

Adaptive spaces

The Future Of The Flexible Office Market

VIEWPOINT

Flexible offices should become increasingly valuable as strategic spaces allowing companies to adopt more flexible working styles and economize on capital investment.

CBRE RESEARCH
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Summary

The flexible office market*1 continues to gradually expand amid increasingly diversifying demand for flexible office space. In addition to their traditional use as temporary bases near either working or living spaces, or for when workers are out of the main office, flexible offices are seeing increased use as main company offices or as locations in which to conduct networking with other companies.

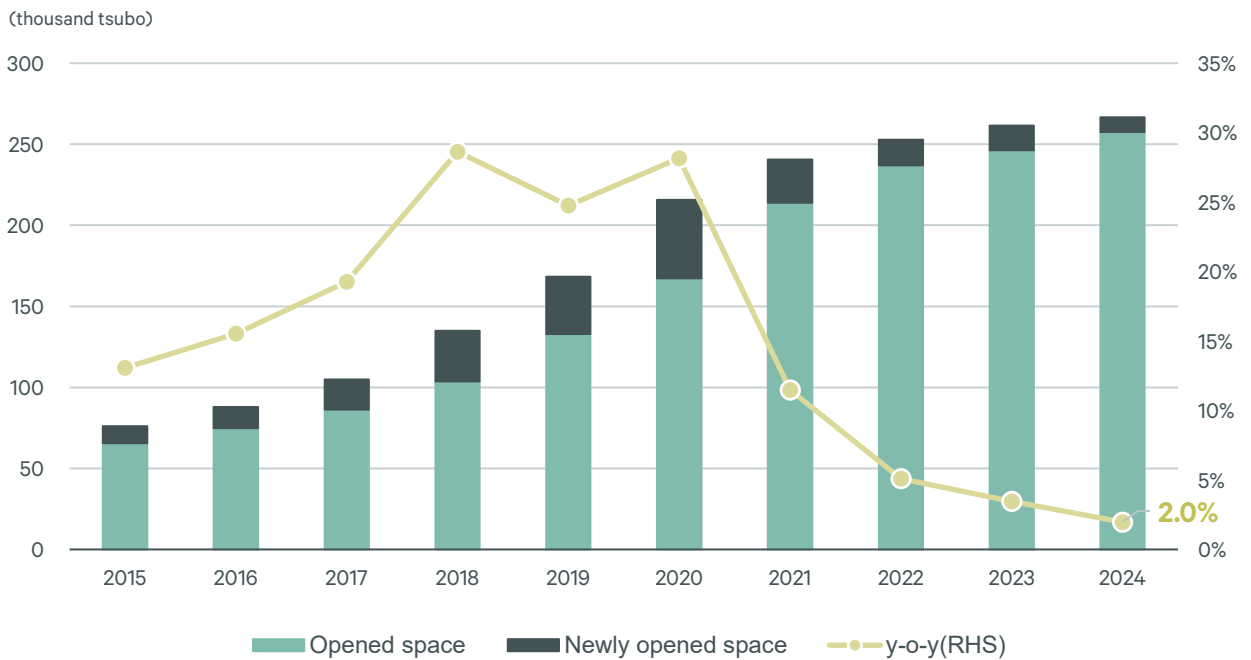
As a result of rising initial construction costs and lengthening construction periods, flexible offices' inherent merits, which include lower initial costs and the ability to maintain contractual flexibility, should ensure their use continues to grow. CBRE believes that flexible offices will become increasingly valuable as more than just temporary workspaces; they will take on a role as strategic spaces allowing companies to adopt more flexible working styles and economize on capital investment.

1. Changes in the Scale of the Tokyo Flexible Office Market

New flexible office floor space in Tokyo totaled 9,000 tsubo in 2024, pushing up total floor space in the sector to 267,000 tsubo as of the end of the year. This figure is some 3.5x the total floor space of the flexible office market in 2015. The market continues to gradually expand, growing by 2.0% in 2024 in terms of market scale (Figure 1).

*1 "Flexible office" typically refers to an office that does not necessarily require the signing of a lease contract and is used under a facility use contract. For the purposes of this report, the definition covers "rental offices," "serviced offices," "shared offices," and "co-working offices."

Figure 1: Tokyo Flexible Office Market Scale



Source: CBRE, Q4 2024.

