Quarterly Office Market Report
Tokyo Q1 2026

April 27, 2026

Xymax Research Institute

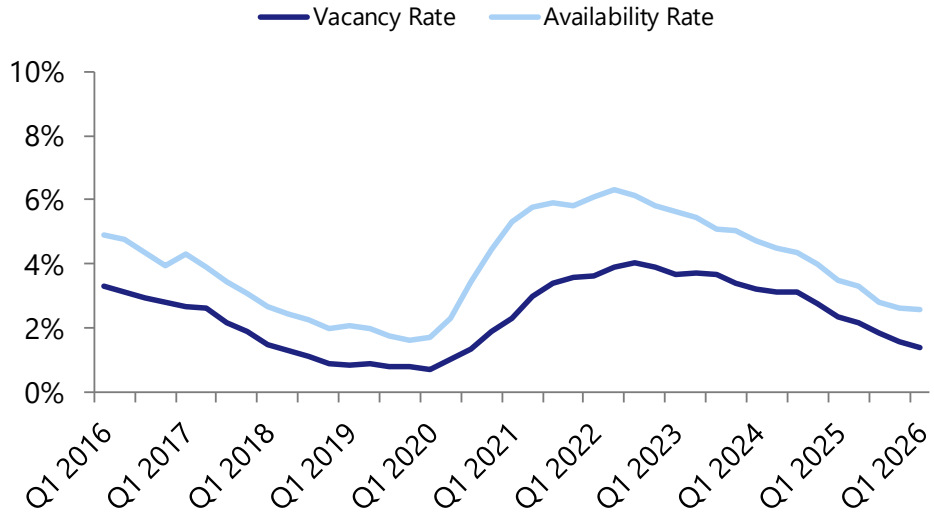
Summary

- In Q1 2026 (January–March 2026), the office market in the 23 wards of Tokyo saw a decline in the vacancy rate but an increase in new contract rent compared to the previous quarter.
- The **vacancy rate** fell 0.18 pts from the previous quarter to **1.37%**. The **availability rate**, which includes space for which a cancellation notice has been given and vacant space currently available (i.e., accepting tenant applications), fell 0.03 pts from the previous quarter to **2.57%**. As for the **increase and decrease in vacant space**, the decrease outweighed the increase, with the **increase** at **126,000 tsubo** and the **decrease** at **149,000 tsubo**. The **vacancy turnover ratio**, the percentage of vacant space leased to tenants, rose 11.4 pts from the previous quarter to **66.9%**.
- The **new contract rent index**, the level of new lease rent, rose 8 pts from the previous quarter to **108**. The **contract rent diffusion index (DI)**, the percentage of buildings with higher new contract rent minus that of buildings with lower new contract rent, fell 2 pts from the previous quarter to **55**, in positive territory for the eighth consecutive quarter.
- The **paying rent index**, which includes new contract rents and existing rents, rose 2 pts from the previous quarter to **109**.
- The **average free rent (months)** among **all lease contracts** and **lease contracts with free rent** was **2.2 months** and **4.2 months**, respectively. The **ratio of free rent of two months or more** was **45.5%**, and that of **six months or more** was **15.1%**.

Vacancy Rate 1.37%, Availability Rate 2.57%

- The vacancy rate **fell 0.18 pts** from the previous quarter to **1.37%**.
- The availability rate **fell 0.03 pts** from the previous quarter to **2.57%**.
- The vacancy rate declined for the eleventh consecutive quarter, and the availability rate fell for the fifteenth consecutive quarter.
- Office demand remains resilient amid tenant companies increasing headcount and returning to the office, driving a decline in vacancy rates.
- As existing vacant space declines, there is already interest in buildings scheduled for completion several years from now.

