

2023 VOL. 37

Summary

DAIWA REAL ESTATE MARKET REPORT

English

Capitalization Rate *Office*

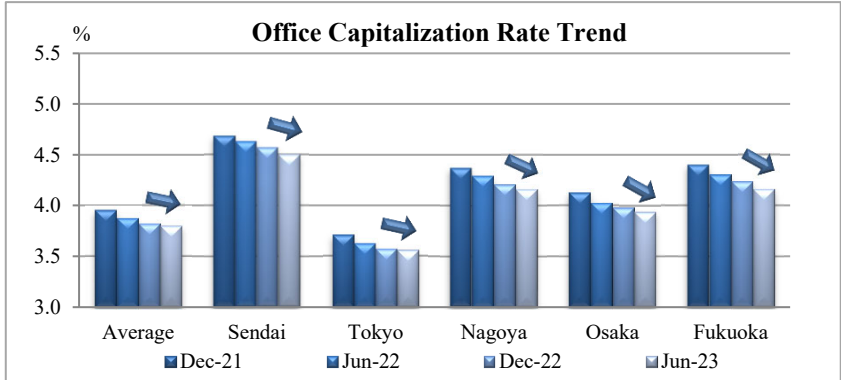
Some Declines in All Areas

In June 2023, there was a 0.02 point decline in the national average capitalization rate compared to the previous six-month period. By areas, the rate decreased by 0.07 points in Sendai, 0.01 points in Tokyo, 0.05 points in Nagoya, 0.04 points in Osaka and 0.08 points in Fukuoka.

The range of decline in the capitalization rate in Sendai and Fukuoka expanded slightly from the previous period, while the range in Tokyo, Osaka, and Nagoya narrowed.

	Dec-21	Jun-22	Dec-22	Jun-23
Average	3.95	3.87	3.82	3.80
Sendai	4.68	4.63	4.57	4.50
Tokyo	3.71	3.62	3.57	3.56
Nagoya	4.37	4.30	4.21	4.16
Osaka	4.13	4.03	3.98	3.94
Fukuoka	4.40	4.31	4.24	4.16

Unit: %



Occupancy Rate *Office*

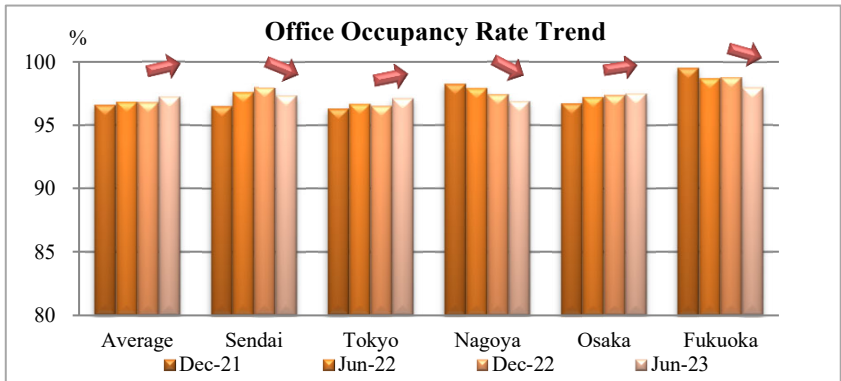
Average Occupancy Rates Increased Slightly Nationwide

In June 2023, there was a 0.44 point increase in the national average occupancy rate compared to the previous six-month period.

By areas, the rate decreased by 0.65 points in Sendai, 0.55 points in Nagoya and 0.82 points in Fukuoka, while it increased by 0.59 points in Tokyo and 0.11 points in Osaka.

	Dec-21	Jun-22	Dec-22	Jun-23
Average	96.57	96.82	96.79	97.23
Sendai	96.53	97.62	98.01	97.36
Tokyo	96.30	96.66	96.51	97.10
Nagoya	98.22	97.89	97.42	96.87
Osaka	96.71	97.23	97.38	97.49
Fukuoka	99.47	98.65	98.74	97.92

Unit: %



Contract Rent *Office*

Some Increases Only in Nagoya and Osaka

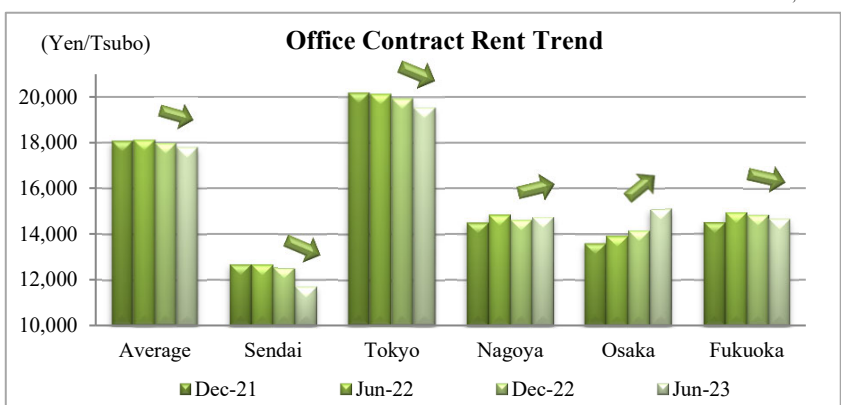
In June 2023 contract rents decreased by 182 yen/tsubo in the national average in comparison with the previous six-month period.

By areas, it decreased by 831 yen/tsubo in Sendai, 395 yen/tsubo in Tokyo and 172 yen/tsubo in Fukuoka, while it increased by 944 yen/tsubo in Osaka and 113 yen/tsubo in Nagoya.

There was an increase only in Nagoya and Osaka as contract rents decreased in all other areas.

	Dec-21	Jun-22	Dec-22	Jun-23
Average	18,078	18,119	17,971	17,789
Sendai	12,685	12,666	12,542	11,711
Tokyo	20,194	20,130	19,930	19,535
Nagoya	14,502	14,842	14,631	14,744
Osaka	13,611	13,920	14,163	15,107
Fukuoka	14,494	14,930	14,825	14,653

Unit: Yen/Tsubo, Monthly



Number of Acquisitions Decreased Compared to the Previous Period

• Acquisition: 2 properties in Tokyo, 3 properties in Osaka, 1 property in Kanagawa and 1 property in Hokkaido out of all 7 properties.



