

TOKYO Residential Leasing

Residential – Japan – Q3/2026

savills



Residential market maintains momentum

KEY TAKEAWAYS

- Average rents¹ in the Tokyo 23 wards (23W) increased by 1.6% quarter-on-quarter (QoQ) and 6.0% year-on-year (YoY), reaching JPY4,909 per sq m.
- Average rents in the central five wards (C5W) rose slightly by 0.5% QoQ and 4.5% YoY to JPY5,859 per sq m.
- The C5W rental premium over the 23W average fell by 0.8 percentage points (ppts) to 20.8% QoQ.
- Shinjuku posted the strongest rental growth of 1.7% QoQ, while Minato rebounded from last quarter rising by 1.4% QoQ. Chuo saw rents increase by 0.3% QoQ. Meanwhile, Chiyoda and Shibuya rents declined by 0.1% QoQ and 0.8% QoQ, respectively.
- Within the C5W, the premium gap between the larger and smaller size bands continues to narrow, with the smaller 15-30 sq m size band recording the strongest rental growth at 1.6% QoQ. The medium 30-45 sq m size band posted a gain of 0.1% QoQ, while the larger 45-60 sq m size band decreased slightly by 0.6% QoQ.
- Average occupancy rates in the 23W remained flat over the quarter at 96.2% while the C5W decreased by 0.4ppts over the quarter to 95.2%.

¹ These are reference figures. Please refer to the **Note** on the next page for further information.

SURVEY GEOGRAPHY

To illustrate trends in the central Tokyo residential market, Savills has segmented Tokyo's 23 wards (23W) into seven distinct geographical areas: Central (or "central five wards"), South, West, North (Inner and Outer) and East (Inner and Outer).

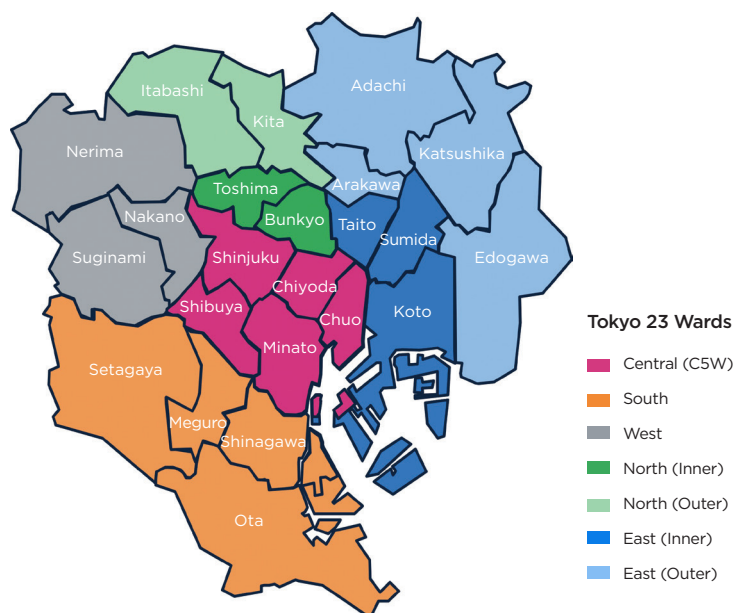
RENTAL INDEX DATA CHARACTERISTICS

Savills collates thousands of leasing comparables each quarter in order to

analyse trends affecting "mid-market" rental apartment units in Tokyo. Our benchmark rental data is based on average advertised monthly rents for units which fit the following criteria:

