

2021 VOL. 33

# **DAIWA REAL ESTATE MARKET REPORT**

English

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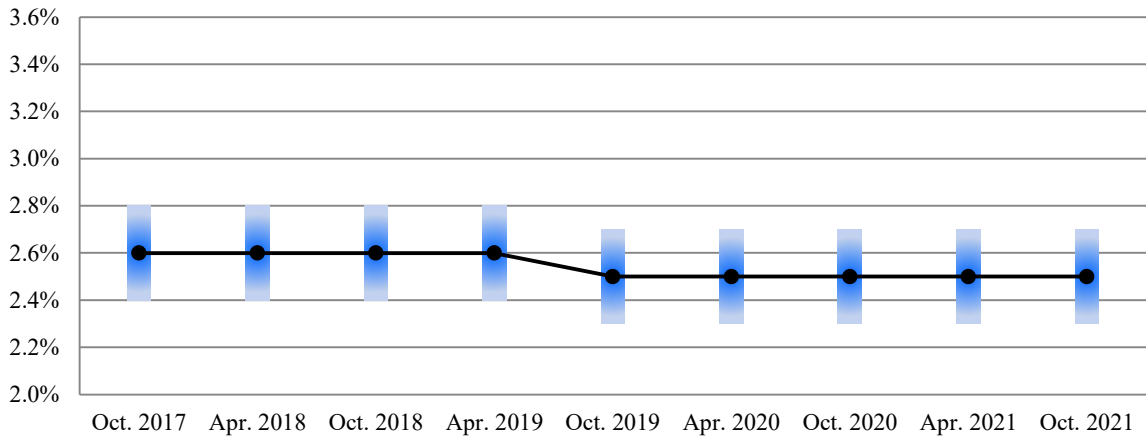
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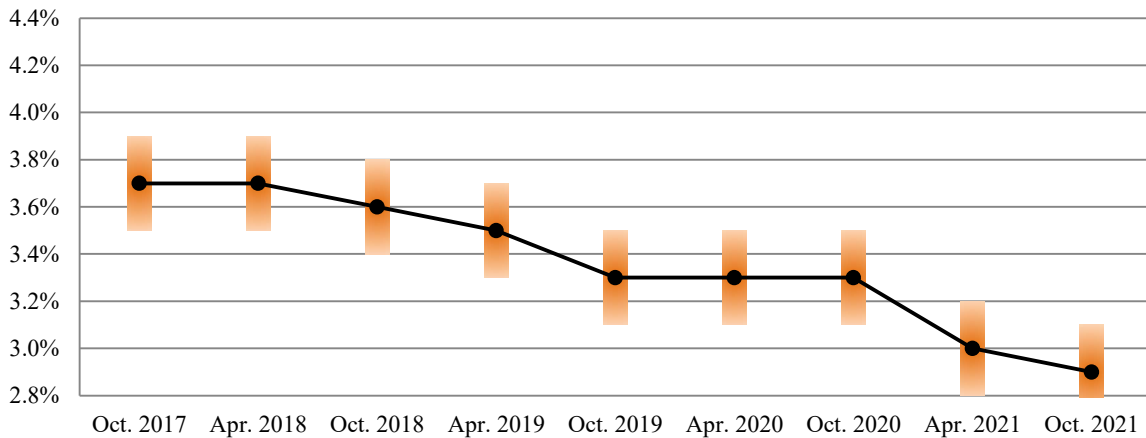
● Daiwa's Cap Rate Trend by Property Segment

■ Office Cap Rate Trend



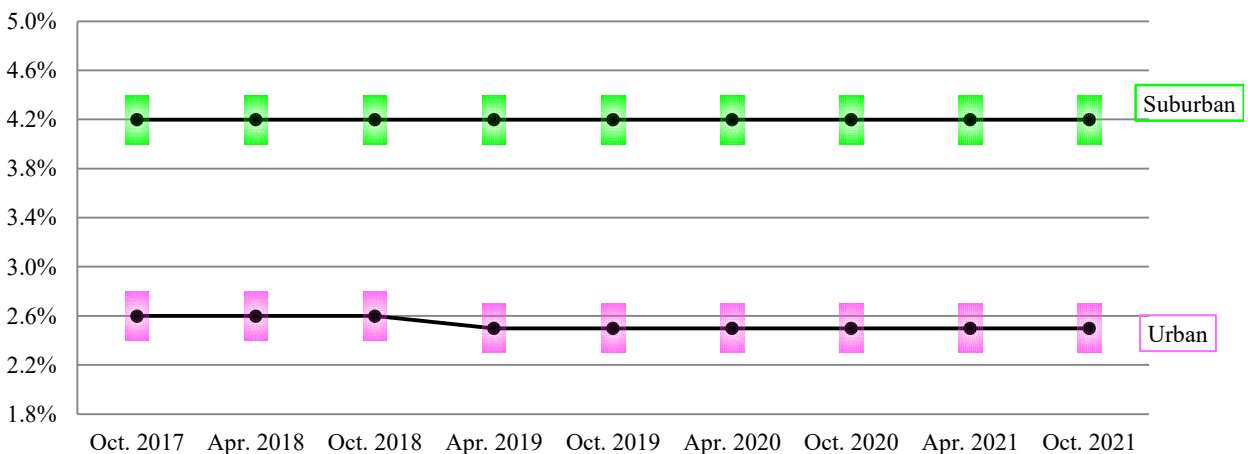
\* The trend of Cap Rate for Grade-A offices in Marunouchi, Otemachi, and Yurakucho areas

■ Residential Cap Rate Trend



\* The trend of Cap Rate for high-spec and middle-size to large-size apartments in the prestige residential areas in Minato-ku, Shibuya-ku, and Chiyoda-ku

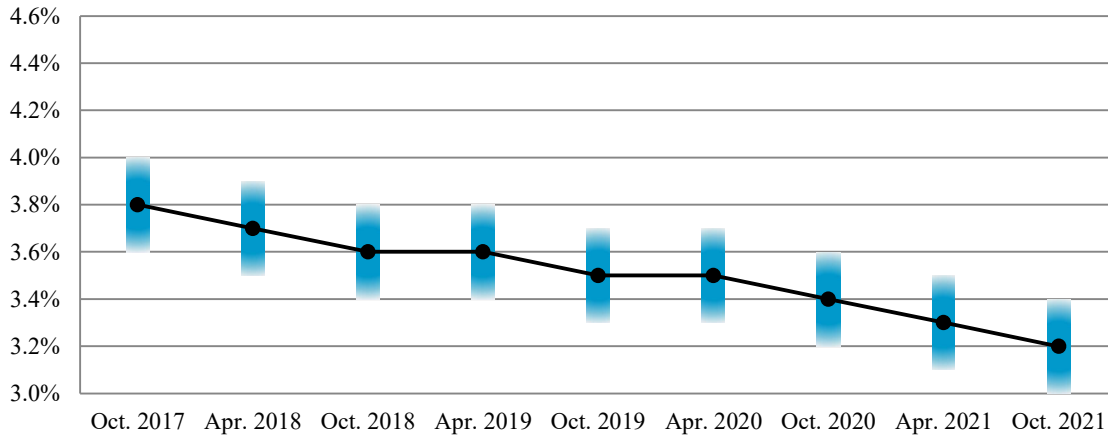
■ Retail (Urban and Suburban areas) Cap Rate Trend



\* Urban: the trend of Cap Rate for retail buildings on main streets in the Ginza area

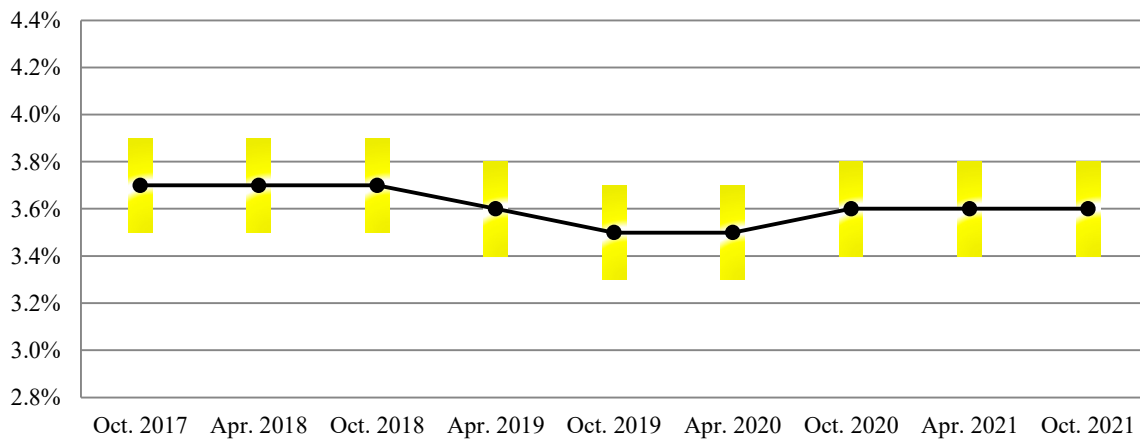
\* Suburban: the trend of Cap Rate for large-size shopping centers with gross building area of 30,000 m<sup>2</sup> and over in Tokyo

