

8.8% (YoY)

Fukuoka Prime Rent Growth

YoY
Chg12-Mo.
Forecast

2.2% (YoY)

Route 16 Prime Rent Growth



6.3% (YoY)

Kanagawa Inland Prime Rent Growth



Source: Cushman & Wakefield

JAPAN ECONOMIC INDICATORS
Q1 2021

-3.9%

Real GDP Growth

YoY
Chg12-Mo.
Forecast

-0.1%

Core CPI Growth



2.6%

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.

Vaccination Rollout Leads Trade Recovery in Major Economies

Japan's total exports value in Q1 2021 reached JPY19.2 trillion, up by 6% y-o-y. Semiconductors and plastics bound for China were strong, while automobiles and auto parts for the U.S. and EU have been on the rise since March. International travel is still challenging due to the ongoing entry restrictions tightened by the two emergency declarations issued in January and April. Despite strong demand, ocean freight continues to experience delays and higher rates due to the global container shortage. Air freight remained strong, partly due to inflows of ship cargo. International air cargo volume increased 21.2% y-o-y according to a March report, marking the fourth consecutive month of double-digit growth. The progress in COVID-19 vaccination programs in major economies has resulted in a remarkable recovery in trade.

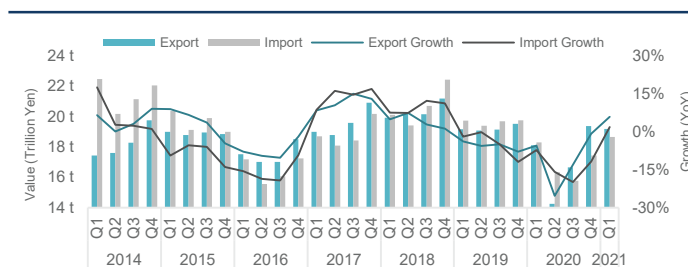
New Supply Spreads Outside Three Major Metropolitan Areas

Demand for logistics facilities is growing steadily as e-commerce further penetrates the market as an everyday infrastructure. According to the Ministry of Economy, Trade and Industry, in 2019, mobile commerce (i.e., sales via smartphones) accounted for 42.4% of total online sales in Japan. With live commerce through SNS streaming platforms gaining traction during the pandemic, gateways for digital consumption are widening. Prime rents along Route 16, which runs through suburban residential areas, grew 2.2% y-o-y to reach JPY4,600, with new supply scheduled. A new trend is for facilities to be completed in the outer ring of metropolitan areas, as well as regional cities, and these are expected to tackle the logistics requirements arising from express small-lot delivery demands. In Greater Tokyo and Osaka, demand remains strong and new supply is scheduled.

Investor-Led Neighborhood Improvement

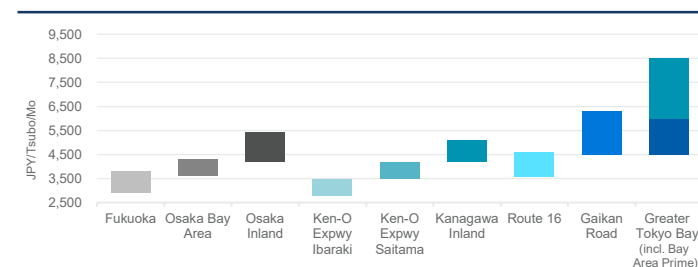
In June, Mitsui Fudosan completed the eight-year MFLP Funabashi project at the east side of Tokyo Bay. The large logistics complex comprises three facilities with a total GFA of 700,000 sq m, housing an ice-skating rink and 20,000 sq m of park space in its 184,000 sq m land area. The project is positioned as an urban development designed to seamlessly connect to nearby commercial areas including IKEA Tokyo-Bay store and Mitui's LaLaport Tokyo-Bay shopping center. Prologis's Tokai city project in Aichi prefecture and GLP Japan's Sumiyoshi project in Osaka city are similar examples, positioning logistics facilities as an important component of the area development, integrating parks, retail and sports facilities. Municipal governments see hi-tech large-scale logistics facilities as providers of stable employment in the local area, with increasing market demand, and also as temporary disaster relief bases in case of natural disasters. In the heart of Osaka, SOSiLa Osaka has been developed based on a land-space exchange agreement, demonstrating how logistics investors can play a role in regeneration of inner-city areas.