Figure 1: Vacancy & Availability Rates (All Building Sizes)



	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Vacancy Rate	2.33%	2.15%	1.85%	1.55%	1.37%
Availability Rate	3.50%	3.28%	2.81%	2.60%	2.57%

Vacancy rate: The percentage of vacant space (vacant space that has been vacated and is available for immediate occupancy: currently vacant space) to total rentable area

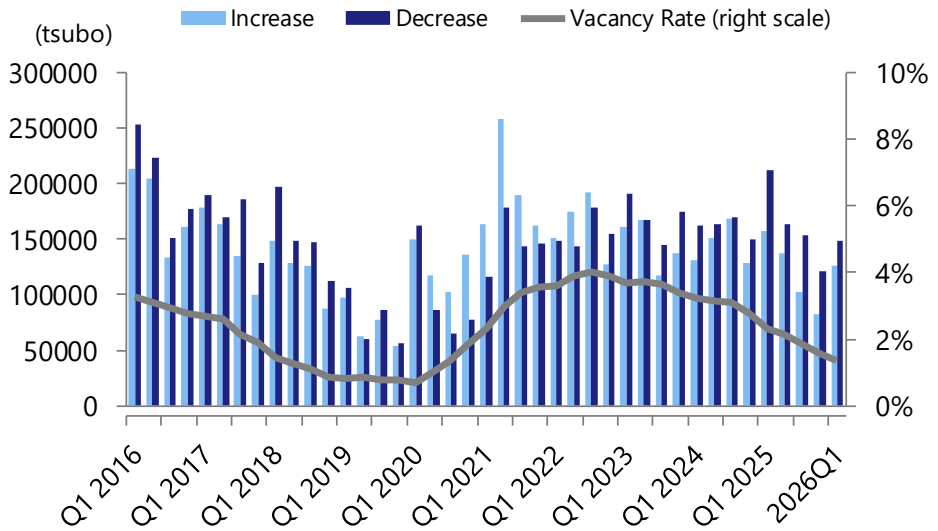
Availability rate: The percentage of the sum of currently vacant space, space for which a cancellation notice has been given, and space that is accepting tenant applications (before the previous tenant has left) to the total rentable area

See *Vacant Office Space Monthly Report* for the rates by building size and location.

Vacant Space Increase: 126,000 Tsubo; Decrease: 149,000 Tsubo

- The **increase in vacant space** was **126,000 tsubo**, 43,000 tsubo more than in the previous quarter.
- The **decrease in vacant space** was **149,000 tsubo**, 28,000 tsubo more than in the previous quarter.
- On the back of robust office demand, the decrease in vacant space outweighed the increase for the eleventh consecutive quarter.
- There are many cases where vacancies do not come on the market because they are filled by existing tenants who expand within the building or by owners who seek new tenants after an existing tenant decides to move out. Therefore, the situation remains that there are actually more tenant departures and new occupancies (or expansions) than the vacant space figures suggest.

Figure 2: Increase and Decrease in Vacant Space (23 Wards, All Building Sizes)



	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Increase	157,000	138,000	102,000	83,000	126,000
Decrease	212,000	163,000	153,000	121,000	149,000
Vacancy (right scale)	2.33%	2.15%	1.85%	1.55%	1.37%

Increase in vacant space is the sum of the following:
- Vacant space in existing buildings caused by tenants moving out, etc.
- Total rentable area of new completions

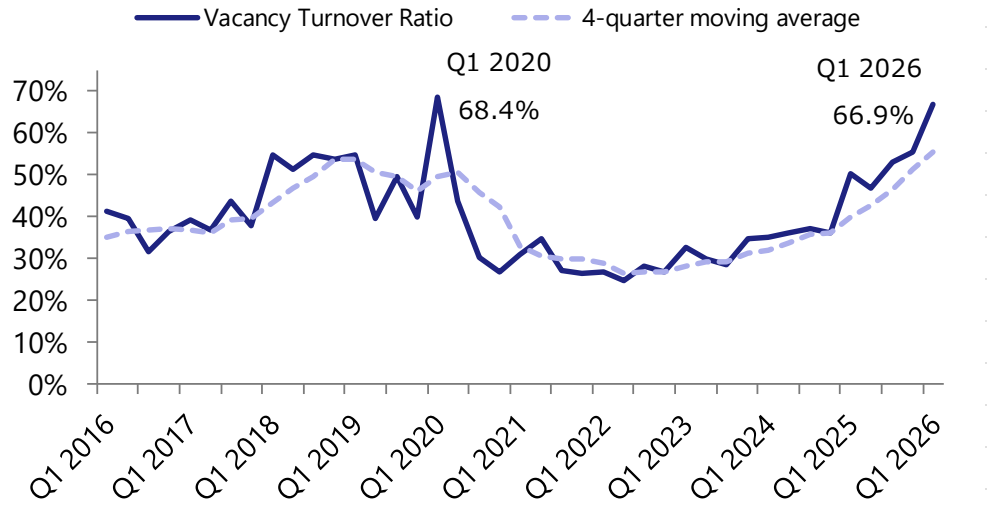
Decrease in vacant space is the sum of the following:
- Vacant space in existing buildings no longer available for tenants due to new occupancy, etc.
- Space in new completions where lease is signed prior to the completion