### Logistics Cap Rate Trend



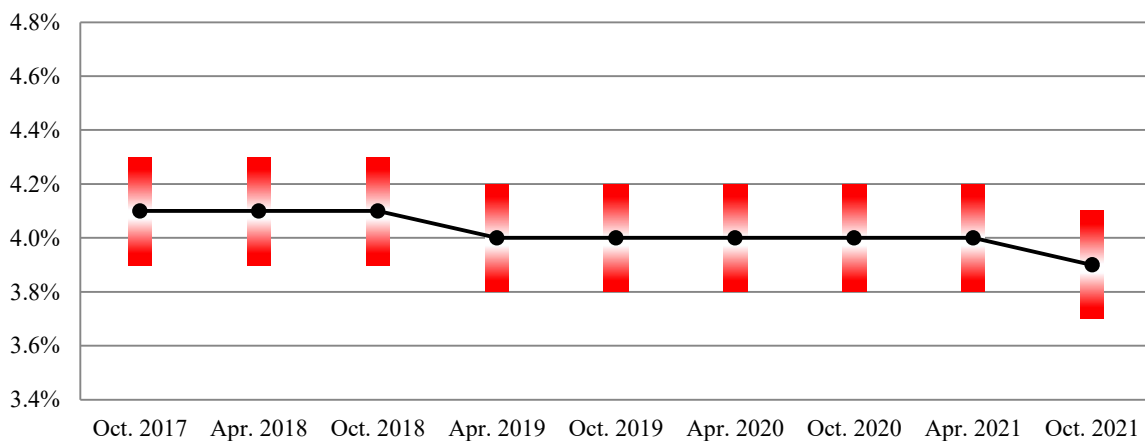
\* The trend of Cap Rate for logistics with gross building area of 15,000 m<sup>2</sup> and over in the waterfront area in Greater Tokyo

### Hotel Cap Rate Trend



\* The trend of Cap Rate for business hotels in Ginza and Shimbashi area

### Healthcare Cap Rate Trend



\* The trend of Cap Rate for private nursing homes in 23 wards of Tokyo

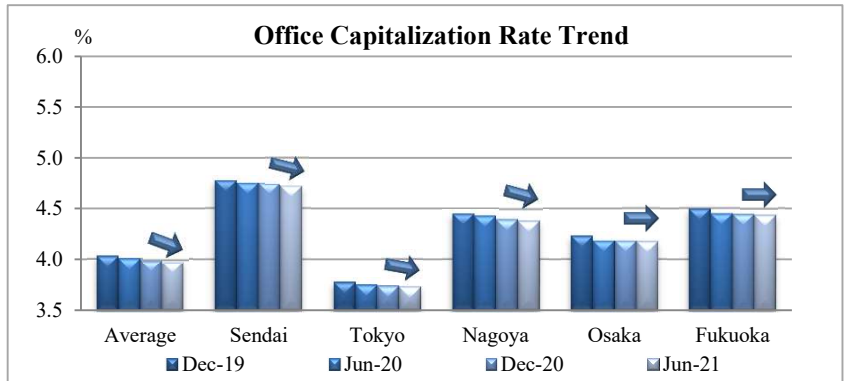
Capitalization Rate *Office*

**Some Slight Declines in Many Areas**

In June 2021, there was a 0.01 point decline in the national average capitalization rate compared to the previous six-month period. The rates in some areas leveled off, and slightly decreased in some others. By areas, the rate leveled off in Osaka and Fukuoka, and it decreased by 0.03 points in Sendai, a 0.01 point in Tokyo, and a 0.01 point in Nagoya. The rates of lowering areas remained within a limited fluctuation.

	Dec-19	Jun-20	Dec-20	Jun-21
Average	4.03	4.01	3.99	3.98
Sendai	4.78	4.75	4.75	4.72
Tokyo	3.78	3.75	3.74	3.73
Nagoya	4.45	4.43	4.39	4.38
Osaka	4.23	4.18	4.18	4.18
Fukuoka	4.50	4.45	4.44	4.44

Unit: %



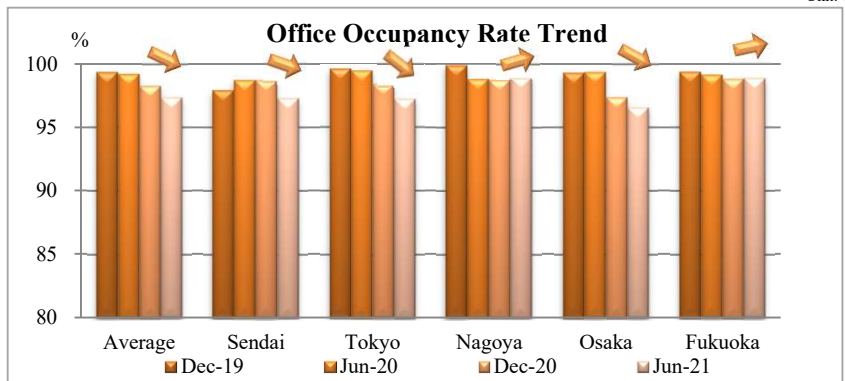
Occupancy Rate *Office*

**Many Declined in Occupancy Rate**

In June 2021, there was a 0.9 points decline in the national average occupancy rate compared to the previous six-month period. By areas, the rate decreased by 1.41 points in Sendai, 1.16 points in Tokyo, 0.79 points in Osaka, while it increased by 0.21 points in Nagoya and 0.06 points in Fukuoka. Although there were some declines in many areas, the occupancy rate remains high nationwide.

	Dec-19	Jun-20	Dec-20	Jun-21
Average	99.32	99.18	98.24	97.34
Sendai	97.91	98.70	98.69	97.28
Tokyo	99.56	99.41	98.36	97.20
Nagoya	99.88	98.80	98.74	98.95
Osaka	99.26	99.33	97.34	96.55
Fukuoka	99.34	99.12	98.79	98.85

Unit: %



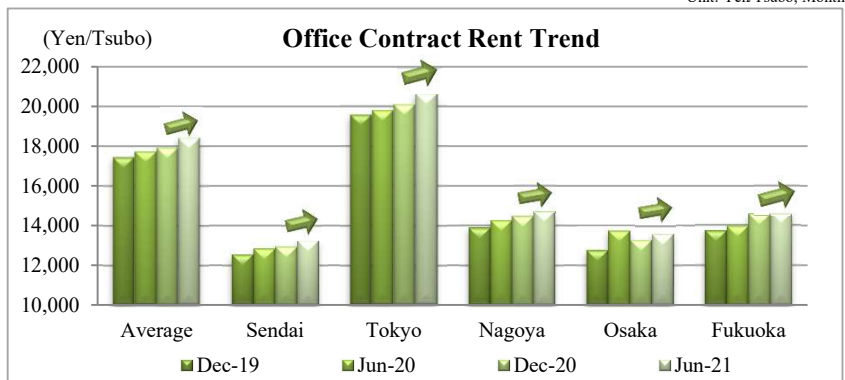
Contract Rent *Office*

**Some Increases in All Areas**

In June 2021 the contract rent increased by 504 yen/tsubo for the national average compared to the previous six-month period. It showed an increase in all areas, mainly in Tokyo. By areas, it increased by 318 yen/tsubo in Sendai, 542 yen/tsubo in Tokyo, 254 yen/tsubo in Nagoya, 301 yen/tsubo in Osaka and 87 yen/tsubo in Fukuoka. In addition to an increase of contract rent in many areas in comparison with the previous period, the rising rate has been growing consistently.

	Dec-19	Jun-20	Dec-20	Jun-21
Average	17,437	17,725	17,923	18,427
Sendai	12,556	12,850	12,938	13,256
Tokyo	19,573	19,803	20,094	20,636
Nagoya	13,899	14,258	14,477	14,731
Osaka	12,770	13,738	13,262	13,563
Fukuoka	13,728	13,953	14,557	14,644

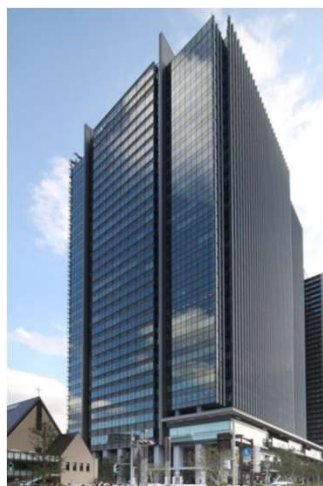
Unit: Yen/Tsubo, Monthly



## Number of Acquisitions Decreased Compared to the Previous Period

- Acquisition: 20 properties in Tokyo, 3 properties in Fukuoka, 1 property in Ibaraki, 1 property in Saitama, 1 property in Chiba, 1 property in Kanagawa, 1 property in Shizuoka, and 1 property in Mie out of all 29 properties.

