

NEWS & RELEASE

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Office Space per Person 2014

Space per person remained flat. Rent per person was also calculated.

Xymax Real Estate Institute has been conducting surveys of corporate tenants in office buildings, in order to understand the actual use of office spaces.

This issue of the annual analysis of the office space per person in a typical office building covers the result in 2014. The rent per person (including CAM charge) was also calculated, as corporate tenants are increasingly more concerned about office occupancy cost.

The previous report, Office Space per Person 2013, released on May 22, 2014 is available online.

http://www.xymax.co.jp/english/research/images/pdf/140522_News-release.pdf

Key Findings

- Office space per person in Tokyo 23 Wards in 2014 was 3.92 tsubo, remained flat in recent years.
- Space per person differs depending on the location of the building and the business of the tenant.
- Office space per person prior to relocating for expansion was 2.71 tsubo.
- Monthly office rent per person in Tokyo 23 Wards in 2014 was 62,646 yen, decreased in recent years at a moderate rate.

(1 tsubo=approx. 3.3 sqm)

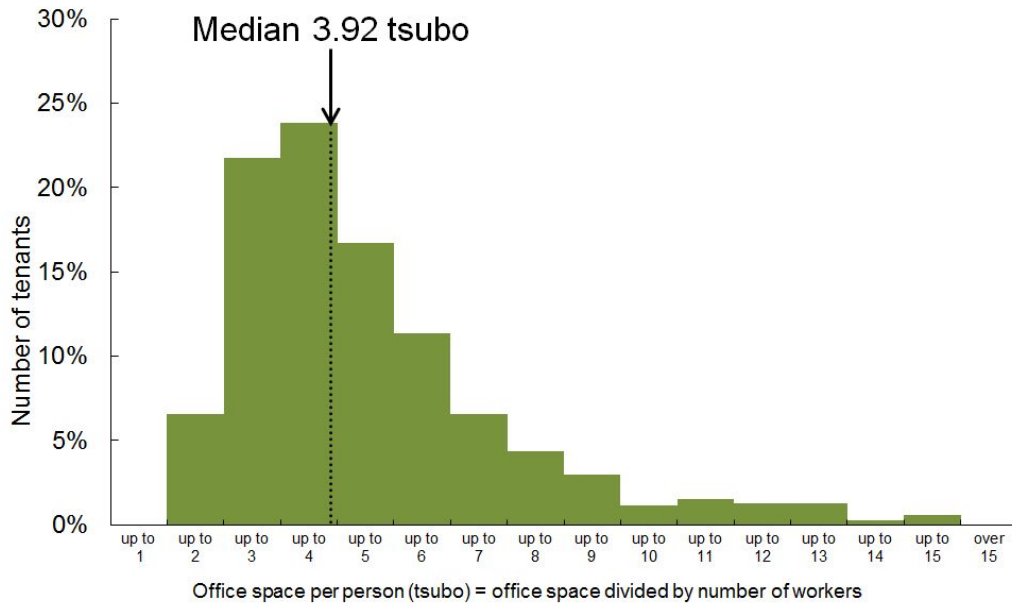
Outline

Period	2009 – 2014 (surveyed annually)						
Respondents	Office tenants occupying the office buildings in Greater Tokyo						
Valid Response (accumulated)	<p>Tokyo 23 Wards: 5,363 tenants</p> <table style="margin-left: 40px;"> <tr> <td>829 tenants in 2009</td> <td>871 tenants in 2010</td> <td>894 tenants in 2011</td> </tr> <tr> <td>909 tenants in 2012</td> <td>987 tenants in 2013</td> <td>873 tenants in 2014</td> </tr> </table> <p>Greater Tokyo (excl. Tokyo 23 Wards): 565 tenants Data of cancelled lease: 200</p>	829 tenants in 2009	871 tenants in 2010	894 tenants in 2011	909 tenants in 2012	987 tenants in 2013	873 tenants in 2014
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909 tenants in 2012	987 tenants in 2013	873 tenants in 2014					
Calculation Method	Office space per person and rent per person are estimated by dividing the tenants' office space and monthly rent by the number of workers in the office. The median of each is referred to as "office space per person" and "office rent per person".						
Notes	<p>Office space: Net rentable area (net usable area) including the desk area, entrance (reception area), conference rooms, refresh rooms, document rooms, storage rooms and exclusive-use corridors.</p> <p>Rent: Rent including CAM charge</p> <p>Number of office workers: The number of "users" of the office space as responded by the tenants.</p>						

