

Grade A vacancy rates fall to 0.7% in both Tokyo and Nagoya; Grade A rents reach new record high in Osaka

▼ -0.3pp Q-o-Q ▲ +3.3% Q-o-Q ▲ +0.8pp Q-o-Q ▲ +3.7% Q-o-Q ▼ -0.4pp Q-o-Q ▲ +1.6% Q-o-Q
 Tokyo Grade A Vacancy Rate Q4 Tokyo Grade A Rent Q4 Osaka Grade A Vacancy Rate Q4 Osaka Grade A Rent Q4 Nagoya Grade A Vacancy Rate Q4 Nagoya Grade A Rent Q4

Tokyo: Grade A rents exceed JPY 40,000 for first time in 17 years

— In Q4 2025, the Tokyo All-Grade vacancy rate dropped by 0.5 pp. q-o-q to 1.6%. The Grade A vacancy rate slid by 0.3 pp. to 0.7%, falling below 1% for the first time since Q3 2020. During the quarter, significant vacancies were filled in large buildings located in both central and peripheral areas. Average rents once again recorded sharp increases across all grades, with Grade A rents spiking by 3.3% q-o-q to JPY 41,050, clearing the JPY 40,000 threshold for the first time since Q1 2009.

Osaka: Grade A joins All-Grade rents in hitting new record highs

— Osaka's All-Grade vacancy rate for Q4 2025 recorded a marginal decline of 0.1 pp. q-o-q to 2.2%. While the quarter's new supply came on stream with some vacancies, several companies completed relocations to relatively new properties for new office openings or for upgrades and expansions aimed at securing and retaining staff. Grade A rents grew 3.7% q-o-q to JPY 26,950, surpassing the Q1 2020 level and setting a record high. All-Grade rents also set record highs for a second consecutive quarter.

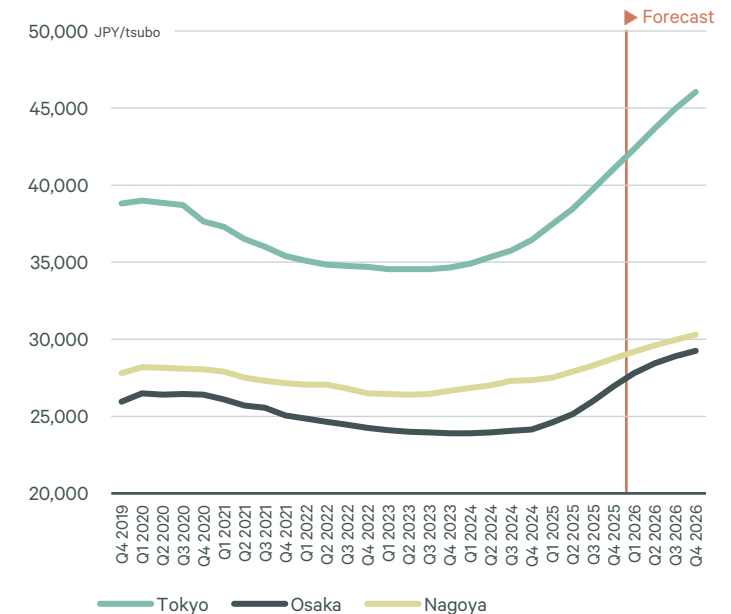
Nagoya: Grade A vacancy rate drops to 0.7%, breaking 1% barrier for first time in six years

— The All-Grade vacancy rate in Nagoya slipped by 0.1 pp. q-o-q to 2.3% this quarter. The Grade A vacancy rate dropped 0.4 pp. to 0.7%, falling below the 1% threshold for the first time since Q4 2019. Several relocations were observed in Q4 2025, particularly in the IT sector, by companies looking to expand or upgrade their offices. Continuing a trend set in the previous quarter, both Grade A and All-Grade rents once again reached record highs. Landlords are actively raising asking rents as vacancies become increasingly scarce.