### Acquisition① IIDABASHI GRAND BLOOM (Left)



Source: "Nippon Building Fund Inc. " HP

Location: 10-2, Fujimi 2-chome, Chiyoda-ku, Tokyo  
 Nearest Station: A 1-minute walk from "Iidabashi" Station  
 (JR Chuo Line and Sobu Line)  
 A 2-minute walk from "Iidabashi" Station  
 (Tokyo Metro and Toei Subway Line)

Floor Area: 122,280.29 m<sup>2</sup>  
 Construction: Apr. 2014

### Acquisition② Hitachi Kyusyu Building (Right)

Location: 1-1, Momochihama 2-chome,  
 Sawara-ku, Fukuoka-shi, Fukuoka  
 Nearest Station: A 17-minute walk from "Nishijin" Station  
 (Fukuoka City Subway)

Floor Area: 26,518.63 m<sup>2</sup>  
 Construction: Feb. 1996



Source: "SANKEI REAL ESTATE Inc. " HP

## [Acquisition] 13 properties out of all 29 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
MTR	Kamiyacho Trust Tower	Minato-ku, Tokyo	Mar. 2020	Jul. 2021	13,980	12,001	2.6%
TKR	Mid Building Yokkaichi	Yokkaichi-shi, Mie	Feb. 1991	Jun. 2021	1,620	1,394	5.3%
TKR	AOI TOWER	Aoi-ku, Shizuoka-shi, Shizuoka	Mar. 2010	Jun. 2021	2,300	2,660	4.8%
NRT	REID-C Iidabashi Building	Chiyoda-ku, Tokyo	Apr. 1988	Aug. 2021	1,195	4,968	3.7%
HFR	OSAKI CN BUILDING	Shinagawa-ku, Tokyo	Oct. 1992	Jun. 2021	5,160	5,268	3.7%
SAR	Urban Center Hakata	Hakata-ku, Fukuoka-shi, Fukuoka	Aug. 2020	Aug. 2021	2,870	3,595	4.1%
JEI	Bizcore Jimbocho	Chiyoda-ku, Tokyo	Nov. 2017	Jun. 2021	10,200	6,408	3.4%
NRT	REID-C Gotenyama Building	Shinagawa-ku, Tokyo	Jan. 1989	Aug. 2021	1,040	3,165	3.9%
JMF	JMF-Bldg. Ichigaya 01	Chiyoda-ku, Tokyo	Oct. 2004	Apr. 2021	20,935	6,672	3.1%
SAR	OHA Building	Tachikawa-shi, Tokyo	May 1990	Aug. 2021	1,804	1,782	4.5%
MHR	Toranomon Hills Mori Tower (4th additional acquisition)	Minato-ku, Tokyo	May 2014	Aug. 2021	7,870	9,686	2.6%
NBF	IIDABASHI GRAND BLOOM	Chiyoda-ku, Tokyo	Apr. 2014	Sep. 2021	77,600	8,251	2.8%
SRE	Hitachi Kyusyu Building	Sawara-ku, Fukuoka-shi, Fukuoka	Feb. 1996	Sep. 2021	10,000	1,247	4.3%

\*NRV:Net Rentable Value

## [Disposal] 3 properties out of all 11 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Estimated CR (%)
UUR	Quartz Tower	Shibuya-ku, Tokyo	Aug. 2015	Jun. 2021	5,800	6,521	3.3%
MTR	Tokyo Shiodame Building (partial sale)	Minato-ku, Tokyo	Jan. 2005	Jul. 2021	13,980	3,869	3.3%
NBF	Nakanosakaue Sunbright Twin	Nakano-ku, Tokyo	Sep. 1996	Sep. 2021	40,000	4,065	3.7%

## Capitalization Rate Residential

### Still on a Downward Trend in All Areas

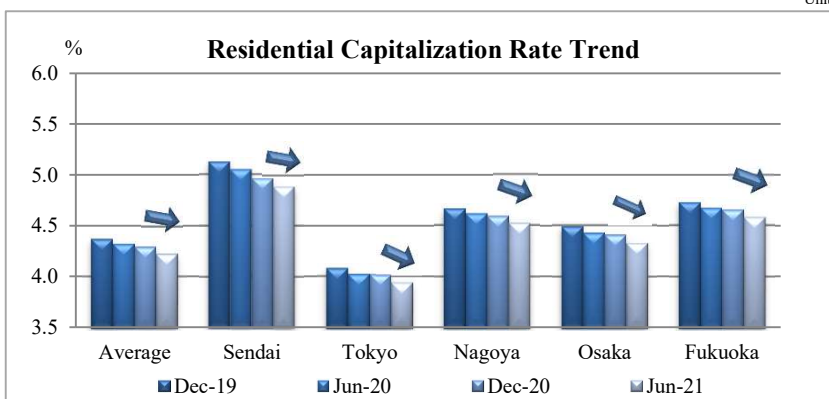
In descending order from the previous six months, the capitalization rate in June 2021 decreased by 0.08 points in Sendai, Tokyo and Osaka, 0.07 points in Nagoya and Fukuoka. The national average was 4.22%, a decrease of 0.07 points.

The decline was bigger than in the previous six months.

Despite continued raging of the COVID-19, cash flow is more stable than other assets. Therefore, residential demand remains strong and capitalization rate is trending downwards.

	Dec-19	Jun-20	Dec-20	Jun-21
Average	4.36	4.32	4.29	4.22
Sendai	5.12	5.05	4.96	4.88
Tokyo	4.08	4.02	4.02	3.94
Nagoya	4.66	4.62	4.59	4.52
Osaka	4.49	4.43	4.41	4.33
Fukuoka	4.72	4.67	4.65	4.58

Unit: %



## Occupancy Rate Residential

### Signs of Recovery Except for Tokyo

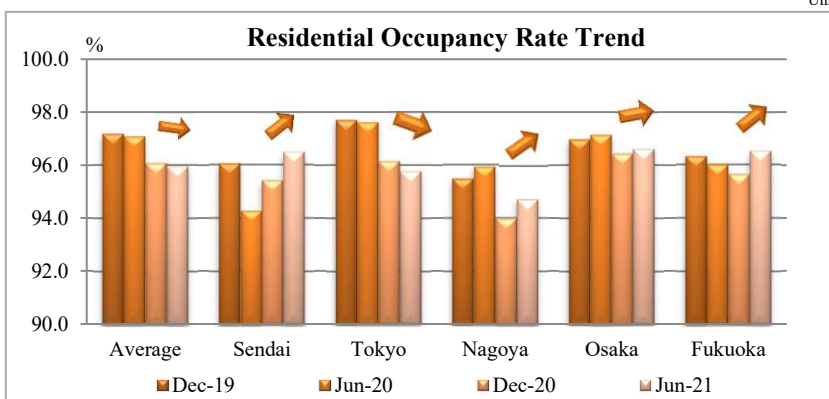
The national average of the occupancy rate in June 2021 was 95.94%, a decrease of 0.12 points.

By area, it recovered by 1.06 points in Sendai, by 0.87 points in Fukuoka, by 0.70 points in Nagoya, by 0.18 points in Osaka, while it decreased by 0.40 points in Tokyo, compared with the previous period. There were some signs of recovery compared with the previous period, except in Tokyo, which had a decreasing occupancy rate.

The occupancy rate in Tokyo continue to decline because of the spread of COVID-19. On the other hand, the effect on the occupancy rate in suburban areas was comparatively minor.

	Dec-19	Jun-20	Dec-20	Jun-21
Average	97.16	97.07	96.06	95.94
Sendai	96.03	94.29	95.41	96.47
Tokyo	97.67	97.60	96.15	95.75
Nagoya	95.46	95.92	93.99	94.69
Osaka	96.95	97.12	96.42	96.60
Fukuoka	96.30	95.99	95.64	96.51

Unit: %



## Contract Rent Residential

### Contract Rent Remains Almost Stable

The contract rent in June 2021 remained the same in Nagoya and Fukuoka, increased by 100 yen/tsubo in Sendai while it decreased by 100 yen/tsubo in Tokyo and Osaka compared with the previous period.

In consideration of a strong operating rate compared to the previous period, the leasing market appears to be on an overall upward trend.

	Dec-19	Jun-20	Dec-20	Jun-21
Average	11,500	11,600	11,800	11,800
Sendai	6,300	6,300	6,900	7,000
Tokyo	13,000	13,100	13,300	13,200
Nagoya	7,800	7,800	7,700	7,700
Osaka	9,100	9,000	9,100	9,000
Fukuoka	6,800	6,800	6,800	6,800

Unit: Yen/Tsubo, Monthly





J-REIT's Major Transactions (May 2021- Aug. 2021) Residential

**J-REITs: 53 Acquisitions and 6 Disposals in This Period**

- Acquisition: 17 properties in Tokyo, 9 properties in Aichi, 4 properties in Osaka, 3 properties in Chiba, 3 properties in Kanagawa, 3 properties in Fukuoka, 3 properties in Hokkaido, 2 properties in Mie, 2 properties in Shizuoka, 1 property in Saitama, 1 property in Miyagi, 1 property in Niigata, 1 property in Gunma, 1 property in Kyoto, 1 property in Kagoshima, and 1 property in Kumamoto out of all 53 properties
- Disposal: 2 properties in Tokyo, 1 property in Chiba, 1 property in Kanagawa, 1 property in Shizuoka, and 1 property in Aichi out of all 6 properties



Source: "Nippon Accommodations Fund" HP

**Acquisition① Park Axis Kiba Canal West (Left)**

Location: 4-35, Shiohama 2-chome, Koto-ku, Tokyo  
 Nearest Station: A 11-minute walk from "Kiba" Station  
 (Tokyo Metro Tozai Line)  
 Floor Area: 5,483.12 m<sup>2</sup>  
 Construction Date: Oct. 2018  
 Rentable Room: 146 (residence), 1 (retail)

