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Tokyo Grade A Rents Continue to Rise Despite Vacancy Rate Increase

CBRE today released its preliminary October 2018 data on office vacancy rates and average assumed achievable rents in Japan's three major cities: Tokyo, Osaka, and Nagoya.

In October 2018, the Tokyo Grade A office vacancy rate increased 0.1 points month-over-month (m-o-m) to 1.0%; the Osaka Grade A vacancy rate increased 0.2 points m-o-m to 1.1%; and the Nagoya Grade A vacancy rate fell 0.1 points m-o-m to 0.5%. Assumed achievable rents for Grade A buildings increased in Tokyo, Osaka, and Nagoya, at 0.3%, 0.2%, and 1.0% m-o-m respectively.

With regards to the All-Grade vacancy rate, Tokyo's 23 wards remained flat m-o-m at 0.9%, Osaka fell 0.2 points m-o-m at 1.7%, and Nagoya fell 0.3 points m-o-m to 1.0%.

For further details on each city, please refer to the following tables and charts.

■ Grade A Vacancy Rate

	Vacancy Rate						
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Oct 2018	m-o-m
Tokyo	2.5%	1.8%	2.3%	1.4%	0.9%	1.0%	+0.1 pts
Osaka	0.3%	0.3%	0.2%	0.2%	0.9%	1.1%	+0.2 pts
Nagoya	4.6%	2.3%	1.7%	0.9%	0.6%	0.5%	-0.1 pts

Source: CBRE

■ Grade A Assumed Achievable Rent

	Average Assumed Achievable Rent (JPY/Tsubo/Month)						
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Oct 2018	m-o-m
Tokyo	36,500	36,450	36,500	36,550	37,050	37,150	+0.3%
Osaka	21,800	21,950	22,650	23,050	23,650	23,700	+0.2%
Nagoya	24,350	24,550	25,100	25,250	25,750	26,000	+1.0%

Source: CBRE

■Grade A-Minus Vacancy Rate

	Vacancy Rate						
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Oct 2018	m-o-m
Tokyo	1.6%	1.5%	1.2%	1.1%	1.1%	1.0%	-0.1pts

Source: CBRE

■Grade B Vacancy Rate

	Vacancy Rate						
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Oct 2018	m-o-m
Tokyo	1.4%	1.5%	1.2%	0.9%	1.0%	0.9%	-0.1pts
Osaka	2.5%	2.4%	1.7%	1.6%	1.4%	1.2%	-0.2pts
Nagoya	2.6%	2.5%	1.8%	1.3%	1.2%	0.9%	-0.3pts