Source: "Japan Real Estate Investment Corporation " HP

Acquisition① Forecast Sakaisujihonmachi (Left)

Location: 1-6-29, Kyutarochō, Chuo-ku, Osaka-shi, Osaka
 Nearest Station: A 1-minute walk from "Sakaisuji-Hommachi" Station
 (Osaka Metro Chuo Line, Sakaisuji Line)

Floor Area: 16,392.93 m²

Construction: Jul. 2009

Acquisition② Bizcore Tsukiji (Right)

Location: 4-6-4, Tsukiji, Chuo-ku, Tokyo

Nearest Station: A 3-minute walk from "Tsukiji" Station
 (Tokyo Metro Hibiya Line)

A 4-minute walk from "Tsukijishijo" Station
 (Toei Oedo Line)

A 5-minute walk from "Higashi-ginza" Station
 (Tokyo Metro Hibiya Line, Toei Asakusa Line)

Floor Area: 6,728.37m²

Construction: Jul. 2019



Source: "Japan Excellent, Inc." HP

[Acquisition] 5 properties out of all 7 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HFR	Kitahama 1-Chome Heiwa Building	Chuo-ku, Osaka-shi, Osaka	Feb. 2015	Jun. 2023	3,370	4,257	3.9%
HFR	Heiwa Real Estate Kitahama Building	Chuo-ku, Osaka-shi, Osaka	Oct. 2011	Jun. 2023	1,650	3,604	3.9%
HLC	Hulic Kobunacho Building	Chuo-ku, Tokyo	May 1994	Jul. 2023	10,970	4,886	3.4%
JEI	Bizcore Tsukiji	Chuo-ku, Tokyo	Jul. 2019	Jul. 2023	9,800	6,982	3.4%
JRE	Forecast Sakaisujihonmachi	Chuo-ku, Osaka-shi, Osaka	Jul. 2009	Aug. 2023	17,125	4,801	3.3%

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

*2 NRV: Net Rentable Value

[Disposal] 5 properties out of all 9 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Estimated CR (%)
NUD	Rokubancho Building	Chiyoda-ku, Tokyo	Apr. 1987	May 2023	10,500	5,050	4.0%
NMF	NMF Tenjin-Minami Building	Chuo-ku, Fukuoka-shi, Fukuoka	Feb. 2008	May 2023	3,040	2,670	4.3%
HLC	Hulic Ginza 7 Chome Building	Chuo-ku, Tokyo	Sep. 1962	Jun. 2023	21,870	6,333	3.1%
JEI	Kowa Kawasaki Nishiguchi Building	Saiwai-ku, Kawasaki-shi, Kanagawa	Feb. 1988	Jun. 2023	16,050	2,121	4.6%
JEI	JEI Kyobashi Building (80% quasi co-ownership interest)	Miyakojima-ku, Osaka-shi, Osaka	Apr. 1987	Jun. 2023	5,040	1,710	5.0%

Capitalization Rate Residential

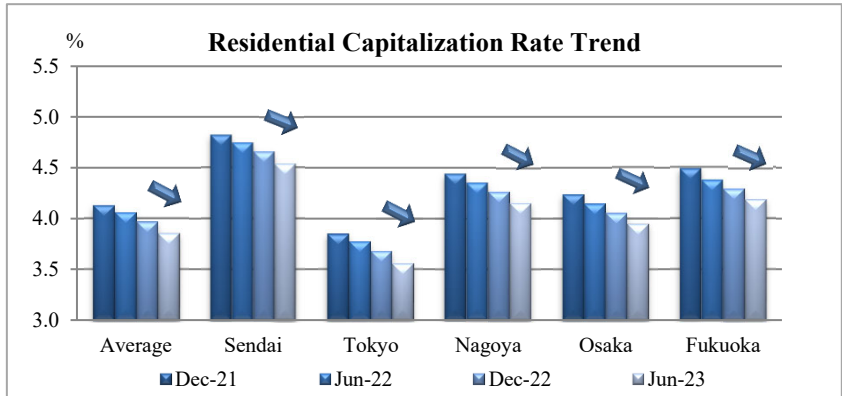
Still on a Downward Trend in All Areas

In terms of capitalization rates for the previous six month period in June 2023, the downward trend continued in all areas. In descending order of magnitude from the previous period, Tokyo and Sendai fell 0.12 points, Osaka by 0.11 points, Nagoya and Fukuoka by 0.10 points. The national average capitalization rate decreased by 0.11 points.

The range of decline increased more than that of half a year ago and the capitalization rate was still on a downward trend in all areas.

	Dec-21	Jun-22	Dec-22	Jun-23
Average	4.13	4.06	3.97	3.86
Sendai	4.82	4.74	4.66	4.54
Tokyo	3.85	3.78	3.68	3.56
Nagoya	4.44	4.35	4.26	4.16
Osaka	4.24	4.15	4.06	3.95
Fukuoka	4.49	4.38	4.29	4.19

Unit: %



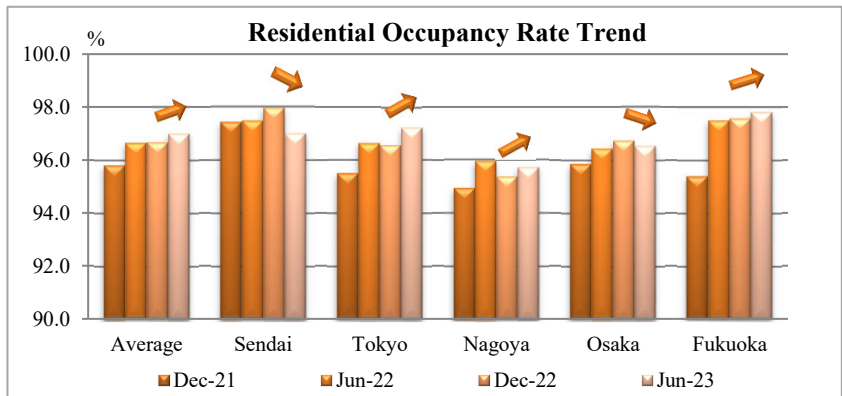
Occupancy Rate Residential

Sustaining High Occupancy Rates Nationwide

The national average occupancy rate in June 2023 was 96.99%, an increase of 0.32 points. By areas, the rate increased by 0.65 points in Tokyo, 0.33 points in Nagoya and 0.23 points in Fukuoka. Although it decreased by 0.97 points in Sendai and 0.21 points in Osaka, both of two areas maintained a high occupancy rate of 96% or higher.

	Dec-21	Jun-22	Dec-22	Jun-23
Average	95.81	96.66	96.67	96.99
Sendai	97.43	97.48	97.96	96.99
Tokyo	95.49	96.62	96.55	97.20
Nagoya	94.94	95.94	95.37	95.70
Osaka	95.85	96.43	96.74	96.53
Fukuoka	95.40	97.51	97.57	97.80

Unit: %



Contract Rent Residential

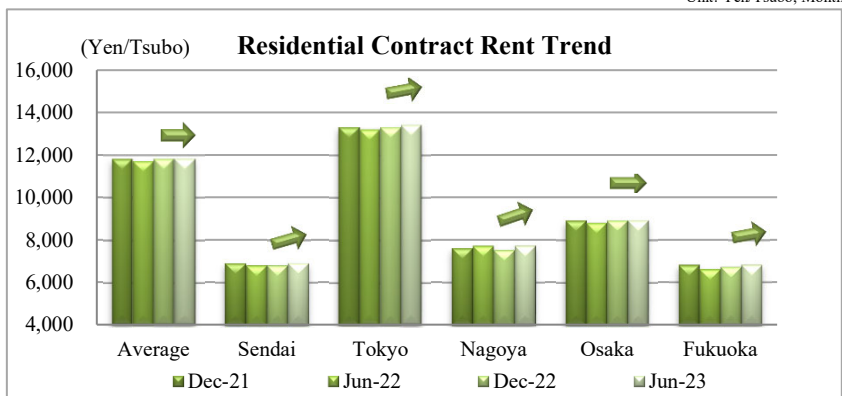
Contract Rents Trending Slightly Higher Nationwide

Contract rents in June 2023 increased by 200 yen/tsubo in Nagoya, by 100 yen/tsubo in Sendai, Tokyo and Fukuoka, remained unchanged in Osaka from the previous period.

Contract rents have remained stable or increased from the previous period in all areas. The national average contract rent level has been stable over time.

