Investment volume for 2025 reaches record-high JPY 6.5 trillion; Expected prime office yields fall to a new record low

▲ +5% y-o-y

Total investment volume (Q4 2025)

▼ 3.13% −2bps q-o-q Otemachi Office

Expected NOI yield (December 2025)

▲ 2.06% +41bps q-o-q

10-year JGB yield (end of December 2025)

– Japan commercial real estate investment volume increased 5% y-o-y to JPY 1.596 trillion in Q4 2025*1. While J-REIT acquisition volume rose y-o-y, purchases by non-J-REIT domestic investors and foreign investors declined from the same quarter of the previous year. In addition to several sales of major office headquarters by corporates, the period also saw sizable transactions in the logistics and retail sectors. As a result, the full-year 2025 investment volume totaled JPY 6.5 trillion, a rise of 31% y-o-y and some 20% above the previous annual record of JPY 5.4 trillion set in 2007.

– J-REIT acquisition volume (all transactions, including those below JPY 1 billion) reached JPY 390.4 billion, 2.7x the figure recorded in the same quarter of the previous year. This also marked the first positive y-o-y growth recorded in five quarters. On the other hand, J-REIT sales fell by 48% y-o-y to JPY 104.9 billion. More cases of public equity offerings on the back of rising stock prices, as well as active reshuffling of portfolios, led to J-REIT acquisitions for the quarter significantly outpacing sales.

– Expected NOI yields for Tokyo prime assets*2 declined in the office sector for the first time in approximately three years, slipping by 2bps q-o-q to 3.13% and establishing a new all-time low. Expected NOI yields remained unchanged for all other asset types. Despite interest rates rising during the quarter, strong investment volume and record-low expected yields indicate that investor appetite remains robust.

*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	Q4 2025 (JPY, bn)	y-o-y (%)
Total investment volume	1,596	5
Domestic (J-REITs)	399	159
Domestic (Others)	565	−13
Overseas	631	−11
Expected NOI Yield *2	**Dec. 2025 (%)**	**q-o-q (bps)**
Office (Otemachi, Tokyo)	3.13	−2
Retail (Ginza Chuo-Dori, Tokyo)	3.15	±0
Industrial (Tokyo Bay area)	3.65	±0
CBRE Tankan Survey *3	**Grade A Office (q-o-q: pp)**	**Multi-tenant Logistics (q-o-q: pp)**
Sales prices	24 (+1)	4 (−4)
Expected yield	−7 (−6)	5 (−4)
Lending attitude of financial institutions	12 (+3)	13 (±0)
Stance on investment and loans	21 (+3)	2 (−10)

Source: CBRE, Q4 2025.

Full-year investment volume totals JPY 6.5 trillion, breaking previous record

Commercial real estate investment volume (transactions of JPY 1 billion or larger, Figures 1 to 3) increased by 5% y-o-y to JPY 1.596 trillion in Q4 2025. Total investment volume for full-year 2025 increased to the highest level since CBRE's surveys began in 2005, reaching JPY 6.5 trillion, a rise of 31% y-o-y. This figure was 20% higher than the previous annual record of JPY 5.4 trillion set in 2007.

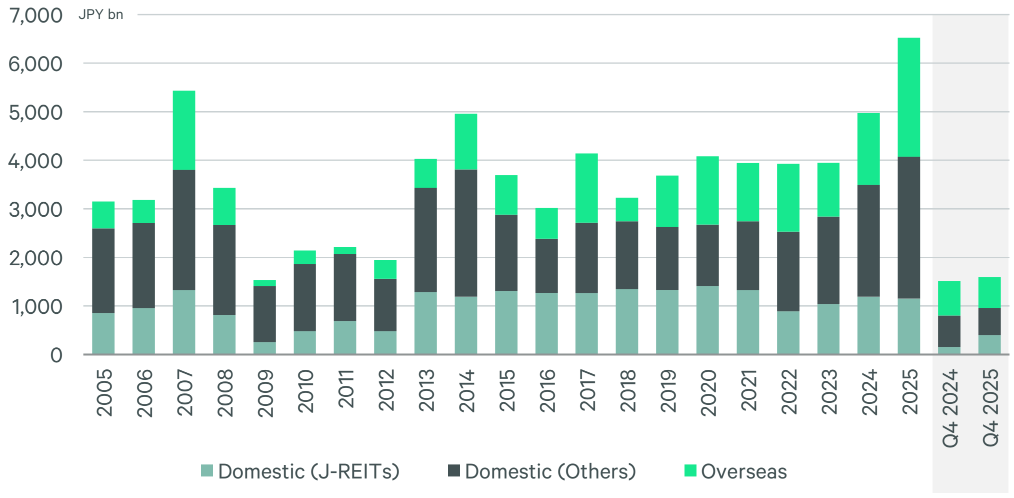
J-REIT acquisition volume surged to JPY 399 billion in Q4 2025, 2.6x the figure recorded in the same quarter of the previous year, and marking the first positive y-o-y growth in five quarters. Acquisition volume by non-J-REIT domestic investors and by overseas investors fell 13% y-o-y and 11% y-o-y, respectively (Figure 2).