Regional cities: Rents rise in all cities, with Fukuoka's reaching record high

— All-Grade vacancy rates for the quarter fell q-o-q in five of the 10 surveyed regional cities, remained unchanged in one, and rose in the remaining four. While vacancy rates rose on the back of new supply in some cities, demand remained robust nationwide as several companies relocated to existing buildings for the purpose of expansion or upgrading. All-Grade rents rose across all cities, with those in Fukuoka setting an all-time high. High-grade buildings in prime areas underpinned rent increases this quarter.

Figure 1: Grade A Average Assumed Achievable Rent



Source: CBRE, Q4 2025

Tokyo

Grade A rents exceed JPY 40,000 for first time in 17 years

Vacancy rates in Tokyo for Q4 2025 fell across all grades, with the All-Grade vacancy rate sliding by 0.5 pp. q-o-q to 1.6%. Driven by business expansion and a return to in-office work, the quarter saw office expansions, new office openings, and relocations to higher-grade buildings across a broad range of sectors. New supply for the quarter consisted of just 14,000 tsubo across seven buildings, predominantly in Grade B or below, equating to just 30% of the past quarterly average. Net absorption far outstripped supply, at 55,000 tsubo. Robust demand drove up full-year net absorption to 336,000 tsubo, the highest since surveys began. The Grade A vacancy rate dropped by 0.3 pp. to 0.7%, falling below 1% for the first time since Q3 2020, with space in the few Grade A buildings with vacancies filled during the quarter. The Grade A-minus category recorded the steepest decline in the vacancy rate, dropping by 0.7 pp. to 1.9%, on the back of the absorption of significant vacancies in peripherally located buildings with large units remaining. Pre-leasing of space in properties still in development also proceeded well during the quarter. New supply for 2026 across all grades is projected to reach 197,000 tsubo, slightly above the past annual average. Just under 70% of this new supply is Grade A stock, which had a pre-lease ratio of over 70% as of the end of December 2025. At the same time, an increasing number of tenants are pursuing spaces to be vacated by tenants moving to new buildings, suggesting that new vacancies in existing buildings are likely to be limited. As a result, CBRE projects vacancy rates to remain extremely low across all grades.

Tokyo Grade A rents spiked by 3.3% q-o-q to JPY 41,050 in Q4 2025, clearing the JPY 40,000 threshold for the first time since Q1 2009. The Grade A-minus segment recorded its largest single-quarter rental increase since Q1 2005, with a surge of 4.8% to JPY 27,300. The gap between Grade A and Grade A-minus rents, which had been expanding since 2024, was the major driver of higher rents in this segment. Rents are likely to continue to increase owing to the tight supply-demand balance. CBRE forecasts Grade A rents to increase by a further 12.2% over the next 12 months.

Osaka

Grade A rents join All-Grade rents in hitting new record highs

During Q4 2025, the Grade A vacancy rate rose by 0.8 pp. to reach 3.7% as the one new building for the quarter came on stream at less than full occupancy. However, new office openings and upgrades aimed at securing and retaining staff were observed in recently completed buildings, demonstrating that corporate appetite for improving and expanding office space remains strong. With no new Grade A supply planned for the next five years, the vacancy rate should begin to decline. The Grade B vacancy rate fell for a fifth straight quarter, slipping by 0.3 pp. q-o-q to 1.4%. While the new building for the quarter commenced operations with significant vacancies, several relocations to existing buildings were observed. These primarily involved units of over 100 tsubo in relatively new buildings and were completed by tenants

looking to upgrade or expand their offices, or by those leaving company-owned premises. As a result, the All-Grade vacancy rate fell by a marginal 0.1 pp. q-o-q to 2.2%.

Average rents once again rose across all grades this quarter, with the Grade A segment recording the sharpest rate of increase at 3.7% q-o-q. This brought the y-o-y rise in Grade A rents to 11.6%, the strongest growth recorded since surveys began in 2005. Grade A rents reached JPY 26,950, exceeding the previous all-time high set in Q1 2020, with many tenants showing a willingness to pay higher rents. With future supply and latent vacancies scarce, landlords of new developments and existing buildings with newly available units are hiking asking rents. All-Grade rents set a new record for a second consecutive quarter, up by 1.6% q-o-q to JPY 15,000, with higher rents observed irrespective of location or building age. With future supply limited across all grades, the supply-demand balance is likely to become even tighter in the coming quarters. CBRE forecasts Grade A rents to increase by a further 8.5% over the next 12 months.

