

Investment volume tops JPY 2 trillion, setting new quarterly record; Year-to-date investment volume approaches JPY 5 trillion



- Japan commercial real estate investment volume*¹ increased by 68% y-o-y to JPY 2.092 trillion in Q3 2025, establishing a new quarterly record since CBRE’s surveys began in 2005. Large transactions in excess of JPY 10 billion doubled in volume from the same period of the previous year. Investment volume recorded double-digit percentage increases y-o-y for all sectors other than hotels, with office transactions expanding by 2.6x over the same quarter of the previous year. Hotel investment volume remained largely unchanged y-o-y but still recorded its fourth highest ever quarterly total.
- J-REIT acquisition volume for the quarter (all transactions, including those below JPY 1 billion) fell by 38% y-o-y to JPY 253.7 billion, with offices the most popular asset type for a third consecutive quarter. Sales volume surged to JPY 296.1 billion, 2.1x that of the same quarter in the previous year. Retail and logistics sales volume recorded all-time quarterly highs.
- Expected NOI yields for Tokyo prime assets*² remained unchanged for a 12th straight quarter for offices, slipped by 3 bps q-o-q for both logistics and hotels, and remained unchanged for retail and rental residential. The DI for “vacancy rate” in the logistics sector recorded a third consecutive quarter of improvement in CBRE’s latest Tankan Survey*³, indicating that investors’ sentiment is in line the leasing market outlook that logistics vacancy rates are likely to peak out.

*1 Investment volume covers transactions of JPY 1 billion or larger, excluding land transactions and acquisitions by J-REITs at IPO.

*2 Expected yields are based on the results of CBRE’s investor survey (CBRE Cap Rate Survey), calculated as the average of the median of upper/lower value on a NOI basis. Surveys started in July 2003 for offices; in October 2007 for residential; and in January 2009 for retail, hotels, and industrial.

*3 CBRE Tankan Survey (DI = Diffusion index) subtracts the ratio (%) of respondents that expected an “improvement” from the ratio (%) of respondents that expected a “deterioration”.

Figure 1: Quick Stats

Investment volume* ¹	Q3 2025 (JPY, bn)	y-o-y (%)
Total investment volume	2,092	68
Domestic (J-REITs)	273	–27
Domestic (Others)	1,164	91
Overseas	656	154
Expected NOI Yield * ²	Sep. 2025 (%)	q-o-q (bps)
Office (Otemachi, Tokyo)	3.15	±0
Retail (Ginza Chuo-Dori, Tokyo)	3.15	±0
Industrial (Tokyo Bay area)	3.65	–3
CBRE Tankan Survey * ³	Grade A Office (q-o-q: pp)	Multi-tenant Logistics (q-o-q: pp)
Sales prices	23 (+13)	8 (–7)
Expected yield	–1 (+5)	9 (–2)
Lending attitude of financial institutions	9 (+2)	13 (–1)
Stance on investment and loans	18 (+4)	12 (–2)

Source: CBRE, Q3 2025.

Investment volume surges by 68% y-o-y, setting new quarterly record

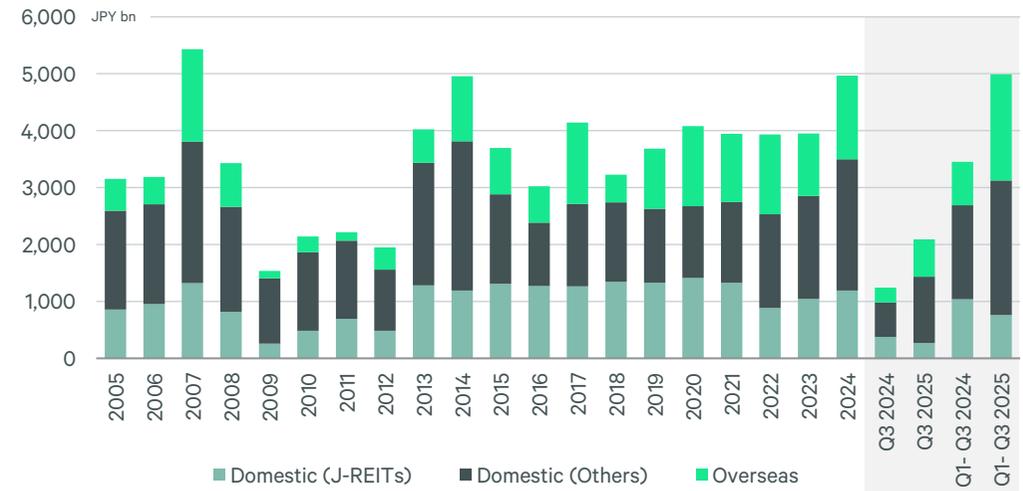
Commercial real estate investment volume for Q3 2025 (transactions of JPY 1 billion or larger, Figures 1 to 3) surged by 68% y-o-y to JPY 2.092 trillion, the largest single-quarter figure recorded since CBRE’s surveys began in 2005. The market was driven by large transactions in excess of JPY 10 billion, which doubled in volume from the same period of the previous year. Total investment volume for the first three quarters of 2025 reached JPY 4.99 trillion, just under the 5 trillion mark, and already ahead of last year’s full-year figure of JPY 4.97 trillion.

