

All-Grade vacancy falls to low-2% level in all three major cities; Average rents set new record highs in Osaka and Nagoya

▼ -0.4pp Q-o-Q ▲ +3.4% Q-o-Q ▼ -0.7pp Q-o-Q ▲ +3.4% Q-o-Q ▼ -0.3pp Q-o-Q ▲ +1.4% Q-o-Q
 Tokyo Grade A Vacancy Rate Q3 Tokyo Grade A Rent Q3 Osaka Grade A Vacancy Rate Q3 Osaka Grade A Rent Q3 Nagoya Grade A Vacancy Rate Q3 Nagoya Grade A Rent Q3

Tokyo: Grade A rents record largest single-quarter increase since Q3 2007

— The All-Grade vacancy rate for the quarter (Q3 2025) slid by 0.4 pp. q-o-q to 2.1%, while the Grade A vacancy rate also fell by 0.4 pp. q-o-q to 1.0%, reflecting an extremely tight market. Large vacant units in central Tokyo continued to attract significant interest from potential tenants as supply tightened. Average rents once again increased across all grades, spiking by 3.4% q-o-q to JPY 39,750 for the Grade A segment. This represented the largest single-quarter increase since Q3 2007 and pushed rents above the most recent peak of JPY 39,000 recorded in Q1 2020.

Osaka: All-Grade rents reach new record high

— Vacancy rates fell for all grades during the quarter, with the All-Grade vacancy rate declining by 0.3 pp. q-o-q to 2.3%. While the quarter's one new building entered operation at less than full capacity, vacancies were steadily filled in existing properties. Average rents increased across all grades, with All-Grade rents recording a rise of 1.4% q-o-q to reach JPY 14,760, exceeding the previous all-time high registered in Q3 2020. Landlords raised rents in Grade A buildings in both the sought-after Umeda area and in other areas.

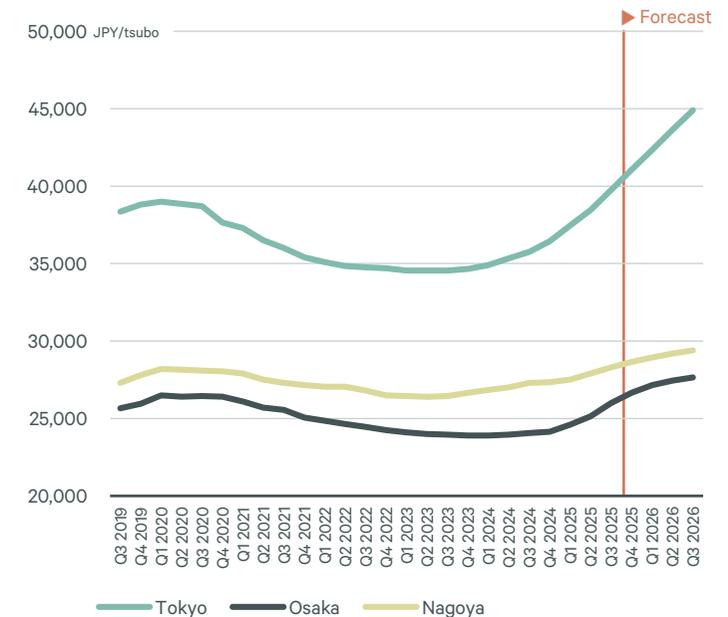
Nagoya: Grade A and All-Grade rents reach new record highs

— The All-Grade vacancy rate fell by 0.7 pp. q-o-q to 2.4% in Q3 2025, dropping below the 3% threshold for the first time since Q2 2021. During the quarter, vacancies were absorbed by companies from a wide variety of industries upgrading to larger or superior locations, and by those undertaking in-house expansions and secondary office openings. Average rents increased across all grades, with Grade A rents edging up by 1.4% q-o-q to reach JPY 28,300, and All-Grade rents rising by 0.8% q-o-q to JPY 14,390. These levels were the highest since CBRE's surveys began.

