

Real Estate Market Trends

—Summer 2024—

Corporate Services Division

Nomura Real Estate Solutions Co., Ltd.

INDEX

1. Commercial Real Estate Transactions	P 2
2. Offices	P 4
3. Residential for Sale	P 10
4. Residential for Rent	P 12
5. Retail	P 17
6. Logistics Facilities	P 20
7. Hotels	P 24
Reference: Trend of Land Prices in High-level Use Districts of Major Cities / Rental Trends in Major International Cities	P 27

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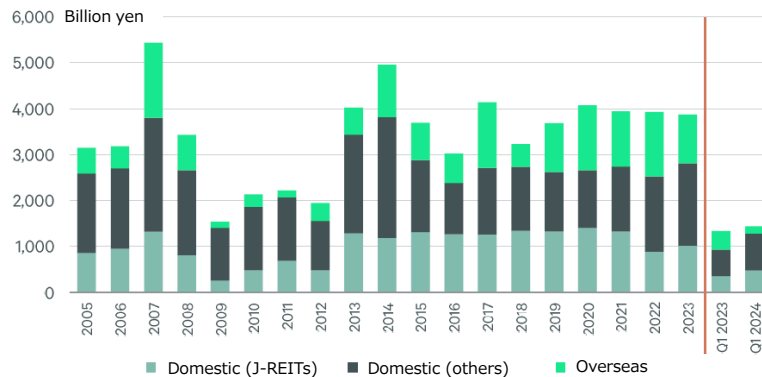
1. Commercial Real Estate Transactions

1 Commercial Real Estate Transactions (offices, hotels, stores, etc.)

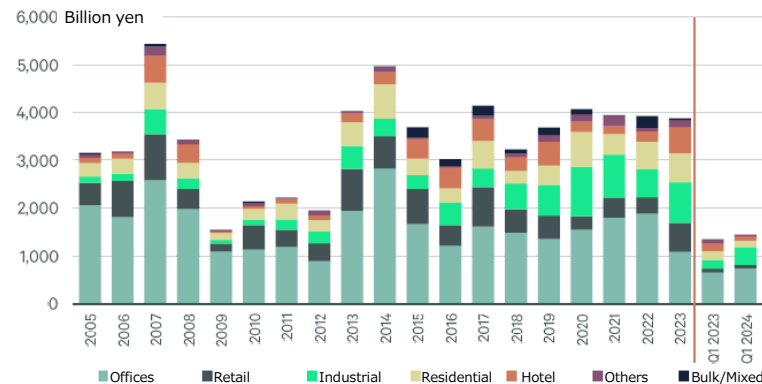
- Investments in Q1 2024 totaled 1.439 trillion yen, an increase of 7% compared to the same period of the previous year. The amount acquired by overseas investors reduced due to the continuation of a cautious stance, but investments as a whole increased due to acquisitions by domestic investors.
- Large transactions contributed to investments in logistics facilities, which totaled 371 billion yen, an increase of 113% compared to the same period of the previous year. Investments in offices, which saw many J-REIT transactions, totaled 742 billion yen, an increase of 15% compared to the same period of the previous year. Meanwhile, residential investments totaled 131 billion yen, a decrease of 31% compared to the same period of the previous year partly due to few portfolio transactions.

Major real estate transactions (investments by investor type)

Source: Prepared by Nomura Real Estate Solutions based on data and comments From CBRE's "Japan Investment MarketView Q1 2024"



Major real estate transactions (investments by asset type)



Source: Reproduced from CBRE's "Japan Investment MarketView Q1 2024"

Large transaction cases ascertained in Q1 2024

Property (Asset type)	Timing	Details	Estimated amount
28 logistics facilities and accompanying land, including IIF Musashimurayama Logistics Center II (Logistics)	Feb.	An industrial investment fund under U.S.-based Kohlberg Kravis Roberts (KKR) acquired these properties from LOGISTEED.	108.26 billion yen
4 properties, including Keihin Logistics Center (Logistics)	Feb.	HK Logistics Godo Kaisha made this acquisition from LOGISTEED.	104.411 billion yen
Garden City Shinagawa Gotenyama (Office)	Mar.	A domestic corporation made this acquisition from Sekisui House Reit.	61.0 billion yen
Frontier Shinjuku Tower (Residential)	Jan.	M&G Investments made this acquisition from LaSalle Investment Management.	About 30.0 billion yen
Okinawa Prince Hotel Ocean View Ginowan (Hotel)	Feb.	KDX Realty Investment Corporation made this acquisition from G.K. KHf8.	22.0 billion yen

Source: Prepared by Nomura Real Estate Solutions based on data from Nikkei Real Estate Market Report and press releases Note: "Timing" includes the timing of contract concluded, delivery, or announcement.



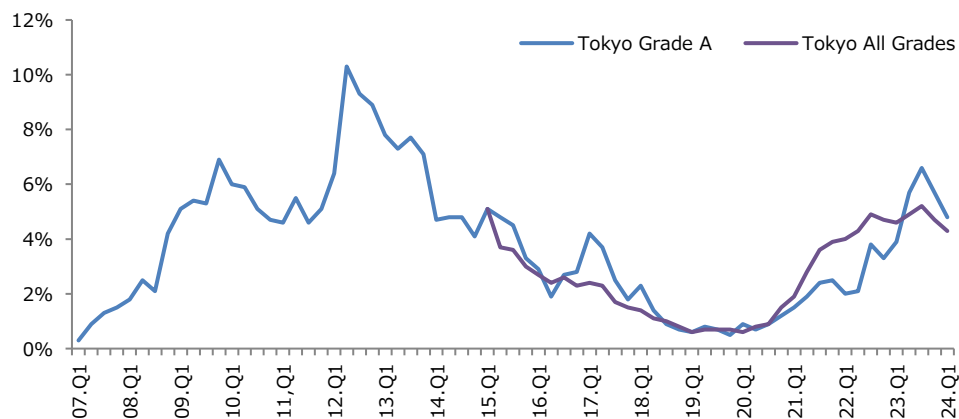
2. Offices

2-1 Office Trends in Major Cities (Tokyo)

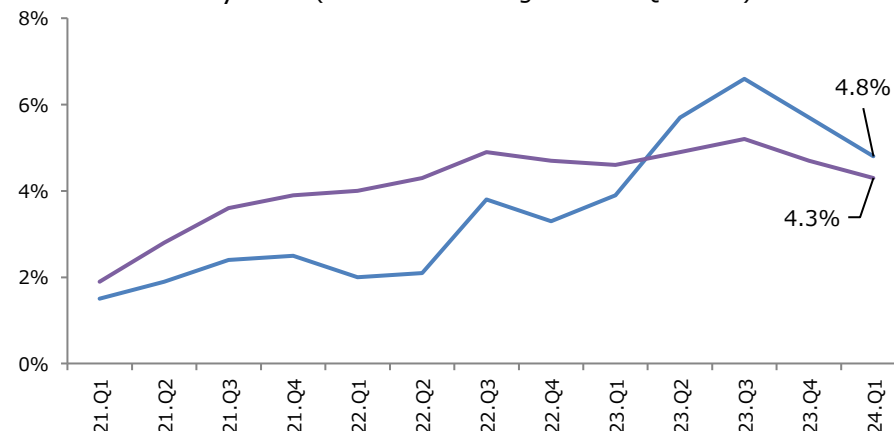
- [Tokyo]** The Grade A vacancy rate fell by 0.9 points q-o-q to 4.8%, and rents rose by 0.7% q-o-q to 34,900 yen per *tsubo*. The Grade A rents are expected to increase by 0.4% over the next one year, continuing to rise slightly even though they are expected to fall moderately at the end of 2024. The vacancy rate of all grades fell by 0.4 points q-o-q to 4.3%, and rents rose by 0.3% q-o-q to 21,370 yen per *tsubo*. The vacancy rate decreased for the second consecutive quarter. Rents rose in all grades for the second consecutive quarter. There are increasingly more cases of raising rents back up to previous levels in buildings where there was further filling of vacancies.

