

Japan Logistics

Greater Osaka's Logistics Market Boom: Tight Supply and Surging Rents to Fuel 2026 Growth

VIEWPOINT

The LMT Market in Greater Osaka is thriving. Driven by regional economic revitalization and geographical advantages, rising effective rents are projected for 2026 and beyond.

CBRE RESEARCH
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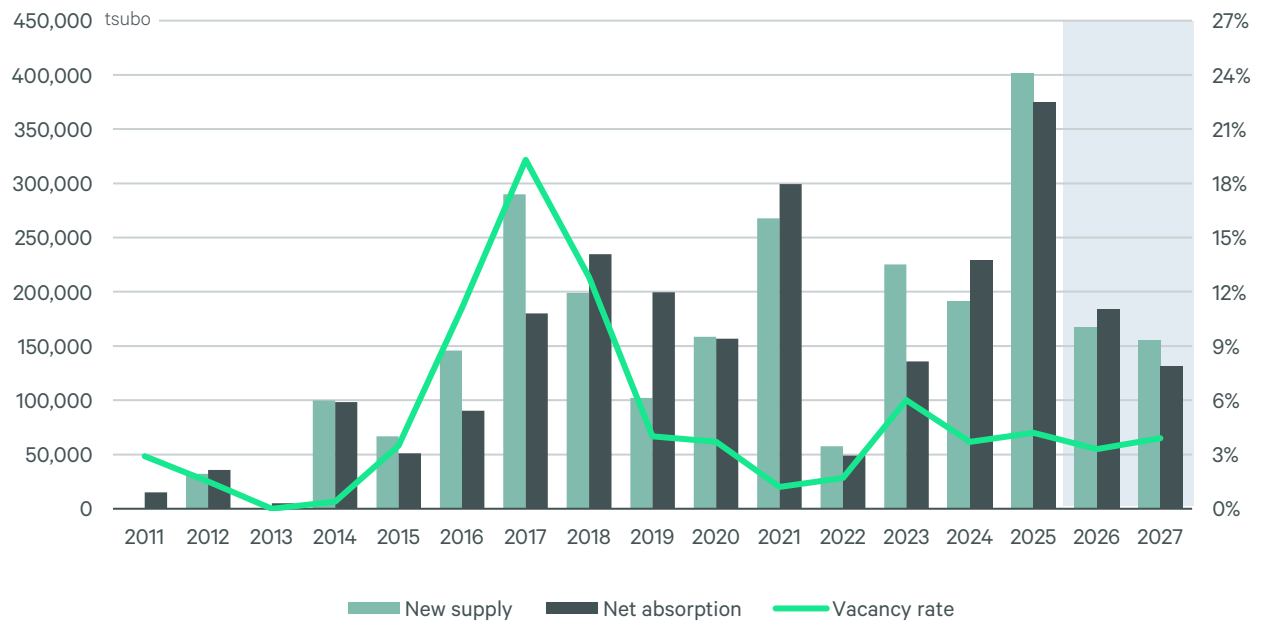
Summary

The Large Multi-Tenant (LMT) logistics facility market in Greater Osaka is thriving. Since 2019, the annual vacancy rate has remained consistently below 5%, with the sole exception of 2023, when it stood at 6.0%. When analyzed on a quarterly basis, the vacancy rate has exceeded 5% on just three occasions between Q1 2020 and Q4 2025, underscoring the stable demand seen across the region (Figure 1).

Demand for LMT facilities was particularly strong in 2025. Despite the addition of a record high 401,000 tsubo of new floor space, the vacancy rate rose by a mere 0.5 pp. y-o-y to 4.2%. Net absorption for the year reached 375,000 tsubo, a figure some 25% above the previous all-time high of 299,000 tsubo recorded in 2021. CBRE's latest projections show that new supply for each of 2026 and 2027 should only reach around 40% of 2025's numbers, while demand should remain strong, forcing the vacancy rate down below the 4% threshold.

Key factors contributing to consistently strong demand for logistics space in Greater Osaka include the revitalization of the regional economy on the back of robust inbound tourist spending and the reshoring of manufacturing plants, as well as its geographical advantages as a hub that can cover western Japan. With demand for improved efficiency in transportation and distribution networks set to strengthen further, effective rents for LMT facilities in Greater Osaka are projected to continue to rise.

