

2022 VOL. 34

DAIWA REAL ESTATE MARKET REPORT

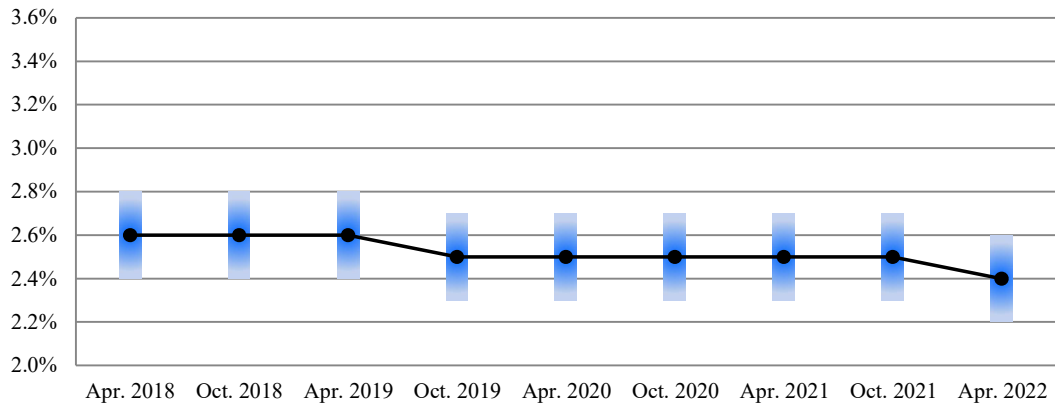
English

Disclaimer

- The DAIWA REAL ESTATE MARKET REPORT is aimed solely at providing information to those who utilize the information. It is not aimed at selling products, including financial instruments, services or rights, and neither is it aimed at serving as an offer, solicitation, mediation, brokering, etc., for other transactions.
 - Daiwa Real Estate Appraisal Co., Ltd. makes no warranty regarding the accuracy of the information in the DAIWA REAL ESTATE MARKET REPORT and shall not be responsible whatsoever for any loss incurred by those who utilize the information.
 - Daiwa Real Estate Appraisal Co., Ltd. may decide on its own accord to update, add, change, delete or make partial revisions and deletions without prior notice to the users of this information.
 - For inquiries, please use an inquiry form on our website.
<http://daiwakantei.co.jp/eng/index.html>
-

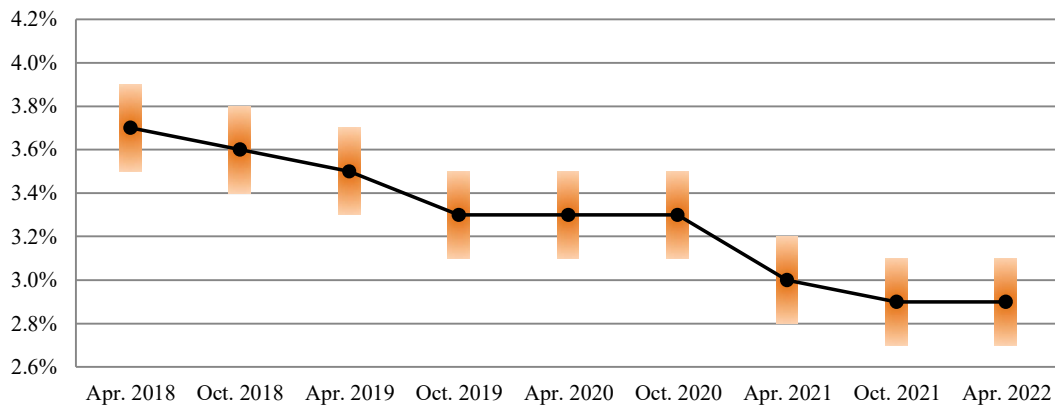
● Daiwa's Cap Rate Trend by Property Segment

■ Office Cap Rate Trend



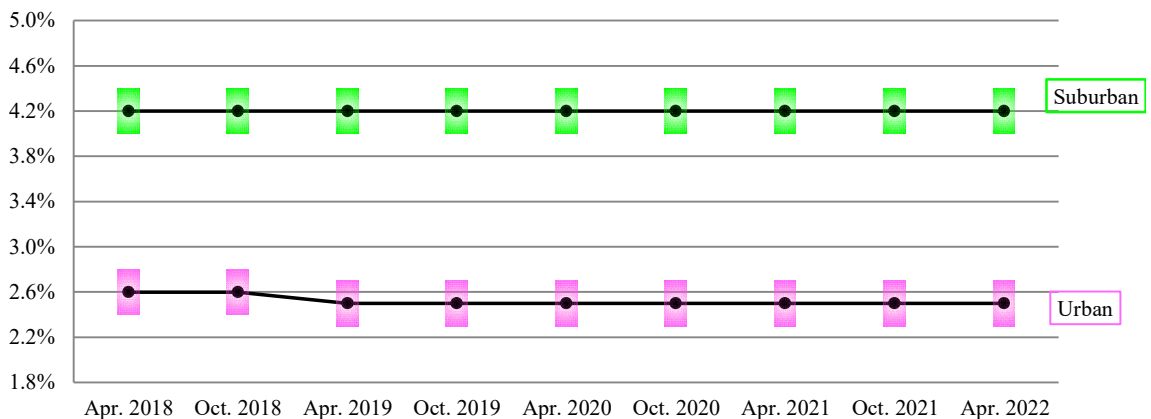
* The trend of Cap Rate for Grade-A offices in Marunouchi, Otemachi, and Yurakucho areas

■ 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

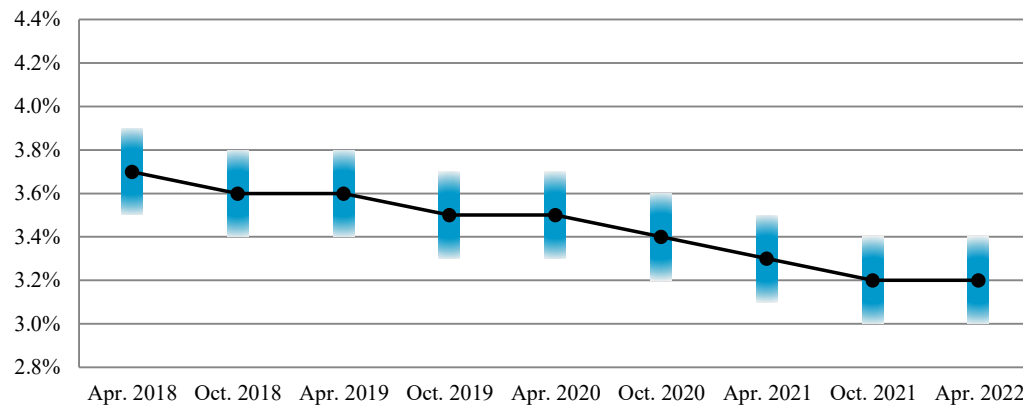
■ Retail (Urban and Suburban areas) Cap Rate Trend



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

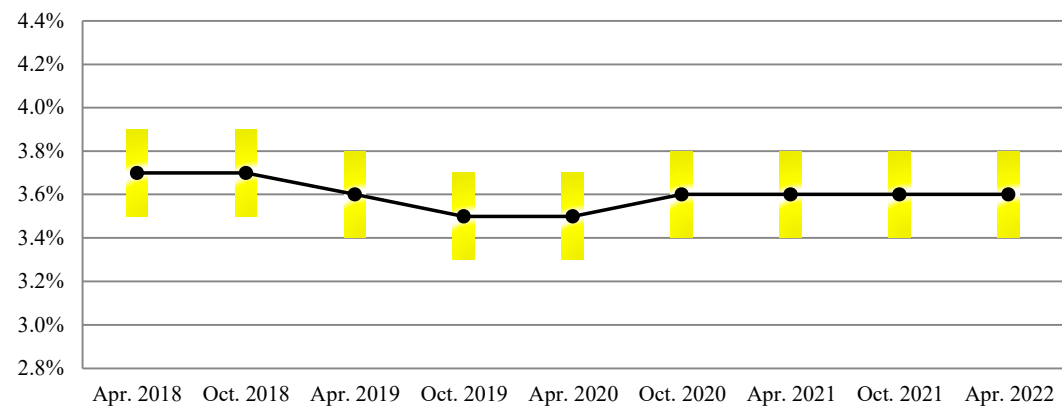
* Suburban: the trend of Cap Rate for large-size shopping centers with gross building area of 30,000 m² and over in Tokyo