Area		2023.Q2	2023.Q3	2023.Q4	2024.Q1
Tokyo Grade A	Vacancy rate (%)	5.7	6.6	5.7	4.8
	Assumed achievable rent (yen)	34,550	34,550	34,650	34,900
Tokyo All Grades	Vacancy rate (%)	4.9	5.2	4.7	4.3
	Assumed achievable rent (yen)	21,300	21,270	21,300	21,370

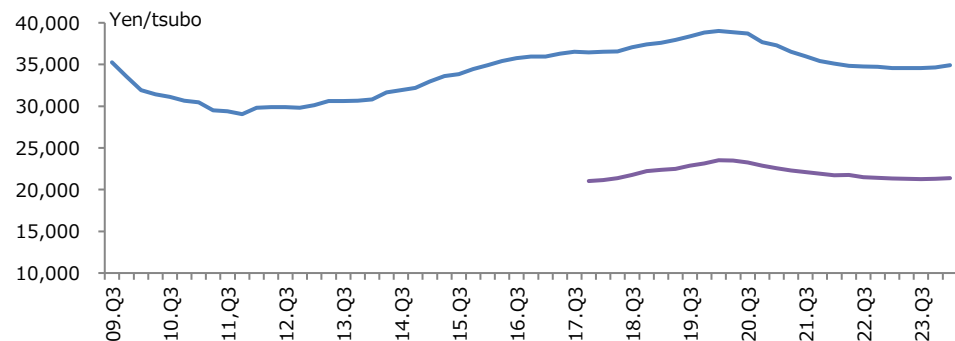
■ Vacancy rate (Long-term changes: from Q1 2007) * Data from Q1 2015 for Tokyo All Grades



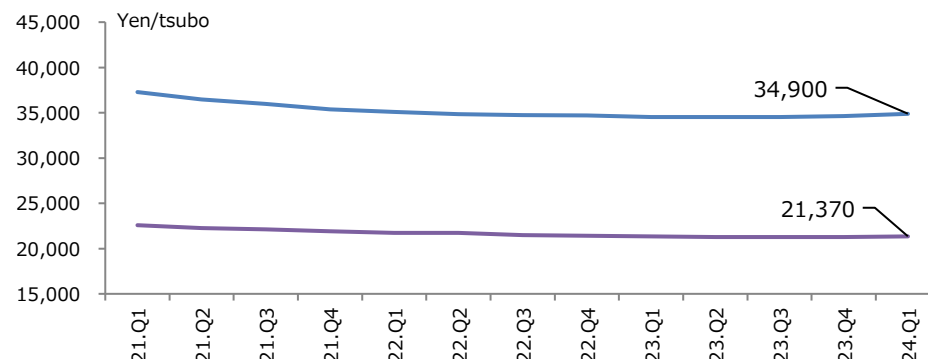
■ Vacancy rate (Short-term changes: from Q1 2021)



■ Rent revenue (Long-term changes: from Q3 2009) * Data from Q4 2017 for Tokyo All Grades



■ Rent revenue (Short-term changes: from Q1 2021)



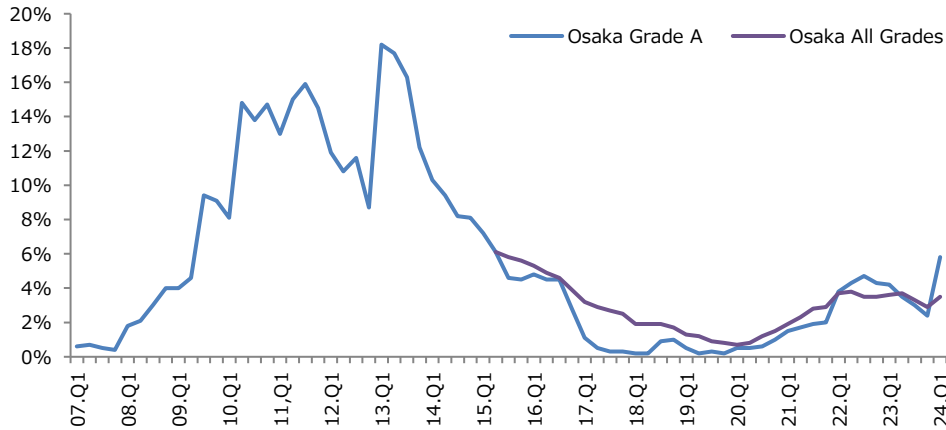
Source: Prepared by Nomura Real Estate Solutions based on "Japan Office Market View" by CBRE

2-2 Office Trends in Major Cities (Osaka)

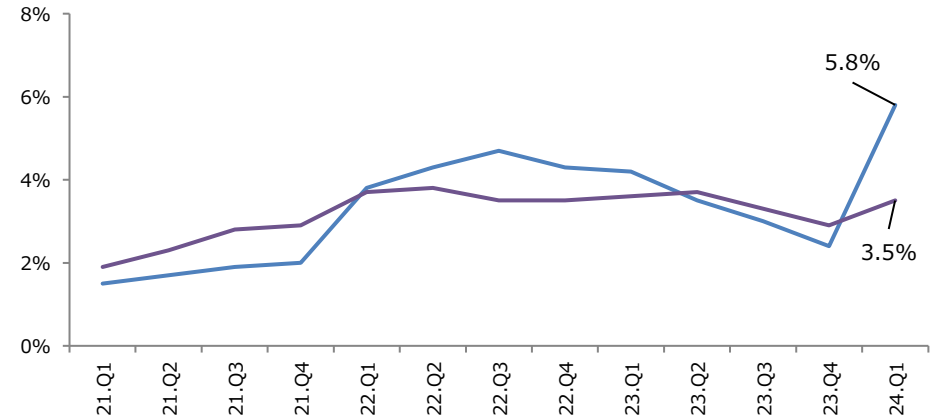
- [Osaka]** The Grade A vacancy rate rose by 3.4 points q-o-q to 5.8%, and rents remained the same q-o-q at 23,900 yen per tsubo. Grade A rents are expected to fall by 2.7% over the next one year. The vacancy rate of all grades rose by 0.6 points to 3.5%, and rents rose by 0.2% q-o-q to 14,220 yen per tsubo. Rents in all grades are expected to continue to adjust moderately as the vacancy rate is expected to continue to rise in and after the next quarter.

