

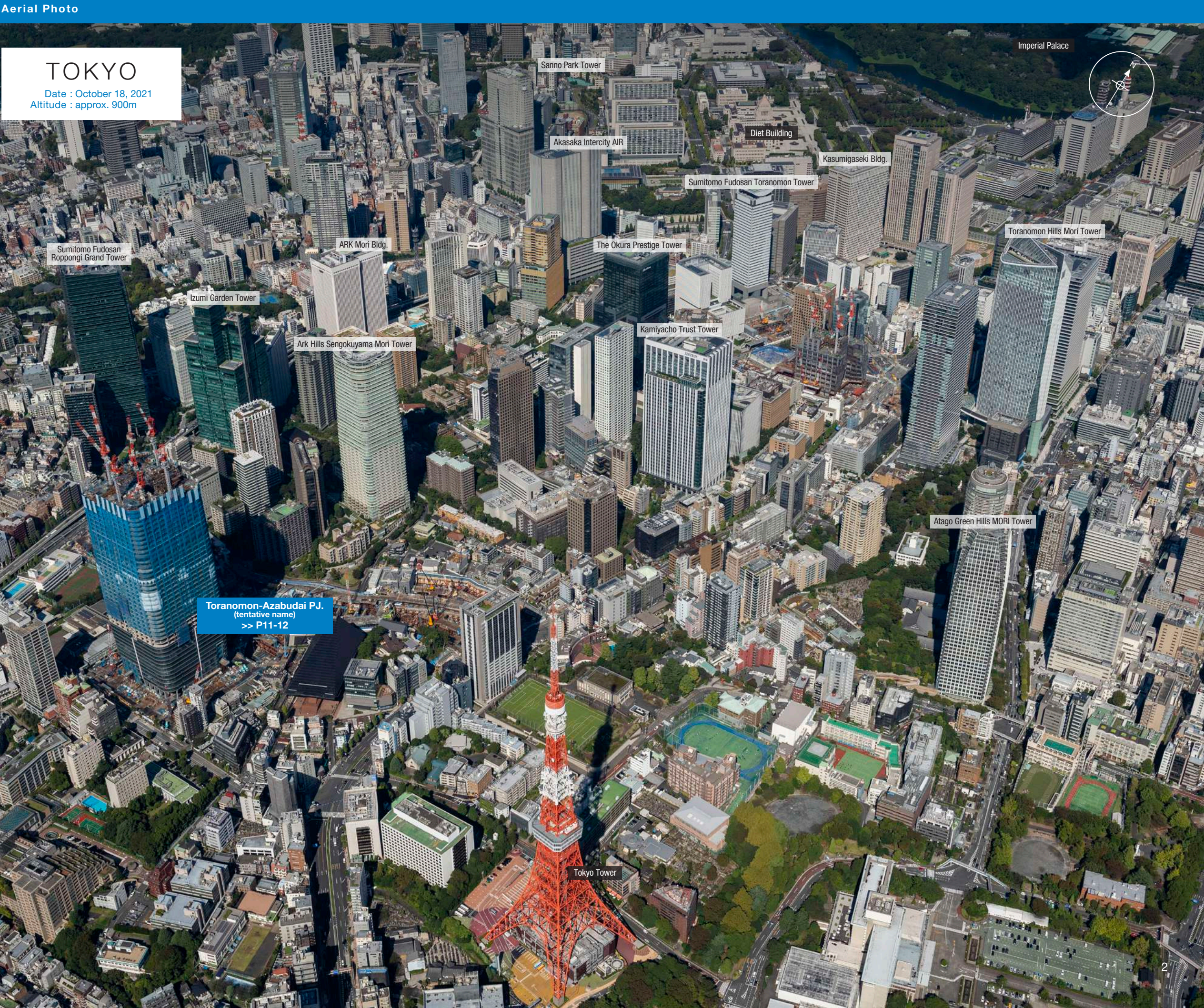
OFFICE RENTDATA

2022



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READING GUIDE

About the Survey

Survey period
July 1 - December 1, 2021

Survey time (rent, vacancy rate)
December 1 each year

Subject buildings
Office Buildings that were seeking tenants during the above period

Building class (area per floor)
Large-scale buildings: 200 tsubo or more
Medium/large-scale buildings: 100 to less than 200 tsubo
Medium-scale buildings: 50 to less than 100 tsubo
Small-scale buildings: 20 tsubo to less than 50 tsubo
*1 tsubo ≒ 3.3 sq. m ≒ 35.58 sq. feet

About the Terminology

Area per floor
The maximum leasable area on a standard office floor (3rd floor or higher) for each building

Rent (including common area maintenance (CAM) charge)
Average value of asking rent for each individual property

Vacancy rate
Ratio of currently vacant space to the total leasable space

Potential vacancy rate
Ratio of currently vacant space and space to be vacant by termination of the lease contract to the total leasable space

New supply
Total leasable floor space in new buildings completed during the data collection period