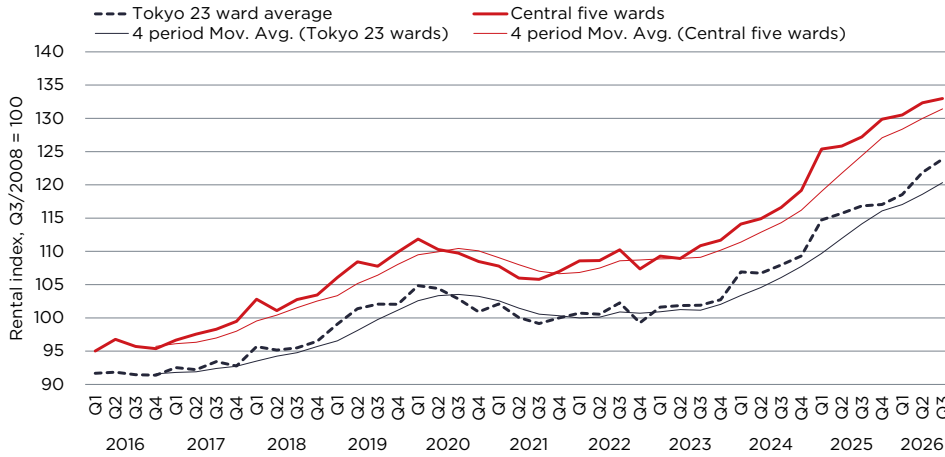
- 1) studio and one- or two-bedroom rental apartments of up to 100 sq m in size,
- 2) reinforced concrete structures built within the last ten years, and

MAP 1: TOKYO'S 23 WARDS BY SURVEY AREA



Source: Savills Research & Consultancy

FIGURE 1: MID-MARKET APARTMENT RENTAL INDEX, Q1/2016 – Q3/2026



Source: Savills Research & Consultancy

3) properties located in Tokyo's 23 wards and situated within a ten-minute walk of the nearest station.

In contrast to the luxury residential market, advertised or "asking" rents for mid-market units fitting the above criteria are typically non-negotiable and are not subject to incentives such as rent-free periods. Savills mid-market rental indices are therefore considered to closely reflect movements in contract rents for the Tokyo market.

Note: We have consistently applied this methodology for over a decade, and believe it has provided reliable indicators of the market. That said, the current strong market may present rental growth figures that appear more robust than reality. Therefore, readers should interpret these figures as indicative rather than definitive.

While it is evident that the market remains strong, our monitored portfolio tracks a sample of the overall market, and as such, the extent of rental growth reflected here may not fully align with actual conditions. For this reason, we encourage readers to exercise their own judgment when assessing rental growth, rather than relying on the figures presented.

MID-MARKET RENTAL TRENDS BY SURVEY AREA

The Tokyo 23W residential leasing market remained on its upward trajectory in Q3/2026, as average rents increased by 1.6% QoQ and 6.0% YoY to JPY4,909 per sq m. The majority of constituent wards recorded firm quarterly gains, while annual growth remained strong across all wards.

Average rents in the C5W climbed for a thirteenth consecutive quarter increasing by 0.5% QoQ and 4.5% YoY to JPY5,859 per sq m. On a quarterly basis, Shinjuku recorded the strongest growth of 1.7%, followed by Minato and Chuo at 1.4% and 0.3%, respectively. Meanwhile, average rents in Chiyoda and Shibuya decreased by 0.1% QoQ and 0.8% QoQ, but recorded healthy annual gains of 4.8% and 3.1%, respectively.

The Inner North submarket saw average rents increase slightly by 0.4% QoQ but more notably by 7.0% YoY to JPY5,105 per sq m. Toshima posted solid growth of 1.8% QoQ. Meanwhile, Bunkyo saw rents decline slightly by 0.8% QoQ while still recording strong annual growth of 8.2%.

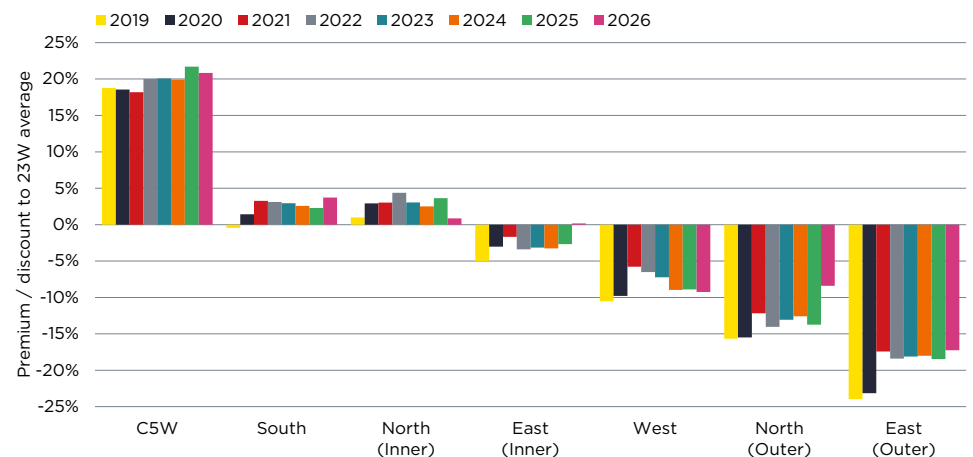
The South submarket posted the strongest quarterly rental growth amongst all submarkets, increasing by 2.2% QoQ