Nagoya

Grade A vacancy rate drops to 0.7%, breaking 1% barrier for first time in six years

Nagoya's All-Grade vacancy rate for the quarter slid by 0.1 pp. q-o-q to 2.3%. Several relocations were observed in Q4 2025, particularly in the IT sector, by companies looking to expand or upgrade their offices. The Grade A vacancy rate declined 0.4 pp. to 0.7%, falling below the 1% threshold for the first time since Q4 2019. During the quarter, the few vacancies that remained in several buildings were filled by tenants looking to expand on-premise. The Grade B vacancy rate remained unchanged from the previous quarter at 2.6%. New supply consisted of just one Grade B building, which commenced operations with relatively high occupancy. While some vacancies were filled by companies relocating to larger premises in existing properties, particularly in those seen as offering superior value for money, new vacancies appeared in some buildings as a result of consolidation or downsizing. New supply of approximately 27,000 tsubo of floor space across four buildings, roughly equivalent to 4% of existing stock, is slated to come on stream in 2026, predominantly in the Grade A segment. However, much of this space has already been secured by tenants relocating from company-owned offices or those rebuilding their current premises, with several buildings almost entirely pre-leased. With vacancies emerging in existing buildings also projected to be limited in scope, it is unlikely that the supply-demand balance will loosen significantly.

Rents rose again across all grades in Q4 2025, with both Grade A and All-Grade rents setting all-time highs. The Grade A segment once again recorded the largest increase, this time spiking by 1.6% q-o-q. Across all grades, an increasing number of landlords are hiking asking rents in response to rising market rates in surrounding districts and to pass on increasing costs. Notably asking rents were significantly raised for a large development where only a limited number of units remain available. However, prospective tenants that are willing to lease the more expensive units, such as those in Grade A buildings, are now limited in number, and the rate of rental growth may lose momentum in the coming quarters. CBRE forecasts Grade A rents to increase by a further 5.4% over the next 12 months.