**Acquisition② Enble Aile Kusanagi-ekimae (Right)**

Location: 1-29, Nokanogo 3-chome, Shimizu-ku,  
 Shizuoka-shi, Shizuoka  
 Nearest Station: A 1-minute walk from "Kusanagi" Station  
 (JR Tokaido Line)  
 Floor Area: 6,486.26 m<sup>2</sup>  
 Construction Date: Feb. 2021  
 Rentable Room: 200



Source: "Tokaido REIT, Inc." HP

**[Acquisition] 10 properties out of all 53 properties**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
KDR	KDX Residence Kamata-minami II	Ota-ku, Tokyo	Apr. 2021	May 2021	780	3,021	3.8%
NRT	Imperial Otori	Nishi-ku, Sakai-shi, Osaka	Oct. 2007	Aug. 2021	845	1,196	4.3%
SRR	S-FORT Atsuta Hanacho	Atsuta-ku, Nagoya-shi, Aichi	Sep. 2017	May 2021	836	1,832	4.3%
SRR	S-FORT Horitatori	Mizuho-ku, Nagoya-shi, Aichi	Apr. 2019	May 2021	487	1,566	4.7%
SRR	S-FORT Kasugai	Kasugai-shi, Aichi	May 1989	May 2021	464	669	4.7%
SRR	S-RESIDENCE Meiekiminami	Nakamura-ku, Nagoya-shi, Aichi	Jan. 2021	Aug. 2021	665	2,060	4.1%
DLI	Gran Cas Itabashi EAST	Kita-ku, Tokyo	Jan. 2021	Jun. 2021	955	3,499	3.7%
NRT	Zeku Benten	Minato-ku, Osaka-shi, Osaka	Apr. 2006	Aug. 2021	506	1,575	4.3%
TKR	Enble Aile Kusanagi-ekimae	Shimizu-ku, Shizuoka-shi, Shizuoka	Feb. 2021	Jun. 2021	2,000	1,126	5.2%
NAF	Park Axis Kiba Canal West	Koto-ku, Tokyo	Oct. 2018	Jun. 2021	4,660	3,798	3.7%

**[Disposal] All 6 properties**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Initial Acquisition Cost (Million yen)
NUR	Bureau Kioicho	Chiyoda-ku, Tokyo	Nov. 2002	May 2021	2,850	2,906	1,840
SRR	S-Fort Aoi 1-Chome	Higashi-ku, Nagoya-shi, Aichi	Feb. 2009	May 2021	1,150	1,740	1,080
SRR	S-FORT Sagamihara	Chuo-ku, Sagamihara-shi, Kanagawa	Jan. 2007	May 2021	627	1,730	585
SRR	S-FORT Shizuoka Hondori	Aoi-ku, Shizuoka-shi, Shizuoka	Jul. 2006	May 2021	310	1,124	297
SPI	Proceed Motoyawata	Ichikawa-shi, Chiba	Jan. 2004	Jul. 2021	336	1,844	307
TLR	Alpha Space Toritsudai	Meguro-ku, Tokyo	Apr. 1990	Jul. 2021	652	2,267	589

Capitalization Rate (Urban) *Retail*

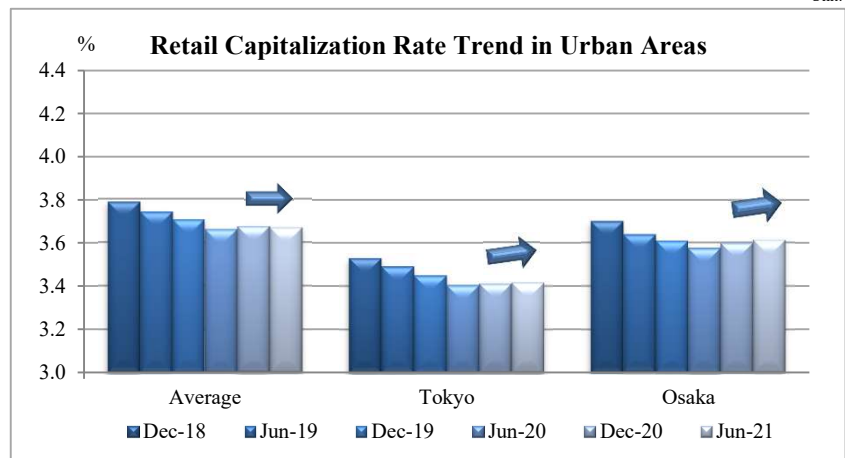
**Remained Stable in All Areas**

The capitalization rate for commercial buildings in urban areas remains stable in national average, as seen in the graph on the right.

As requested by the government commercial buildings shortened their business hours, therefore it was difficult for many restaurants to sustain sales. Thus, many decided to suspend their operations. In addition, it has been difficult to find new tenants because of the COVID-19 pandemic. The reason above, evaluation in the investment climate remain uncertain. As for the future, it will be necessary to pay close attention to the areas where sales were supported by customers from overseas, taking account of the impact of COVID-19.

	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Average	3.79	3.74	3.70	3.66	3.67	3.67
Tokyo	3.53	3.49	3.45	3.40	3.41	3.42
Osaka	3.70	3.64	3.61	3.58	3.60	3.61

Unit: %



Capitalization Rate (Suburb) *Retail*

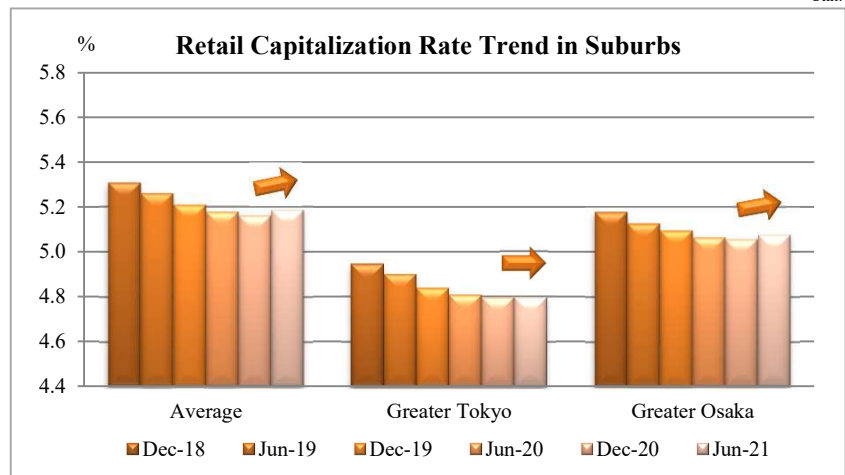
**Increased Slightly in All Areas**

The capitalization rate for commercial buildings in suburban areas generally remains stable in all areas such as national average, Greater Tokyo and Greater Osaka as seen in the graph on the right.

The amount of change in the rate showed a tendency to be insignificant in all areas. Through the COVID-19 pandemic, suburban supermarket sales increased, on the other hand specialty shop sales in shopping center dropped. To have an effect on sales varied from shop to shop. Recently, in trade markets, the neighborhood-type SC has been evaluated favorably to the large mall-type SC, while in suburban areas preferences have been divided.

	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Average	5.31	5.26	5.21	5.18	5.16	5.19
Greater Tokyo	4.94	4.90	4.84	4.81	4.80	4.80
Greater Osaka	5.18	5.13	5.09	5.06	5.05	5.08

Unit: %



Contract Rent *Retail*

**Uncertainty in Future Trend**

Contract rent in the nationwide average and in urban areas lowered while that in suburban areas remained stable in this term. With regard to the future trends, downward pressure on the rents is expected as it is difficult for especially urban restaurant to maintain sales because of the forced temporary closures, and changes in consumer behavior due to the COVID-19 outbreak. To increase vacancy rates is also one cause of the downward pressure on the rent.

In suburban areas, there is a mix of industries with good and bad performance. It appears that the average rents are softening.

	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Average	12,621	13,293	13,419	12,479	12,161	11,888
Urban	26,809	28,298	27,911	27,206	26,400	25,242
Suburb	6,946	7,168	7,096	6,795	6,611	6,682

Unit : yen/Tsubo, Monthly



## Number of Acquisitions Increased Compared to Previous Period

- Acquisition by area: 1 in Hokkaido area, 13 in Kanto area, 3 in Chubu area, 12 in Kinki area, 3 in Chugoku area, and 2 in Kyushu area.



