

TOKYO 23 WARDS | Office Stock Pyramid 2019

January 23, 2019

Xymax Real Estate Institute hereby releases its report on the **Office Stock Pyramid 2019** covering the Tokyo 23 Wards. The Office Stock Pyramid is a survey of buildings with a gross floor area of at least 300 tsubo used mainly for offices and indicates the breakdown of the rentable area and the number of buildings by size of the building and age. The Osaka City version^{*1} has also been released on the same day.

^{*1} OSAKA CITY | Office Stock Pyramid 2019, published January 23, 2019

https://www.xymax.co.jp/english/news_research/?type=research

1 tsubo = approx. 3.3 sq m

SUMMARY OF RESULTS

1. Comparison between Small & Medium-Sized Buildings and Large Buildings

- ✓ The office stock at the end of 2019 is 12.81 million tsubo on a rentable area basis, with small & medium-sized buildings and large buildings accounting for roughly the same amount: 6.05 million tsubo (47%) and 6.76 million tsubo (53%), respectively.
- ✓ On the basis of the number of buildings, the office stock is 9,206 buildings, of which small & medium-sized buildings account for 92% (8,459 buildings).
- ✓ The average age of the buildings is 30.9 years for the entire stock, 31.6 years for small & medium-sized buildings and 23.3 years for large buildings, indicating that small & medium-sized buildings are aging in particular.

2. Comparison between the Five Central Wards and the 18 Peripheral Wards

- ✓ The five central wards (Chuo, Chiyoda, Minato, Shibuya and Shinjuku Wards) have a rentable area of 9.65 million tsubo and 6,782 buildings, which are approximately three-fourths of the stock in all the wards, while the 18 peripheral wards have a rentable area of 3.16 million tsubo and 2,424 buildings.
- ✓ In terms of building size in the five central wards, small & medium-sized buildings and large buildings account for 4.48 million tsubo (46%) and 5.17 million tsubo (54%) of rentable area, respectively, and 6,227 buildings (92%) and 555 buildings (8%), respectively.
- ✓ In terms of building size in the 18 peripheral wards, small & medium-sized buildings and large buildings account for 1.57 million tsubo (50%) and 1.59 million tsubo (50%) of rentable area, respectively, and 2,232 buildings (92%) and 192 buildings (8%), respectively.
- ✓ The average building age is 31.2 years for the five central wards and 30.0 years for the 18 peripheral wards, indicating that there is no significant differences between the two areas.