and 7.5% YoY to JPY5,090 per sq m. Among the constituent wards, Meguro recorded the strongest rental growth of 3.1% QoQ followed by Ota which saw rents climb by 2.6% QoQ. Shinagawa and Setagaya also posted solid rental gains of 1.7% QoQ and 1.4% QoQ, respectively.

Average rents in the Inner East submarket rose by 1.4% QoQ and 6.0% YoY to JPY4,788 per sq m. Koto and Sumida posted similar increases of 1.8% QoQ and 1.7% QoQ, respectively, while Taito recorded a more modest gain of 0.7% QoQ.

The West submarket saw average rents climb by 2.1% QoQ and 6.7% YoY to JPY4,516 per sq m. Nakano posted the strongest rental growth of 2.8% QoQ, while Nerima and Sugiyama also recorded healthy gains of 1.9% QoQ and 1.5% QoQ, respectively.

FIGURE 2: RENTAL PREMIUMS/DISCOUNTS* VS 23W AVERAGE, 2019 – Q3/2026



Source: Savills Research & Consultancy

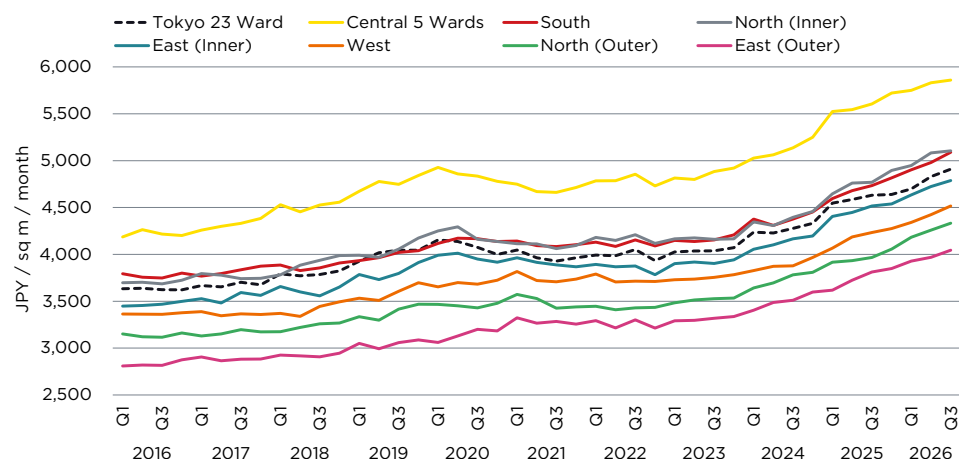
* The above represents the average premium/discount over the respective year.



Resilient underlying demand and constrained new supply continue to support growth across the Tokyo 23W residential market.

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FIGURE 3: MID-MARKET APARTMENT RENTS, Q1/2016 – Q3/2026



Source: Savills Research & Consultancy

The Outer North submarket recorded solid rental growth of 1.8% QoQ, while remaining the strongest performer on an annual basis, increasing by 9.2% YoY to JPY4,333 per sq m. Kita saw average rents rise by 2.0% QoQ, while Itabashi was close behind recording rental gains of 1.6% QoQ.

The Outer East submarket saw average rents rise by 1.9% QoQ and 6.1% YoY to JPY4,045 sq m. Katsushika posted the strongest quarterly growth amongst all wards rising by 3.2%. Adachi, Arakawa, and Edogawa also saw rents strengthen by 1.7% QoQ, 1.6% QoQ, and 1.1% QoQ, respectively.

