Tokyo Grade A rents surge by 5.4% q-o-q, just behind all-time record of +5.5% set in Q2 2006

▶ ±0.0pp Q-o-Q
Tokyo Grade A Vacancy Rate Q1

▲ +5.4% Q-o-Q
Tokyo Grade A Rent Q1

▼ −0.7pp Q-o-Q
Osaka Grade A Vacancy Rate Q1

▲ +3.9% Q-o-Q
Osaka Grade A Rent Q1

▲ +0.4pp Q-o-Q
Nagoya Grade A Vacancy Rate Q1

▲ +3.3% Q-o-Q
Nagoya Grade A Rent Q1

Tokyo: Grade A and Grade A- rents record second-highest q-o-q growth in history

– The All-Grade vacancy rate for Q1 2026 fell by 0.1 pp. q-o-q to 1.5% in Q1 2026. Despite new supply reaching 103,000 tsubo, over twice the historical quarterly average, net absorption surpassed it at 114,000 tsubo. During the quarter, demand for office upgrades and expansions remained active across all sectors. Rent increases accelerated across all grades, with the Grade A and Grade A- segments both reporting their second-highest q-o-q growth rates on record.

Osaka: Rents surge across all grades; Grade B rents set new record high

– The All-Grade vacancy rate in Osaka slid by 0.2 pp. q-o-q to 2.0% this quarter. The period saw brisk leasing activity across all floor space brackets. The Grade A vacancy rate dropped by 0.7 pp. to 3.0%, driven by tenants relocating to newer buildings for the purpose of locational upgrades and expansions. Rents accelerated across all grades. Grade B rents surged 3.9% q-o-q to JPY 16,150, surpassing the previous peak set in Q1 2008.

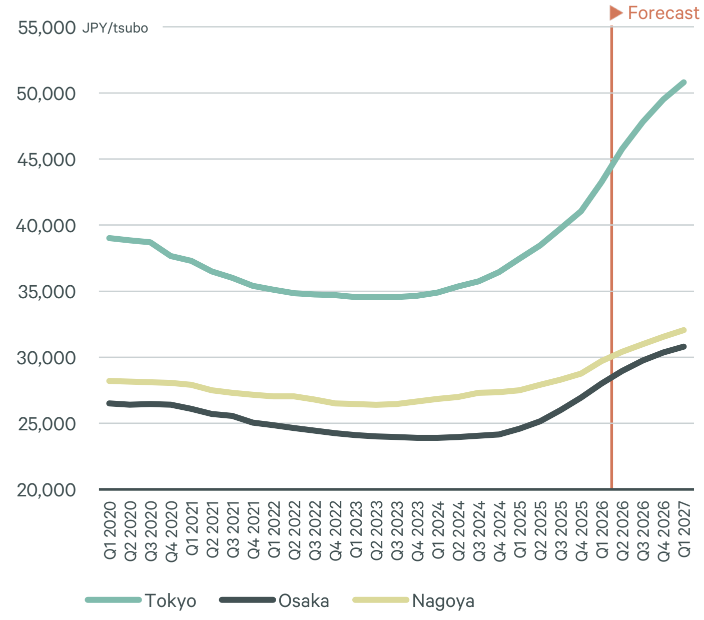
Nagoya: Two Grade A buildings launch at high occupancy of approximately 90%

– During Q1 2026, the All-Grade vacancy rate in Nagoya dropped by 0.1 pp. q-o-q to 2.2%. Although two Grade A buildings added a significant 16,000 tsubo of new supply to the market, this space was absorbed by large-scale consolidations and relocations from properties being redeveloped, ensuring the two new properties commenced operations at roughly 90% occupancy. Rents rose across all grades, with solid Grade A rental growth lifting the overall market average.

Regional cities: Landlords' aggressive pricing drives nationwide rent increases

– In Q1 2026, the All-Grade vacancy rate fell q-o-q in seven of the 10 surveyed cities, increased in two, and remained unchanged in one. Demand remained robust over the quarter as occupiers prioritized office environment improvements. All-Grade rents rose in nine cities excluding Kanazawa, with Sapporo, Saitama, Hiroshima, and Fukuoka continuing to record rents at historical highs. Landlords retained a bullish attitude toward rent negotiations.

