Flexible Office Market Survey 2024

The reality of flexible offices in major cities across Japan

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Xymax Real Estate Institute

Survey Overview

In recent years, companies have been reconsidering their employees' work styles and workplaces due to work style reforms and the spread of teleworking as a result of the COVID-19 pandemic. These developments have drawn attention to workplaces that can be used flexibly in terms of time and place as needed ("flexible offices"), leading to rapid growth in their market.

To quantify the flexible office market, every year since 2020, Xymax Real Estate Institute ("Xymax REI") has collected and analyzed quantitative data on flexible offices in the 23 wards of Tokyo (hereinafter, "Tokyo 23 Wards"), such as the number of offices, floor area, and number of operators. In this 5th survey, we have expanded the coverage and compiled the reality of the number of flexible offices in major cities across Japan.

<Related surveys>

・*Flexible Office Market Survey 2023*, released on February 7, 2023
https://www.xymax.co.jp/english/research/images/pdf/20230207.pdf

・*Classification of Flexible Offices by Type*, released on May 2, 2023
https://www.xymax.co.jp/english/research/images/pdf/20230502.pdf

Period	November 2023–January 2024
Target	Workplace services provided by operators primarily to corporations and self-employed individuals under various forms of contract, including service contracts and fixed-term building leases, rather than a general office lease. * Excludes teleworking arrangements by karaoke stores, hotels, eating and drinking establishments, etc. * Includes one-person private booths. * Totals may not add up due to rounding. * The figures in this report are aggregates at the time of the survey. Data is added and updated on a daily basis.
Coverage	Tokyo 23 Wards and ordinance-designated cities with a population of more than 1 million (Yokohama, Osaka, Nagoya, Sapporo, Fukuoka, Kawasaki, Kobe, Kyoto, Saitama, Hiroshima, Sendai)
Method	Online survey, inquiries and interviews with service operators

Target Flexible Office Overview

Flexible offices encompass a diverse and segmented range of services and are referred to by a variety of names depending on the operator, such as rental offices, shared offices, serviced offices, satellite offices, and co-working offices. In this report, we use the term “flexible office,” which is the subject of the survey, as a generic term for workplaces provided by operators primarily to corporations and self-employed individuals under various forms of contract, including service contracts and fixed-term building leases, rather than a general office lease.

In this survey, we have also categorized flexible offices by office format into “multi-location,” which refers to a brand of flexible office that operates in multiple locations, and “single-location,” which refers to offices that operate independently, as shown in the following chart. “Multi-location” is further subdivided into the “one-person private booth type,” the use of which is limited,*1 and the “normal office type.”

*1 Also see *Classification of Flexible Offices by Type*, released on May 2, 2023, which categorizes flexible offices by type of major function.

Office format	Outline
Multi-location	・Mainly operated by large operators, such as real estate companies (developers and service providers) and railway companies. ・Multiple offices are operated under the operator's brand. ・Facilities and services have been standardized for each brand. ・Has a large network of offices from central business districts to the suburbs (regional areas). ・Mainly operates in large office buildings, train stations, and retail facilities. * In this report, multi-location offices are further subdivided into the "normal office type" and the "one-person private booth type".* *One-person private booth type: Workspace booths packaged with the necessary equipment for solo work or web conferencing, and installed primarily in major train stations, large office buildings, and common areas of retail facilities.
Single-location	・Mainly operated by small operators and individual building owners. ・Each office is operated independently.

Capturing the Market from the Number of Flexible Offices in Major Cities Across Japan

The number of flexible offices in Greater Tokyo was 1,724, about 6.2 times the number in the Kansai area (Figure 1).