For details, see *Survey of Increase and Decrease in Vacant Office Space (Tokyo 23 Wards)* released on January 23, 2017. https://www.xymax.co.jp/english/assets/pdf/news_research/20170123.pdf

Vacancy Turnover Ratio at 66.9%

- The **vacancy turnover ratio rose 11.4 pts** from the previous quarter to **66.9%**.
- The vacancy turnover ratio has exceeded 60%, reaching almost 68.4% recorded in Q1 2020, just before the pandemic began.
- The quarterly moving average stood at **55.5%**, surpassing the 53.6% recorded in Q1 2019 and reaching a new high since the survey began.

Figure 3: Vacancy Turnover Ratio



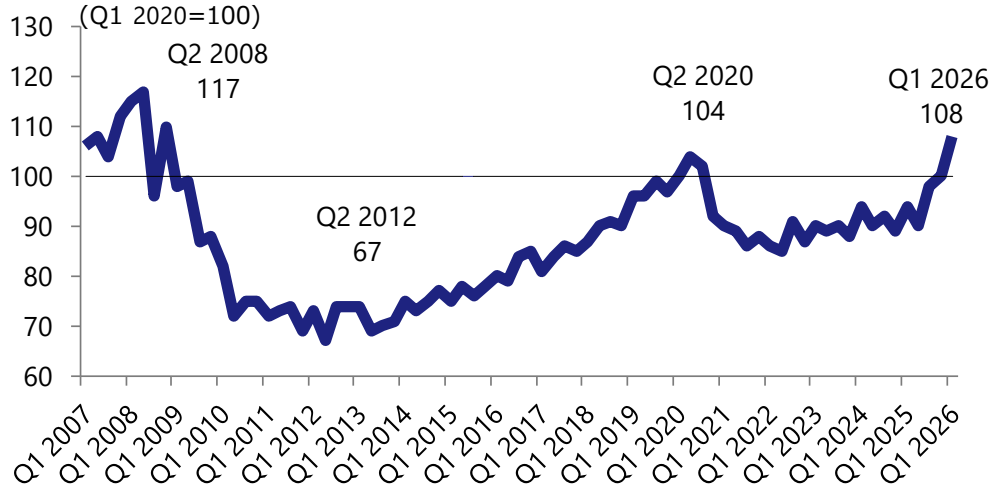
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Vacancy Turnover	50.1%	46.6%	53.0%	55.5%	66.9%
4-quarter moving average	39.8%	42.5%	46.4%	51.3%	55.5%

Vacancy turnover ratio: The percentage of vacant space leased during the quarter to the total vacant office stock (initial vacancy + vacancy added during the quarter)

New Contract Rent Index at 108

- The **new contract rent index rose 8 pts** from the previous quarter to **108**.
- Rents exceeded the levels seen before the COVID-19 pandemic caused them to fall (Q2 2020).
- Rents are rising rapidly against a backdrop of solid demand.

Figure 4: New Contract Rent Index



	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
New Contract Rent Index	94	90	98	100	108

New contract rent index: An index for new contract rent per tsubo with property-specific influences removed by adjusting for quality in factors that form rent, including gross building area and age of the building.