Regional cities

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

Tenant demand remains robust nationwide

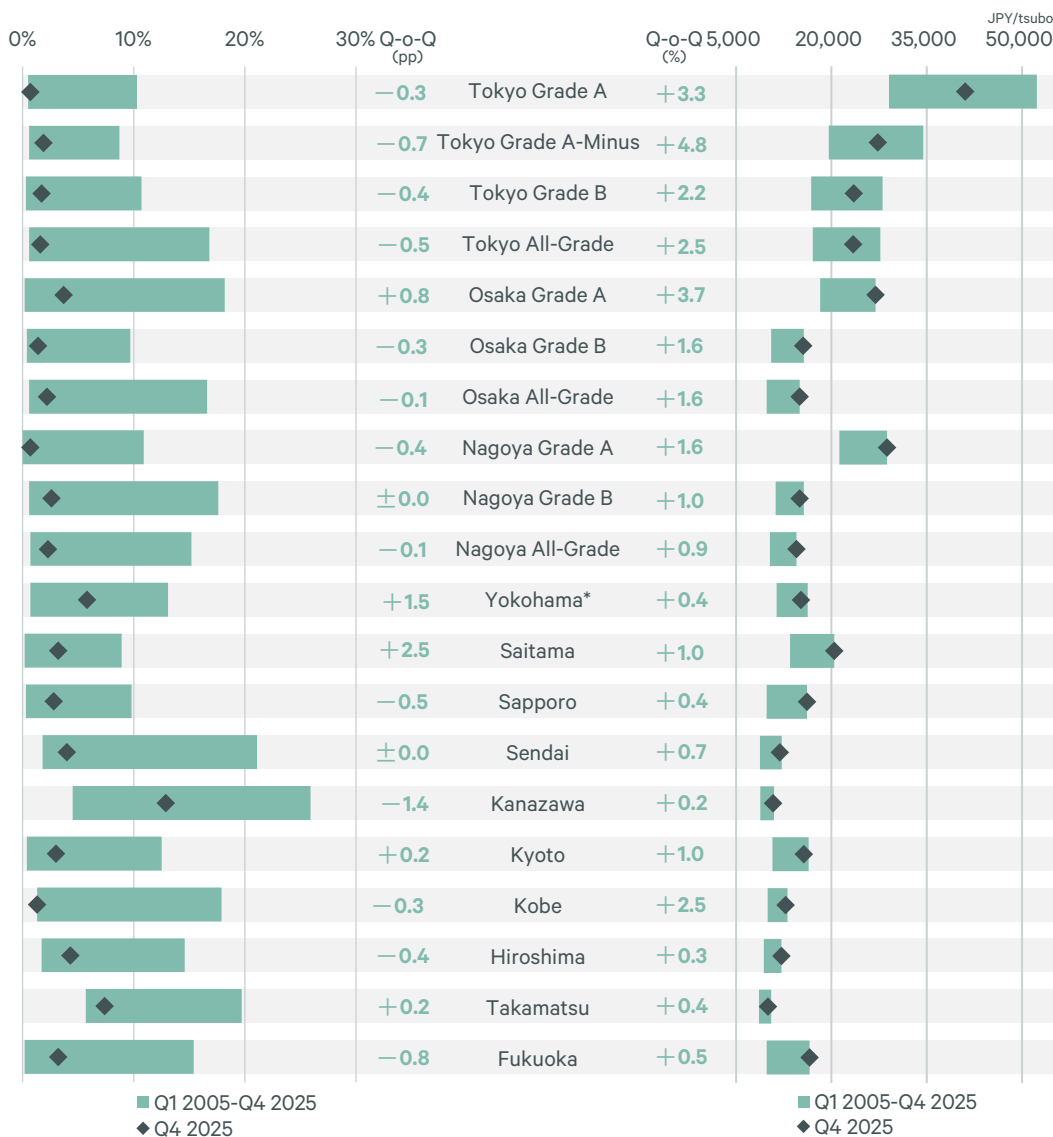
All-Grade vacancy rates for Q4 2025 fell q-o-q in five of the 10 surveyed cities, stayed unchanged in one, and rose in the remaining four. Tenant demand continues to be robust nationwide. In Kanazawa, Kobe, and Fukuoka, where no new supply was added in Q4 2025, vacancies in existing buildings were steadily filled. The vacancy rate in Fukuoka slid by 0.8 pp. q-o-q to 3.2%, with leases finalized in relatively new buildings by companies consolidating or expanding office space, upgrading, or relocating from buildings being redeveloped. Vacancy rates also fell in Sapporo and Hiroshima, despite new supply coming on stream. In Sapporo, the vacancy rate dropped by 0.5 pp. q-o-q to 2.8%. While the quarter's new supply had significant vacancies, spaces were filled in relatively new buildings for the purposes of upgrades or expansions. The vacancy rate in Hiroshima fell by 0.4 pp. to 4.3%. In addition to the one new property commencing operations with a high occupancy rate, vacancies in older buildings were absorbed by on-premise expansions, relocations from suburban areas, and companies relocating to larger premises.

Among the four cities reporting higher vacancy this quarter, new supply was the primary cause of increases in Yokohama and Saitama. A large building completed in the Kannai area of Yokohama came on stream with vacancies remaining, pushing up the city's vacancy rate by 1.5 pp. to 5.8%. In existing properties, some vacancies were absorbed by office consolidations and the opening of smaller offices of around 100 tsubo, but no major relocations were observed. In Saitama, the vacancy rate spiked sharply by 2.5 pp. to 3.2% due to major vacancies remaining in a large new building in a less desirable area and featuring floor space equivalent to around 4% of the city's existing stock. However, demand remained strong from tenants looking to move from suburban areas to more attractive central locations, and from those looking to expand their premises, with vacancies almost nonexistent in competitive buildings in prime locations.

