

Office Space per Person 2017

The office space per person was 3.81 tsubo.

October 18, 2017

Xymax Real Estate Institute surveys office building tenants on a regular basis to understand how companies are using the office. The office space per person of companies leasing typical office buildings (hereinafter "office space per person") is surveyed and analyzed annually. This report summarizes the survey results in 2017.

Survey Results

- Office space per person of Tokyo 23 Wards in 2017 was 3.81 tsubo for all the tenants.
- It was 3.94 tsubo for new tenants, exceeding 3.81 tsubo for existing tenants.

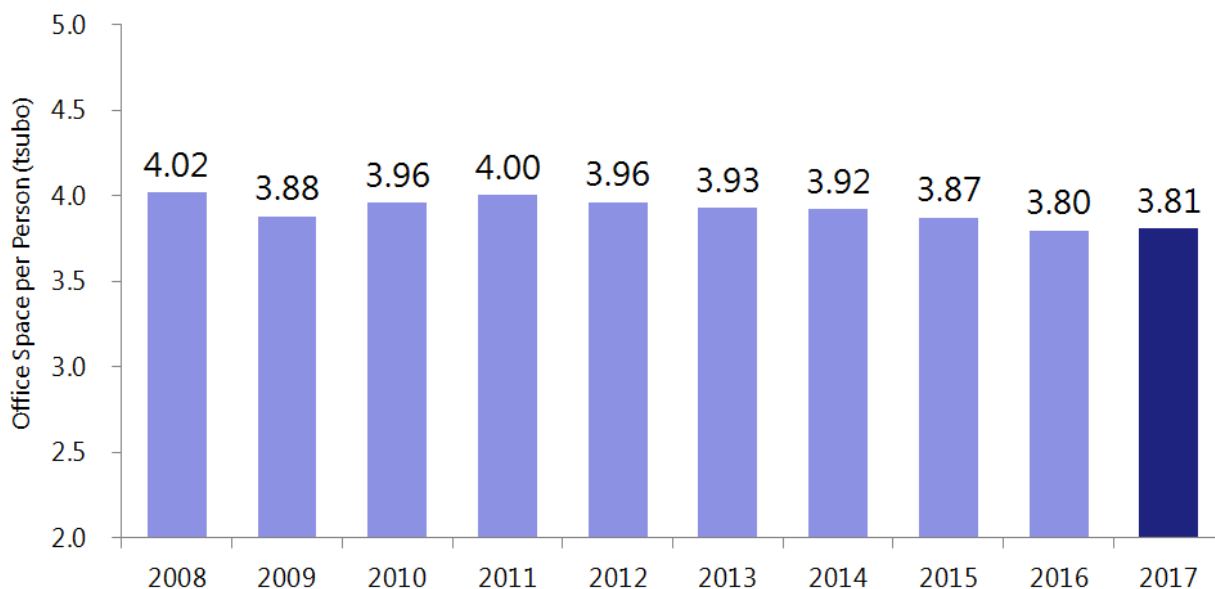
(1 tsubo = approx. 3.3 sqm)

1. Office Space per Person

We collected the data of tenant's office space size and the number of workers as of April 2017 and calculated the office space per person. The median of the data was 3.81 tsubo.

Figure 1 shows the office space per person by year. The size continued to decrease after 2011 and hit the record low of 3.80 tsubo in 2016. The size almost remained the same in 2017 with only a slight increase to 3.81 tsubo.

Figure 1: Office Space per Person in Tokyo 23 Wards 2008-2017



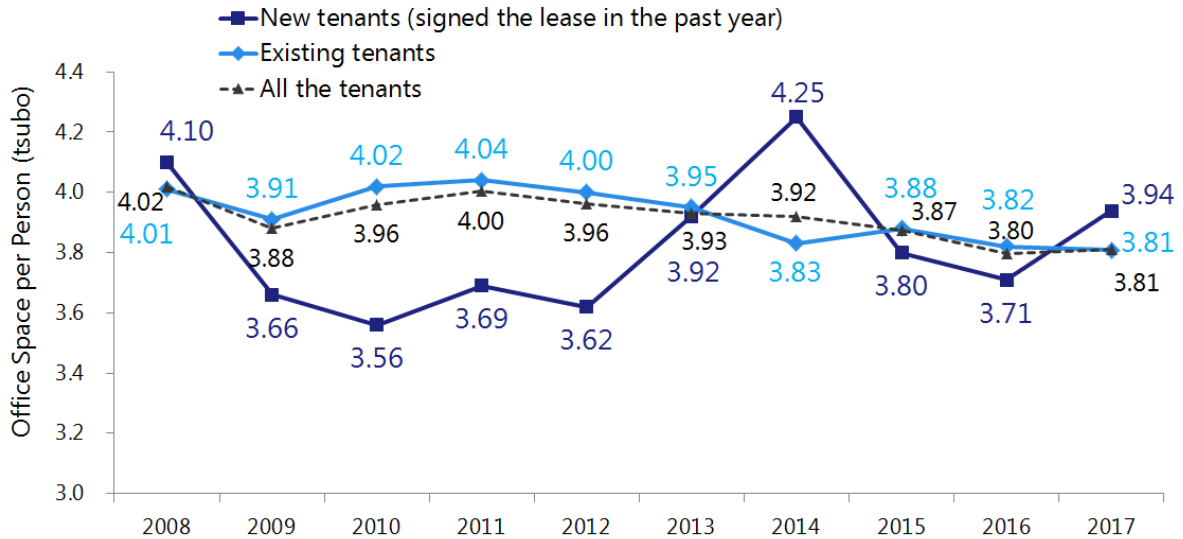
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2. Commentary

Figure 2 compares the office space per person of the tenants who signed a new lease and that of the tenants who were already there. Here, the new tenants mean those who signed the lease in the past year; such tenants accounted for approximately 10% of all the tenants.