2. Diversification of Flexible Office Use

One of the key factors behind the expansion of the flexible office market is the diversification of demand for flexible office use. Figure 2 shows the primary reasons given for using flexible offices in the tenant surveys on office usage carried out by CBRE in 2022 and 2024. In both the 2022 survey and 2024 survey, the most popular reasons for flexible office use were as a temporary base near either working or living spaces, with most respondents selecting “as a satellite office”, “as a secondary space for remote work”, or “as a touchdown office”. However, there has been a surge in the rankings of the answers “as a main office” and “for networking”, which rose from 11th and 10th in 2022 to 4th and 5th, respectively, in 2024.

When used as a main office, the number of employees using a flexible office will naturally be significantly higher than for the more traditional uses of flexible offices, which tend to be at the individual or project level. This means that greater floor area is required. At the same time, employees’ transport convenience is also highly valued for such uses. For companies using flexible offices for networking purposes, larger spaces in central metropolitan locations with high industrial density and convenient public transportation access are also favored.

Figure 2: Objectives and Reasons for Flexible Office Use (corporate management)

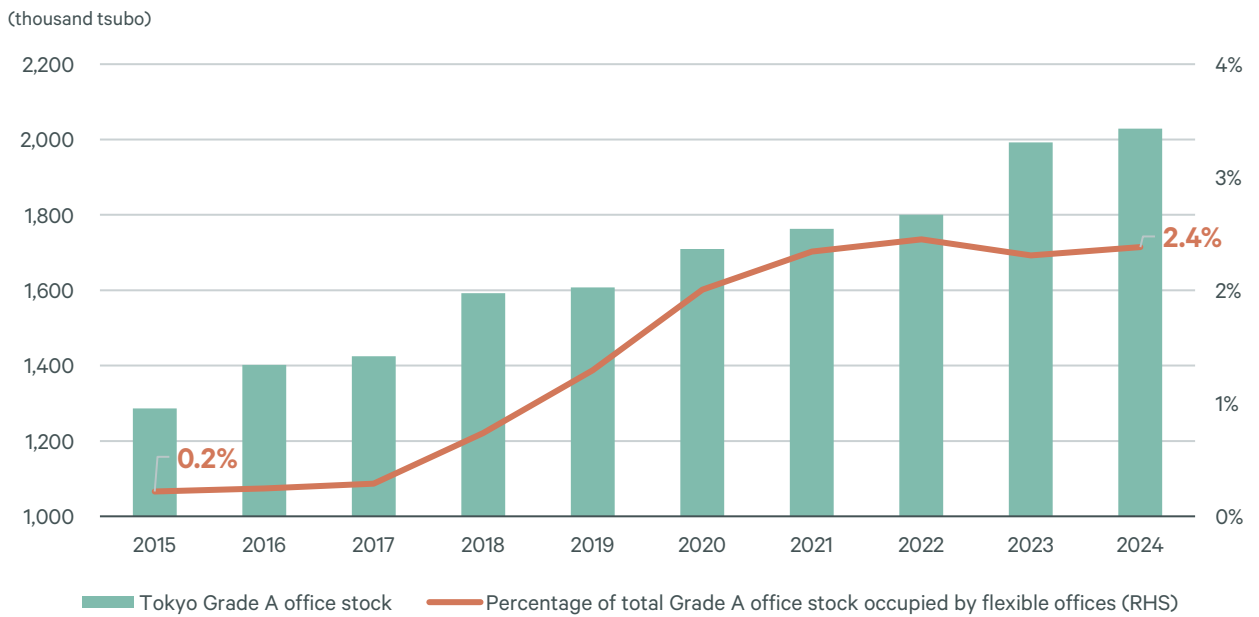
Rank	2024 survey	2022 survey
1	As a satellite office	As a satellite office
2	As a secondary location for working from home	As a secondary location for working from home
3	As a touchdown office (for short-period temporary use)	As a touchdown office (for short-period temporary use)
4	As the main company office	To trial new working styles such as remote work (*only listed as an answer in 2022)
5	Networking (collaboration with other companies)	As an optional space for ABW (activity-based working) (*only listed as an answer in 2022)
6	For a short-term project	Division of labor as an infection control measure (*only listed as an answer in 2022)
7	As additional office space	Contractual flexibility (can start at once, flexible contract periods)
8	New enterprise	As additional office space
9	Contractual flexibility (can start at once, flexible contract periods)	New enterprise or short-term project
10	To avoid initial construction costs (*only listed as an answer in 2024)	Networking (collaboration with other companies)
11	Measure to respond to changes in lease accounting standards	As a core/central office (with main office or management functionality)