Area		2023.Q2	2023.Q3	2023.Q4	2024.Q1
Osaka Grade A	Vacancy rate (%)	3.5	3.0	2.4	5.8
	Assumed achievable rent (yen)	24,000	23,950	23,900	23,900
Osaka All Grades	Vacancy rate (%)	3.7	3.3	2.9	3.5
	Assumed achievable rent (yen)	14,120	14,110	14,190	14,220

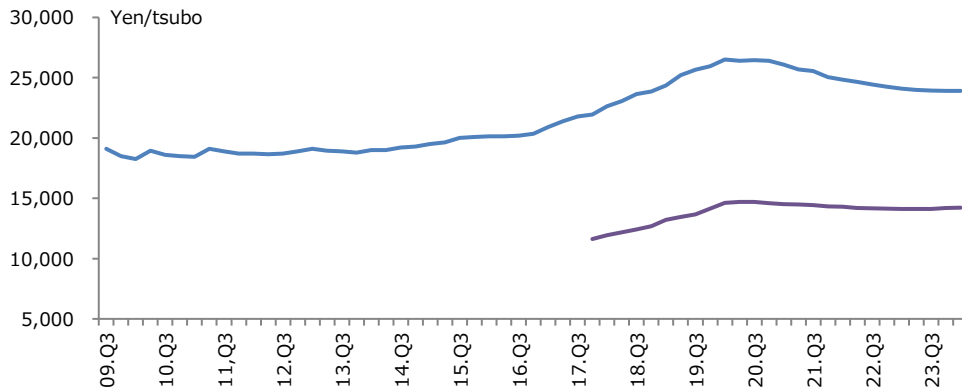
■ Vacancy rate (Long-term changes: from Q1 2007) * Data from Q2 2015 for Osaka All Grades



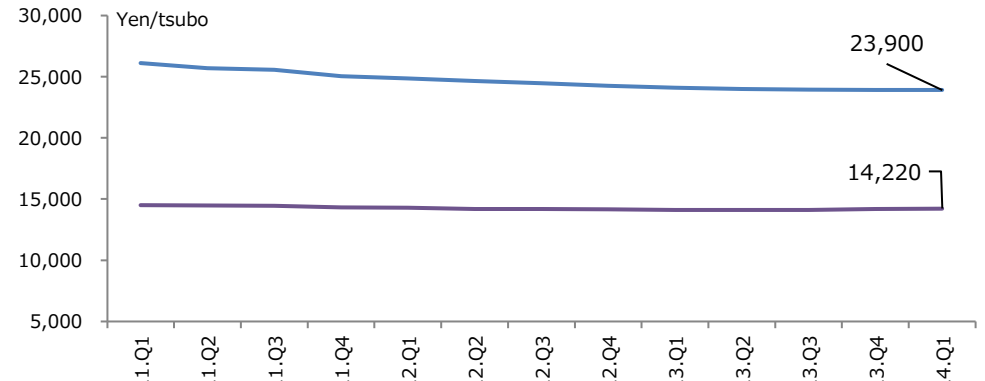
■ Vacancy rate (Short-term changes: from Q1 2021)



■ Rent revenue (Long-term changes: from Q3 2009) * Data from Q4 2017 for Osaka All Grades



■ Rent revenue (Short-term changes: from Q1 2021)

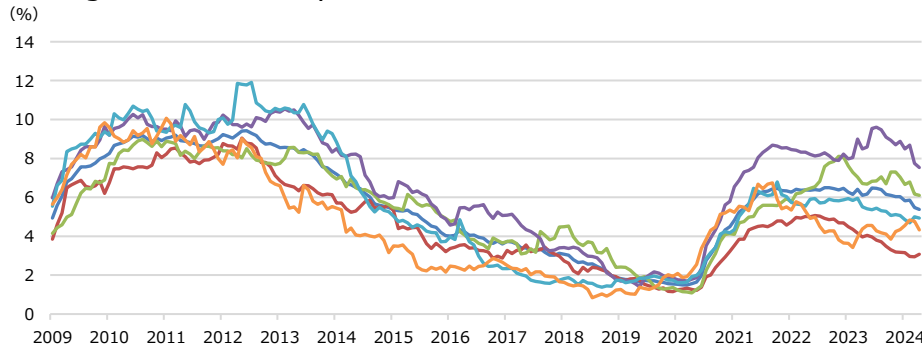


Source: Prepared by Nomura Real Estate Solutions based on "Japan Office Market View" by CBRE

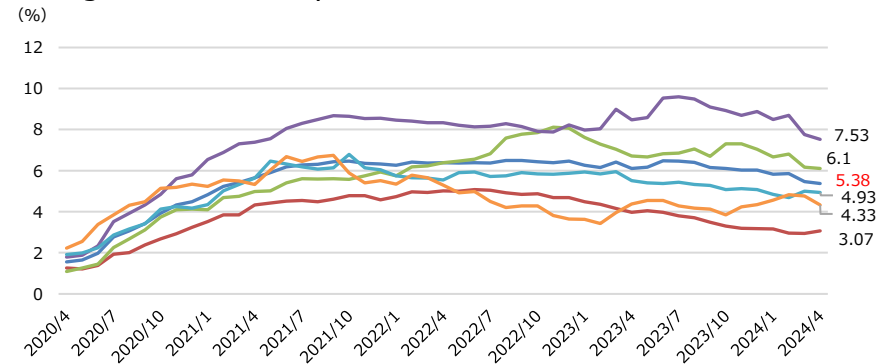
2-3 Office Trends in Tokyo's Five Central Wards

- The average vacancy rate in the five central wards of Tokyo was 5.38% as of April (down slightly 0.09 points from March). A decreasing trend continues due to moves in office relocation and expansion by companies toward securing human resources, moving closer toward 5%, which is seen as an indicator of excess supply. For new buildings, in addition to the completion of one new building with high occupancy, there was also more progress in contracts for buildings that were completed less than one year ago, resulting in a fall in the vacancy rate. In addition, for existing buildings, there were consolidation as well as cancellations due to relocation to company-owned buildings. However, due to progress in relocations for expansion and closing of contracts for large-scale buildings, the vacancy rate decreased to the 4% range for the first time since January 2021.
- The rate of going to the office is deemed to be around 70% to 80% with the recovery of offices after the COVID-19 pandemic. There is also a prominent trend of companies having ample office space without making them smaller to increase employee satisfaction, with more and more relocating for expansion or expanding office spaces within buildings already being occupied.
- Average asking rents rose for three consecutive months to 19,825 yen as of April (up 0.02% from March).

