

Flexible Office Market Survey 2020

Increased supply of flexible offices in Tokyo 23 Wards

January 31, 2020

It is important for companies to provide multiple workplace options to their workers. Amid accelerated efforts toward workstyle reforms, workplaces that can be used flexibly in terms of time and place according to the needs of workers have been drawing attention, which has resulted in a rapid growth of the market. In order to quantify the growth of the entire market, Xymax Real Estate Institute (hereinafter, "Xymax REI") has gathered and analyzed the data of flexible offices located in the 23 wards of Tokyo (hereinafter, "Tokyo 23 Wards"), such as their number, floor area, and operator, and summarized them into a report.

Flexible offices offer a diverse and segmentalized range of services, and are called by different names such as rental offices, shared offices, serviced offices, satellite offices, and co-working offices, depending on the operator. In this report, we have defined "flexible office" as a collective term for a "workplace service offered by an operator to corporate users under a usage contract that is not a general lease contract."

Related surveys:

- *Greater Tokyo Office Worker Survey 2019*, released on December 19, 2019
<https://www.xymax.co.jp/english/research/images/pdf/20191219.pdf>
- *Relationship between Flexible Workstyles and Productivity*, released on December 26, 2019
<https://www.xymax.co.jp/english/research/images/pdf/20191226.pdf>
- *Office Stock Pyramid 2020*, released on January 10, 2020
<https://www.xymax.co.jp/english/research/images/pdf/20200110.pdf>

Main Findings

1 tsubo = approx. 3.3 sqm

1. Growth of the flexible office market

- There are 569 flexible offices in Tokyo 23 Wards. They span approximately 160,000 tsubo, about 1.2% of the total office stock.
- Flexible offices are increasing year after year at an accelerating pace in recent years.
- The number of operators of flexible offices is also increasing each year.

2. Characteristics of geographical areas in comparison to office stock

- More than 80% of the flexible offices in Tokyo 23 Wards are concentrated in the 5 central wards.
- The railway station nearest to the home of around 90% of workers commuting from within Tokyo 23 Wards to any of the Tokyo 23 Wards was in the 18 peripheral wards, indicating that flexible offices are required in the suburban areas to meet the needs for proximity of home and workplace and for telework.

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According to Xymax REI’s survey, there were 569 flexible offices in Tokyo 23 Wards as of January 2020 (including those scheduled to open in 2020). The total floor area of the offices was approximately 160,000 tsubo. This corresponds to around 1.2% of the office stock (approx. 12.96 million tsubo).^{*1}

*1 Refer to *Office Stock Pyramid 2020*, released on January 10, 2020
<https://www.xymax.co.jp/english/research/images/pdf/20200110.pdf>

We examine how flexible offices have increased based on the launch year of these offices. **Figures 1 to 3** indicate the growth of the cumulative number of offices, floor area, and operators over time. Flexible offices of which the launch year or the year when the operator entered the market is unknown have been treated as “launch year unknown” or “entry year unknown.”

Figure 1: Cumulative total of flexible offices (up to 2020)