	Dec-21	Jun-22	Dec-22	Jun-23
Average	11,800	11,700	11,800	11,800
Sendai	6,900	6,800	6,800	6,900
Tokyo	13,300	13,200	13,300	13,400
Nagoya	7,600	7,700	7,500	7,700
Osaka	8,900	8,800	8,900	8,900
Fukuoka	6,800	6,600	6,700	6,800

Unit: Yen/Tsubo, Monthly



J-REITs: 11 Acquisitions and 7 Disposals in This Period

- Acquisition: 3 properties in Tokyo, 3 properties in Osaka, 3 properties in Aichi, 1 property in Hokkaido, and 1 property in Fukuoka out of all 11 properties
- Disposal: 2 properties in Tokyo, 2 properties in Fukuoka, 1 property in Osaka, 1 property in Aichi, and 1 property in Kumamoto out of all 7 properties



Acquisition① Gran Casa Watanabedori (Left)

Location: 2-6-4, Kiyokawa, Chuo-ku, Fukuoka-shi, Fukuoka
 Nearest Station: A 9-minute walk from "Watanabe-dori" Station (Fukuoka City Subway Nanakuma Line)
 Floor Area: 1,322.65 m²
 Construction Date: Feb. 2017
 Rentable Room: 40

Source: "Daiwa Securities Living Investment Corporation" HP

Acquisition② Plowland Horita (Right)

Location: 7-19, Horitadori, Mizuho-ku, Nagoya-shi, Aichi
 Nearest Station: A 5-minute walk from "Horita" Station (Meitetsu Main Line)
 Floor Area: 4,191.36 m²
 Construction Date: Aug. 2008
 Rentable Room: 108



Source: "NIPPON REIT Investment Corporation" HP

[Acquisition] 9 properties out of all 11 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
SRR	S-RESIDENCE Minamimaruyama	Chuo-ku, Sapporo-shi, Hokkaido	Jan. 2022	May 2023	410	1,239	4.6%
SRR	S-FORT Omori Sanno	Shinagawa-ku, Tokyo	Sep. 2016	Jun. 2023	361	3,029	3.6%
SRR	S-FORT Kamiikedai	Ota-ku, Tokyo	Mar. 2017	Jun. 2023	353	3,049	3.7%
DLI	Gran Casa Watanabedori	Chuo-ku, Fukuoka-shi, Fukuoka	Feb. 2017	Jul. 2023	668	2,039	3.7%
NRT	Muse Ryogoku II	Sumida-ku, Tokyo	Nov. 2002	Jul. 2023	630	2,682	3.9%
NRT	Minami-Horie apartment Cielo	Nishi-ku, Osaka-shi, Osaka	Feb. 2008	Jul. 2023	805	2,053	4.0%
NRT	Minami-Horie apartment Grande	Nishi-ku, Osaka-shi, Osaka	Feb. 2008	Jul. 2023	770	2,091	4.0%
NRT	Minami-Horie apartment Rio	Nishi-ku, Osaka-shi, Osaka	Feb. 2008	Jul. 2023	250	1,922	4.0%
NRT	Plowland Horita	Mizuho-ku, Nagoya-shi, Aichi	Aug. 2008	Jul. 2023	1,375	1,317	4.4%

[Disposal] 5 properties out of 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)
UUR	GRAND-ROUGE Sakae	Naka-ku, Nagoya-shi, Aichi	Mar. 2006	Jun. 2023	1,450	1,287	1,570
SRR	S-FORT Hakata-Higashi I	Hakata-ku, Fukuoka-shi, Fukuoka	Feb. 2003	Jun. 2023	502	1,368	389
SRR	S-FORT Hakata-Higashi II	Hakata-ku, Fukuoka-shi, Fukuoka	Feb. 2003	Jun. 2023	500	1,368	382
SRR	S-FORT Kumamoto Senba	Chuo-ku, Kumamoto-shi, Kumamoto	Jan. 2008	Jun. 2023	1,055	1,025	1,010
NRT	Imazeki Mansion N1	Higashiosaka-shi, Osaka	Mar. 1999	Jun. 2023	1,050	1,541	1,180

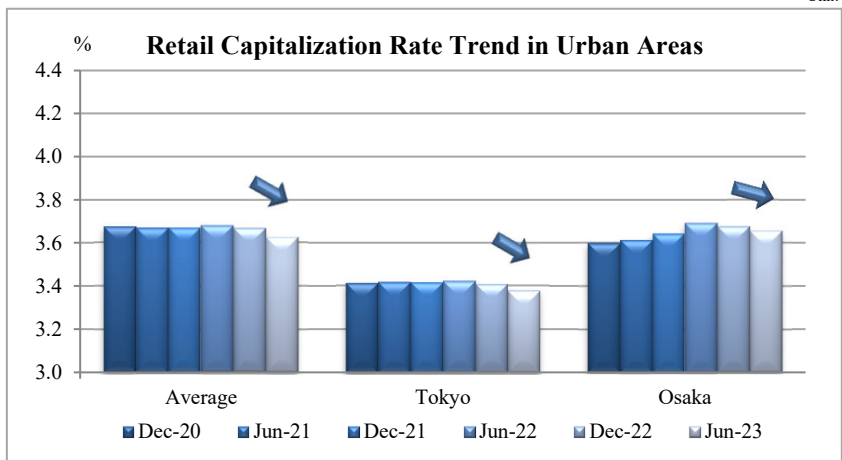
Capitalization Rate (Urban) *Retail*

Still on a Downward Trend

The capitalization rate for commercial buildings in urban areas continued a downward trend from the previous period for the national average, Tokyo and Osaka. Several months have passed since the COVID-19's changed infection risk levels under the Infectious Disease Control Law, and a recovery in consumption has become clear. In the "July 2023 National Department Store Sales Summary" disclosed by the Japan Department Stores Association, department store sales were positive for 17 consecutive months. Sales were just 1.5% away from the 2019 level before COVID-19 pandemic, the highest since February 2020.

	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Average	3.67	3.67	3.67	3.68	3.67	3.62
Tokyo	3.41	3.42	3.42	3.42	3.41	3.38
Osaka	3.60	3.61	3.64	3.69	3.68	3.66

Unit: %



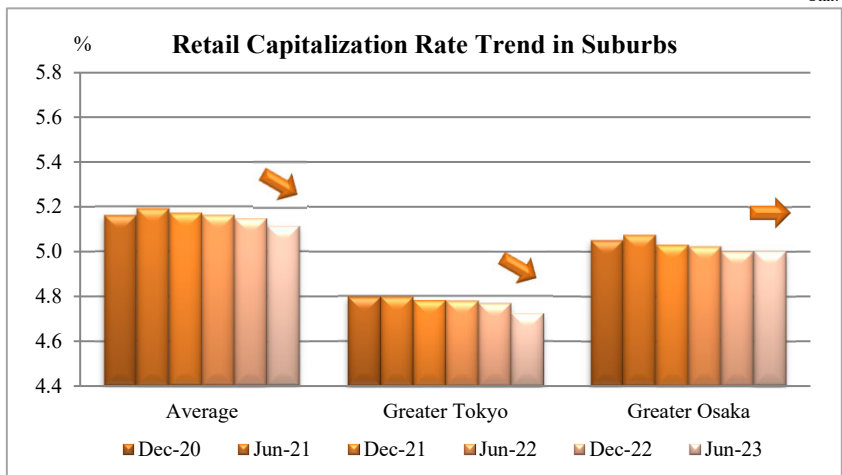
Capitalization Rate (Suburb) *Retail*

National Average and Greater Tokyo Decreased for 4 Consecutive Terms

The capitalization rate for commercial buildings in suburban areas continued to decrease in Greater Tokyo and the national average, while remained stable in Greater Osaka. While initially benefited from "stay-at-home demand" during the COVID-19 pandemic, conditions have stabilized. However, a certain level of firmness in demand was recognized due to the operational stability of suburban commercial facilities, and capitalization rates showed a downward trend for the fourth consecutive period for both the national average and the Greater Tokyo.

