

Japan Logistics

Mapping Greater Tokyo's Mid-Sized Multi-Tenant Logistics Facilities Market

VIEWPOINT

WHILE THE MMT MARKET SHARES SIMILAR NEW SUPPLY TRENDS WITH THE LMT MARKET, DEMAND DYNAMICS DIFFER BETWEEN THE TWO. UNDERSTANDING BOTH THE MMT AND LMT MARKETS CAN HELP SUPPORT INFORMED DECISIONS FOR LOGISTICS DEVELOPMENT AND OPERATIONS.

CBRE RESEARCH
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Executive Summary

Large multi-tenant (LMT) logistics facilities are typically designed with truck berths on every floor, enabling space to be subdivided into units of varying sizes to accommodate a wide range of tenant requirements.

By contrast, demand for mid-sized multi-tenant (MMT) logistics facilities is driven primarily by single-tenant occupancy. As tenants in MMT facilities tend to occupy properties for extended periods after commencing their lease, these assets are generally well positioned to provide a stable and predictable income stream.

Definition of LMT and MMT Logistics Facilities

	Mid-Sized Multi-Tenant Facilities (MMT)	Large Multi-Tenant Facilities (LMT)
Gross floor area (GFA)	More than 5,000 tsubo to less than 10,000 tsubo	More than 10,000 tsubo
Properties Surveyed	Logistics facilities planned and developed for lease to multiple tenants.	

Although the MMT vacancy rate has generally followed a trajectory similar to that of LMT facilities, the MMT vacancy rate tends to rise more sharply during periods when the LMT vacancy rate increases.

As in the LMT market, the MMT supply-demand balance is expected to remain tight in the Tokyo Bay and Gaikando areas, both of which benefit from close proximity to central Tokyo. In the Route 16 area, vacant space is expected to be absorbed gradually, although leasing momentum may remain soft in certain submarkets. Vacancy absorption in the Ken-O-do area is also expected to remain gradual due to the relatively ample availability of space.

1. MMT Market Size

Recent years have seen a steady increase in the supply of MMT logistics facilities across Greater Tokyo, alongside the expansion of the LMT logistics facility market. Based on total floor area, MMT facilities account for only 10% of combined LMT and MMT logistics stock in Greater Tokyo, with LMT facilities comprising the vast majority. However, in terms of the number of properties, MMT facilities represent 27% of total stock, or one in four facilities. This indicates that tenants have access to a substantial supply of MMT options alongside LMT facilities. Given the substantial presence of MMTs, leasing conditions in this segment are closely linked to developments in the LMT leasing market.

Figure 1: MMT Market Size as a Percentage of Total Stock in Greater Tokyo (as of Q2 2026)



Source: CBRE Research, Q2 2026.

Note: Total stock is the combined stock of LMT and MMT facilities.

2. MMT Supply Trends

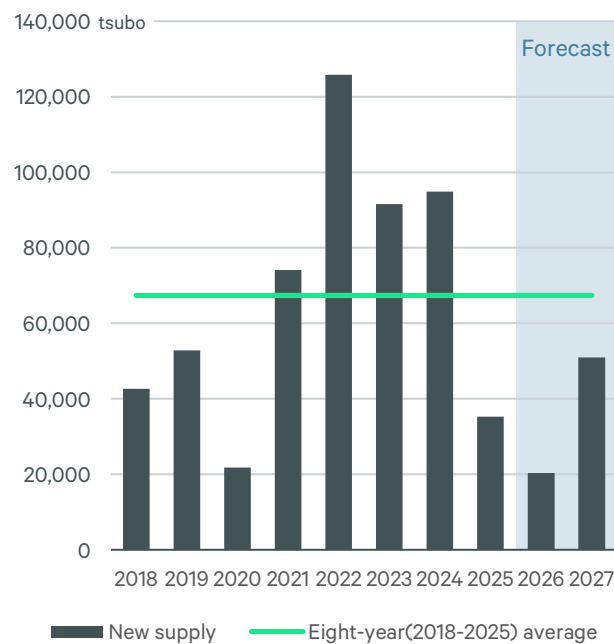
Average annual supply of MMT facilities in Greater Tokyo over the eight-year period from 2018 to 2025 was 67,000 tsubo. Supply was particularly elevated between 2021 and 2024, peaking at 126,000 tsubo in 2022.

