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DAIWA REAL ESTATE MARKET REPORT

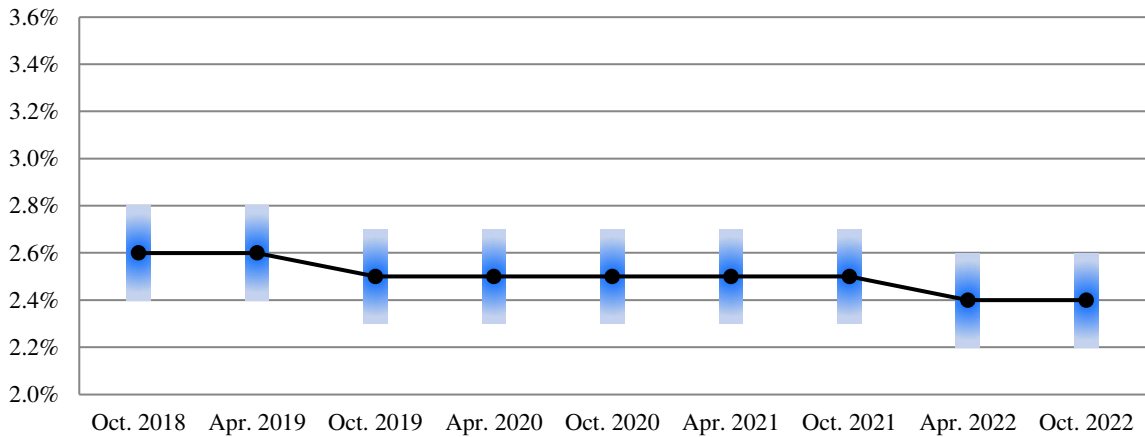
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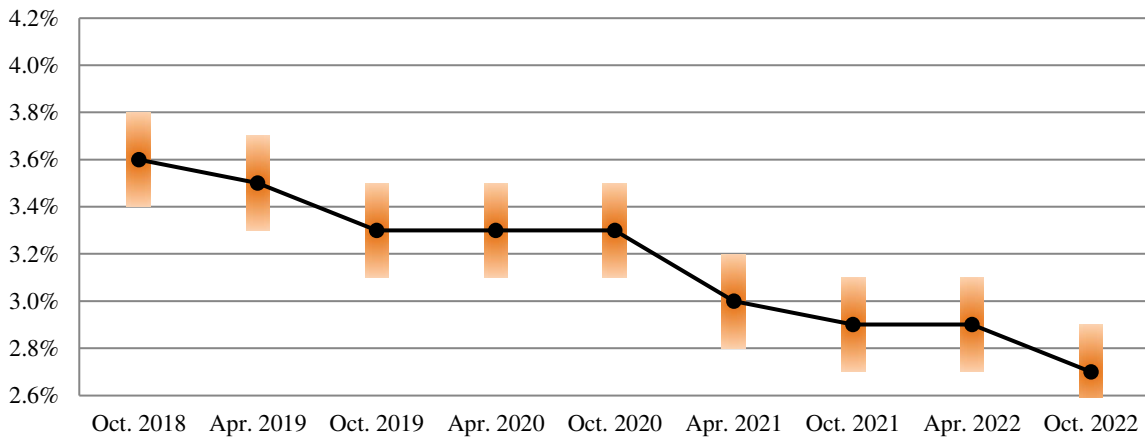
● Daiwa's Cap Rate Trend by Property Segment

■ Office Cap Rate Trend



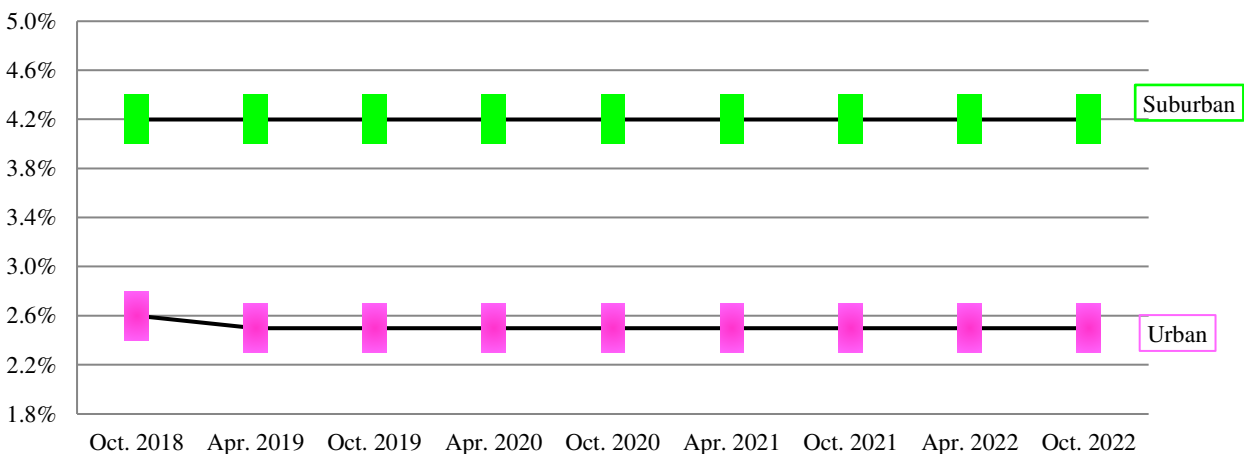
* The trend of Cap Rate for Grade-A offices in Marunouchi, Otemachi, and Yurakucho areas

■ 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

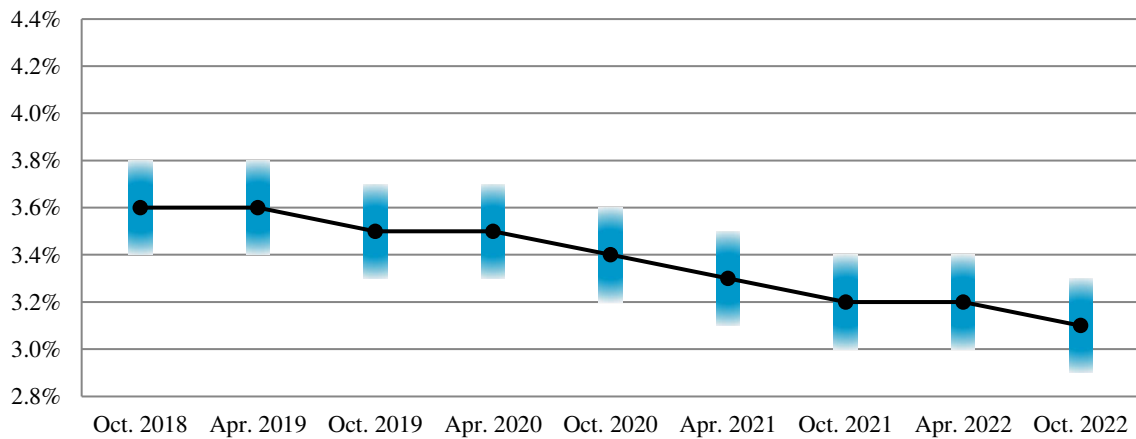
■ Retail (Urban and Suburban areas) Cap Rate Trend