See the following reports for further details:

Xymax New Contract Rent Index, released on September 19, 2014

https://www.xymax.co.jp/english/assets/pdf/news_research/20140919-04.pdf

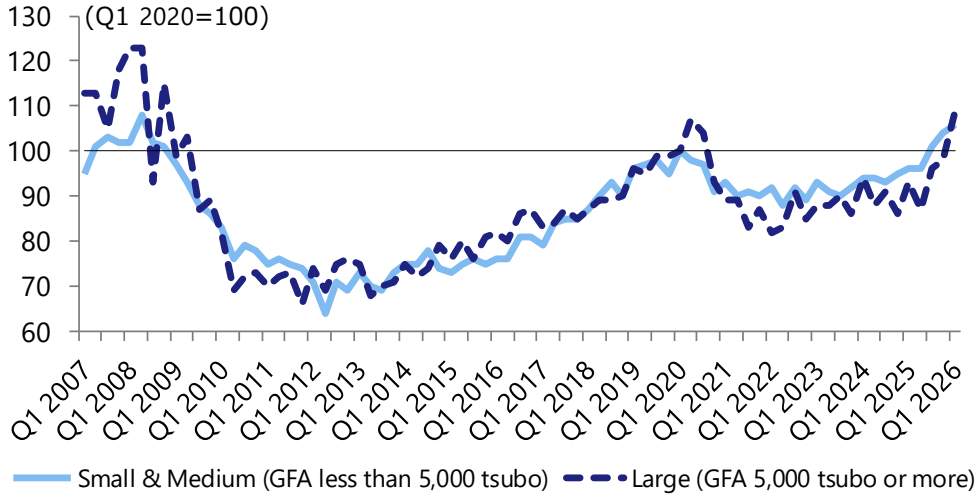
Revised New Contract Rent Index, released on April 19, 2021 (in Japanese only)

https://soken.xymax.co.jp/2021/04/19/2104-new_contract_rent_index_revise2021/

New Contract Rent Index (By Building Size): 109 for Large Buildings, 106 for Small&Medium

- The **new contract rent index (for large buildings with a gross building area of 5,000 tsubo or more) rose 11 pts** from the previous quarter to **109**.
- The **new contract rent index (for small & medium-sized buildings with a gross building area of less than 5,000 tsubo) rose 2 pts** from the previous quarter to **106**.
- Both large and small & medium-sized buildings continue to see increases from the previous quarter.
- In the current market, there is a noticeable trend of rising rents, particularly in large buildings.

Figure 5: New Contract Rent Index (By Building Size)



	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Large Buildings	93	87	96	98	109
Small & Medium Buildings	96	96	101	104	106

Contract Rent DI at 55, a Positive DI for the Eighth Consecutive Quarter

- The **contract rent diffusion index (DI)** was **55**, **down 2 pts** from the previous quarter.
- The percentage of buildings with higher new contract rents compared to the previous quarter was **65%**, while the percentage of those with lower rents was **10%**.
- The DI has remained in positive territory for the eighth consecutive quarter.
- It has remained above 51 recorded in Q3 2007, indicating a pronounced upward trend in rents.

Contract rent DI: An index derived by "the percentage of buildings with higher new contract rents than six months ago minus that of buildings with lower rents)." It indicates the direction of change in new contract rent.

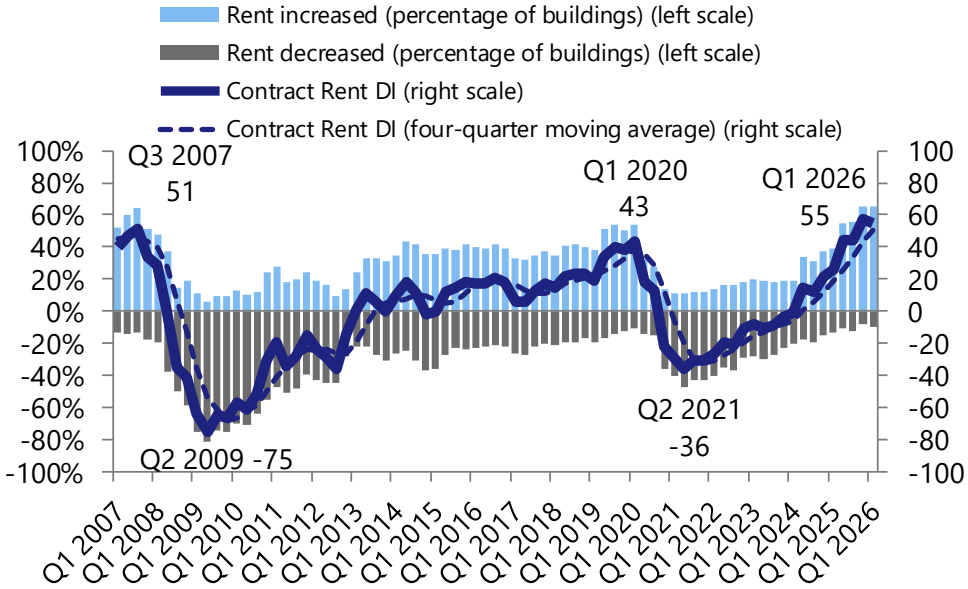
For the DI's relationship with various economic indices, see *Release of Quarterly Contract Rent DI Report*, released on December 13, 2013.