	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Average	5.16	5.19	5.17	5.16	5.15	5.11
Greater Tokyo	4.80	4.80	4.78	4.78	4.77	4.72
Greater Osaka	5.05	5.08	5.03	5.02	5.00	5.00

Unit: %



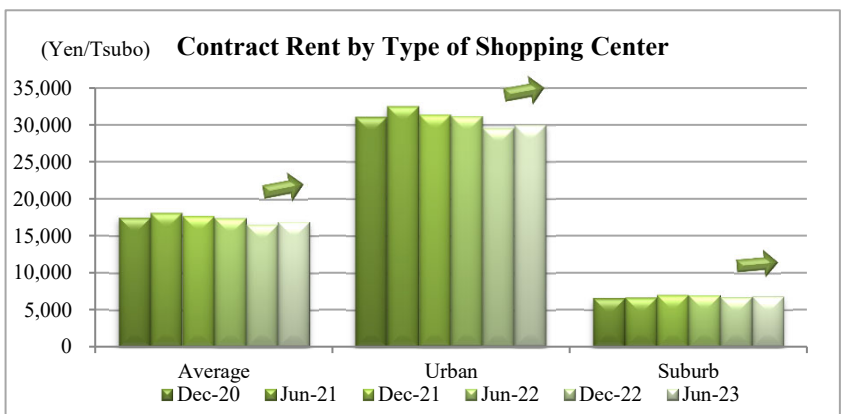
Contract Rent *Retail*

Contract Rents is on Upward Trend

During this period, contract rents rose in all types : national average, urban and suburban. Contract rents increased from the previous period, with the national average increase of 2.3%, urban type increase of 1.4%, and suburban type increase of 1.5%. However, the recovery in sales and rents will need to be monitored closely in the future, as tenants' management costs are also rising due to soaring gasoline prices, minimum wage revisions, the full implementation of qualified invoice system, and the logistics 2024 problem.

	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Average	17,513	18,106	17,703	17,415	16,535	16,916
Urban	31,060	32,480	31,352	31,150	29,535	29,941
Suburb	6,584	6,701	7,039	6,981	6,707	6,809

Unit : Yen/Tsubo, Monthly



Number of Acquisitions Decreased Approximately 10 Properties Compared to Previous Period



Source: "United Urban Investment Corporation" HP

Acquisition① Higashi-Matsudo Shopping Center (Left)

Location: 2-5-1, Higashi-Matsudo, Matsudo-shi, Chiba
 Nearest Station: "Higashi-Matsudo" Station
 (JR Musashino Line,
 Hokuso Railway Hokuso Line,
 Keisei Electric Railway Narita Sky Access Line)
 Floor Area: 33,985.12 m² (whole building)
 Construction Date: Jan. 2018
 Main Use: Retailer

Disposal①

Ito-Yokado Higashi-Yamato (Right)

Location: 2-142-1, Sakuragaoka, Higashi-Yamato-Shi,
 Tokyo
 Nearest Station: "Tamagawa-josui" Station
 (SEIBU Railway Haijima Line)
 Floor Area: 53,374.72 m² (whole building)
 Construction Date: Nov. 2003
 Main Use: Retailer



Source: "Ito-Yokado CO.,Ltd." HP

[Acquisition] All 1 property

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/tsubo)	CR (%)
UUR	Higashi-Matsudo Shopping Center	Matsudo-shi, Chiba	Jan. 2018	Jun. 2023	2,200	1,760	4.9%

[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)
FRI	Ito-Yokado Higashi-Yamato	Higashi-Yamato-Shi, Tokyo	Nov. 2003	Jun. 2023	6,650	588	8,120

Capitalization Rate

Logistics

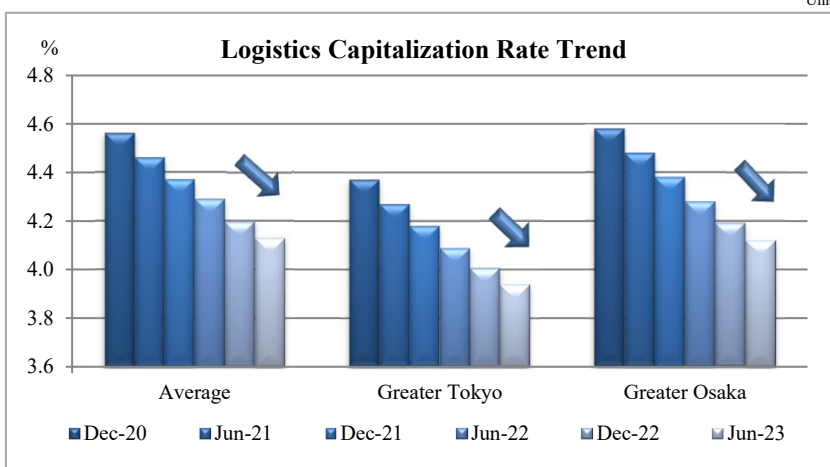
Still on a Downward Trend Nationwide

The capitalization rate is still on a downward trend nationwide.

Average national capitalization rate in June 2023 was 4.13%, while in Greater Tokyo it was 3.94% and 4.12% in Greater Osaka. In all areas, the range of decline was almost the same as the previous period.

	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Average	4.56	4.46	4.37	4.29	4.20	4.13
Greater Tokyo	4.37	4.27	4.18	4.09	4.01	3.94
Greater Osaka	4.58	4.48	4.38	4.28	4.19	4.12

Unit: %



Book Value at Fiscal Year End

Logistics

Still on an Upward Trend Nationwide

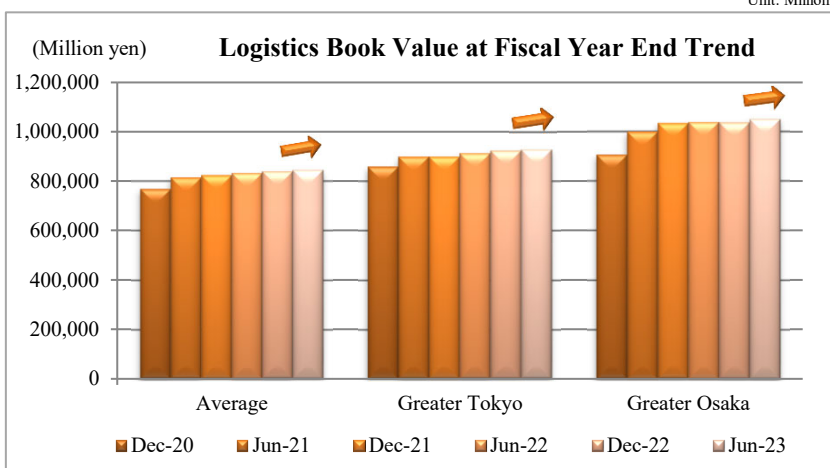
This table indicates trends in the book value at the end of the fiscal year for logistics facilities.