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

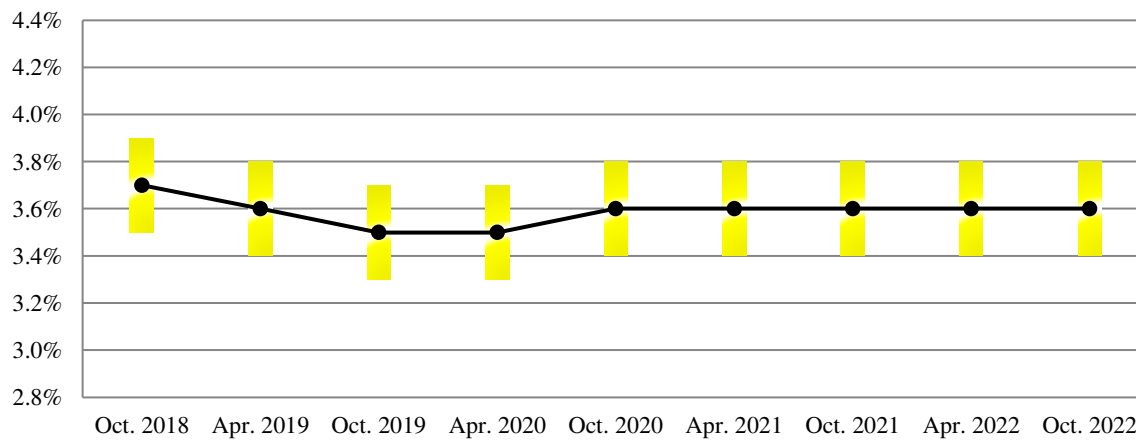
* Suburban: the trend of Cap Rate for large-size shopping centers with gross building area of 30,000 m² and over in Tokyo

Logistics Cap Rate Trend



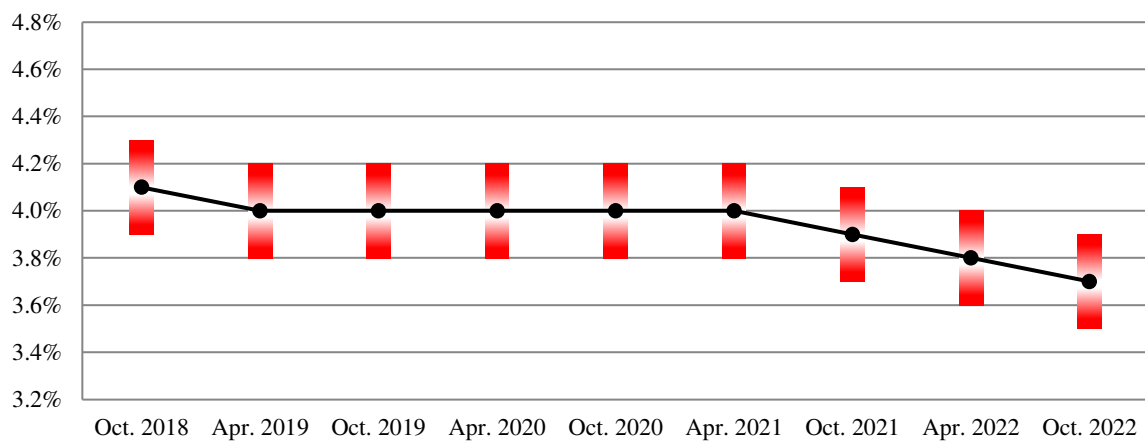
* The trend of Cap Rate for logistics with gross building area of 15,000 m² and over in the waterfront area in Greater Tokyo

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

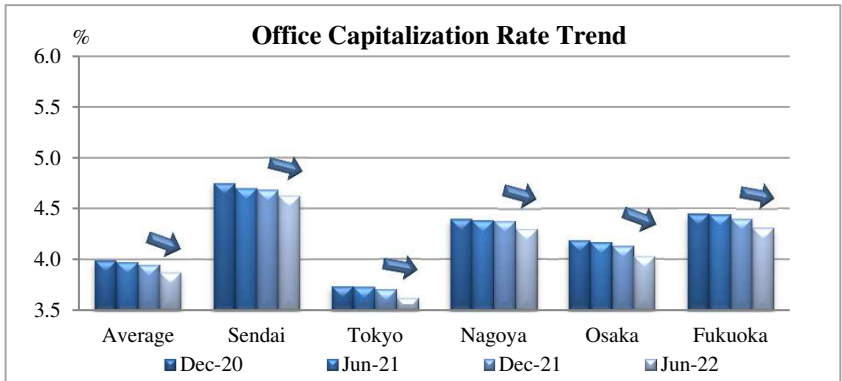
Some Declines in All Areas

In June 2022, there was a 0.08 point decline in the national average capitalization rate compared to the previous six-month period. By areas, the rate decreased by 0.05 points in Sendai, 0.09 points in Tokyo, 0.07 points in Nagoya, 0.10 points in Osaka and 0.09 points in Fukuoka.

The capitalization rate decline in all areas was slightly more severe than in the previous period.

	Dec-20	Jun-21	Dec-21	Jun-22
Average	3.99	3.98	3.95	3.87
Sendai	4.75	4.70	4.68	4.63
Tokyo	3.74	3.73	3.71	3.62
Nagoya	4.39	4.38	4.37	4.30
Osaka	4.18	4.16	4.13	4.03
Fukuoka	4.44	4.44	4.40	4.31

Unit: %



Occupancy Rate Office

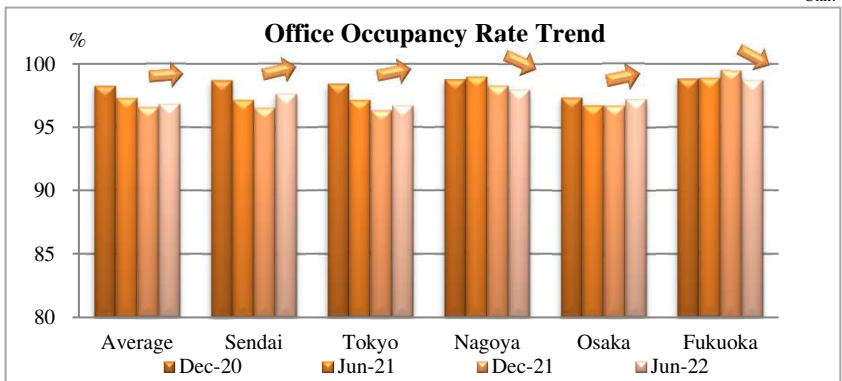
Some Increases in Many Areas

In June 2022, there was a 0.25 points increase in the national average occupancy rate compared to the previous six-month period. By areas, the rate increased by 1.09 points in Sendai, 0.36 points in Tokyo, 0.52 points in Osaka, while it decreased by 0.33 points in Nagoya and 0.82 points in Fukuoka.

Until the previous period, there was an overall downward trend, but during this period many areas have seen an increase and the occupancy rate remains high nationwide.

	Dec-20	Jun-21	Dec-21	Jun-22
Average	98.25	97.27	96.57	96.82
Sendai	98.69	97.15	96.53	97.62
Tokyo	98.38	97.10	96.30	96.66
Nagoya	98.74	98.95	98.22	97.89
Osaka	97.34	96.75	96.71	97.23
Fukuoka	98.79	98.85	99.47	98.65

Unit: %



Contract Rent Office

Overall Rising in Many Areas, Minimal Decline

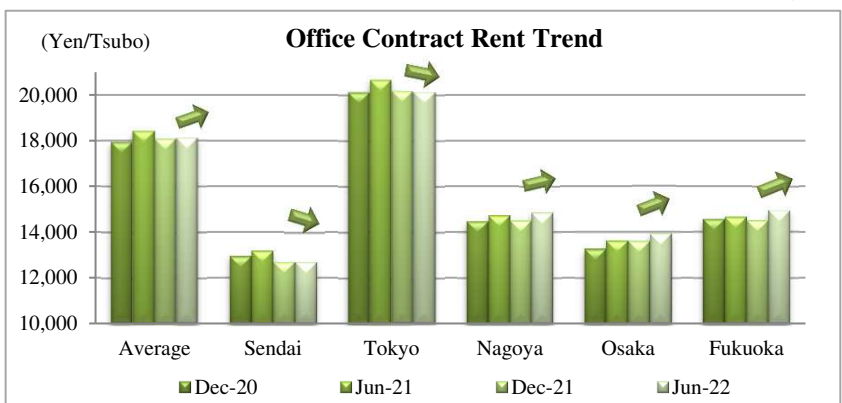
In June 2022 the contract rent slightly increased by 41 yen/tsubo for the national average compared to the previous six-month period.