3. Comparison with 2000

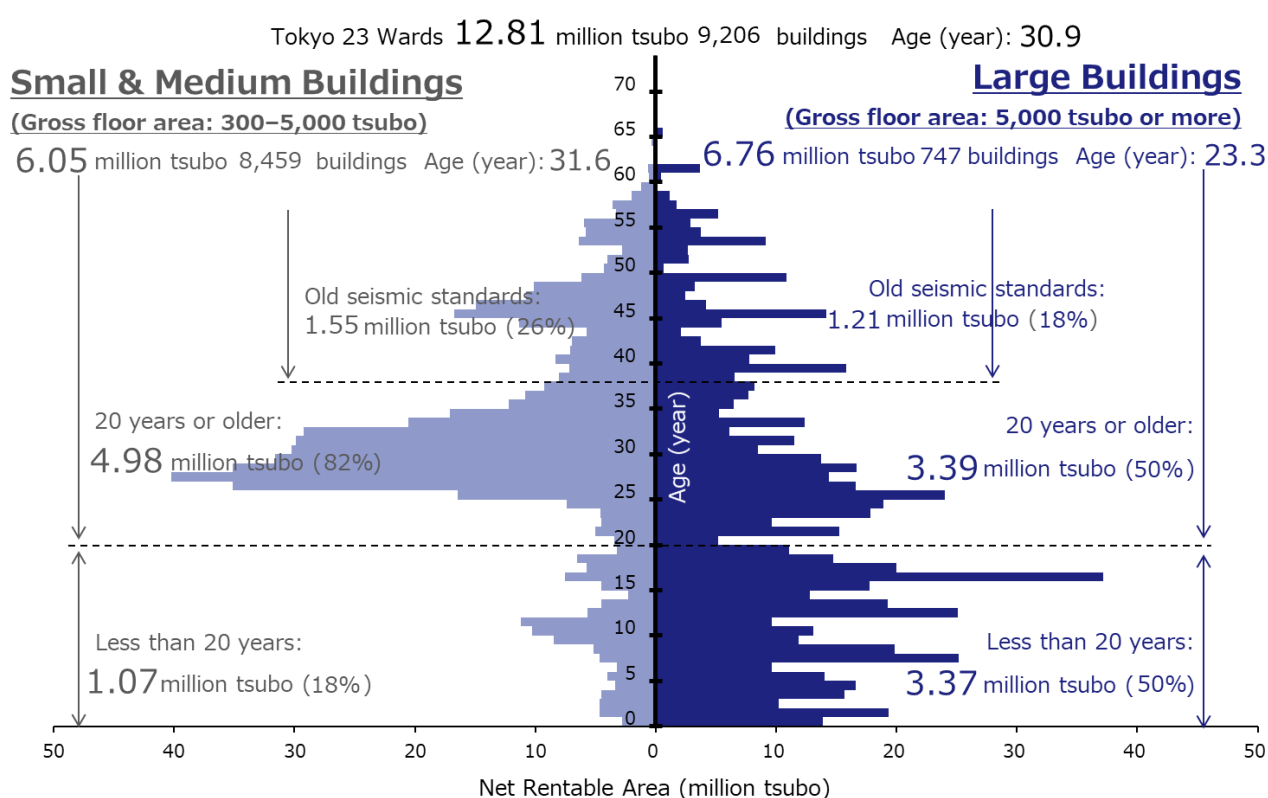
- ✓ Compared to the end of 2000, the rentable area will increase by approximately 3.0 million tsubo (approx. 30%) and the number of buildings by approximately 420 (approx. 5%).

1. Comparison between Small & Medium-Sized Buildings and Large Buildings

The office stock in Tokyo 23 Wards as of the end of 2019 is 12.81 million tsubo on a rentable area basis. Of this, small & medium-sized buildings with a gross floor area of less than 5,000 tsubo account for 6.05 million tsubo, 47% of the total. Large buildings with a gross floor area of 5,000 or more account for roughly the same amount of stock, with 6.76 million tsubo, or 53% of total **(Figure 1)**.

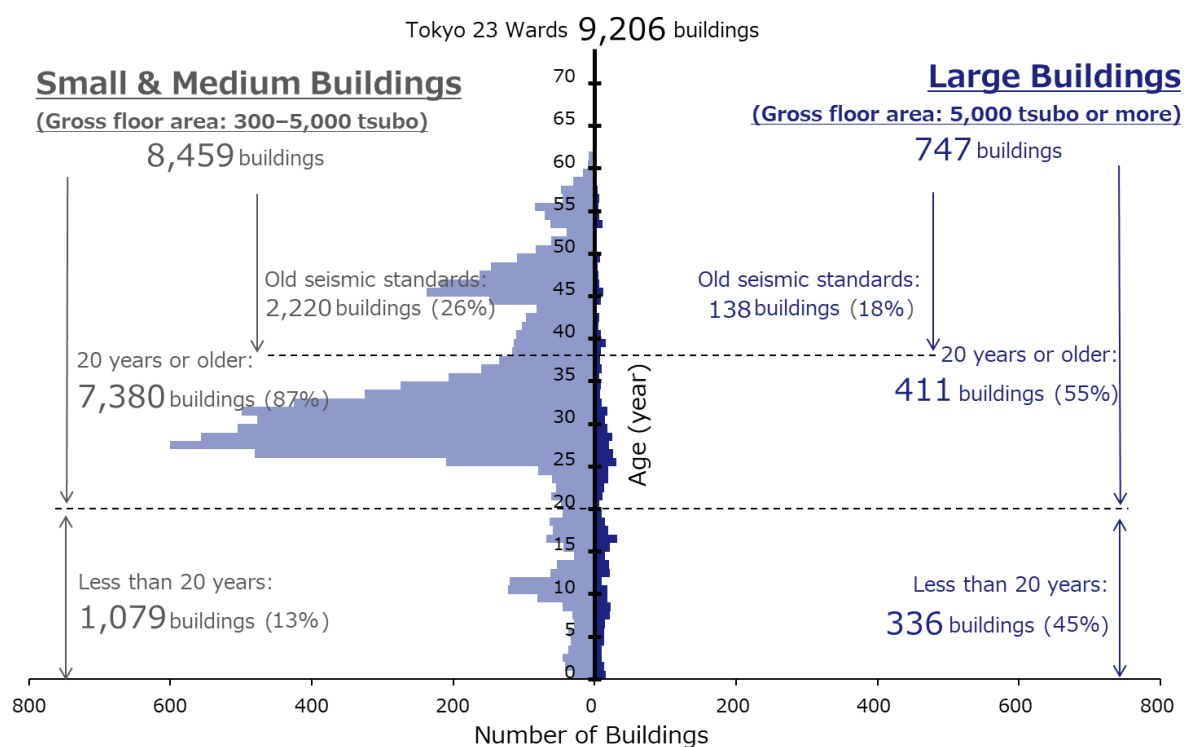
The average building age of the entire stock is 30.9 years. The average age of small & medium-sized buildings (31.6 years) is older than that of large buildings (23.3 years).