Rents rise in all cities; Fukuoka rents set record high

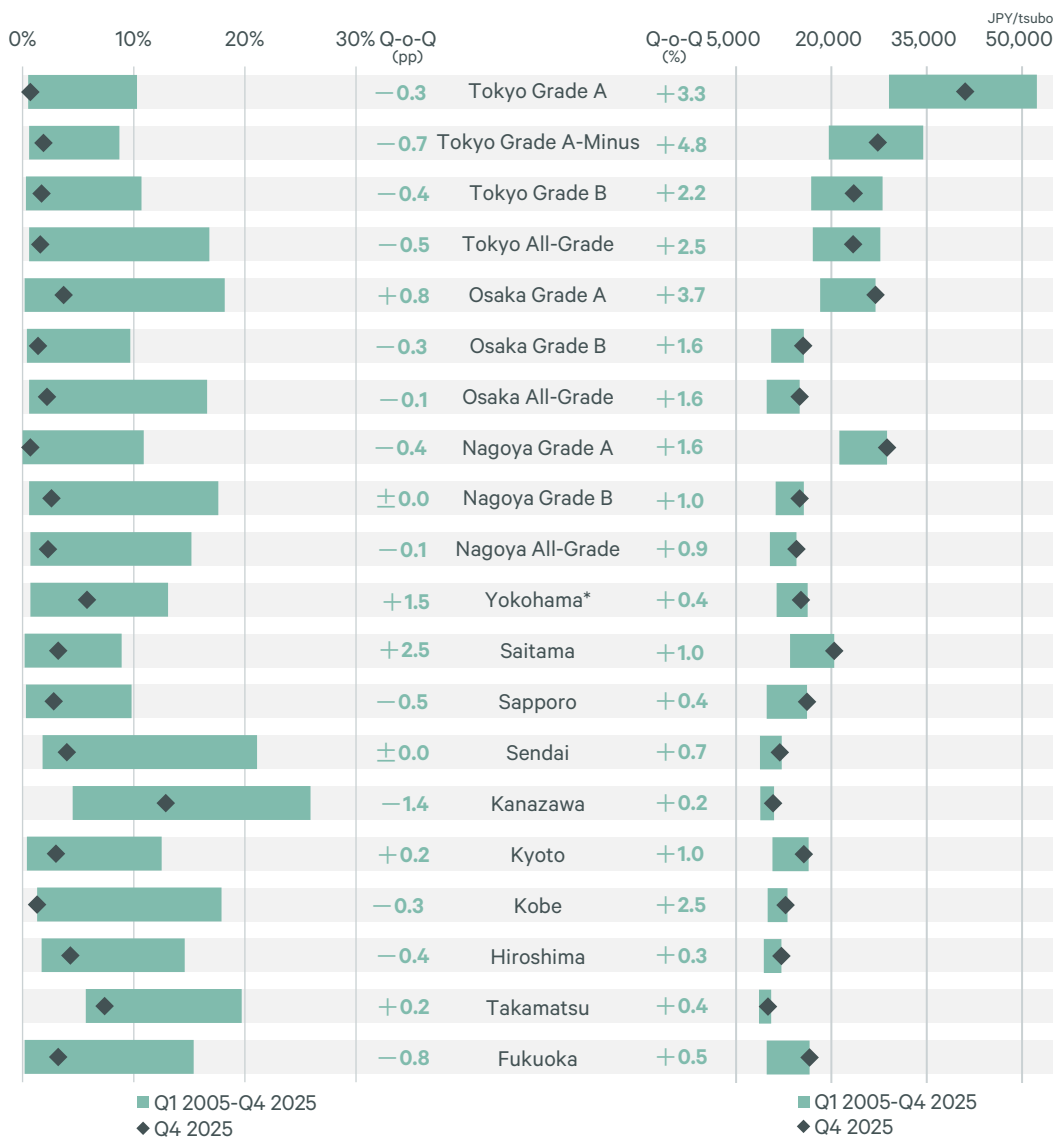
All-Grade rents rose both q-o-q and y-o-y in all 10 cities surveyed in Q4 2025. Kobe, which reported the lowest vacancy rate among the 10 cities, exhibited the sharpest increase in rents, with gains of 2.5% q-o-q and 4.0% y-o-y. While premium properties in prime locations have been the major drivers of market rental increases, asking rents have also been raised in older buildings distantly located from railway stations. In addition to Sapporo, Saitama, and Hiroshima, where rents have consistently set record highs each quarter, rents also reached a record high in Fukuoka in Q4 2025, after ticking up by 0.5% q-o-q to JPY 16,580, and surpassing the previous record set in Q2 2020. High-grade supply continues to come on stream in prime areas of Fukuoka, with average rents driven up by an increasing number of properties commanding rents of in excess of JPY 30,000, including some still under development.