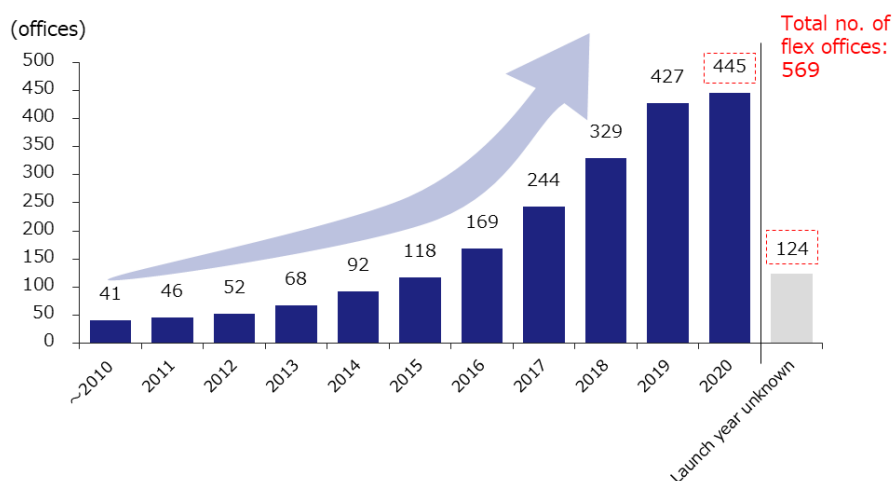
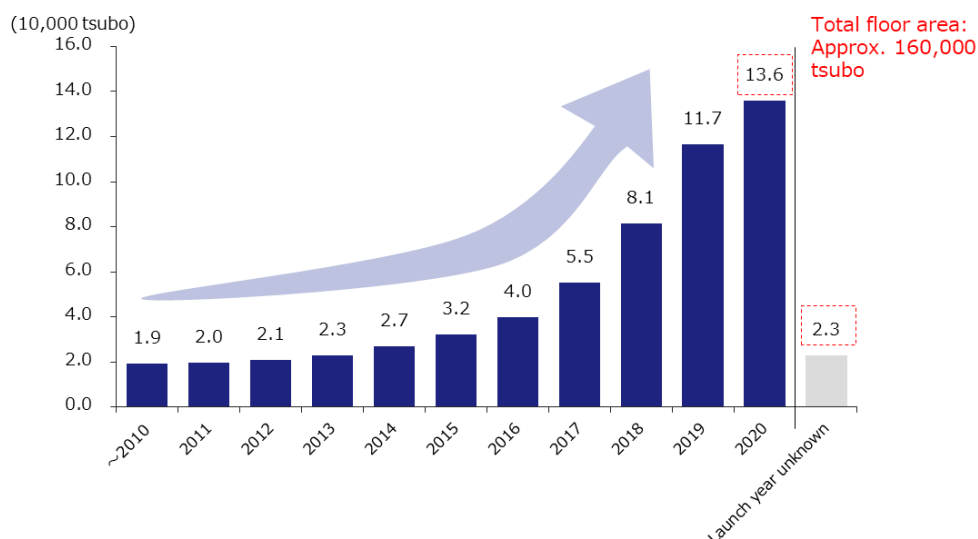
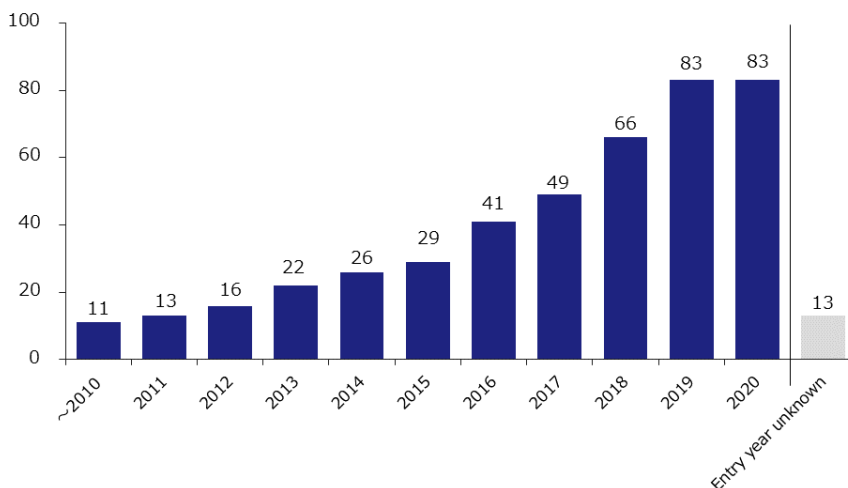


Figure 2: Cumulative total floor area of flexible offices (up to 2020)



Figures 1 and 2 indicate that flexible offices have grown in number year after year at an accelerating pace. The number of operators operating flexible offices in Tokyo 23 Wards has also been increasing each year (Figure 3). We expect the number of offices, floor area, and the number of operators to grow further, as we believe that not all information has been published for 2020.

Figure 3: Cumulative total of operators of flexible offices (up to 2020)



Major office markets in Europe and the United States, such as London and New York, have also been experiencing a rise in flexible offices, which are said to account for 3–5% of the office stock. The share of flexible offices in Tokyo 23 Wards is small in comparison at around 1%, suggesting that the market may see continued growth.

2. Characteristics of geographical areas in comparison to office stock

- ✓ More than 80% of the flexible offices in Tokyo 23 Wards are concentrated in the 5 central wards.
- ✓ The railway station nearest to the home of around 90% of workers commuting from within Tokyo 23 Wards to any of the Tokyo 23 Wards was in the 18 peripheral wards, indicating that flexible offices are required in the suburban areas to meet the needs for proximity of home and workplace and for telework.

In the previous section, we found that the flexible office market has been expanding each year. In this section, we will examine the distribution of flexible offices in the 5 central wards (Chiyoda, Chuo, Minato, Shibuya, and Shinjuku Wards) and the 18 peripheral wards.