Figure 1: Tokyo 23 Wards Office Pyramid 2019 (Net Rentable Area)



On the basis of the number of buildings, the office stock of the entire Tokyo 23 Wards is 9,206 buildings, of which small & medium-sized buildings amount to 8,459 buildings (92%), while large buildings account for 747 buildings (8%), indicating that the majority of the office stock are small & medium-sized buildings (**Figure 2**).

Figure 2: Tokyo 23 Wards Office Pyramid 2019 (Number of Buildings)



Many small & medium-sized buildings were completed during the “bubble” economy period (1986–1997; building age 22–33 years), with 82% (4.98 million tsubo) of the buildings aged 20 years or older. New supply has been few after the bubble period, with only 1.07 million tsubo of rentable area aged less than 20 years. In terms of the number of buildings, buildings aged 20 years or older also account for a majority of small & medium-sized buildings, with 7,380 buildings aged 20 years or older and 1,079 buildings aged less than 20 years.

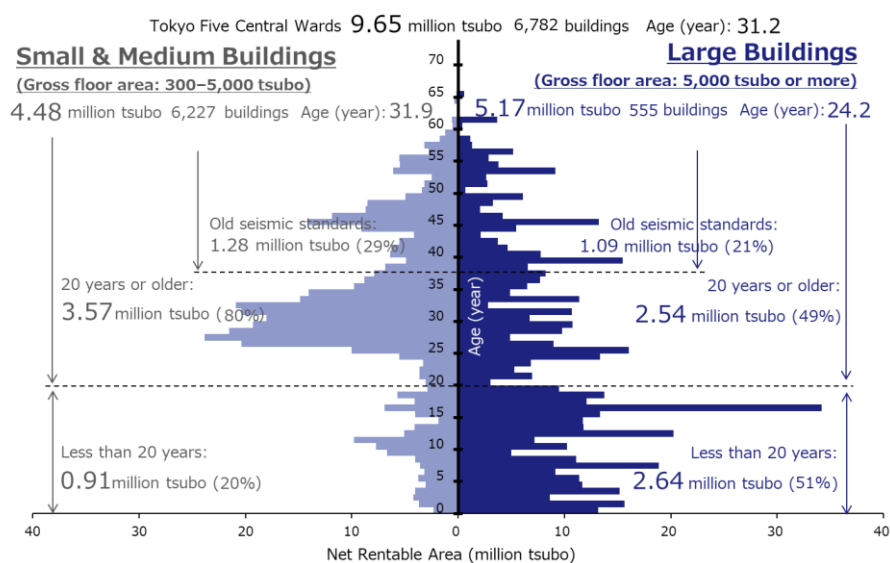
Among large buildings, 3.39 million tsubo of office space are aged 20 years or older, while 3.37 million tsubo—roughly the same amount of office space as older buildings—are aged less than 20 years. In terms of the number of buildings, 411 buildings are aged 20 years or older, which is slightly more than the 336 buildings aged less than 20 years. However, the difference is small, indicating that the supply of large buildings continued after the bubble period.