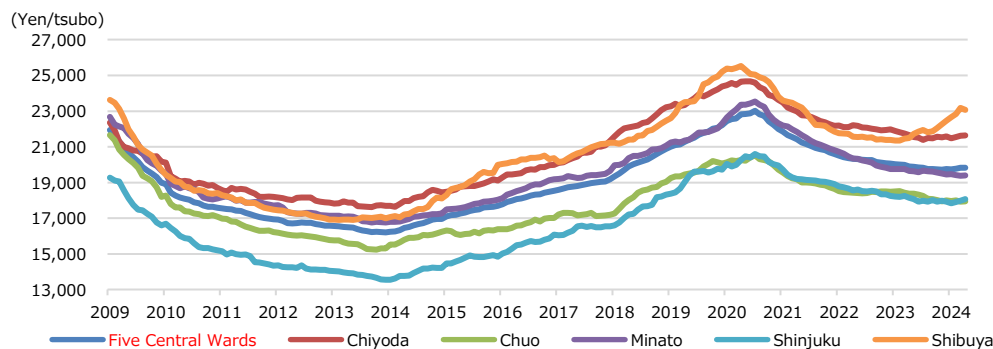
■ Average office vacancy rates (Long-term changes: from January 2009)



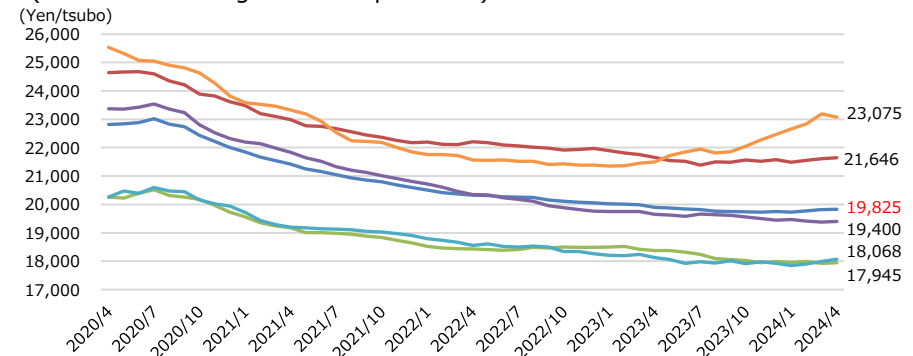
■ Average office vacancy rates (Short-term changes: from April 2020)



■ Average office asking rents by central wards (Long-term changes: from January 2009)



■ Average office asking rents by central wards (Short-term changes: from April 2020)

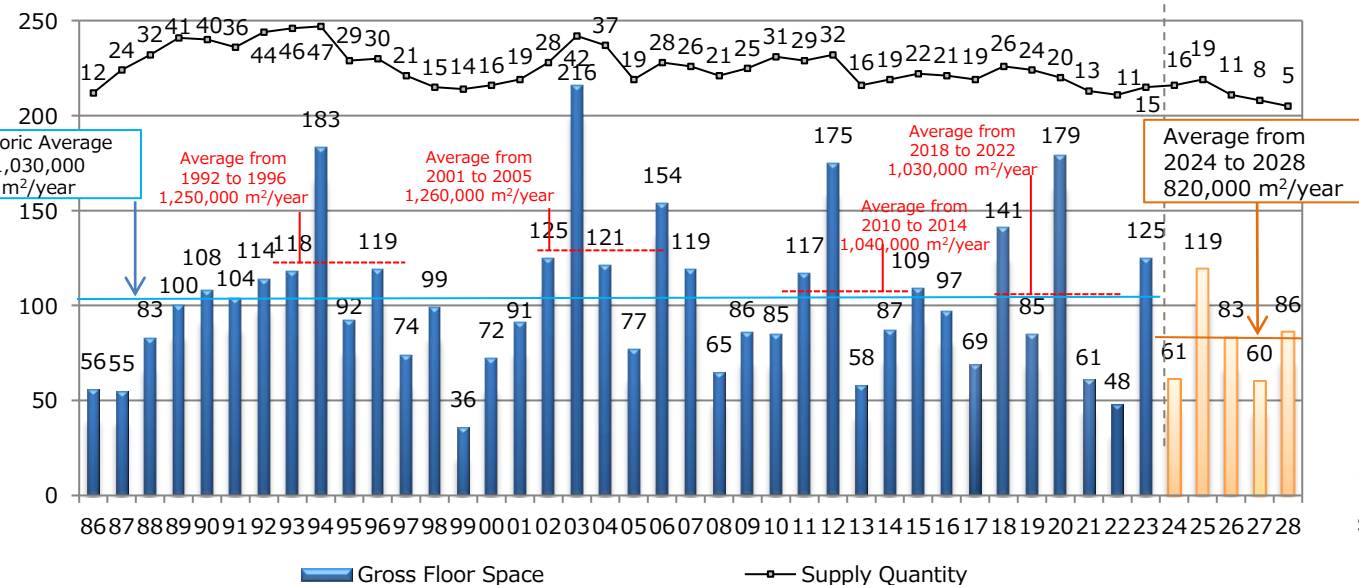


Source: Prepared by Nomura Real Estate Solutions based on data from Miki Shoji * Area and building standard covered by the survey: major office buildings for rent in the Tokyo business district (central five wards of Tokyo) with standard floor area of 100 tsubo or more, central five wards of Tokyo = Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward

2-4 Trends of Large-scale Offices in Tokyo's 23 Wards

- Regarding the supply of large office buildings in **Tokyo's 23 wards**, the average supply over the next five years from **2024 through 2028 (0.82 million m²/year)** is expected fall below the historical average (**1.03 million m²/year, from 1986 to 2023**). In addition, the five-year average before and after years with high supply in the past was 1.25 million m² for 1994, 1.26 million m² for 2003, 1.04 million m² for 2012, and 1.03 million m² for 2020, and the impact from future supply on the office market is expected to be limited.
- Regarding the supply of large office buildings in **Tokyo's five central wards** (Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, and Shibuya Ward), **the average supply in the next five years is expected to be 0.67 million m² per year, below the past 10-year average (0.86 million m²/year)**. Of the supply in Tokyo's 23 wards, the supply in the five central wards will account for 83% for the next five years, around the same level as the past 10-year average (85%).
- New demand for large office buildings in **Tokyo's 23 wards** in 2023 significantly increased to exceed the average level before the COVID-19 pandemic (2000 to 2019). **The vacancy rate at the end of 2023 fell 0.1 points to 5.8%, a decrease for the first time in four years since 2019.**
- The vacancy rate in major business districts was seen to be increasing but has fallen since 2024. Against the backdrop of firm needs for location and building grade improvement, it is expected that the vacancy rate will continue to improve.