Figures 4 and 5 plot the office stock (9,293 buildings) and flexible offices (569) in Tokyo 23 Wards. Those in the 5 central wards are plotted in blue and those in the 18 peripheral wards are plotted in red. The size of the dots indicates the size of leasable floor area of office buildings and the floor area of flexible offices. The percentage of floor areas in the 5 central wards and the 18 peripheral wards to the total floor area is indicated for each map.

Figure 4: Distribution of office stock

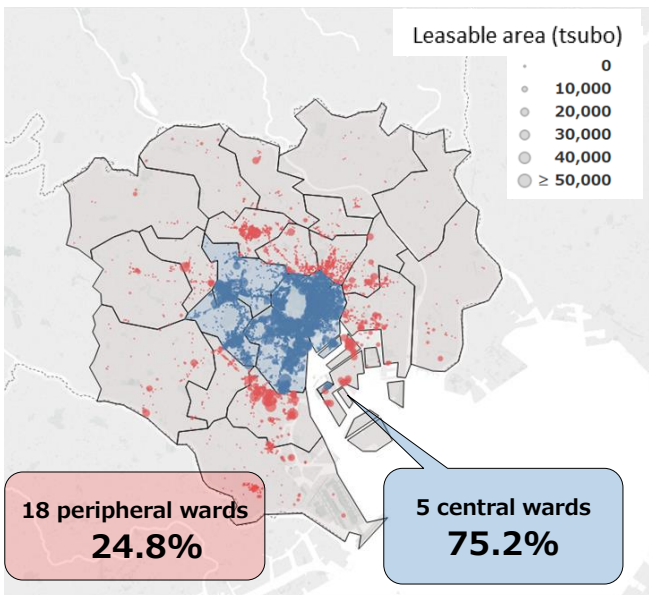
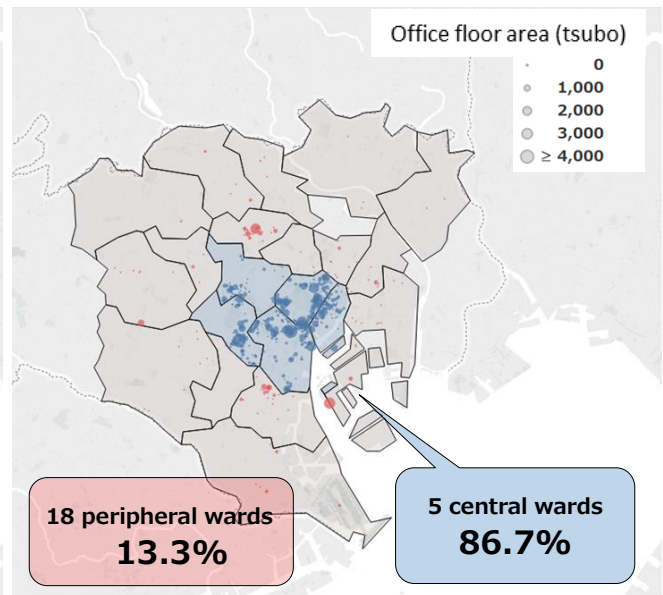


Figure 5: Distribution of flexible offices

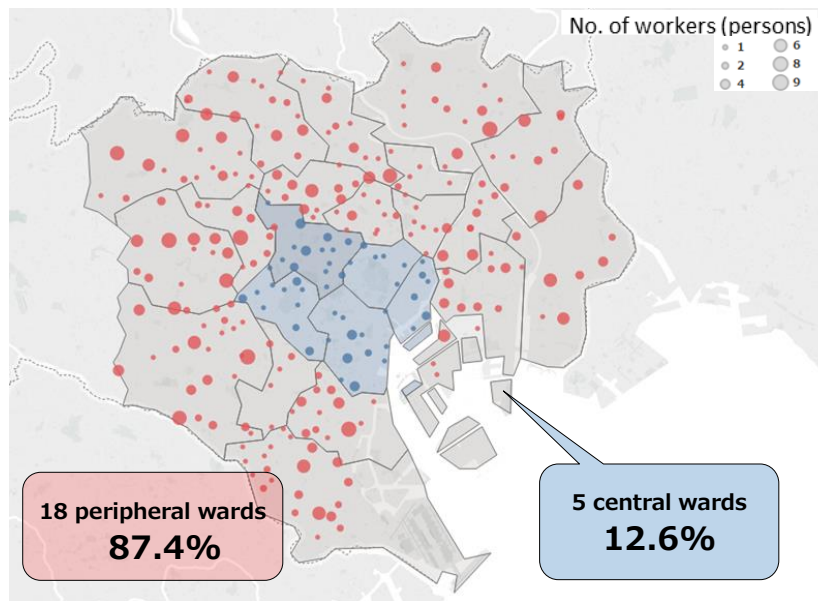


75.2% of the total floor area of the office stock is concentrated in the 5 central wards. The concentration in central Tokyo is even greater among flexible offices, with 86.7% located in the 5 central wards.