Figure 1: Greater Osaka Supply/Demand Balance



Source: CBRE, Q4 2025

1. Greater Osaka LMT market overview (2019 to 2025)

The strength of demand for logistics facilities in Greater Osaka seen in recent years is clearly reflected in occupancy rates at completion, which averaged 73% between 2019 and 2025. When the relatively lean years of 2022 and 2023 are removed from calculations, that figure is even higher at 82% (Figure 2). The lack of suitable options has forced tenants to consider leasing space in properties that are still in the developmental stage, creating a self-perpetuating cycle that is driving pre-leasing rates upward.

Figure 2: Occupancy Rates at Completion

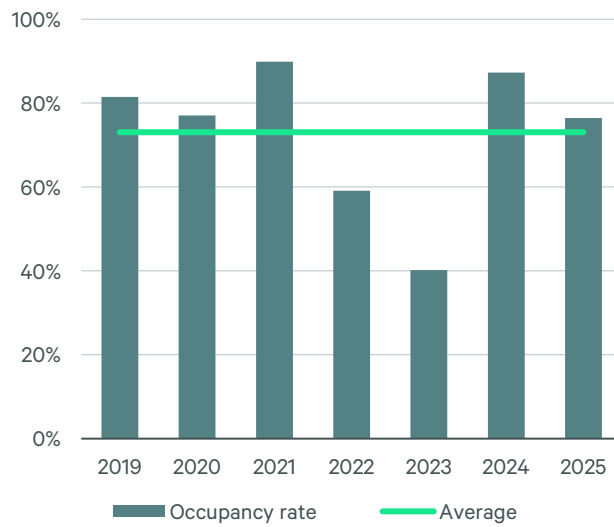
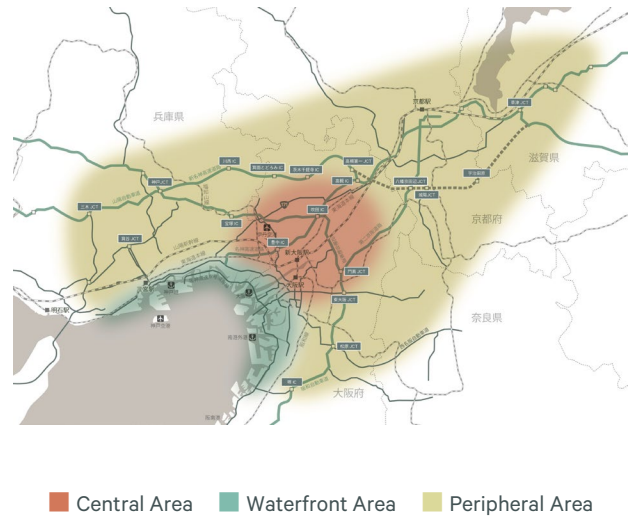


Figure 3: Greater Osaka Area Map



Source: CBRE, Q4 2025

All three areas of Greater Osaka (Central Area, Waterfront Area, and Peripheral Area) are experiencing growth in demand (Figure 4).

