

# NEWS & RELEASE

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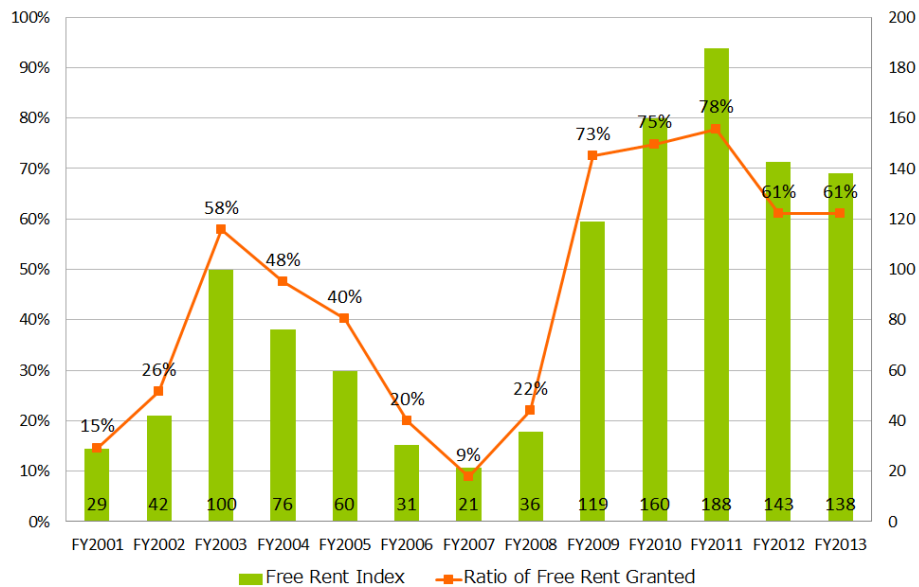
## Free Rent Remained Flat Year-on-Year Tokyo 23 Wards Office Space FY2013

Xymax Real Estate Institute summarized the results of the analysis of free rent of new leases signed in FY2013 for office space in Tokyo 23 Wards. The two indicators below represent the current trends of free rent.

Ratio of Free Rent Granted in FY2013 remained unchanged year-on-year at 61% (see Figure 1). Free Rent Index, which shows the average level of rent-free periods given, decreased by 5 points year-on-year to 138. These indicators were expected to show down trends as the market is moving toward recovery, but the results actually showed only a marginal decrease in Free Rent Index.

This outcome can be explained by the efforts of owners to fill the vacancy quickly by giving free rent as they see office space demand to recover. Our quarterly research, Contract Rent DI<sup>1</sup>, also indicated quite a few cases of falling rent in FY2013; many of which were offered in order to have leases signed with tenants as soon as possible. Owners actively approached prospective tenants with flexible lease terms including free rent, and many of them achieved full-occupancy by successfully filling the prolonged vacancy.

Figure 1: New Lease with Free Rent in Tokyo 23 Wards



**Ratio of Free Rent Granted**

Ratio of Free Rent Granted is estimated based on the data of signed lease collected by Xymax Group. It is the ratio of new leases with two months or more rent-free period in all the leases signed by new tenants in the year (expansion within the same building is excluded).

**Free Rent Index**

Free Rent Index is the level of rent-free periods given in each year (average period in all leases including those with no free rent), setting the base year at FY2003 (=100).

<sup>1</sup> Contract Rent DI (Q1, 2014) <http://www.xymax.co.jp/english/research/release/140507.html>