Logistics Cap Rate Trend



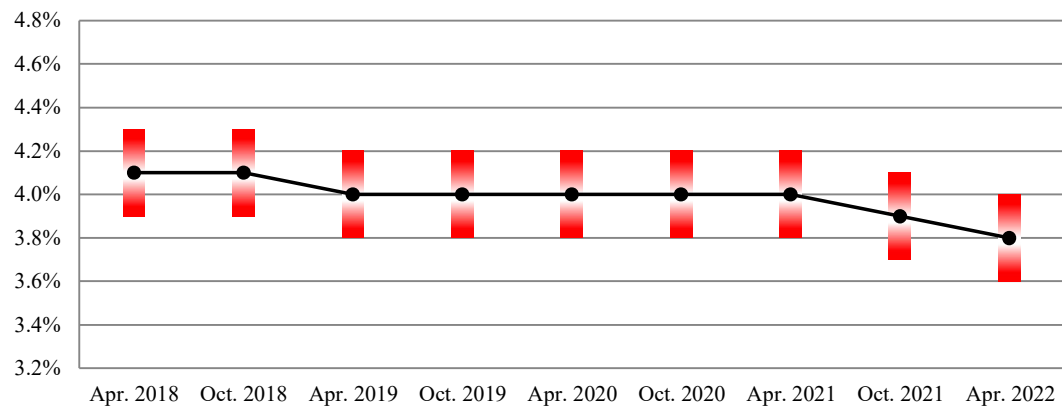
* The trend of Cap Rate for logistics with gross building area of 15,000 m² and over in the waterfront area in Greater Tokyo

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 All Areas

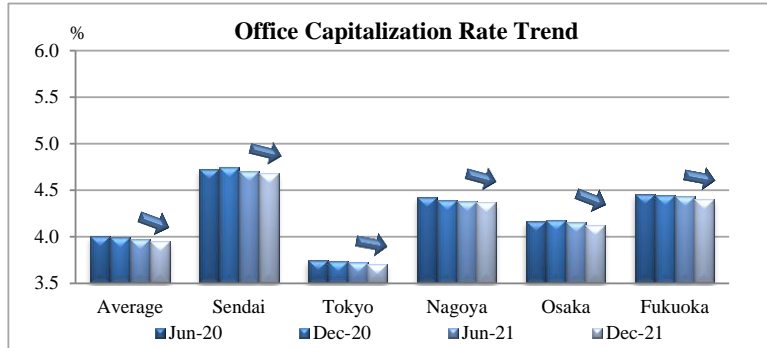
In December 2021, there was a 0.03 point decline in the national average capitalization rate compared to the previous six-month period.

By areas, the rate decreased by 0.02 points in Sendai, 0.02 points in Tokyo, a 0.01 point in Nagoya, 0.03 points in Osaka and 0.04 points in Fukuoka.

The rate decreased in all areas within a limited fluctuation.

	Jun-20	Dec-20	Jun-21	Dec-21
Average	4.00	3.99	3.98	3.95
Sendai	4.73	4.75	4.70	4.68
Tokyo	3.75	3.74	3.73	3.71
Nagoya	4.43	4.39	4.38	4.37
Osaka	4.17	4.18	4.16	4.13
Fukuoka	4.45	4.44	4.44	4.40

Unit: %



Occupancy Rate *Office*

Some Declines in Many Areas

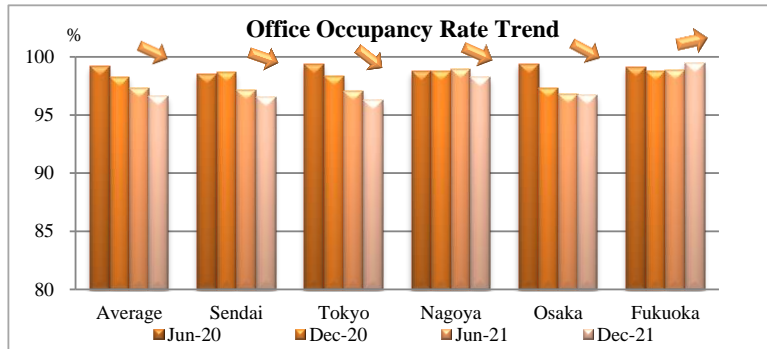
In December 2021, there was a 0.7 points decline in the national average occupancy rate compared to the previous six-month period.

By areas, the rate decreased by 0.62 points in Sendai, 0.80 points in Tokyo, 0.73 points in Nagoya, 0.04 points in Osaka, while it increased by 0.62 points in Fukuoka.

Although there have been some declines in many areas since the previous period, the occupancy rate remains high nationwide.

	Jun-20	Dec-20	Jun-21	Dec-21
Average	99.16	98.25	97.27	96.57
Sendai	98.51	98.69	97.15	96.53
Tokyo	99.38	98.38	97.10	96.30
Nagoya	98.80	98.74	98.95	98.22
Osaka	99.35	97.34	96.75	96.71
Fukuoka	99.12	98.79	98.85	99.47

Unit: %



Contract Rent *Office*

Some Declines in All Areas

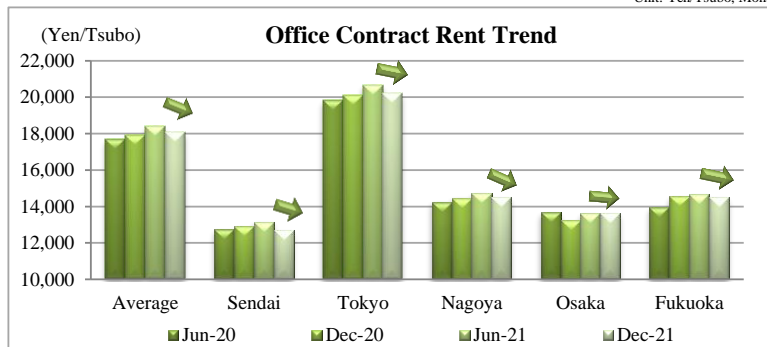
In December 2021 the contract rent decreased by 332 yen/tsubo for the national average compared to the previous six-month period.

By areas, it decreased by 469 yen/tsubo in Sendai, 477 yen/tsubo in Tokyo, 229 yen/tsubo in Nagoya, 3 yen/tsubo in Osaka and 150 yen/tsubo in Fukuoka.

It showed a decline in all areas, mainly in Tokyo.

	Jun-20	Dec-20	Jun-21	Dec-21
Average	17,710	17,936	18,410	18,078
Sendai	12,751	12,938	13,154	12,685
Tokyo	19,848	20,124	20,671	20,194
Nagoya	14,258	14,477	14,731	14,502
Osaka	13,673	13,262	13,614	13,611
Fukuoka	13,953	14,557	14,644	14,494

Unit: Yen/Tsubo, Monthly



Number of Acquisitions Increased Compared to the Previous Period

• Acquisition: 17 properties in Tokyo, 2 properties in Fukuoka, 6 properties in Osaka, 2 properties in Hokkaido, 1 property in Aichi, 2 properties in Kanagawa, 1 property in Chiba, 1 property in Tochigi, 1 property in Hyogo, and 1 property in Hiroshima out of all 34 properties.



Source: "Nippon Building Fund Inc. " HP

Acquisition① Nakanoshima Mitsui Building(Left)

Location: 3-3, Nakanoshima 3-chome, Kita-ku, Osaka-shi, Osaka
Nearest Station: A 1-minute walk from "Watanabebashi" Station
(Keihan Nakanoshima Line)

A 2-minute walk from "Higobashi" Station
(Osaka Metro Yotsubashi Line)

A 8-minute walk from "Yodoyabashi" Station
(Osaka Metro Midosuji Line and Keihan Railway)

Floor Area: 67,672.24 m²

Construction: Jul. 2002

Acquisition② GRAND FRONT OSAKA (Right)

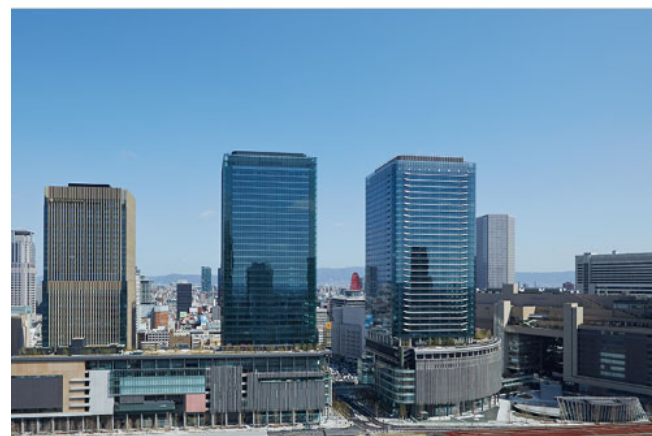
Location: 4-1, Ofukacho, Kita-ku, Osaka-shi, Osaka
(Umekita Plaza)

4-20, Ofukacho, Kita-ku, Osaka-shi, Osaka
(South Building)

Nearest Station: A 4-minute walk from
"Osaka" Station (JR Lines)

Floor Area: 10,226.10 m² (Umekita Plaza)
181,371.39 m² (South Building)

Construction: Feb. 2013 (Umekita Plaza)
Mar. 2013 (South Building)