■ Large office building supply trends in Tokyo's 23 wards



1986-2023
 (1) Properties supplied: 990
 (2) Gross floor space: 39,040,000 m²

2024-2028
 (1) Properties supplied: 59
 (2) Gross floor space: 4,080,000 m²

* The survey covered office buildings with a gross floor area of 10,000 m² or more (constructed after 1986) in Tokyo's 23 wards
 Source: Prepared by Nomura Real Estate Solutions based on data from Mori Building "Market Trends for Large-scale Office Buildings in Tokyo's 23 Wards in 2024"

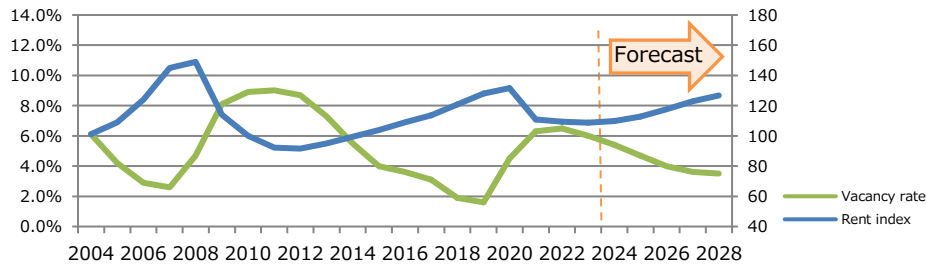
2-5 Forecasts for the Office Market in the Three Major Metropolitan Areas

Short-term forecasts for business zones (2024 to 2025)

- [Tokyo]** New supply is expected to be limited in 2024 and the vacancy rate will fall to 5.4%. With the fall in vacancy rate, rent will start to rise, with an increase of 1.0% compared to 2023. Although a large volume of supply is expected in 2025, due to the continuing trend of an increase in demand since 2023, the vacancy rate will fall to 4.7%. Given the vacancy rate being at a level that goes below 5%, rent will continue to rise for an increase of 2.7% compared to 2024.
- [Osaka]** New supply is expected to reach its largest scale ever in 2024, and although large relocation demand from outside the area, among others, is expected, the vacancy rate will increase to 6.3%. Rent will start to fall, but the fall will remain small, with a decrease of 1.5% compared to 2023. New supply is expected to continue at a relatively high level in 2025, but the vacancy rate will fall to 5.7% due to the rousing of new demand. Rent will remain at the same level, increasing by 0.2% compared to 2024.
- [Nagoya]** The vacancy rate in 2024 is expected to fall to 4.6% due to new supply being at the usual level, and rent will remain at the same level. New supply is expected to further decrease in 2025, and the vacancy rate will fall to 3.4% and rent will increase by 1.9% compared to 2024.

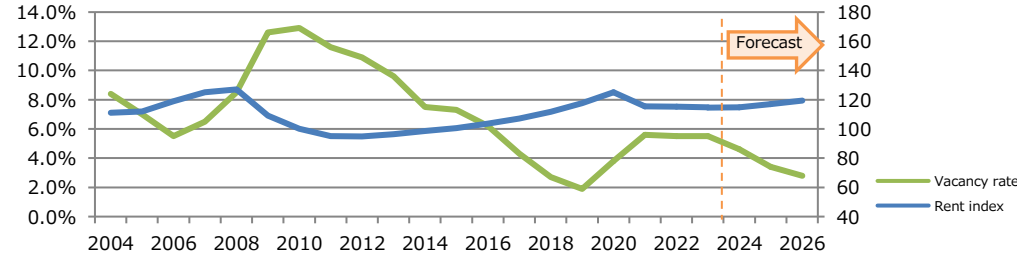
■ Tokyo

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rent index	101	109	124	145	149	114	100	92	92	95	99	104	109	114	121	128	132	111	109	109	110	113	118	123	127
Vacancy rate	6.1%	4.2%	2.9%	2.6%	4.7%	8.1%	8.9%	9.0%	8.7%	7.3%	5.5%	4.0%	3.6%	3.1%	1.9%	1.6%	4.5%	6.3%	6.5%	6.0%	5.4%	4.7%	4.0%	3.6%	3.5%



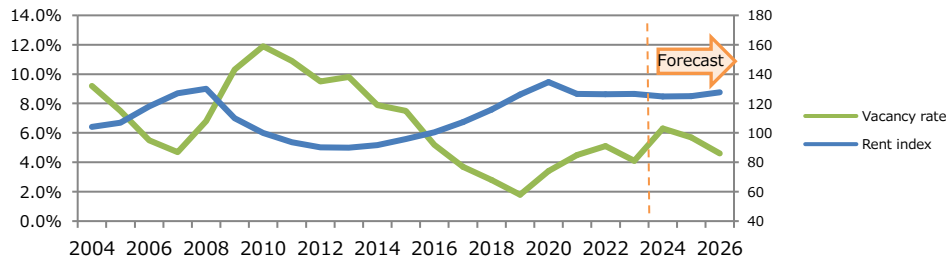
■ Nagoya

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rent index	111	112	119	125	127	109	100	95	95	96	99	101	104	107	112	118	125	116	115	115	115	117	119
Vacancy rate	8.4%	7.0%	5.5%	6.5%	8.5%	12.6%	12.9%	11.6%	10.9%	9.6%	7.5%	7.3%	6.2%	4.3%	2.7%	1.9%	3.8%	5.6%	5.5%	5.5%	4.6%	3.4%	2.8%



■ Osaka

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rent index	104	107	118	127	130	110	100	94	90	90	92	96	101	107	116	126	135	127	126	127	125	125	128
Vacancy rate	9.2%	7.5%	5.5%	4.7%	6.8%	10.3%	11.9%	10.9%	9.5%	9.8%	7.9%	7.5%	5.2%	3.7%	2.8%	1.8%	3.4%	4.5%	5.1%	4.1%	6.3%	5.7%	4.6%



The rent index is 100 for 2010, and the values from 2024 onward are forecast values.

Source: Prepared by Nomura Real Estate Solutions based on materials (released on June 5, 2024) from the Office Market Trends Research Committee (joint research group by Japan Real Estate Institute and Miki Shoji)

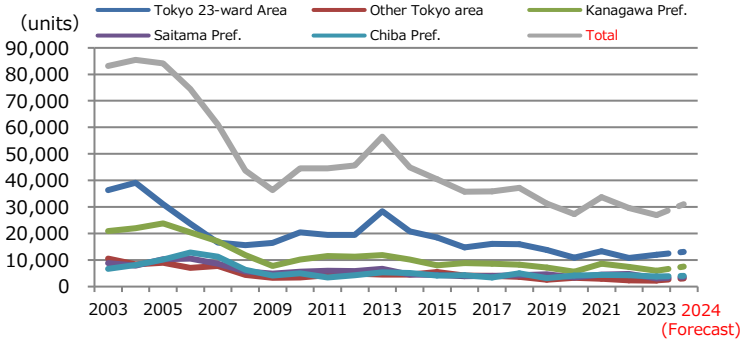


3. Residential for Sale

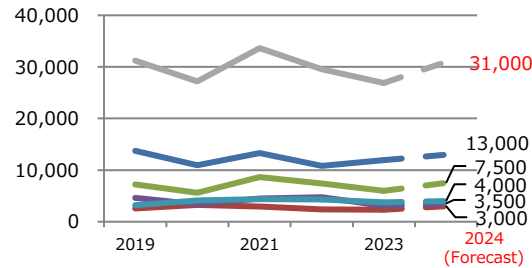
3 Supply and Price Trends of Residential for Sale in the Tokyo Metropolitan and Osaka Areas

- [Tokyo Metropolitan Area]** The supply of residential in the Tokyo Metropolitan area in 2024 is forecast to be 31,000 units (increase by 15.3% over the previous year). Large-scale high-rise projects in the Tokyo 23-ward area are steadily popular and continue to lead the market. Inventory has been stably low at around 4,000 units since April. Attention is shifting to the city center and its surrounding areas. Many large-scale projects have started in nearby areas. There remain concerns about soaring construction costs and higher mortgage rates.
- [Osaka Area]** The supply of residential in the Osaka area in 2024 is forecast to be 16,500 units (increase by 7.2% over the previous year). All areas except Kyoto Prefecture and Nara Prefecture are expected to increase. Inventories and completed inventories continue to shrink. Construction starts from January to October 2023 increased 0.5% y-o-y. United prices have continued to rise. Although areas for families in the suburbs will become more active, contract rates are expected to decline.

