

18.8% (YoY)

Fukuoka Prime Rent Growth

YoY Chg

12-Mo. Forecast



8.0% (YoY)

Osaka Inland Prime Rent Growth



6.3% (YoY)

Kanagawa Inland Prime Rent Growth



Source: Cushman & Wakefield

JAPAN ECONOMIC INDICATORS Q3 2020

22.9%

Real GDP Growth

YoY Chg

12-Mo. Forecast



-0.3%

Core CPI Growth



3.0%

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.

Economic Recovery Fluctuates in Response to COVID-19 Prevalence

Japan's exports in Q3 2020 totaled JPY16.7 trillion, down 13% y-o-y but up 16.9% from Q2, marking the first rise in the last three quarters. Automobile exports drove the overall increase following the reopening of the U.S. market, while heavy electrical machinery and pharmaceuticals also contributed to growth. With the easing of travel restrictions, around 57,000 international travelers arrived in November. But with a 97.7% y-o-y decline, inbound tourism is still hit hard. Fewer passenger flights resulted in cargo space shortages. Air freight rates remain high, and some airlines began flying more cargo planes to compensate for losses from devastated global tourism. Ocean freight rates rose two- to three-fold following the holiday seasons in North America, amidst a global container shortage caused by lesser number of operating vessels and port workers due to the pandemic. Real GDP in Q3 2020 grew 5.3% q-o-q (annualized 22.9%), demonstrating a slow recovery following the lockdown, backed by improved domestic consumer spending and international trade as well as pandemic-related governmental aid and public investment. However, GDP was still down 5.7% y-o-y, and the recovery to pre-COVID levels is still a way ahead given the persistence of the pandemic since Fall.

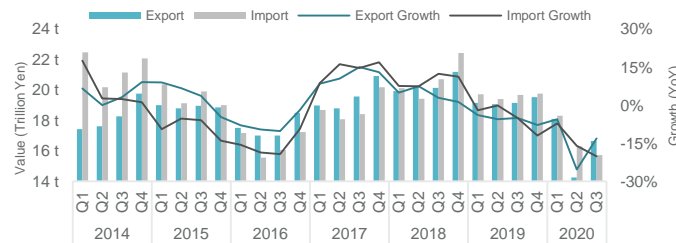
Accelerated E-Commerce Drives Rent Increases in Markets Nearby Residential Districts

As the pandemic accelerates the digital shift in consumer behavior, the e-commerce related logistics market continues to thrive. Fukuoka area's top rent grew 18.8% y-o-y to JPY3,800, with long-awaited new supply of large-scale e-commerce friendly facilities. Despite growing demand, the market is likely to remain tight for some years due to the limited supply pipeline, including developmental land acquisitions by domestic and global investors. Top rent in Osaka Inland rose 1.9% from the last quarter, which marked an 8% y-o-y increase to JPY5,400 following new supply including urban logistics facilities for last mile delivery. The market in the area is expected to remain strong with continued announcements of construction starts and land acquisitions. Top rents in Greater Tokyo remained strong with limited supply.

E-Commerce Logistics' New Normal is Taking Hold

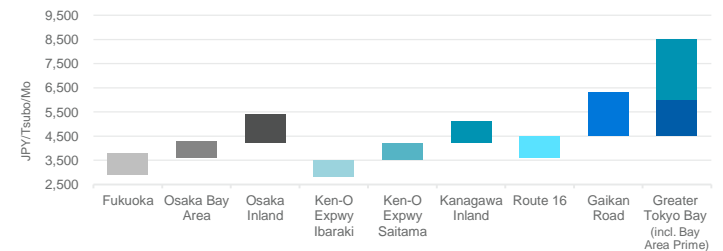
Parcel delivery volume has risen significantly as consumers shift online, especially since the peak pandemic period in the spring. Major door-to-door delivery service providers such as Yamato Transport and Japan Post recorded double-digit growth y-o-y in volume, averaging more than 1.5 million additional packages each month. Despite growing demand, the redelivery rate dropped by 3.6 points to 11.4% y-o-y in the October survey, well below the government target. Environmental changes on the consumer side are contributing to the improvement, including work-from-home time, proliferation of contactless delivery options such as parcel boxes and front porch deliveries, and widespread use of tracking apps.