Source: "Hankyu Hanshin REIT, Inc. " HP

[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 (%)
NBF	Nakanoshima Mitsui Building	Kita-ku, Osaka-shi, Osaka	Jul, 2002	Mar. 2022	44,000	3,530	3.3%
JMF	JMF-Bldg. Akasaka 02	Minato-ku, Tokyo	Feb. 2011	Dec. 2021	42,428	11,494	2.7%
TRE	Aoyama Oval Building	Shibuya-ku, Tokyo	Oct. 1988	Dec. 2021	18,600	7,210	2.9%
JPR	GRAND FRONT OSAKA (Umekita Plaza/ South Building)	Kita-ku, Osaka-shi, Osaka	*3	Dec. 2021	11,800	6,619	3.2%
JPR	GRAND FRONT OSAKA (North Building)	Kita-ku, Osaka-shi, Osaka	Feb. 2013	Dec. 2021	9,500	3,597	3.3%
JPR	Tokyo Tatemono Higashi Shibuya Bldg.	Shibuya-ku, Tokyo	May 1993	Jan. 2022	11,300	5,016	3.6%
XYR	XYMAX Sapporo Odori Building	Chuo-ku, Sapporo-shi, Hokkaido	Sep. 2020	Mar. 2022	4,707	5,009	4.0%
FRC	Hakata Chikushi-Dori Center Building	Hakata-ku, Fukuoka-shi, Fukuoka	Jan. 1992	Mar. 2022	4,320	2,382	4.3%
MIR	Ehime Building/Hiroshima	Naka-ku, Hiroshima-shi, Hiroshima	Jul. 1991	Jan. 2022	2,780	1,955	4.5%
MRR	Ikeshita ES building	Chikusa-ku, Nagoya-shi, Aichi	Oct. 1997	Jan. 2022	1,000	1,600	4.6%

*1 CR: Values of appraisal at the time of announcement of acquisition

*2 NRV: Net Rentable Value

*3 Umekita Plaza: Feb. 2013, South Building: Mar. 2013

[Disposal] 3 properties out of all 21 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Estimated CR (%)
TRE	Setagaya Business Square	Setagaya-ku, Tokyo	Sep. 1993	Dec. 2021	22,750	5,487	3.9%
NBF	Sun Mullion NBF Tower	Chuo-ku, Osaka-shi, Osaka	Jan. 1996	Jan. 2022	14,400	3,183	4.2%
TRE	Akasaka 4-chome Building	Minato-ku, Tokyo	Feb. 2003	Mar. 2022	9,820	9,188	3.3%

Capitalization Rate *Residential*

Still on a Downward Trend in All Areas

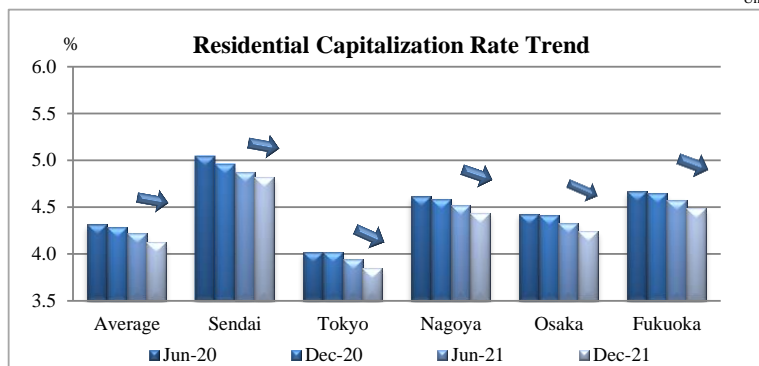
In descending order from the previous six months, the capitalization rate in Dec. 2021 decreased by 0.09 points in Tokyo, Osaka and Fukuoka, 0.08 points in Nagoya, 0.06 points in Sendai. The national average was 4.13%, a decrease of 0.09 points.

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.

	Jun-20	Dec-20	Jun-21	Dec-21
Average	4.32	4.29	4.22	4.13
Sendai	5.05	4.96	4.88	4.82
Tokyo	4.02	4.02	3.94	3.85
Nagoya	4.62	4.59	4.52	4.44
Osaka	4.43	4.41	4.33	4.24
Fukuoka	4.67	4.65	4.58	4.49

Unit: %



Occupancy Rate *Residential*

Decreased Slightly for a Third Consecutive Period

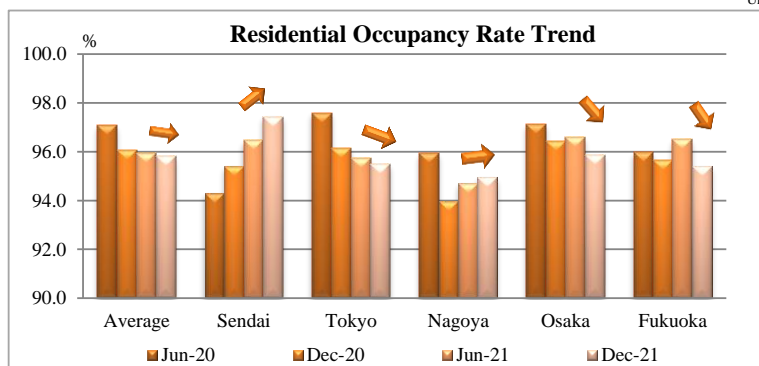
The national average of the occupancy rate in Dec. 2021 was 95.81%, a decrease of 0.13 points.

By area, it recovered by 0.96 points in Sendai, by 0.25 points in Nagoya, while it decreased by 0.26 points in Tokyo, by 0.75 points in Osaka, by 1.11 points in Fukuoka compared with the previous period. Occupancy rate kept stable at around 95% though there are some variations between areas.

A further breakdown showed that studio apartments in Tokyo struggled slightly, while family apartments remained firm.

	Jun-20	Dec-20	Jun-21	Dec-21
Average	97.07	96.06	95.94	95.81
Sendai	94.29	95.41	96.47	97.43
Tokyo	97.60	96.15	95.75	95.49
Nagoya	95.92	93.99	94.69	94.94
Osaka	97.12	96.42	96.60	95.85
Fukuoka	95.99	95.64	96.51	95.40

Unit: %



Contract Rent *Residential*

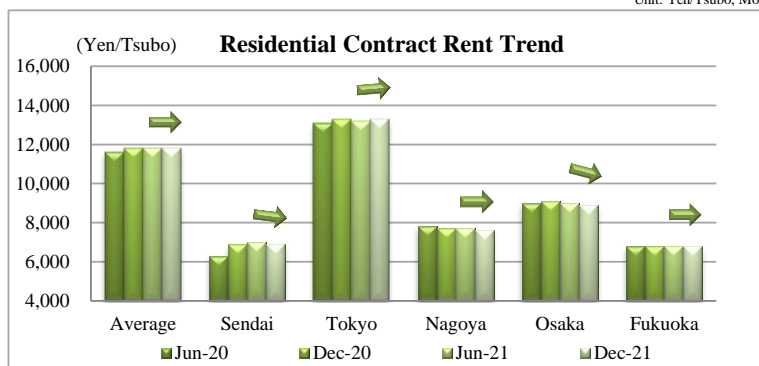
Contract Rent Remains Stable

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

While the contract rent was generally maintained compare with the previous period, conditions of renting were relaxed due to the revision of free rent and deposit/ key money settings in many properties. It can be assumed that the rent increase at the time of contract renewal has been under the severe circumstances even rents for replace tenants has been increased.

	Jun-20	Dec-20	Jun-21	Dec-21
Average	11,600	11,800	11,800	11,800
Sendai	6,300	6,900	7,000	6,900
Tokyo	13,100	13,300	13,200	13,300
Nagoya	7,800	7,700	7,700	7,600
Osaka	9,000	9,100	9,000	8,900
Fukuoka	6,800	6,800	6,800	6,800

Unit: Yen/Tsubo, Monthly



J-REITs: 29 Acquisitions and 18 Disposals in This Period

- Acquisition: 10 properties in Tokyo, 5 properties in Kanagawa, 4 properties in Osaka, 4 properties in Saitama, 3 properties in Chiba, 2 properties in Aichi, and 1 property in Tochigi out of all 29 properties
- Disposal: 4 properties in Osaka, 4 properties in Aichi, 4 properties in Fukuoka, 3 properties in Hyogo, 1 property in Toyko, 1 property in Kyoto, and 1 property in Shiga out of all 18 properties



Source: "Japan Metropolitan Fund Investment Corporation" HP

Acquisition① JMF-Bldg. Hiroo 01 (Left)

Location: 1-11, Minamiazabu 5-chome, Minato-ku, Tokyo
 Nearest Station: A 4-minute walk from "Hiroo" Station
 (Tokyo Metro Hibiya Line)
 Floor Area: 5,237.81 m²
 Construction Date: Nov. 2007
 Rentable Room: 30 residences, retail, etc.