Figure 6 plots the railway station nearest to the home of workers commuting from within Tokyo 23 Wards to Tokyo 23 Wards.*² As in **Figures 4 and 5**, stations within the 5 central wards are plotted in blue while those in the 18 peripheral wards are plotted in red. The size of the dots indicates the number of workers. The percentage of workers whose nearest railway station to home was in the 5 central wards was 12.6%, while that of the 18 peripheral wards was 87.4%.

*² The targets were 660 workers of the 2,060 subjects of the *Greater Tokyo Office Worker Survey 2019* released on December 19, 2019 (<https://www.xymax.co.jp/english/research/images/pdf/20191219.pdf>), whose nearest railway stations to home and to the workplace were both in Tokyo 23 Wards.

Figure 6: Distribution of railway station nearest to home of workers commuting to Tokyo 23 Wards



Furthermore, the percentage of the “total population,” “working-age population,” and “workers commuting from within Tokyo 23 Wards to Tokyo 23 Wards” living in the 5 central wards and the 18 peripheral wards based on official data by the Tokyo municipal government, etc. indicated that around 90% lived in the 18 peripheral wards for all three groups.*³ While companies are required to take measures to alleviate congestion during the 2020 Tokyo Olympics & Paralympics by enabling their employees to avoid commuting to central Tokyo, workers living in the 18 peripheral wards, who constitute a majority of workers, currently lack options of workplaces near their home.

*³ The results of the percentage of people living in the 18 peripheral wards for each group were as follows:
 [Total population] 5 central wards vs 18 peripheral wards: 11.2% vs 88.8%
 Calculated from “Population of Tokyo (Projection)” by the Tokyo Municipal Government as of December 1, 2019. <http://www.toukei.metro.tokyo.jp/jsuikai/js-index.htm>

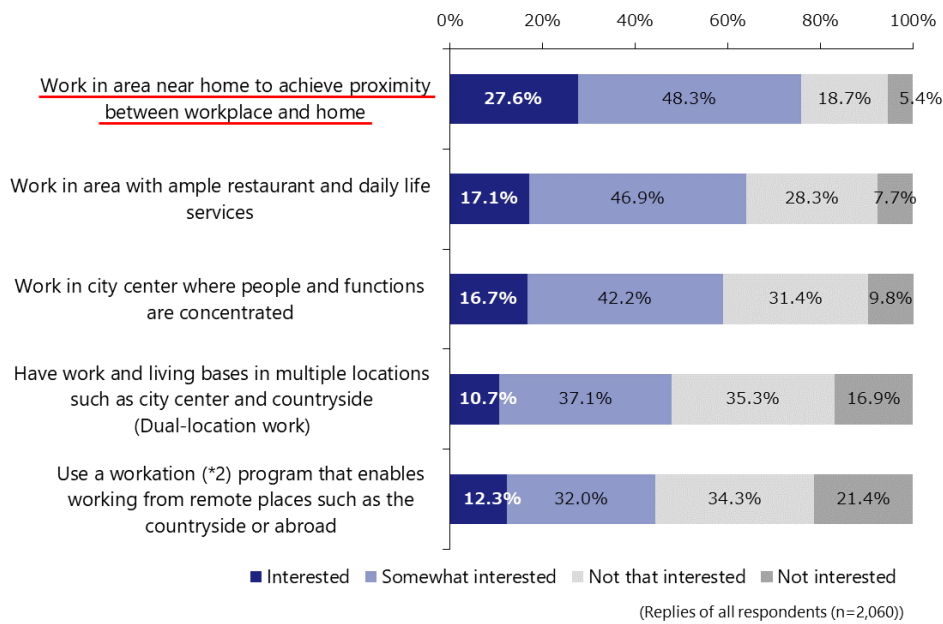
[Working-age population] 5 central wards vs 18 peripheral wards: 11.7% vs 88.3%
 Calculated from “Households and population based on the Basic Resident Register (by town/neighborhood and by age)” by the Tokyo Municipal Government as of January 1, 2019.
<http://www.toukei.metro.tokyo.jp/juukiy/jy-index.htm>

[Workers commuting from within Tokyo 23 Wards to Tokyo 23 Wards] 5 central wards vs 18 peripheral wards: 12.1% vs 87.9%