By areas, it decreased by 19 yen/tsubo in Sendai and 64 yen/tsubo in Tokyo, while it increased by 340 yen/tsubo in Nagoya, 309 yen/tsubo in Osaka and 436 yen/tsubo in Fukuoka.

Although there was a slight decline in Sendai and Tokyo, contract rents increased in other areas.

	Dec-20	Jun-21	Dec-21	Jun-22
Average	17,936	18,410	18,078	18,119
Sendai	12,938	13,154	12,685	12,666
Tokyo	20,124	20,671	20,194	20,130
Nagoya	14,477	14,731	14,502	14,842
Osaka	13,262	13,614	13,611	13,920
Fukuoka	14,557	14,644	14,494	14,930

Unit: Yen/Tsubo, Monthly



Number of Acquisitions Decreased Compared to the Previous Period

• Acquisition: 10 properties in Tokyo, 1 property in Osaka, 1 property in Aichi, 1 property in Kanagawa, 1 property in Hyogo, and 2 properties in Miyagi out of all 16 properties.



Source: "Japan Excellent, Inc." HP

Acquisition① Bizcore Shibuya (Left)

Location: 3-15, Shibuya 1-chome, Shibuya-ku, Tokyo
 Nearest Station: A 4-minute walk from "Shibuya" Station
 (TokyoMetro Hanzomon Line, Ginza Line, Fukutoshin Line, Tokyu Toyoko Line, Denentoshi Line)
 A 7-minute walk from "Shibuya" Station
 (Keio Inokashira Line, JR Yamanote Line, Saikyo Line, and Shonan- Shinjuku Line)
 A 9-minute walk from "Omotesando" Station
 (Tokyo Metro Hanzomon Line, Ginza Line, and Fukutoshin Line)

Floor Area: 3,835.11 m²

Construction: Jan. 2020

Acquisition② PMO Hamamatsucho II (Right)

Location: 3-6, Shibakoen 2-chome, Minato-ku, Tokyo
 Nearest Station: A 2-minute walk from "Daimon" Station
 (Toei Asakusa Line, Oedo Line)
 A 6-minute walk from "Hamamatsucho" Station
 (JR Yamanote Line, Keihin-Tohoku Line)
 A 6-minute walk from "Monorail Hamamatsucho" Station (Tokyo Monorail)
 A 7-minute walk from "Shibakoen" and "Onarimon" Station (Toei Mita Line)

Floor Area: 3,176.45 m²

Construction: Jul. 2020



Source: "Nomura Real Estate Master Fund. Inc." HP

[Acquisition] 8 properties out of all 16 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HFR	Shinsaibashi FRONT Building	Chuo-ku, Osaka-shi, Osaka	Nov. 1986	Jun. 2022	7,300	6,088	3.8%
HFR	SAKAE CENTER BUILDING	Naka-ku, Nagoya-shi, Aichi	Mar. 1995	Jun. 2022	4,000	2,697	4.0%
HFR	IWAMOTOCHO TWIN BUILDING	Chiyoda-ku, Tokyo	Sep. 1986	Jun. 2022	3,380	4,422	3.6%
HFR	IWAMOTOCHO TWIN SAKAE BUILDING	Chiyoda-ku, Tokyo	Aug. 1992	Jun. 2022	400	3,080	3.5%
IOR	Ichigo Higashi Ikebukuro 3 Chome Building	Toshima-ku, Tokyo	Mar. 1988	Jun. 2022	3,840	4,699	3.8%
KDO	Edobashi Building	Chuo-ku, Tokyo	Nov. 1986	Jun. 2022	9,600	5,920	3.3%
JEI	Bizcore Shibuya	Shibuya-ku, Tokyo	Jan. 2020	Aug. 2022	6,640	7,871	3.1%
NMF	PMO Hamamatsucho II	Minato-ku, Tokyo	Jul. 2020	Apr. 2022	5,500	6,991	3.3%

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

*2 NRV: Net Rentable Value

[Disposal] 3 properties out of all 14 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Estimated CR (%)
JRE	Harumi Center Building	Chuo-ku, Tokyo	Nov. 2006	May 2022	24,330	3,336	3.4%
NBF	NBF Hiroshima Tatemachi Bldg.	Naka-ku, Hiroshima-shi, Hiroshima	Nov. 1991	Jul. 2022	3,520	1,502	3.7%
KDO	KDX Kiba Building	Koto-ku, Tokyo	Oct. 1992	Jul. 2022	1,650	1,548	3.1%

Capitalization Rate Residential

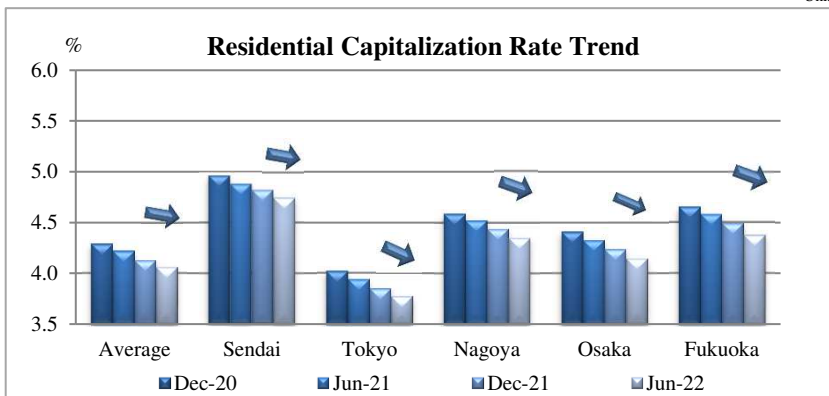
Still on a Downward Trend in All Areas

In descending order from the previous six months, the capitalization rate in Jun. 2022 decreased by 0.11 points in Fukuoka, 0.09 points in Osaka and Nagoya, 0.08 points in Sendai, 0.07 points in Tokyo. The national average was 4.06%, a decrease of 0.07 points.

Although the new coronavirus pandemic has not yet completely subsided, in comparison with other assets the demand for residential assets with stable cash flows remains strong. But yields continue to decline, particularly in regional areas.