Source: Media Business, Nikkei Inc./ Investigation: Nikkei Research Inc./
Cooperation for investigation: CBRE "Survey on office usage", July 2024., August 2022

During the COVID-19 pandemic, most flexible offices consisted of smaller units of less than 50 tsubo in suburban locations outside the five central wards of Tokyo. However, 2024 has seen a significant increase in larger units of in excess of 200 tsubo in the five central wards (see [*Tokyo Flexible Office Market](#), April 2025). Flexible offices are also becoming increasingly prevalent in larger, high-grade buildings in prime locations. In concrete terms, the percentage of total Grade A floor space in Tokyo occupied by flexible offices has risen from just 0.2% at the end of 2015 to 2.4% by 2024 (Figure 3).

An increasing number of flexible office operators including JustCo’s “The Collective” brand and Expert Office’s “EXEVIA” brand are now providing spaces that promote communication opportunities, often with added-value services such as lounges and cafes, all within large, high-grade office buildings in prime locations. The supply of such large-scale, centrally-located flexible spaces with strong customer appeal has matched the companies’ needs to relocate headquarters to upgrade building quality and promote diverse work styles in order to facilitate talent acquisition, and to boost in-person collaboration with other firms which had temporarily declined during the pandemic.

Figure 3: Percentage of Total Grade A*2 Office Stock Occupied by Flexible Offices



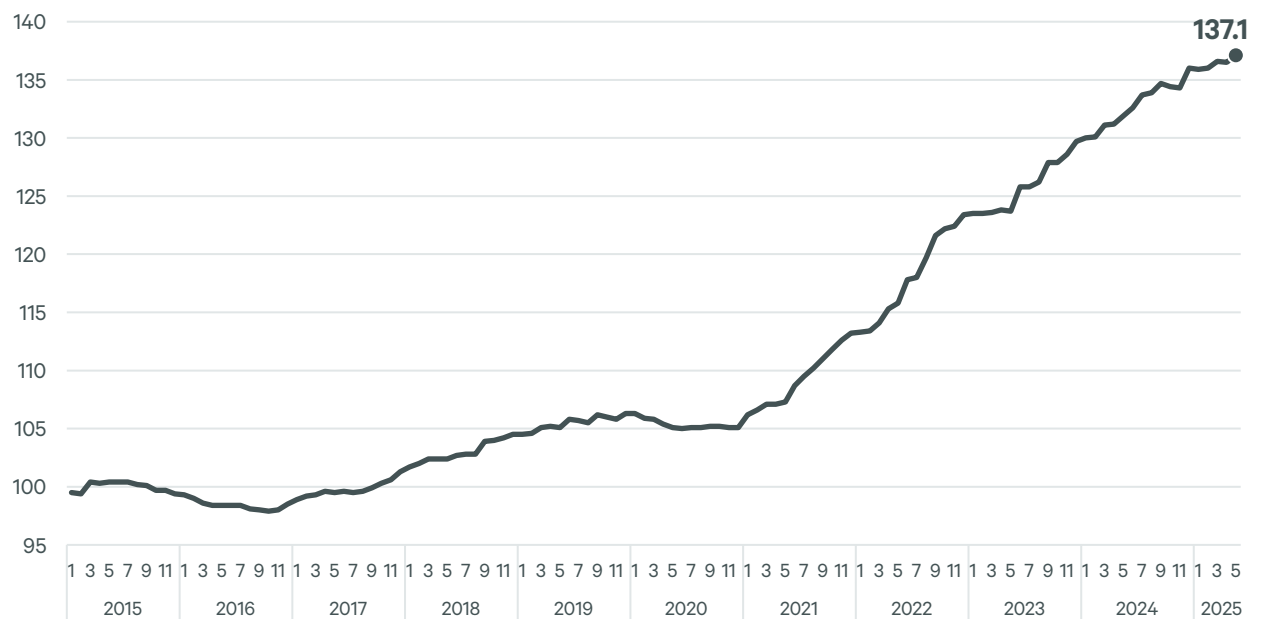
*2 Definition of Tokyo Grade A offices: Constructed within the last 15 years, located in the five central wards of Tokyo, with a total floor area of at least 10,000 tsubo, space for rent of at least 6,500 tsubo, and a standard single floor area of at least 500 tsubo.
 Source: CBRE, Q4 2024.