Figure 4: Annual Net Absorption by Area

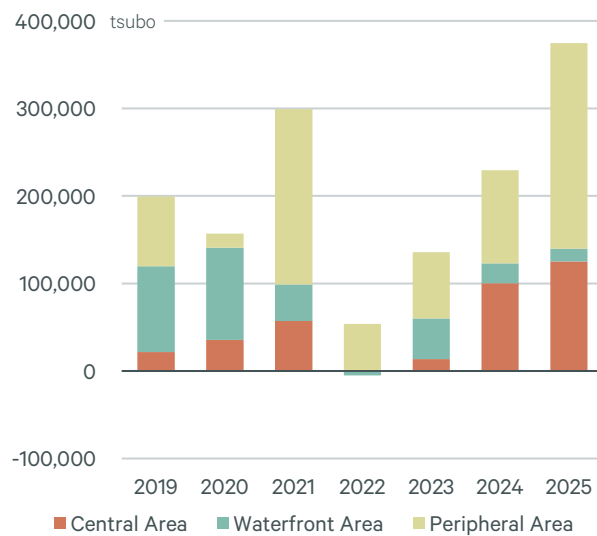
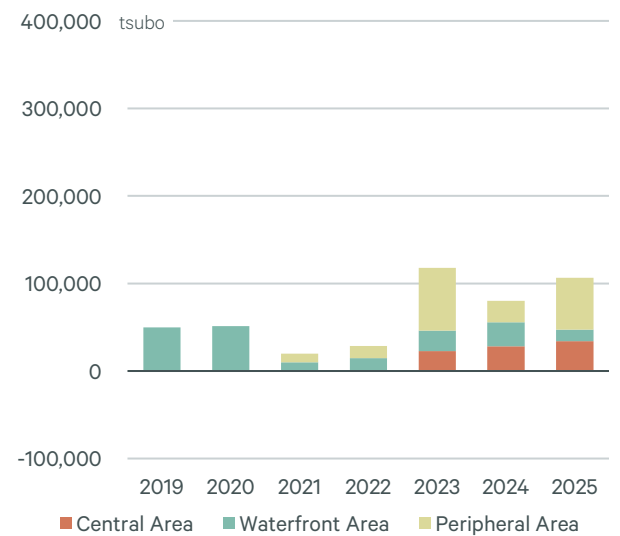


Figure 5: Vacant Floor Space by Area (as of Q4 each year)



Source: CBRE, Q4 2025

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Among these, the Peripheral Area has been the most successful in converting demand into new lease contracts. While peripheral areas are usually thought of as being distant from central or urban areas and therefore less desirable locations for logistics facilities, the Peripheral Area of Greater Osaka has in recent years seen several new developments completed along expressways or other major arterial roads. With new developments not being concentrated in specific areas, most properties have retained a certain level of value as rare commodities. In areas with few new developments, operators dealing with aging facilities or expansion needs have had very few options as relocation sites. Even developments in the suburbs some distance from the metropolitan areas have therefore been able to secure local demand.

In the Central Area, demand is strong. Up until 2023, new supply consisted of no more than three properties per year, but four were added in 2024 and five came on stream in 2025. Despite this increase in supply, the average occupancy rate at completion has remained high, at around 88%.

The Waterfront Area has suffered from a lack of new supply since 2019, with no new developments completed in the area in 2025. While net absorption has remained relatively low due to the relative absence of new stock, it has still recorded positive figures every year other than 2022.

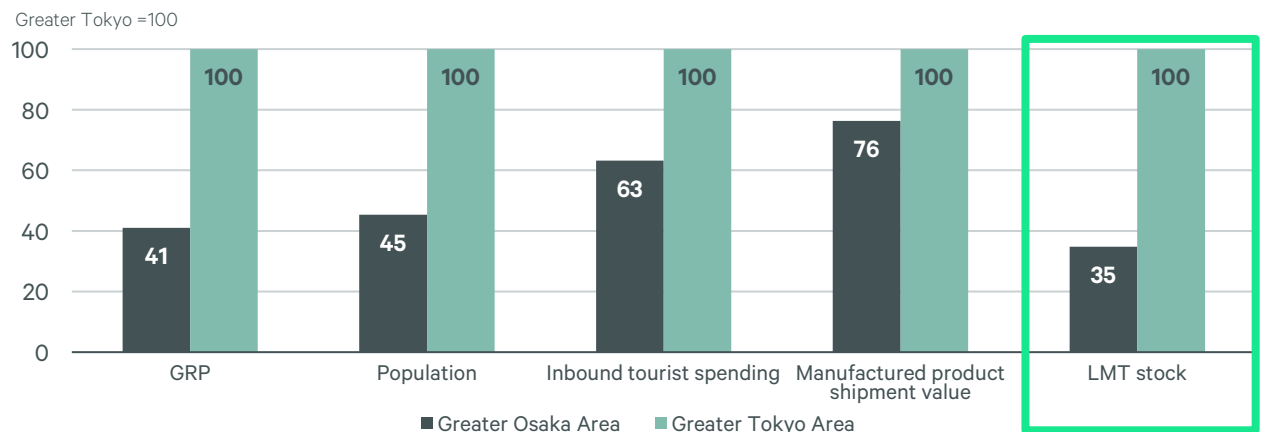
CBRE's analysis of current vacant floor space shows that the number of unleased units in all three areas is low. While the Waterfront Area did have significant vacancies up until 2020, they have since been steadily absorbed, to the point where there are now very few units available (Figure 5). There are currently only two properties in each of the Central and Waterfront Areas with vacant floor space of in excess of 3,000 tsubo. There are five buildings with this many vacancies in the Peripheral Area but they are widely dispersed.