Office Space per Person: Distribution and Changes

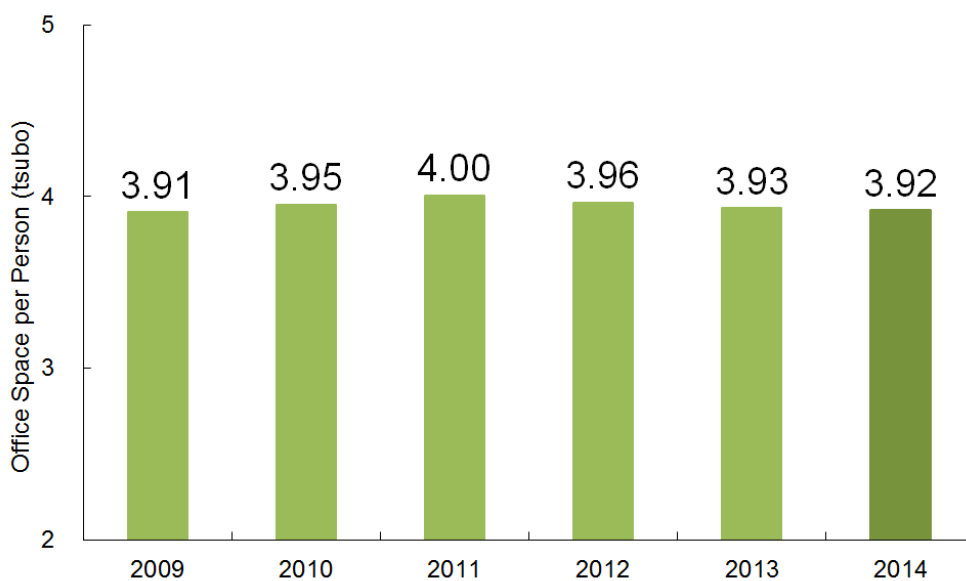
Figure 1 shows the distribution of office space per person in Tokyo 23 Wards in 2014. The median is 3.92 tsubo, which means that the space per person of half of the tenants was smaller than 3.92 tsubo while that of the remaining tenants was larger than 3.92 tsubo.

Figure 1: Office Space per Person 2014 (Tokyo 23 Wards)



The changes in office space per person are shown in Figure 2. The size of the office space per person showed little changes and remained at around 4 tsubo during the period from 2009 to 2014.

Figure 2: Office Space per Person 2009-2014 (Tokyo 23 Wards)



The office space, in this study, includes the entire spaces occupied by the tenant. This means that our office space includes, in addition to the desk space, other spaces such as conference rooms, server rooms and refresh spaces. Accordingly, the office space per person in this study is larger than the actual desk area per person.

The proportion of the desk space and other spaces can be found in our release of Survey of Use of Office Space 2014 (*). The most common ratio of desk space, according to the survey, was approx. 70%, while approx. 30% are used as other spaces such as conference rooms, server rooms and refresh spaces.

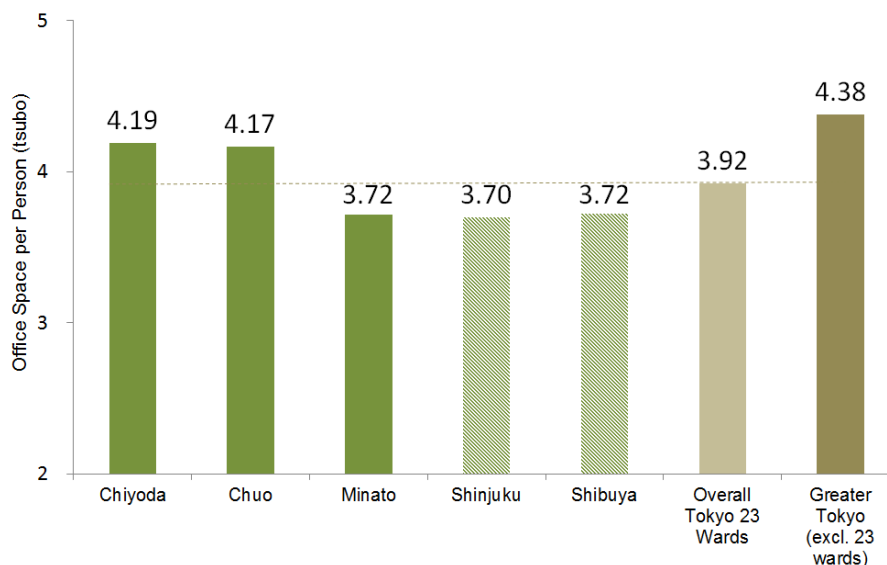
(*)Survey of Use of Office Space 2014 released on December 1, 2014