https://www.xymax.co.jp/english/research/images/pdf/131211_News-release.pdf

For the DI's relationship with the new contract rent index, see *Office Market Report Tokyo Q4 2020 TOPIC 1*, released on February 3, 2021.

https://www.xymax.co.jp/english/assets/pdf/news_research/20210203.pdf

Figure 6: Contract Rent DI

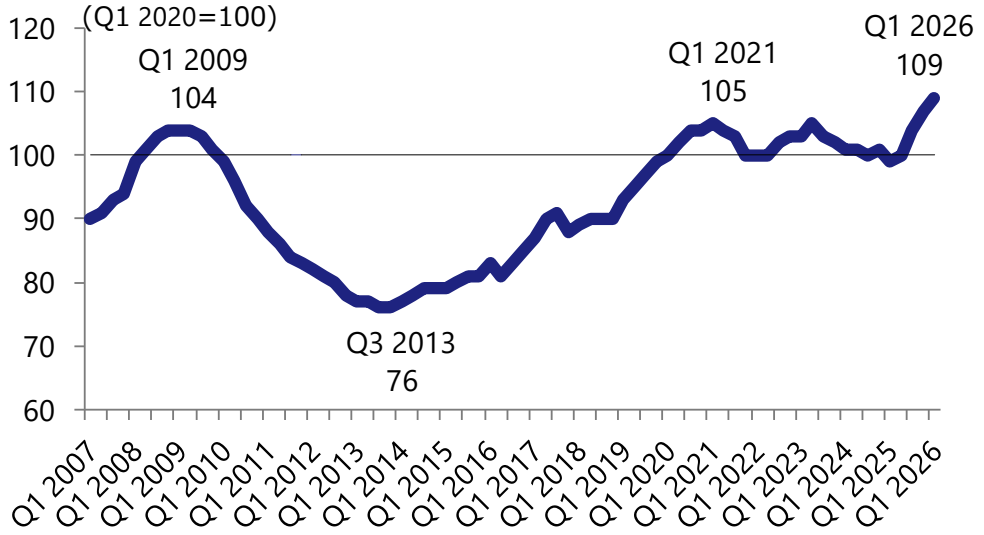


	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Contract Rent DI	26	44	44	57	55

Paying Rent Index at 109

- The paying rent index **rose 2 pts** from the previous quarter to **109**.
- It surpassed the previous high set in the prior quarter, which was the highest level since the survey began in 2005.
- In addition to rising new contract rent, rent increases in existing contracts are also progressing, and the paying rent index is trending upward.
- In some cases, leases are introduced at the time of renewal that allow rent to be adjusted in line with the CPI (CPI-linked rent).

Figure 7: Paying Rent Index



	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Paying Rent Index	99	100	104	107	109

Paying rent index: A rent index that includes both new contract rent and existing lease rent. It lags new contract rent and has less volatility.