2. Factors contributing to robust LMT demand in Greater Osaka

1. Insufficient LMT properties for the size of the regional economy

CBRE's analysis of factors contributing to strong demand for logistics facilities in Greater Osaka begins by considering the region's economic scale. Compared with an index of 100 for Greater Tokyo, Greater Osaka has a GRP equivalent of 41 and a population equivalent of 45 (Figure 6), indicating that the region is just under half the size of Greater Tokyo in both population and economic terms.

Figure 6: Comparisons of Economic Scale Between Greater Tokyo and Greater Osaka (Greater Tokyo=100)



Greater Tokyo: Ibaraki, Saitama, Chiba, Tokyo, and Kanagawa Prefectures/ Greater Osaka: Shiga, Kyoto, Osaka, Hyogo, and Nara Prefectures
 Sources: GRP: Cabinet Office, 2022 /Population: Population, Population Dynamics and Households based on the Basic Resident Registers, Ministry of Internal Affairs and Communications, January 2025/ Inbound tourist spending: International Visitor Survey, Japan Tourism Agency, Q4 2024 to Q3 2025 / Manufactured product shipment value: 2024 Economic Structure Survey, Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, 2024/ LMT stock: CBRE Research, Q4 2025

In terms of manufactured product shipment value, Greater Osaka records an indexed score of 76 in comparison to Greater Tokyo's 100. Divided by prefecture, Osaka ranks third nationwide in terms of manufactured product shipment value, with Hyogo fifth. Kyoto and Shiga Prefectures also host several manufacturing plants in the semiconductor and other cutting-edge industries. Manufacturing stagnation and supply chain disruption experienced by manufacturers during the COVID-19 pandemic have led to a recalibration of supply chains and an increase in stored parts and materials, which has helped to push up demand for logistics facilities in Greater Osaka.

Spending by foreign tourists is indexed at 63 in Greater Osaka, compared with a baseline of 100 in Greater Tokyo. While Osaka hosted Expo 2025, the Japan Association for the 2025 World Exposition estimates that just 6.9%* of visitors to the Expo were from overseas. This data suggests that inbound tourist consumption in Greater Osaka is a permanent rather than a temporary trend, and that anticipated future increases in tourist spending can be expected to continue to help the region's economy.

This data suggests that Greater Osaka's economic scale is particularly significant in the manufacturing and tourism sectors. Despite this, LMT logistics stock in Greater Osaka as of April 2025 was equivalent to just 35% of that of Greater Tokyo. While rental warehouses are not necessarily required to store all goods related to economic activity, the usage of advanced logistics facilities has been proven to be an effective means of improving the efficiency of both warehouse operations and stock transportation. This suggests that Greater Osaka has a relative shortage of LMT facilities and has a greater likelihood of new supply triggering new demand.

* Estimate based on data showing 5.2% of Expo IDs and 19.8% of Accreditation Passes were issued to foreigners.

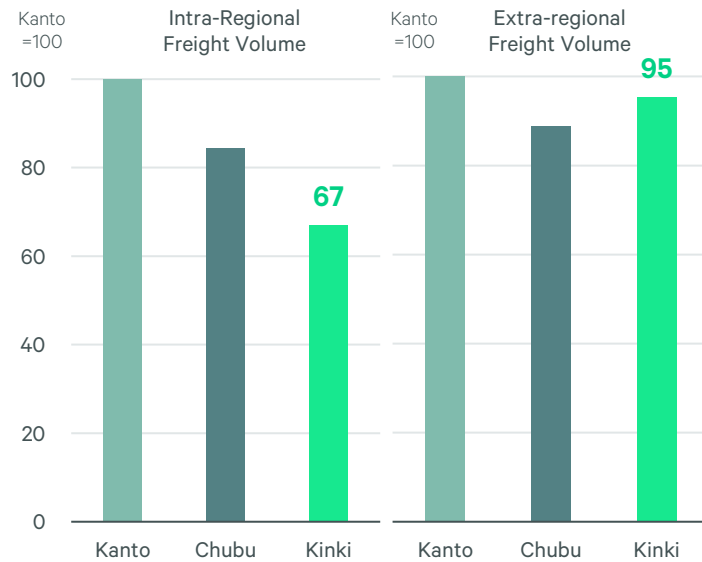
2. The advantages of Greater Osaka as a logistics base