Acquisition② KDX Residence Yokohama Momijizaka (Right)

Location: 6-1, Momijigaoka, Nishi-ku, Yokohama-shi, Kanagawa
 Nearest Station: A 8-minute walk from "Sakuragicho" Station
 (JR Keihin-Tohoku Negishi Line and other lines)
 Floor Area: 6,566.59 m²
 Construction Date: Feb. 2021
 Rentable Room: 75



Source: "Kenedix Residential NEXT Investment Corporation" HP

[Acquisition] 10 properties out of all 29 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
SHR	Prime Maison Meguro	Meguro-ku, Tokyo	Aug. 2018	Sep. 2021	2,310	5,717	3.5%
TLR	LUXENA NAGAREYAMA OOTAKANOMORI	Nagareyama-shi, Chiba	Aug. 2019	Sep. 2021	2,840	2,196	4.3%
TLR	LUXENA AKIHABARA	Taito-ku, Tokyo	Mar. 2021	Sep. 2021	2,300	4,254	3.4%
TLR	LUXENA MUSASHI-SHINJO	Takatsu-ku, Kawasaki-shi, Kanagawa	Jun. 2021	Sep. 2021	1,900	Unknown	4.1%
DLI	Serenite Nippombashi Prier	Naniwa-ku, Osaka-shi, Osaka	Jan. 2021	Oct. 2021	2,606	2,599	4.0%
DLI	Gran Casa Shin-Osaka SOUTH	Yodogawa-ku, Osaka-shi, Osaka	Feb. 2021	Oct. 2021	4,310	2,701	4.1%
ADR	RESIDIA Nishi-tenma	Kita-ku, Osaka-shi, Osaka	Apr. 1999	Oct. 2021	2,950	2,170	4.3%
JMF	JMF-Bldg. Hiroo 01	Minato-ku, Tokyo	Nov. 2007	Oct. 2021	10,000	8,005	3.0%
TLR	Mare Isogo Building	Isogo-ku, Yokohama-shi, Kanagawa	Jun. 1997	Nov. 2021	1,900	2,457	4.7%
KDR	KDX Residence Yokohama Momijizaka	Nishi-ku, Yokohama-shi, Kanagawa	Feb. 2021	Dec. 2021	5,000	3,564	3.9%

[Disposal] 5 properties out of all 18 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Initial Acquisition Cost (Million yen)
HFR	HF KYUDAIBYOINMAE RESIDENCE	Hakata-ku, Fukuoka-shi, Fukuoka	Jan. 2007	Nov. 2021	641	1,162	1,840
KDR	KDX Residence Tobu Nerima	Nerima-ku, Tokyo	Feb. 2007	Dec. 2021	580	2,004	1,080
MRR	Artiza Hakataeki-Minami (50% quasi co-ownership interest)	Hakata-ku, Fukuoka-shi, Fukuoka	Jun. 2006	Dec. 2021	350	1,151	585
MRR	Artiza Hakataeki-Minami (50% quasi co-ownership interest)	Hakata-ku, Fukuoka-shi, Fukuoka	Jun. 2006	Jan. 2022	350	1,151	297
XYR	Renaissance 21 Chihaya	Higashi-ku, Fukuoka-shi, Fukuoka	Oct. 2006	Jan. 2022	1,640	1,054	307

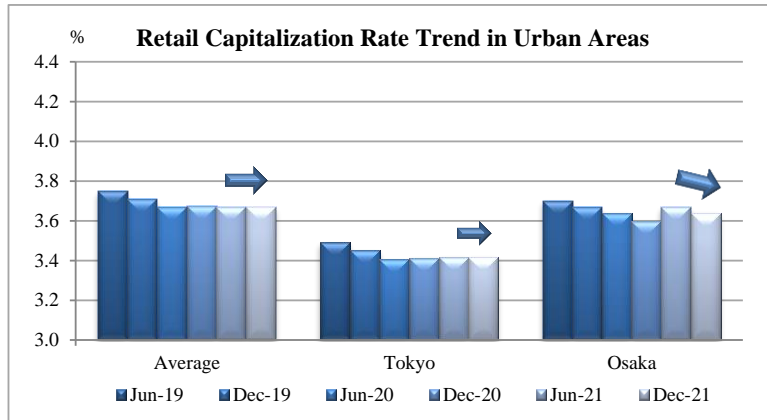
Capitalization Rate (Urban) Retail

Remained Stable in All Areas

The capitalization rate for commercial buildings in urban areas remained stable in national average and Tokyo, lowered in Osaka as seen in the graph on the right. After semi-emergency COVID-19 measures were fully lifted from March 21, 2022, there have been signs of improvement in sales among restaurants that were forced to maintain shorter business hours. In the future, it is expected that decreasing COVID-19 cases and market recovery will represent from the highly unpredictable investment climate.

	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Average	3.75	3.71	3.67	3.67	3.67	3.67
Tokyo	3.49	3.45	3.40	3.41	3.42	3.42
Osaka	3.70	3.67	3.64	3.60	3.67	3.64

Unit: %



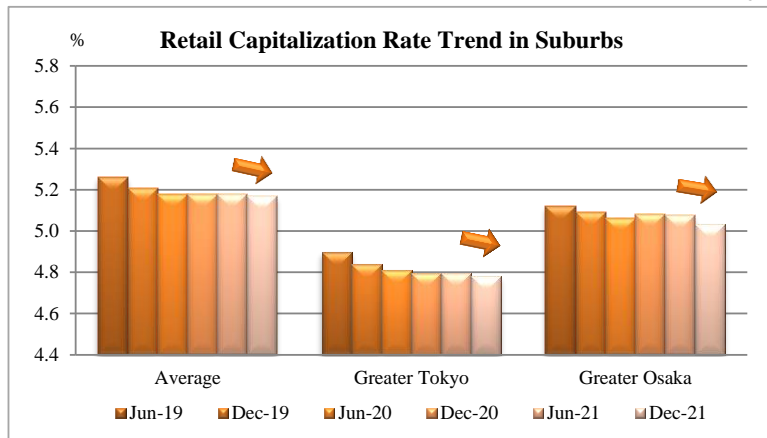
Capitalization Rate (Suburb) Retail

Decreased Slightly in All Areas

The capitalization rate for commercial buildings in suburban areas decreased slightly in all areas such as national average, Greater Tokyo and Greater Osaka as seen in the graph on the right. In recent times, the preference for commercial buildings has polarized, as neighborhood SC that are closely related to daily life have been more valued than large SC. In addition, the COVID-19 outbreak further exacerbated this preference. As the spread of the COVID-19 subsides, it is expected that sales of large SC will increase due to increased traffic and the increase in consumer willingness to purchase.

	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Average	5.26	5.21	5.18	5.18	5.18	5.17
Greater Tokyo	4.90	4.84	4.81	4.80	4.80	4.78
Greater Osaka	5.12	5.09	5.06	5.08	5.08	5.03

Unit: %



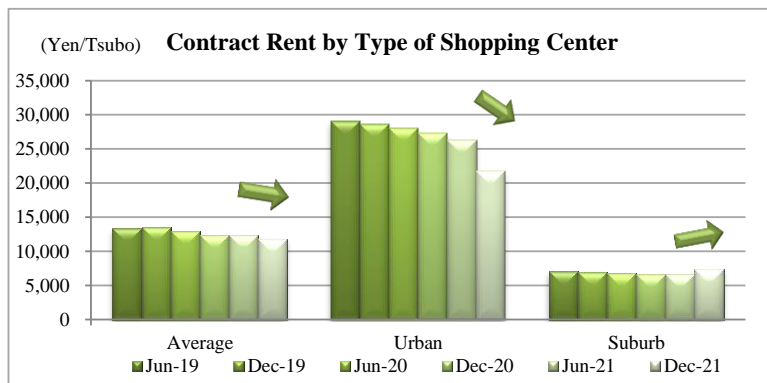
Contract Rent Retail

Urban Contract Rents Fall Sharply.

During this term, contract rents fell sharply in urban areas while they increased slightly in suburban areas. It is thought that rents in urban areas fell substantially because consumers avoided eating out and SC were closed voluntarily through the peak of the COVID-19 pandemic, leading to a steep decline in sales. On the other hand, average rent in suburban areas remained weak, although it turned slightly higher during this term, and it is expected to recover in the future.

	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Average	13,406	13,509	12,889	12,348	12,337	11,835
Urban	29,071	28,587	27,991	27,326	26,237	21,750
Suburb	7,080	7,010	6,795	6,550	6,682	7,373

Unit : yen/Tsubo, Monthly



Number of Acquisitions Decreased Approximately 20 Properties Compared to Previous Period

- Acquisition by area: 6 in Kanto area, 2 in Chubu area, 3 in Kinki area, 1 in Chugoku area, and 1 in Kyushu area.