Regional cities: Tenant demand remains robust nationwide as vacancies continue to be absorbed in existing buildings

— All-Grade vacancy rates for the quarter fell q-o-q in five of the 10 surveyed cities, remained unchanged in two, and rose in the remaining three. During the quarter, vacancies were filled by tenants looking to expand or upgrade their offices, improve office location, or move to temporary premises for the purposes of rebuilding. All-Grade rents for the quarter rose q-o-q in nine of the 10 cities surveyed, with Kanazawa being the exception. Major rental increases of over 1% q-o-q were recorded in Yokohama, Sendai, and Takamatsu. In Sapporo, Saitama, and Hiroshima, rents once again rose to new record highs this quarter.

Figure 1: Grade A Average Assumed Achievable Rent



Source: CBRE, Q3 2025

— Tokyo

Grade A rents record largest single-quarter increase since Q3 2007

The All-Grade vacancy rate for Q3 2025 slid by 0.4 pp. q-o-q to 2.1%. Driven by a return to the office and a focus on staff retention, demand remained strong across all floor area brackets from companies seeking to improve office environments and expand office space. Large vacancies in central locations attracted particularly strong interest. The Grade A vacancy rate fell by 0.4 pp. q-o-q to 1.0%, reflecting an extremely tight market, while the Grade A- vacancy rate recorded the most significant drop of 0.8 pp. to 2.6%. New supply consisted of eight buildings with a total floor space of roughly 20,000 tsubo, less than half of the past quarterly average. One Grade A building and one Grade A- building completed during the quarter each entered operation at close to full capacity after securing demand from tenants looking to upgrade or open new secondary offices. In existing buildings, relocations to larger or higher-grade premises, in-house expansions, and new office openings were reported across a broad spectrum of industries and unit sizes, while few new vacancies emerged. Vacancies were also filled in larger office buildings in peripheral areas, which are drawing tenant interest owing to the value for money they provide as rents continue to rise in central areas. With a limited number of buildings in which spaces of significant size are available, competition for space in new developments in central Tokyo is set to intensify. As of the end of September, over 70% of units in Grade A buildings slated for completion in 2026 are estimated to have confirmed tenants, while units are also filling up in developments due to come on stream in 2027 or later.

Growth in average rents accelerated across all grades from the previous quarter. Grade A rents rose by 3.4% q-o-q to reach JPY 39,750. This represented the largest single-quarter increase since the 4.6% recorded in Q3 2007 and pushed rents above the most recent peak of JPY 39,000 recorded in Q1 2020. An increasing number of landlords raised their asking rents in response to the limited number of available units and rising market rates. Rents are likely to continue to increase in the coming quarters as the supply-demand balance remains tight. Grade A rents are forecast to rise by another 13.0% over the next 12 months.

— Osaka

All-Grade rents reach new record high

Vacancy rates fell across all grades during the quarter, with the All-Grade vacancy rate sliding by 0.3 pp. q-o-q to 2.3%. While one building entered operation at less than full capacity, vacancies were steadily filled in existing properties. The Grade A vacancy rate fell by 0.7 pp. to 2.9%, with new office openings and major relocations due to upgrading or moving to superior locations in relatively new buildings. The Grade B vacancy rate fell by 0.4 pp. to 1.7%, dropping below 2% for the first time since Q1 2021. Several new contracts for spaces of more than 100 tsubo were signed by companies opening new offices or relocating to larger premises, both in relatively new buildings and in older properties offering the size and facilities

required at more reasonable rents. Very few new vacancies appeared in any grade during the period as tenant demand remained strong, with no notable imbalance detected in terms of preferred unit size or business sector.