Source: "Kenedix Retail REIT Corporation" HP

### Acquisition① Kitera Town Chofu (Left)

Location: 33-3, Kikunodai 1-chome, Chofu-shi, Tokyo  
 Nearest Station: "Shibasaki" Station (Keio Line)  
 Floor Area: 23,588.18 m<sup>2</sup>  
 Construction Date: Apr. 2017  
 Main Use: Retailer, restaurant, service



Source: "Frontier Real Estate Investment Corporation" HP

### Acquisition② Ginza 5-chome GLOBE (Right)

Location: 6-10, Ginza 5-chome, Chuo-ku, Tokyo  
 Nearest Station: "Ginza" Station (Tokyo Metro Ginza Line, Marunouchi Line, and Hibiya Line)  
 Floor Area: 627.09 m<sup>2</sup>  
 Construction Date: Feb. 2020  
 Main Use: Retailer, restaurant

## [Acquisition] 10 properties out of all 34 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/tsubo)	CR (%)
TLR	DCM Daiki Onomichi (Land)	Onomichi-shi, Hiroshima	Sep. 2000	Apr. 2021	1,170	486	5.3%
KRR	Kitera Town Chofu	Chofu-shi, Tokyo	Apr. 2017	Apr. 2021	10,500	3,254	4.8%
JMF	G-Bldg. Shinsaibashi 05	Chuo-ku, Osaka-shi, Osaka	Oct. 2017	Apr. 2021	9,000	29,773	3.2%
UUR	LEVEN Otakanomori	Nagareyama-shi, Chiba	Jul. 2017	Jun. 2021	3,800	2,154	4.2%
TLR	Cainz Omiya	Nishi-ku, Saitama-shi, Saitama	Dec. 1998	Jul. 2021	2,520	742	4.4%
FRI	Takeshita-dori Square	Shibuya-ku, Tokyo	Jan. 2015	Jul. 2021	6,190	14,062	3.5%
FRI	Ginza 5-chome GLOBE	Chuo-ku, Tokyo	Feb. 2020	Jul. 2021	5620	33,204	2.8%
EJR	GEO Hikone Takamiya (Land)	Hikone-shi, Shiga	Oct. 2000	Aug. 2021	300	443	-
TLR	APiTA NAGOYA-MINAMI	Minami-ku, Nagoya-shi, Aichi	Jul. 1996	Sep. 2021	7,800	630	4.6%
API	Q plaza Shinjuku-3chome	Shinjuku-ku, Tokyo	Sep. 1992	Sep. 2021	18,400	13,433	3.5%

## [Disposal] All 7 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/tsubo)	Initial Acquisition Cost (Million yen)
KRR	Unicus Ina (20% of quasi co-ownership interest)	Kitaadachi-gun, Saitama	Mar. 2006	Apr. 2021	1,048	—	—
UUR	Quartz Tower	Shibuya-ku, Tokyo	Aug. 2015	Jun. 2021	5,800	6,521	5,700
FRC	Canal City Hakata・B Grand Building	Hakata-ku, Fukuoka-shi, Fukuoka	Apr. 1996	Jun. 2021	7,700	—	—
INV	Lexington Plaza Hachiman	Aoba-ku, Sendai-shi, Miyagi	-	Jul. 2021	3,660	1,437	—
KRR	Hankyu Oasis Hirakatadeguchi	Hirakata-shi, Osaka	Aug. 2006	Aug. 2021	1,500	1,675	1,280
JMF	Ito-Yokado Yotsukaideo	Yotsukaideo-shi, Chiba	Jan. 2005	Aug. 2021	10,350	573	13,744
TRE	Daikanyama Forum	Shibuya-ku, Tokyo	Feb. 1993	Aug. 2021	4,250	5,794	4,136

## Capitalization Rate *Logistics*

### Still on a Downward Trend, Nationwide

The capitalization rate was on a downward trend nationwide.

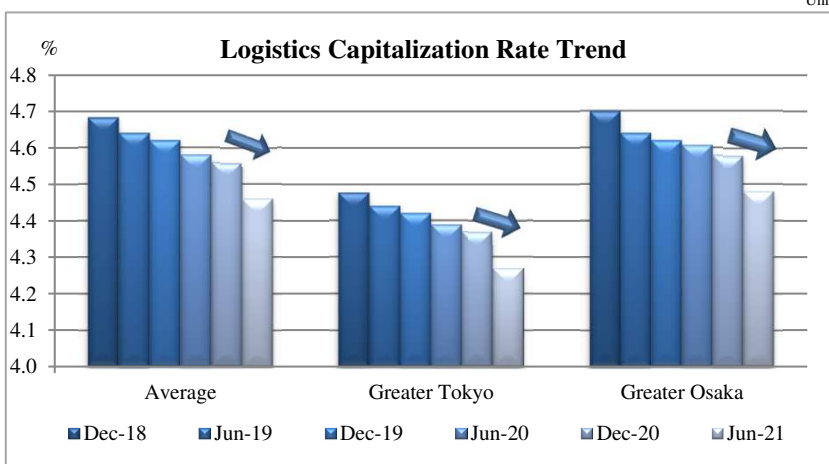
The national average capitalization rate in June 2021 was 4.46%, 4.27% in Greater Tokyo and 4.48% in Greater Osaka.

In all areas, the rate of depreciation in June 2021 slightly increased compared with the previous period.

During the COVID-19 outbreak, there has been a declining trend in the national average, as well as in the capitalization rates for Greater Tokyo and Greater Osaka, but we must continue pay close attention to situation.

	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Average	4.68	4.64	4.62	4.58	4.56	4.46
Greater Tokyo	4.48	4.44	4.42	4.39	4.37	4.27
Greater Osaka	4.70	4.64	4.62	4.61	4.58	4.48

Unit: %



## Book Value at Fiscal Year End *Logistics*

### Still on an Upward Trend Nationwide

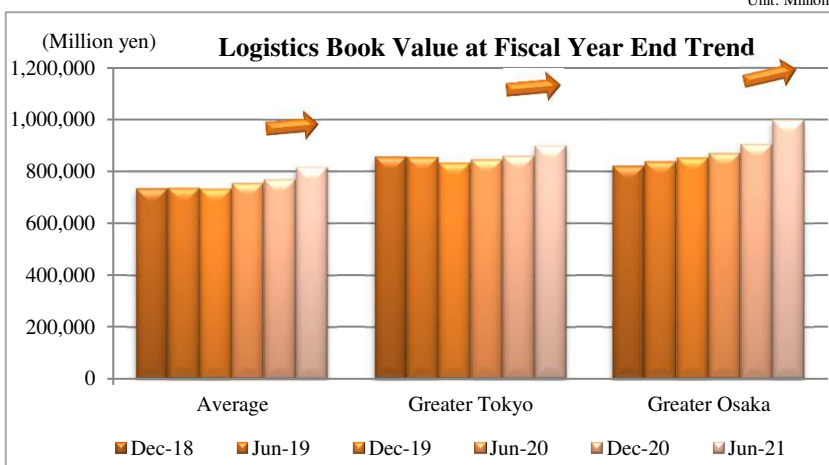
This table indicates trends in the book value at the end of the fiscal year for logistics facilities.

Some increases were shown in the book value of logistics facilities resulting from the growing demand for online shopping, driven by the increasing "Stay-at-home consumption" as well as the expansion of e-commerce markets.

During the period ending in June 2021, the book value at year-end was higher in all areas and the rate of increase was higher than the previous term. In particular, the increase in Greater Osaka was pronounced.

	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Average	734,340	736,126	732,678	754,830	768,378	815,037
Greater Tokyo	856,727	854,334	832,257	845,126	858,636	898,429
Greater Osaka	821,828	838,437	853,097	871,596	906,149	998,893

Unit: Million yen



## Construction Trend *Logistics*

### Both of Floor Area and the Number of New Construction Increased

According to "Building Starts Statistical Survey" (Jan. 2020 - Dec. 2020), issued by the Ministry of Land, Infrastructure, Transport and Tourism, the number of new construction in 2020 was 14,044, and floor area was 11,348 thousand square meters. Both of them increased compared with last year.

Developers are still optimistic for their developments due to the high demand for logistics facilities.



### Building construction starts

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total floor area (thousand m <sup>2</sup> )	5,958	6,591	7,709	7,955	8,693	8,943	9,555	8,956	11,348
Number of buildings	12,471	12,667	12,775	12,925	13,856	14,416	13,732	13,832	14,044

Source: Ministry of Land, Infrastructure, Transport and Tourism "Building starts statistical survey"

**Acquisition: 8 Properties**

5 properties in Kanto area, 2 properties in Kansai area, 1 property in other area (1 in Mie)



Source: "GLP Japan Inc."HP

**Acquisition① GLP Zama (Left)**

Location: 10-10, Hironodai 2-chome, Zama-shi, Kanagawa  
Nearest I.C.: "YokohamaMachida" I.C.

Structure/ Floor: RC/5F

Floor Area: 124,392.68 m<sup>2</sup>

Construction Date: Jun. 2015

Transaction Date: Jul. 15, 2021

Sales Price: 29,653 million yen

NRV: 1,242 thousand yen/tsubo

CR: 3.8 %

**Acquisition② IIF Shonan Health Innovation Park (Right)**

Location: 26-1, Muraokahigashi 2-chome,  
Fujisawa-shi, Kanagawa

Nearest I.C.: "Fujisawa" I.C.