	Dec-20	Jun-21	Dec-21	Jun-22
Average	4.29	4.22	4.13	4.06
Sendai	4.96	4.88	4.82	4.74
Tokyo	4.02	3.94	3.85	3.78
Nagoya	4.59	4.52	4.44	4.35
Osaka	4.41	4.33	4.24	4.15
Fukuoka	4.65	4.58	4.49	4.38

Unit: %



Occupancy Rate Residential

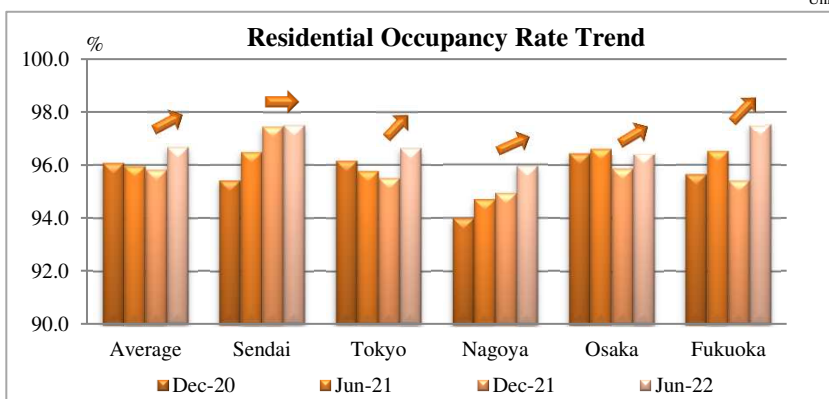
Some Increases in All Areas

The national average of the occupancy rate in Jun. 2022 was 96.66%, a increase of 0.85 points, the first increase in three periods. By area, it recovered by 2.11 points in Fukuoka, by 1.13 points in Tokyo, 1.00 points in Nagoya, by 0.58 points in Osaka, by 0.05 points in Sendai, in increasing order. Each area has an occupancy rate of approximately 96% or higher, which is higher than in previous years.

In addition, the occupancy rate in Fukuoka has risen dramatically. However, this is believed to be largely due to the impact of companies starting to re-invest in human resources in anticipation of a post-Corona economy.

	Dec-20	Jun-21	Dec-21	Jun-22
Average	96.06	95.94	95.81	96.66
Sendai	95.41	96.47	97.43	97.48
Tokyo	96.15	95.75	95.49	96.62
Nagoya	93.99	94.69	94.94	95.94
Osaka	96.42	96.60	95.85	96.43
Fukuoka	95.64	96.51	95.40	97.51

Unit: %



Contract Rent Residential

Contract Rent Has Been Declining Nationwide

The contract rent in Jun. 2022 increased by 100 yen/tsubo in Nagoya while it decreased by 200 yen/tsubo in Fukuoka, by 100 yen/tsubo in Sendai, Tokyo, and Osaka compared with the previous period.

Contracted rents declined from the previous period except in the Nagoya area. Due to measures such as free rents and the reassessment of security deposits and key money, rent conditions have substantially eased. As in previous quarters, it is evident that while rent increases are seen at the time of replacement, it is extremely difficult to implement rent increases at the time of renewal.

	Dec-20	Jun-21	Dec-21	Jun-22
Average	11,800	11,800	11,800	11,700
Sendai	6,900	7,000	6,900	6,800
Tokyo	13,300	13,200	13,300	13,200
Nagoya	7,700	7,700	7,600	7,700
Osaka	9,100	9,000	8,900	8,800
Fukuoka	6,800	6,800	6,800	6,600

Unit: Yen/Tsubo, Monthly



J-REIT's Major Transactions (May 2022- Aug. 2022) Residential

J-REITs: 10 Acquisitions and 5 Disposals in This Period

- Acquisition: 4 properties in Tokyo, 2 properties in Osaka, 1 property in Saitama, 1 property in Chiba, 1 property in Kumamoto, and 1 property in Fukuoka out of all 10 properties
- Disposal: 3 properties in Tokyo, 1 property in Hokkaido, and 1 property in Kyoto out of all 5 properties



Acquisition① KDX Residence Hachioji Otsuka (Left)

Location: 628-3, Otsuka, Hachioji-shi, Tokyo
 Nearest Station: A 5-minute walk from "Otsuka.Teikyo-Daigaku" Station (Tama Monorail)

Floor Area: 2,914.23 m²
 Construction Date: Feb. 2022
 Rentable Room: 110

Source: "Kenedix Residential NEXT Investment Corporation"

Acquisition② COMFORIA KITAZAWA (Right)

Location: 24-8, Kitazawa 1-chome, Setagaya-ku, Tokyo
 Nearest Station: A 4-minute walk from "Higashi-Kitazawa" Station (Odakyu Odawara Line)

Floor Area: 3,789.49 m²
 Construction Date: Jun. 2022
 Rentable Room: 76



Source: "Comforia Residential Reit, Inc." HP

[Acquisition] All 10 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
SPI	Proceed Ishikawadai	Ota-ku, Tokyo	Nov. 2021	May 2022	810	2,554	3.9%
KDR	KDX Residence Tsudanuma II	Funabashi-shi, Chiba	Sep. 2012	May 2022	920	1,939	4.2%
KDR	KDX Residence Hachioji Otsuka	Hachioji-shi, Tokyo	Feb. 2022	Jun. 2022	1,490	1,792	4.2%
TLR	TLR Residence Honmachi WEST	Nishi-ku, Osaka-shi, Osaka	Dec. 2017	Jun. 2022	3,479	3,039	3.5%
TLR	TLR Residence Takaيدا	Higashiosaka-shi, Osaka	Mar. 2015	Jun. 2022	942	2,061	4.1%
HFR	HF KAWAGUCHIEKIMAE RESIDENCE	Kawaguchi-shi, Saitama	Sep. 2021	Jun. 2022	1,260	2,175	3.9%
HFR	HF HIGASHIOGU RESIDENCE	Arakawa-ku, Tokyo	Jan. 2022	Jun. 2022	1,210	2,236	4.1%
CRR	COMFORIA KITAZAWA	Setagaya-ku, Tokyo	Jun. 2022	Jul. 2022	3,816	4,370	3.7%
MRR	Artiza Kumamotoshinmachi	Chuo-ku, Kumamoto-shi, Kumamoto	Aug. 2021	Jul. 2022	520	1,084	4.9%
ADR	RESIDIA Hakata-Higashi	Hakata-ku, Fukuoka-shi, Fukuoka	Mar. 2007	Jul. 2022	845	1,365	4.1%

[Disposal] All 5 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 HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	Jan. 2000	May 2022	4,508	2,529	2,350
HFR	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	Aug. 2003	May 2022		3,042	836
HFR	HF MITA RESIDENCE	Minato-ku, Tokyo	Mar. 2004	May 2022		3,060	1,080
UUR	UUR Court Sapporo Shinoro Ichibankan	Kita-ku, Sapporo-shi, Hokkaido	Sep. 2008	Jul. 2022	600	373	870
NAF	Dormy Rakuohoku	Kita-ku, Kyoto-shi, Kyoto	Feb. 2006	Jul. 2022	405	1,189	374

Capitalization Rate (Urban) *Retail*

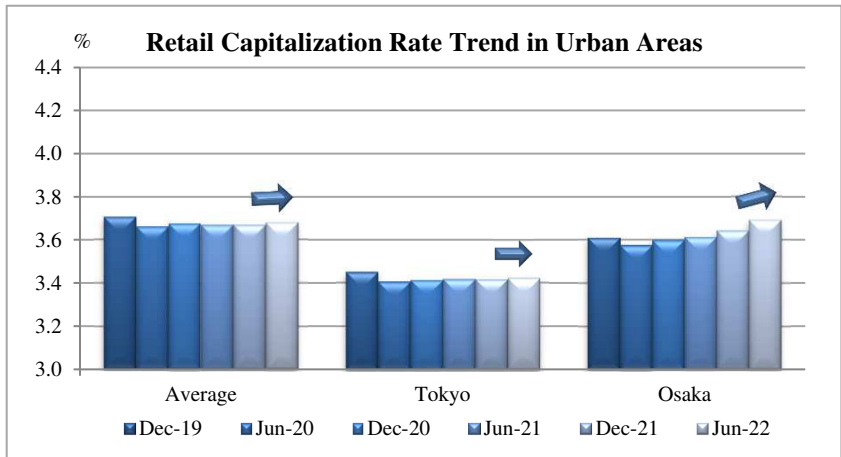
Alomst Stable in All Areas, But Slightly on the Rise in Osaka

The capitalization rate for commercial buildings in urban areas remained stable in national average and Tokyo, while Osaka saw a slight increase.