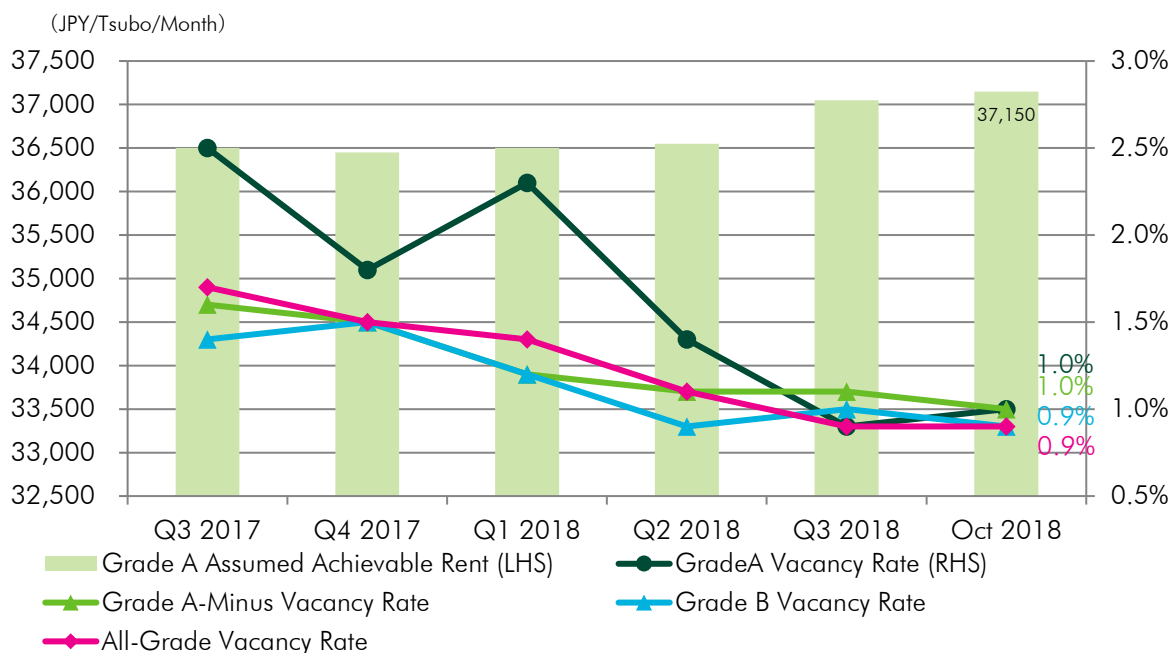
Source: CBRE

■All-Grade Vacancy Rate

	Vacancy Rate						
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Oct 2018	m-o-m
Tokyo 23 wards	1.7%	1.5%	1.4%	1.1%	0.9%	0.9%	±0.0pts
Tokyo 5 central wards	1.6%	1.4%	1.3%	1.0%	0.8%	0.7%	-0.1pts
Osaka	2.7%	2.5%	1.9%	1.9%	1.9%	1.7%	-0.2pts
Nagoya	3.4%	2.6%	2.0%	1.4%	1.3%	1.0%	-0.3pts