Figure 1: Grade A Average Assumed Achievable Rent



Source: CBRE, Q1 2026

Tokyo

Grade A and Grade A- rents record second-highest q-o-q growth in history

Tokyo's All-Grade vacancy rate for Q1 2026 fell by 0.1 pp. q-o-q to 1.5%. Despite new supply reaching 103,000 tsubo, over twice the historical quarterly average, net absorption surpassed it at 114,000 tsubo. Strong demand for office upgrades and expansions was underpinned by corporates' aggressive business growth and recruitment strategies. The Grade A vacancy rate was unchanged from the previous quarter, remaining at 0.7%. During the period, two new Grade A buildings commenced operations at over 80% occupancy, attracting demand from firms seeking to upgrade their office environments or consolidate office locations. A large-scale opening of a branch office of several thousand tsubo was also seen in an existing building this quarter. The Grade A- vacancy rate dropped by 0.2 pp. to 1.7% in Q1 2026. One of the two new buildings commencing operations this quarter did so almost fully occupied after securing large-scale relocation demand from companies moving from both nearby and outside the area. Additionally, absorption of vacancies through the opening of branch offices or expansion progressed across both central and peripheral areas, primarily in newer buildings.

Vacancy rates are expected to remain tight across all grades in the coming quarters. This is because landlords of floor space vacated due to recent relocations invariably secure replacement tenants quickly through in-house expansions. Furthermore, the pre-leasing rate for all four Grade A buildings scheduled for completion from Q2 2026 to Q4 2026 was estimated to have reached nearly 90% as of the end of March 2026. In addition, All-Grade new supply for 2027 and 2028 is projected to be 109,000 tsubo and 129,000 tsubo, respectively, which is approximately 30% to 40% below historical annual averages.

Rental growth accelerated across all grades in Q1 2026, with growth in the Grade A and Grade A- segments reaching 5.4% q-o-q and 5.1% q-o-q, respectively. Both figures represented the second-highest growth rates in history, trailing only the pre-Global Financial Crisis (GFC) peaks of +5.5% in Q2 2006 and +5.2% in Q2 2004. Rental growth is being underpinned by an intensifying sense of scarcity of large vacancies in newer buildings in central Tokyo, which is also lifting market rates in surrounding areas. Rents also rose significantly in buildings in peripheral areas seen as offering value for money. Strong upward momentum in rents is expected to persist in the coming quarters, with CBRE forecasting Grade A rents to increase by 17.5% over the next 12 months.

Osaka

Rents surge across all grades; Grade B rents set new record high

Osaka's All-Grade vacancy rate slid by 0.2 pp. q-o-q to 2.0% in Q1 2026 on the back of continued robust leasing activity. The Grade A vacancy rate reported the steepest drop in vacancy, falling 0.7 pp. to 3.0%, with large spaces of more than 100 tsubo in newer buildings taken up by tenants relocating for the purpose of locational upgrades and expansions. Very few new vacancies emerged during Q1 2026. As tenant demand remains robust, interest in large vacated units resulting from relocations to newer properties is high, and the emergence of secondary vacancies at original premises will likely remain limited. The Grade B vacancy rate remained unchanged from the previous quarter, standing at 1.4%. One of the two new buildings added this quarter commenced operations with some remaining vacancies, while the other secured demand from multiple nearby tenants and came on stream with high occupancy. Additionally, absorption of vacancies through new office openings and in-house expansions progressed steadily in existing buildings over the quarter, regardless of building age.

Assumed achievable rents increased by more than 3.0% q-o-q across all grades in Q1 2026, marking the first time since Q1 2020 that q-o-q growth for both the All-Grade and Grade B categories exceeded this benchmark. Grade B rents reached JPY 16,150, eclipsing the previous peak set in Q1 2008. Grade A rents also maintained high growth rates for a third consecutive quarter, increasing by 3.9% q-o-q. With high-rent properties leading the market, rent levels are rising across the board for all other buildings. Occupiers are showing increased tolerance for higher rents to secure better office environments, with deals often closing at landlords' asking rents. With only 11,000 tsubo of new supply planned through 2030, the market will tighten further in the coming years. CBRE forecasts Grade A rents to increase by 10.0% over the next 12 months.

Nagoya

Two Grade A buildings launch at high occupancy of approximately 90%

Nagoya's All-Grade vacancy rate dropped by 0.1 pp. q-o-q to 2.2% in Q1 2026. During the quarter, two new buildings totaling 103,000 tsubo, roughly 5x the historical quarterly new supply average and equivalent to 9% of existing Grade A stock, came on stream. However, both buildings commenced operations with high occupancy of approximately 90% after attracting robust demand from tenants across diverse sectors for upgrading, expansion, and major relocations due to consolidations or rebuilding. Consequently, the Grade A vacancy rate edged up by just 0.4 pp. q-o-q to 1.1%. The Grade B vacancy rate fell by 0.3 pp. to 2.3% as tenants filled units in buildings seen as offering value for money. A total of 11,000 tsubo of new supply comprising one Grade A and one Grade B building in scheduled for completion in H2 2026. Both properties are projected to achieve occupancy of over 90% at completion, based on pre-leasing progress as of March 2026. As several strong inquiries have already been confirmed for space set to be vacated by tenants moving into the new buildings, the current tight market balance is unlikely to loosen significantly.