Aerial Photo

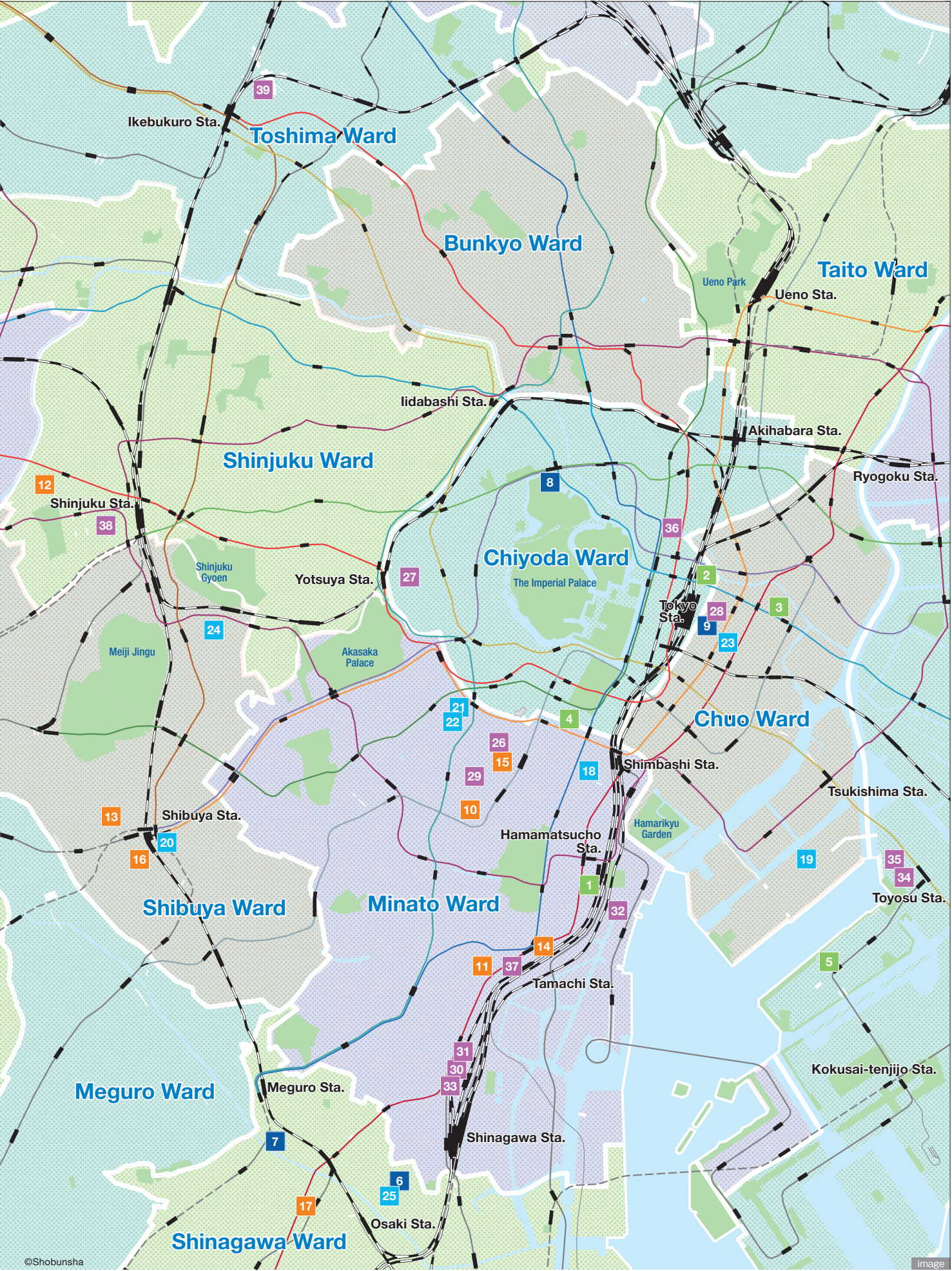


Completion Timeline

2021-2025 Current as of February 1, 2022

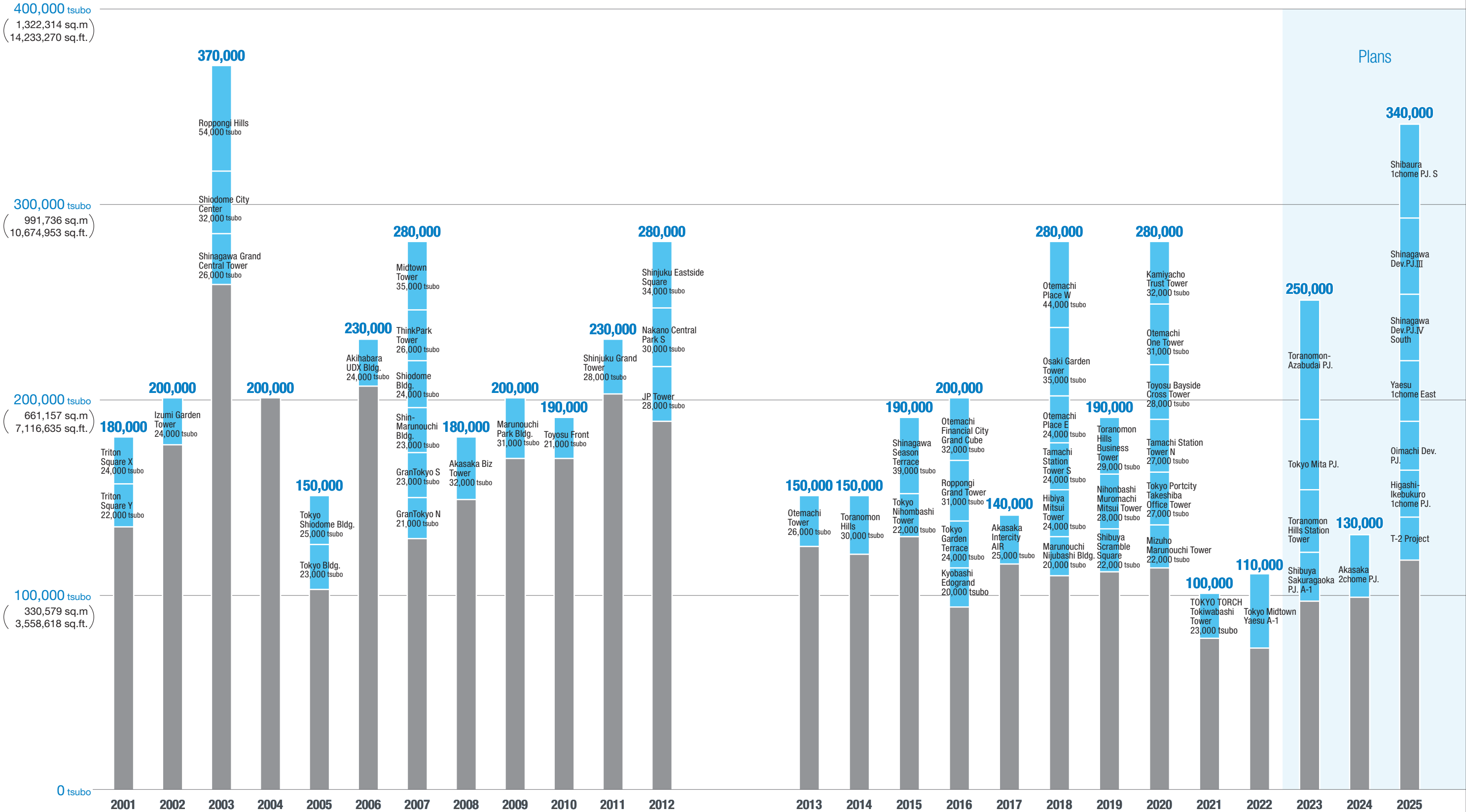
					Scale	1Floor
2021	1	Mar	World Trade Center Bldg. South Tower	Minato Ward / Hamamatsucho 2	39/B3	514
	2	Jun	TOKYO TORCH Tokiwabashi Tower	Chiyoda Ward / Otemachi 2	38/B5	800
	3	Jun	KABUTO ONE	Chuo Ward / Nihombashi Kabutocho 7	15/B2	574
	4	Jun	HIBIYA FORT TOWER	Minato Ward / Nishi-Shimbashi 1	27/B2	830
	5	Aug	MEBKS TOYOSU	Koto Ward / Toyosu 6	11/0	1,986
2022	6	Feb	Sumitomo Fudosan Osaki Twin Bldg. East	Shinagawa Ward / Kita-Shinagawa 5	19/B2	555
	7	Mar	JR Meguro MARC Bldg.	Shinagawa Ward / Nishi-Gotanda 3	13/B1	615
	8	Jul	Kudan Kaikan Terrace	Chiyoda Ward / Kudan-Minami 1	17/B3	775
	9	Aug	Tokyo Midtown Yaesu A-1*	Chuo Ward / Yaesu 2	45/B4	1,267
2023	10	-	Toranomon-Azabudai PJ. A*	Minato Ward / Azabudai 1	65/B5	1,460
	11	Mar	Tokyo-Mita PJ.*	Minato Ward / Mita 3	42/B4	1,204
	12	Mar	Sumitomo Fudosan Nishi-Shinjuku 5 PJ.*	Shinjuku Ward / Nishi-Shinjuku 5	35/B2	604
	13	Mar	Shibuya Dogenzaka 2chome PJ.*	Shibuya Ward / Dogenzaka 2	28/B1	525
	14	Apr	Tamachi Tower	Minato Ward / Shiba 5	29/B2	794
	15	Jul	Toranomon Hills Station Tower*	Minato Ward / Toranomon 2	49/B4	1,000
	16	Nov	Shibuya Sakuragaoka PJ. A-1*	Shibuya Ward / Sakuragaokacho	39/B4	842
	17	Dec	Gotanda PJ.*	Shinagawa Ward / Nishi-Gotanda 8	20/B3	969
2024	18	Feb	Shin-Tora YASUDA bldg.	Minato Ward / Shimbashi 4	14/B2	400
	19	Mar	Harumi 3chome PJ.*	Chuo Ward / Harumi 3	20/B2	500
	20	May	Shibuya 2chome 17 PJ.*	Shibuya Ward / Shibuya 2	23/B2	400
	21	Jun	Akasaka 2chome PJ.* ※1	Minato Ward / Akasaka 2	28/B3	550
	22	Aug	Akasaka 2chome PJ.* ※2	Minato Ward / Akasaka 2	43/B3	1,000
	23	Sep	New TODA BUILDING*	Chuo Ward / Kyobashi 1	28/B3	721
	24	Oct	Sendagaya Center Bldg.*	Shibuya Ward / Sendagaya 1	4/0	800
	25	Nov	Sumitomo Fudosan Osaki Twin Bldg. West*	Shinagawa Ward / Higashi-Gotanda 2	14/B2	480
2025	26	Feb	T-2 Project*	Minato Ward / Toranomon 2	38/B2	1,054
	27	Feb	Kousai Kaikan PJ.*	Chiyoda Ward / Kojimachi 5	12/B2	670
	28	Mar	Yaesu 1chome East B*	Chuo Ward / Yaesu 1	51/B4	755
	29	Mar	Roppongi 1chome PJ.*	Minato Ward / Roppongi 1	21/0	540
	30	Mar	The Shinagawa Development PJ. Block IV North Tower*	Minato Ward / Konan 2	30/B3	1,500
	31	Mar	The Shinagawa Development PJ. Block III*	Minato Ward / Konan 2	31/B5	1,500
	32	Mar	Shibaura 1chome PJ. S*	Minato Ward / Shibaura 1	45/B3	1,500
	33	Mar	The Shinagawa Development PJ. Block IV South Tower*	Minato Ward / Konan 2	30/B3	1,000
	34	Mar	Toyosu 4-2 PJ. B*	Koto Ward / Toyosu 2	15/B1	1,200
	35	Mar	Toyosu 4-2 PJ. A*	Koto Ward / Toyosu 2	17/B1	600
	36	Apr	Uchi-Kanda 1chome PJ.*	Chiyoda Ward / Uchikanda 1	26/B3	580
	37	Sep	Kasuga Bldg. PJ.*	Minato Ward / Shiba 5	18/--	580
	38	Nov	Nishi-Shinjuku 1chome PJ.*	Shinjuku Ward / Nishi-Shinjuku 1	23/B4	825
	39	Dec	Higashi-Ikebukuro 1chome PJ.*	Toshima Ward / Higashi-Ikebukuro 1	30/B3	800

※1: Rebuilding project of the former Kokusai Akasaka Building site
※2: Redevelopment project of the former Akasaka Twin Tower site
- Scale refers to the number of floors above ground, and one floor refers to the standard floor area in tsubo.
- 1 tsubo ≒ 3.3 sq. m ≒ 35.58 sq. feet
- Building/project names with asterisks (*) are tentative. The names, completion times, structure, etc. may change depending on the progress of future work.
- Abbreviations are used in some parts.



New Supply TOKYO

- Buildings of 100 tsubo (330 sq.m) or more per floor
- Leasable Floor Area of 20,000 tsubo (66,000 sq.m) or more
- 1 tsubo ≒ 3.3 sq.m ≒ 35.58 sq.ft.
- Abbreviations are used in some parts.



Transition in Office Rents and Economic Trends

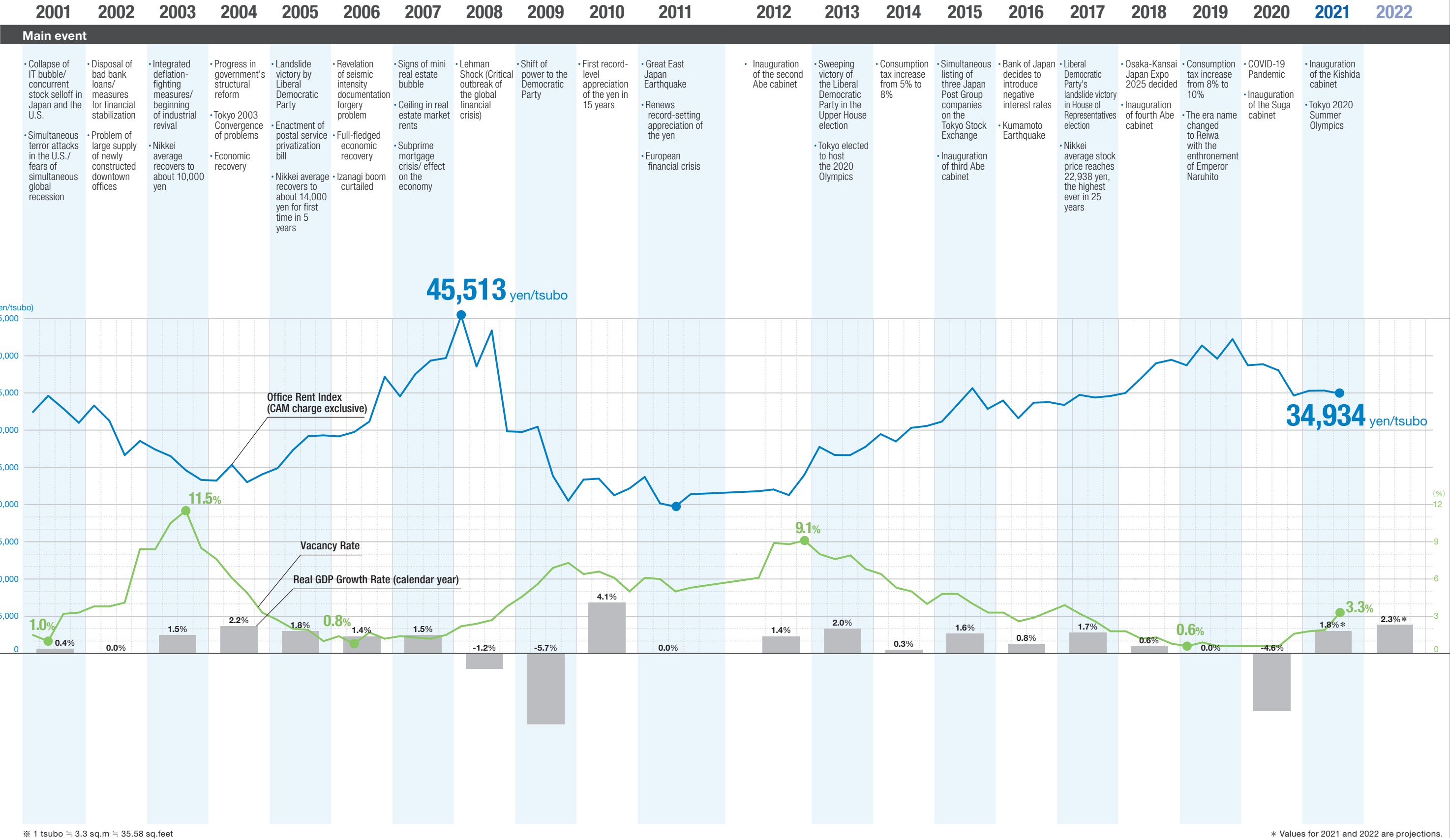
2001-2022 Current as of December 1, 2021

Class A Buildings in Central Tokyo

Office Rent Index
Vacancy Rate
Real GDP Growth Rate (calendar year)
Source: Cabinet Office, SNA (System of National Accounts)
Projected values source: NLI Research Institute

Class A Building Guidelines

• Tokyo Central 5 Wards and major business districts
• Total floor area is 10,000 tsubo or more
• 300 tsubo or more/standard floor
• Completed within 15 years
• Ceiling height 2.7m or more, individual air conditioning, high anti-seismic and environment performance



Toranomon-Azabudai Project

“Hills of the Future” Project Now Under Way Covering Vast Swath of Central Tokyo

Committing Years of Planning to Resolve Local Urban Issues

The area used to be beset with problems such as logistical inconveniences and disaster unpreparedness, including poor connections between the roads running north-south and east-west as well as an excessive number of dead end streets. Also, the area’s vast terrain stretching from east to west had elevation differences. Furthermore, a dense concentration of aging buildings formed the urban infrastructure of this area in desperate need of upgrading.