As capitalization rates have declined, the book value of logistics facilities at the end of the period has been increasing.

Since December 2020, the book value at year-end has increased and has been rising steadily. During the period ending in June 2023, all the national average, Greater Tokyo and Greater Osaka increased in book value.

	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Average	768,378	815,037	823,824	832,696	839,513	844,252
Greater Tokyo	858,636	898,429	899,414	913,348	924,154	928,107
Greater Osaka	906,149	998,893	1,033,727	1,037,725	1,036,325	1,049,926

Unit: Million yen



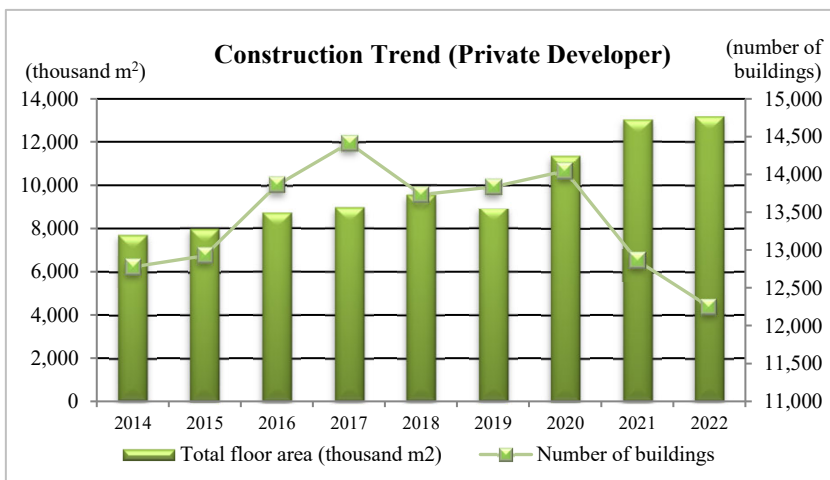
Construction Trend

Logistics

Although the Number of New Constructions Decreased, Floor Area Increased

According to "Building Starts Statistical Survey" (Jan. 2022 - Dec. 2022), issued by the Ministry of Land, Infrastructure, Transport and Tourism, the number of new constructions in 2022 was 12,248, decreasing statistics for 2021. On the other hand, floor area increased to 13,191 thousand square meters.

New supply is expected to continue to come on line, but rising construction costs have caused some projects to postpone their development schedules.



Building construction starts

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total floor area (thousand m ²)	7,709	7,955	8,693	8,943	9,555	8,956	11,348	13,025	13,191
Number of buildings	12,775	12,925	13,856	14,416	13,732	13,832	14,044	12,861	12,248

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

Acquisition: 9 Properties

1 property in Kanto area, 1 property in Knasai area



Source: "GLP J-REIT"HP

Acquisition①**GLP ALFALINK Sagamihara 4 (Left)**

Location: 3532-13, Aza Shirasamedai, Tana, Chuo-ku, Sagamihara-shi, Kanagawa

Nearest I.C.: "Sagamihara-Aikawa" I.C.

Structure/ Floor: RC/5F

Floor Area: 138,027.75 m²

Construction Date: Nov. 2022

Transaction Date: Jun. 1, 2023

Sales Price: 19,350 million yen

NRV: 1,528 thousand yen/tsubo

CR: 3.2%

Acquisition② GLP Fukuoka Kasuya (Right)

Location: 758-1, Oaza Kamiokuma Aza Hekibaru, Kasuya-cho, Kasuya-gun, Fukuoka

Nearest I.C.: "Fukuoka" I.C.

Structure/ Floor: S/4F

Floor Area: 41,236.43 m²

Construction Date: Apr. 2022

Transaction Date: Jun. 1, 2023

Sales Price: 14,000 million yen

NRV: 1,120 thousand yen/tsubo

CR: 3.7%



Source: "GLP J-REIT"HP

[Acquisition] All 9 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (thousand yen/tsubo)	CR (%)
TRI	Shimizucho Delivery and Sales Center	Sunto-gun, Shizuoka	May 2023	Jun. 2023	3,100	1,152	5.7%
GLP	GLP ALFALINK Sagamihara 4	Sagamihara-shi, Kanagawa	Nov. 2022	Jun. 2023	19,350	1,528	3.2%
GLP	GLP Soja III	Soja-shi, Okayama	Feb. 2022	Jun. 2023	6,980	734	4.5%
GLP	GLP Fukuoka Kasuya	Kasuya-gun, Fukuoka	Apr. 2022	Jun. 2023	14,000	1,120	3.7%
GLP	GLP Okinawa Urasoe	Urasoe-shi, Okinawa	Feb. 2023	Jun. 2023	17,900	1,026	4.4%
NPR	Prologis Park Soka	Soka-shi, Saitama	Mar. 2022	Jun. 2023	51,400	1,293	3.6%
LLR	LOGIPORT Kyoto	Yawata-shi, Kyoto	Sep. 2020	Jul. 2023	13,015	1,128	3.7%
LLR	Aisai Logistics Center	Aisai-shi, Aichi	Jul. 2021	Jul. 2023	4,045	976	3.7%
LLR	Kariya Logistics Center	Kariya-shi, Aichi	Nov. 2022	Jul. 2023	6,045	954	3.7%

[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 Kobe Logistics Center (32% quasi co-ownership interest)	Nada-ku, Kobe-shi, Hyogo	Jan. 2001	Jul. 2023	2,726	1,341	5,193

Capitalization Rate

Hotel

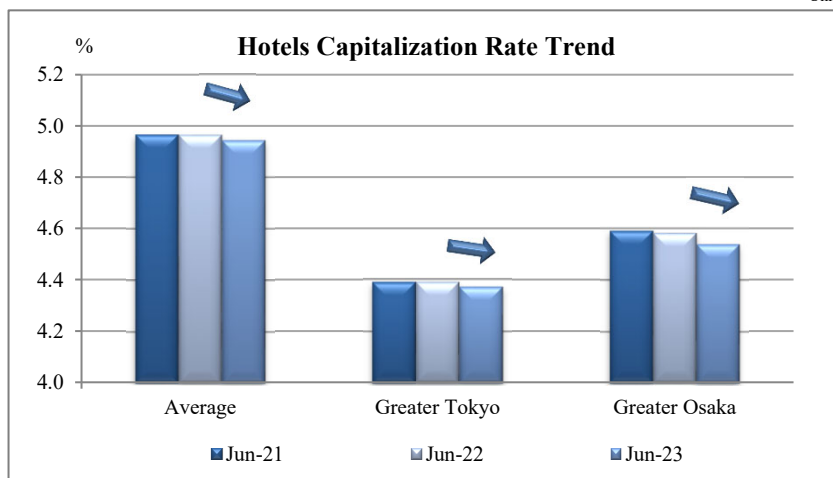
Nationwide Downward Trend

The capitalization rate has turned to a downward trend nationwide. This is due to the improvement in the market environment for hotels as a result of the recovery in domestic leisure demand and the number of foreign visitors to Japan.

Key Performance Indicators, such as occupancy rate, ADR and RevPAR, showed a trend of recovery. Further improvement is expected following a full-fledged recovery in inbound tourism.