Source: "Kenedix Retail REIT Corporation" HP

Acquisition① Kitera Town Fukuoka Nagahama(Left)

Location: 10-1, Minato 1-chome, Chuo-ku
Fukuoka-shi, Fukuoka
Nearest Station: "Akasaka" Station and "Ohorikoen" Station
(Fukuoka City Subway)
Floor Area: 10,217.38 m²
Construction Date: Nov. 2020
Main Use: Retailer, service

Acquisition② H-CUBE MINAMIAOYAMA (Right)

Location: 7-1, Minamiaoyama 5-chome, Mianto-ku, Tokyo
Nearest Station: "Omotesando" Station (Tokyo Metro
Ginza Line, Chiyoda Line, and Hanzomon Line)
Floor Area: 801.24 m²
Construction Date: Feb. 2020
Main Use: Retailer, service



Source: "Hankyu Hanshin REIT, Inc." HP

[Acquisition] 10 properties out of all 13 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/tsubo)	CR (%)
JRE	GRAND FRONT OSAKA (Umekita Plaza and South Building) (49% quasi co-ownership interest)	Kita-ku, Osaka-shi, Osaka	Feb. 2013 Mar. 2013	Oct. 2021	11,250	6,311	3.2%
JRE	GRAND FRONT OSAKA (North Building) (49% quasi co-ownership interest)	Kita-ku, Osaka-shi, Osaka	Feb. 2013	Oct. 2021	9,750	3,687	3.3%
KRR	Kitera Town Fukuoka Nagahama	Chuo-ku, Fukuoka-shi, Fukuoka	Nov. 2020	Oct. 2021	6,000	3,121	4.5%
JMF	JMF-Bldg. Funabashi 01	Funabashi-shi, Chiba	Sep. 2021	Nov. 2021	5,000	5,768	3.8%
HHR	H-CUBE MINAMIAOYAMA	Minato-ku, Tokyo	Feb. 2020	Dec. 2021	6,650	28,395	3.2%
MRR	Komyoike Act	Minami-ku, Sakai-shi, Osaka	Apr. 1988	Jan. 2022	2,040	1,057	4.7%
MIR	Tsurumi Fuga 1	Tsurumi-ku, Yokohama-shi, Kanagawa	Sep. 1985	Jan. 2022	5,300	—	4.2%
MIR	BIGMOTOR Ginan (land)	Hashima-gun, Gifu	-	Jan. 2022	1,080	—	4.2%
XYR	Valor Kachigawa (Land) (50% quasi co-ownership interest)	Kasugai-shi, Aichi	-	Jan. 2022	3,245	—	DR4.1%
KRR	Kitera Plaza Aobadai	Aoba-ku, Yokohama-shi, Kanagawa	Feb. 1992	Mar. 2022	2,553	2,779	4.3%

[Disposal] 5 properties out of all 14 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/tsubo)	Initial Acquisition Cost (Million yen)
JMF	G-Bldg. Minami Aoyama 01	Minato-ku, Tokyo	Feb. 2009	Dec. 2021	10,110	—	6,430
KRR	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Jun. 1992	Dec. 2021	—	—	2,820
HHR	Sphere Tower Tennozu (33% quasi co-ownership interest)	Shinagawa-ku, Tokyo	Jun. 1991 Apr. 1993	Dec. 2021	8,600	3,224	9,405
NMF	Sundai Azamino	Aoba-ku, Yokohama-shi, Kanagawa	Nov. 2008	Jan. 2022	—	—	1,700
OJR	Sports Club Korien	Neyagawa-shi, Osaka	Nov. 2002	Feb. 2022	1,256	—	1,600

Capitalization Rate *Logistics*

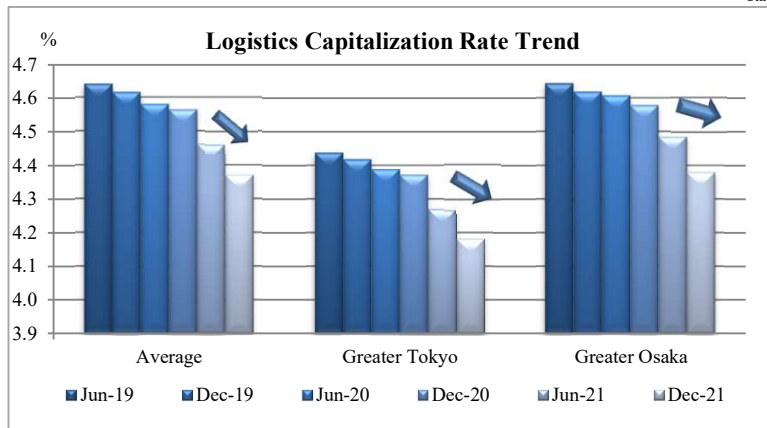
Still on a Downward Trend, Nationwide

The capitalization rate was on a downward trend nationwide. Average national capitalization rate in December 2021 was 4.37%, while in Greater Tokyo it was 4.18% and 4.38% in Greater Osaka. In all areas, the depreciation rate in December 2021 remained stable in comparison with the previous period.

Investment demand is strong and yields continued to decline, as rental demand for logistics facilities is strong due to the expansion of e-commerce markets. This is in stark contrast to the instability of hotels and commercial facilities, which have been severely affected by the pandemic.

	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Average	4.64	4.62	4.58	4.56	4.46	4.37
Greater Tokyo	4.44	4.42	4.39	4.37	4.27	4.18
Greater Osaka	4.64	4.62	4.61	4.58	4.48	4.38

Unit: %



Book Value at Fiscal Year End *Logistics*

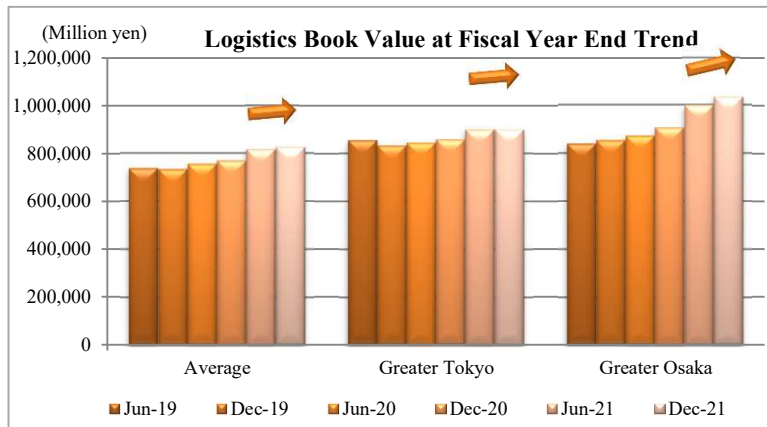
Still on an Upward Trend Nationwide

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

As capitalization rates have declined, the book value of logistics facilities has been increasing at the end of the period. Since June 2020, the book value at year-end has increased and has been rising steadily in the COVID-19 pandemic compared to other types of assets. During the period ending in December 2021, the national average, Greater Tokyo, and Greater Osaka all increased in book value.

	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Average	736,126	732,678	754,830	768,378	815,037	823,824
Greater Tokyo	854,334	832,257	845,126	858,636	898,429	899,414
Greater Osaka	838,437	853,097	871,596	906,149	998,893	1,033,727

Unit: Million yen

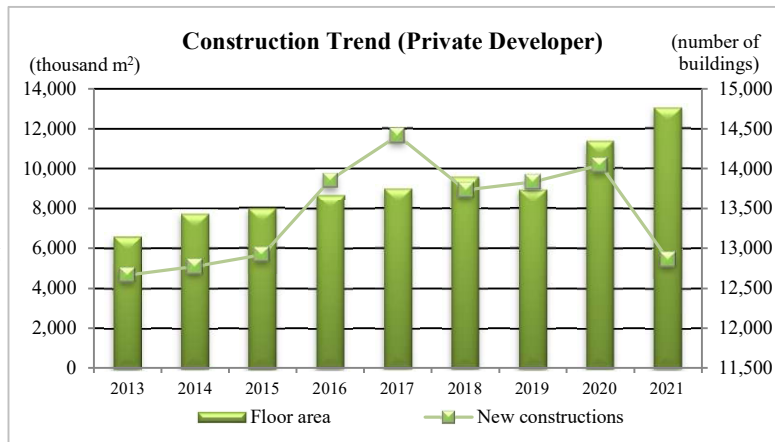


Construction Trend *Logistics*

Although the Number of New Constructions Decreased, Floor Area Increased

According to "Building Starts Statistical Survey" (Jan. 2021 - Dec. 2021), issued by the Ministry of Land, Infrastructure, Transport and Tourism, the number of new constructions in 2021 was 12,861, decreasing statistics for 2020. On the other hand, floor area increased to 13,025 thousand square meters.

New developments have been increasing, supported by a strong rental demand for logistics facilities, and the price for development land is also increasing.