2. Comparison between the Five Central Wards and the 18 Peripheral Wards

Here we compare the office stock of the five central wards (Chuo, Chiyoda, Minato, Shibuya and Shinjuku Wards) and the 18 peripheral wards.

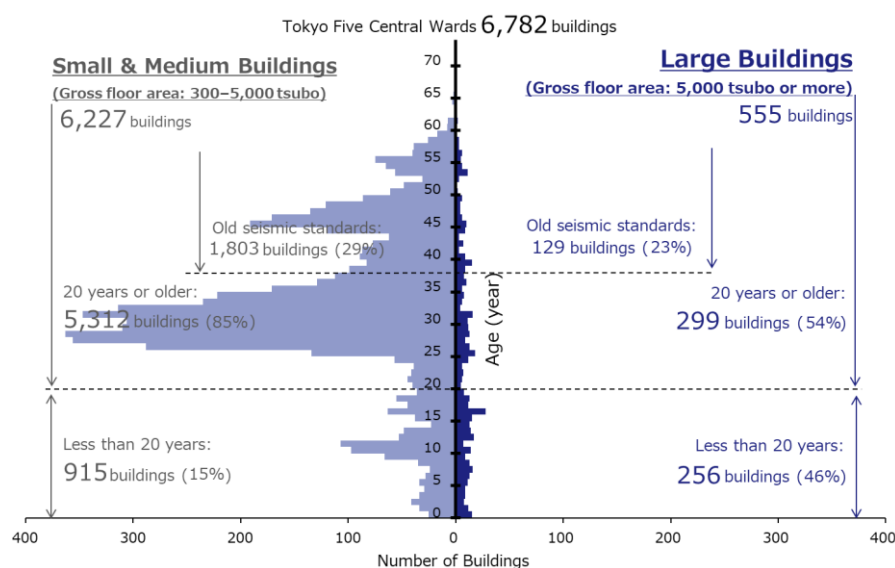
As of end of 2019, the office stock in Tokyo's five central wards is 9.65 million tsubo based on rentable area, accounting for 75% of the overall office stock in the Tokyo 23 Wards. The breakdown is 4.48 million tsubo (46%) of small & medium-sized buildings and 5.17 million tsubo (54%) of large buildings (**Figure 3**). The average age of the stock in the five central wards is 31.2 years. Small & medium-sized buildings are aging more rapidly than large buildings, with the average ages 31.9 years and 24.2 years, respectively.

Figure 3: Tokyo Five Central Wards Office Pyramid 2019 (Net Rentable Area)



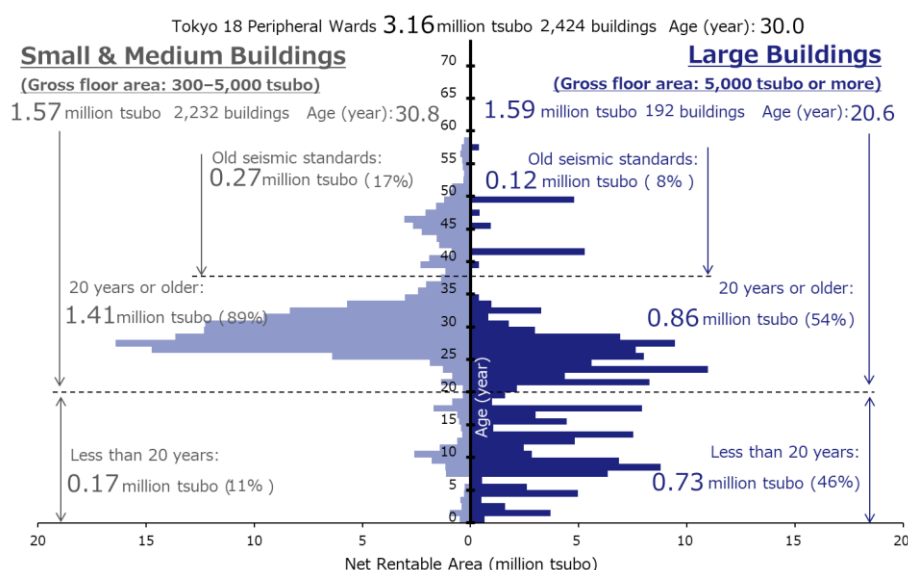
The number of buildings in the five central wards is 6,782, of which 6,227 (92%) are small & medium-sized buildings and 555 (8%) are large buildings (**Figure 4**).