Acquisition volume by J-REITs fell for a fourth consecutive quarter to JPY 273.0 billion (a drop of 27% y-o-y), but acquisitions by non-J-REIT domestic investors surged by 91% y-o-y to reach JPY 1.164 trillion. Acquisition volume by overseas investors also rose to 2.5x the figure of the same quarter in the previous year, reaching JPY 656.0 billion (Figure 2).

Investment volume recorded double-digit percentage increases y-o-y for all sectors other than hotels. The most significant increase in investment volume was observed in the office sector, where it reached JPY 804.0 billion, some 2.6x that of the figure reported in Q3 2024. The largest transactions this quarter involved two deals that topped the JPY 100 billion mark. These were the sales of Shiodome City Center (a 44% stake for JPY 130.1 billion) and Osaka Dojimahama Tower (for JPY 100.0 billion). Sale-and-leaseback of properties owned by the Fujisoft Group, which was taken private by KKR, also contributed significantly. This deal marked another example of a corporate real estate carve-out transaction led by KKR, following on from last quarter’s acquisition of Alps Logistics’ properties. Corporate real estate sales look set to continue, with October also seeing the announcement of KKR and PAG’s acquisition of preferential negotiating rights for the purchase of Sapporo Holdings’ real estate business.

The next largest increase in investment volume was observed in the residential sector, which logged a rise of 96% y-o-y to reach JPY 302.0 billion. Several portfolio transactions were noted again this quarter, led by GIC’s acquisition of 30 buildings from Samty for a total of JPY 49.0 billion. Transactions in the retail sector were up 72% y-o-y to JPY 160.0 billion, driven by several deals of over JPY 10 billion, including the Shinsaibashi OPA Main Building in Osaka (JPY 43.1 billion). Investment volume in the logistics sector reached JPY 346.0 billion after strong y-o-y growth of 70%. This increase was largely the result of several major transactions, including acquisitions made as part of Kasumigaseki Capital’s formation of a fund focused on cold storage (JPY 82.0 billion), and a transaction involving a 50% stake in the ESR Amagasaki Distribution Center (JPY 70.0 billion). Although hotel investment volume remained largely unchanged, slipping by 2% y-o-y, the sector still recorded its fourth highest ever quarterly investment volume of JPY 333.0 billion. Hotels continued to prove popular with foreign investors, with acquisitions by overseas buyers surging by 4.5x the volume of the same quarter of the previous year. Among other asset types, the acquisition of a data center in Chiba Prefecture’s Inzai City by Singapore’s Keppel DC REIT for JPY 82.1 billion significantly boosted investment volume.

Figure 2: Investment volume by investor type (acquisition)



Note: Includes transactions of JPY 1bn or larger, excluding acquisitions by J-REITs at IPO.
Source : MSCI Real Capital Analytics, CBRE, Q3 2025.

Figure 3: Investment volume by asset type



Note: Includes transactions of JPY 1bn or larger, excluding acquisitions by J-REITs at IPO.
Source : MSCI Real Capital Analytics, CBRE, Q3 2025.