Offices accounted for the largest single share of investment volume, with sales ticking up by 2% y-o-y to JPY 476 billion. Disposals of office headquarters by corporates, including Nissan Motor's sale of its Yokohama headquarters building for JPY 97 billion and Megmilk Snow Brand's sale of its Yotsuya head office for JPY 23.6 billion, were among the highlights this quarter. The sale of Nagoya Prime Central Tower for JPY 28.3 billion, a major office transaction that serves as an underlying asset for security tokens, also contributed to this quarter's strong office investment volume.

Logistics was the second most popular sector, with investment volume for the quarter increasing by 70% y-o-y to JPY 411 billion. Several large transactions, including the acquisition of Redwood Fujiidera Distribution Center by a newly established fund for JPY 60 billion, as well as Nippon Express's sale of its Tokyo C-NX facility for JPY 100 billion, were seen in Q4 2025. The retail sector also saw significant growth in investment volume, increasing by 2.2x y-o-y to JPY 247 billion on the back of several large transactions of in excess of JPY 10 billion, headlined by the sale of GINZA gCUBE for JPY 30 billion. Investment volume in the residential sector stood at JPY 202 billion for the quarter, up 54% y-o-y, supported by J-REIT asset overhauls and several portfolio transactions. While hotel investment fell 67% y-o-y to JPY 154 billion, this was mainly due to the high base of comparison with the all-time record investment volume recorded in Q4 2024. For other asset types, the sale of a healthcare portfolio by Daiwa Securities Living (JPY 13.6 billion) contributed to a rise in investment volume.

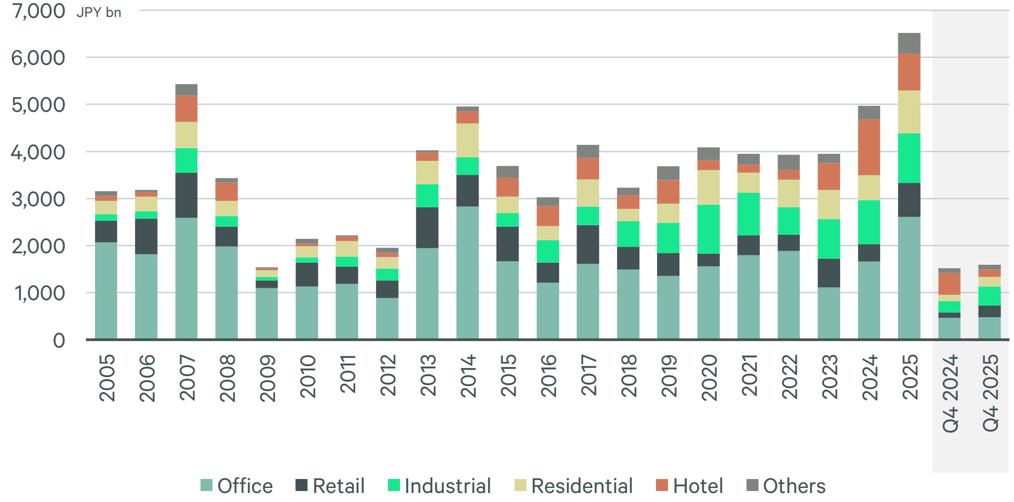
Real estate owned by corporates is likely to continue to attract investor interest in 2026. Already-announced transactions include the divestment of Sapporo Holdings' real estate business for JPY 477 billion, with the shares of the company set to be transferred in stages starting in June 2026 to a fund operated by KKR and PAG . In January of this year, Tosei and GIC announced that they would take the J-REIT operated by Sankei Building private through a tender offer. In addition to these upcoming transactions, NTT Docomo is reported to be considering selling the land portions of four office buildings.