Figure 2: Vacancy Rate in 13 Cities



Source: CBRE, Q4 2025

Figure 3: Average Assumed Achievable Rent in 13 Cities



Source: CBRE, Q4 2025

Figure 4: Market Summary

			Vacancy Rate (%)					Assumed Achievable Rent (JPY/tsubo)						
			Q4 2024	Q3 2025	Q4 2025	Q-o-Q (pp)	Y-o-Y (pp)	Q4 2024	Q3 2025	Q4 2025	Q-o-Q (%)	Y-o-Y (%)		
Tokyo	Grade A	All	4.2	1.0	0.7	-0.3	-3.5	36,450	39,750	41,050	+3.3	+12.6		
		Marunouchi/Otemachi	0.7	0.0	0.0	+0.0	-0.7	47,350	50,650	52,250	+3.2	+10.3		
	Grade A-minus	All	3.4	2.6	1.9	-0.7	-1.5	24,300	26,050	27,300	+4.8	+12.3		
	Grade B	All	2.6	2.1	1.7	-0.4	-0.9	21,950	23,000	23,500	+2.2	+7.1		
	All-Grade	All	3.5	2.1	1.6	-0.5	-1.9	21,780	22,860	23,440	+2.5	+7.6		
		Central 5 Wards	2.8	1.4	1.1	-0.3	-1.7	23,030	24,240	24,890	+2.7	+8.1		
		Marunouchi/Otemachi	0.8	0.1	0.1	±0.0	-0.7	40,120	43,060	45,020	+4.6	+12.2		
		Kanda/Iidabashi	2.0	1.1	1.2	+0.1	-0.8	20,750	21,830	22,400	+2.6	+8.0		
		Yaesu/Nihonbashi	2.3	1.0	0.7	-0.3	-1.6	22,930	24,060	24,660	+2.5	+7.5		
		Roppongi/Akasaka	10.0	1.9	1.4	-0.5	-8.6	25,610	27,030	27,690	+2.4	+8.1		
		Toranomon/Shiodome	2.2	1.7	1.1	-0.6	-1.1	25,060	26,600	27,270	+2.5	+8.8		
		Shinjuku	2.0	1.2	1.1	-0.1	-0.9	22,950	24,140	24,740	+2.5	+7.8		
		Shibuya/Ebisu	1.1	1.0	0.8	-0.2	-0.3	25,220	26,400	27,120	+2.7	+7.5		
		Shinagawa/Tamachi	2.5	2.0	1.7	-0.3	-0.8	21,110	22,000	22,500	+2.3	+6.6		
	Osaki *2	2.6	3.3	2.4	-0.9	-0.2	19,100	20,210	20,880	+3.3	+9.3			
Osaka	Grade A	All	4.9	2.9	3.7	+0.8	-1.2	24,150	26,000	26,950	+3.7	+11.6		
	Grade B	All	2.4	1.7	1.4	-0.3	-1.0	14,750	15,300	15,550	+1.6	+5.4		
	All-Grade	All	3.1	2.3	2.2	-0.1	-0.9	14,310	14,760	15,000	+1.6	+4.8		
		Umeda	7.6	4.1	3.4	-0.7	-4.2	21,870	23,130	23,600	+2.0	+7.9		
		Dojima	1.4	0.8	0.7	-0.1	-0.7	17,810	18,380	18,610	+1.3	+4.5		
		Nakanoshima	1.3	0.7	0.6	-0.1	-0.7	19,650	20,440	21,370	+4.5	+8.8		
		Yodoyabashi	1.1	4.0	7.0	+3.0	+5.9	17,260	17,640	17,930	+1.6	+3.9		
		Honmachi	4.1	2.8	2.5	-0.3	-1.6	14,300	14,700	14,810	+0.7	+3.6		
		Shin-Osaka	1.5	1.0	0.9	-0.1	-0.6	14,770	15,270	15,690	+2.8	+6.2		