Building construction starts

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total floor area (thousand m ²)	6,591	7,709	7,955	8,693	8,943	9,555	8,956	11,348	13,025
Number of buildings	12,667	12,775	12,925	13,856	14,416	13,732	13,832	14,044	12,861

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

Acquisition: 33 Properties

20 properties in Kanto area, 9 properties in Kansai area, 4 properties in other area (2 in Aichi and 2 in Mie)



Source: "LaSalle LOGIPORT REIT"HP

Acquisition① LOGIPORT Osaka Bay (Left)

Location: 4-130, Nankonaka- 1chome, Suminoe-ku,
Osaka-shi, Osaka

Nearest I.C.: "Nanko-kita" I.C.

Structure/ Floor: S/4F

Floor Area: 139,551.94 m²

Construction Date: Feb. 2018

Transaction Date: Apr. 30, 2021

Sales Price: 40,000 million yen

NRV: 1,034 thousand yen/tsubo

CR: 3.9 %

Acquisition② DPL Nagareyama III (Right)

Location: 1597-1, Waseda, Nishifukai,
Nagareyama-shi, Chiba

Nearest I.C.: "Nagareyama" I.C.

Structure/ Floor: RC,S/4F

Floor Area: 106,917.34 m²

Construction Date: Oct. 2020

Transaction Date: Oct. 1, 2021

Sales Price: 32,000 million yen

NRV: 993 thousand yen/tsubo

CR: 4.3%



Source: "Daiwa House REIT Investment Corporation"HP

[Acquisition] 12 properties out of all 33 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (thousand yen/tsubo)	CR (%)
CRE	LogiSquare Kawagoe II	Kawagoe-shi, Saitama	Jun. 2019	Jan. 2021	3,244	766	4.5%
CRE	LogiSquare Sayama Hidaka	Hanno-shi, Saitama	May 2020	Jan. 2021	14,066	692	4.2%
NPR	Prologis Park Chiba 2	Chiba-shi, Chiba	Nov. 2020	Feb. 2021	15,000	853	4.3%
JLF	Aisai Logistics Center	Aisai-shi, Aichi	Jan. 2020	Mar. 2021	2,510	666	4.5%
DHR	DPL Shin-Narashino	Narashino-shi, Chiba	Nov. 2018	Apr. 2021	5,930	1,608	4.8%
LLR	LOGIPORT Osaka Bay	Suminoe-ku, Osaka-shi, Osaka	Feb. 2018	Apr. 2021	40,000	1,034	3.9%
GLP	GLP Niiza	Niiza-shi, Saitama	Mar. 2019	Jul. 2021	7,191	946	3.9%
GLP	GLP Zama	Zama-shi, Kanagawa	Jun. 2015	Jul. 2021	29,653	1,242	3.8%
UUR	Kobe Seishin Logistics Center	Suma-ku, Kobe-shi, Hyogo	Dec. 1995	Aug. 2021	1,923	700	4.6%
DHR	D Project Wako A	Wako-shi, Saitama	Apr. 2015	Sep. 2021	10,750	943	3.8%
DHR	DPL Nagareyama III	Nagareyama-shi, Chiba	Oct. 2020	Oct. 2021	32,000	993	4.3%
NPR	Prologis Park Ebina2	Ebina-shi, Kanagawa	Jul. 2021	Dec. 2021	15,200	1,457	4.0%

[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 Fukusaki (50% quasi co-ownership interests)	Kanzaki-gun, Hyogo	Jul. 2004	Dec. 2021	3,225	673	1,694

Capitalization Rate *Hotel*

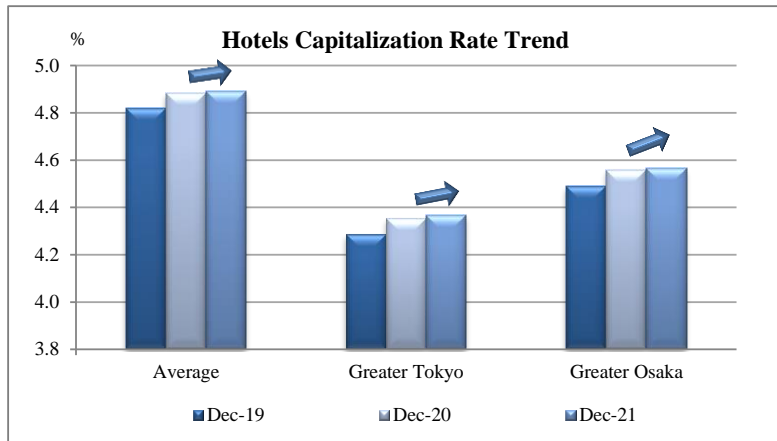
Leveling Off or Upward Trend

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 semi-emergency measures and the declaration of a state of emergency, the rate remained low level.

	Dec-19	Dec-20	Dec-21
Average	4.82	4.88	4.89
Greater Tokyo	4.29	4.36	4.37
Greater Osaka	4.49	4.56	4.57

Unit: %



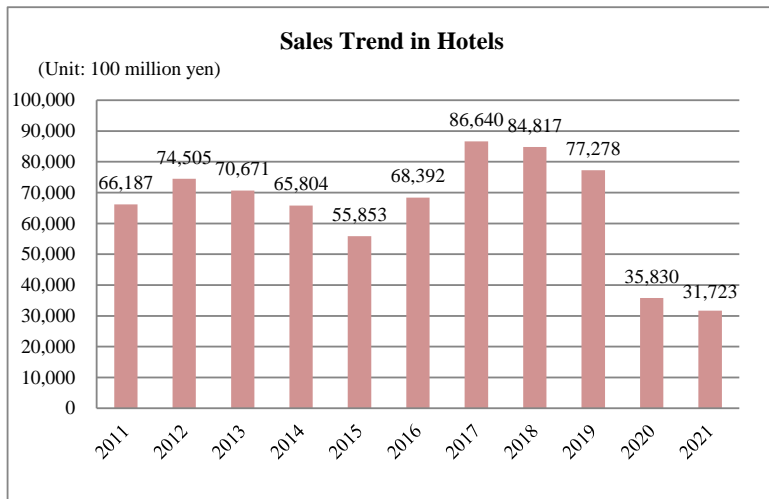
Hotel Sales *Hotel*

Need to Monitor the Future Trend

The accommodation industry has been a tailspin through the coronavirus crisis, with an overall decline in travel demand and the absence of inbound travelers. The crisis was further exacerbated by semi-emergency measures and the declaration of a state of emergency, both of which strongly requested people to refrain from going out.

Accommodation sales plunged 54% (from the same period in the previous year) to 3,583 billion yen in 2020 and 11% (from the same period in the previous year) to 3,172.3 billion yen in 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

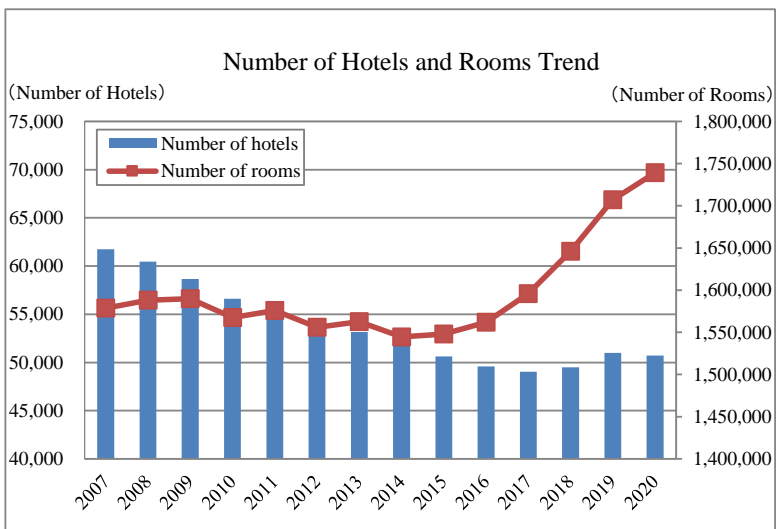
Number of Hotels and Rooms *Hotel*

A Decline of Plans for New Construction

Although the number of hotel and Japanese-style inns is in a downward trend due to the decreasing of numbers of inns, the number of guest rooms has been rising since 2014. There were 1,707,078 rooms in 2019 (+3.7% year-on-year) and 1,739,124 rooms in 2020 (+1.9% year-on-year).