Figure 4: Tokyo Five Central Wards Office Pyramid 2019 (Number of Buildings)



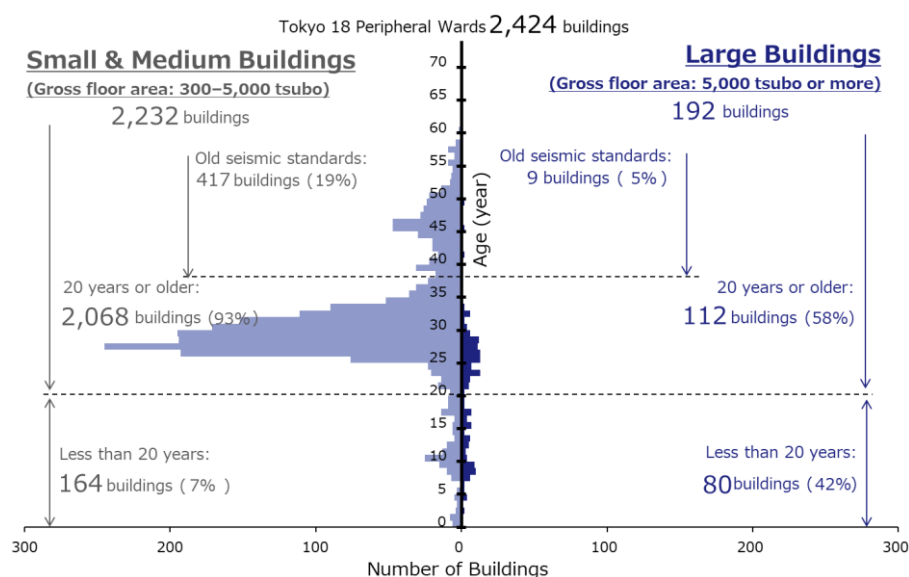
On the other hand, the office stock in Tokyo's 18 peripheral wards as of the end of 2019 is 3.16 million tsubo on a rentable area basis, 25% of the stock of the entire 23 Wards of Tokyo. Of this, small & medium-sized buildings account for 50% with a rentable area of 1.57 million tsubo, while large buildings also account for 50% with 1.59 million tsubo (**Figure 5**). Furthermore, the average building age of the entire stock of the 18 peripheral wards is 30.0 years, which is not significantly different from the 31.2 years of the five central wards. In terms of building size, the average age of small & medium-sized buildings is 30.8 years, while that of large buildings is 20.6 years.

Figure 5: Tokyo 18 Peripheral Wards Office Pyramid 2019 (Net Rentable Area)



The number of buildings in the five central wards is 2,424, of which 2,232 (92%) are small & medium-sized buildings and 192 (8%) are large buildings (**Figure 6**).

Figure 6: Tokyo 18 Peripheral Wards Office Pyramid 2019 (Number of Buildings)