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, Q4 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, Q4 2025.

J-REIT acquisitions increase with new equity offerings and portfolio reshuffling

J-REIT investment volume for Q4 2025 (all transactions, including those below JPY 1 billion) surged to JPY 390.4 billion, some 2.7x the volume of the same quarter in the previous year. Growth was driven by acquisitions funded by new public equity offerings and by large-scale portfolio overhauls. J-REIT sales volume fell by 48% y-o-y to JPY 104.9 billion, leading to significant net acquisition volume of JPY 285.5 billion for the quarter.

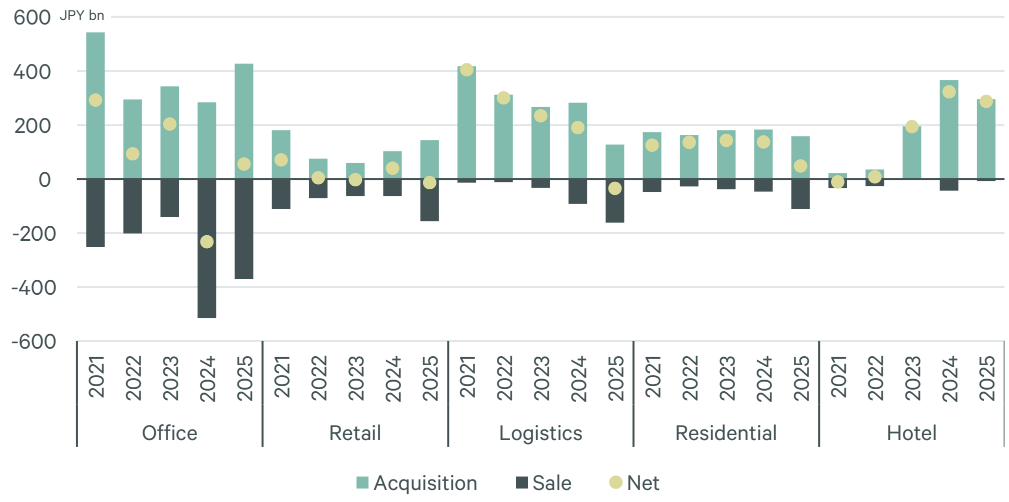
Investment volume by J-REITs grew y-o-y across all major asset types. The retail sector led the way with JPY 94.7 billion on the back of several major shopping center transactions. In addition to Iias TAKAO, which at JPY 26.3 billion was the largest single J-REIT acquisition of the quarter, several other acquisitions of over JPY 10 billion were noted. The office sector was the next most popular, with J-REITs completing JPY 85.7 billion-worth of deals, some 7.4x the volume of a year ago. In addition to Japan Prime Realty's acquisition of several properties in conjunction with equity offerings, several transactions exceeding JPY 10 billion by office REITs were observed. The residential sector saw significant growth in J-REIT investment volume, with acquisitions reaching JPY 70.1 billion, 3.5x the same quarter of the previous year. Activity was driven primarily by Sekisui House REIT's acquisition of seven properties for JPY 30 billion as part of an overhaul of its property portfolio. J-REIT acquisitions in the logistics sector grew 15% y-o-y to JPY 68.1 billion, with the acquisition of MLFP Tsukuba Mirai by Mitsui Fudosan Logistics for JPY 23.6 billion the standout transaction. Hotel acquisitions rose 23% y-o-y to JPY 65 billion.

J-REIT sales volume for the quarter was down by 74% y-o-y in the office sector and 48% y-o-y in the logistics sector. The residential sector saw sales volume increase by 86% y-o-y, driven largely by Sekisui House REIT's sale of 12 properties for a total of JPY 25.2 billion.