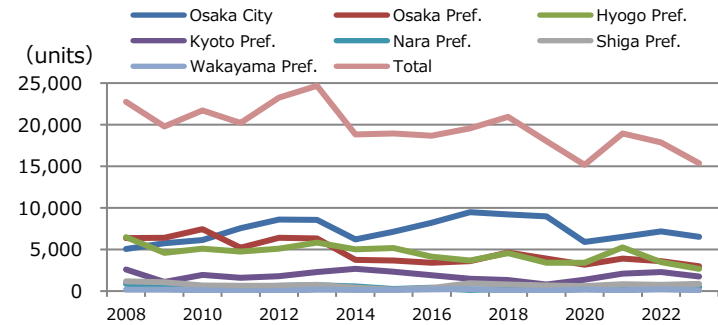
■ Supply trend: Tokyo Metropolitan Area



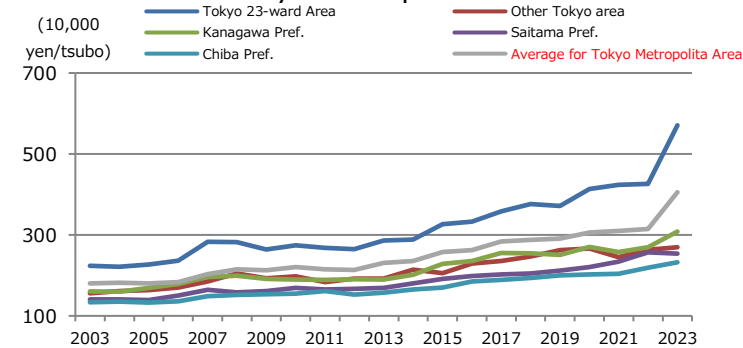
■ Supply trend: Tokyo Metropolitan Area (Short-term changes: from 2019)



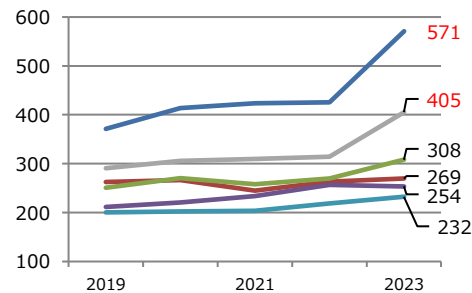
■ Supply trend: Osaka Area



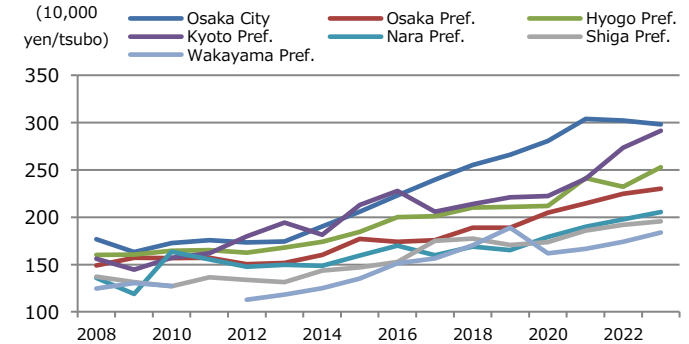
■ Price trend: Tokyo Metropolitan Area



■ Price trend: Tokyo Metropolitan Area (Short-term changes: from 2019)



■ Price trend: Osaka Area



Source: Compiled by Nomura Real Estate Solutions from the "Forecast of the Condominium Market in the Tokyo Metropolitan and the Kinki Area," "Market Trends for Condominiums in the Tokyo Metropolitan" and "Market Trends for Condominiums in the Kinki Area" published by Real Estate Economic Institute
 *No supply in Wakayama Pref. in 2011

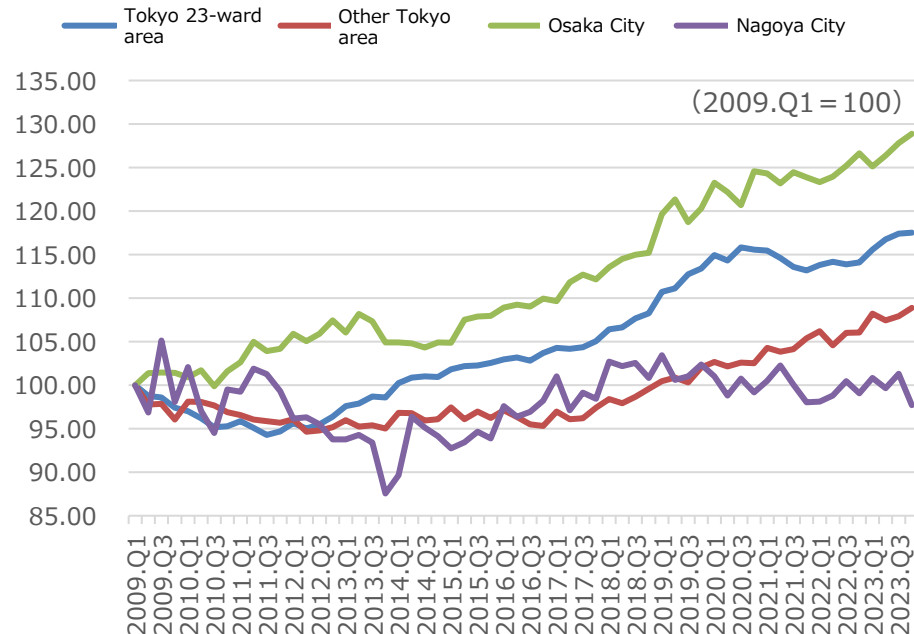


4. Residential for Rent

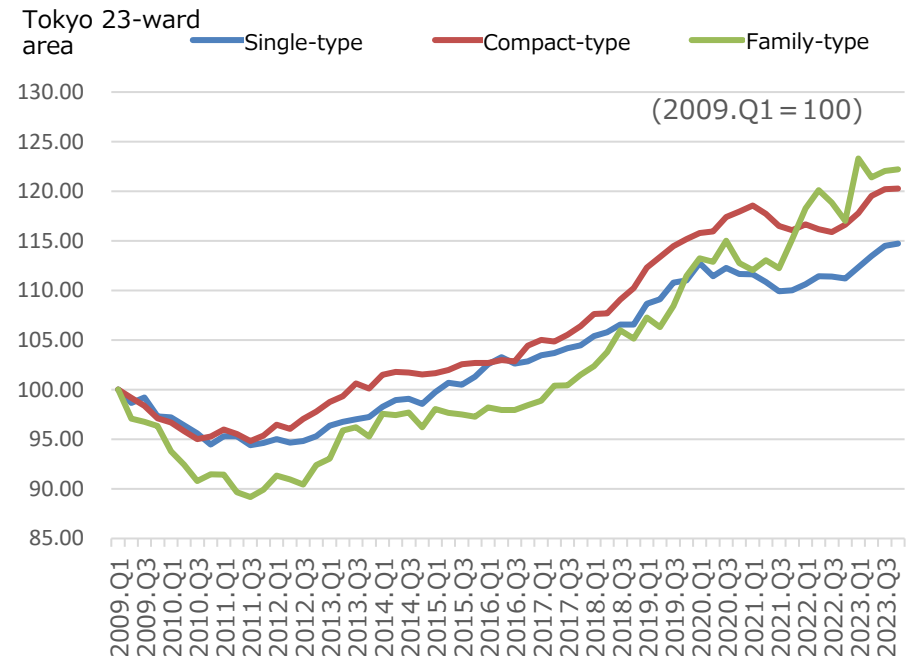
4-1 Trend of Residential for Rent (Trend of Rent Index for Tokyo)

