

Office Space per Person 2018

Office space per person was 3.85 tsubo

September 27, 2018

Xymax Real Estate Institute (hereinafter, "Xymax REI") has been surveying office building tenants on a continuous basis to understand how companies are using offices. This report examines the leased space per user at companies leasing typical office buildings (hereinafter "office space per person").

Survey Results

(1 tsubo = approx. 3.3 sqm)

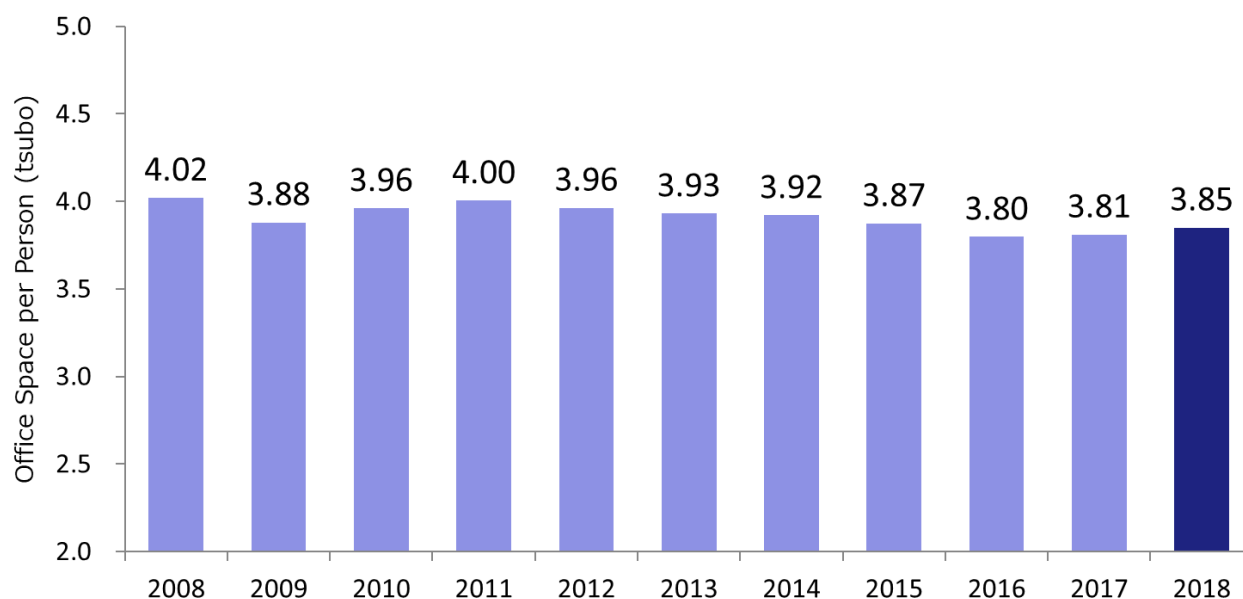
- Office space per person in the Tokyo 23 Wards was 3.85 tsubo in 2018.
- The office space per person for new tenants was 3.82 tsubo, smaller than 3.87 tsubo for existing tenants.

1. Trend of Office Space per Person

We aggregated the data of tenants' leased office space size and the number of users as of April 2018 and calculated the office space per person. The median figure was 3.85 tsubo.

Figure 1 shows the trend of office space per person by year. The figure since 2011 has been constantly lower than 2011 levels and hit a record low of 3.80 tsubo in 2016. As in 2017, it saw only a slight increase in 2018 to 3.85 tsubo.

Figure 1: Office Space per Person in Tokyo 23 Wards (2008–2018)