Total acquisition volume by J-REITs for the 2025 calendar year reached JPY 1.18 trillion, while total sales for the year were JPY 860 billion. Divided by asset type, office and hotel acquisitions have dominated in recent years (Figure 4). Logistics and residential properties are being sold more than bought, with these two asset types the target of recent portfolio overhauls by J-REITs.

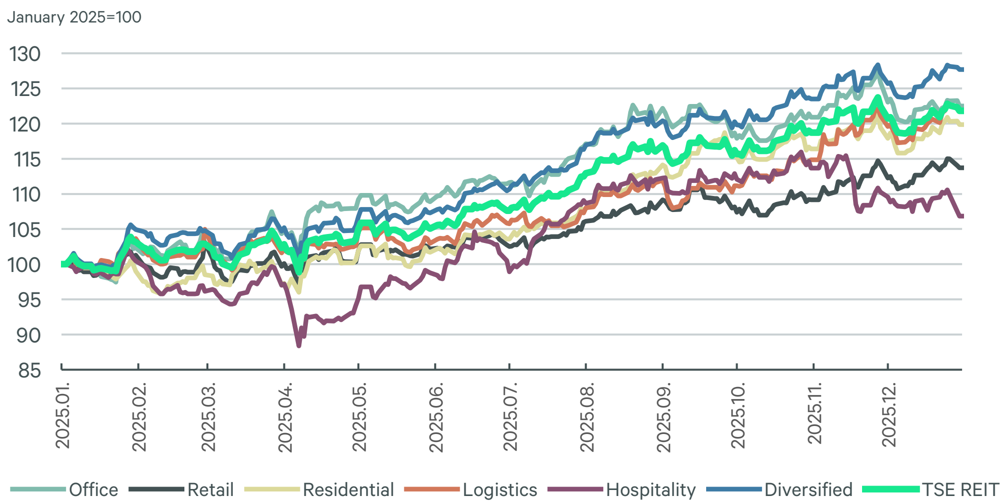
The Tokyo Stock Exchange REIT Index rose by 4.8% q-o-q in Q4 2025, with unit prices increasing particularly sharply for logistics-specialized REITs. Since the start of 2025, unit prices of all asset types other than hotels have increased by at least 10% (Figure 5).

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



Source: CBRE, Q4 2025.

Figure 5: J-REIT unit price by asset type



Source: Macrobond, CBRE, Q4 2025.

As a result of improving unit prices, public equity offerings by J-REITs are also on the rise, with three offerings announced this quarter by Nippon Hotel & Residential (raising JPY 8.9 billion of capital), United Urban (JPY 23.3 billion), and Japan Prime Realty (JPY 10.4 billion). Several other REITs also announced new infusions of capital in January 2026.

Total acquisition volume other than purchases from sponsor companies reached 62% of all J-REIT investment volume in Q4 2025, which represented a higher level than past average figures (Figure 6). With J-REITs in a better position to raise equity, their capacity to purchase from third parties other than sponsor companies may improve.

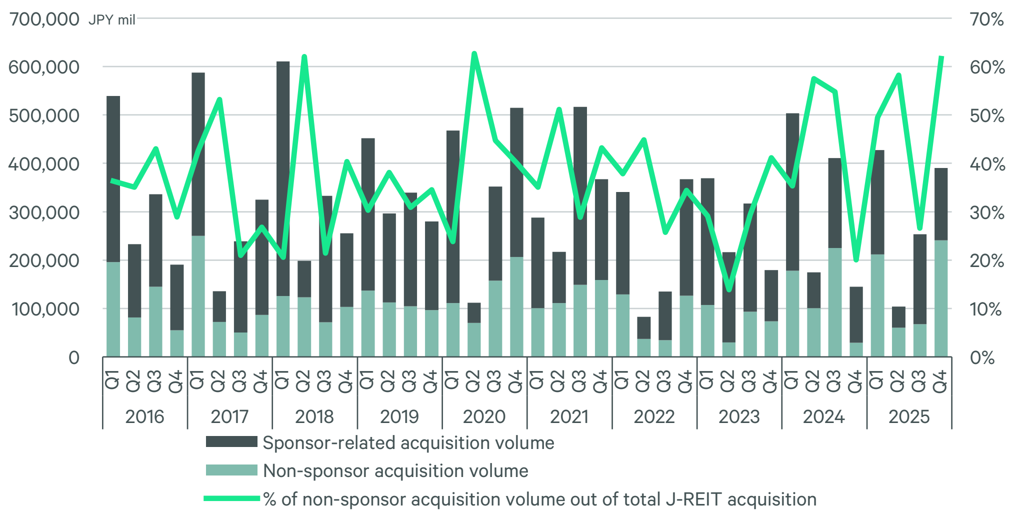
CBRE Cap Rate Survey:
Expected prime office yields fall for first time in three years to record low