Rents rose across all grades for a fifth consecutive quarter, with the rate of increase accelerating in all cases. All-Grade rents increased by 1.4% q-o-q to reach JPY 14,760, exceeding the previous all-time high recorded in Q3 2020. Grade A rents reached JPY 26,000 after spiking by 3.4%, the first q-o-q increase of over 3% in six years. As a result of strong demand from prospective tenants, landlords were able to raise rents in buildings both in the sought-after Umeda area and in other areas. Grade B rents rose by 1.7% q-o-q to JPY 15,300, with limited availability leading to asking rents being raised. Rental hikes were especially prominent in properties already in higher price brackets owing to the competitive advantages they offer in terms of location and age. With the scarce pipeline, the supply-demand balance is set to remain tight over the coming quarters. Grade A rents are forecast to increase by 6.3% over the next 12 months.

— Nagoya

Grade A and All-Grade rents reach new record highs

Vacancy rates fell across all grades during the quarter, with the All-Grade vacancy rate decreasing by 0.7 pp. q-o-q to 2.4% and falling below the 3% threshold for the first time since Q2 2021. Relocations to larger or higher-grade premises, in-house expansions, and new openings of secondary offices were observed across companies hailing from a broad range of sectors including IT. The period also witnessed a temporary relocation due to the rebuilding of a company-owned office. The Grade A vacancy rate slipped by 0.3 pp. q-o-q to 1.1% as almost no new vacancies appeared while existing vacancies were absorbed, particularly in the Nagoya Station area. The Grade B vacancy rate fell by 0.8 pp. to 2.6%, with vacancies filled in properties that have had units standing vacant for some time. Several contract cancellations in small-to mid-sized buildings, some of which were in the Grade B segment, were noted this quarter, including those due to office consolidation. However, as new tenants have been confirmed for many of these units, only a few should emerge as new vacancies. While some 27,000 tsubo of new supply, predominantly in the Grade A category and equivalent to around 4% of existing stock, is due to come on stream in 2026, much of this floor space has already been pre-committed, with some buildings almost fully pre-leased. This robust demand is set to keep vacancy rates low across the entire Nagoya market.

Average rents continued to increase across all grades in Q3 2025, with Grade A rents rising 1.4% q-o-q to reach JPY 28,300 and All-Grade rents edging up by 0.8% q-o-q to JPY 14,390. These increments ensured rents set new all-time records since CBRE's surveys began. With vacancy having fallen, asking rents are rising for units across all price brackets. Recent rent hikes, however, have pushed asking rates above the budgets of many tenants, particularly in the Grade A segment, which could lead to a slowing of rental growth in the coming quarters. Grade A rents are forecast to rise by 3.9% over the next 12 months.

Regional cities

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

Tenant demand remains robust as vacancies drop in existing buildings

The All-Grade vacancy rate for Q3 2025 fell q-o-q in five of the 10 surveyed cities, remained unchanged in two, and rose in the remaining three. The steepest decline in the vacancy rate was once again recorded in Yokohama, where vacancy fell 1.0 pp. to 4.3%. Vacancies in existing buildings were absorbed by a large-scale relocation from a company-owned building, as well as by other expansions and new office openings. The next most significant decline was seen in Fukuoka, where the vacancy rate fell by 0.6 pp. to 4.0%. The area witnessed several relocations to units in excess of 100 tsubo in buildings completed in Q2. Reasons behind these relocations varied, including several tenants moving to temporary premises due to the rebuilding of their previous location, as well as the usual reasons of upgrading, locational improvement, and expansion, underscoring the solidity of demand for office space in the city.

Among the three cities recording higher vacancy rates during the quarter, new supply was the primary cause in Sapporo and Kanazawa. While a total of 3,000 tsubo of new supply came on stream in Sapporo, with several units still standing vacant, the absorption of major vacancies in existing properties by tenants looking to upgrade meant that the vacancy rate only rose by 0.2 pp. q-o-q. In Kanazawa, vacancies in this quarter's new supply, which equated to 3% of existing stock, pushed up the vacancy rate by 1.5 pp. While some units in existing properties in prime locations near Kanazawa Station attracted new tenants looking to relocate or expand to attract and retain employees, supply still outstripped demand. In Kyoto, the vacancy rate rose by 0.8 pp. The city's one new property, in a market in which new supply is very limited, entered operation at full capacity after absorbing demand from tenants looking to open new offices or expand floor space. However, the vacancy rate rose as a result of new vacancies that emerged in existing buildings due to downsizings and office space consolidation. Some of these new vacancies in the better-located buildings have already attracted interest from multiple potential tenants.