Rents rose across all grades in Q1 2026, with Grade A rents increasing by 3.3% q-o-q, accelerating from the 1.6% q-o-q growth recorded in the previous quarter. Stronger rental growth spilled over into other grades, pushing up overall market rents. Tenants' tolerance for higher rents to secure quality space is rising on the back of the tight market situation. Rents are expected to continue on an upward trajectory, with CBRE forecasting Grade A assumed achievable rents to increase by 7.9% over the next 12 months.

Regional cities

(Sapporo/Sendai/Saitama/Yokohama/Kanazawa/Kyoto/Kobe/Takamatsu/Hiroshima/Fukuoka)

Leasing demand remains robust nationwide

The All-Grade vacancy rate fell in seven of the 10 surveyed cities, increased in two, and remained unchanged in one in Q1 2026. Tenant demand was seen to remain robust nationwide during the period. Among the seven cities where vacancy rates fell, Kanazawa recorded the steepest drop, lodging a decline of 0.8 pp. q-o-q to 12.1%. During the quarter, absorption of vacancies progressed steadily in newer buildings in prime locations, driven by upgrading and relocations from suburban areas. Yokohama and Takamatsu reported the next biggest declines in vacancy, with both witnessing a drop of 0.6 pp. to 5.2% and 6.8%, respectively. Yokohama saw active upgrading, consolidation, and on-premise expansions across several relatively new properties, primarily in the Minato-Mirai area.

New supply was the primary cause of rising vacancy rates in both Hiroshima and Fukuoka this quarter. In Hiroshima, new supply registered the single largest quarterly volume in history. While new projects secured large-scale requirements from tenants exceeding 100 tsubo for office upgrading, locational improvement or consolidation, they entered operation with some vacancies remaining, pushing the vacancy rate up by 2.0 pp. q-o-q to 6.3%. In Fukuoka, the vacancy rate increased by 0.3 pp. q-o-q to 3.5%. The increase in vacancy was marginal as one of the two new buildings was completed with high occupancy, while the absorption of vacancies progressed steadily in existing buildings. In Sapporo, the vacancy rate remained unchanged at 2.8% as absorption of vacancies in multiple relatively new properties offset the vacancies remaining in the one new building that came on stream during the quarter.

Landlords' aggressive pricing pushes up rents nationwide

All-Grade rents rose in all cities in Q1 2026 except Kanazawa, with Sapporo, Saitama, Hiroshima, and Fukuoka continuing to record rents at historical highs. Sendai registered the highest rental growth rate at 2.0% q-o-q as some landlords aggressively hiked asking rents in mid-to-low bracket properties. Kyoto and Kobe followed with rental growth of 1.0% q-o-q or more. In both cities, limited future new supply and an anticipated sense of scarcity of available space prompted landlords to implement rental hikes, primarily in high-end properties in prime locations.

Driven by solid demand, landlords appear to be maintaining a bullish stance on rents. Moderate rent increases are expected to continue across the country in the coming quarters regardless of new supply.

Figure 2: Vacancy Rate in 13 Cities

			Vacancy Rate (%)					Assumed Achievable Rent (JPY/tsubo)				
			Q1 2025	Q4 2025	Q1 2026	Q-o-Q (pp)	Y-o-Y (pp)	Q1 2025	Q4 2025	Q1 2026	Q-o-Q (pp)	Y-o-Y (pp)
Tokyo	Grade A	All	3.6%	0.7%	0.7%	±0.0	−2.9	37,450	41,050	43,250	+5.4	+15.5
	Grade A-	All	3.0%	1.9%	1.7%	−0.2	−1.3	24,700	27,300	28,700	+5.1	+16.2
	Grade B	All	2.3%	1.7%	1.7%	±0.0	−0.6	22,250	23,500	24,250	+3.2	+9.0
	All-Grade	All	3.0%	1.6%	1.5%	−0.1	−1.5	22,050	23,440	24,230	+3.4	+9.9
		Central 5 Wards	2.4%	1.1%	1.0%	−0.1	−1.4	23,340	24,890	25,730	+3.4	+10.2
Osaka	Grade A	All	4.0%	3.7%	3.0%	−0.7	−1.0	24,600	26,950	28,000	+3.9	+13.8
	Grade B	All	2.0%	1.4%	1.4%	±0.0	−0.6	14,850	15,550	16,150	+3.9	+8.8
	All-Grade	All	2.6%	2.2%	2.0%	−0.2	−0.6	14,420	15,000	15,540	+3.6	+7.8
Nagoya	Grade A	All	2.3%	0.7%	1.1%	+0.4	−1.2	27,500	28,750	29,700	+3.3	+8.0
	Grade B	All	3.6%	2.6%	2.3%	−0.3	−1.3	14,650	15,000	15,150	+1.0	+3.4
	All-Grade	All	3.5%	2.3%	2.2%	−0.1	−1.3	14,140	14,520	14,670	+1.0	+3.7
Yokohama	All-Grade	All	5.8%	5.8%	5.2%	−0.6	−0.6	14,910	15,190	15,320	+0.9	+2.7
Saitama	All-Grade		0.6%	3.2%	2.7%	−0.5	+2.1	20,000	20,420	20,580	+0.8	+2.9
Sapporo	All-Grade		3.2%	2.8%	2.8%	±0.0	−0.4	16,040	16,180	16,190	+0.1	+0.9
Sendai	All-Grade		3.8%	4.0%	3.6%	−0.4	−0.2	11,650	11,900	12,140	+2.0	+4.2
Kanazawa	All-Grade		13.0%	12.9%	12.1%	−0.8	−0.9	10,800	10,830	10,810	−0.2	+0.1
Kyoto	All-Grade		1.5%	3.0%	2.8%	−0.2	+1.3	15,370	15,670	15,920	+1.6	+3.6
Kobe	All-Grade		2.4%	1.3%	1.2%	−0.1	−1.2	12,310	12,790	12,980	+1.5	+5.4
Hiroshima	All-Grade		5.0%	4.3%	6.3%	+2.0	+1.3	11,980	12,120	12,210	+0.7	+1.9
Takamatsu	All-Grade		7.1%	7.4%	6.8%	−0.6	−0.3	9,790	10,000	10,010	+0.1	+2.2
Fukuoka	All-Grade		4.1%	3.2%	3.5%	+0.3	−0.6	16,320	16,580	16,690	+0.7	+2.3