To resolve these problems, Mori Building Co., Ltd. launched this project by the establishment of the Council of Redeveloping Cities together with local landowners in 1989, which goes back more than three decades. Construction started in August 2019, once the necessary conversion rights were approved, and currently the project is slated for completion in 2023.

New Urban Values of “Green and Wellness” An Entire City Becomes One Workplace

The concept of the Toranomon-Azabudai Project is a “MODERN URBAN VILLAGE”; it aims to be a huge

open space at the heart of Tokyo filled with lush greenery that will bring people closer together and build a new community. The two pillars of this “MODERN URBAN VILLAGE” are “GREEN” and “WELLNESS.”

The project spans 8.1 hectares and its structures occupy approximately 63,900m² with some 861,500m² of total floor area. This scale of development is for the first in this part of Tokyo. Leasable office space will total 213,900m² and the standard office space will measure about 4,300m² to 4,840m² per floor. The property is divided into several zones: A District primarily for offices, B-1 District for offices and residences, B-2 District for hotels and residences and C District consisting of low-rise buildings for additional offices and residences. There also will be retail facilities with some 24,000m² space, the Keio University Center for Preventive Medicine, high end residences, a luxury hotel, an international school, and museums and galleries. Green spaces will total 2.4 hectares, or roughly 30% of the entire site, including a 6,000m² central square.



Panoramic View (Image) ©DBOX for Mori Building Co., Ltd.

Also, differences in land elevations will be used to maximize greenery throughout the site, including on the rooftops of lower structures. Here, various facilities will interact and collaborate, offering people the opportunity of totally new lifestyles; a place where people can spend their life in harmony with nature, where they will meet and live in a community, and where they can live creative and stimulating lives. The entire city, full of greenery, will become a place of learning, a workplace, a home, and a playground.

Eco-friendly, Disaster-resistant Development that Enhances Tokyo’s Magnetism

Other noteworthy features of the project include being awarded two top-level preliminary certifications: LEED ND for environmental neighborhood development and WELL for superior health and wellness measures of the building. In addition, the entire area will be pow-

ered by 100% renewable energy and be fully compliant with the Renewable Energy 100% (RE100) initiative.

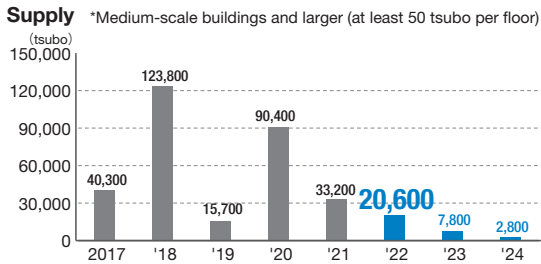
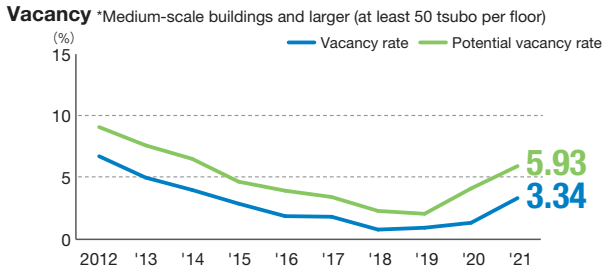
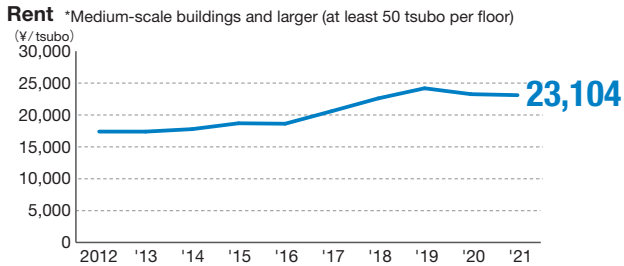
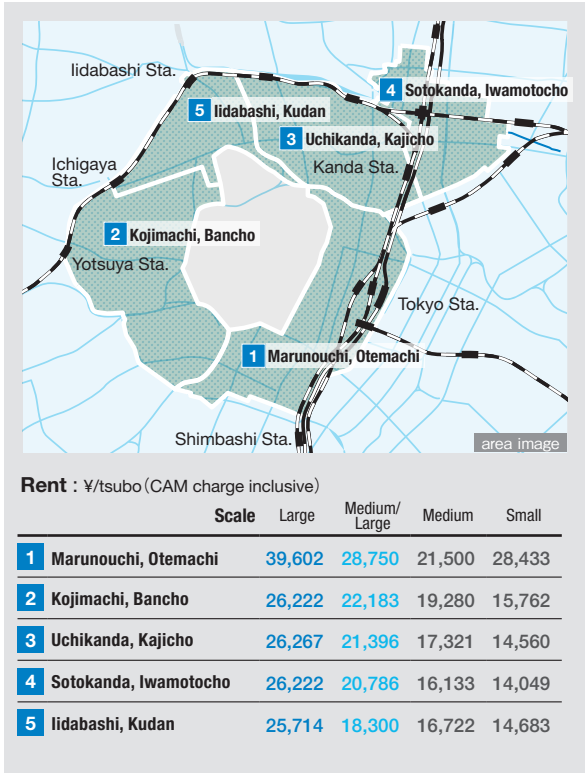
The project is replete with BCP measures, such as an emergency power station installed in the basement of A District to supply 100% of the electricity needed in the event of an emergency. The Toranomon-Azabudai Project also includes various measures for open and creative workspaces in an age where such places will no longer be limited to offices. The area will provide a solid foundation for countless people to enjoy rich urban life.



Central Square (Image) ©DBOX for Mori Building Co., Ltd.

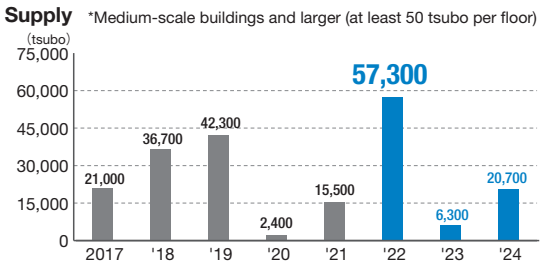
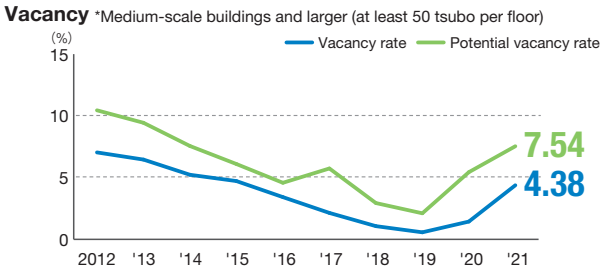
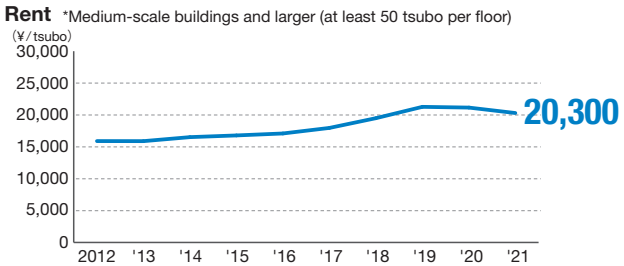
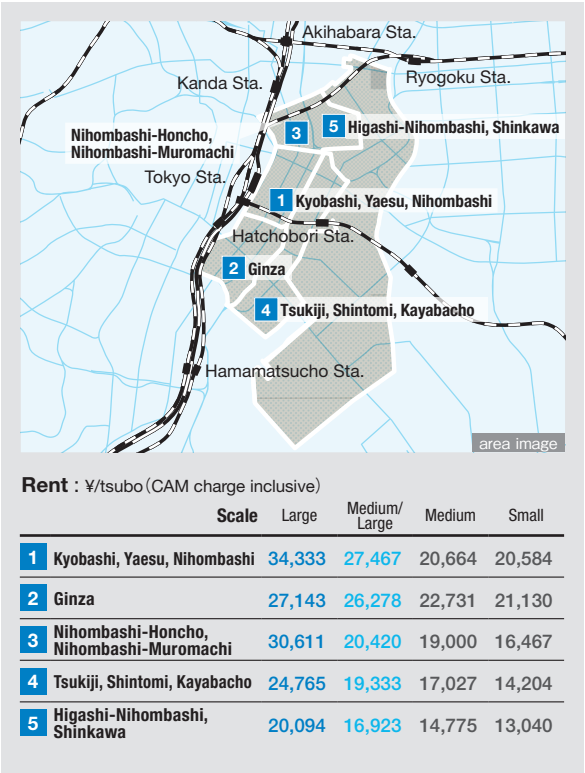
Chiyoda Ward

While both the vacancy rate and the potential vacancy rate are on an upward trend, the vacancy rate remains low at the 3% level. Asking rents are on a downward trend and have fallen to levels last seen in the first half of 2019.