In addition to the primary objectives listed above, some companies are choosing flexible offices for two new reasons.

The first of these is the rising construction costs for opening a new office. Figure 4 illustrates the rise in the construction cost index for Tokyo offices (steel-frame structure) over the past decade, with costs as of June 2025 some 37.1 points above the 2015 baseline. In comparison to standard rental offices, the use of flexible offices allows for a significant suppression of initial internal construction costs. The trend of rising costs only makes this advantage more significant. CBRE has observed several tenants, having ascertained the overall costs of renting offices based on floor space and contract period, opt for the use of flexible offices.

The second new reason for choosing flexible offices is the recent trend of lengthening construction periods. In addition to the increasing severity of labor shortages in the construction industry, new legal limits on overtime hours, effective from April 2024, mean construction projects are taking considerably longer to complete than before. This has led to several cases in which companies operating on tight schedules or only relocating for a limited period find that their new premises are not ready in time. Amid this environment, flexible offices have emerged as a valid bridging option until the company can complete its permanent relocation.

Figure 4: Construction Cost Index (from 2015 baseline; Tokyo steel-frame structure offices); 2015=100



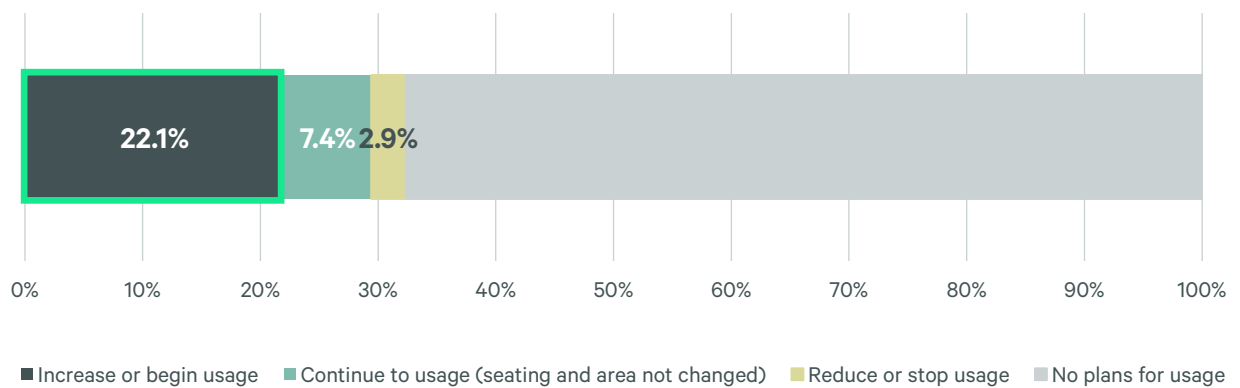
Source: Construction Research Institute, September 2025.

3. The Future of the Flexible Office Market

Demand for flexible offices is projected to remain robust. According to the results of CBRE's 2024 office occupier survey, 22.1% of management-level respondents indicated that they planned to either begin or increase usage of flexible offices in the next two to three years, well above the 2.9% who planned to reduce or cease using them (Figure 5).

CBRE expects that, as a result of the diversification of usage objectives, flexible offices will become increasingly valuable as more than just temporary workspaces, but as strategic spaces which allow companies to adopt more flexible working styles and economize on capital investment.

Figure 5: Flexible Office Usage Policies for the Next Two to Three Years (corporate management)



Source: Media Business, Nikkei Inc./ Investigation: Nikkei Research Inc./
Cooperation for investigation: CBRE "Survey on office usage", July 2024.

Contact

Kumiko Ninomiya

Senior Analyst
Office Team
kumiko.ninomiya@cbre.com

Yuji Iwama

Senior Director
Office Team Leader
yuji.iwama@cbre.com

Yoshitaka Igarashi

Director
Office Team
yoshitaka.igarashi@cbre.com

Chinatsu Hani

Senior Director
Head of Research
chinatsu.hani@cbre.com