<http://www.xymax.co.jp/english/research/images/pdf/20141201-01.pdf>

Office Space per Person by Area and Tenants' Business

Annual analysis of the office space per person by area and tenants' business was performed this year too. The area-by-area analysis found that the office space per person is relatively small in Shinjuku and Shibuya wards at 3.70 tsubo and 3.72 tsubo, respectively. In contrast, the space remained large for Greater Tokyo excluding Tokyo 23 Wards at 4.38 tsubo. (Figure 3)

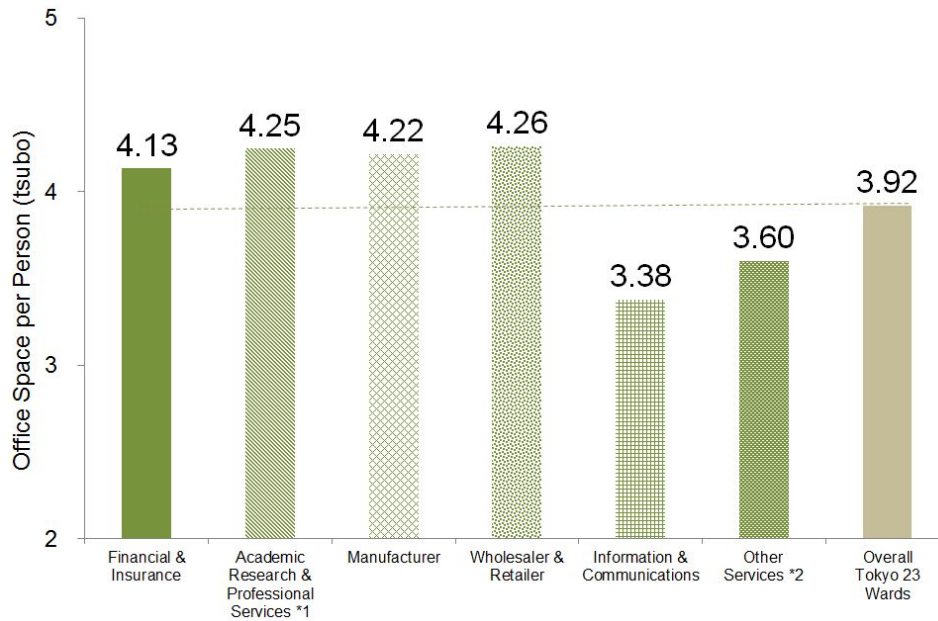
Figure 3: Office Space per Person by Area 2014



	Chiyoda	Chuo	Minato	Shinjuku	Shibuya	Overall Tokyo 23 Wards	Greater Tokyo (excl. 23 wards)
2009	4.25	3.95	3.93	3.77	3.53	3.91	—
2010	4.25	4.14	4.02	3.42	3.45	3.95	—
2011	4.00	4.28	4.04	3.20	3.85	4.00	—
2012	4.39	4.00	4.02	3.40	3.52	3.96	—
2013	3.99	4.25	3.82	3.62	3.62	3.93	4.16
2014	4.19	4.17	3.72	3.70	3.72	3.92	4.38

The office space per person by type of business of the tenant also presented a similar trend from last year. Financial & Insurance (4.13 tsubo), Academic Research & Professional Services (4.25 tsubo), Manufacturer (4.22 tsubo) and Wholesaler & Retailer (4.26 tsubo) were larger compared to the overall Tokyo 23 Wards while Information & Communications and Other Services were smaller. (Figure 4)

Figure 4: Office Space per Person by Type of Business 2014 (Tokyo 23 Wards)



*1 Academic Research & Professional Services: legal firm, accounting firm, advertising agency, business consulting, etc.