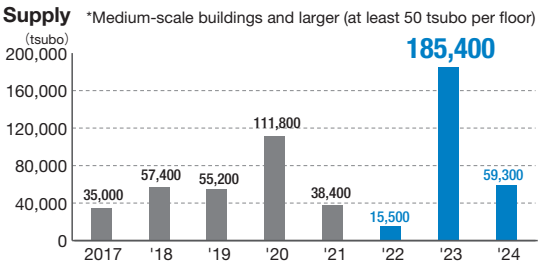
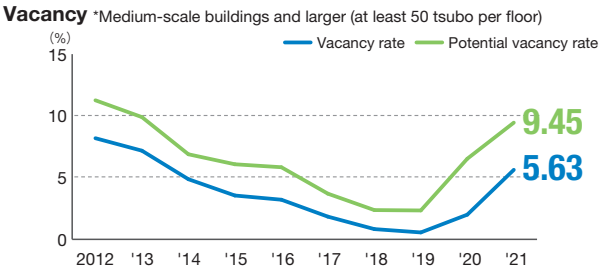
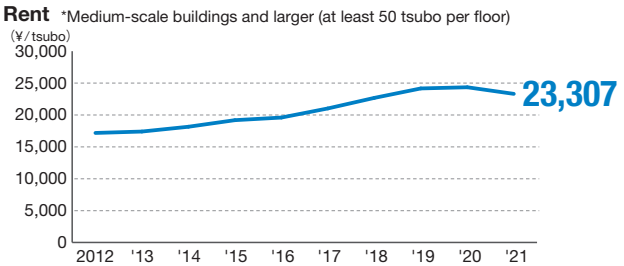
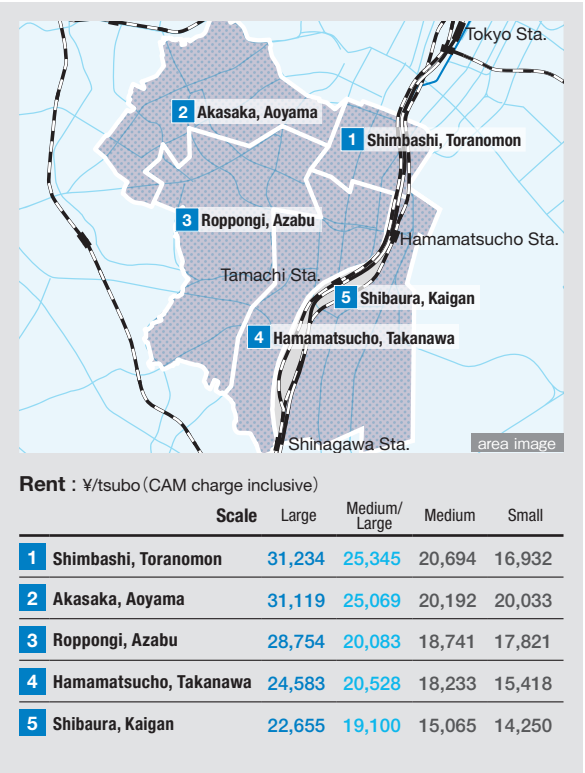
Chuo Ward

Both the vacancy rate and the potential vacancy rate have turned upward after bottoming out in 2019 and have risen significantly since the previous year. Asking rents are beginning to show signs of falling.



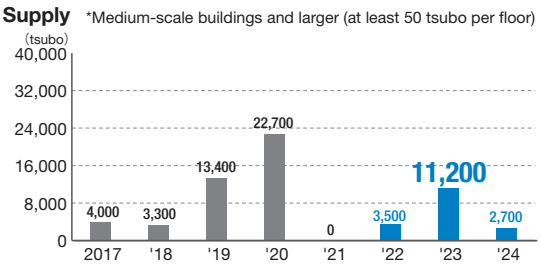
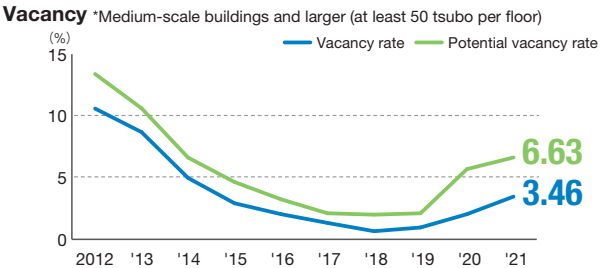
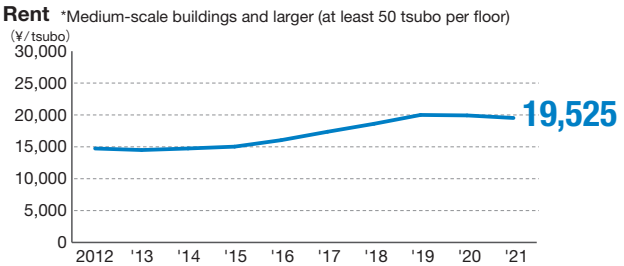
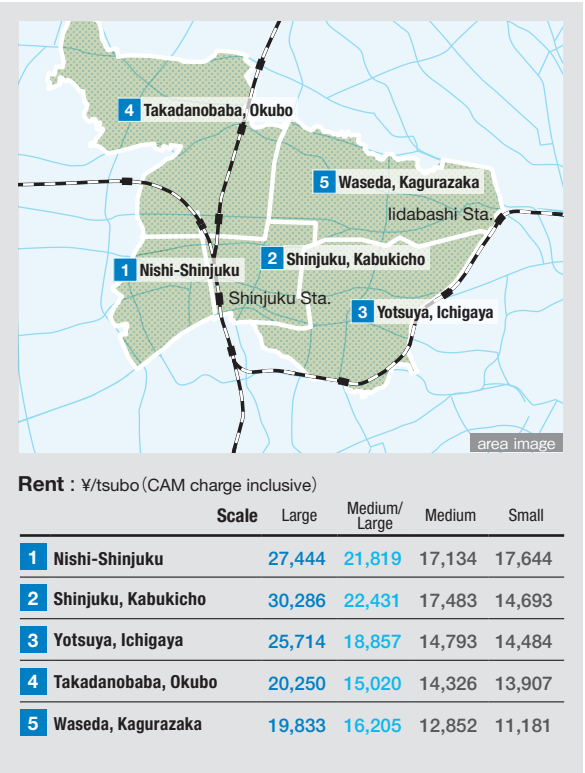
Minato Ward

Both the vacancy rate and the potential vacancy rate are on an upward trend. The vacancy rate has risen significantly, by more than three percentage points since the previous year. Asking rents are beginning to show signs of turning downward.



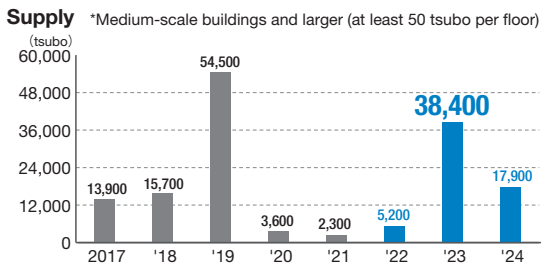
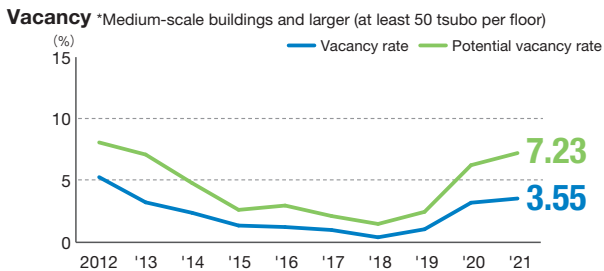
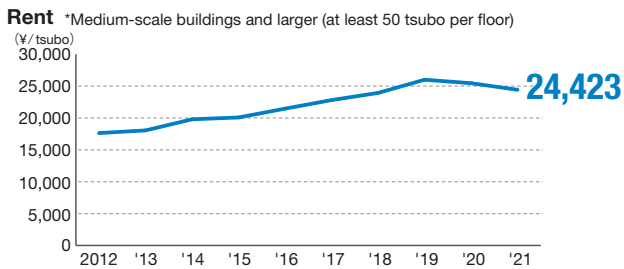
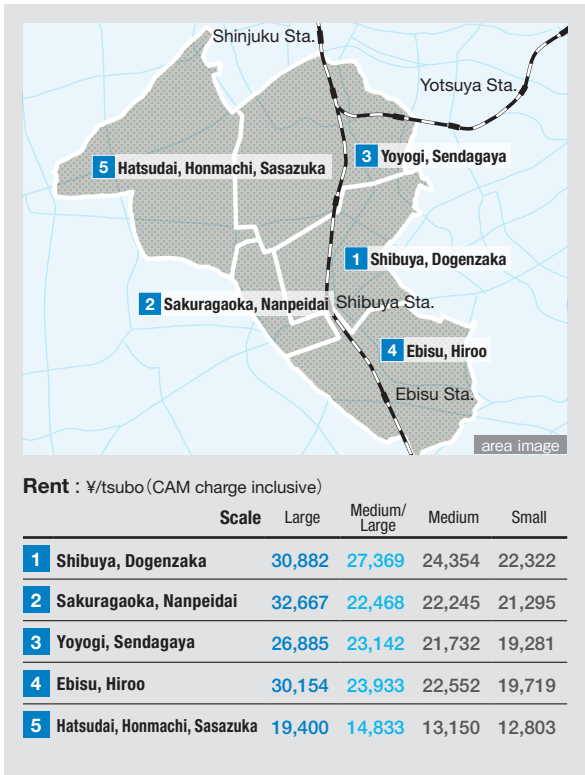
Shinjuku Ward

Both the vacancy rate and the potential vacancy rate are on an upward trend since each bottomed out in 2018, and the most recent vacancy rate reached the 3% level. Asking rents have generally remained flat since peaking in 2019.



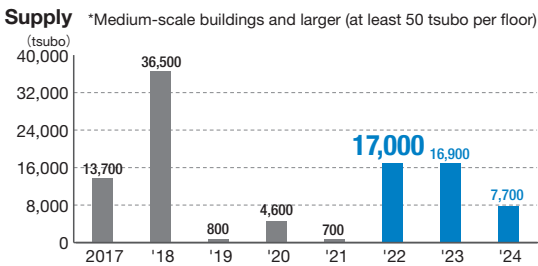
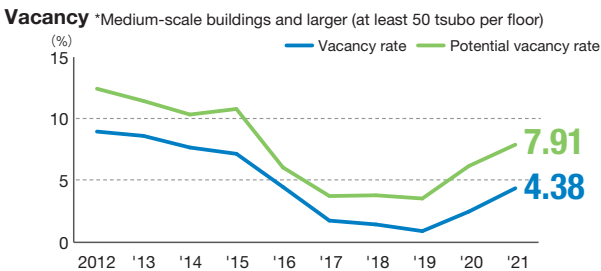
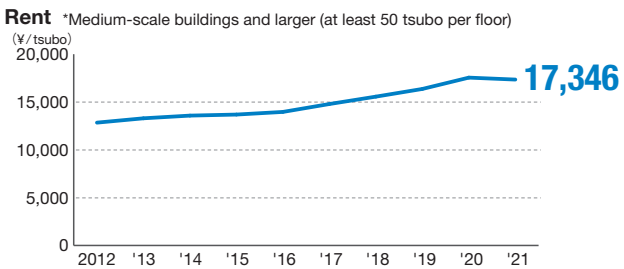
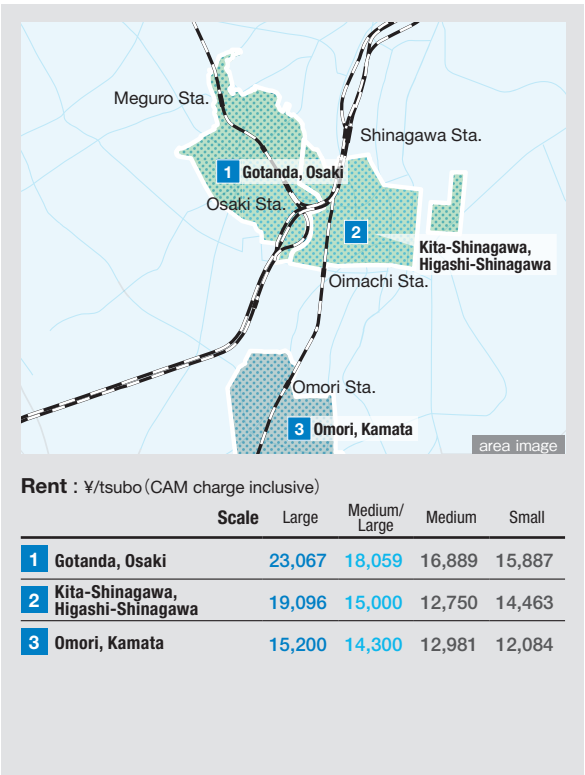
Shibuya Ward

While both the vacancy rate and the potential vacancy rate are on an upward trend, there are signs that the pace of increase may slow down given that office demand is strong, especially in the Shibuya Station area. Asking rents are on a downward trend.