The increase in supply was driven by heightened investor interest in logistics facilities, underpinned by the expansion of e-commerce and growing demand for Third-Party Logistics (3PL) services. These factors contributed to tight market conditions across the logistics sector, with the LMT vacancy rate falling to as low as 0.5% in 2020.

Although new MMT supply in Greater Tokyo is projected to temporarily decline to 20,000 tsubo in 2026, CBRE expects it to recover to 50,000 tsubo in 2027. While this would be slightly below the eight-year average, MMT supply is likely to be sustained.

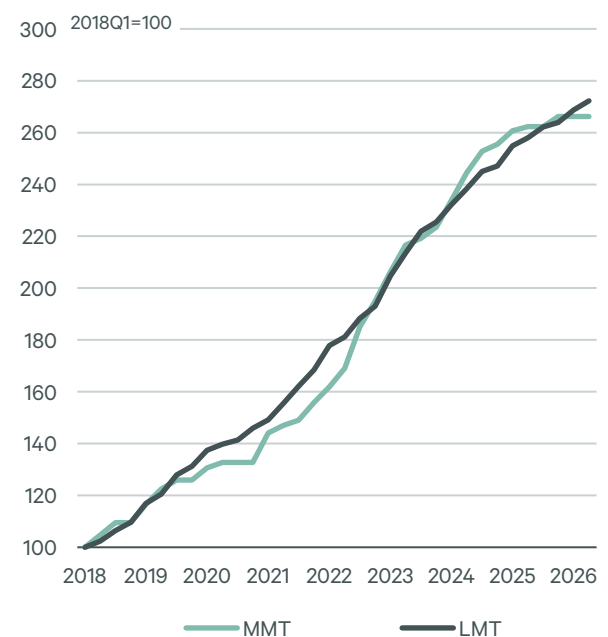
New MMT supply has largely tracked that of LMT facilities. Using total leasable floor area in Q1 2018 as an index value of 100, both MMT and LMT stock expanded at broadly similar rates, reaching approximately 2.7x their respective Q1 2018 levels by Q2 2026. This illustrates that developer appetite for both MMT and LMT facilities has remained broadly comparable over the period, and shows that land scarcity has not constrained LMT development or prompted a meaningful shift toward MMT development.

Figure 2: New MMT Supply in Greater Tokyo



Source: CBRE Research, Q2 2026.

Figure 3: Trends in New MMT and LMT Supply



Source: CBRE Research, Q2 2026.

CBRE's breakdown of new Greater Tokyo MMT supply by developer indicates that the MMT market has attracted participation from developers without prior experience in LMT development (Figure 4). During the expansion in supply commencing in 2021, developers with no track record of LMT development in any of the four major metropolitan areas, namely Greater Tokyo, Greater Osaka, Greater Nagoya, and Greater Fukuoka, accounted for a significant share of new Greater Tokyo MMT supply. In 2021, these developers were responsible for 50% of total new Greater Tokyo MMT supply by floor area.

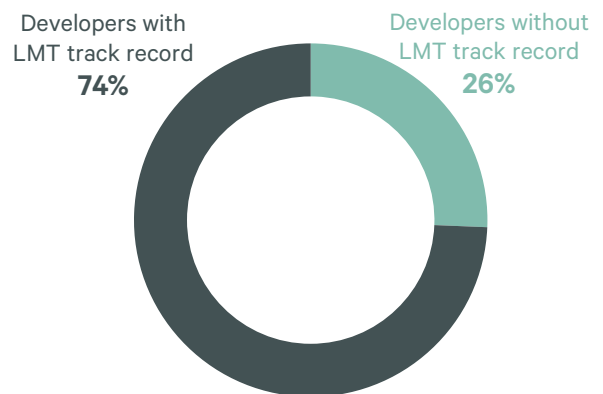
MMT developers may be able to acquire sites at relatively competitive land prices by avoiding direct competition with developers pursuing large-scale logistics projects, thereby helping to contain overall development costs. As a result, MMT development can offer developers an attractive entry point into the logistics real estate sector. Some developers appear to view MMT projects as a stepping stone, using them to acquire experience and establish a presence in the market before pursuing larger-scale developments further down the line.