*2 Other Services: recruiting agent, temporary staffing, political, economic and cultural organization, security, building maintenance, etc.

	Financial & Insurance	Academic Research & Professional Services *1	Manufacturer	Wholesaler & Retailer	Information & Communications	Other Services *2	Overall Tokyo 23 Wards
2009	4.11	3.96	4.30	—	3.29	3.99	3.91
2010	4.52	4.16	4.23	—	3.10	3.66	3.95
2011	4.38	4.41	4.13	—	3.20	3.51	4.00
2012	4.36	4.41	4.16	—	3.36	3.48	3.96
2013	4.35	4.11	4.24	4.48	3.54	3.54	3.93
2014	4.13	4.25	4.22	4.26	3.38	3.60	3.92

Office Space per Person and Office Relocation

The common size of the office space per person is around 4 tsubo, but this may change when new workers join or existing workers depart from the office. Too large or too small office spaces could cause the tenant to decide moving from current office.

We compared the tenants who relocated in 2009-2014. The space per person of the former office of tenants who relocated for expansion was 2.71 tsubo as of the date of submission of the lease cancellation notice while that of tenants who relocated for downsize was 4.12 tsubo. The reasons of

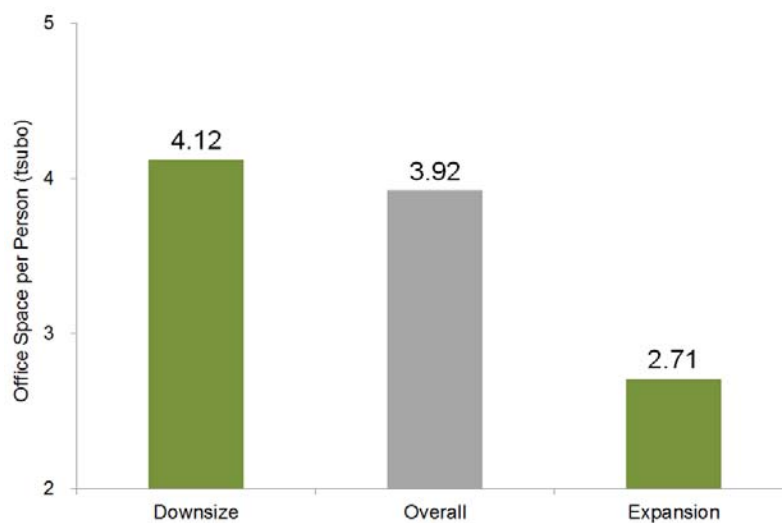
downsize are complicated, including not only too large a space but other purposes such as cost cutting. Because of this, there is not much difference between the overall office space per person and that of the former office of tenant who relocated for downsize. (Figure 5)

According to our 2012 study of the office space expansion and downsize within the same building(*), the office space per person increased from 3.05 tsubo to 3.72 tsubo for expansion within the building while that decreased from 4.24 tsubo to 3.38 tsubo for downsize within the building.

(*) Office Space per Person 2012 in Tokyo 23 Wards released on September 17, 2013

<http://www.xymax.co.jp/english/research/release/130917.html>

Figure 5: Office Space per Person by Purpose of Relocation 2009-2014 (Tokyo 23 Wards)