CBRE's most recent quarterly cap rate survey of Tokyo prime assets showed that expected NOI yields (averages, Figures 7 and 8) recorded a decline of 2bps for offices (Otemachi), falling to 3.13%. This marked the first time in around three years that expected yields have fallen for the office sector, and established a new record low. Expected NOI yields remained unchanged from the previous quarter for all other asset types.

CBRE's latest Tankan Survey found that the diffusion index (DI, Figure 9) recorded an improvement of 13 pp. in the category of "NOI" for Tokyo Grade A offices, marking the ninth consecutive quarter in which this figure has improved. The DI worsened in most of the major categories for logistics facilities but recorded a fourth straight quarter of improvement in "vacancy rate", rising by 3 pp. No significant changes were noted in the "lending attitude of financial institutions" for any asset types. Although the DI for "stance on investment and loans" in the logistics sector worsened by 10 pp., this was predominantly due to an increase in the number of respondents indicating a maintenance of the status quo with respect to investment.

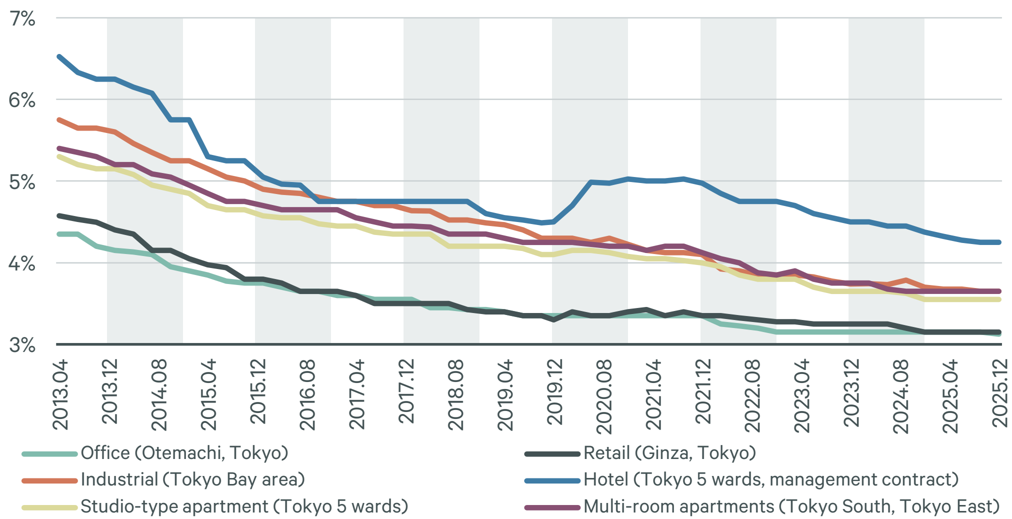
Long-term interest rates (benchmark 10-year government bond yield) ended the quarter at 2.06%, up by 41bps q-o-q on the back of the Bank of Japan (BoJ) hiking its key policy rate in December 2025, and on market concerns over new Prime Minister Takaichi's stated intent to pursue a more aggressive fiscal policy. While interest rates did rise during the quarter, strong investment volume and record low expected yields suggest that investor sentiment is not undergoing any significant decline, and that investor appetite remains generally robust. Real estate investment activity in 2026 is likely to remain strong on the back of the positive state of the leasing market, together with financial institutions' generally accommodative stance toward lending.

Figure 6: The breakdown of J-REIT acquisition volume between sponsor-related transactions and non-sponsor transactions



Source: CBRE, Q4 2025.