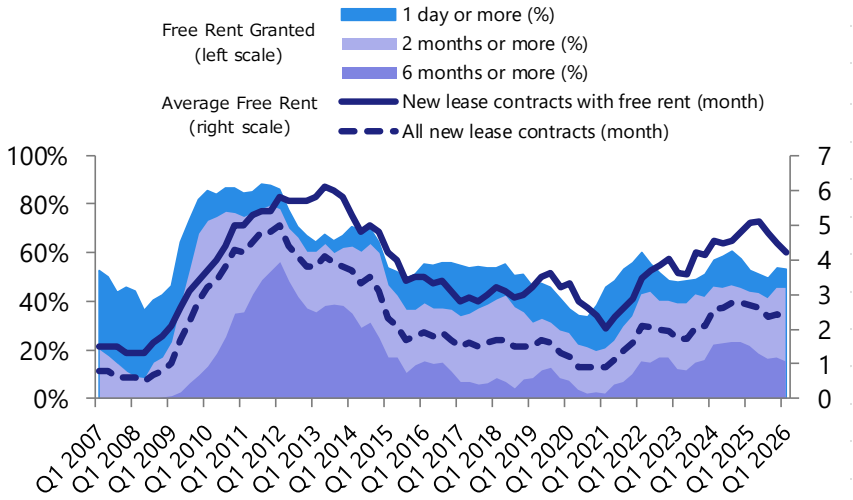
For further details, see *Paying Rent Index Is Released*, released on October 15, 2015. https://www.xymax.co.jp/english/assets/pdf/news_research/20151015.pdf

Average free rent (months) of all lease contracts: 2.2 months; ratio of free rent granted: 53.1%

- The **average free rent (months) of all lease contracts** decreased **0.2 months** from the previous quarter to **2.2 months**.
- **The average free rent (months) of lease contracts with free rent decreased 0.3 months** from the previous quarter to **4.2 months**.
- The **rate of free rent granted for 1 day or more fell 0.9 pts** from the previous quarter to **53.1%**.
- The **rate of free rent granted for 2 months or more fell 0.2 pts** to **45.5%**.
- The **rate of free rent granted for 6 months or more fell 1.8 pts** to **15.1%**.
- In the current market, the availability of free rent is on the decline due to tight market conditions, and even in large-scale relocations, there are cases where the amount of free rent is limited to the duration of the move-in construction period.

Free rent: Calculated from the time lag between the start of a new contract and the start of rent payment for the contract.
Free rent grant rate: The percentage of contracts with free rent
Average free rent duration: Average number of months of the free rent period

Figure 8: Free Rent



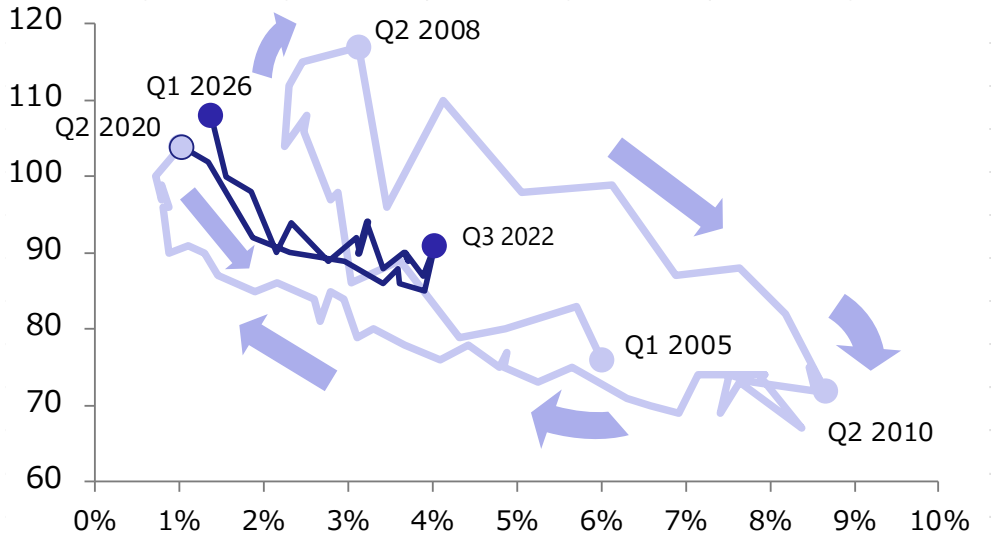
		Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Average Free Rent Months	All	2.7	2.6	2.4	2.4	2.2
	w/ FR	5.1	5.1	4.8	4.5	4.2
Ratio of Free Rent Granted	1 day +	52.9%	51.1%	49.4%	54.0%	53.1%
	2 mon. +	44.1%	43.3%	41.3%	45.7%	45.5%
	6 mon. +	21.6%	18.6%	16.6%	16.9%	15.1%