3. MMT Demand Trends

Average annual net absorption of Greater Tokyo MMT facilities has reached 58,000 tsubo over the past eight years, indicating a stable level of underlying demand (Figure 5). By tenant industry, logistics companies account for the largest share of occupiers, representing 78% of leased space.

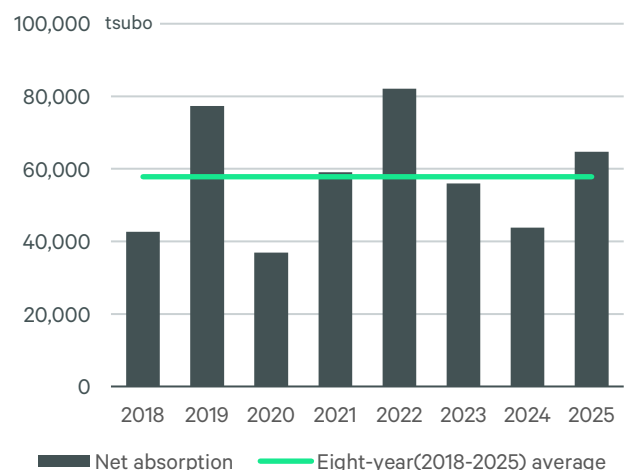
In terms of occupancy structure, 77% of Greater Tokyo MMT facilities are occupied by a single-tenant leasing the entire building. This suggests that whole-building demand for facilities of 5,000 tsubo or more is the primary driver of leasing activity in the Greater Tokyo MMT market (Figure 6).

Figure 4: Share of MMT Developers by LMT Development Track Record (Properties Completed 2018–2025)



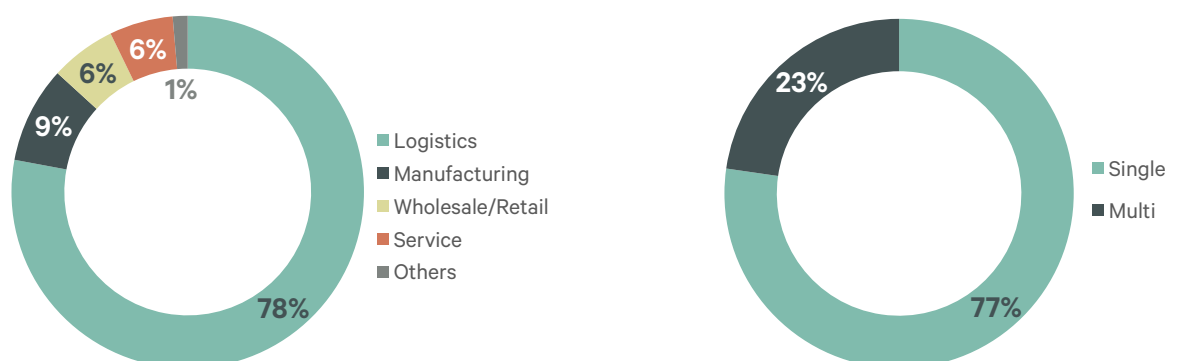
Source: CBRE Research, Q2 2026.

Figure 5: Greater Tokyo MMT Net Absorption



Source: CBRE Research, Q2 2026.

Figure 6: Tenant Industry Classification and Occupancy Type (by floor area)



Source: CBRE Research, Q2 2026.