	Jun-21	Jun-22	Jun-23
Average	4.97	4.96	4.94
Greater Tokyo	4.39	4.39	4.37
Greater Osaka	4.59	4.58	4.54

Unit: %



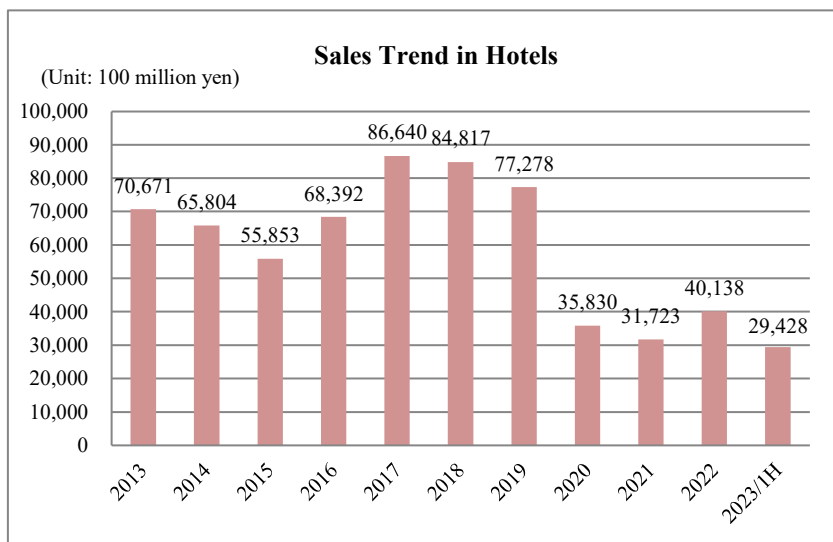
Hotel Sales

Hotel

Need to Monitor the Future Trend

With the change in the status of COVID-19 infections under the Infectious Disease Law on May 8, 2023, the restriction on activities has been removed, boosting tourism demand. Accommodation sales was 4,013.8 billion yen in 2022 (+27% year-on-year), 2,942.8 billion yen in the first half of 2023 (+72% year-on-year) and showed a significant recovery.

Looking ahead, the accommodation industry is expected to recover to pre-COVID-19 levels due to a full-fledged recovery in inbound demand, especially from Asia.



Source: Policy Research Institute, Ministry of Finance Japan

Number of Hotels and Rooms

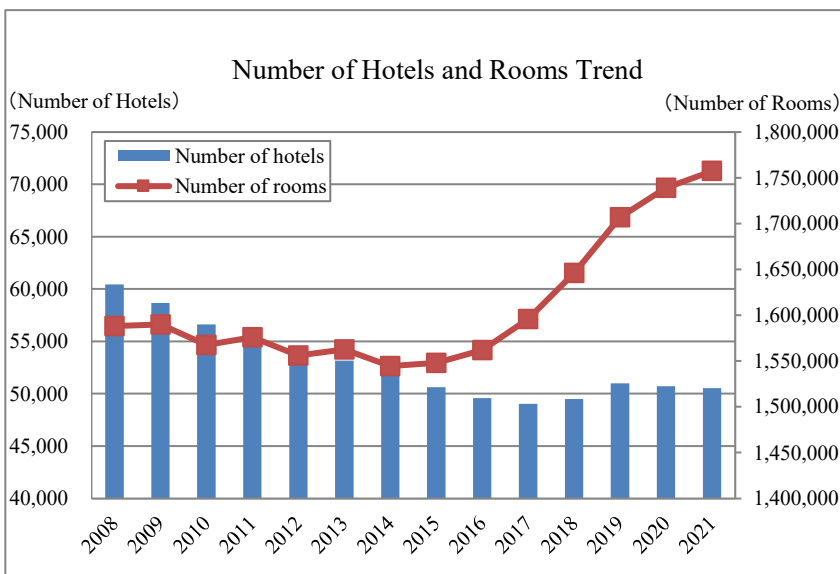
Hotel

A Decline of Plans for New Construction

The number of hotels and Japanese-style inns is in a downward trend due to the decreasing of numbers of inns. Although it has been leveling off recently, the number decreased by approximately 0.4% in 2021 year-on-year. The number of guest rooms has been rising since 2014. There were 1,739,124 rooms in 2020 (+1.9% year-on-year) and 1,757,557 rooms in 2021 (+1.1% year-on-year).

However, due to the COVID-19 pandemic, new construction plans decreased by half from 2019, when construction plans peaked.

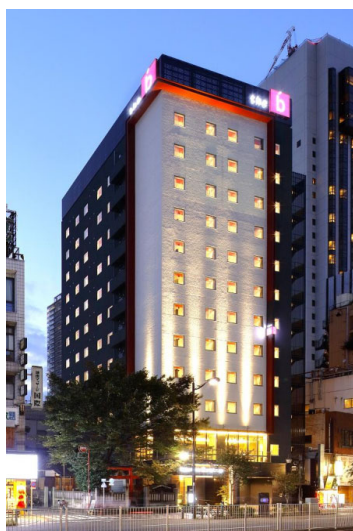
335 facilities with 48,874 rooms are scheduled to built nationwide, of which 66 in Tokyo and 62 in the Kinki area. However, it is assumed that many hotels and Japanese-style inns will go out of business. Future supply trends will require careful monitoring.



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

Acquisition: 15 Properties/ Disposal: 1 Property

- Hoshino Resorts REIT, Inc. acquired 2 properties (7,534 million yen)
- Japan Hotel REIT Investment Corporation acquired 1 property (8,400 million yen)
- Invincible Investment Corporation acquired 6 properties (57,230 million yen)
- Ichigo Hotel REIT Investment Corporation acquired 5 properties (15,080 million yen)
- Daiwa House REIT Investment Corporation acquired 1 property (3,116 million yen)
- ORIX JREIT Inc. disposed 1 property (1,832 million yen)



Source: "Hoshino Resorts REIT, Inc." HP

Acquisition① the b asakusa (Left)

Location: 3-16-12, Nishiasakusa, Taito-ku, Tokyo
 Floor Area: 5,243.52 m²
 Construction Date: Sep. 2018
 Planned operator: Ishin Hotels Group Co., Ltd.
 Hotel Type: Limited Service
 Hotel Grade: Mid-price
 Number of Rooms: 166



Source: "Daiwa House REIT Investment Corporation" HP

Acquisition② MIMARU Tokyo Akasaka (Right)

Location: 7-9-6, Akasaka, Minato-ku, Tokyo
 Floor Area: 1,909.44 m²
 Construction Date: Feb. 2018
 Operator: Cosmos Hotel Management Co., Ltd.
 Hotel Type: Limited Service
 Hotel Grade: Upper-middle
 Number of Rooms: 40

[Acquisition] 7 properties out of all 15 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HRR	the b asakusa	Taito-ku, Tokyo	Sep. 2018	Jun. 2023	5,630	3,549	4.3%
HRR	HOTEL VISTA MATSUYAMA	Matsuyama-shi, Ehime	Apr. 2020	Jun. 2023	1,904	1,578	4.8%
JHR	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Minato-ku, Tokyo	Mar. 2008	Mar. 2023	8,400	5,293	3.9%
IHR	THE KNOT SAPPORO	Chuo-ku, Sapporo-shi, Hokkaido	Feb. 2020	Apr. 2023	5,210	3,567	4.3%
IHR	HOTEL THE KNOT YOKOHAMA	Nishi-ku, Yokohama-shi, Kanagawa	Jan. 1984	Apr. 2023	5,520	3,149	4.2%
INV	Fusaki Beach Resort Hotel & Villas	Ishigaki-shi, Okinawa	Jun. 1982	Aug. 2023	40,293	5,650	5.1%
DHR	MIMARU Tokyo Akasaka	Minato-ku, Tokyo	Feb. 2018	Mar. 2023	3,116	5,395	3.5%