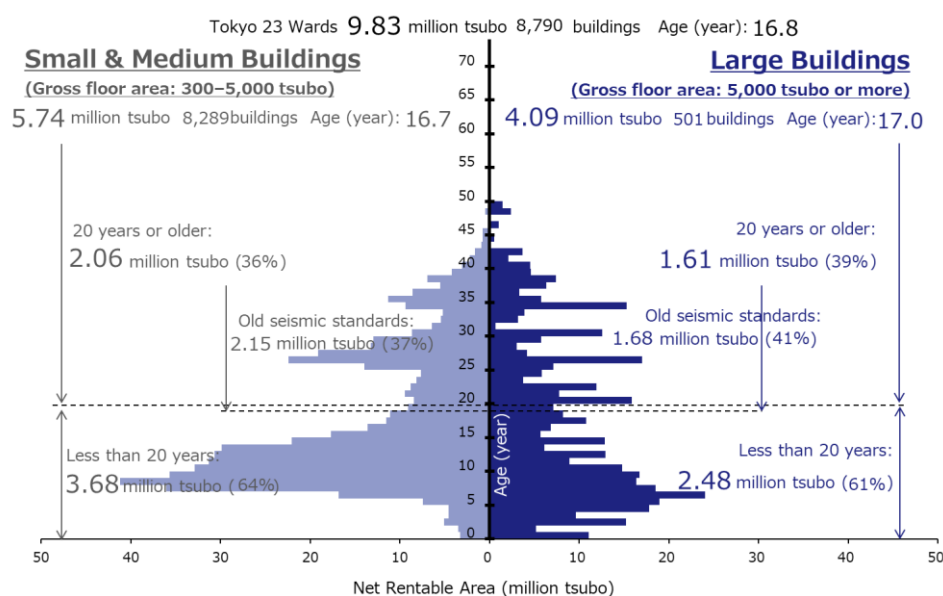


3. Comparison with 2000

The office stock of the Tokyo 23 Wards as of the end of 2000 was 9.83 million tsubo in rentable area, of which small & medium-sized buildings accounted for 5.74 million tsubo, slightly more than large buildings, which had a rentable area of 4.09 million tsubo (**Figure 7**).

By building age, 20 years or less accounted for approximately 60% of both small & medium-sized buildings and large buildings. The average building age was 16.8 years for the entire office stock, 16.7 years for small & medium-sized buildings and 17.0 years for large buildings. There was no significant difference between the ages of large buildings and small & medium-sized buildings.

Figure 7: Tokyo 23 Wards Office Pyramid 2000 (Net Rentable Area)



In terms of the number of buildings, there were 8,790 buildings as of the end of 2000, of which 8,289 were small & medium-sized buildings and 501 were large buildings (**Figure 8**).

Figure 8: Tokyo 23 Wards Office Pyramid 2000 (Number of Buildings)