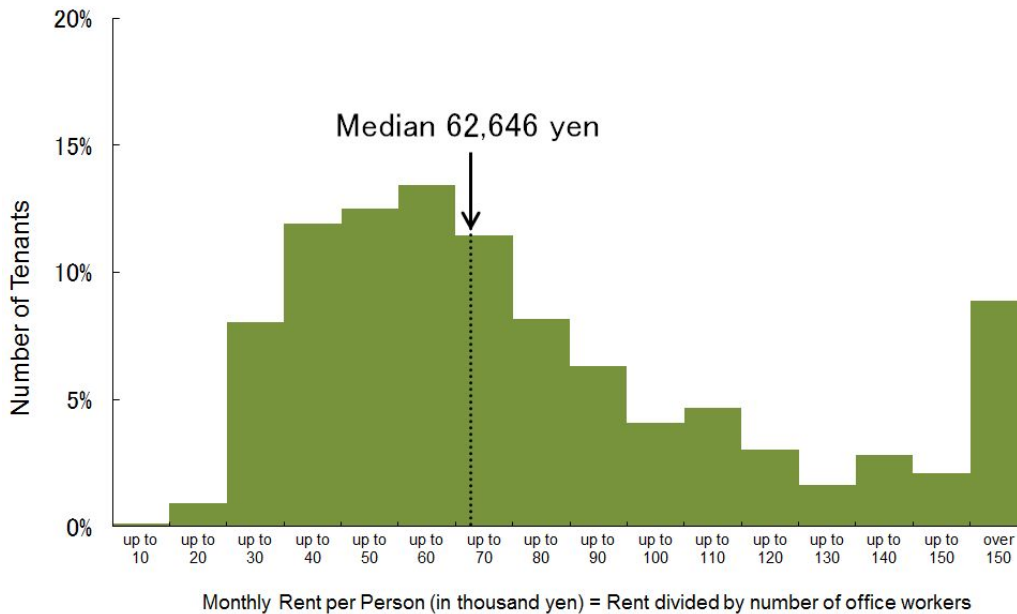
Office Rent per Person: Distribution and Changes

Companies that lease office spaces for its business pay monthly rent to secure spaces for employees. Learning the rent per person is important in calculating the operating cost of a company because office rent takes a large part of facility cost (*).

Figure 6 shows distribution of monthly office rent per person estimated by dividing the monthly rent of the tenants by the number of users. The horizontal axis represents the monthly rent per person and the vertical axis represents the ratio of the number of tenants in each level. The median is, like the office space per person, referred to as the office rent per person. The rent per person in 2014 was 62,646 yen, meaning the half of the tenants paid less than 62,646 yen as monthly rent whereas the remaining half paid more than 62,646 yen.

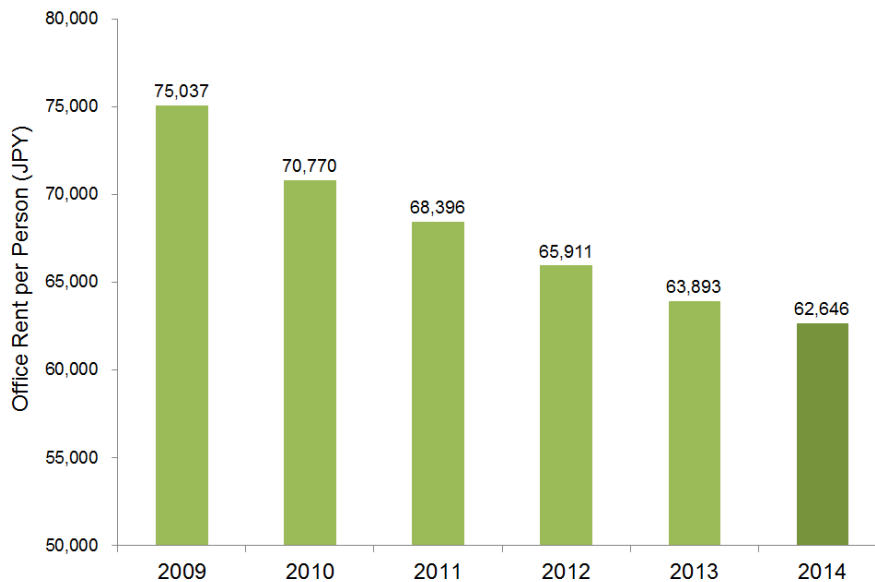
(*) According to the report “Benchmark Research Report 2007 Annual Operating Cost of Facility” by Japan Facility Management Association, companies that lease a place for its business pays rent that accounts for 62.7% of the total facility cost of the company.

Figure 6: Office Rent per Person 2014 Distribution (Tokyo 23 Wards)



Changes in office rent per person in Tokyo 23 Wards are shown in Figure 7. The monthly rent per person gradually decreased to the 60,000 yen level from the 70,000 yen level over the period of 2009-2014. The office rental market is slowly showing signs of recovery. We will continue to focus on the outlook of rent per person.

Figure 7: Office Rent per Person 2009-2014 (Tokyo 23 Wards)



The original research report in Japanese and translated reports in Chinese and Korean are also available online.

- Japanese <http://www.xymax.co.jp/>
- Chinese <http://www.xymax.co.jp/cn/index.html>
- Korean <http://www.xymax.co.jp/ko/index.html>