Structure/ Floor: S/9F (Main building)

Floor Area: 298,435.64 m<sup>2</sup>

Construction Date: Feb. 2011

Transaction Date: Aug. 2, 2021

Sales Price: 15,400 million yen  
(40% of quasi co-ownership interest)

NRV: 1,165 thousand yen/tsubo

CR: 4.8%



Source: "Industrial & Infrastructure Fund Investment Corporation"HP

**[Acquisition] All 8 properties**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (thousand yen/tsubo)	CR (%)
TKR	Inabe Logistics Center	Inabe-shi, Mie	Sep. 1995	Jun. 2021	6,230	212	5.5%
UUR	Kobe Seishin Logistics Center	Suma-ku, Kobe-shi, Hyogo	Dec. 1995	Aug. 2021	1,923	700	4.6%
UUR	Kazo Logistics Center I・II	Kazo-shi, Saitama	Jan. 1997	Jun. 2021	3,259	851	4.3%
GLP	GLP Zama	Zama-shi, Kanagawa	Jun. 2015	Jul. 2021	29,653	1,242	3.8%
GLP	GLP Niiza	Niiza-shi, Saitama	Mar. 2019	Jul. 2021	7,191	946	3.9%
GLP	GLP Sayama Hidaka I	Hidaka-shi, Saitama	Dec. 2015	Jul. 2021	10,300	969	4.1%
GLP	GLP Rokko IV	Higashinada-ku, Kobe-shi, Hyogo	Jan. 1995	Jul. 2021	2,175	736	4.1%
IIF	IIF Shonan Health Innovation Park (2nd additional acquisition)	Fujisawa-shi, Kanagawa	Feb. 2011	Aug. 2021	15,400	1,165	4.8%

**[Disposal] All 1 property**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Initial Acquisition Cost (Million yen)
GLP	GLP Okegawa	Okegawa-shi, Saitama	Jul. 1993	May 2021	3,580	604	1,284

Capitalization Rate *Hotel*

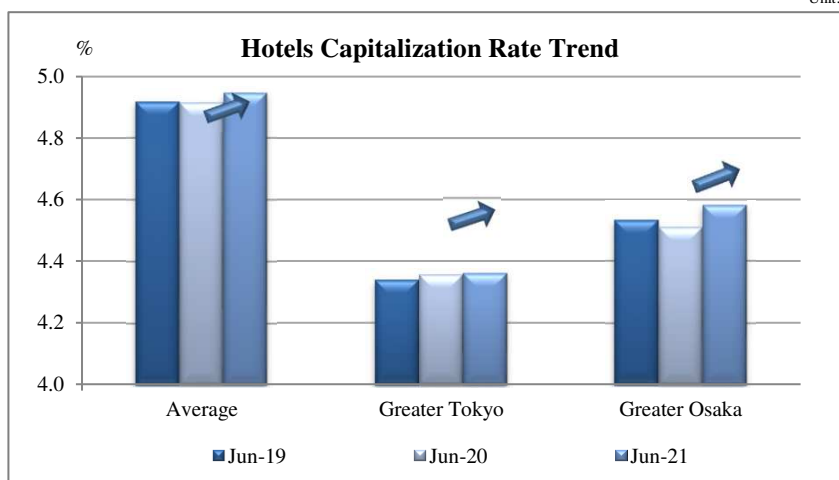
**Leveling Off or Upward Trend**

Due to the spread of COVID-19 infection, transactions in the market stagnated, and the capitalization rate leveled off or showed an upward trend.

After bottoming out in April 2020, Key Performance Indicators, such as occupancy rate, ADR and RevPAR, showed a trend towards a slow recovery. However, after repeated announcements of a state of emergency, new low levels have been reached in 2021.

	Jun-19	Jun-20	Jun-21
Average	4.92	4.91	4.95
Greater Tokyo	4.34	4.35	4.36
Greater Osaka	4.53	4.51	4.58

Unit: %



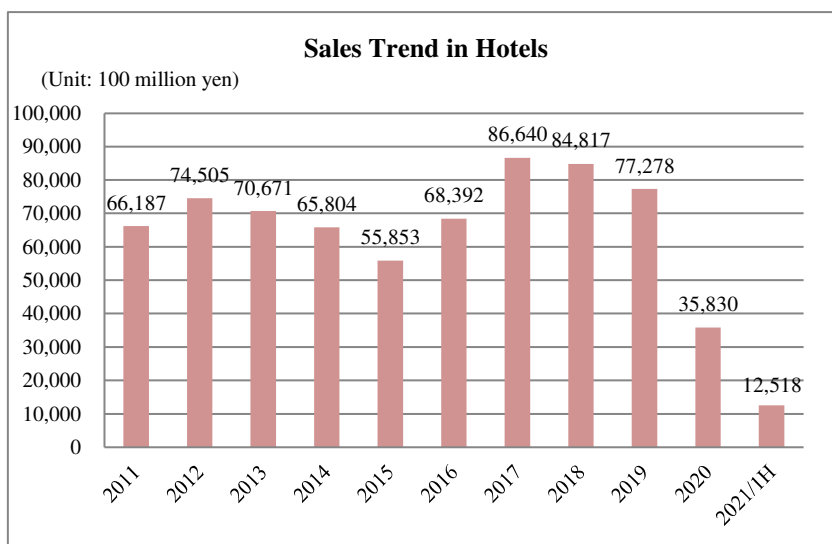
Hotel Sales *Hotel*

**Need to Monitor the Future Trend**

Accommodation businesses have been in crisis, due to a decline in the demand for travel and the lack of foreign visitors because of COVID-19.

Accommodation sales plunged 54% (from the same period in the previous year) to 3,583 billion yen in 2020 and 26% (from the same period in the previous year) to 1,251.8 billion yen in the first half of 2021.

Indicators show that the influence of COVID-19 will continue for some time in the future.



Source: Policy Research Institute, Ministry of Finance Japan

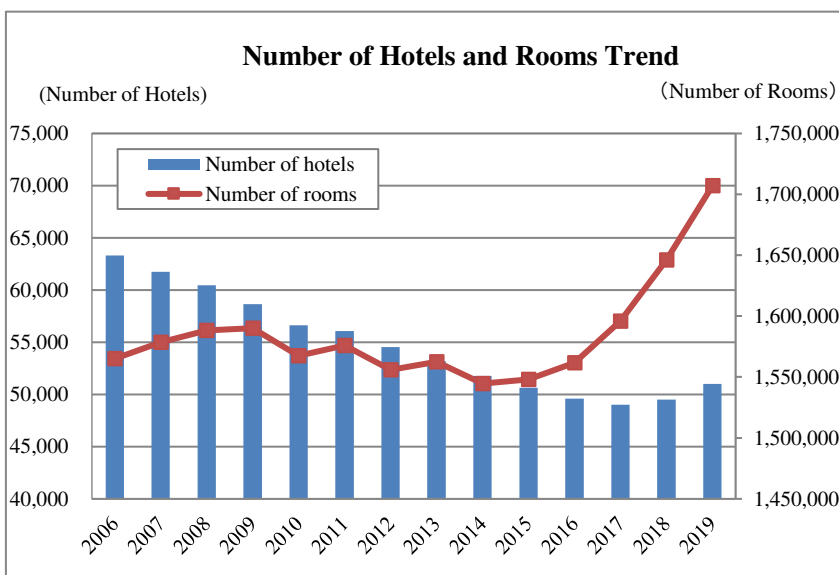
Number of Hotels and Rooms *Hotel*

**Decline of Plans for New Construction**

Since 2014, the number of rooms in both hotel and Japanese-style inns increased with the growth of demand from inbound tourism. There were 1,646,065 rooms in 2018 (YoY+3.1%) and 1,707,078 rooms in 2019 (YoY+3.7%).

However, due to the COVID-19 pandemic new construction plans decreased by half from 2019, when construction plans peaked. 471 facilities were scheduled to be built nationwide, of which 95 were located in Tokyo and 80 in the Kinki area, with a total of 69,241 rooms. However, it is assumed that many hotels and Japanese-style inns will go out of business.

Future supply trends will require careful monitoring.



Source: Ministry of Health "Report on Public Health Administration and Services"

**Acquisition: 2 Properties/ Disposal: 2 Properties**

- Hoshino Resorts REIT, Inc. acquired 2 properties (10,450 million yen)
- Hoshino Resorts REIT, Inc. disposed 1 property (7,700 million yen)
- Fukuoka REIT Corporation disposed 1 property (7,700 million yen)



**Acquisition① KAI Nagato (Left)**

Location: 2229-1, Azahiramachi, Fukawayumoto, Nagato-shi, Yamaguchi  
 Floor Area: 4,767.66 m<sup>2</sup>  
 Construction Date: Nov. 2019  
 Planned operator: Hoshino Resorts Group  
 Hotel Type: Resort  
 Hotel Grade: Luxury  
 Number of Rooms: 40

Source: "Hoshino Resorts REIT, Inc." HP

**Acquisition② Grand Hyatt Fukuoka (Right)**

Location: 2-82, Sumiyoshi 1-chome, Hakata-ku, Fukuoka-shi, Fukuoka  
 Floor Area: 39,701.27 m<sup>2</sup>  
 Construction Date: Mar. 1996  
 Operator: Hyatt International Asia Pacific Limited  
 Hotel Type: Full Service  
 Hotel Grade: Luxury  
 Number of Rooms: 372



Source: "Hoshino Resorts REIT, Inc." HP

**[Acquisition] All 2 properties**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HRR	KAI Nagato	Nagato-shi, Yamaguchi	Nov. 2021	Jun. 2021	2,750	1,907	5.4%
HRR	Grand Hyatt Fukuoka	Hakata-ku, Fukuoka-shi, Fukuoka	Mar. 1996	Jun. 2021	7,700	726	4.4%