The coronavirus pandemic, which had a major impact on commercial facilities, is showing signs of abating, and urban commercial facilities are seeing a recovery in the flow of people and improvement in sales. Looking forward, the market is expected to recover to its pre-corona crisis level, triggered by the resurgence of inbound tourism, which has yet to fully recover.

	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Average	3.70	3.66	3.67	3.67	3.67	3.68
Tokyo	3.45	3.40	3.41	3.42	3.42	3.42
Osaka	3.61	3.58	3.60	3.61	3.64	3.69

Unit: %



Capitalization Rate (Suburb) *Retail*

Decreased Slightly in All Areas

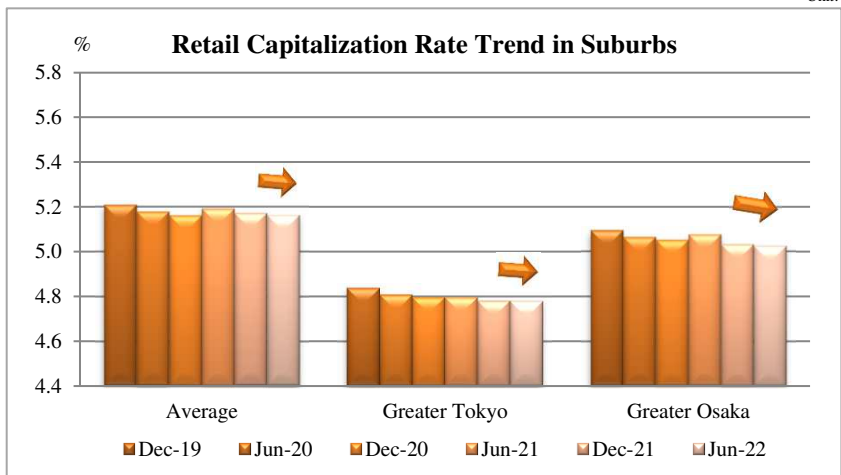
The capitalization rate for commercial buildings in suburban areas decreased slightly in all areas such as national average, Greater Tokyo and Greater Osaka as seen in the graph on the right.

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.

Although the COVID-19 is showing some signs of abatement, there has been no significant change in the preference for suburban commercial facilities, and it is assumed that the current situation will continue for the considerable future.

	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Average	5.21	5.18	5.16	5.19	5.17	5.16
Greater Tokyo	4.84	4.81	4.80	4.80	4.78	4.78
Greater Osaka	5.09	5.06	5.05	5.08	5.03	5.02

Unit: %



Contract Rent *Retail*

Contract Rents is on Downward Trend

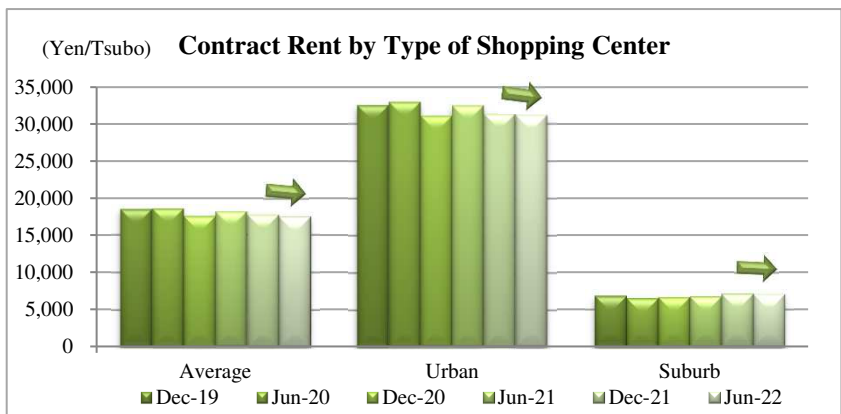
During this term, contract rents declined in all areas, including the national average, urban areas and in suburban areas.

Contracted rents at urban facilities have continued to fall due to the decline in sales as consumers refrain from business and avoid eating out due to the impact of the COVID-19, and even now as the COVID-19 is somewhat under control, the rental market continues to be soft.

In suburban areas, where average rents had remained weak, after a recovery trend in the previous quarter, rents have turned downward again in the current quarter.

	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Average	18,400	18,482	17,513	18,106	17,703	17,415
Urban	32,490	32,949	31,060	32,480	31,352	31,150
Suburb	6,770	6,488	6,584	6,701	7,039	6,981

Unit : yen/Tsubo, Monthly



Number of Acquisitions Decreased Approximately 10 Properties Compared to Previous Period

- Acquisition by area: 2 in Kanto area, 1 in Chubu area, and 2 in Kinki area.



Source: "Kenedix Retail REIT Corporation" HP

Acquisition① Sun Street Hamakita (Left)

Location: 5695, Hirakuchi, Hamakita-ku
Hamamatsu-shi, Shizuoka
Nearest Station: "Sunstreet Hamakita" Station (Entetsu Bus)
Floor Area: 34,236.71 m²
Construction Date: Jul. 2007
Main Use: Retailer



Source: "Star Asia Investment Corporation" HP

Acquisition② abeno nini (Right)

Location: 5-10, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka
Nearest Station: "Tennoji" Station (JR and OsakaMetro Lines)
Floor Area: 4,866.82 m²
Construction Date: Jan. 2012
Main Use: Service

[Acquisition] All 5 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/subo)	CR (%)
KRR	Sun Street Hamakita (10% quasi co-ownership interest)	Hamakita-ku, Hamamatsu-shi, Shizuoka	Jul. 2007 Nov. 2007 Aug. 2009	Apr. 2022	1,200	733	5.3%
KRR	Higashimatsuyama Shopping Center	Higashimatsuyama-shi, Saitama	Feb. 1998 Nov. 2010	Apr. 2022	4,080	370	4.8%
UUR	Gulliver Hachioji Minamino	Hachioji-shi, Tokyo	Aug. 2018	Jun. 2022	1,500	599	4.3%
SAR	abeno nini	Abeno-ku, Osaka-shi, Osaka	Jan. 2012	Aug. 2022	9,500	9,022	3.9%
TLR	Kaden Sumairu Kan×YAMADA web.com Nara	Nara-shi, Nara	Nov. 2008	Sep. 2022	4,850	1,631	5.2%

[Disposal] All 6 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/subo)	Initial Acquisition Cost (Million yen)
JMF	G-Bldg. Jingumae 02	Shibuya-ku, Tokyo	Apr. 2008	Apr. 2022	1,850	—	2,234
HFR	GRACE BUILDING SENGAKUJIMAE (50% quasi co-ownership interest)	Minato-ku, Tokyo	Jun. 1994	Jun. 2022	1,110	3,400	1,220
FRI	Ito-Yokado Higashi-Yamato (10% quasi co-ownership interest)	Higashiyamato-shi, Tokyo	Nov. 2003	Jun. 2022	950	600	11,600
API	A-FLAG KITA SHINSAIBASHI	Chuo-ku, Osaka-shi, Osaka	Mar. 2008	Jun. 2022	5,100	6,642	4,725
JPR	JPR Umeda Loft Bldg. (30% quasi co-ownership interest)	Kita-ku, Osaka-shi, Osaka	Apr. 1990	Jun. 2022	17,500	3,100	13,000
MHR	Laforet harajiku (land) (7% quasi co-ownership interest)	Shibuya-ku, Tokyo	—	Jul. 2022	2,898	53,400	21,820