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	27.78	0.00%	▲
Gaikan Road	6,300	20.59	0.00%	▲
Route 16	4,500	14.71	0.00%	■

USD/JPY = 103.20

MAJOR NEW LOGISTICS FACILITIES

FACILITY NAME	DATE	AREA	SQ.M.	SF
Goodman Business Park Stage 4	Oct 2020	Inzai	120,242	1,294,273
LOGIBASE Shinsayama	Nov 2020	Sayama	10,790	116,142
Prologis Urban Tokyo-Adachi 1	Nov 2020	Adachi	5,171	55,660

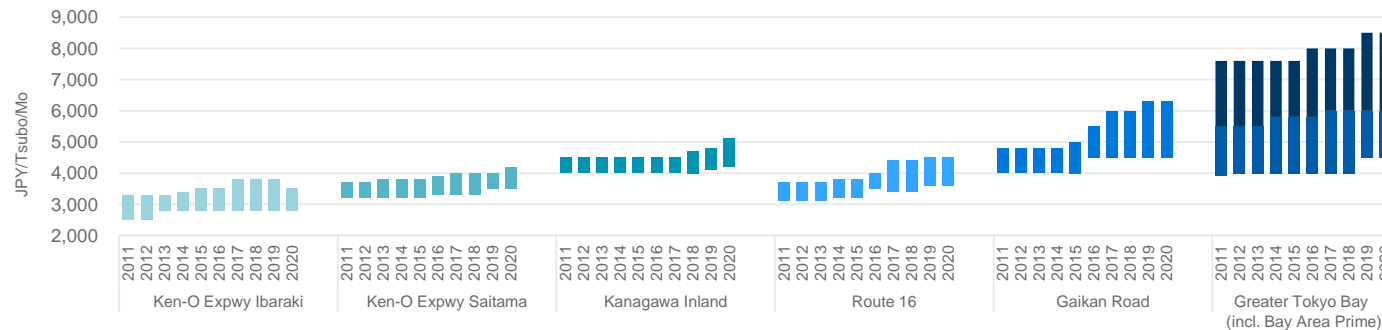
Source: LNEWS

TENANT ACTIVITIES (RELOCATION/EXPANSION)

TENANT NAME	EXPECTED DATE	AREA	PROPERTY NAME
Amazon FC	Aug/Oct 2020	Kuki, Fuchu, Sakado, Ageo	ESR Kuki Distribution Center, DPL Kunitachi Fuchu, DPL Sakado, MCUD Ageo
Rakuten	Oct 2020	Ichikawa	i Missions Park Ichikawa Shiohama
CADDi	Oct 2020	Funabashi	MFLP Funabashi I

Source: LNEWS

ASKING RENT BY SUB-MARKETS



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

LOGIBASE Shinsayama



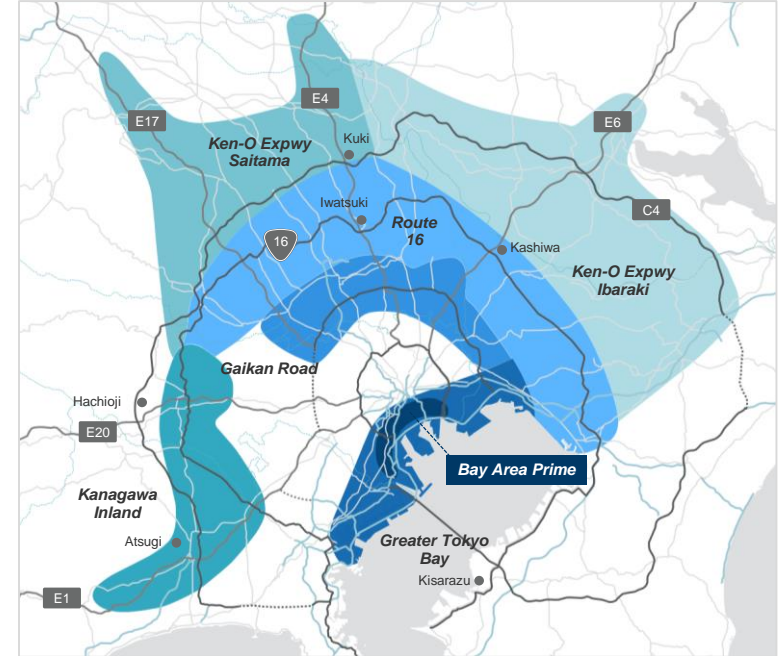
Source: Mitsui & Co. Real Estate

Prologis Urban Tokyo-Adachi 1



Source: Prologis

GREATER TOKYO LOGISTICS MAP



Source: Cushman & Wakefield

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