Greater Osaka's specific geographical characteristics are generating demand for logistics facilities. According to the results of the government's Regional Cargo Flow Survey, while intra-regional freight volume in Greater Osaka (Kinki) accounts for only 67% of the equivalent figure for Greater Tokyo (Kanto), freight volume transported outside the region is much higher, at 96% of that of Greater Tokyo (Figure 7). A significant amount of freight is dispatched from Greater Osaka to a wide array of other regions, from Greater Tokyo all the way to Kyushu.

This indicates that Greater Osaka often serves as a convenient relay point between geographically distant regions within Japan's logistics networks (Figure 8). For companies based in the Greater Tokyo or Greater Nagoya regions, Greater Osaka often serves as a hub for their distribution networks across western Japan. In addition to the sheer volume of freight handled by logistics bases in the region, the importance of bolstering Greater Osaka's logistics capacity is further accentuated by the pressing issue of driver shortages, as exemplified by the so-called "2024 problem", which refers to new overtime regulations which took effect in April 2024, causing a severe driver shortage and potential supply chain disruptions.

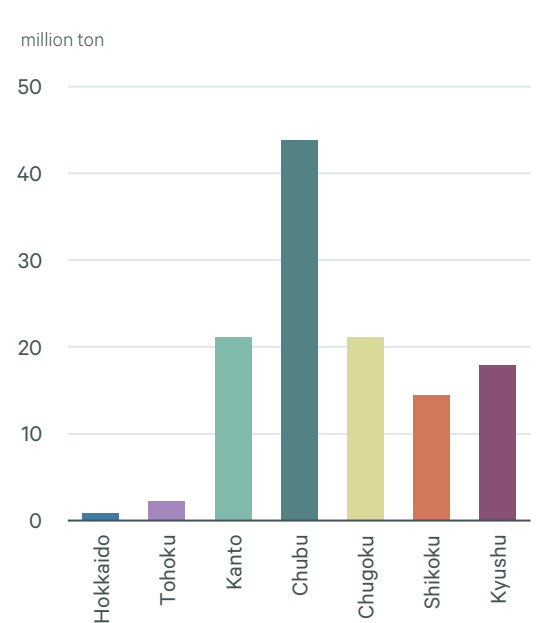
Southern Shiga Prefecture, at the far eastern edge of Greater Osaka, and Kobe City, at the far western edge, are over 90 km. apart. The sheer size of the region, which encompasses the major metropolitan centers of Kyoto, Osaka, and Kobe, means that many companies require multiple logistics bases within the same area.

Figure 7: Intra-Regional and Extra-Regional Freight Volume Index (Greater Tokyo (Kanto) =100)



Source: Regional Freight Distribution Survey, Ministry of Land, Infrastructure, Transport and Tourism, March 2023.

Figure 8: Extra-Regional Freight Volume from Greater Osaka



Source: Regional Freight Distribution Survey, Ministry of Land, Infrastructure, Transport and Tourism, March 2023.