Figure 7: Expected NOI yield (prime assets in Tokyo)



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

Figure 8: Expected NOI Yield

		Dec. 2025 (%)	q-o-q (bps)
Tokyo	Office (Otemachi, Tokyo)	3.13	−2
	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	±0
	Retail (Ginza Chuo-Dori, Tokyo)	3.15	±0
	Hotel (Management contract, Tokyo 5 wards)	4.25	±0
Osaka	Office	4.25	±0
Nagoya	Office	4.45	±0
Sapporo	Office	4.65	+3
Sendai	Office	4.80	±0
Hiroshima	Office	5.05	±0
Fukuoka	Office	4.33	±0

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, December 2025.

Figure 9: CBRE Tankan Survey (DI)

		Dec. 2025	q-o-q (pp)
Office buildings (Tokyo Grade A)	Transaction volume	12	−1
	Sales prices	24	+1
	NOI (Net Operating Income)	30	+13
	Expected yield	−7	−6
	Lending attitude of financial institutions	12	+3
	Stance on investment and loans	21	+3
Logistics facilities (Greater Tokyo, multi-tenant)	Transaction volume	−9	−5
	Sales prices	4	−4
	Rent	14	−2
	Vacancy rate	−4	+3
	Expected yield	5	−4
	Lending attitude of financial institutions	13	±0
	Stance on investment and loans	2	−10

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, December 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 (%)
Dec-25	Tokyo C-NX	Koto-ku, Tokyo	Industrial	Nippon Express Holdings	JUL TMK (Blackstone)	100,000	—	—
Nov-25	Nissan Motor Yokohama Headquarters	Yokohama-shi, Kanagawa	Office	Nissan Motor	MJI GK (Minth Group)	97,000	—	—
Nov-25	Redwood Fujidera Distribution Center	Fujiidera-shi, Osaka	Industrial	SMBC Trust Bank	Ploom 2F GK (7 domestic investers)	60,000	—	—
Dec-25	Ginza gCUBE	Chuo-ku, Tokyo	Retail	Tokyo Gas Real Estate	Mantomi AM	30,000	—	—
Nov-25	Nagoya Prime Central Tower	Nagoya-shi, Aichi	Office	Katsuki TMK (Undisclosed)	Esty 18 GK (Mitsui & Co. Digital Asset Management)	28,250	—	—
Dec-25	iias TAKAO	Hachioji-shi, Tokyo	Retail	a domestic company	KDX Realty Investment Corporation	26,300	2,362	4.4
Dec-25	MFLP Tsukubamirai	Tsukubamirai-shi, Ibaraki	Industrial	Mitsui Fudosan	Mitsui Fudosan Logistics Park REIT	23,600	922	4.0
Nov-25	Megmilk Snow Brand Yotsuya Head Office	Shinjuku-ku, Tokyo	Office	Megmilk Snow Brand	a domestic company	23,600	—	—

*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, Q4 2025

Tokyo

Meiji Yasuda Seimei Building
2-1-1 Marunouchi, Chiyoda-ku, Tokyo

Sendai

Sendai Mark One 1-2-3 Chuo,
Aoba-ku, Sendai-shi, Miyagi

Nagoya

Chunichi Bldg. 21F, 4-1-1 Sakae, Naka-ku,
Nagoya-shi, Aichi

Osaka

Grand Front Osaka 4-20,
Ofuka-cho, Kita-ku, Osaka-shi, Osaka

Yokohama

Yokohama ST Building 1-11-15
Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa

Hiroshima

Shishinyo Building 3-17 Fukuromachi, Naka-ku,
Hiroshima-shi, Hiroshima

Sapporo

Nihon Seimei Sapporo Building
4-1-1 Kitasanjonishi, Chuo-ku, Sapporo-shi,
Hokkaido

Kanazawa

JR Kanazawa Station West 4th
NK Building, 3-3-11 Hirooka,
Kanazawa-shi, Ishikawa

Fukuoka

Tenjin Sumitomo Life FJ Business Center
2-8-35 Tenjin, Chuo-ku, Fukuoka-shi,
Fukuoka

Contacts

Tomoya Nose
Associate Director
Investment Team Leader
tomoya.nose@cbre.com

Tatsuya Onoda
Analyst
Investment Team
tatsuya.onoda@cbre.com

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

To learn more about CBRE Research, or to access additional research reports, please visit the Insights & Research at www.cbre.com/Insights&Research

CBRE