[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)
OJR	Hotel Nikko Himeji	Himeji-shi, Hyogo	Sep. 1990	Aug. 2023	1,832	558	-3,258

Capitalization Rate *HealthCare*

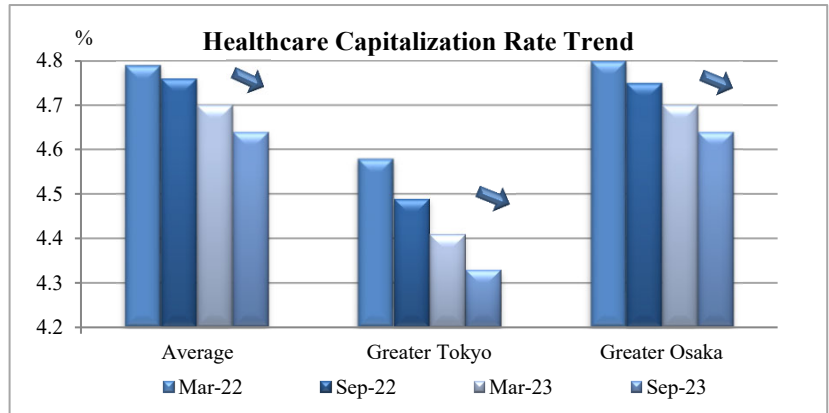
Decrease From the Previous Period

Demand for investment in healthcare assets has remained high, after 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 areas such as national average, Greater Tokyo and Greater Osaka.

After 2020, the capitalization rate decline was temporarily halted in response to the COVID-19 pandemic. However, in this period, the capitalization rate decreased by 0.08 points in Greater Tokyo, and 0.06 points in the national average and Greater Osaka, declined for four consecutive periods.

	Mar-22	Sep-22	Mar-23	Sep-23
Average	4.79	4.76	4.70	4.64
Greater Tokyo	4.58	4.49	4.41	4.33
Greater Osaka	4.80	4.75	4.70	4.64

Unit: %

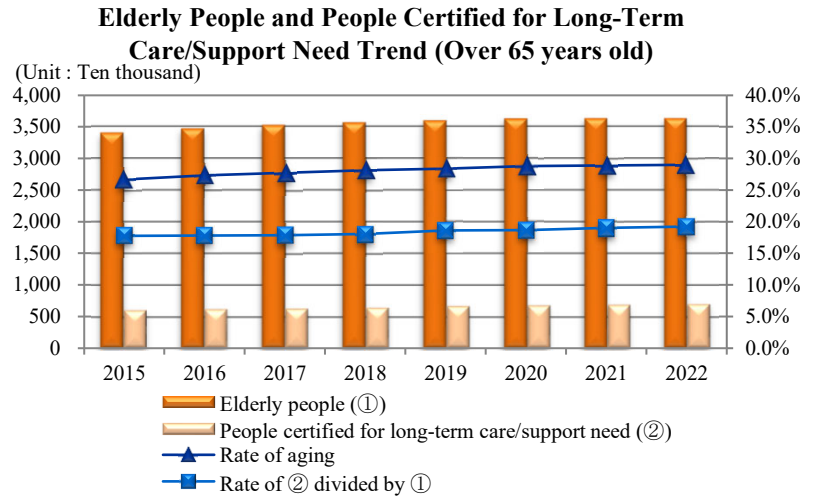


Elderly People and People Certified for Long-Term Care/Support Need *HealthCare*

The Number Increases Steadily

The number of elderly people and people certified for long-term care/support need has been increasing yearly by approximately 0.05 million to 0.70 million and 0.10 million to 0.30 million, respectively; the former increased by 0.03 million and the latter by 0.10 million in 2022 year-on-year.

The increasing trend of elderly people and people certified for long-term care/support need 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

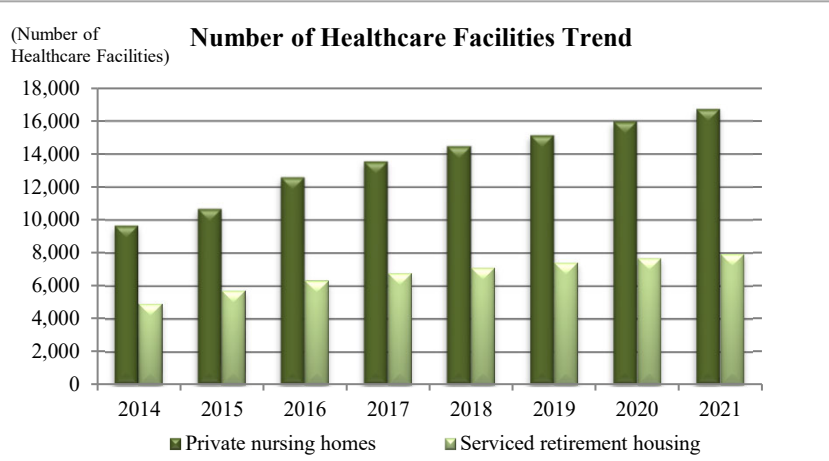
	2015	2016	2017	2018	2019	2020	2021	2022
Elderly people (①)	3,392	3,459	3,515	3,558	3,589	3,619	3,621	3,624
People certified for long-term care/support need (②)	603	615	627	642	667	676	688	698
Rate of aging	26.7%	27.3%	27.7%	28.1%	28.4%	28.8%	28.9%	29.0%
Rate of ② divided by ①	17.8%	17.8%	17.8%	18.0%	18.6%	18.7%	19.0%	19.2%

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 elderly people and people certified for long-term care/support need is increasing as seen above. The demand for private nursing homes and serviced retirement housing is also rising as follows; in 2021, the number of private nursing homes increased by 768 and that of serviced retirement housing by 259 year-on-year.



	2014	2015	2016	2017	2018	2019	2020	2021
Private nursing homes	9,632	10,651	12,570	13,525	14,454	15,134	15,956	16,724
Serviced retirement housing	4,932	5,734	6,342	6,786	7,107	7,425	7,697	7,956

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

Acquisition: 5 Properties in This Period

Acquisition①

SOMPO CARE La vie Re Residence Yoga (Right)

Location: 3-6-3, Yoga, Setagaya-ku, Tokyo

Nearest Station: A 7-minute walk from

"Yoga" Station

(Tokyu Den-en-toshi Line)

Floor Area: 8,380.68 m²

Construction Date: Mar. 2017



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



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

Acquisition②

Grapes Tsujido Nishi-Kaigan (Left)

Location: 2-12-2, Tsujido-Nishikaigan, Fujisawa-shi, Kanagawa

Nearest Station: A 20-minute walk from

"Tsujido" Station

(JR Tokaido Main Line)