**[Disposal] All 1 property**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Defference from Acquisition Cost (Million yen)
HRR	ANA Crown Plaza Fukuoka	Hakata-ku, Fukuoka-shi, Fukuoka	Nov. 1976	Jun. 2021	7,700	930	55
FRC	Canal City Hakata・B Grand Building	Hakata-ku, Fukuoka-shi, Fukuoka	Apr. 1996	Jun. 2021	7,700	634	189

## Capitalization Rate *HealthCare*

### Remain Almost Stable

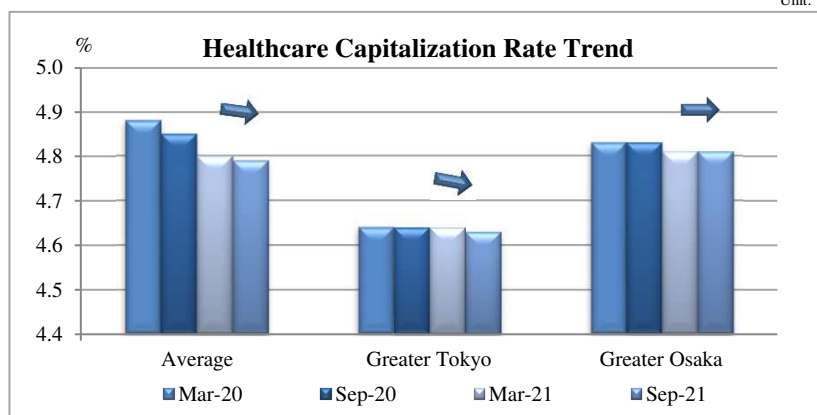
Demand for investment in healthcare assets had remained high, due to new healthcare-specialized REITs in 2014 and 2015 being listed on the stock market. The capitalization rate had been on a downward trend in all categories such as national average, Greater Tokyo and Greater Osaka.

The declining trend has been stopped by COVID-19 since 2020.

In this period, the capitalization rate remained stable in national average, Greater Tokyo and Greater Osaka.

	Mar-20	Sep-20	Mar-21	Sep-21
Average	4.88	4.85	4.80	4.79
Greater Tokyo	4.64	4.64	4.64	4.63
Greater Osaka	4.83	4.83	4.81	4.81

Unit: %



## Elderly Persons and Persons who are Certified as Requiring Long-Term Care *HealthCare*

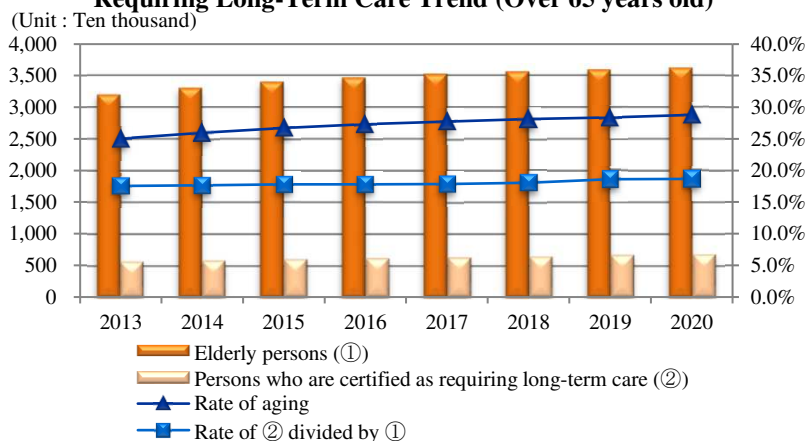
### The Number Increases Steadily

The number of elderly persons and persons who are certified as requiring long-term care has been increasing yearly by approximately 0.50 million to a million and 0.10 million to 0.30 million, respectively; the former increased by 0.30 million and the latter by 0.09 million in 2020 year-on-year.

The increasing trend of elderly persons and persons who are certified as requiring long-term care is expected to continue, due to the increase of the average life span, the decrease of birth rate, and others.

①&② Unit: ten thousand

### Elderly Persons and Persons who are Certified as Requiring Long-Term Care Trend (Over 65 years old)



	2013	2014	2015	2016	2017	2018	2019	2020
Elderly persons (①)	3,190	3,300	3,392	3,459	3,515	3,558	3,589	3,619
Persons who are certified as requiring long-term care (②)	561	583	603	615	627	642	667	676
Rate of aging	25.1%	26.0%	26.7%	27.3%	27.7%	28.1%	28.4%	28.8%
Rate of ② divided by ①	17.6%	17.7%	17.8%	17.8%	17.8%	18.0%	18.6%	18.7%

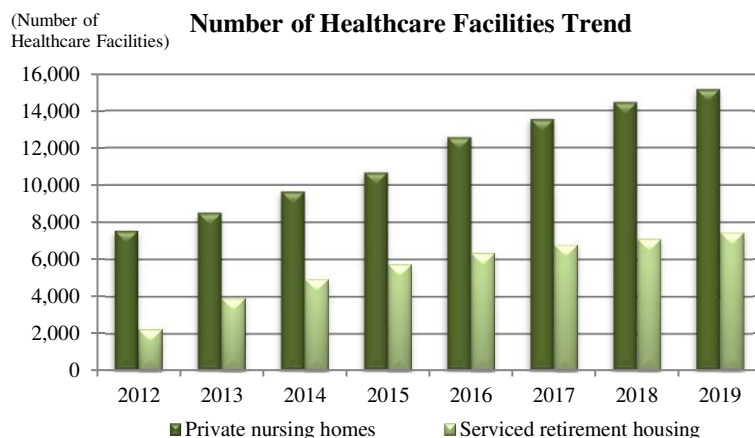
Source: Cabinet Office "Annual Report on the Aging Society", Ministry of Health, Labour and Welfare "Long-term care insurance business report"

## Healthcare Facilities *HealthCare*

### More Healthcare Facilities Due to Demand

The number of persons who are certified as requiring long-term care is increasing as seen above. The demand for private nursing homes and serviced retirement housing is also rising as follows; in 2019, the number of private nursing homes increased by 680 and that of serviced retirement housing by 318 year-on-year.

### Number of Healthcare Facilities Trend



	2012	2013	2014	2015	2016	2017	2018	2019
Private nursing homes	7,519	8,502	9,632	10,651	12,570	13,525	14,454	15,134
Serviced retirement housing	2,245	3,906	4,932	5,734	6,342	6,786	7,107	7,425

Source: Ministry of Health, Labour and Welfare "Survey of social welfare facilities etc" and "Serviced Residence Directory"



**Acquisition: 5 Properties in This Period****Acquisition① Rihabili-home Granda Kobe Kitano (Right)**

Location: 12-1, Kitanocho 4-chome, Chuo-ku,  
Kobe-shi, Hyogo  
Nearest Station: Approximately 1.2km from  
"Sonomiya" Station (JR Tokaido Line)  
Floor Area: 2,715.67 m<sup>2</sup>  
Construction Date: Feb. 2016



Source: "Kenedix Residential NEXT Investment Corporation"HP



Source: "Daiwa Securities Living Investment Corporation"HP

**Acquisition② Charm Premier Kamakurayama (Left)**

Location: 20-1, Kamakurayama 3-chome,  
Kamakura-shi, Kanagawa  
Nearest Station: A 13 minute walk from  
"Nishi-Kamakura" Station  
(SHONAN MONORAIL Enoshima Line)  
Floor Area: 3,373.52 m<sup>2</sup>  
Construction Date: Jul. 2020

**[Acquisition] All 5 properties**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
KDR	Rihabili-home Granda Kobe Kitano	Chuo-ku, Kobe-shi, Hyogo	Feb. 2016	Jun. 2021	1,720	2,183	4.6%
DLI	Charm Premier Kamakurayama	Kamakura-shi, Kanagawa	Jul. 2020	Oct. 2021	2,550	2,577	4.4%
DLI	As Heim Tsunashima	Tsurumi-ku, Yokohama-shi, Kanagawa	Jan. 2021	Oct. 2021	1,500	1,788	4.2%
DLI	Library ShinShibamata	Edogawa-ku, Tokyo	Aug. 2020	Oct. 2021	1,405	2,193	4.2%
DLI	Ishinkan Kamioka	Konan-ku, Yokohama-shi, Kanagawa	Aug. 2020	Oct. 2021	933	2,659	4.3%

**[Disposal] All 1 property**

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Initial Acquisition Cost (Million yen)
OJR	GOOD TIME LIVING Shin-urayasu	Urayasu-shi, Chiba	Oct. 2006	Sep. 2021	2,000	1,588	1,550

**---Aspire to be a total property consulting firm---**

**Revenue of Appraisal firms in Japan**

(Between January 1 to December 31 of each year)