Market Cycle Shifted to Upper Left: Vacancy Rate -0.18 pts, New Contract Rent Index +8 pts

- The market cycle **shifted to the upper left** as the **vacancy rate fell 0.18 pts** and the **new contract rent index rose 8 pts**.
- As the vacancy rate continued to fall and rents continued to rise, the new contract rent index surpassed the levels seen during the boom period just before the COVID-19 pandemic.
- While the office market remains robust, some companies are putting off relocations due to concerns about the potential future impact of geopolitical risks. Future developments must be closely monitored regarding the impact on the market.

Market cycle: The vacancy rate plotted on a quarterly basis on the horizontal scale, and the new contract rent index on the vertical scale. It tends to move to the upper left (vacancy down, rent up) when the office market is booming and to the lower right (vacancy up, rent down) when the market is in a recession.

Figure 9: Market Cycle



	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Vacancy Rate	2.33%	2.15%	1.85%	1.55%	1.37%
New Contract Rent Index	94	90	98	100	108

Note: The vacancy rate before March 2011 is based on data by a major leasing agent.

Major Building Completions and Office Relocations

Major building completions

Name	Floors Above ground/ Below ground	Ward	Address	Completion	Total floor area (tsubo)
OIMACHI TRACKS BUSINESS TOWER	Area A-1: 26/3 Area A-2: 2/2	Shinagawa	2-1-21 Hiromachi	Mar 2026	Area A-1 : 75,600 Area A-2 : 2,750
TOFROM YAESU TOWER	51/4	Chuo	1-6-1 Yaesu	Feb 2026	68,050

Source: Compiled by Xymax Real Estate Institute based on information released by companies

Major office relocations

Company	From	To	Timing	Purpose	Size (tsubo)
Chugai Pharmaceutical	Nihonbashi Mitsui Tower and others *Chuo Ward*	Yaesu 2-Chome Central District Category-I Urban Redevelopment Project *Chuo Ward*	Spring 2029 (planned)	Growth Execution & Collaboration	5,700
Tokyo Tatemono	Tokyo Tatemono Yaesu Building and others *Chuo Ward*	TOFROM YAESU TOWER *Chuo Ward*	Fall 2026 (planned)	Upgrading HQ Functions for Growth Acceleration	4,560

Source: Compiled by Xymax Real Estate Institute based on information released by companies.The sizes of offices are estimates.

Survey Overview

	Vacancy Rate	Increase and Decrease in Vacant Space	Vacancy Turnover Ratio	New Contract Rent Index
Description	Vacant space and available space versus total office stock in the market.	A quarterly increase and a quarterly decrease in volume of vacant space in the market.	The ratio of the vacant space leased during the quarter to all the vacant office stock in the market.	Office rent index based on new contract rents. This index uses a statistical method to remove property-specific influences such as size and age of buildings.
Main Point	Supply and demand balance in the market	Supply and demand balance in the market	Supply and demand balance in the market	Level of contract rents
Sector	Office Building			
Market	Tokyo 23 Wards			
Building Size	GFA 300 tsubo or more	GFA 300 tsubo or more	GFA 300 tsubo or more	GFA 300 tsubo or more
Release	Every Quarter			
Data Source	Data of available vacant spaces and buildings. Independently collected by Xymax.	Data of available vacant spaces and buildings. Independently collected by Xymax.	Data of available vacant spaces and buildings. Independently collected by Xymax.	Data of new contract rents including CAM charge. Independently collected by Xymax.
Data Used in Recent Quarter	9,061 buildings	6,418 contracts	6,418 contracts	533 contracts
How to Calculate	• Vacancy rate = vacant space ÷ rentable space • Vacant Space Total available vacant space in completed buildings as of the time of the research. • Rentable Space Rentable space of completed buildings as of the time of the research. ・Availability rate ＝available space ÷ rentable space ・Available space Total available space, which consist of vacant space and space for which notice of cancellation has been given. Where rentable space is not available, the rentable space is estimated from the gross floor area of the building using the formula developed in the joint study with the laboratory of Professor Naoki Kato at Kyoto University Graduate School	• Increase in volume of vacant space a. Space in existing buildings formerly occupied by tenants b. Total rentable area of new completions • Decrease in volume of vacant space a. Space in existing buildings leased under a new agreement b. Space in new completions but lease is signed prior to the completion c. Space that had been vacant but the owner decided not to lease Where rentable space is not available, the rentable space is estimated from the gross floor area of the building using the formula developed in the joint study with the laboratory of Professor Naoki Kato at Kyoto University Graduate School of Engineering.	• Vacancy Turnover Ratio = Volume of vacant space leased during the quarter ÷ (Initial vacancy + Vacancy added during the quarter) Then, compute the four-quarter moving average amount with the ratio derived from this formula. • Volume of vacant space leased during the quarter: Same as the "decrease in volume of vacant space). • Initial vacancy: Total volume of completed buildings that are available for lease as of the start of the quarter. • Vacancy added during the quarter: Same as the "increase in volume of vacant space"	1) Develop a rolling hedonic model (overlapping period: five quarters) based on the collected new contract data with property-specific factors as variables (location, building size, building age, facilities, date of signing of lease, etc.). 2) Estimate the quarterly contract rent by assigning the values of a typical building to the model developed in the preceding step. 3) Calculate the rent estimated in the preceding step based on Q1 2020 as the base point (=100) by market segment (four segments). 4) Integrate the figure of the preceding step as a Fisher index using gross floor area as weight. The New Contract Rent Index of the Tokyo office market is the integrated figure.