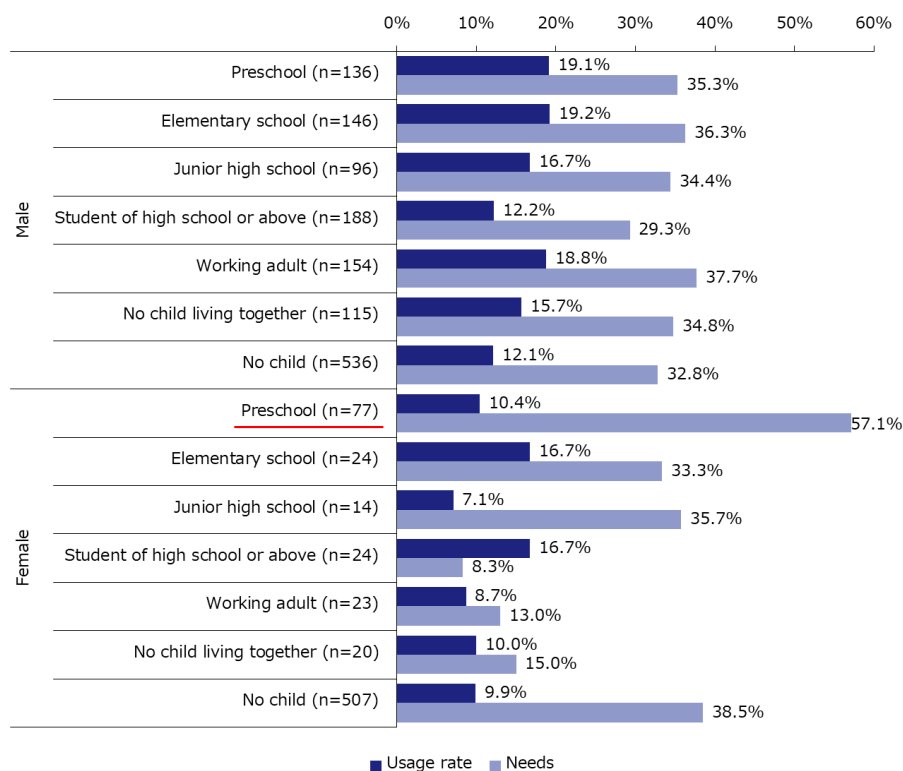
Among workers traveling from their home within Tokyo 23 Wards to their workplace in Tokyo 23 Wards for commuting purposes, the percentage of workers in their home area was calculated based on the “6th Person Trip Survey (2018)” by the Tokyo Urban Area Traffic Planning Conference.
<https://www.tokyo-pt.jp/person/01>

The needs for proximity between home and the workplace have become evident (Reference-①), not only during the 2020 Tokyo Games but also among women and older people, and we expect workers to continue to require a work environment that offers various workplace options so that they can work efficiently and in comfort. Xymax REI's survey also indicates that the needs for telework are especially high among women living with a preschool child (Reference-②). Flexible offices should help support workers balance their work and childcare or elderly care, and will be an effective solution for social issues. In consideration of these matters, providing more flexible workplaces in suburban areas with less office stock, such as the 18 peripheral wards, at a greater rate than the 5 central wards may be urgently required not only through office buildings but also through a wide variety of places including commercial facilities and living convenience facilities.

(Reference) From Xymax REI's Greater Tokyo Office Worker Survey 2019
① Interest in work location



② Usage rate and needs for "place for telework" (by youngest child living together)



Survey Overview

Period	January 2020
Coverage	23 wards of Tokyo
Method	Online survey, inquiries and interviews with operators
Target	<p>Flexible offices in the 23 wards of Tokyo either currently operating or scheduled to open in 2020 (a workplace service offered by an operator to corporate users under a usage contract that is not a general lease contract)</p> <ul style="list-style-type: none"> * Offices that have closed or moved as of January 2020 are not included. * The total figures may not equal the sum of individual figures due to rounding. * The aggregate figures contained in this report are as of the time of survey. Information are added and updated on a daily basis. * The floor area of each office is the published floor area, if available, or, if not available, any of the following as an estimate figure. <ul style="list-style-type: none"> • When the entire building is used: The leasable area estimated from the gross building area • When the number of floors is known: The product of the standard story area and the number of floors of the building • Average floor area of other offices of the same brand of which the floor area is published • The average floor area of all of the target offices of this report, excluding offices of major brands (with an average office floor area of 1,000 tsubo or more) (140.0 tsubo)

Contact for inquiries concerning this report

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