2018		2019		2020	
Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)
<b>Daiwa Real Estate Appraisal</b>	<b>3,706,440</b>	<b>Daiwa Real Estate Appraisal</b>	<b>3,954,161</b>	<b>Daiwa Real Estate Appraisal</b>	<b>4,175,869</b>
Japan Real Estate Institute	8,151,609	Japan Real Estate Institute	8,121,271	Japan Real Estate Institute	9,595,772
Tanizawa Sogo Appraisal	2,757,738	Tanizawa Sogo Appraisal	2,632,947	Tanizawa Sogo Appraisal	2,978,320
MU Real Estate Appraisal	2,179,986	MU Real Estate Appraisal	2,085,355	MU Real Estate Appraisal	2,045,124
SMBC Real Estate Appraisal Services	1,621,867	SMBC Real Estate Appraisal Services	1,564,501	SMBC Real Estate Appraisal Services	1,485,134
Sanyu Appraisal Corporation	1,086,492	CBRE	1,329,863	CBRE	1,289,311
CBRE	962,283	Sanyu Appraisal Corporation	1,089,040	JLL Morii Valuation & Advisory	1,144,864
JLL Morii Valuation & Advisory	634,822	JLL Morii Valuation & Advisory	940,594	Sanyu Appraisal Corporation	1,053,983
TAS	601,844	COSMO SYSTEM	555,459	TOKYO KANTEI	692,131
Rich Appraisal Institute	496,071	TOKYO KANTEI	530,872	Chuo Real Estate Appraisal	614,745

**Number of Appraisers**

(As of January 1 of each year)

2018		2019		2020	
Company's name	Number of Appraisers	Company's name	Number of Appraisers	Company's name	Number of Appraisers
<b>Daiwa Real Estate Appraisal</b>	<b>109</b>	<b>Daiwa Real Estate Appraisal</b>	<b>116</b>	<b>Daiwa Real Estate Appraisal</b>	<b>118</b>
Japan Real Estate Institute	258	Japan Real Estate Institute	265	Japan Real Estate Institute	274
Tanizawa Sogo Appraisal	66	Tanizawa Sogo Appraisal	73	Tanizawa Sogo Appraisal	78
Sanyu Appraisal Corporation	28	JLL Morii Valuation & Advisory	33	JLL Morii Valuation & Advisory	38
JLL Morii Valuation & Advisory	23	Sanyu Appraisal Corporation	25	Sanyu Appraisal Corporation	29
Chuo Real Estate Appraisal	22	Chuo Real Estate Appraisal	23	Chuo Real Estate Appraisal	24
CBRE	21	TOKYO KANTEI	21	CBRE	22
TOKYO KANTEI	21	CBRE	20	TOKYO KANTEI	21
Japan Valuers	18	Mitsubishi UFJ Trust Bank	20	Japan Valuers	21
Nihon Land & Building	17	Japan Valuers	19	Mitsubishi UFJ Trust Bank	21
Mitsubishi UFJ Trust Bank	17	Nihon Land & Building	18	Nihon Land & Building	19
Mitsui Sumitomo Trust Bank	17				

**---Major share in real estate securitization market---**

**Performance of J-REITs' Appraisal by Types of Assets and Appraisal Firms**

(As of September 1, 2021)

**(1) Number of Appraisals**

Appraisal Firms Types	Japan Real Estate Institute	<b>DAIWA REAL ESTATE APPRAISAL</b>	Tanizawa Sogo Appraisal	JLL Morii Valuation & Advisory	Japan Valuers	Chuo Real Estate Appraisal	CBRE	Rich Appraisal Institute	Others	Total
Office	356	<b>347</b>	150	36	35	34	4	11	44	1,017
Residence	613	<b>438</b>	285	262	122	162		32	63	1,977
Retail	205	<b>71</b>	94	9	25	4	32	2	6	448
Hotel	88	<b>53</b>	47	31	32		2	20	5	278
Elderly Housing & Facilities	66	<b>50</b>	46	5		1		1		169
Logistics	119	<b>23</b>	192	32	7		39		16	428
Leased Fee Interests	41	<b>19</b>	38	4	4	2	7	1		116
Parking Lot		<b>1</b>								1
Others	32	<b>5</b>	4	3		1	8		92	145
<b>Total</b>	<b>1,520</b>	<b>1,007</b>	<b>856</b>	<b>382</b>	<b>225</b>	<b>204</b>	<b>92</b>	<b>67</b>	<b>226</b>	<b>4,579</b>

**(2) Book Value of Appraised Assets**

Unit: Million yen

Appraisal Firms Types	Japan Real Estate Institute	<b>DAIWA REAL ESTATE APPRAISAL</b>	Tanizawa Sogo Appraisal	JLL Morii Valuation & Advisory	Japan Valuers	Chuo Real Estate Appraisal	CBRE	Rich Appraisal Institute	Others	Total
Office	3,019,306	<b>3,870,329</b>	1,153,412	439,650	216,322	357,045	27,070	210,490	166,430	9,460,054
Residence	1,325,715	<b>790,094</b>	513,989	574,938	124,848	278,147		42,261	70,056	3,720,048
Retail	1,604,432	<b>415,714</b>	686,443	36,902	173,983	15,750	366,210	11,399	29,250	3,340,083
Hotel	747,371	<b>232,680</b>	256,840	124,278	91,486		41,423	126,297	19,150	1,639,525
Elderly Housing & Facilities	132,443	<b>86,645</b>	80,083	6,816		432		2,060		308,479
Logistics	1,134,319	<b>116,260</b>	1,572,414	408,340	83,720		447,800		325,920	4,088,773
Leased Fee Interests	159,060	<b>147,083</b>	131,090	60,210	12,711	6,920	19,660	10,310		547,044
Parking Lot		<b>10,400</b>								10,400
Others	161,852	<b>15,900</b>	82,140	1,134		5,500	71,130		24,934	362,590
<b>Total</b>	<b>8,284,498</b> 35.3%	<b>5,685,105</b> 24.2%	<b>4,476,411</b> 19.1%	<b>1,652,268</b> 7.0%	<b>703,070</b> 3.0%	<b>663,794</b> 2.8%	<b>973,293</b> 4.1%	<b>402,817</b> 1.7%	<b>635,740</b> 2.7%	<b>23,476,996</b> 100.0%

## Abbreviations and formulas used in J-REIT report are as follows.

Capitalization Rate It is the average capitalization rate of each area announced by investment corporations on their account settlements.	NBF Nippon Building Fund, Inc.	ONE One REIT, Inc.
Occupancy Rate It is the average occupancy rate of each area at the end of terms announced by investment corporations on their settlement.	JRE Japan Real Estate Investment Corporation	ARI AEON REIT Investment Corporation
Contract Rent It is the average income from real estate which is divided by floor area.	JMF Japan Metropolitan Fund Investment Corporation	HLC Hulic REIT, Inc
NRV Abbreviation for Net Rentable Value It is the unit price per tsubo for the rentable area.	OJR ORIX JREIT, Inc.	NRT Nippon REIT Investment Corporation
CR Abbreviation for Capitalization Rate Capitalization Rate is shown. The values are from when the acquisition was published, thus may not be same as the sales price etc.	JPR Japan Prime Realty Investment Corporation	IOJ Invesco Office J-REIT, Inc
Major transactions are compiled by our company using data from the Tokyo Stock Exchange etc.	NUR NTT UD REIT Investment Corporation	TSR Tosei REIT, Inc.
	TRE TOKYU REIT, Inc.	SHR Sekisui House Reit, Inc.
	GOR Global One Real Estate Investment Corporation	KRR Kenedix Retail REIT Corporation
	UUR United Urban Investment Corporation	SRR Samty Residential Investment Corporation
	MTR MORI TRUST Sogo Reit, Inc.	HCM Healthcare & Medical Investment Corporation
	INV Invincible Investment Corporation	NMF Nomura Real Estate Master Fund, Inc.
	FRI Frontier Real Estate Investment Corporation	IHR Ichigo Hotel REIT Investment Corporation
	HFR HEIWA REAL ESTATE REIT, Inc.	LLR LaSalle Logiport REIT
	JLF Japan Logistics Fund, Inc.	SAR Star Asia Investment Corporation
	FRC Fukuoka REIT Co.,Ltd.	MIR MIRAI Corporation
	KDO KENEDIX Office Investment Corporation	MTH MORI TRUST Hotel Reit, Inc.
	IOR Ichigo Office REIT Investment Corporation	MRR marimo Regional Revitalization REIT, Inc
	DOI Daiwa Office Investment Corporation	MFL Mitsui Fudosan Logistics Park Inc.
	HHR HankyuHanshin REIT, Inc.	SPA Ooedo Onsen Reit Investment Corporation
	SPI Starts Proceed Investment Corporation	MEL Mitsubishi Estate Logistics REIT Investment Corporation
	JHR Japan Hotel REIT Investment Corporation	CRE CRE Logistics REIT, Inc.
	JEI Japan Excellent, Inc.	XYR XYMAXREIT Investment Corporation
	NAF Nippon Accommodations Fund	TLR Takara Leben Real Estate Investment Corporation
	MHR MORI HILLS REIT INVESTMENT CORPORATION	IAL ITOCHU Advance Logistics Investment Corporation
	IIF Industrial&Infrastructure Fund Investment Corporation	EJR ESCON JAPAN REIT Investment Corporation
	ADR Advance Residence Investment Corporation	SRE SANKEI REAL ESTATE Inc.
	KDR Kenedix Residential NEXT Investment Corporation	CRR COMFORIA RESIDENTIAL REIT
	API Activia Properties, Inc.	NPR Nippon Prologis REIT
	DHR Daiwa House REIT Investment Corporation	HRR Hoshino Resorts REIT, Inc.
	GLP GLP J-REIT	SLR SOSiLA Logistics REIT, Inc
	DLI Daiwa Securities Living Investment Corporation	TKR Tokaido REIT, Inc.





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