Shinagawa Ward / Ota Ward

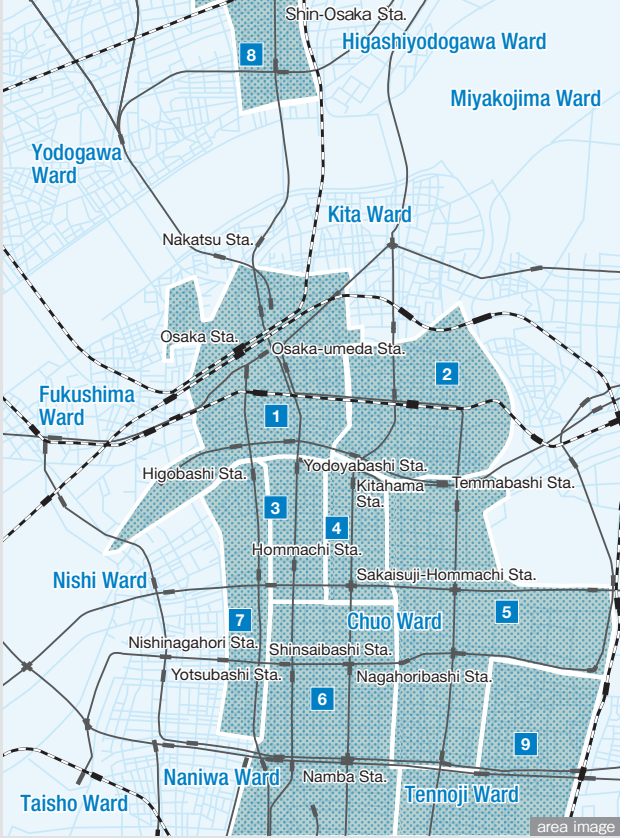
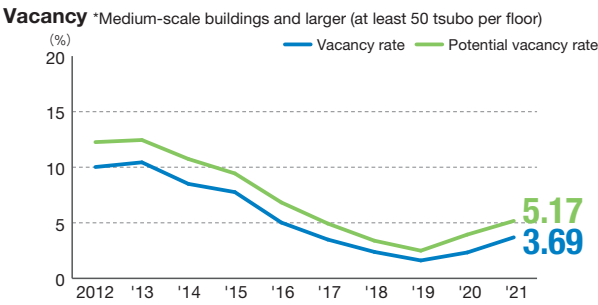
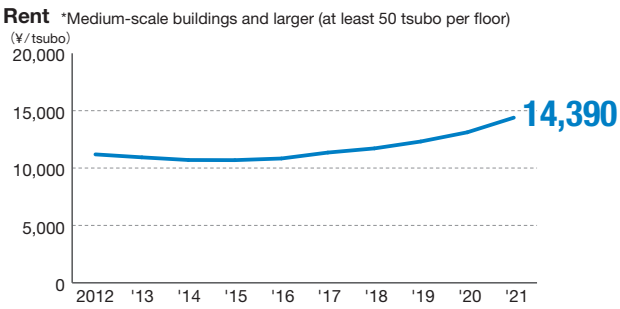
Both the vacancy rate and the potential vacancy rate have turned to an upward trend since bottoming out in 2019, and vacancy rates reached the 4% level. Asking rents, which had been rising, remained mostly flat.



Osaka City (Three main wards)

Kita Ward / Chuo Ward / Nishi Ward

Though both the vacancy rate and the potential vacancy rate are on an upward trend after bottoming out in 2019, the vacancy rate remains low at the 3% level.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/ Large	Medium	Small
1 Umeda, Dojima, Nakanoshima	24,322	16,334	14,573	11,689	
2 Minamimorimachi	14,200	12,568	10,883	11,180	
3 Yodoyabashi, Hommachi	19,378	14,561	12,153	10,936	
4 Kitahama, Sakaisuji Hommachi	15,325	13,043	11,238	9,140	
5 Temmabashi, Tanimachi	14,200	10,665	9,272	7,589	
6 Shinsaibashi, Nagahoribashi, Namba	16,115	14,128	11,233	9,636	
7 Higobashi, Nishi Ward Hommachi, Yotsubashi	14,196	12,671	10,445	9,509	
8 Shin-Osaka	17,258	12,966	10,195	8,889	
9 Tennoji	13,500	10,954	11,067	9,000	

Umeda 3chome Project (tentative name)



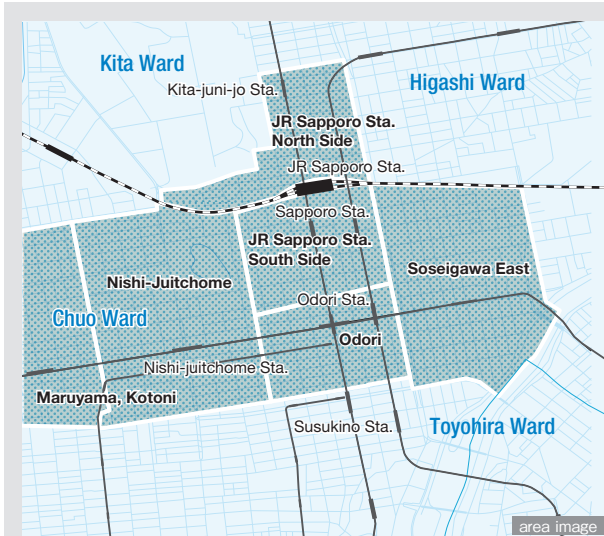
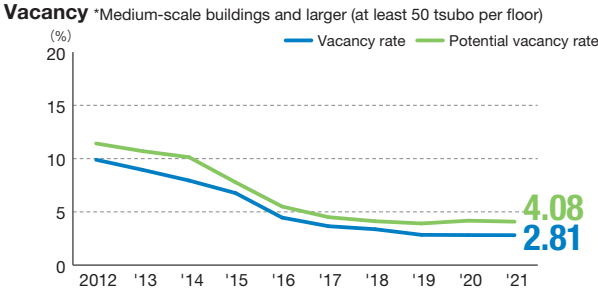
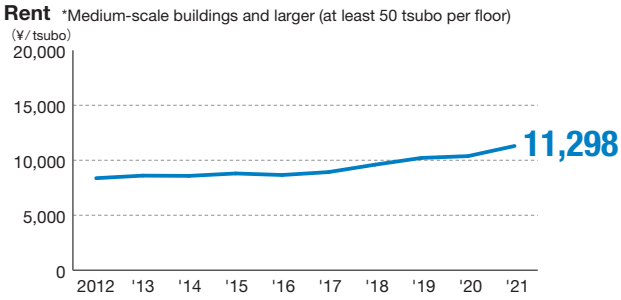
- Site area includes the former Osaka Central Post Office and is approx. 13,000 sq.m
- Large-scale, mixed-use building directly connected to Osaka Station
- Provides office, retail, theater, and hotel functions
- Includes environmental considerations and the latest BCP

Area per floor	Approx. 1,200 tsubo (can be subdivided into a minimum of approx. 40 tsubo)
Scale	3 floors below ground and 39 floors above
Scheduled completion	March 2024

Prepared in collaboration with Japan Post Real Estate Co., Ltd.

Sapporo City

The vacancy rate continues to remain at a low level between 2.5% and 2.9% and there has been no major change in the potential vacancy rate. Asking rents remain on a gradual upward trend.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/Large	Medium	Small
JR Sapporo Sta. South Side		16,489	14,927	11,843	9,222
JR Sapporo Sta. North Side		17,056	12,250	12,469	7,722
Odori		13,741	14,416	10,184	9,400
Nishi-Juitchome		10,167	8,803	9,647	8,910
Soseigawa East		11,671	11,917	8,517	8,617
Maruyama, Kotoni		9,000	6,877	6,194	7,595

Sapporo 22 Square

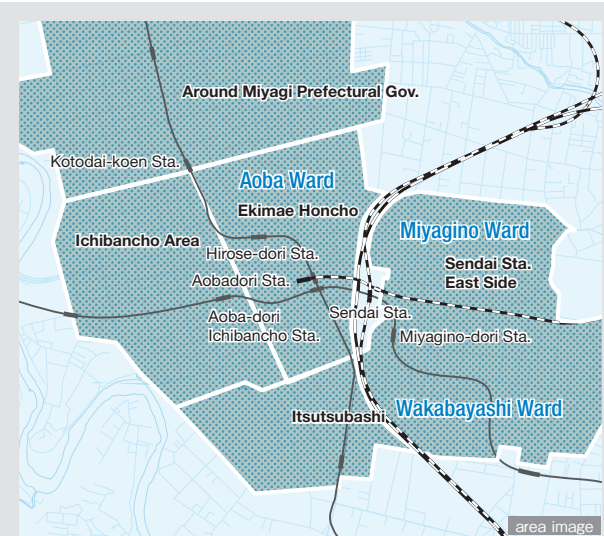
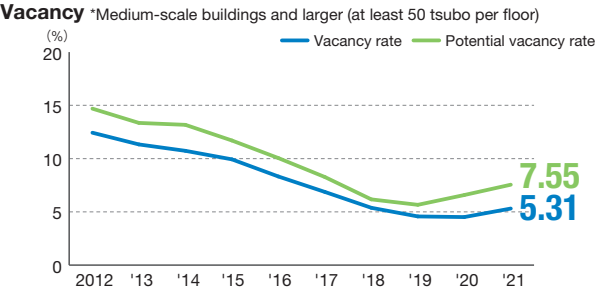
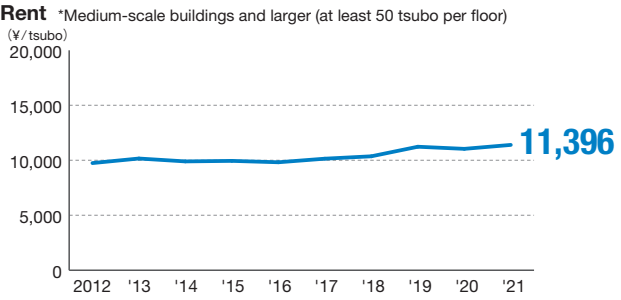