Sales far outstrip acquisitions for J-REITs in retail and logistics sectors

J-REIT acquisition volume (all transactions, including those below JPY 1 billion) dropped by 38% y-o-y to JPY 253.7 billion. Sales volume surged to 2.1x the figure recorded a year ago, reaching JPY 296.1 billion. This ensured sales volume outstripped purchase volume by JPY 42.4 billion.

The office sector recorded total acquisition volume of JPY 110.6 billion (up 61% y-o-y), making it the most popular with J-REIT investors for a third consecutive quarter. The most notable transaction was Japan Metropolitan Fund's acquisition of 14 properties from the Fujisoft Group for a total of JPY 68.7 billion. On the back of transactions including Hulic REIT's purchase of the Asakusa View Hotel from its sponsor company for JPY 38.0 billion, hotel acquisition volume reached JPY 102.1 billion. However, this marked a 42% y-o-y decline, largely due to a regression following several major transactions concentrated in Q3 2024. J-REIT acquisition volume was subdued in other sectors, reaching just JPY 24.0 billion in the residential sector (down 56% y-o-y), JPY 4.2 billion in the logistics sector (down 92%), and JPY 3.6 billion in the retail sector (down 93%). Although the period did see the listing of Kasumigaseki Hotel REIT on the Tokyo Stock Exchange, no public equity offerings were made by J-REITs in Q3 2025.

Sales volume reached JPY 99.4 billion in the retail sector and JPY 70.8 billion in the logistics sector (5.9x and 3.8x the volume of a year ago, respectively), setting new single-quarter records for both sectors. Several major sales of over JPY 10 billion were observed, including United Urban's sale of the Shinsaibashi OPA Main Building (a major retail holding) and Mitsui Fudosan Logistics Park's sale of the logistics facility, i Missions Park Inzai. As a result, sales by J-REITs significantly outstripped acquisitions for both sectors (Figure 4). In the office sector, J-REIT sales totaled JPY 64.8 billion (a drop of 28% y-o-y), with the largest transaction being Hulic REIT's sale of Hulic Kamiyacho Building for JPY 37.5 billion. Residential sales reached JPY 33.8 billion or 3.1x the volume in the same period a year ago, but hotel sales fell by 64% y-o-y to just JPY 2.3 billion. As a result, J-REIT acquisitions have far outstripped sales in the hotel sector for the year-to-date, underscoring the consistently strong interest in the sector from J-REITs.

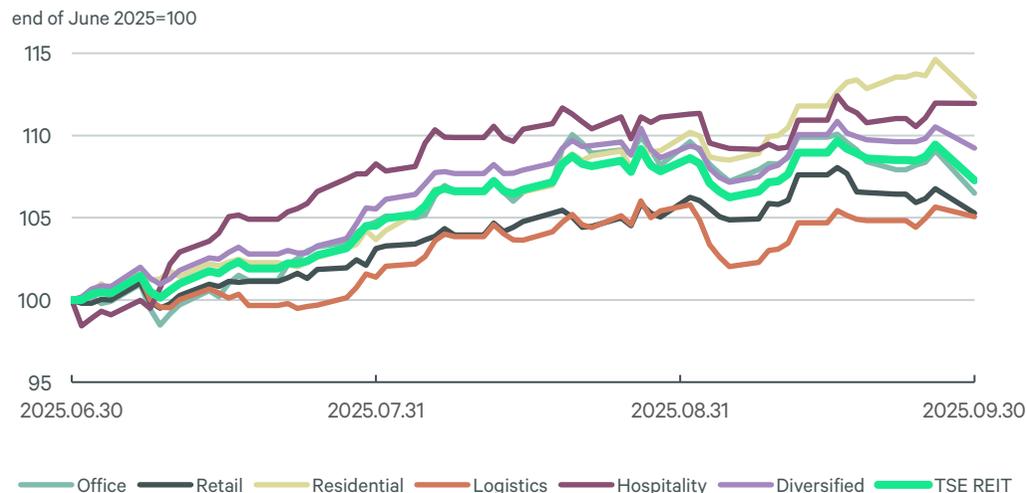
The Tokyo Stock Exchange REIT Index surged by 7.3% q-o-q this quarter, with share prices rising by at least 5% for all asset types (Figure 5). Specialized hotel REITs and residential REITs recorded growth of over 10%, while retail and logistics REITs recorded relatively smaller increases in share prices, suggesting that asset types providing a greater expectation of cashflow growth are currently favored. Should fund procurement capacity improve as a result of rising share prices, acquisitions by J-REITs via equity offerings may return.