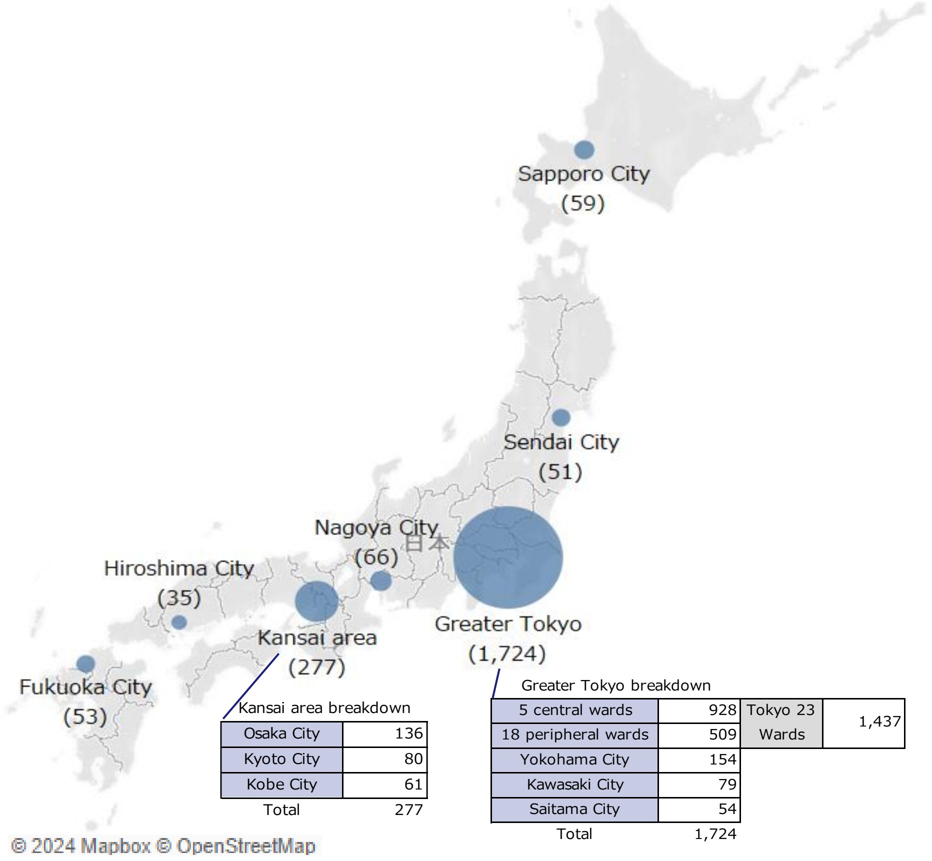
Within Greater Tokyo, <u>the number of flexible offices in the Tokyo 23 Wards was 1,437, about 10.6 times the number in Osaka City</u>. Of these, 928 were located in the 5 central wards, indicating that the main supply is in central Tokyo, where offices are concentrated. The second largest number of flexible offices after the Tokyo 23 Wards was in Yokohama, with 154.

Meanwhile, we have also identified several dozen flexible offices in each major city outside of Greater Tokyo, which shows the spread of flexible office supply across Japan.

The total floor area (including estimates) of flexible offices in the Tokyo 23 Wards (1,437 offices) was about 255,000 tsubo (1 tsubo = approx. 3.33 sqm), accounting for about 1.9% of the office stock (13.11 million tsubo).[*2]

*2 *Office Stock Pyramid 2024*, released on January 17, 2024

Figure 1: Number of Flexible Offices in Major Cities Across Japan



Kansai area breakdown

Osaka City	136
Kyoto City	80
Kobe City	61
Total	277

Greater Tokyo breakdown

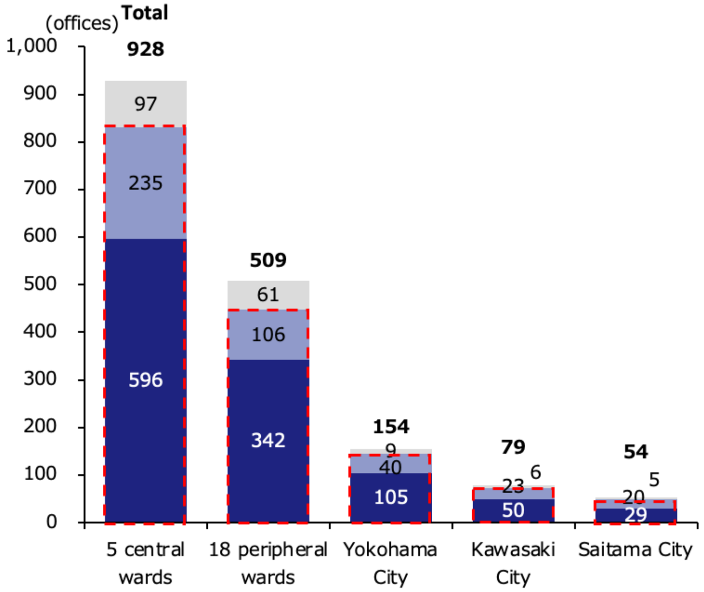
5 central wards	928	Tokyo 23 Wards	1,437
18 peripheral wards	509		
Yokohama City	154		
Kawasaki City	79		
Saitama City	54		
Total	1,724		

Flexible Offices in the Different Areas of Greater Tokyo

In Greater Tokyo, the proportion of “multi-location (total)” was high in all areas, accounting for about 90% (Figure 2). In particular, the multi-location “normal office type” accounted for the majority.