Survey Overview

	Contract Rent DI	Paying Rent Index	Free Rent Granted (%) & Average Free Rent (Month)
Description	Index of changes in new contract rents. Calculated by counting and comparing the buildings where rent has increased and those where rent has decreased.	Index of changes in paying rents (new and existing contract rents).	Distribution of free rent and average length of free rent period. Free rent is the time lag between the start of the contract and the start of the rent payment.
Main Point	Direction of contract rent trends	Level of rents paid by tenants	Market trends that are not reflected in contract rents
Sector	Office Building		
Market	Tokyo 23 Wards		
Building Size	All	GFA 300 tsubo or more	All
Release	Every Quarter		
Data Source	Data of new contract rents including CAM charge. Independently collected by Xymax.	Data of new and existing contracts signed for buildings under management by Xymax.	Data of new contracts signed for buildings under management by Xymax.
Data Used in Recent Quarter	609 contracts	5,003 contracts	49 contracts
How to Calculate	1) Compare the data of new contract rent per tsubo with that in the 6-month prior period in the same building. Each contract was counted separately into three categories: buildings with "rent increase", "no change" or "rent decrease" 2) Calculate the percentage of buildings with "rent decrease" and buildings with "rent increase". 3) Subtract the percentage of buildings with "rent decrease" from the percentage of buildings with "rent increase". This outcome is the Contract Rent Diffusion Index (DI).	1) Calculate the rent per tsubo of each tenant from the data of new and existing lease contracts and memorandums. 2) Develop a rolling hedonic model (overlapping period: five quarters) based on the rents calculated in the preceding step (the "paying rent") with property-specific factors as variables (location, building size, building age, facilities, date of signing of lease, etc.). 3) Estimate a quarterly contract rent by assigning the values of a typical building to the model developed in the preceding step. 4) The Paying Rent Index is the rent estimated in the preceding step based on Q1 2010 as the base point (=100). With this method, influences from replacement of sample data and deterioration of buildings over age are removed from the result.	• Free Rent Period (Until Q4 2020) The period between the start of the contract and the startof the rent, shown in number of days. (Q1 2021 onward) The period for new contracts (excl. contracts for expansion within building and recontracts) during which rent has continuously been reduced to an amount equivalent or close to CAM charges since the date of contract. ・Ratio of Free Rent Granted The ratio of contracts with free rent in all the new contracts (excl. contracts for expansion within the building and recontracts) ・Average Free Rent (Month) of All the Contracts The simple average of the free rent period including lease contracts with no free rent period. ・Average Free Rent (Month) of Contracts with Free Rent The simple average of the free rent period of lease contracts with a free rent period