Capitalization Rate *Logistics*

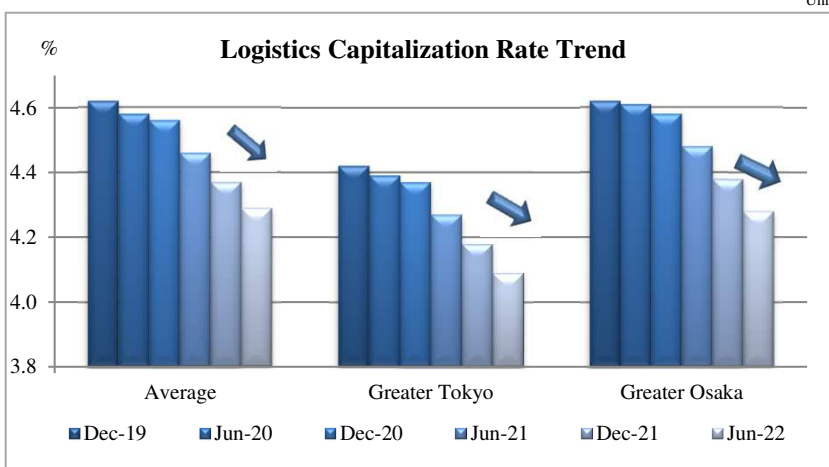
Still on a Downward Trend, Nationwide

The capitalization rate was on a downward trend nationwide. Average national capitalization rate in June 2022 was 4.29%, while in Greater Tokyo it was 4.09% and 4.28% in Greater Osaka. In all areas, the depreciation rate in June 2022 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.

	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Average	4.62	4.58	4.56	4.46	4.37	4.29
Greater Tokyo	4.42	4.39	4.37	4.27	4.18	4.09
Greater Osaka	4.62	4.61	4.58	4.48	4.38	4.28

Unit: %



Book Value at Fiscal Year End *Logistics*

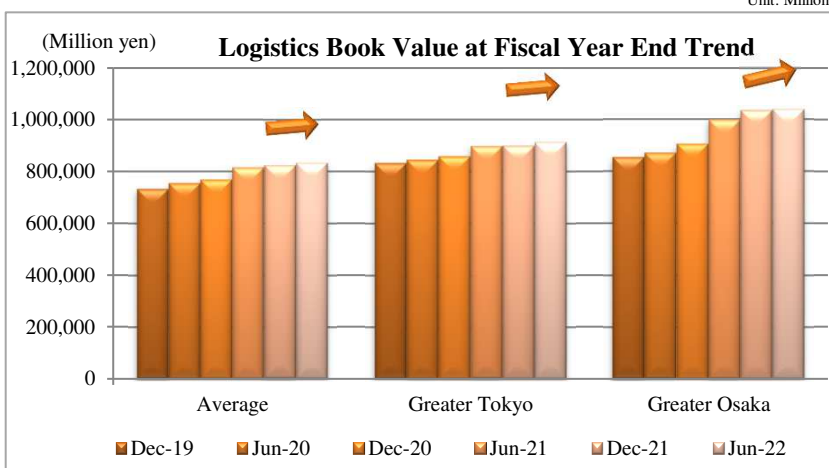
Still on an Upward Trend Nationwide

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. During the period ending in June 2022, the national average, Greater Tokyo, and Greater Osaka all increased in book value.

	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Average	732,678	754,830	768,378	815,037	823,824	832,696
Greater Tokyo	832,257	845,126	858,636	898,429	899,414	913,348
Greater Osaka	853,097	871,596	906,149	998,893	1,033,727	1,037,725

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: 2 Properties

2 properties in Kanto area



Source: "United Urban Investment Corporation"HP

Acquisition① KIC Sayama Hidaka Distribution Center (Left)Location: 482, Tagishinuehara, Hidaka-shi, Saitama
Nearest I.C.: "Sayama-Hidaka" I.C.

Structure/ Floor: S/4F

Floor Area: 15,113.11 m²

Construction Date: Apr. 2022

Transaction Date: Jun. 30, 2022

Sales Price: 4,450 million yen

NRV: 1,019 thousand yen/tsubo

CR: 3.9 %

Acquisition② LogiSquare Sayama Hidaka (Additional) (Right)Location: 12-1, Ashikaribakubo, Hanno-shi, Saitama
Nearest I.C.: "Sayama-Hidaka" I.C.

Structure/ Floor: RC,S/5F

Floor Area: 73,728.44 m²

Construction Date: May 2020

Transaction Date: Jul. 22, 2022

Sales Price:3,612 million yen
(20% quasi co-ownership interest)

NRV: 905 thousand yen/tsubo

CR: 3.8%



Source: "CRE Logistics REIT, Inc."HP

[Acquisition] All 2properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (thousand yen/tsubo)	CR (%)
UUR	KIC Sayama Hidaka Distribution Center	Hidaka-shi, Saitama	Apr. 2022	Jun.2022	4,450	1,019	3.9%
CRE	LogiSquare Sayama Hidaka	Hanno-shi, Saitama	May 2020	Jul. 2022	3,612	905	3.8%

[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)
IIF	IIF Inzai Logistics Center	Inzai-shi, Chiba	Feb. 2007	Jul. 2022	1,925	891	1,060

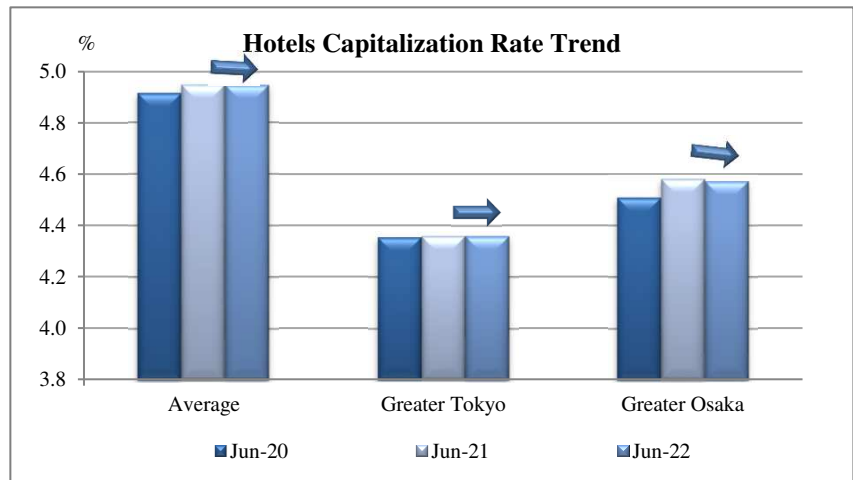
Capitalization Rate *Hotel*

Generally Leveling Off

Due to the spread of COVID-19 infection, transactions in the market stagnated, and the capitalization rate generally leveled off. Key Performance Indicators, such as occupancy rate, ADR and RevPAR, showed a trend of gradual recovery due to the easing of restrictive measures. However, the future remains uncertain due to a rebound of infections caused by new mutant strains.