Figure 4: Acquisition, sale and net investment volume by J-REITs



Source: CBRE, Q3 2025.

Figure 5: J-REIT share price by asset type



Source: Macrobond, CBRE, Q3 2025.

CBRE Cap Rate Survey:

Expected yields for logistics facilities and hotels fall to all-time low

The most recent quarterly cap rate survey of Tokyo prime assets conducted by CBRE in Q3 2025 showed that expected NOI yields (averages, Figures 6 and 8) remained unchanged for a 12th successive quarter for offices (Otemachi). Expected yields for retail (Ginza Chuo-dori) and residential apartments (both studio and family-type) were also unchanged from Q2 2025. For both logistics facilities (LMT in coastal Greater Tokyo) and hotels (five central wards of Tokyo, management contract), expected yields fell by 3 bps q-o-q, setting new record lows.

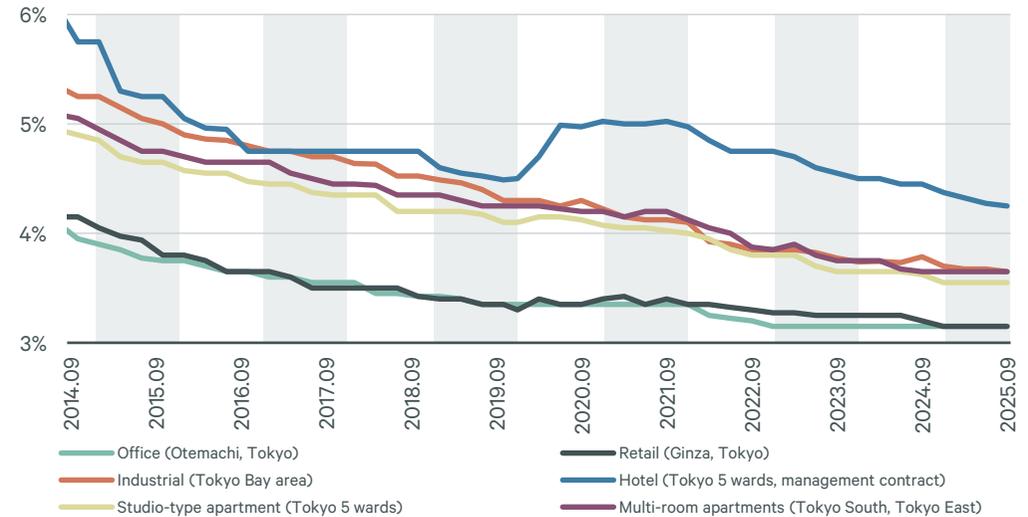
CBRE’s latest Tankan Survey found that the diffusion index (DI, Figure 9) recorded improvements in all categories for Tokyo Grade A offices. “Transaction volume”, “sales prices”, and “NOI” all recorded double-figure increases of 10 pp., 13 pp., and 17 pp., respectively. For logistics facilities, although “transaction volume” (down 2 pp.) and “sales prices” (down 7 pp.) worsened, “rent” improved by 8 pp. and “vacancy rate” by 9 pp. While it remains in negative territory overall, the DI for “vacancy rate” in the logistics sector has now improved for three straight quarters, indicating that investors’ sentiment is in line the leasing market outlook that logistics vacancy rates are likely to peak out.

Investor sentiment remains positive despite long-term interest rate rises

The DI for “stance on investment and loans” in this quarter’s CBRE Tankan Survey improved for the office sector and only recorded a marginal decline in the logistics sector. In addition to the current situation, the survey also asks for future market projections, with both office and logistics DIs remaining in double figures, suggesting that many investors are keen to accelerate investment over the period between three months and a year from now (Figure 7).