However, due to the COVID-19 pandemic new construction plans decreased by half from 2019, when construction plans peaked. 445 facilities were scheduled to built nationwide, of which 91 were located in Tokyo and 76 in the Kinki area, with a total of 65,689 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: 3 Properties

- Hoshino Resorts REIT, Inc. acquired 2 properties (11,248 million yen)
- Japan Hotel REIT Investment Corporation disposed 1 property (11,300 million yen)
- Ooedo Onsen Reit Investment Corporation disposed 1 property (1,640 million yen)
- Activia Properties Inc. disposed 1 property (11,800 million yen)



Source: "Hoshino Resorts REIT, Inc." HP

Acquisition KAI Beppu (Left)

Location: 14-29, Kitahama 2-chome, Beppu-shi, Oita
 Floor Area: 7,822.41 m²
 Construction Date: Feb. 2021
 Planned operator: Hoshino Resorts Group
 Hotel Type: Resort
 Hotel Grade: Luxury
 Number of Rooms: 70

Disposal ibis Tokyo Shinjuku (Right)

Location: 10-5, Nishishinjuku 7-chome, Shinjuku-ku, Tokyo
 Floor Area: 7,398.19 m²
 Construction Date: Sep. 1980
 Operator: AAPC Japan
 Hotel Type: Limited Service
 Hotel Grade: Mid-price
 Number of Rooms: 206



Source: "Japan Hotel REIT Investment Corporation" 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 Kirishima	Kirishima-shi, Kagoshima	Oct. 2020	Dec. 2021	3,913	2,413	5.3%
HRR	KAI Beppu	Beppu-shi, Oita	Feb. 2021	Dec. 2021	7,335	3,100	5.0%

[Disposal] All 3 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Defference from Acquisition Cost (Million yen)
JHR	ibis Tokyo Shinjuku	Shinjuku-ku, Tokyo	Sep. 1980	Dec. 2021	11,300	5,492	4,057
SPA	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	Otorimachi, Nagasaki	Jun. 1982	Jan. 2022	1,640	488	3
API	Tokyu Plaza Akasaka	Chiyoda-ku, Tokyo	Sep. 1969	Oct. 2021	11,800	2,349	350

Capitalization Rate *HealthCare*

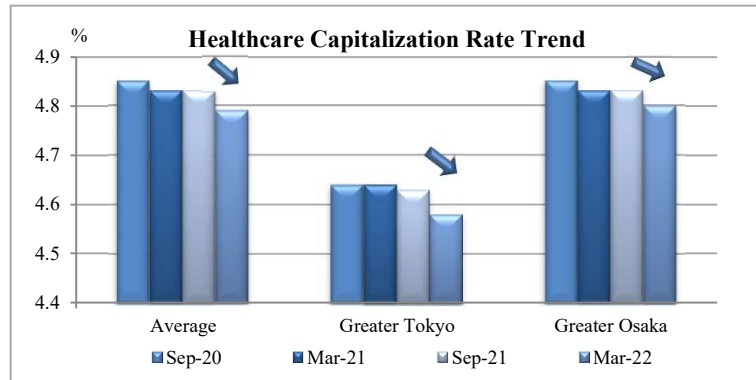
Decrease From the Previous Period

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.

After 2020, the CAP rate decline was temporarily halted in response to the COVID-19 pandemic. However, in this period, the CAP rate decreased by 0.05 points in Greater Tokyo, while the decline was 0.03 points in Greater Osaka, and the decline was 0.04 points in the national average.

	Sep-20	Mar-21	Sep-21	Mar-22
Average	4.85	4.83	4.83	4.79
Greater Tokyo	4.64	4.64	4.63	4.58
Greater Osaka	4.85	4.83	4.83	4.80

Unit: %



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

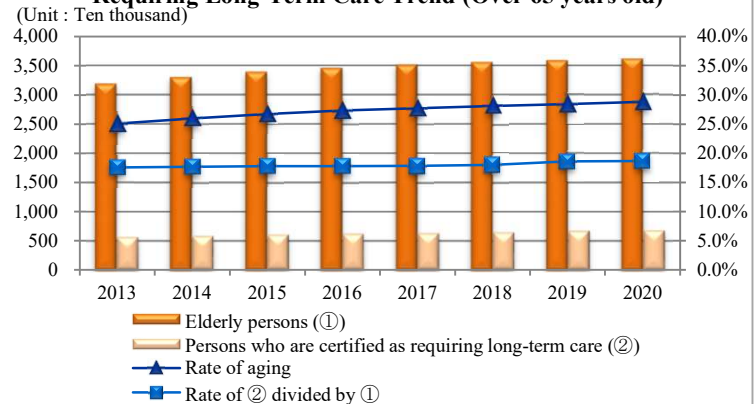
The Number Increases Steadily

The number of elderly persons and persons who are certified as requiring long-term care has been increasing yearly by approximately 0.30 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%

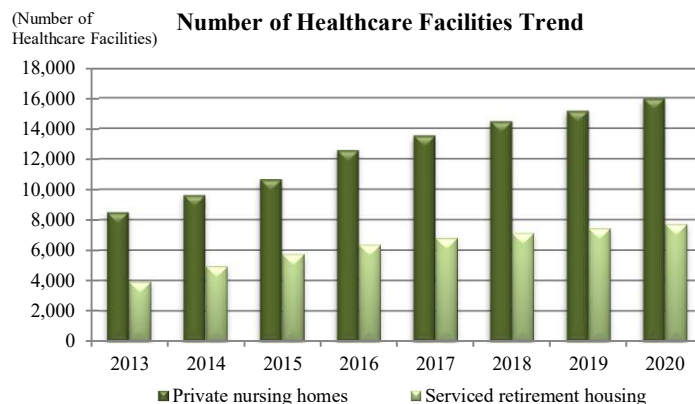
Source: Cabinet Office "Annual Report on the Aging Society", Ministry of Health, Labour and Welfare "Long-term care insurance business report"

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 2020, the number of private nursing homes increased by 822 and that of serviced retirement housing by 272 year-on-year.

Number of Healthcare Facilities Trend



	2013	2014	2015	2016	2017	2018	2019	2020
Private nursing homes	8,502	9,632	10,651	12,570	13,525	14,454	15,134	15,956
Serviced retirement housing	3,906	4,932	5,734	6,342	6,786	7,107	7,425	7,697

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

Acquisition: 18 Properties in This Period

Acquisition① Royal Kawaguchi (Right)

Location: 5-24, Aoki 2-chome,
Kawaguchi-shi, Saitama
Nearest Station: A 18 minute walk from
"Kawaguchi" Station (JR Keihin-Tohoku Line)
Floor Area: 3,484.02 m²
Construction Date: Oct. 2008



Source: "Healthcare & Medical Investment Corporation"HP



Source: "Kenedix Residential NEXT Investment Corporation"HP

Acquisition② Grapes Fujimino (Left)

Location: 15-12, Minamidai 1-chome,
Fujimino-shi, Saitama
Nearest Station: A 13 minute walk from
"Fujimino" Station
(Tobu Tojo Line)
Floor Area: 3,620.65 m²
Construction Date: Oct. 2013

[Acquisition] 10 properties out of all 18 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HCM	SOMPO CARE La vie Re Kobeikawadani	Nishi-ku, Kobe-shi, Hyogo	Apr. 2009	Feb. 2022	1,288	1,124	4.3%
HCM	SOMPO CARE Sompo no ie Sayama	Higashi-ku, Sakai-shi, Osaka	Aug. 2005	Feb. 2022	600	1,069	4.7%
HCM	Royal Kawaguchi	Kawaguchi-shi, Saitama	Oct. 2008	Feb. 2022	1,260	1,243	4.3%
HCM	NOAH GARDEN LEGEND	Kiyota-ku, Sapporo-shi, Hokkaido	Oct. 2015	Feb. 2022	859	1,099	5.1%
HCM	Heartland Kawaguchi Meiseien	Kawaguchi-shi, Saitama	Jan. 2006	Mar. 2022	2,000	1,795	4.4%
CRR	GRANCREER TACHIKAWA	Tachikawa-shi, Tokyo	May 2020	Mar. 2022	2,933	1,204	5.7%
KDR	Grapes Kawasaki Shimmachi	Kawasaki-ku, Kawasaki-shi, Kanagawa	Mar. 2015	Dec. 2021	1,470	1,454	4.0%
KDR	Grapes Fujimino	Fujimino-shi, Saitama	Oct. 2013	Dec. 2021	1,520	1,387	4.2%
KDR	Irise Kobe Rokko	Nada-ku, Kobe-shi, Hyogo	Feb. 2017	Mar. 2022	1,200	1,915	4.7%
HLC	Aristage Kyodo	Setagaya-ku, Tokyo	May 2012	Nov. 2021	9,000	2,287	4.0%

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

Revenue of Appraisal firms in Japan

(Between January 1 to December 31 of each year)