- To be completed in the heart of Sapporo
- Urban functions with enhanced public spaces
- Maintains high functionality by avoiding excessive specs
- Creating new liveliness

Area per floor	Approx. 135 tsubo (can be subdivided into a minimum of approx. 29 tsubo)
Scale	2 floors below ground and 13 floors above
Scheduled completion	June 2022

Sendai City

The vacancy rate, which had been at the 12% level in 2012, has fallen to the 4% level in 2019 due to a continued downward trend, but has recently begun to rise together with the potential vacancy rate.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/Large	Medium	Small
Ekimae Honcho		15,448	13,904	10,215	9,748
Ichibancho Area		13,358	10,214	9,136	9,125
Around Miyagi Prefectural Gov.		11,000	9,654	8,966	6,399
Itsutsubashi		12,000	8,500	9,160	7,646
Sendai Sta. East Side		14,075	11,841	10,818	9,502

Yodobashi Sendai Dai-ichi Building (tentative name)



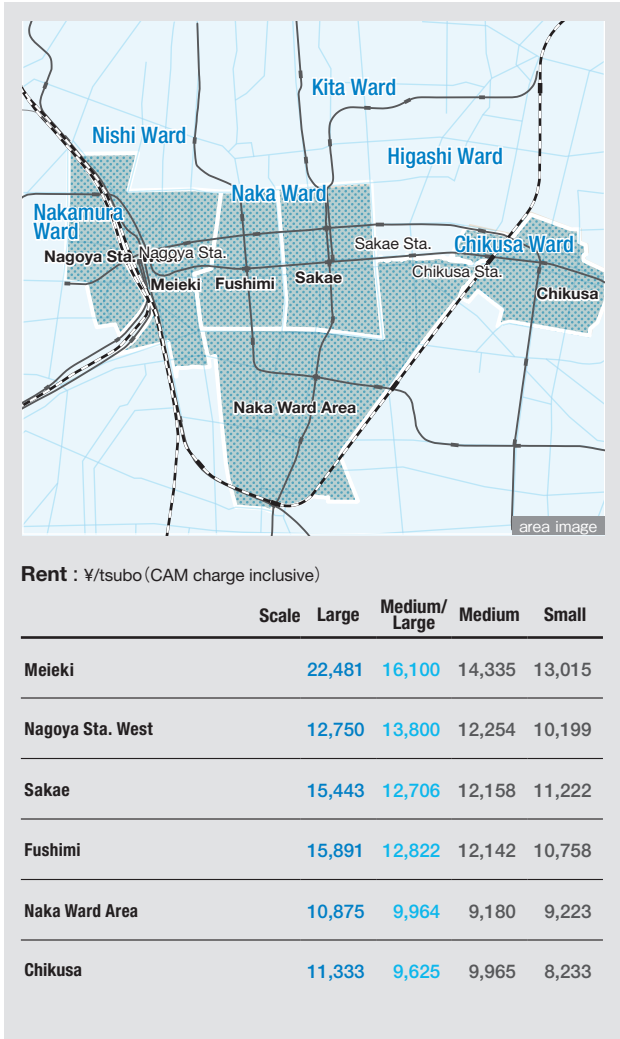
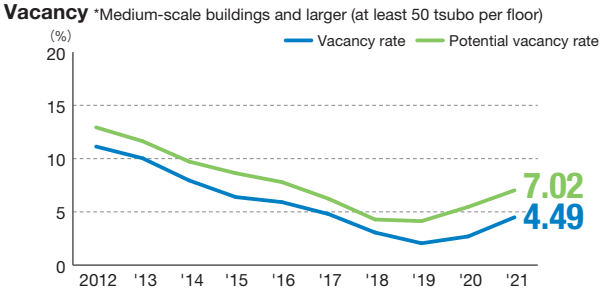
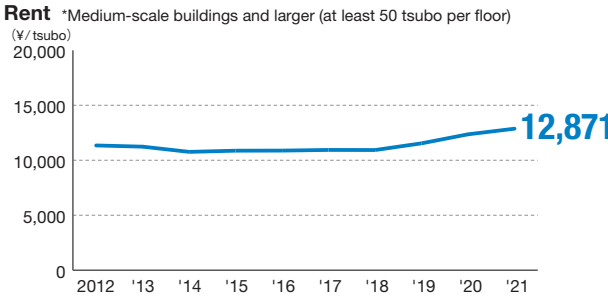
- A new landmark at the east exit of JR Sendai Station
- Large-scale, mixed-use building aimed at regional revitalization
- Can supply power even in the event of a disaster
- New private bus depot will also be created

Area per floor	Approx. 841 tsubo
Scale	1 floor below ground and 12 floors above
Scheduled completion	March 2023

Prepared in collaboration with Yodobashi Building Co., Ltd.

Nagoya City

Both the vacancy rate and the potential vacancy rate are on an upward trend after bottoming out in 2019, and the vacancy rate has reached the 4% level for the first time since 2017. Asking rents continued to remain on an upward trend and have reached the highest amount since 2012.



Chunichi Building



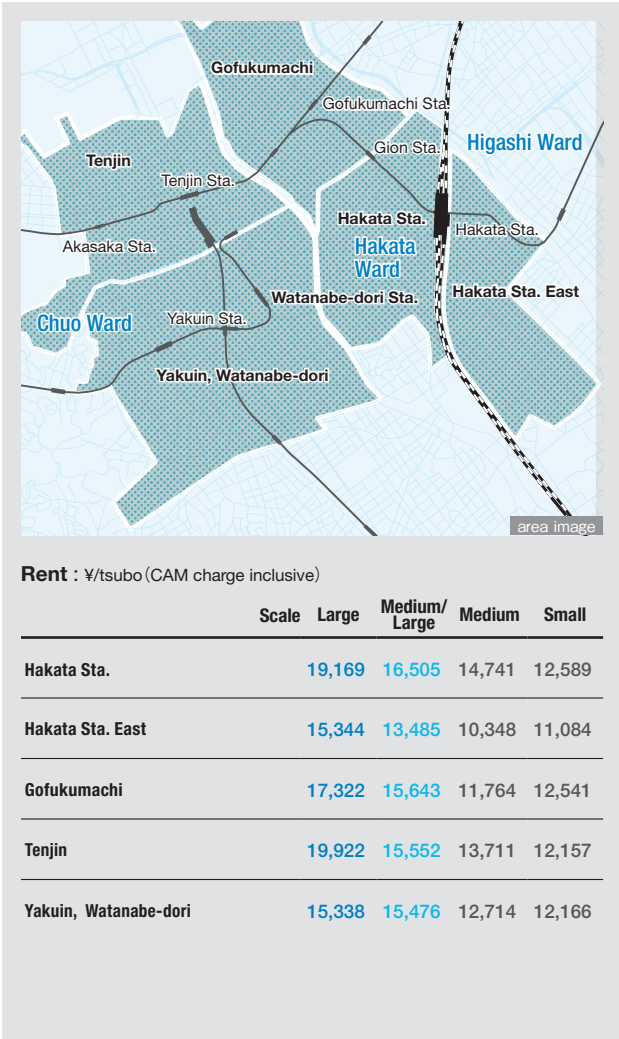
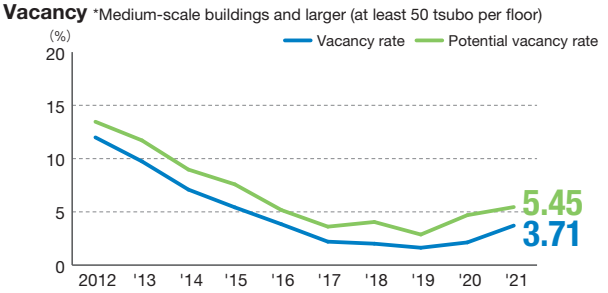
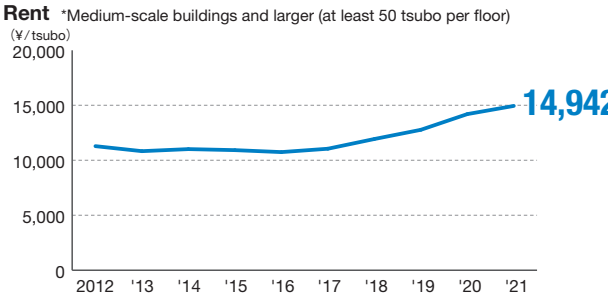
- Rebuilding Nagoya landmark
- Includes interaction spaces for office workers
- Provides high seismic safety performance
- Environmentally conscious building management

Area per floor	Approx. 700 tsubo (can be subdivided into a minimum of approx. 21 tsubo)
Scale	5 floors below ground and 33 floors above
Scheduled completion	Summer 2023

Prepared in collaboration with Chubu Nippon Building Co., Ltd.

Fukuoka City

Both the vacancy rate and the potential vacancy rate have turned upwards after bottoming out in 2019, and the vacancy rate is at the 3% level for the first time since 2016. On the other hand, asking rents have continued to rise.



Fukuoka Daimyo Garden City (tentative name)



- Project that creates an Asian hub
- To be completed in the city where history and culture come together
- To be occupied by top-class hotel “The Ritz-Carlton”
- Utilizes the latest technology for safety and security

Area per floor	Approx. 756 tsubo
Scale	1 floor below ground and 25 floors above
Scheduled completion	December 2022

Prepared in collaboration with Sekisui House, Ltd.

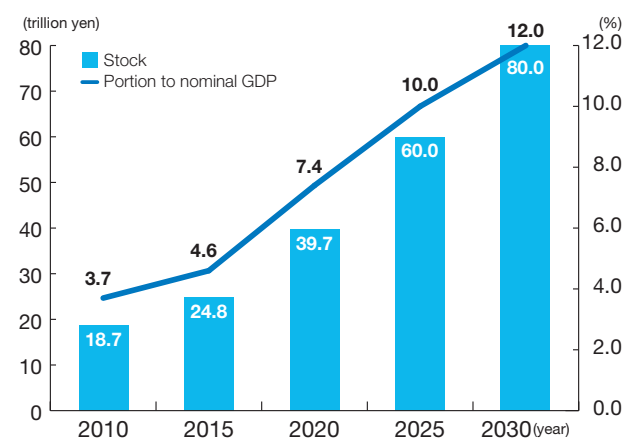
The Appeal of Japan's Business Environment

In October 2021, the International Monetary Fund (IMF) announced in the “World Economic Outlook (WEO)” that an economic recovery is expected in 2021 in comparison with the global real GDP in 2020. However, it is forecast that the recovery will be impacted significantly by the difference in the response to COVID-19 by emerging countries and regional countries as well as among regions and that such response will continue to be the focus of economic recovery. How will Japan's business environment be? This column discusses such point based on “JETRO Invest Japan Report 2021.”