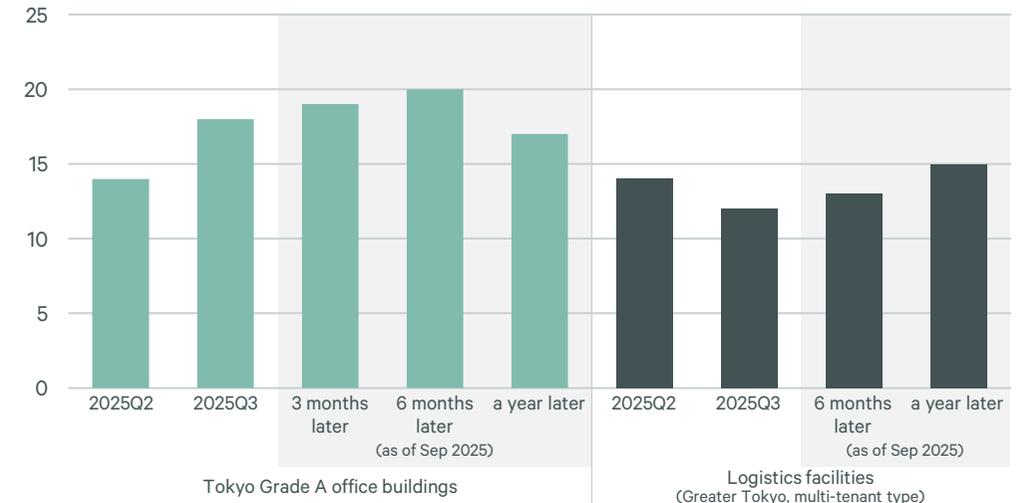
The long-term interest rate (benchmark 10-year government bond yields) stood at 1.65% at the end of Q3 2025, an increase of 20 bps q-o-q, as expectations for an early BoJ rate hike intensified during the quarter. The three-month TIBOR also recorded its first increase in roughly six months, rising by 5 bps q-o-q to 0.82% at the end of the quarter. Following the election of Sanae Takaichi as the new leader of the Liberal Democratic Party on October 4, market participants pushed back their forecasts for the timing of the next policy rate hike, while fiscal concerns led long-term interest rates to rise, temporarily reaching 1.7% for the first time in 17 years. However, long-term rates have since dropped again to the mid-1.6% level with the launch of the Takaichi government. Unless interest rates spike dramatically, they are unlikely to exert a significant effect on investor sentiment.

Figure 6: Expected NOI yield (prime assets in Tokyo)



Note: The average of the median of upper/lower value
 Source: CBRE Cap Rate Survey, September 2025.

Figure 7: CBRE Tankan Survey DI on “stance on investment and loans”



* CBRE Tankan Survey (DI = Diffusion index) subtracts the ratio (%) of respondents that expected an “improvement” from the ratio (%) of respondents that expected a “deterioration”.
 Source: CBRE Cap Rate Survey, September 2025.

Figure 8: Expected NOI Yield

		Sep. 2025 (%)	q-o-q (bps)
Tokyo	Office (Otemachi, Tokyo)	3.15	±0
	Residential (Studio, Tokyo 5 wards)	3.55	±0
	Residential (Family-type, Tokyo south/ east)	3.65	±0
	Industrial (Multi-tenant, Tokyo Bay area)	3.65	-3
	Retail (Ginza Chuo-Dori, Tokyo)	3.15	±0
	Hotel (Management contract, Tokyo 5 wards)	4.25	-3
Osaka	Office	4.25	-5
Nagoya	Office	4.45	±0
Sapporo	Office	4.63	-3
Sendai	Office	4.80	-5
Hiroshima	Office	5.05	-5
Fukuoka	Office	4.33	-2

Note: Expected yields are based on the results of CBRE's investor survey, calculated as the average of the median of upper/lower value on a NOI basis. Surveys started in July 2003 for offices and residential, and in January 2009 for retail, hotels, and logistics. Source: CBRE Cap Rate Survey, September 2025.