	Jun-20	Jun-21	Jun-22
Average	4.91	4.95	4.94
Greater Tokyo	4.35	4.36	4.36
Greater Osaka	4.51	4.58	4.57

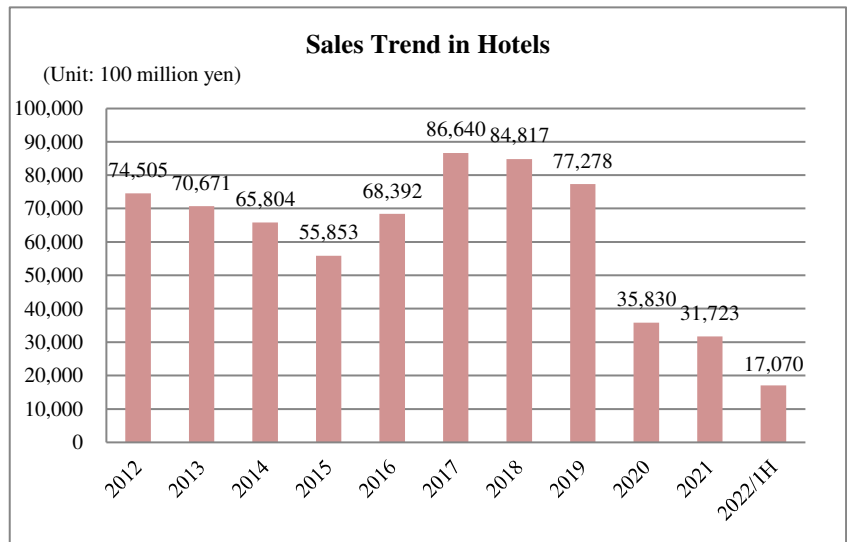
Unit: %



Hotel Sales *Hotel*

Need to Monitor the Future Trend

New entry of foreigners was suspended for all countries from November 30, 2021, but has been recently resumed, including for tourism purposes, with some conditions. Although accommodation sales declined 11% (from the same period in the previous year) to 3,172.3 billion yen in 2021, during the first half of 2022 showed an increase of approx. 36% (from the same period in the previous year) to 1,707.0 billion yen. Future predictions for the accommodation industry are for a full recovery due to deregulation of new foreign arrivals and government efforts to revive the tourism industry.

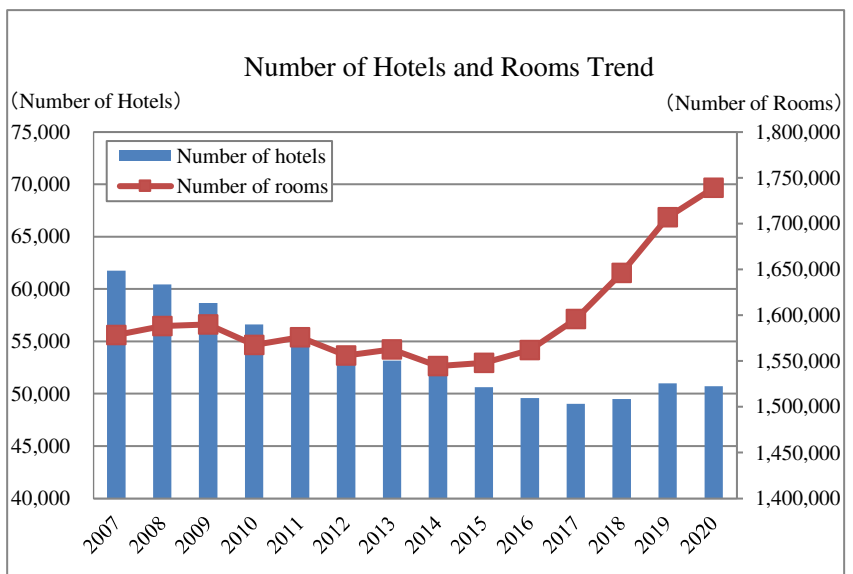


Source: Policy Research Institute, Ministry of Finance Japan

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. 403 facilities were scheduled to be built nationwide, of which 82 were located in Tokyo and 69 in the Kinki area, with a total of 61,190 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: 3 Properties/ Disposal: 2 Properties

- Hoshino Resorts REIT, Inc. acquired 1 property (12,210 million yen)
- Ichigo Hotel REIT Investment Corporation acquired 1 property (670 million yen)
- Star Asia Investment Corporation acquired 1 property (3,600 million yen)
- MIRAI Corporation disposed 1 property (670 million yen)
- Sekisui House Reit, Inc. disposed 1 property (23,000 million yen)



Source: "Hoshino Resorts REIT, Inc." HP

Acquisition HOSHINOYA Okinawa (Left)

Location: 474, Gima, Yomitan-son,
Nakagami-gun, Okinawa
Floor Area: 10,657.52 m²
Construction Date: Nov. 2019
Planned operator: Hoshino Resorts Group
Hotel Type: Resort
Hotel Grade: Luxury
Number of Rooms: 100

Acquisition and Disposal Comfort Hotel Nagano (Right)

Location: 12-4, Minamichitose 1-chome, Nagano-shi, Nagano
Floor Area: 1,921.45 m²
Construction Date: Aug. 1992
Operator: GREENS Co.,LTD.
Hotel Type: Limited Service
Hotel Grade: Budget
Number of Rooms: 76



Source: "Ichigo Hotel REIT Investment Corporation" and "MIRAI Corporation" HP

[Acquisition] All 3 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HRR	HOSHINOYA Okinawa	Nakagami-gun, Okinawa	Nov. 2019	Jul. 2022	12,210	3,787	5.2%
IHR	Comfort Hotel Nagano	Nagano-shi, Nagano	Aug. 1992	May 2022	670	1,153	4.9%
SAR	abeno nini (Hotel)	Abeno-ku, Osaka-shi, Osaka	Jan. 2012	Aug. 2022	3,600	2,143	4.6%

[Disposal] All 2 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Defference from Acquisition Cost (Million yen)
MIR	Comfort Hotel Nagano	Nagano-shi, Nagano	Aug. 1992	May 2022	670	1,153	34
SHR	The Ritz-Carlton, Kyoto	Nakagyo-ku, Kyoto-shi, Kyoto	Oct. 2013	Aug. 2022	23,000	6,614	675

Capitalization Rate *HealthCare*

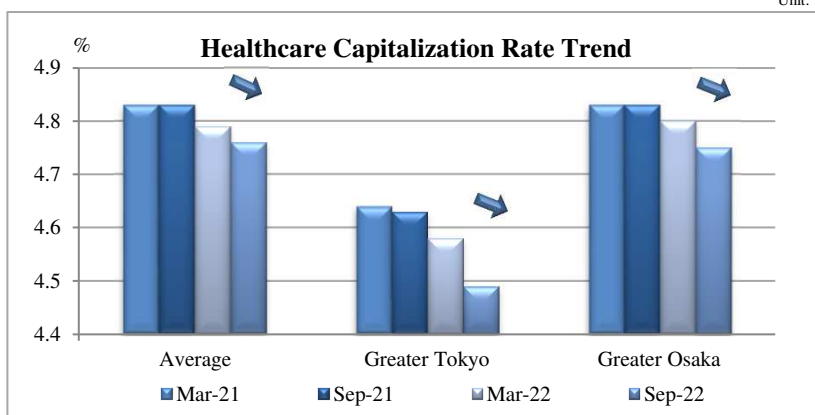
Decrease From the Previous Period

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 0.09 points in Greater Tokyo, while the decline was 0.03 points in the national average, and the decline was 0.05 points in Greater Osaka, declined for the second consecutive quarter.