Japan's Business Environment and Foreign-Affiliated Companies

According to “JETRO Invest Japan Report” of the Japan External Trade Organization (JETRO), the balance of direct investments in Japan at the end of 2020 was 39.7 trillion yen. The policy goal of increasing the balance to 35 trillion yen was achieved. As a new goal, the government of Japan aims to achieve an amount of 80 trillion yen by 2030.

Trends and Targets in FDI Stock in Japan



Note The balance of direct investment in Japan is based on the 6th edition on the Balance of Payments Manual

Source “International Investment Position of Japan” (Ministry of Finance, Bank of Japan), “National Accounts of Japan” (Japan Cabinet Office)

The “World Competitiveness Ranking 2020 Special Edition” of the World Economic Forum announced in December 2020. The direction of transformation in business environment after five years targeting 37 countries and regions was announced based on four fields and 11 priorities. The first field was about the en-

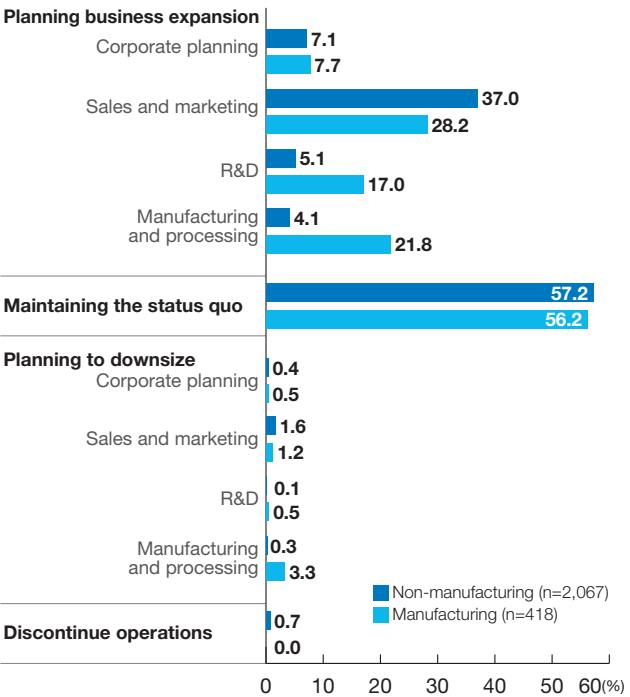
abling environment with three priorities, namely “Public institutions trust,” “Energy transition and broaden access to IT” and “Shift to more progressive taxation,” and Japan was ranked second in the shift to more progressive taxation. The second field is related to human capital and the priorities are “Update education curricula for jobs in markets of tomorrow,” “Rethink labor laws and social protection” and “Expand elder-care, childcare, and healthcare.” Japan was ranked in the middle in all of these items. The third field is market priorities, specifically “Increase incentives for long-term investments,” “Rethink competition in the Fourth Industrial Revolution” and “Facilitate public-private collaboration,” and Japan was ranked third in the public-private collaboration. The fourth field is innovation eco-systems. The priorities are “Incentivize and expand patent investments in research, innovation and invention” and “Incentivize firms to embrace diversity,” and Japan was ranked second in the incentives for research, innovation and invention investments.

U.S. survey company Startup Genome announced the “Global Startup Ecosystem Report (GSER) 2021” on September 22, 2021. This shows the ranking of environmental indicators of startup companies targeting more than approximately 150 cities across the world, and Tokyo rose from 15th place in the previous year to 9th place. Specifically, Tokyo was highly evaluated in “Funding,” “Talent” and “Knowledge,” and acquired 9 points in each item.

In addition, in the “Survey of Trends in Business Activi-

ties of Foreign Affiliates” of the Ministry of Economy, Trade and Industry, as the appeal of business development in Japan, “High income levels and high customer volumes for products and services (large market size)” was ranked top with a percentage of 61%, “Extensive infrastructure (transportation energy, communications, etc.)” was ranked second with a percentage of 47.6% and “Sensitive to added value and trends in products and services, providing ground for measuring the competitiveness of new products and services” was ranked third with a percentage of 47.3%. Furthermore, a survey on future business development in the Japanese market was also conducted. More than half of the respondents said they will maintain their current businesses and 30% said they intend to expand their businesses, while taking into consideration the impact of COVID-19.

Future Business Expansion in Japan by industry



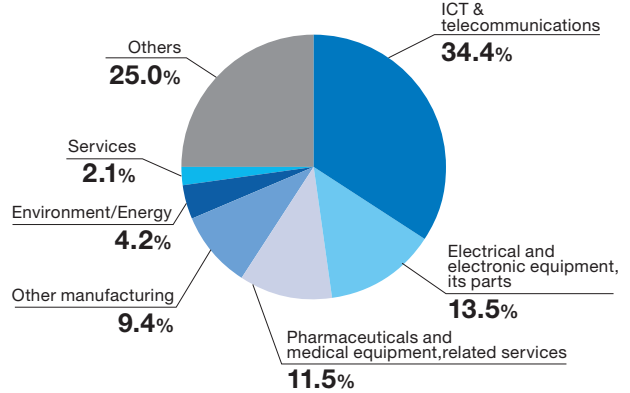
Source “Survey of Trends in Business Activities of Foreign Affiliates”(METI)

Support for Foreign Companies by JETRO

JETRO attracted 96 foreign companies in fiscal 2020. It supported 1,020 projects. By business type of the companies that were successfully attracted, “ICT & telecommunications” was ranked top followed by “Electrical and electronic equipment, its parts” and

Pharmaceuticals and medical equipment, related services” like in fiscal 2019.

JETRO-attracted Investments by industry



JETRO is providing services such as information dissemination on the Japanese market, finding of companies interested in direct investments in Japan, support for the establishment of bases in Japan and support for business expansion to foreign companies.

JETRO's Efforts to Promote Investment in Japan

- 1. Information dissemination on Japanese business environment**
 - Disseminating information via the “Invest Japan” website
 - Providing various materials/brochures
 - Holding seminars for overseas companies
- 2. Research/analysis of the Japanese market and proposals on strategies**
 - Finding companies at business events and exhibitions and through networking
 - Providing information on markets, regulations, etc.
 - Proposing market entry strategies
 - Business matching with potential partners
- 3. Investing in Japan and supporting setting up of business through the business support center (IBSC)**
 - Providing temporary offices (Tokyo, Osaka, Yokohama, Nagoya, Kobe, Fukuoka)
 - Providing advice on registration procedures and legal, labor, and tax affairs
 - Providing support in finding human resources and office spaces
- 4. Expansion of business with Japanese partners**
 - Providing opportunities for business matching with Japanese companies
 - Providing support for collaboration with local governments
 - Providing support for secondary investment and business expansion
 - Providing support for formation of collaborative and cooperative projects through J-Bridge

JETRO's Invest Japan website
<https://www.jetro.go.jp/en/invest>

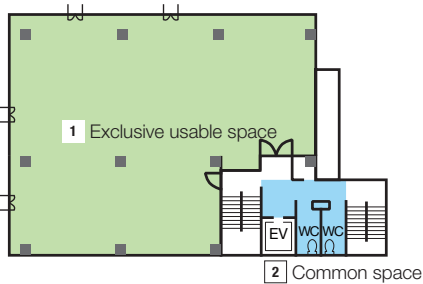
Important Terms

The following are some of the terms unique to the Japanese office rental market that you may find useful to know.

Contracted Space

契約面積

This term may apply to exclusive usable space, or to both exclusive usable space and a part of the common space (1 green part only, or 1 + 2 blue part).



1 Exclusive usable space

〔専有面積〕

This term refers to the space used exclusively by the tenant; it is measured from wall center to wall center.

2 Common space

〔共用面積〕

This term refers to space used in common by two or more tenants. It might include elevator halls, corridors,restrooms, kitchenettes, and the like.

Unit of Space

〔面積単位〕

The official unit used to measure floor space is the square meter, but many property owners still use the older term “tsubo” in their floor plans and advertisements.

(1 tsubo ≒ 3.3 sq. m≒ 35.58 sq. feet)

Deposit Money

保証金・敷金

The terms “Hoshokin” and “Shikikin” are both used to mean “deposit money.” Though they have slightly different meanings, they essentially refer to a sum which is paid to the owner as a non-interest deposit when signing the lease contract. Legally this money could be classified as “guarantee money” against any liability that the tenant might incur against his duties as a tenant.

Return Period

The deposit money will be returned to the tenant after the “surrender by the lessee of the leased premises to the lessor.” Any unpaid rent or damages recoverable from the lessee will first be deducted from the deposit, and the difference will be refunded.

Sum

As a normal rule, 10-12 month’s rent will be charged as deposit money.

Depreciation Fee

〔償却費〕

Owners of small-sized buildings often demand that tenants

pay a depreciation fee. This is deducted as a percentage from the deposit (usually 10% to 20%) when the contract ends, and the deposit minus the fee is then returned to the lessee. The term “depreciation” is used here, but there is no direct relationship between the fee and building depreciation.

Rent

賃料

Beginning of Rent

In general, two periods are included in a term of the lease. The one is for interior finish work before a tenant move in the leased premise, and the other one is for restoration work. And rent starts on the beginning date of the term of the lease. A tenant is required to complete a restoration work by the termination of the term of the lease.

Rental Payments Due

The common practice is to pay rent a month in advance, with the payment for the following month coming due at the end of the current month (between the 25th and the last day of the month).

Method of Payment

In general bank transfers or postal transfers have become the most common way to pay one’s rent.

Increases in Rent (Case of regular lease contract)

Three basic reasons for rent increases during the contract period or signing a new lease contract.

1. Taxes on the land or on the building itself have increased.
2. There has been a sharp increase in the general cost of living due to inflation, etc.
3. The rent is shown to be lower than rents for similar facilities in the same neighborhood.

Such increases can be implemented with the agreement of both parties.

Other Expenses

In addition to monthly rent and common area maintenance charges, the following expenses may be incurred. It will depend on the operating systems of the building and several reasons. Please check each time.

- ・Parking lot fees
- ・Gas charge
- ・Fees for the use of building signboards
- ・Cleaning charge
- ・Air-conditioning & heating
- ・Electric charge
- ・Water charge, etc.