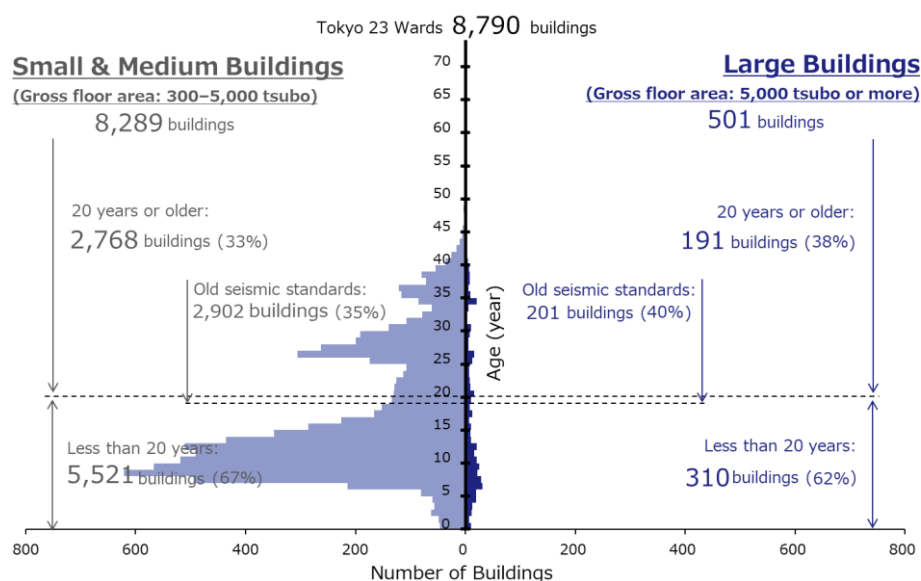


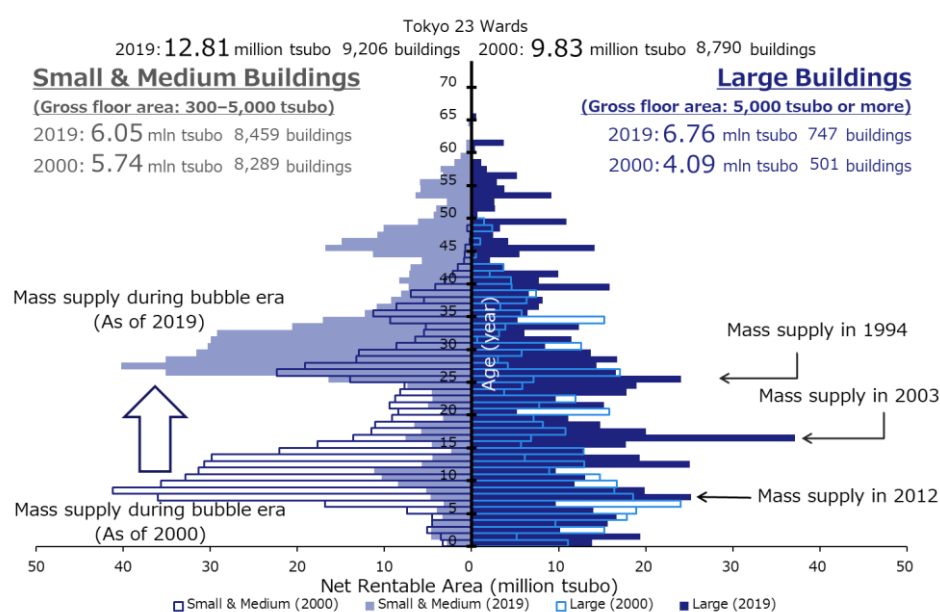
Figure 9 compares 2000 with 2019. In the entire Tokyo 23 Wards, the rentable area will increase by approximately 3.0 million tsubo (approx. 30%) and the number of buildings by approximately 420 (approx. 5%) between 2000 and 2019.

By building size, large buildings have seen a certain amount of supply each year even after the burst of the bubble economy, with rentable area increasing by approximately 2.70 million tsubo (approx. 66%) and the number of buildings increasing by approximately 250 (approx. 49%), resulting in roughly an equal amount of buildings aged 20 years or more and less than 20 years.

On the other hand, the supply of small & medium-sized buildings have remained small after the mass supply during the bubble period, with rentable area increasing by approximately 0.30 million tsubo (approx. 5%) and the number of buildings rising by 170 (approx. 2%). As a result, although more than 60% of offices in terms of both rentable area and number of buildings were aged less than 20 years in 2000, the ratio will fall to less than 20% by the end of 2019.

The average age of small & medium-sized buildings will rise from 16.7 years to 31.6 years between 2000 and 2019, while that of large buildings will rise by only roughly six years, from 17.0 years to 23.3 years.

Figure 9: Tokyo 23 Wards Office Stock Pyramid 2000 and 2019 (Net Rentable Area)



New supply of large buildings is expected to continue, leading to intensified competition. In small & medium-sized buildings, aging is expected to accelerate, giving rise to the need for the development of high quality stock, such as through appropriate renewal of facilities and renovation.

Survey Overview

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|--------------------------|--|
| Date | December 2018 |
| Area | Tokyo 23 Wards |
| Target properties | Office Stock Pyramid 2019: Office buildings with a gross floor area of 300 tsubo or more, completed (or scheduled to be completed) in or after 1946, and used mainly as office space as of end of 2019 Office Stock Pyramid 2000: Office buildings with a gross floor area of 300 tsubo or more, completed in or after 1946, and used mainly as office space as of end of 2000 (includes properties that were demolished between 2001 and 2018) |
| Target data | The number and rentable office area (tsubo) of large and small & medium-sized office buildings. Large buildings: Gross floor area of 5,000 tsubo or more Small & medium-sized buildings: Gross floor area of at least 300 and less than 5,000 tsubo |

- * The data were collected from properties whose date of construction is known based on publicly available information such as newspaper articles and for-rent information (including that of the past). Owner-occupied buildings were excluded.
- * The data of reconstructed or demolished buildings have been collected and reflected to the extent possible.
- * The sum figures may not match due to rounding.
- * Figures of this survey are the aggregated figures as of the date of the survey. Since information is added and updated on a daily basis, any differences from figures published last year are not necessarily due to new construction or demolition.
- * The office stock in 2019 includes buildings whose scheduled completion date is known as of December 2018.
- * Rentable area represents such area, if published, and if not, the area estimated from gross floor area based on a formula jointly developed with Naoki Kato Lab, Architecture and Architectural Engineering, Kyoto University Graduate School of Engineering.
- * "Old seismic standard" buildings refer to buildings constructed with the design method before the enforcement of the Revised Seismic Design Method of 1981. In this report, they refer to buildings completed in and before 1981.

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