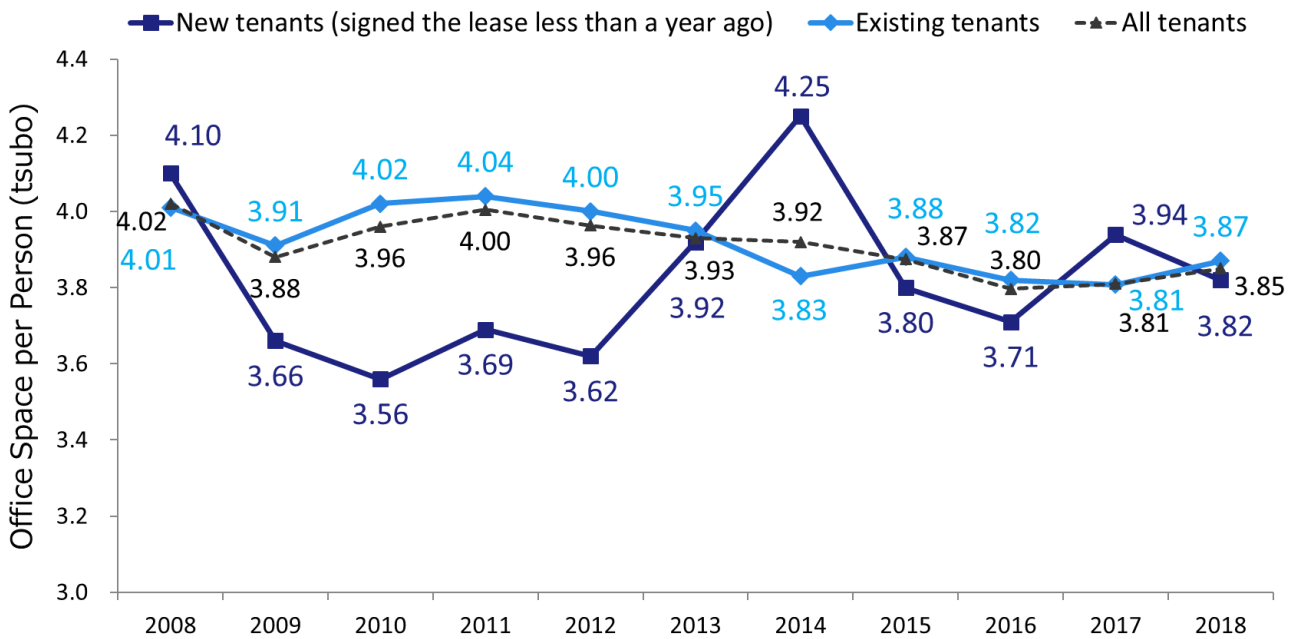
Office Space per Person 2018

The contents of this report are as of the time of writing. Xymax Real Estate Institute does not guarantee their accuracy or completeness. This report may not be reproduced, cited, transmitted, distributed, or reprinted without prior permission of Xymax Real Estate Institute. Copyright © 2019 Xymax Real Estate Institute Corporation. All rights reserved.

2. Observations

Figure 2 compares the office space per person of new tenants and that of existing tenants. New tenants are tenants who signed their lease contract less than a year ago at the time of the survey. They accounted for approximately 10% of all tenants.

Figure 2: Office Space per Person of New Tenants and Existing Tenants 2008–2018



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 increased to the 4 tsubo level in 2010 as companies reduced their workforce. The gap between new tenants and existing tenants was large.

In 2013, the office space per person of new tenants started to expand and peaked at a spacious 4.25 tsubo in 2014. We believe that this expansion was led by companies trying to secure larger office space in preparation for future business expansion and headcount increase on the back of economic recovery and the large supply of offices in 2012.

In 2015, the office space per person of new tenants started to fall to a slightly lower level than that of existing tenants due to declines in the vacancy rate and vacant space as well as a rise in cost awareness on the back of higher market rent.