- The rent indices in the Tokyo 23-ward area, other Tokyo area, and Osaka City are on the rise, setting new record highs since Q1 2009.
- [Tokyo 23-ward area] The rent index by floor area range for Q4 2023 exceeded that of the same period of the previous year in all types. The rent index rose for four consecutive quarters for single types, five consecutive quarters for compact types, and two consecutive quarters for family types.

■ Trend of rent index (all types)



■ Trend of rent index by floor area range



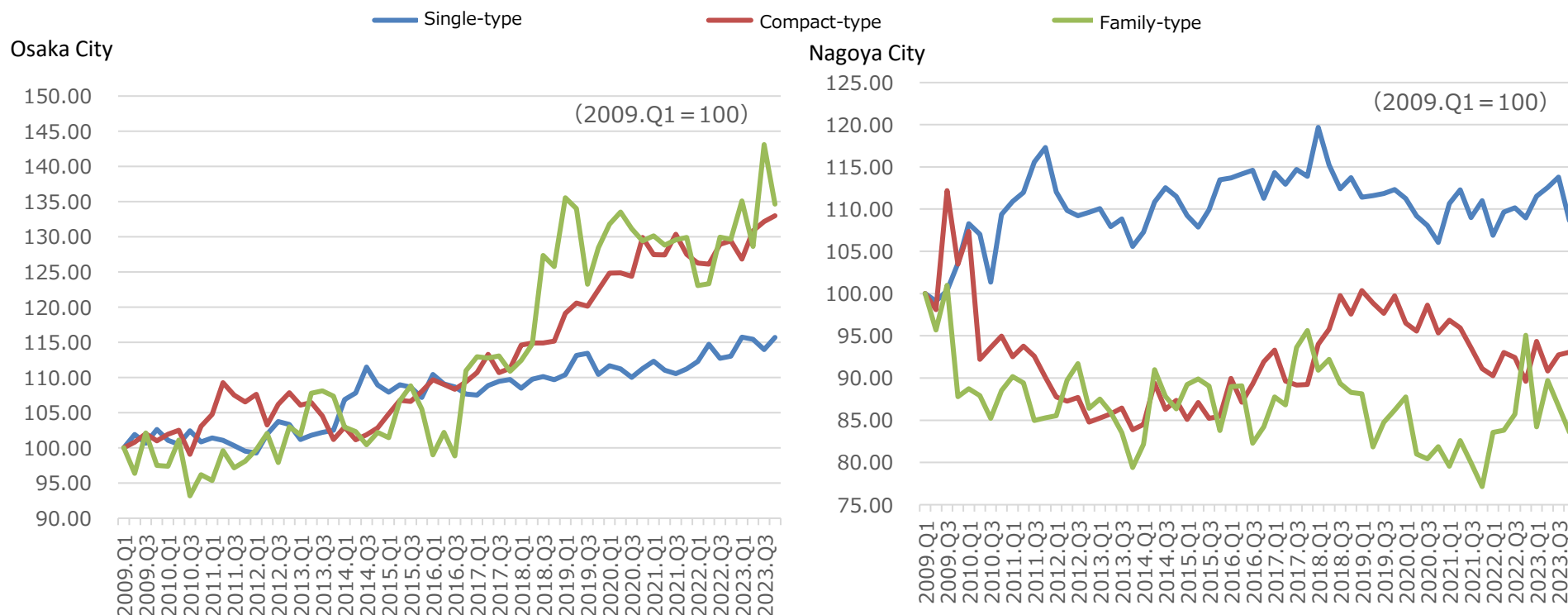
Source: Prepared by Nomura Real Estate Solutions based on "Residential Rent Index" from At Home Co., Ltd. and Sumitomo Mitsui Trust Research Institute Co., Ltd.

Note: Single-type from 18m² to less than 30m², compact-type from 30m² to less than 60m², and family-type from 60m² to less than 100m² (definition used in "Residential Rent Index")

4-2 Trend of Residential for Rent (Trend of Rent Index for Osaka and Nagoya)

- [Osaka City] The rent index by floor area range for Q4 2023 exceeded that of the same period of the previous year in all types. Compared to Q3 2023, the rent index fell for family types, and rose for the other two types.
- [Nagoya City] The rent index by floor area range for Q4 2023 exceeded that of the same period of the previous year only in compact types. Compared to Q3 2023, the rent index rose for compact types, and fell for the other two types.

■ Trend of rent index by floor area range



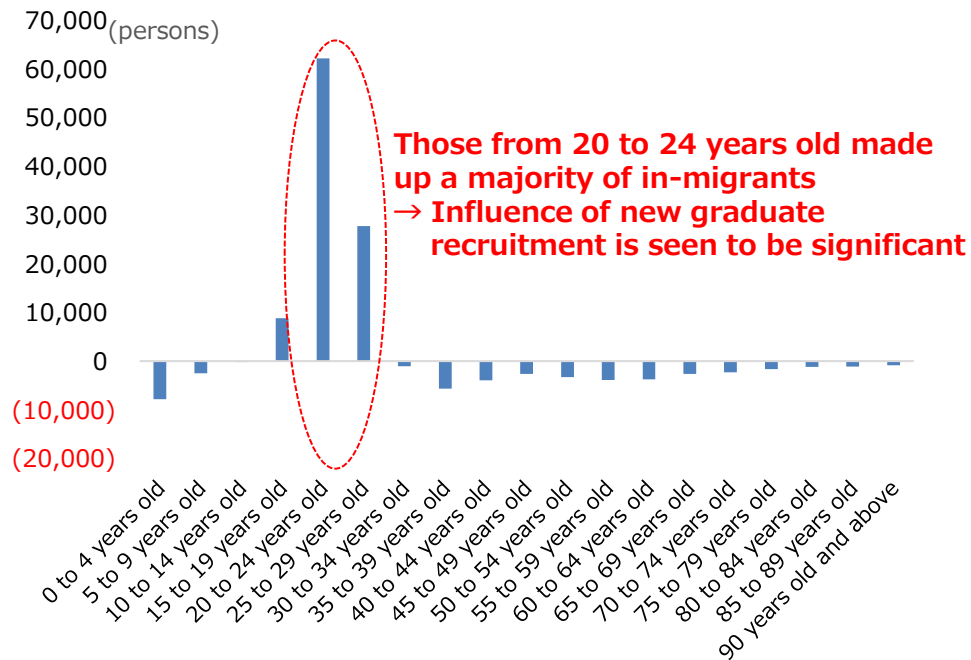
Source: Prepared by Nomura Real Estate Solutions based on "Residential Rent Index" from At Home Co., Ltd. and Sumitomo Mitsui Trust Research Institute Co., Ltd.