Rents continue to rise nationwide

All-Grade rents for the quarter rose q-o-q in nine of the 10 cities surveyed, with Kanazawa the exception. Solid rental increases of over 1% q-o-q were recorded in Yokohama, Sendai, and Takamatsu. For Yokohama and Sendai, this represented the first time since Q1 2020 and Q4 2019, respectively, that rents had risen by more than 1% in a single quarter. In Yokohama, rents were hiked in properties near Yokohama Station and in Kannai, whose previous rent levels were at or just below the market average. In Sendai, significant rent increase was observed in a relatively new, high-end buildings, where vacancies have become scarce. Almost no properties reported lower rents nationwide. New record highs were set again this quarter for average rents in Sapporo, Saitama, and Hiroshima.

Figure 2: Vacancy Rate in 13 Cities

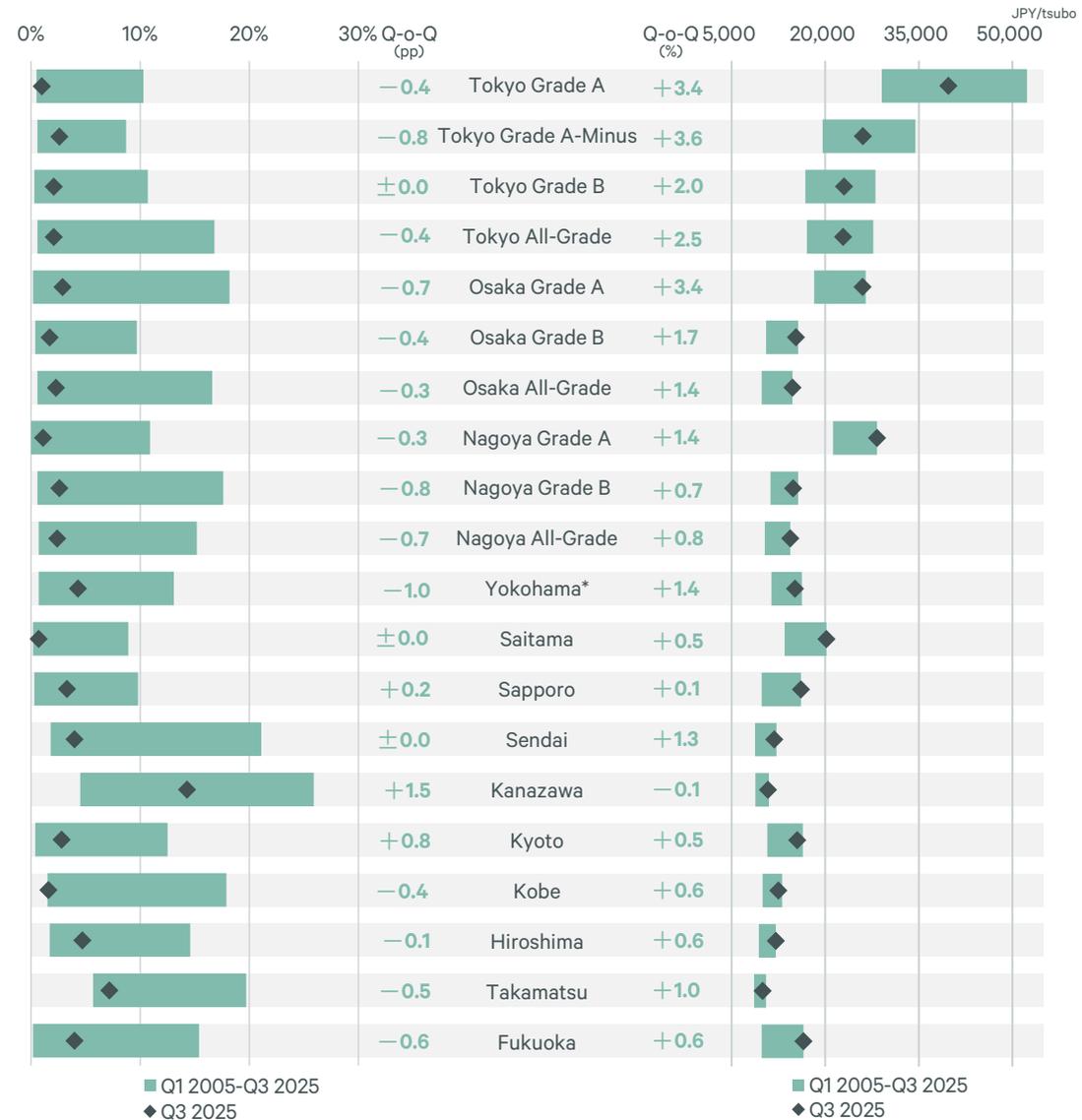


Figure 3: Average Assumed Achievable Rent in 13 Cities



Source: CBRE, Q3 2025

Source: CBRE, Q3 2025

Figure 4: Market Summary

			Vacancy Rate (%)					Assumed Achievable Rent (JPY/tsubo)						
			Q3 2024	Q2 2025	Q3 2025	Q-o-Q (pp)	Y-o-Y (pp)	Q3 2024	Q2 2025	Q3 2025	Q-o-Q (%)	Y-o-Y (%)		
Tokyo	Grade A	All	5.0	1.4	1.0	-0.4	-4.0	35,750	38,450	39,750	+3.4	+11.2		
		Marunouchi/Otemachi	0.9	0.2	0.0	-0.2	-0.9	45,850	49,050	50,650	+3.3	+10.5		
	Grade A-Minus	All	4.2	3.4	2.6	-0.8	-1.6	24,050	25,150	26,050	+3.6	+8.3		
	Grade B	All	2.7	2.1	2.1	±0.0	-0.6	21,800	22,550	23,000	+2.0	+5.5		
