

YoY Chg 12-Mo. Forecast

6.3% (YoY)

Greater Tokyo Bay Area Prime Rent Growth



5.0% (YoY)

Gaikan Road Prime Rent Growth



2.3% (YoY)

Route 16 Prime Rent Growth



Source: Cushman & Wakefield

JAPAN ECONOMIC INDICATORS Q3 2019

YoY Chg 12-Mo. Forecast

1.8%

Real GDP Growth



0.3%

Core CPI Growth



2.4%

Unemployment



Source: Cabinet Office, Statistics Bureau. GDP Growth is annualized, based on the real seasonally-adjusted quarterly figure. Core CPI is YoY figure, seasonally-adjusted.

GDP Rose for Four Consecutive Quarters Despite Tax Hike and Natural Disasters

Japan's international shipment value dropped 4.96% y-o-y to 19.15 trillion yen in Q3, reflecting a decline of automotive exports to China and motors for U.S. following tensions in the U.S.-China trade dispute. However, Japan's economy achieved an annualized growth rate of 0.2% and maintained positive growth over the last four quarters, helped by strong domestic demand prior to October's sales tax hike. Typhoon Hagibis in October brought severe floods across Greater Tokyo and Northeastern regions, but Central Tokyo was resilient thanks to its underground flood control system. Some damage was inflicted on logistics facilities and city infrastructure but logistical flow in Central Tokyo recovered within days.

Route 16 Rent up 2.3%, Upward Pressure on Greater Tokyo Bay Prime Area

Route 16 area prime rent rose 2.27% y-o-y in Q4 due to high demand and tight supply. Facilities with good expressway and commuter route access were taken up at higher rents. Space scarcity also resulted in positive spillover for properties in relatively less-convenient locations, with gradual vacancy take-up. Within Greater Tokyo Bay, prime locations near the Port of Tokyo enjoyed steady high demand, with new facilities taken up before completion. Rentals exhibited a gradual rise in the Greater Tokyo Bay prime area, and consequently demand increased in nearby locations especially around the Port of Yokohama. In the latter half of 2019, Greater Tokyo supply was at 1,555,027 sq m including several large facilities at more than 100,000 sq m. A further 2,636,184 sq.m. is planned to complete in 2020, accommodating Tokyo's strong logistics demand.

Parcel Redelivery Rate Improved 1 pp: Can 'Front Porch Delivery' Become a New Norm?

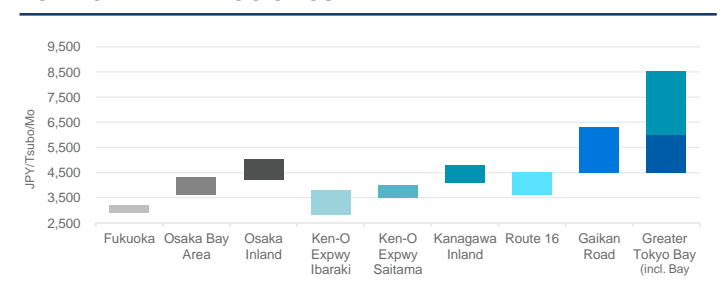
According to the Ministry of Land, Infrastructure, Transport and Tourism, the parcel redelivery rate was 15% in October 2019, 1 percentage point lower than half a year ago. However, the government goal is 13% by March 2021. As e-commerce expands, package deliveries have grown steadily, and redelivery has become a social issue regarding CO2 emissions and sustainability, in a time of driver shortages. Alternative delivery options have been recently introduced, such as parcel delivery boxes and convenience store collection. Front porch delivery is the latest option, whereby drivers leave packages at a door or nearby designated space. Amazon Japan is making the option available nationwide in 2020. Last year Amazon Flex was launched, a private delivery platform utilizing on-demand drivers via smartphone apps. With high quantity and good customer relations Amazon is establishing a new norm for e-commerce logistics in Japan, partially driven by ecological concerns in the logistics industry.

VALUE OF IMPORTS & EXPORTS



Source: Ministry of Finance

ASKING RENT BY LOGISTICS MARKET



Source: Cushman & Wakefield. Note: Large Multi-tenant Logistics Facilities (above 15,000 tsubo), except Fukuoka (above 5,000 tsubo)

PRIME RENT

AREA	JPY/TS/MO	USD/SF/YR	GROWTH (YoY)	FORECAST
Greater Tokyo Bay	8,500	26.51	6.25%	▲
Gaikan Road	6,300	19.65	5.00%	▲
Route 16	4,500	14.04	2.27%	■