2019		2020		2021	
Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)
Daiwa Real Estate Appraisal	3,954,161	Daiwa Real Estate Appraisal	4,175,869	Daiwa Real Estate Appraisal	4,503,502
Japan Real Estate Institute	8,121,271	Japan Real Estate Institute	9,595,772	Japan Real Estate Institute	9,156,350
Tanizawa Sogo Appraisal	2,632,947	Tanizawa Sogo Appraisal	2,978,320	Tanizawa Sogo Appraisal	2,983,364
MU Real Estate Appraisal	2,085,355	MU Real Estate Appraisal	2,045,124	MU Real Estate Appraisal	1,953,044
SMBC Real Estate Appraisal Services	1,564,501	SMBC Real Estate Appraisal Services	1,485,134	CBRE	1,562,326
CBRE	1,329,863	CBRE	1,289,311	SMBC Real Estate Appraisal Services	1,438,092
Sanyu Appraisal Corporation	1,089,040	JLL Morii Valuation & Advisory	1,144,864	JLL Morii Valuation & Advisory	1,400,344
JLL Morii Valuation & Advisory	940,594	Sanyu Appraisal Corporation	1,053,983	Sanyu Appraisal Corporation	1,127,162
COSMO SYSTEM	555,459	TOKYO KANTEI	692,131	TOKYO KANTEI	762,551
TOKYO KANTEI	530,872	Chuo Real Estate Appraisal	614,745	COSMO SYSTEM	712,208

Number of Appraisers

(As of January 1 of each year)

2019		2020		2021	
Company's name	Number of Appraisers	Company's name	Number of Appraisers	Company's name	Number of Appraisers
Daiwa Real Estate Appraisal	116	Daiwa Real Estate Appraisal	118	Daiwa Real Estate Appraisal	124
Japan Real Estate Institute	265	Japan Real Estate Institute	274	Japan Real Estate Institute	275
Tanizawa Sogo Appraisal	73	Tanizawa Sogo Appraisal	78	Tanizawa Sogo Appraisal	84
JLL Morii Valuation & Advisory	33	JLL Morii Valuation & Advisory	38	JLL Morii Valuation & Advisory	42
Sanyu Appraisal Corporation	25	Sanyu Appraisal Corporation	29	Chuo-Nittochi Solutions	28
Chuo Real Estate Appraisal	23	Chuo Real Estate Appraisal	24	Sanyu Appraisal Corporation	26
TOKYO KANTEI	21	CBRE	22	Mitsubishi UFJ Trust Bank	24
CBRE	20	TOKYO KANTEI	21	CBRE	23
Mitsubishi UFJ Trust Bank	20	Japan Valuers	21	TOKYO KANTEI	23
Japan Valuers	19	Mitsubishi UFJ Trust Bank	21	Chuo Real Estate Appraisal	21
Nihon Land Building	18	Nihon Land Building	19	Japan Valuers	21

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

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

(As of March 1, 2022)

(1) Number of Appraisals

Appraisal Firms Types	Japan Real Estate Institute	DAIWA REAL ESTATE APPRAISAL	Tanizawa Sogo Appraisal	JLL Morii Valuation & Advisory	Japan Valuers	Chuo Real Estate Appraisal	CBRE	Rich Appraisal Institute	Others	Total
Office	363	352	161	39	43	40	4	11	23	1,036
Residence	616	443	298	265	124	161	1	32	61	2,001
Retail	205	74	95	8	26	4	30	2	5	449
Hotel	90	52	49	31	32		2	20	3	279
Elderly Housing & Facilities	67	53	53	5		1		3		182
Logistics	124	22	196	33	8		39		16	438
Leased Fee Interests	41	18	39	5	4	2	7	1		117
Parking Lot		1								1
Others	32	5	4	3		1	8		97	150
Total	1,538	1,020	895	389	237	209	91	69	205	4,653

(2) Book Value of Appraised Assets

Unit: Million yen

Appraisal Firms Types	Japan Real Estate Institute	DAIWA REAL ESTATE APPRAISAL	Tanizawa Sogo Appraisal	JLL Morii Valuation & Advisory	Japan Valuers	Chuo Real Estate Appraisal	CBRE	Rich Appraisal Institute	Others	Total
Office	3,108,508	3,990,466	1,252,401	524,440	252,279	359,815	34,780	192,920	164,300	9,879,909
Residence	1,362,500	818,240	534,941	584,705	125,687	283,481	10,200	40,419	71,351	3,831,524
Retail	1,623,207	447,680	689,497	32,624	170,213	15,710	339,720	11,369	29,069	3,359,089
Hotel	743,019	231,816	269,710	121,023	91,624		43,132	127,998	18,520	1,646,842
Elderly Housing & Facilities	137,721	87,531	83,000	6,834		442		2,060		317,588
Logistics	1,191,240	120,917	1,664,944	418,650	85,770		458,470		328,570	4,268,561
Leased Fee Interests	166,581	147,248	131,901	60,470	12,801	6,920	18,220	10,310		554,451
Parking Lot		10,400								10,400
Others	156,163	16,100	82,240	1,138		5,690	86,920		24,873	373,124
Total	8,488,939 35.0%	5,870,398 24.2%	4,708,634 19.4%	1,749,884 7.2%	738,374 3.0%	672,058 2.8%	991,442 4.1%	385,076 1.6%	636,683 2.6%	24,241,488 100.0%

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 settle-ments.	NBF Nippon Building Fund,Inc.	ONE One REIT,Inc.
	JRE Japan Real Estate Investment Corporation	ARI AEON REIT Investment Corporation
	JMF Japan Metropolitan Fund Investment Corporation	HLC Hulic REIT,Inc
	OJR ORIX JREIT,Inc.	NRT Nippon REIT Investment Corporation
Occupancy Rate It is the average occupancy rate of each area at the end of terms announced by investment corporations on their settle-ment.	JPR Japan Prime Realty Investment Corporation	TSR Tosei REIT,Inc.
	NUD NTT UD REIT Investment Corporation	SHR Sekisui House Reit,Inc.
	TRE TOKYU REIT,Inc.	KRR Kenedix Retail REIT Corporation
	GOR Global One Real Estate Investment Corporation	SRR Samty Residential Investment Corporation
Contract Rent It is the average income from real estate which is divided by floor area.	UUR United Urban Investment Corporation	HCM Healthcare & Medical Investment Corporation
	MTR MORI TRUST Sogo Reit,Inc.	NMF Nomura Real Estate Master Fund,Inc.
	INV Invincible Investment Corporation	LLR Lasalle Logiport REIT
NRV Abbreviation for Net Rentable Value It is the unit price per tsubo for the rentable area.	FRI Frontier Real Estate Investment Corporation	IHR Ichigo Hotel REIT Investment Corporation
	HFR HEIWA REAL ESTATE REIT,Inc.	SAR Star Asia Investment Corporation
	JLF Japan Logistics Fund,Inc.	MIR MIRAI 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.	FRC Fukuoka REIT Co.,Ltd.	MTH MORI TRUST Hotel Reit,Inc.
	KDO KENEDIX Office Investment Corporation	MRR marimo Regional Revitalization REIT,Inc
	IOR Ichigo Office REIT Investment Corporation	MFL Mitsui Fudosan Logistics Park Inc.
	DOI Daiwa Office Investment Corporation	SPA Oedo Onsen Reit Investment Corporation
	HHR HankyuHanshin REIT,Inc.	MEL Mitsubishi Estate Logistics REIT Investment Corporation
	SPI Starts Proceed Investment Corporation	CRE CRE Logistics REIT,Inc.
	JHR Japan Hotel REIT Investment Corporation	XYR XYMAXREIT Investment Corporation
	JEI Japan Excellent,Inc.	TLR Takara Leben Real Estate Investment Corporation
	NAF Nippon Accommodations Fund	IAL ITOCHU Advance Logistics Investment Corporation
	MHR MORI HILLS REIT INVESTMENT CORPORATION	EJR ESCON JAPAN REIT Investment Corporation
	IIF Industrial&Infrastructure Fund Investment Corporation	SRE SANKEI REAL ESTATE Inc.
	ADR Advance Residence Investment Corporation	CRR COMFORIA RESIDENTIAL REIT
	KDR Kenedix Residential NEXT Investment Corporation	NPR Nippon Prologis REIT
	API Activia Properties,Inc.	HRR Hoshino Resorts REIT,Inc.
	DHR Daiwa House REIT Investment Corporation	SLR SOSILA Logistics REIT,Inc
	GLP GLP J-REIT	TRI Tokaido REIT,Inc.
Major transactions are compiled by our company using data from the Tokyo Stock Exchange etc.	DLI Daiwa Securities Living Investment Corporation	



DAIWA REAL ESTATE APPRAISAL CO.,LTD.
大和不動産鑑定株式會社

Tokyo Head Office Palace Side Building 3F 1-1-1, Hitotsubashi, Chiyoda-ku, Tokyo Postal cord:100-0003

☎+81-(0)3-5219-3210 📠+81-(0)3-5219-3220

Osaka Head Office ORIX Honmachi Building 11F 1-4-1, Nishi-Honmachi, Nishi-ku, Osaka Postal cord:550-0005

Other Offices Sendai / Nagoya / Kyoto / Nara / Fukuoka / Kita-Kyushu/ Kobe