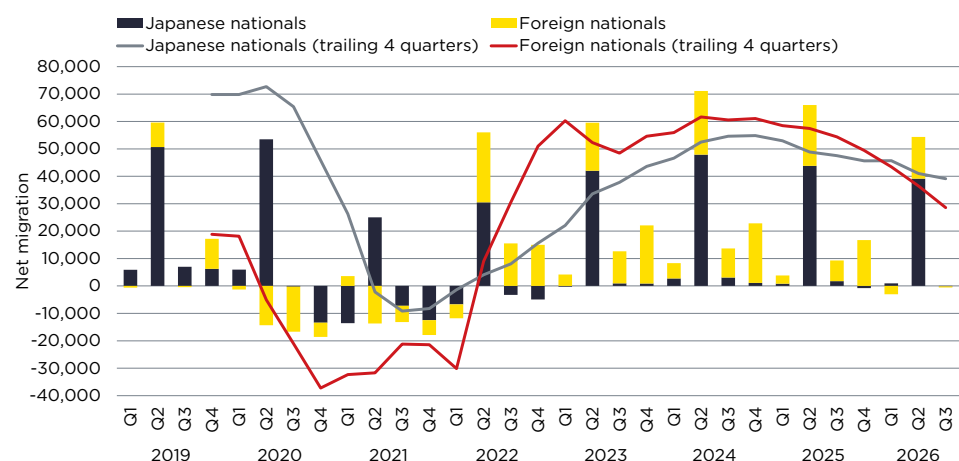
MIGRATION TRENDS

The Tokyo 23W recorded a net outflow of roughly 550 people in Q3/2026, driven by an outflow of approximately 150 Japanese nationals and 400 foreign nationals. Meanwhile, the C5W also experienced a net outflow of roughly 2,200 people, reflecting an outflow of about 1,400 Japanese nationals and 800 foreign nationals.

Amid the net outflow observed in Q3/2026, the peripheral wards continued to record positive net migration. The Outer East submarket attracted a net inflow of 1,600 people, followed by the Outer North submarket with about 600 new residents. The Inner East and Inner West submarkets saw more modest net inflows of approximately 300 and 200 people, respectively. Meanwhile, the South and Inner North submarkets recorded net outflows of nearly 400 and 700 people, respectively.

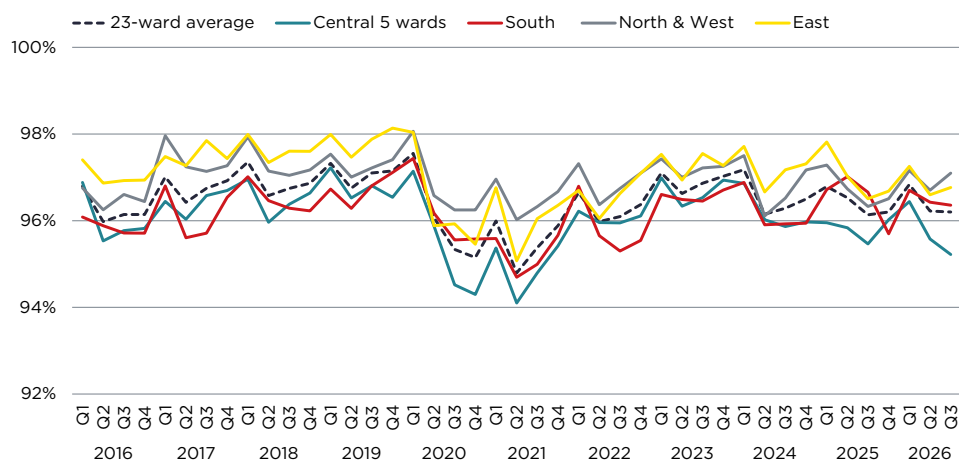
While the central wards are expected to remain attractive due to their proximity to major office and entertainment districts, sustained affordability pressures are likely to support continued interest in the more affordable wards within the Tokyo 23W.