Figure 2: Office Space per Person of New Tenants and Existing Tenants 2008-2017



The office space per person of new tenants contracted to 3.66 tsubo in 2009 after companies relocated to smaller offices following the economic slowdown caused by the financial crisis of 2008. In contrast, the office space per person of existing tenants grew to the 4 tsubo level in 2010 as companies cut jobs. The space per person gap between the new tenants and the existing tenants grew larger.

In 2013, the office space per person of new tenants started to expand. It expanded to a spacious size of 4.25 tsubo in 2014. Such expansion was possible because new office buildings were completed, and the economy recovered and companies chose to have a larger office space for business expansion in the near future and for the expected increase in headcount.

Companies started to take more cost-conscious approach in 2015 due to the low vacancy rate, the decrease in vacant space and the high market rent, making the office space per person of the new tenants slightly smaller than that of the existing tenants.

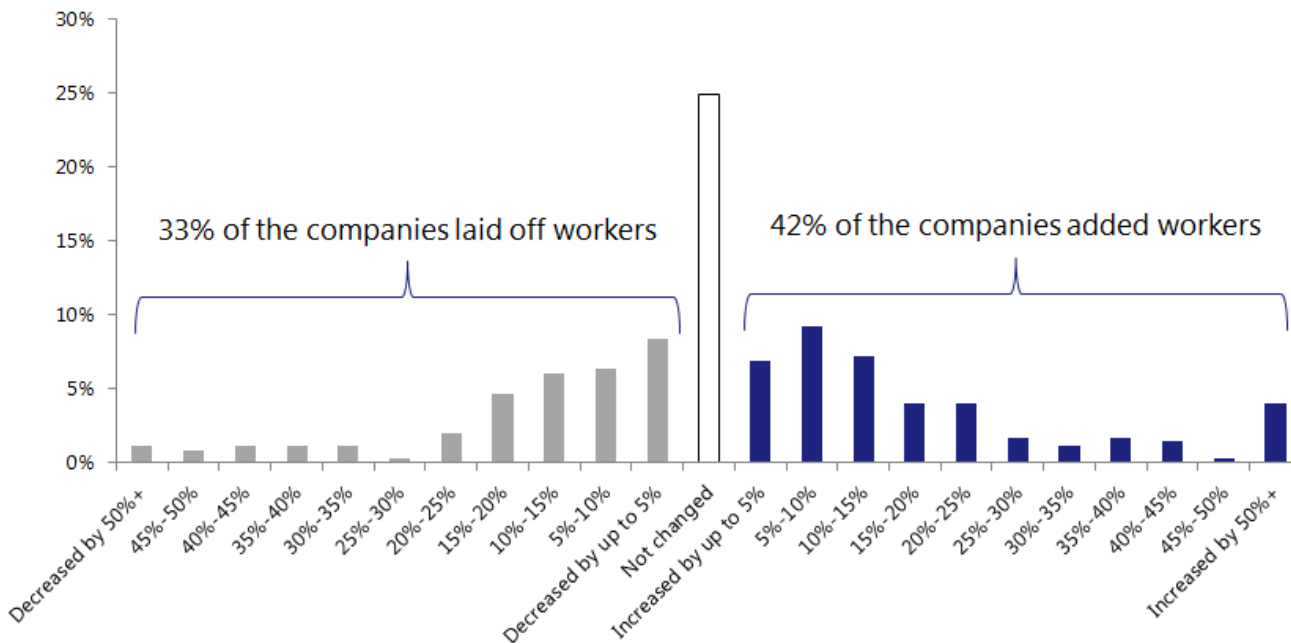
Then in 2017, the office space per person of the new tenants exceeded that of the existing tenants. Some companies decided to have desk areas large enough to accommodate future employees. Other companies decided to use a large space for common facilities such as refresh space and open meeting space when they relocated to other building. These moves have contributed to the expansion of the office space per person.

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Figure 3 shows the year-on-year headcount change of respondent companies where two-year consecutive data were available.

Figure 3: Year-on-Year Change in Number of Office Workers 2016-2017



This year repeated the result in 2016. More companies increased the number of employees than decreased it. Another highlight was that many companies increased the number of employees by more than 50%. This job expansion is expected to continue. According to the report, Metropolitan Areas Office Demand Survey 2017 – Demand Trends*, released by Xymax Real Estate Institute, more than 30% of the companies said they will hire more.

* Metropolitan Areas Office Demand Survey 2017 — Demand Trends
https://www.xymax.co.jp/english/research/images/pdf/20170802_2.pdf

Survey Overview

Period	2008 – 2017 (surveyed every year)				
Target Respondents	Office tenants occupying a space in office building in Tokyo 23 Wards.				
Effective Responses	7,385 tenants (total of the entire period)				
	397 in 2008 987 in 2013	790 in 2009 872 in 2014	852 in 2010 637 in 2015	894 in 2011 524 in 2016	909 in 2012 523 in 2017
Calculation Method	The median of the data calculated by dividing the tenant's office space size by the number of office workers.				
Additional Information	<ul style="list-style-type: none"> The size of the office space, herein, is based on the size specified under the lease agreement. Other than the desk area, it includes the entrance area (reception desk), meeting rooms, refresh area, document storage, other storage and corridors within the exclusive-use area, etc. The number of office workers refers to the "number of users" given by the tenants. 				

For questions on this report, please contact us.

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