USD/JPY = 108.11

MAJOR NEW LOGISTICS FACILITIES

FACILITY NAME	DATE	AREA	SQ.M.	SF
S.LOGi Niiza West	Aug 2019	Niiza	132,036	1,421,222
MFLP Funabashi II	Oct 2019	Funabashi	228,834	2,420,091
Prologis Park Chiba 1	Oct 2019	Chiba	146,980	1,582,078

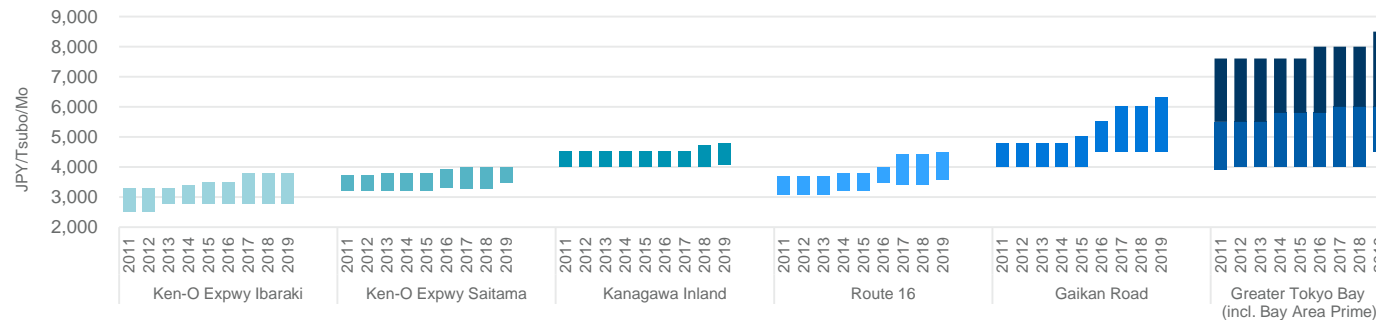
Source: LNEWS

TENANT ACTIVITIES (RENEWAL/EXPANSION)

TENANT NAME	EXPECTED DATE	AREA	PROPERTY NAME
Trancom	Oct 2019	Shiraoka	LOGI'Q Shiraoka
Higashi Twenty One	Nov 2019	Osaka	Nissay Logistics Center Higashi-Osaka
Rakuten	Mid 2020	Narashino / Yamato	Landport Higashi-Narashino / Nissay Logistics Center Yokohama-Machida

Source: LNEWS

ASKING RENT BY SUB-MARKETS



Source: Cushman & Wakefield. Note: Large Multi-tenant Logistics Facilities (above 15,000 tsubo)

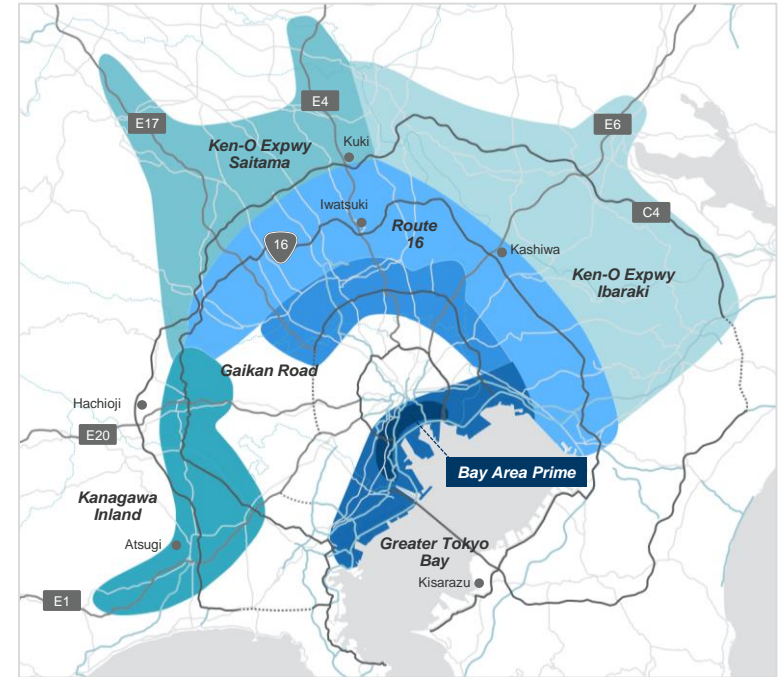
MFLP Funabashi II



Prologis Park Chiba 1



GREATER TOKYO LOGISTICS MAP



Source: Cushman & Wakefield

KEN MAEDA

Logistics & Industrial Services

+81 (0)3 3596 7168 / ken.maeda@cushwake.com

HIDEAKI SUZUKI, PhD

Head of Research & Consulting

+81 (0)3 3596 7804 / hideaki.suzuki@cushwake.com

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