		Nagoya	Grade A	All	3.8	1.1	0.7	-0.4	-3.1	27,350	28,300	28,750	+1.6	+5.1
			Grade B	All	4.2	2.6	2.6	±0.0	-1.6	14,600	14,850	15,000	+1.0	+2.7
All-Grade	All		4.3	2.4	2.3	-0.1	-2.0	14,080	14,390	14,520	+0.9	+3.1		
	Meieki		3.3	1.7	1.3	-0.4	-2.0	18,610	18,960	19,180	+1.2	+3.1		
	Fushimi/Marunouchi		6.1	3.3	3.7	+0.4	-2.4	13,010	13,290	13,420	+1.0	+3.2		
	Sakae		4.2	2.7	2.2	-0.5	-2.0	13,360	13,660	13,750	+0.7	+2.9		
	Nagoya-Higashi		1.3	1.4	1.3	-0.1	±0.0	10,450	10,730	10,780	+0.5	+3.2		
Yokohama	All-Grade		All	6.5	4.3	5.8	+1.5	-0.7	14,850	15,130	15,190	+0.4	+2.3	
	Around Yokohama Station		2.2	2.6	3.0	+0.4	+0.8	15,590	15,870	15,960	+0.6	+2.4		
	Minato-mirai		9.7	5.4	4.9	-0.5	-4.8	18,870	19,270	19,350	+0.4	+2.5		
	Kannai	2.1	3.0	14.2	+11.2	+12.1	11,930	12,160	12,170	+0.1	+2.0			
Saitama	All-Grade	0.7	0.7	3.2	+2.5	+2.5	19,870	20,210	20,420	+1.0	+2.8			
Sapporo	All-Grade *1	3.2	3.3	2.8	-0.5	-0.4	15,980	16,120	16,180	+0.4	+1.3			
Sendai	All-Grade	3.9	4.0	4.0	±0.0	+0.1	11,630	11,820	11,900	+0.7	+2.3			
Kanazawa	All-Grade	14.3	14.3	12.9	-1.4	-1.4	10,760	10,810	10,830	+0.2	+0.7			
Kyoto	All-Grade	1.9	2.8	3.0	+0.2	+1.1	15,370	15,510	15,670	+1.0	+2.0			
Kobe	All-Grade	2.3	1.6	1.3	-0.3	-1.0	12,300	12,480	12,790	+2.5	+4.0			
Hiroshima	All-Grade	3.3	4.7	4.3	-0.4	+1.0	11,960	12,080	12,120	+0.3	+1.3			
Takamatsu	All-Grade	7.8	7.2	7.4	+0.2	-0.4	9,810	9,960	10,000	+0.4	+1.9			
Fukuoka	All-Grade	4.8	4.0	3.2	-0.8	-1.6	16,230	16,490	16,580	+0.5	+2.2			

*1 The Vacancy Rate for "Sapporo" has been revised retroactively from Q2 2024 due to the addition of two buildings to the cohort.

*2 Vacancy rates for the Tokyo submarkets of "Shinagawa/Tamachi" and "Osaki" have been revised retroactively from Q1 2025 due to certain adjustments to the cohorts.
Source: CBRE, Q4 2025

Building Grade Definition

		All-Grade				
		Grade A	Grade A-Minus	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 & GradeA-Minus)	— (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: 13 (as of Q4 2025)

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