Demand for MMT facilities from logistics companies is being driven primarily by the ongoing consolidation of distribution networks in response to labor shortages associated with Japan's "2024 logistics problem" – referring to the introduction of a cap on annual overtime hours for truck drivers - as well as supply chain reconfiguration initiatives aimed at enhancing operational resilience. Single-tenant occupancy offers several operational advantages, including the flexibility to install material handling and other automation equipment, undertake tenant-specific fit-outs, and implement proprietary logistics operations throughout an entire facility. Consequently, whole-building occupancy has emerged as the predominant leasing format in the Greater Tokyo MMT market.

As MMT facilities are predominantly box-type buildings, with truck berths located only on the ground floor, they tend to appeal to tenants with substantial storage requirements and those able to introduce automated equipment for vertical cargo conveyance between floors. In addition, because loading access is generally limited to the ground floor in box-type facilities, they are well suited to storage uses for which security is critical. Examples include the storage of precision equipment and branded goods requiring stringent inventory control, as well as uses requiring robust information-security measures. As MMT facilities are smaller than LMT facilities while still being large enough to accommodate a single-tenant in an entire building, they can be an attractive option for logistics companies seeking to replace aging owner-occupied facilities or rationalize their owned property portfolio.

4. MMT Vacancy Rate

CBRE's comparison of Greater Tokyo MMT and LMT vacancy rate trends shows that although the two segments generally move in a similar direction, MMT vacancy rates tend to increase more sharply when LMT vacancy rates rise (Figure 7). In 2020, both LMT and MMT vacancy rates remained at low levels, but as LMT vacancy rates began to increase from Q1 2021, MMT vacancy rates also started to trend upward. MMT vacancy rates rose more dramatically than those for LMT facilities and peaked at 19.3% in Q1 2025. LMT vacancy rates also peaked in the same quarter, but lower at 11.1%. From Q2 2025 onward, vacancy rates in both segments began to decline, with the MMT vacancy rate falling to 10.7% as of Q2 2026.

Figure 7: Greater Tokyo MMT and LMT Vacancy Rates



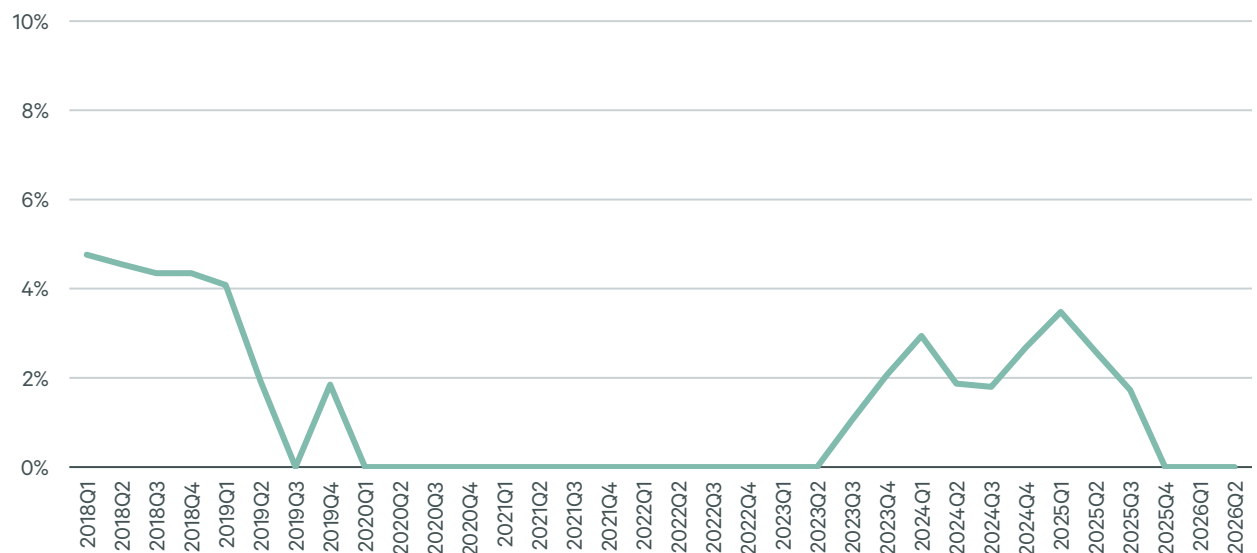
Source: CBRE Research, Q2 2026.