	All-Grade	All	4.0	2.5	2.1	-0.4	-1.9	21,620	22,310	22,860	+2.5	+5.7		
		Central 5 Wards	3.3	1.7	1.4	-0.3	-1.9	22,860	23,650	24,240	+2.5	+6.0		
		Marunouchi/Otemachi	1.4	0.3	0.1	-0.2	-1.3	39,410	41,650	43,060	+3.4	+9.3		
		Kanda/Iidabashi	2.4	1.3	1.1	-0.2	-1.3	20,600	21,370	21,830	+2.2	+6.0		
		Yaesu/Nihonbashi	2.7	1.4	1.0	-0.4	-1.7	22,830	23,450	24,060	+2.6	+5.4		
		Roppongi/Akasaka	11.9	2.7	1.9	-0.8	-10.0	25,400	26,380	27,030	+2.5	+6.4		
		Toranomon/Shiodome	2.5	1.6	1.7	+0.1	-0.8	24,930	25,900	26,600	+2.7	+6.7		
		Shinjuku	2.2	1.9	1.2	-0.7	-1.0	22,710	23,550	24,140	+2.5	+6.3		
		Shibuya/Ebisu	1.3	0.9	0.9	±0.0	-0.4	25,120	25,670	26,400	+2.8	+5.1		
		Shinagawa/Tamachi ^{*2}	2.8	2.5	2.0	-0.5	-0.8	20,900	21,470	22,000	+2.5	+5.3		
	Osaki ^{*2}	3.3	3.2	3.3	+0.1	±0.0	18,900	19,750	20,210	+2.3	+6.9			
Osaka	Grade A	All	5.6	3.6	2.9	-0.7	-2.7	24,050	25,150	26,000	+3.4	+8.1		
	Grade B	All	2.6	2.1	1.7	-0.4	-0.9	14,700	15,050	15,300	+1.7	+4.1		
	All-Grade	All	3.4	2.6	2.3	-0.3	-1.1	14,270	14,550	14,760	+1.4	+3.4		
		Umeda	7.2	4.6	4.1	-0.5	-3.1	21,800	22,570	23,130	+2.5	+6.1		
		Dojima	1.6	1.0	0.8	-0.2	-0.8	17,680	18,220	18,380	+0.9	+4.0		
		Nakanoshima	1.7	1.0	0.7	-0.3	-1.0	19,570	20,130	20,440	+1.5	+4.4		
		Yodoyabashi	1.4	4.6	4.0	-0.6	+2.6	17,200	17,420	17,640	+1.3	+2.6		
		Honmachi	4.7	4.2	2.8	-1.4	-1.9	14,320	14,490	14,700	+1.4	+2.7		
		Shin-Osaka	4.2	1.0	1.0	±0.0	-3.2	14,690	14,990	15,270	+1.9	+3.9		
		Nagoya	Grade A	All	4.4	1.4	1.1	-0.3	-3.3	27,300	27,900	28,300	+1.4	+3.7
			Grade B	All	4.2	3.4	2.6	-0.8	-1.6	14,500	14,750	14,850	+0.7	+2.4