Figure 10: Selected Major Transactions

Date*1	Building Name	Location	Sector	Seller	Buyer	Acquisition Price*2 (JPY Million)	Price per Tsubo*2 (JPY Thousand)	Cap Rate*3 (%)
Sep-25	Siodome City Center(44% ownership)	Minato-ku, Tokyo	Office	GIC	GK ViaNex (KKR)	130,094	—	—
Jul-25	Osaka Dojimahama Tower	Osaka-shi, Osaka	Office	OM4 TMK (Mitsubishi Estate, Mitsubishi Corporation Urban Development, Sekisui House, Mitsubishi HC Capital Realty)	GK Dojimahama (Mitsubishi UFJ Financial Group)	100,000	—	—
Sep-25	Tokyo Data Centre 3	Inzai-shi, Chiba	Data Center	Undisclosed	KDCR Tokyo 2 TMK (Keppel DC REIT, Keppel)	82,100	—	—
Aug-25	Kasumigaseki Capital Cold Storage Fund Portfolio	Japan	Industrial	SPCs (Undisclosed)	Cold Storage Fund 1 GK (Kasumigaseki Capital)	82,000	—	—
Jul-25	ESR Amagasaki Distribution Center (50% ownership)	Amagasaki-shi, Hyogo	Industrial	RW Amagasaki TMK (ESR)	Begonia GK (Hulic, Ricoh lease, SMTB, Daiichi life)	70,000	—	—
Sep-25	Gran Tokyo South Tower(14-18FL)	Chiyoda-ku, Tokyo	Office	GK Tokyo Central Property (Goldman Sachs)	GK JREAST Fund 10 (JR East Real Estate Asset Management, etc.)	50,000	—	—
Aug-25	Matsushita IMP Bldg	Osaka-shi, Osaka	Office	Gaw Capital Partners	Green Recovery Investment A GK (Mizuho Real Estate Management)	50,000	—	—
Sep-25	Residential Portfolio of 30 Properties	Japan	Residential	Samty	GIC	49,000	—	—

*1 Announcement/release, or contract/delivery date. *2 Acquisition price may be approximate, estimated, appraised, book value, or total asset value. *3 J-REIT cap rates are based on NOI estimated by the J-REIT's asset manager or appraisal NOI, and the acquisition price. Source: MSCI Real Capital Analytics, CBRE, Q3 2025

Figure 9: CBRE Tankan Survey (DI)

		Sep. 2025	q-o-q (pp)
Office buildings (Tokyo Grade A)	Transaction volume	13	+10
	Sales prices	23	+13
	NOI (Net Operating Income)	17	+17
	Expected yield	-1	+5
	Lending attitude of financial institutions	9	+2
	Stance on investment and loans	18	+4
Logistics facilities (Greater Tokyo, multi-tenant)	Transaction volume	-4	-2
	Sales prices	8	-7
	Rent	16	+8
	Vacancy rate	-7	+9
	Expected yield	9	-2
	Lending attitude of financial institutions	13	-1
	Stance on investment and loans	12	-2

Note: CBRE Tankan Survey (Diffusion Index = DI) subtracts the ratio (%) of respondents that expected an "improvement" from the ratio (%) of respondents that expected a "deterioration." Expected yield DI subtracts the ratio of respondents that expected a "fall" from the ratio of respondents that expected a "rise". Source: CBRE Cap Rate Survey, September 2025.

<p>Tokyo</p> <p>Meiji Yasuda Seimei Building 2-1-1 Marunouchi, Chiyoda-ku, Tokyo</p>	<p>Sendai</p> <p>Sendai Mark One 1-2-3 Chuo, Aoba-ku, Sendai-shi, Miyagi</p>	<p>Nagoya</p> <p>Chunichi Bldg. 21F, 4-1-1 Sakae, Naka-ku, Nagoya-shi, Aichi</p>
<p>Osaka</p> <p>Grand Front Osaka 4-20, Ofuka-cho, Kita-ku, Osaka-shi, Osaka</p>	<p>Yokohama</p> <p>Yokohama ST Building 1-11-15 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa</p>	<p>Hiroshima</p> <p>Shishinyo Building 3-17 Fukuromachi, Naka-ku, Hiroshima-shi, Hiroshima</p>
<p>Sapporo</p> <p>Nihon Seimei Sapporo Building 4-1-1 Kitasanjishi, Chuo-ku, Sapporo-shi, Hokkaido</p>	<p>Kanazawa</p> <p>JR Kanazawa Station West 4th NK Building, 3-3-11 Hirooka, Kanazawa-shi, Ishikawa</p>	<p>Fukuoka</p> <p>Tenjin Sumitomo Life FJ Business Center 2-8-35 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka</p>

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