In Yokohama, Kawasaki, and Saitama, the proportion of the one-person private booth type was relatively higher. A possible reason for this is that these cities have more major train stations with large numbers of commuters and large retail properties nearby than the Tokyo 23 Wards, where there are more office buildings and the supply of the normal office type is larger.

Figure 2: Number of Flexible Offices – Greater Tokyo, By Office Format



Single-location	10.5%	12.0%	5.8%	7.6%	9.3%
Multi-location (booth type)	25.3%	20.8%	26.0%	29.1%	37.0%
Multi-location (office type)	64.2%	67.2%	68.2%	63.3%	53.7%
Multi-location (total)	89.5%	88.0%	94.2%	92.4%	90.7%

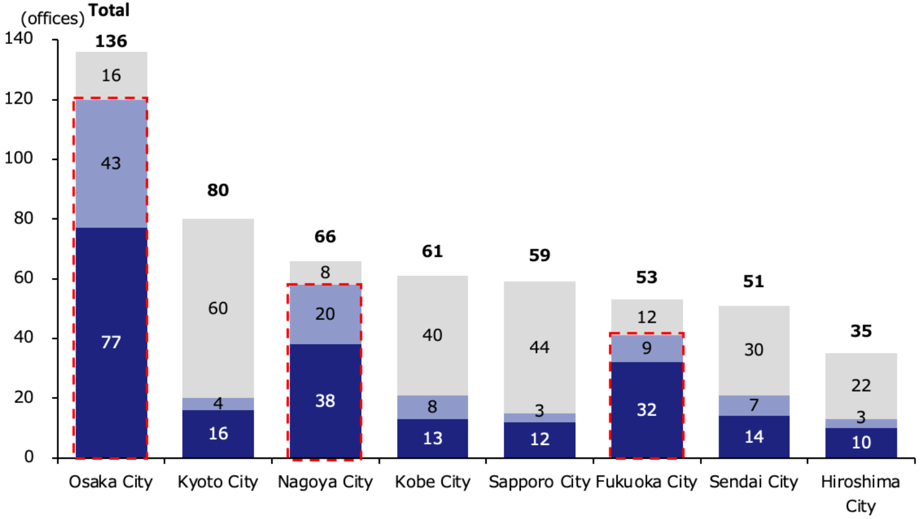
Flexible Offices by Office Format in (Regional) Areas Outside Greater Tokyo

Among the eight cities outside of Greater Tokyo, the cities with a relatively large office market, namely Osaka, Nagoya, and Fukuoka, have a higher proportion of “multi-location (total)” (80% to just under 90%) than other cities, a similar trend to Greater Tokyo that was shown in Figure 2 (Figure 3). On the other hand, “single-location” accounted for the majority in Kyoto, Kobe, Sapporo, Sendai, and Hiroshima.

Osaka, Nagoya, and Fukuoka also share with the cities in Greater Tokyo the fact that the multi-location “normal office type” accounts for the majority. Furthermore, Fukuoka has a smaller proportion of the one-person private booth type. This is likely due to the smaller number of train stations than in Osaka and Nagoya, and the difference in commuting methods of office workers.*3

*3 *Metropolitan Areas Office Worker Survey 2023 (1) Work Style Reality and Needs*, released on December 13, 2023, [Figure 2]. In Fukuoka, more workers commute by bus or car than by train.

Figure 3: Number of Flexible Offices – Outside Greater Tokyo, By Office Format



	Osaka City	Kyoto City	Nagoya City	Kobe City	Sapporo City	Fukuoka City	Sendai City	Hiroshima City
Single-location	11.8%	75.0%	12.1%	65.6%	74.6%	22.6%	58.8%	62.9%
Multi-location (booth type)	31.6%	5.0%	30.3%	13.1%	5.1%	17.0%	13.7%	8.6%
Multi-location (office type)	56.6%	20.0%	57.6%	21.3%	20.3%	60.4%	27.5%	28.6%
Multi-location (total)	88.2%	25.0%	87.9%	34.4%	25.4%	77.4%	41.2%	37.1%