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	25.81	0.00%	▲
Gaikan Road	6,300	19.13	0.00%	▲
Route 16	4,600	13.97	2.22%	▲

USD/JPY = 111.05

MAJOR NEW LOGISTICS FACILITIES

FACILITY NAME	DATE	AREA	SQ.M.	SF
MFLP Funabashi III	Jun 2021	Funabashi	271,051	2,917,566
ESR Kawasaki Yako Distribution Center	Apr 2021	Kawasaki	78,119	840,865
CPD Hirakata	May 2021	Hirakata	74,324	800,015

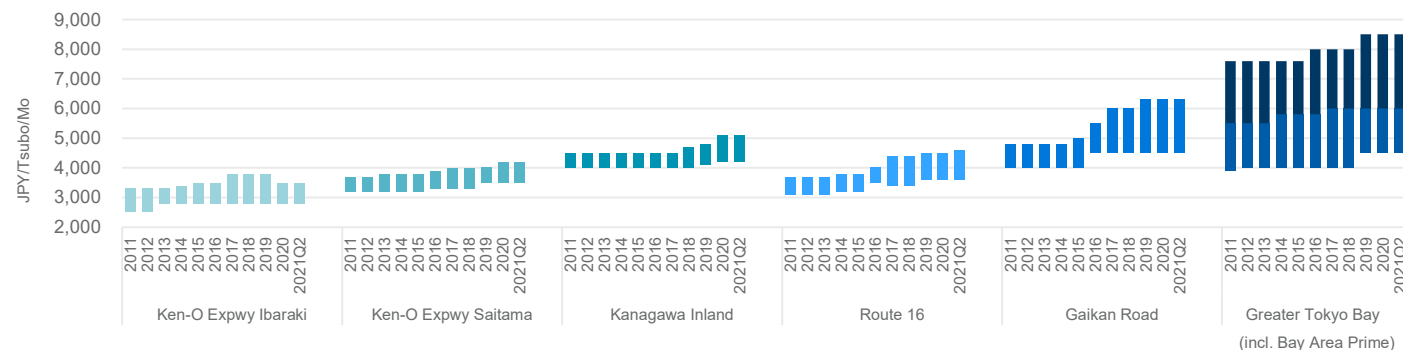
Source: LNEWS

TENANT ACTIVITIES (RELOCATION/EXPANSION)

TENANT NAME	EXPECTED DATE	AREA	PROPERTY NAME
BEAMS	Feb 2021	Katano	LogiSquare Osaka Katano
LOCONDO	Apr 2021	Yachiyo	GLP Yachiyo III
Shop Channel	Apr 2022	Funabashi	MFLP Funabashi III

Source: LNEWS

ASKING RENT BY SUB-MARKETS



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

MFLP Funabashi III



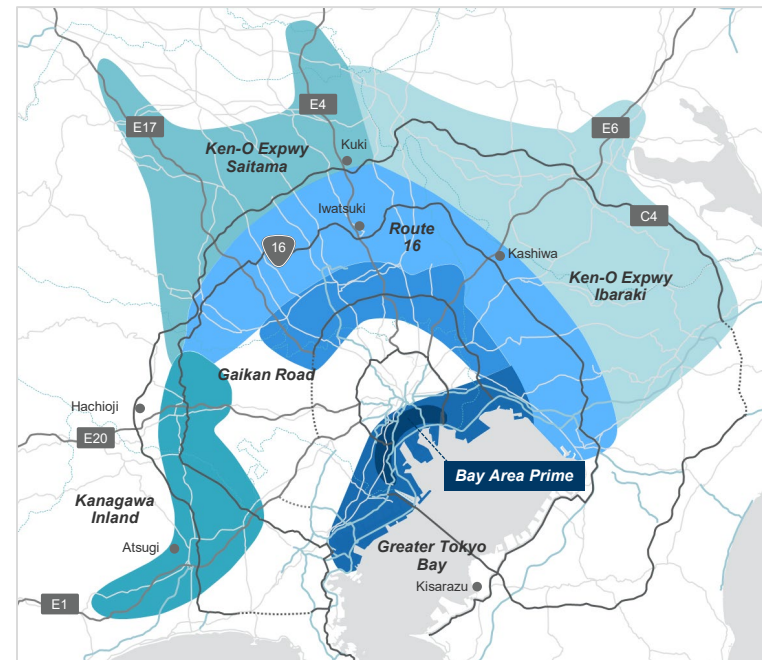
Source: Mitsui Fudosan

ESR Kawasaki Yako Distribution Centre



Source: ESR

GREATER TOKYO LOGISTICS MAP



Source: Cushman & Wakefield

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