	Mar-21	Sep-21	Mar-22	Sep-22
Average	4.83	4.83	4.79	4.76
Greater Tokyo	4.64	4.63	4.58	4.49
Greater Osaka	4.83	4.83	4.80	4.75

Unit: %



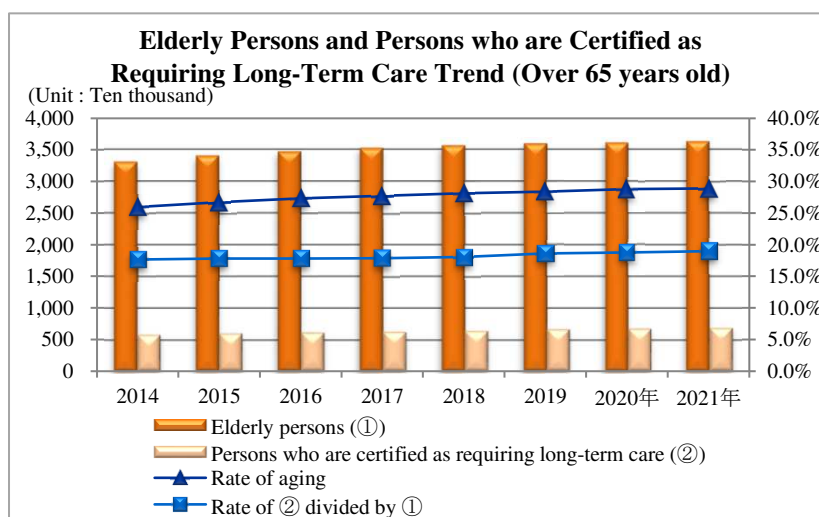
Elderly Persons and Persons who are Certified as Requiring Long-Term Care *HealthCare*

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 0.90 million and 0.10 million to 0.30 million, respectively; the former increased by 0.19 million and the latter by 0.12 million in 2021 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



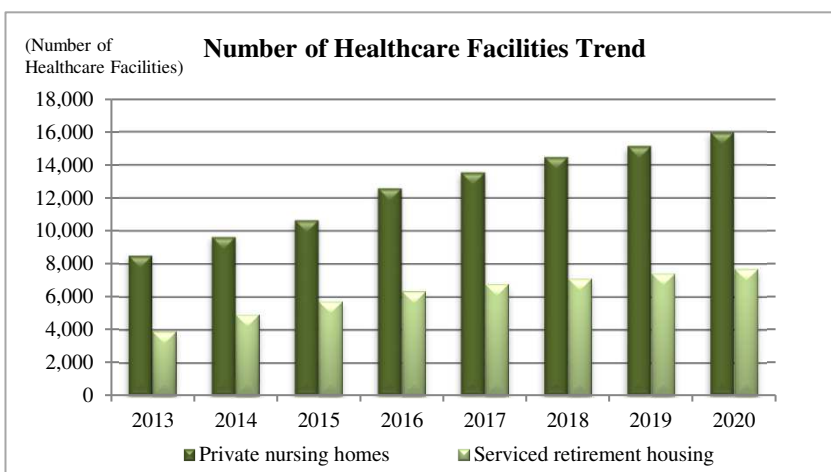
	2014	2015	2016	2017	2018	2019	2020	2021
Elderly persons (①)	3,300	3,392	3,459	3,515	3,558	3,589	3,602	3,621
Persons who are certified as requiring long-term care (②)	583	603	615	627	642	667	676	688
Rate of aging	26.0%	26.7%	27.3%	27.7%	28.1%	28.4%	28.8%	28.9%
Rate of ② divided by ①	17.7%	17.8%	17.8%	17.8%	18.0%	18.6%	18.8%	19.0%

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

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.



	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 Di"

Acquisition: 3 Properties in This Period

Acquisition① Excellent Takarazuka Garden Hills (Right)

Location: 4-1, Hirai 5-chome,
Takarazuka-shi, Hyogo
Nearest Station: A 4 minute walk from
"Yamamoto" Station
(Hankyu Takarazuka Line)
Floor Area: 5,414.02 m²
Construction Date: Jun. 2021



Source: "Kenedix Residential NEXT Investment Corporation"HP



Acquisition② Tsukui Sun-shine Adachi (Left)

Location: 10-3, Hanahata 6-chome,
Adachi-ku, Tokyo
Nearest Station: Bus available from
"Takenotsuka" Station (Tobu Isesaki Line)
and "Rokucho" Station (Tsukuba Express)
Floor Area: 2,204.45 m²
Construction Date: Dec. 2005

Source: "Kenedix Residential NEXT Investment Corporation"HP

[Acquisition] All 3 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
KDR	Excellent Takarazuka Garden Hills	Takarazuka-shi, Hyogo	Jun. 2021	Apr. 2022	2,340	1,478	4.6%
KDR	Tsukui Sun-shine Adachi	Adachi-ku, Tokyo	Dec. 2005	Sep. 2022	830	1,341	3.8%
HCM	Nichii Home Inage	Inage-ku, Chiba-shi, Chiba	Feb. 2008	Sep. 2022	1,508	1,168	4.6%

[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)
HCM	Medical Rehabilitation Home Bonsejour Komaki	Komaki-shi, Aichi	Mar. 1991	Sep. 2022	1,450	541	1,270

---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 September 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	305	363	157	35	43	40	4	12	84	1,043
Residence	576	435	286	250	128	152	1	24	80	1,932
Retail	194	85	99	7	26	5	29	1	11	457
Hotel	108	64	49	31	33	2	2	26	3	318
Elderly Housing & Facilities	54	41	48	5		1		1		150
Logistics	152	32	190	33	11		40		17	475
Leased Fee Interests	46	24	59	20	3	2	6	1	2	163
Parking Lot		1								1
Others	31	5	4	3		0	8		96	147
Total	1,466	1,050	892	384	244	202	90	65	293	4,686

(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	2,921,742	4,130,722	1,116,575	412,360	277,777	414,467	35,820	179,080	421,899	9,910,442
Residence	1,299,584	809,788	547,898	542,984	142,731	269,094	10,200	25,692	121,498	3,769,469
Retail	1,522,397	491,440	723,746	32,360	165,093	16,820	332,040	8,640	106,957	3,399,493
Hotel	897,493	266,688	262,870	121,340	91,746	5,120	53,920	155,100	18,310	1,872,587
Elderly Housing & Facilities	117,801	78,291	77,807	6,778		427		2,100		283,204
Logistics	1,520,617	213,454	1,812,765	417,680	121,760		493,910		346,080	4,926,266
Leased Fee Interests	179,275	172,357	156,113	95,703	4,032	7,270	18,110	10,300	2,610	645,770
Parking Lot		10,300								10,300
Others	173,738	16,300	82,240	1,136		0	80,700		26,188	380,302
Total	8,632,647 34.3%	6,189,340 24.6%	4,780,014 19.0%	1,630,341 6.5%	803,139 3.2%	713,198 2.8%	1,024,700 4.1%	380,912 1.5%	1,043,542 4.1%	25,197,833 100.0%

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
Contract Rent It is the average income from real estate which is divided by floor area.	GOR Global One Real Estate Investment Corporation	SRR Samty Residential Investment Corporation
	UUR United Urban Investment Corporation	HCM Healthcare & Medical Investment Corporation
	MTR MORI TRUST Sogo Reit,Inc.	NMF Nomura Real Estate Master Fund,Inc.
NRV Abbreviation for Net Rentable Value It is the unit price per tsubo for the rentable area.	INV Invincible Investment Corporation	LLR Lasalle Logiport REIT
	FRI Frontier Real Estate Investment Corporation	IHR Ichigo Hotel REIT Investment Corporation
	HFR HEIWA REAL ESTATE REIT,Inc.	SAR Star Asia 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.	JLF Japan Logistics Fund,Inc.	MIR MIRAI Corporation
	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 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	



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