FIGURE 4: NET MIGRATION IN TOKYO 23W, Q1/2019 – Q3/2026



Source: Tokyo Metropolitan Government, Savills Research & Consultancy

FIGURE 5: AVERAGE OCCUPANCY FOR J-REIT RESIDENTIAL ASSETS, Q1/2016 – Q3/2026*



Source: Savills Research & Consultancy based on publicly disclosed J-REIT property data
 * Q3/2026 is as of August 2026.

OCCUPANCY RATES

In Q3/2026, occupancy rates in the Tokyo 23W residential market remained flat over the quarter but improved by 0.1ppts on an annual basis to 96.2%. The C5W saw occupancy rates dip by 0.4ppts QoQ and 0.3ppts YoY to 95.2%.

While occupancy softened in the C5W, overall occupancy levels remained broadly consistent with historical seasonal trends. Elevated for-sale condominium prices and the ongoing return-to-office trend are expected to underpin residential demand and support healthy occupancy levels in the months ahead.

RENTS BY UNIT SIZE

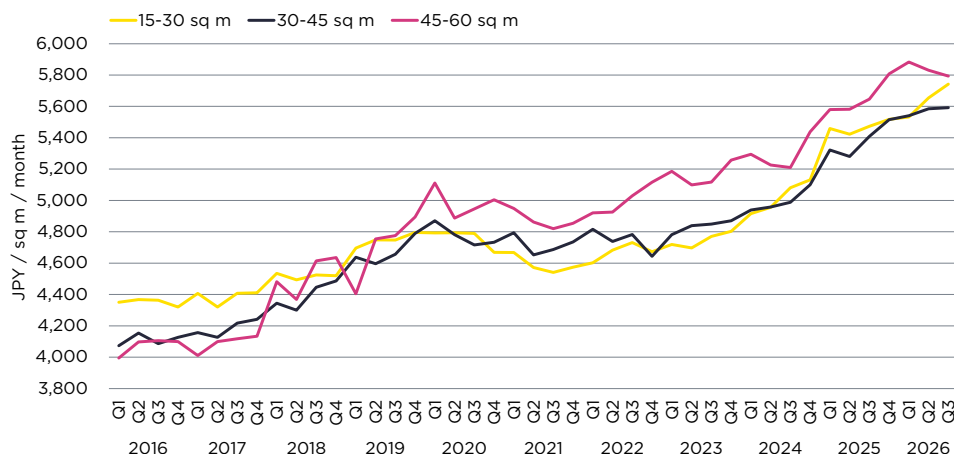
Tokyo's rental market is principally made up of compact single-occupier units, typically less than 45 sq m (13.6 tsubo) in size. Such units can often make up as much as 70% or more of the 23W area's rental listings. Unlike major Western global cities such as New York and London, house or apartment sharing does not form a meaningful segment of the rental market. As a result, there is a large, stable market for small- to mid-sized units.

Average rents across all three size bands in the C5W broadly followed the trend observed in the previous quarter. The smaller 15-30 sq m size band posted the strongest gains, rising by 1.6% QoQ and narrowing the gap with the 45-60 sq m size band. Meanwhile, the 30-45 sq m size band edged up by 0.1% QoQ, while the larger 45-60 sq m size band recorded a slight decline of 0.6% over the quarter.

OUTLOOK

Tokyo's residential market experienced another quarter of healthy rental gains, marking a ninth consecutive quarter of increases. The majority of wards continue to record quarterly rental growth, contributing to robust annual performance. Although net migration in

FIGURE 6: RENTS BY UNIT SIZE, C5W, Q1/2016 – Q3/2026



Source: Savills Research & Consultancy

the Tokyo 23W experienced a net outflow in Q3/2026, Tokyo's overall demographic fundamentals remain solid and should continue to provide a firm foundation for the residential leasing market.

Meanwhile, elevated construction and land costs continue to place upward pressure on for-sale condominium prices and constrain new supply. According to the Real Estate Economic Institute, 4,190 new condominiums were delivered in the

23W between January and August 2026, roughly 11% lower than the same period in 2025. These factors have contributed to elevated new condominium prices, with average prices appearing on track to surpass 2025 levels. Against this backdrop, some prospective homeowners may remain in the rental market longer, supporting residential rental demand and underpinning further growth across the Tokyo 23W.



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