*Data by area and historical time-series data are available for a fee. For more details, please visit our commercial real estate portal, "CREIS JAPAN".
Source: CBRE, Q1 2026

Building Grade Definition

		All-Grade				
		Grade A	Grade A-	Grade B		
Location		Tokyo: Central 5 Wards* Osaka, Nagoya: Office area	Office area in Tokyo 23 Wards	Office area in Tokyo 23 Wards	Office area in Osaka & Nagoya	Office area in 13 cities nationwide set by CBRE
Size	NLA:	6,500 tsubo or more	4,500 tsubo or more	—	—	—
	GFA:	10,000 tsubo or more	7,000 tsubo or more	2,000 tsubo or more	2,000 tsubo or more	1,000 tsubo or more
	Typical floor plate:	500** tsubo	Greater than 250 tsubo (except Grade A)	Greater than 200 tsubo (except Grade A & Grade A-)	— (except Grade A)	—
Age		Generally less than 15 years	Buildings satisfying the 1981 anti-seismic standards			
Other		Landmark status, specifications, etc.				

*Central 5 Wards: Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, Shibuya Ward
**350 tsubo for Osaka and Nagoya

Terms and Definitions

Space Measurement	1 tsubo=3.3058 square meters=35.58 square feet
Surveyed Buildings	Office buildings for lease located in office markets in 13 major cities nationwide, with gross floor area of 1,000 tsubo or more, and compliant with the new earthquake resistance standards.
Surveyed Period	Quarterly vacancy rate: (1) End of March (2) End of June (3) End of September (4) End of December Quarterly assumed achievable rents: (1) End of March (2) End of June (3) End of September (4) End of December
Vacancy Rate	Vacancies are those that are ready to receive tenants at time of survey
Assumed Achievable Rent	Assumed achievable rent including common area maintenance fee Expressed as JPY per tsubo per month
New Supply	Net leasable area of buildings completed during each period
Net Absorption	Difference between occupied floor space (floor space used by tenants) in a given period and that of the previous period
Number of Grade A Buildings	Tokyo: 108 Osaka: 34 Nagoya: 15 (as of Q1 2026)

Tokyo
Meiji Yasuda Seimei Building
2-1-1 Marunouchi, Chiyoda-ku, Tokyo

Kanazawa
JR Kanazawa Station West 4th NK Building, 3-3-11 Hirooka, Kanazawa-shi Ishikawa

Osaka
Grand Front Osaka 4-20, Ofuka-cho, Kita-ku, Osaka-shi, Osaka

Nagoya
Chunichi Bldg. 21F, 4-1-1 Sakae, Naka-ku, Nagoya-shi, Aichi

Sapporo
Nihon Seimei Sapporo Building 4-1-1 Kitasanjonishi, Chuo-ku, Sapporo-shi, Hokkaido

Hiroshima
Shishinyo Building 3-17 Fukuromachi, Naka-ku, Hiroshima-shi, Hiroshima

Sendai
Sendai Mark One 1-2-3 Chuo, Aoba-ku, Sendai-shi, Miyagi

Fukuoka
Tenjin Sumitomo Life FJ Business Center 2-8-35 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka

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