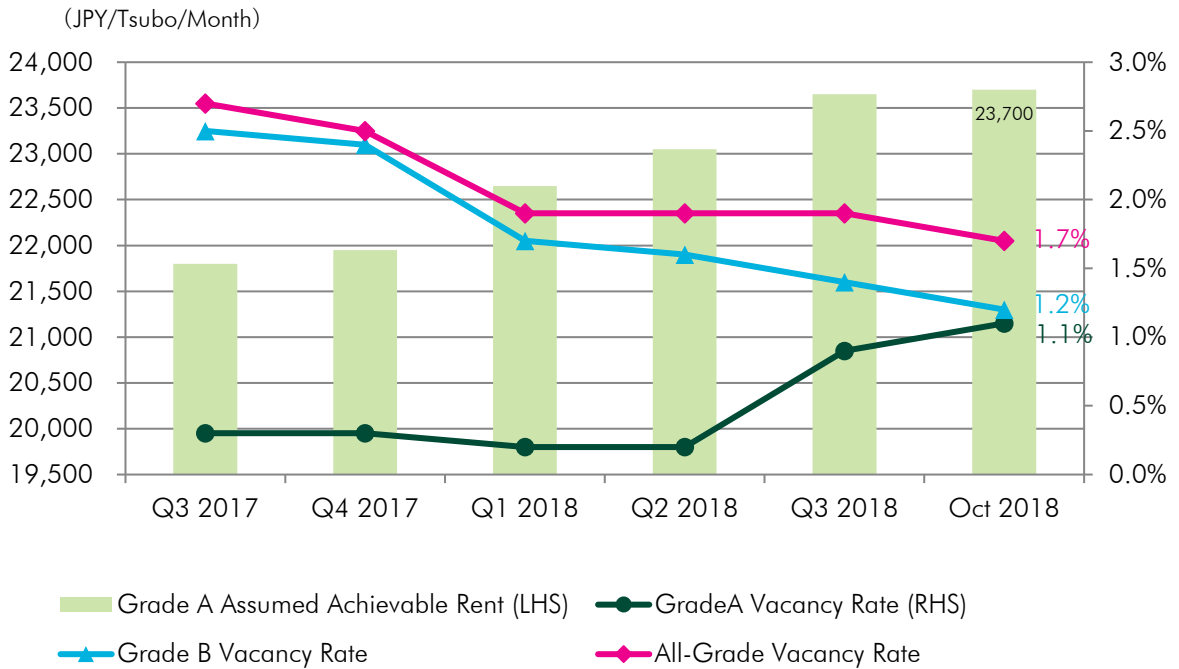
Source: CBRE

■Tokyo



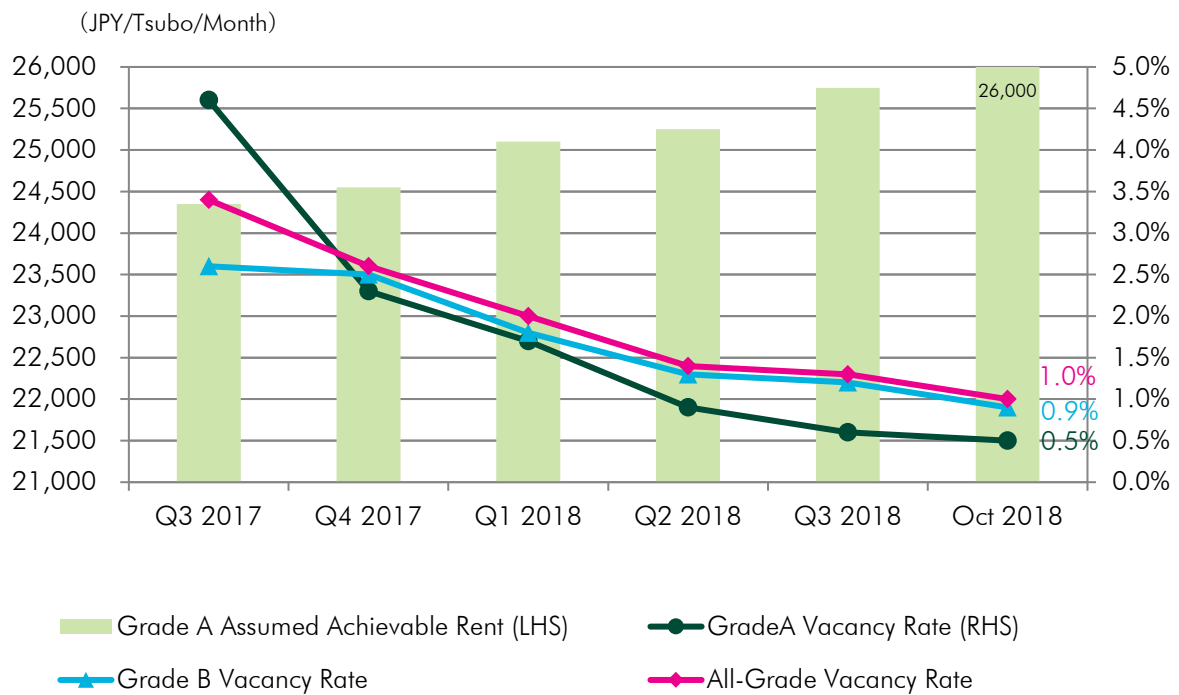
Source: CBRE

■ Osaka



Source: CBRE

■ Nagoya



Source: CBRE

Survey Outline

□ Vacancy Rate	Vacancy is based on the data that was available at the time of compiling the survey
□ Assumed Achievable Rent	Assumed achievable rent is based on sample surveys of the applicable buildings (inclusive of service charges; not taking into account incentives such as free rent)
□ Definitions of Grades (Tokyo/Osaka/Nagoya)	<p>■ Grade A</p> <p>As a general rule, buildings located in regions (*) with a high concentration of office buildings that fulfill the following conditions: typical floor plate of 350 tsubo or more (500 tsubo or more in Tokyo), net floor area of 6,500 tsubo or more, total floor space of 10,000 tsubo or more, and age of less than 11 years</p> <p>(*) Regions with a high concentration of office buildings: Tokyo – centered on the central 5 wards; Osaka – centered on Kita, Chuo and Yodogawa wards; Nagoya – centered on Nakamura, Naka, Higashi and Nishi wards</p> <p>■ Grade A – Minus (Tokyo only)</p> <p>As a general rule, office buildings located in regions with a high concentration of office buildings that fulfill the following conditions: typical floor plate of 250 tsubo or more, net floor area of 4,500 tsubo or more, total floor space of 7,000 tsubo or more, and structure based on new earthquake resistance standards</p> <p>■ Grade B</p> <p>As a general rule, office buildings located in regions with a high concentration of office buildings that fulfill the following conditions: typical floor plate of 2,000 tsubo or more (in Tokyo, typical floor plate of 200 tsubo or more and total floor space of less than 7,000 tsubo), and structure based on new earthquake resistance standards</p> <p>■ All-Grade</p> <p>Rental office buildings within the office area comprising 13 cities nationwide set independently by CBRE, as a general rule with a total floor space of 1,000 tsubo or more and structure based on the new earthquake resistance standards</p>

[CBRE's next press release on the office market is scheduled for December 10, 2018.](#)

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