All-Grade	All		4.3	3.1	2.4	-0.7	-1.9	14,010	14,270	14,390	+0.8	+2.7		
	Meieki		4.2	2.1	1.7	-0.4	-2.5	18,510	18,810	18,960	+0.8	+2.4		
	Fushimi/Marunouchi		5.3	4.1	3.3	-0.8	-2.0	12,940	13,190	13,290	+0.8	+2.7		
	Sakae		3.8	3.6	2.7	-0.9	-1.1	13,340	13,540	13,660	+0.9	+2.4		
	Nagoya-Higashi		1.4	1.7	1.4	-0.3	±0.0	10,330	10,620	10,730	+1.0	+3.9		
Yokohama	All-Grade	All	7.1	5.3	4.3	-1.0	-2.8	14,800	14,920	15,130	+1.4	+2.2		
	Around Yokohama Station	2.6	3.1	2.6	-0.5	±0.0	15,550	15,630	15,870	+1.5	+2.1			
	Minato-mirai	10.2	6.7	5.4	-1.3	-4.8	18,760	19,040	19,270	+1.2	+2.7			
	Kannai	3.5	3.7	3.0	-0.7	-0.5	11,890	11,990	12,160	+1.4	+2.3			
Saitama	All-Grade	0.9	0.7	0.7	±0.0	-0.2	19,840	20,100	20,210	+0.5	+1.9			
Sapporo	All-Grade ^{*1}	3.4	3.1	3.3	+0.2	-0.1	15,940	16,100	16,120	+0.1	+1.1			
Sendai	All-Grade	4.2	4.0	4.0	±0.0	-0.2	11,560	11,670	11,820	+1.3	+2.2			
Kanazawa	All-Grade	14.8	12.8	14.3	+1.5	-0.5	10,740	10,820	10,810	-0.1	+0.7			
Kyoto	All-Grade	2.4	2.0	2.8	+0.8	+0.4	15,390	15,430	15,510	+0.5	+0.8			
Kobe	All-Grade	2.2	2.0	1.6	-0.4	-0.6	12,160	12,400	12,480	+0.6	+2.6			
Hiroshima	All-Grade	3.4	4.8	4.7	-0.1	+1.3	11,940	12,010	12,080	+0.6	+1.2			
Takamatsu	All-Grade	7.0	7.7	7.2	-0.5	+0.2	9,870	9,860	9,960	+1.0	+0.9			
Fukuoka	All-Grade	3.8	4.6	4.0	-0.6	+0.2	16,200	16,390	16,490	+0.6	+1.8			

*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, Q3 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: 33 Nagoya: 13 (as of Q3 2025)

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