Floor Area: 8,140.58 m²

Construction Date: Jul. 2016

[Acquisition] All 5 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
NMF	SOMPO CARE La vie Re Residence Yoga	Setagaya-ku, Tokyo	Mar. 2017	May 2023	2,850	1,113	—
NMF	Grapes Tsujido Nishi-Kaigan	Fujisawa-shi, Kanagawa	Jul. 2016	May 2023	1,820	740	—
NMF	SOMPO CARE Sompo no ie Omori-Nishi	Ota-ku, Tokyo	Nov. 2014	May 2023	1,462	2,048	3.6%
NMF	SOMPO CARE La vie Re Residence Shonan Tsujido	Chigasaki-shi, Kanagawa	Jul. 2017	May 2023	1,150	890	4.3%
UUR	Granda Miyanomori	Chuo-ku, Sapporo-shi, Hokkaido	May 2023	May 2023	1,423	1,360	4.8%

---Aspire to be a Total Property Consulting Firm---

Revenue of Appraisal Firms in Japan

(Between January 1 to December 31 of each year)

2020		2021		2022	
Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)
Daiwa Real Estate Appraisal	4,175,869	Daiwa Real Estate Appraisal	4,503,502	Daiwa Real Estate Appraisal	4,626,002
Japan Real Estate Institute	9,595,772	Japan Real Estate Institute	9,156,350	Japan Real Estate Institute	9,687,733
Tanizawa Sogo Appraisal	2,978,320	Tanizawa Sogo Appraisal	2,983,364	Tanizawa Sogo Appraisal	3,233,486
MU Real Estate Appraisal	2,045,124	MU Real Estate Appraisal	1,953,044	MU Real Estate Appraisal	1,843,643
SMBC Real Estate Appraisal Services	1,485,134	CBRE	1,562,326	JLL Morii Valuation & Advisory	1,766,435
CBRE	1,289,311	SMBC Real Estate Appraisal Services	1,438,092	CBRE	1,665,409
JLL Morii Valuation & Advisory	1,144,864	JLL Morii Valuation & Advisory	1,400,344	SMBC Real Estate Appraisal Services	1,376,740
Sanyu Appraisal	1,053,983	Sanyu Appraisal	1,127,162	Sanyu Appraisal	1,242,329
TOKYO KANTEI	692,131	TOKYO KANTEI	762,551	TOKYO KANTEI	989,446
Chuo Real Estate Appraisal	614,745	COSMO SYSTEM	712,208	COSMO SYSTEM	745,263

Number of Appraisers

(As of January 1 of each year)

2020		2021		2022	
Company's name	Number of Appraisers	Company's name	Number of Appraisers	Company's name	Number of Appraisers
Daiwa Real Estate Appraisal	118	Daiwa Real Estate Appraisal	124	Daiwa Real Estate Appraisal	123
Japan Real Estate Institute	274	Japan Real Estate Institute	275	Japan Real Estate Institute	269
Tanizawa Sogo Appraisal	78	Tanizawa Sogo Appraisal	84	Tanizawa Sogo Appraisal	80
JLL Morii Valuation & Advisory	38	JLL Morii Valuation & Advisory	42	JLL Morii Valuation & Advisory	49
Sanyu Appraisal	29	Chuo-Nittochi Solutions	28	Sanyu Appraisal	26
Chuo Real Estate Appraisal	24	Sanyu Appraisal	26	CBRE	25
CBRE	22	Mitsubishi UFJ Trust Bank	24	Chuo-Nittochi Solutions	24
TOKYO KANTEI	21	CBRE	23	TOKYO KANTEI	24
Japan Valuers	21	TOKYO KANTEI	23	Japan Valuers	22
Mitsubishi UFJ Trust Bank	21	Chuo Real Estate Appraisal	21	Mitsubishi UFJ Trust Bank	21
Japan Land Building	18	Japan Valuers	21	Chuo Real Estate Appraisal	20

---Major Share in Real Estate Securitization Market---

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

Number of Appraisals

(As of September 30, 2023)

Appraisal Firms	Types									
	Office	Residence	Retail	Hotel	Elderly Housing & Facilities	Logistics	Leased Fee Interests	Parking Lot	Others	Total
Japan Real Estate Institute	357	592	186	107	58	159	47	0	23	1,529
Daiwa Real Estate Appraisal	361	433	91	62	45	33	24	1	0	1,050
Tanizawa Sogo Appraisal	157	292	100	50	50	194	59	0	3	905
JLL Morii Valuation & Advisory	35	258	10	31	5	53	18	0	0	410
Chuo Real Estate Appraisal	39	153	5	2	1	0	2	0	0	202
Japan Valuers	41	132	30	34	0	15	2	0	0	254
Rich Appraisal Institute	11	23	1	25	6	0	1	0	0	67
CBRE	4	1	29	2	0	41	6	0	8	91
Assets R&D	0	19	0	0	0	0	0	0	0	19
Asset Research	0	13	0	0	0	0	0	0	0	13
Aoi Sogo Hyoka	8	10	1	0	0	0	0	0	0	19
Chuo-Nittochi Group	2	2	2	3	0	1	0	0	0	10
Aoyama Realty Advisors	9	9	0	0	0	0	0	0	0	18
Appraisal Firm A Square	2	0	0	0	0	0	0	0	0	2
Sanyu Appraisal	0	1	0	0	0	0	0	0	0	1
Total	1,026	1,938	455	316	165	496	159	1	34	4,590

CASBEE for Real Estate

Number of Certified Buildings

(As of September 30, 2023)

Fiscal Year (Apr.1 - Mar.31)	Daiwa Real Estate Appraisal	Other Certification Bodies	Total	Share
2020	33	139	172	19.2%
2021	18	253	271	6.6%
2022	58	396	454	12.8%
2023*	33	166	199	16.6%

*FY2023 is counted from April 1 to September 30.

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 Investment Corporation
	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 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 Corporation	MRR marimo Regional Revitalization REIT,Inc.
	KDO Kenedix Office Investment Corporation	MFL Mitsui Fudosan Logistics Park Inc.
	IOR Ichigo Office REIT Investment Corporation	SPA Oeodo Onsen Reit Investment Corporation
	DOI Daiwa Office Investment Corporation	MEL Mitsubishi Estate Logistics REIT Investment Corporation
	HHR Hankyu Hanshin REIT,Inc.	CRE CRE Logistics REIT,Inc.
	SPI Starts Proceed Investment Corporation	XYR XYMAXREIT Investment Corporation
	JHR Japan Hotel REIT Investment Corporation	TLR Takara Leben Real Estate Investment Corporation
	JEI Japan Excellent,Inc.	ADL Advance Logistics Investment Corporation
	NAF Nippon Accommodations Fund	EJR ESCON JAPAN REIT Investment Corporation
	MHR Mori Hills REIT Investment Corporation	SRE SANKEI REAL ESTATE Inc.
	IIF Industrial&Infrastructure Fund Investment Corporation	CRR Comforia Residential Reit,Inc.
	ADR Advance Residence Investment Corporation	NPR Nippon Prologis REIT,Inc.
	KDR Kenedix Residential NEXT Investment Corporation	HRR Hoshino Resorts REIT,Inc.
	API Activia Properties Inc.	SLR SOSiLA Logistics REIT,Inc.
	DHR Daiwa House REIT Investment Corporation	TRI Tokaido REIT,Inc.
	GLP GLP J-REIT	
	DLI Daiwa Securities Living Investment Corporation	
Major transactions are compiled by our company using data from the Tokyo Stock Exchange etc.		



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