MMT vacancies tend to be absorbed more quickly in areas where LMT vacancy is limited, reflecting the tendency of tenants with strong locational preferences to choose MMT facilities. Conversely, where LMT vacancy remains elevated, MMT vacancy absorption also tends to be slower. While MMT facilities are well suited to tenants seeking to occupy an entire building, most have truck berths only on the ground floor and offer limited flexibility to subdivide space. By contrast, LMT facilities can accommodate a broad range of space requirements, from large occupiers to small- and medium-sized tenants. Consequently, in locations where MMT facilities do not offer a distinct locational advantage, tenants are likely to prioritize LMT facilities because of their greater flexibility in meeting specific space requirements.

MMT facilities are also characterized by a low incidence of post-turnover vacancy. Unlike Build-to-Suit (BTS) facilities, which are developed for a pre-committed tenant, lease terms and rents for MMT facilities are generally negotiated between landlords and tenants. Nevertheless, tenant retention tends to be high, and once occupied, MMT facilities are likely to remain leased over the long term. From Q1 2018 to Q2 2026, fewer than 5% of Greater Tokyo MMT facilities recorded vacancy upon the departure of an initial tenant. No such vacancies were recorded during the three-and-a-half-year period from Q1 2020 through Q2 2023. Although tenant departures began to occur from Q3 2023 onward, even at their peak in Q1 2025, only four facilities had such vacancies.

With whole-building leases being common in MMT facilities, tenants are likely to make significant capital investments in material handling systems and other equipment to support their proprietary logistics operations. This investment, together with the operational benefits of occupying an entire facility, explains why tenants tend to remain in the same facility for an extended period.

Figure 8: Proportion of Greater Tokyo MMT Properties with Secondary Vacancies (by number of properties)



Source: CBRE Research, Q2 2026.

5. MMT Market Outlook

MMT vacancy trends have generally mirrored those of LMT facilities, with whole-building leases by logistics companies remaining a hallmark of the MMT market. CBRE's outlook for the Greater Tokyo MMT leasing market is as follows.

- ✓ In the Tokyo Bay area, no new supply of either LMT or MMT facilities is expected through 2027, with vacancy in existing facilities remaining limited across both segments. As a result, supply-demand conditions are expected to remain tight regardless of facility size.
- ✓ In the Gaikando area, the MMT vacancy rate fell to 0% as of Q1 2026. The area is increasingly recognized as a prime location for distribution hubs and is well positioned to attract demand for single-tenant use and long-term logistics operations. The two MMT facilities scheduled for completion in 2027 are set to come online amid declining new LMT supply, and are therefore expected to attract robust demand.
- ✓ In the Route 16 area, vacant LMT floor space stood at approximately 370,000 tsubo as of Q4 2025, compared with approximately 40,000 tsubo for MMT facilities. Given the area's established role as a logistics hub, MMT facilities appear to be capturing demand from logistics occupiers seeking to lease a facility as the sole tenant. However, in certain submarkets where LMT vacancy absorption has been slow, MMT leasing activity may also remain subdued.
- ✓ In the Ken-O-do area, large tenants account for a relatively high proportion of occupier demand, and demand for MMT facilities is relatively muted compared with other areas. Although LMT vacancy rates are declining at an accelerating pace, vacant LMT floor space is expected to remain above 200,000 tsubo in Q4 2026. This suggests that MMT vacancy absorption is also likely to be gradual.

Contact

Takashi Hirai

Associate Director

Industrial Team

takashi.hirai2@cbre.com

Kazuko Takahashi

Senior Director

Industrial Team Leader

kazuko.takahashi@cbre.com

Chinatsu Hani

Senior Director

Head of Research

chinatsu.hani@cbre.com