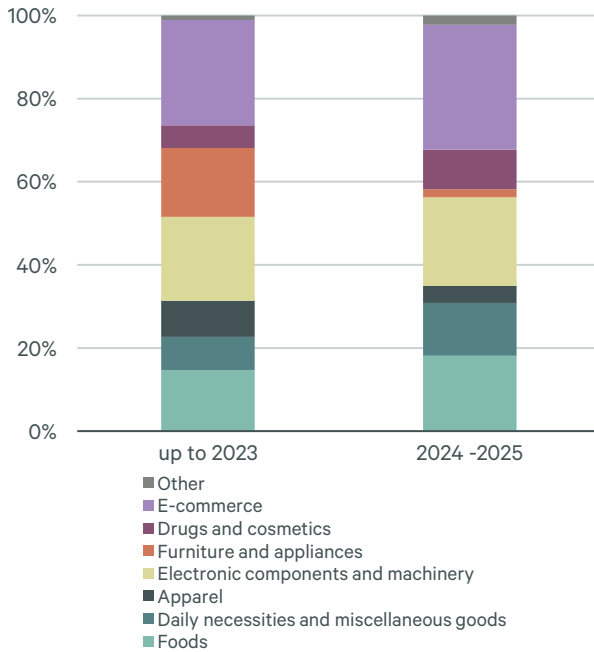
3. Tenant characteristics

CBRE’s analysis of the types of products handled by tenants of new LMT facilities completed in 2024 and 2025 reveals that they are more likely to include general consumables such as foodstuffs, daily necessities, and e-commerce products, than was previously the case (Figure 9). General consumables have a much higher distribution frequency than other stock and are therefore more significantly affected by driver shortages and rising transportation costs. An increasing number of tenants are now leasing space in LMT facilities due to a focus on recalibrating their distribution networks to mitigate these effects. From April 2026, the appointment of a Chief Logistics Officer (CLO) has been mandated by law for companies that ship a certain volume of freight, further underscoring the need to reconsider logistics strategies and recalibrate logistics networks.

The increase in the prevalence of e-commerce freight is another factor contributing to stronger demand for Greater Osaka LMT facilities. While it has always accounted for a significant share of total freight, it has risen to 30% over the last two years. This data suggests that e-commerce operators have further expanded the floor space occupied by their distribution centers. Sales of goods over the internet are rising nationwide, with Greater Osaka only behind Greater Tokyo in terms of sales volume (Figure 10). E-commerce operators are prioritizing the expansion of logistics networks in Greater Osaka to reduce delivery distances and increase delivery frequency.

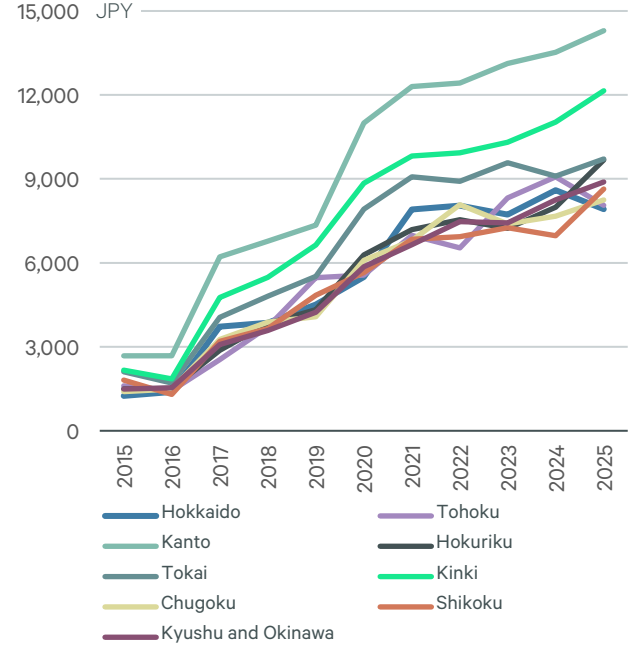
Electronic and mechanical products also comprise a large proportion of the stock stored in LMT logistics facilities completed within the last two years. Demand for logistics facilities in this sector has been driven by manufacturers’ desire to increase stock and strengthen supply chains, with the pandemic acting as a catalyst for this change. A significant number of companies operating major plants in Greater Osaka are still facing issues relating to supply chains or aging storage facilities. The mandatory appointment of CLOs for major corporations is also likely to ensure that logistics demand from the manufacturing sector remains steady.

Figure 9: Stock Type by Year of Completion



Source: CBRE, March 2026.

Figure 10: Monthly E-commerce Expenditure by Household (excluding digital products)



Source: Family Income and Expenditure, Ministry of Internal Affairs and Communications, January 2026.

