of Japanese corporates strategically repositioning themselves for international growth. Coupled with consistent wage growth, these factors should bode well for the office market.

Overall, the combination of limited new supply, strong tenant appetite, and a growing sense of scarcity in prime assets is likely to keep the C5W Tokyo office market on an upward trajectory.

Savills monitors rents and vacancy levels of more than 500 buildings located in Tokyo's central five wards with a GFA of 3,000 tsubo (10,000 sq m) or above. Unlike similar market information issued by other institutions, the rental data provided relates to estimated passing rents, inclusive of common area management fees, as opposed to asking rents. Meanwhile, vacancy figures reflect current vacant space without the inclusion of 'expected' vacancy, or that reported prior to tenants vacating their premises. As a result, our benchmark figures, particularly vacancy rates, tend to be lower than other market indices.