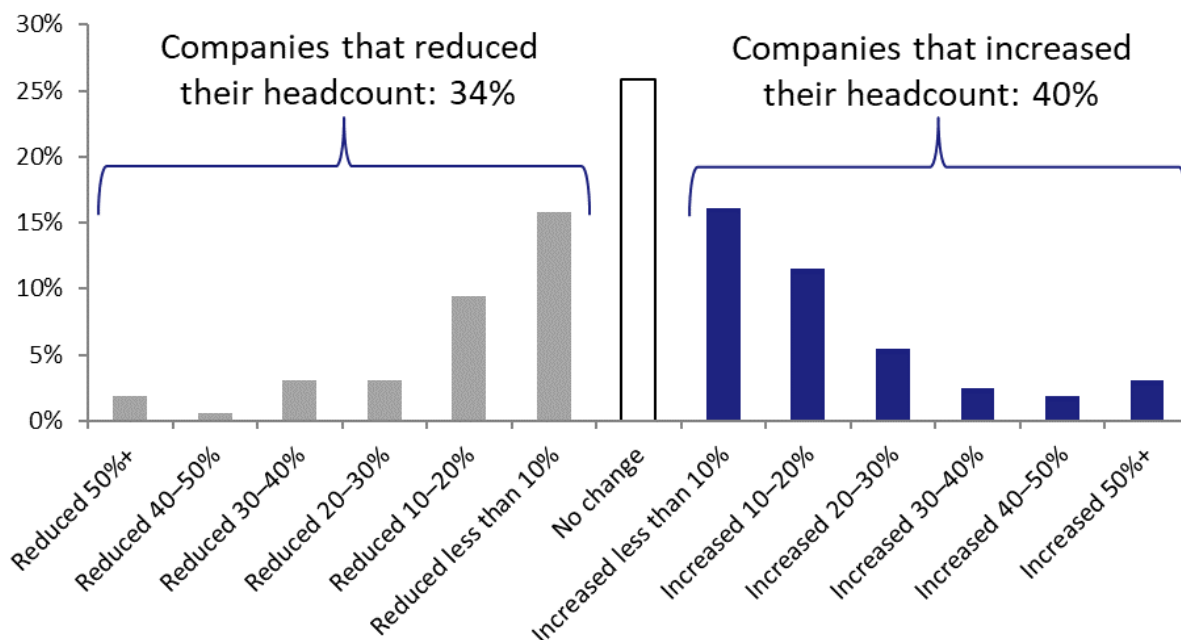
Although the figure for new tenants exceeded that for existing tenants in 2017, it fell lower again in 2018. We believe that this was caused by the tight supply-and-demand situation, with the vacancy rate dropping below 3%, and the failure of companies that relocated to secure the same level of office space per person as tenants that relocated last year. The slight increase in office space per person for existing tenants was probably due to office expansion within the same building and the opening of suboffices.

Office Space per Person 2018

The contents of this report are as of the time of writing. Xymax Real Estate Institute does not guarantee their accuracy or completeness. This report may not be reproduced, cited, transmitted, distributed, or reprinted without prior permission of Xymax Real Estate Institute. Copyright © 2019 Xymax Real Estate Institute Corporation. All rights reserved.

Figure 3 indicates the distribution of changes in the number of users at the surveyed companies that provided data for two consecutive years (i.e., tenants that have occupied the same building for two consecutive years), enabling comparison between two years.

Figure 3: Year-on-Year Change in Headcount at Companies (2017–2018)



As was in last year, a larger percentage of companies increased their headcount than decreasing it. Not a few companies increased their headcount by more than 50% (**Figure3**). In Xymax REI’s “Metropolitan Areas Office Demand Survey Spring 2018,”* more than 40% companies replied that the number of office users will “increase” in the future, implying that the trend of headcount increase will continue. Meanwhile, there are a certain number of companies that reduced their workforce by more than 50% (**Figure3**). This may have been due to relocating part of their workforce that no longer fit in their existing offices owing to an increase in staff. In actuality, 14% of companies that expanded their office size in the above survey replied that they opened a suboffice. This far exceeds last year’s percentage (4.7%).

* “Metropolitan Areas Office Demand Survey Spring 2018,” published on July 3, 2018

https://www.xymax.co.jp/english/news_research/?type=research

Survey Overview

Period	2008–2018 (Surveyed once a year)
Target	Office tenants occupying space in typical office buildings in the 23 wards of Tokyo
Number of valid data	7,903 tenants (total number over the survey period) 2008: 397 2009: 790 2010: 852 2011: 894 2012: 909 2013: 987 2014: 872 2015: 637 2016: 524 2017: 523 2018: 518
Calculation method	Median of the figures derived by dividing tenants’ rented space by the number of users.
Remarks	<ul style="list-style-type: none"> • The size of office space is the size specified under the lease contract. In addition to the office area, this includes the entrance (reception) area, meeting rooms, employees’ lounge area, document storage space, other storage space, and corridors within the dedicated area. • The number of persons refers to the “number of users” given by the tenants.

Contact for inquiries on this report

Xymax Real Estate Institute

<https://soken.xymax.co.jp> PHONE: +81 3 3596 1477 | FAX: +81 3 3596 1478 | E-MAIL: info-rei@xymax.co.jp

Office Space per Person 2018

The contents of this report are as of the time of writing. Xymax Real Estate Institute does not guarantee their accuracy or completeness. This report may not be reproduced, cited, transmitted, distributed, or reprinted without prior permission of Xymax Real Estate Institute. Copyright © 2019 Xymax Real Estate Institute Corporation. All rights reserved.