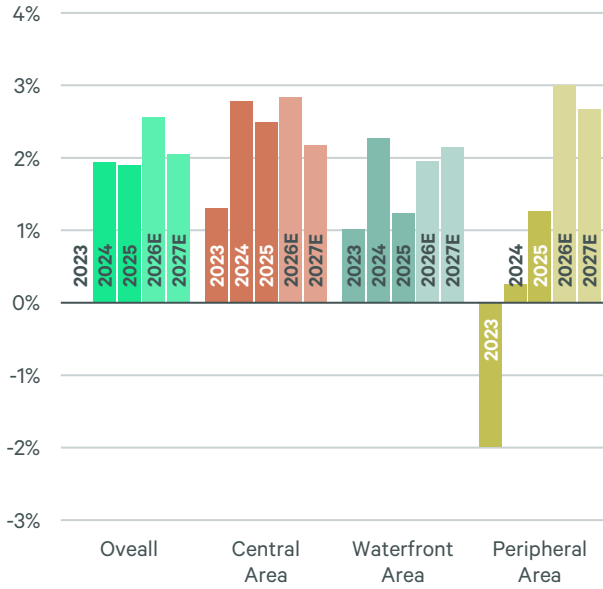
3. Greater Osaka logistics market outlook

The LMT vacancy rate in the Greater Osaka region is projected to remain low, with CBRE forecasting figures of 3.3% for Q4 2026 and 3.9% for Q4 2027. Effective rents for the entire Greater Osaka region are therefore projected to increase steadily, rising by 2.6% y-o-y in 2026 and a further 2.0% y-o-y in 2027 (Figures 11 and 12). Typically, when an area in which rents are declining is in the general proximity, other properties in direct competition also struggle to raise rents. However, in Greater Osaka there are almost no areas where rents are falling, creating a region-wide cycle of rising rents. Specific trends in each area include:

- Properties in the Central Area are likely to become even more highly sought after due to a lack of new supply and area's strong potential. While rents in this area are already in the highest bracket, they are projected to rise further.
- There is currently no new supply planned for the Osaka Prefecture part of the Waterfront Area, leaving very few options for tenants. Should existing tenants terminate their leases, new tenants are certain to be found almost immediately, pushing up rents even higher.
- While new developments in the outermost areas of the region, such as Shiga and Nara Prefectures, have temporarily depressed average rents in the Peripheral Area of Greater Osaka, there is now a greater acceptance of these areas as viable sites for logistics facilities. Properties in relatively central parts of the Peripheral Area have also absorbed some of the excess demand for Central Area floor space. Across the entirety of the broad Peripheral Area, there are now very few sites where units have been vacant for some time. With many sub-areas receiving no new supply, rents are continuing to rise.

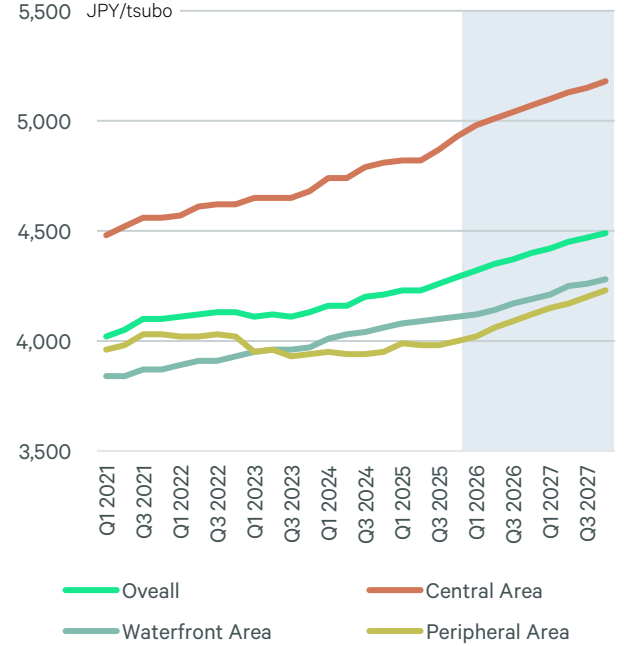
For these reasons, CBRE projects rents will continue to rise across the region for cheaper properties, while tenants are likely to express a greater willingness to pay even higher rents for high-spec properties in prime locations.

Figure 11: Y-o-y Changes in Effective Rents



Source: CBRE, Q4 2025

Figure 12: Effective Rents



Source: CBRE, Q4 2025

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