Common Area Maintenance (CAM) Charge

共益費

In most cases, a fee is charged monthly in addition to the actual rent. This fee is calculated on the basis of the running costs of the building, such as Electric Charge, Water Charge, Gas Charge, Cleaning Charge, Air-conditioning & Heating Charge for the common space such as entrance

hall, elevator, toilet, etc. Generally the fee is between 3,000 yen and 7,000 yen per tsubo, Recently there have been cases of the common area maintenance (CAM) charges being included in the rent.

Lease Type and Terms

契約形態・契約期間

Lease terms in Japan generally fall into two categories.

One is a regular or standard lease that usually runs for 2-3 years but can be automatically renewed unless either party wishes to terminate the contract. Under this lease, tenants wanting to vacate before the end of the lease period can usually give written notice, typically six months in advance, and then vacate without incurring penalties.

A second type of lease being increasingly adopted by owners of Class A buildings is the fixed term lease. Such leases run for 2-5 years, and at the end of the lease period, tenants cannot renew. Tenants wishing to remain in the property must renegotiate a new contract with the owner. Also, tenants wishing to vacate ahead of the lease expiry date must pay a penalty equivalent to the number of months’ rent remaining in the contract.

Renewal Fee

更新料

Some landlords demand a renewal fee when lease contracts are renewed, and this fee is usually one month’s rent at the rate stipulated in the new lease contract.

Explanation of Important Lease Conditions

重要事項説明書

Based on Article 35 of the Land and House Lease Law, Sanko Estate will explain lease terms and conditions in writing (“Important Lease Conditions”) prior to signing of the Lease agreement.

Repair Fees

修繕費

The following types of repair fees are the most commonly encountered.

Obligations of the Property Owner

1. Repairs on the building itself
2. Repairs on office ceilings, walls, floors, and other structural members that are a part of the building itself
3. Repairs for the common areas of the building
4. Repairs for equipment and machinery

Obligations of the Tenant

1. Repainting or papering of ceilings, walls, floors, and other space inside the office
2. Replacing or repairing fixtures, blinds, glass, lighting, switches, or electrical outlets inside the office
3. Repair any partitions, fixtures, special-use equipment, or the like that the tenant has installed in the office. Check your contract carefully for any other obligations that may be faced by the tenant

Interior Finish Work

内装工事

A tenant is required to submit a plan of interior finish work in the leased premise to the building owner, and need to obtain the owner’s consent in advance to avoid having troubles related with the body of the building.

Prohibitions, etc.

禁止事項

In general, the lessee may not

1. Reassign the lease of the leased premises or sublet the leased premises in any form
2. Assign or offer the leased premises as security to third parties including any of the rights under the contract
3. Transfer any of the rights under the contract to any person other than the lessee through assignment of business, merger, or other such transactions

In addition, without the lessor’s consent, the lessee may not co-occupy the leased premises with another person/ party or use any name other than that of the lessee as the name of occupant. It may be permissible for the leased premises be co-occupied with the prior consent of the lessor if the other party is financially related to the lessee.

Restoring to Original Condition

原状回復

The lessee is under obligation to restore the leased premises to the original condition by the termination of the contract.

- The standard for offices usually entail
- ・ Replacement of carpet tile flooring
 - ・ Wallpaper renewal
 - ・ Painted walls
 - ・ Sound-absorbent plates on the ceiling and fluorescent lighting

At the termination of the contract, the lessee removes at his own expense the fixtures and equipment installed or added at his expense and the property owned by him prior to delivering the leased premises to the lessor. If the lessee fails to restore the leased premises to its original condition at the termination of the contract, the lessor may restore the leased premises and charge the expenses to the lessee. It must be done by contractors the owner designates or approves of, and the tenant bears all construction costs. The construction work must be completed within the contracted period.

Cancellation Notice of Contract (Case of regular lease contract)

解約予告

If the lessee desires to terminate the contract at any time during the term of the lease, it is stipulated that the lessee must present advance notice of cancellation to the lessor in the time designated by the lessor (usually within 6 months prior to the lessee’s expected day of the termination, with the need to restore to the original state). If the lessee wants to cancel the contact without prior notice, the lessee is obliged to pay a penalty for cancellation of contract equivalent to the 6 month’s rent, as stipulated in the article of advance notice. However, in principle, early cancellation of a fixed-term lease contract is not possible.

Commission

仲介手数料

In Japan, at the time of contracting for new space, it is the tenant and not the landlord who pays the introducer, the agent, a fee equal to one month’s rent. This practice gives the tenant important advantages by ensuring that the agent represents the tenant only while diligently maintaining the tenant’s position and acting in the tenant’s best interests in all negotiations.

Building Rules and Regulations

管理規則

Most buildings have their own “Administrative Regulations” concerning daily administration and management of the building such as opening and closing times (regular hours) of the building, regular air-conditioning and heating hours, use of the building beyond the regular hours, working hours of janitors, and stipulations concerning keys, etc. It is recommended that the regulations be confirmed with the lessor in advance, since each building has its own set of regulations.

Seismic Performance

耐震性能

Earthquake-resistant structure

〔耐震構造〕

Structure designed and built to withstand earthquakes, wind and other forces.

Seismic Engineering Approaches



Vibration-controlling structure

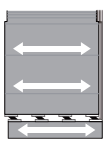
〔制振構造〕

Structure equipped with devices such as dampers to control and curb vibration energy.



Seismically-isolated structure

〔免震構造〕



Structure mitigates the effect of earthquakes with devices that reduce swaying, commonly rubber bearings and dampers placed between the building and its foundation that move flexibly horizontally.

Emergency Power Supply

非常時における電源供給

Office buildings equipped with emergency power generation systems

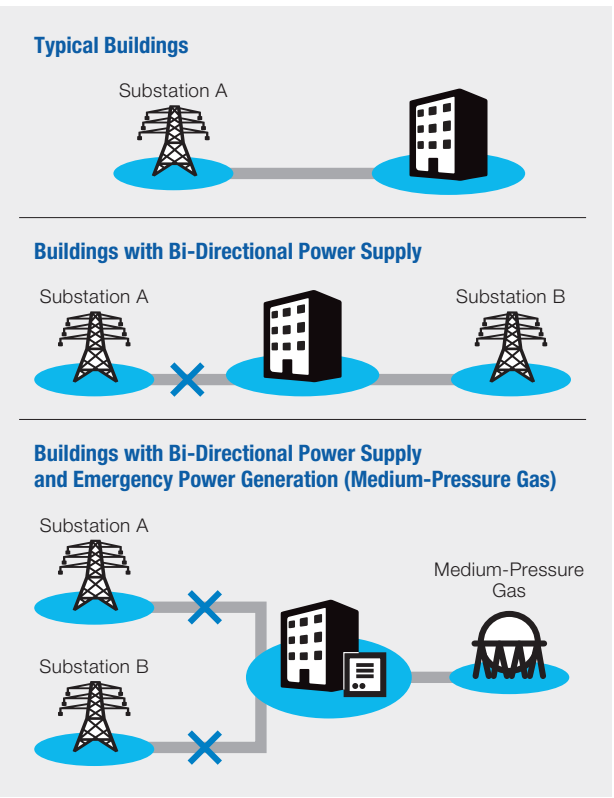
Typical office buildings have uni-directional power supply systems that receive power from a single transformer substation, so if the supply from a substation is cut off during an incident or disaster, it takes time to restore power to the building.

In contrast, office buildings with bi-directional power supply systems receiving power from another transformer substation on a separate network can continue to provide power to the building’s exclusive areas even if the supply from one substation is cut off.

Recently an increasing number of high-spec buildings are

making this bi-directional power supply system even more safe and BCP*-ready by adding emergency power generation systems powered by medium-pressure gas and oil tanks installed in the buildings.

*BCP: Business Continuity Planning



Serviced Offices**

サービスオフィス

“Serviced offices” typically refers to rental spaces that come equipped with the desks, chairs, and other furniture required in offices, along with internet access, conference rooms, and so forth. Many serviced offices also provide reception and secretarial services at the request of tenants.

The advantage of serviced offices may be summed up as the ease with which tenants can move in and move out. More specifically, the advantages include the following:

1. Moving in is possible with lower initial costs than a standard rental office.
 - Small deposit
 - Office infrastructure such as communications-related services and utilities are already set up
 - Interior construction work is not required
2. Short interval between when the decision to move in is made and actual move in.
3. In the case of companies entering the Japanese market for the first time, it is often possible to use the serviced office’s address for company registration.
4. Depending on the vacancy conditions at the time, it may be possible to adjust the lease duration and leased floor area to suit the tenant’s needs.

In recent times, serviced offices have become available at a wide range of building types, from high-rises to medium/small-scale buildings, increasing the choices available to companies.

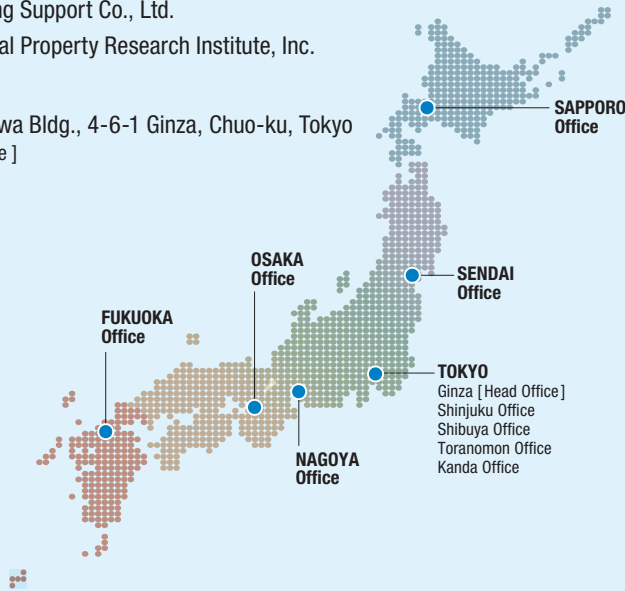
**Including co-working offices, shared offices, flexible offices, etc.

COMPANY OUTLINE

Sanko Estate Co., Ltd.

Established	May 17, 1977
President	Shigeo Takei
Capital	¥100,000,000
Employees	248 (417 for entire group)
Company Services	· Office consulting services · Office leasing services · Project management services
License	· Real estate agent: License authorized by Minister of Land, Infrastructure, Transport, and Tourism (10) No. 3105 · First-class Architect Office Registration: Governor of Tokyo No. 61819 · Special construction business: License authorized by Governor of Tokyo (Toku-3) No. 154415
Professional Affiliations	· Tokyo Real Estate Brokers Association · National Real Estate Guarantee Association · Japan Facility Management Association · The Tokyo Chamber of Commerce in Japan · Japan Association of New Economy · The American Chamber of Commerce in Japan · The British Chamber of Commerce in Japan · The Swedish Chamber of Commerce and Industry in Japan
Group Companies	Sanko Office Management Co., Ltd. MS Building Support Co., Ltd. Commercial Property Research Institute, Inc.

Office Location Ginza Sanwa Bldg., 4-6-1 Ginza, Chuo-ku, Tokyo
[Head Office]



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