Note: Single-type from 18m² to less than 30m², compact-type from 30m² to less than 60m², and family-type from 60m² to less than 100m² (definition used in "Residential Rent Index")

4-3 Trend of Residential for Rent (Trend of Net Number of Relocations and New Graduate Recruitment for Tokyo 23-ward Area)

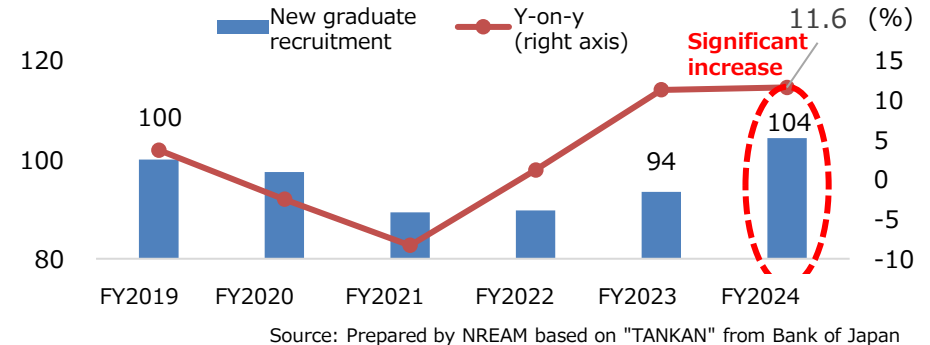
- By age, those from 20 to 24 years old made up a majority of Tokyo 23-ward area's net number of relocations, and the influence of new graduate recruitment was significant.
- The planned new graduate recruitment for fiscal 2024 (joining companies in 2025) continued to increase significantly with an increase of 11.6% compared to the previous year.
- Therefore, it is expected that Tokyo 23-ward area's net number of relocations will continue to increase in 2025.

■ Breakdown of Tokyo 23-ward area's net number of relocations (2023)

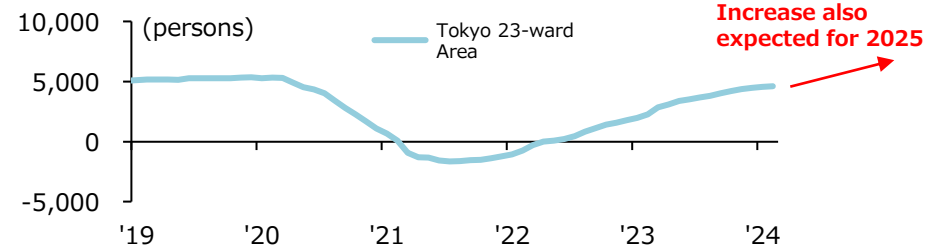


Source: Prepared by NREAM based on data from the Ministry of Internal Affairs and Communications
Note: Includes foreigners

■ Trend of new graduate recruitment (FY2019 = 100)



■ Net number of relocations to Tokyo 23-ward area (12-month moving average)

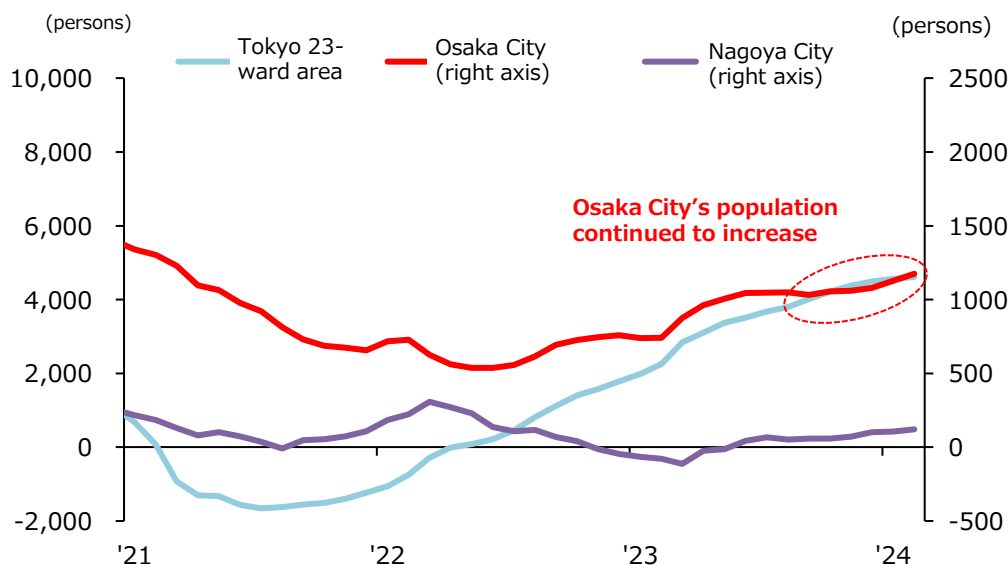


Source: Prepared by NREAM based on data from the Ministry of Internal Affairs and Communications
Note: Includes foreigners

4-4 Trend of Residential for Rent (Trend of Net Number of Relocations and Rate of Discrepancy with Past 5-year Average of New Supply)

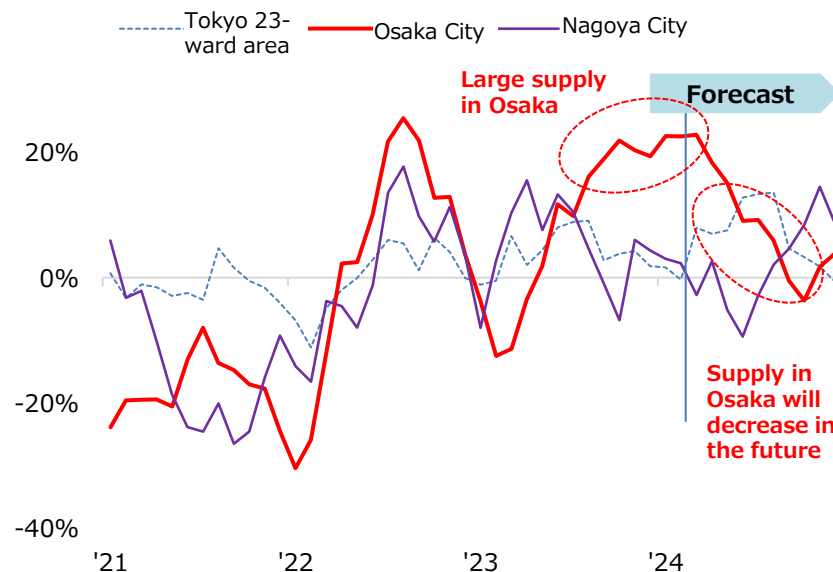
- Although the population of Osaka City increased, due to the increase in new supply since the second half of 2023, the downward pressure on occupancy rate decreased with expectations that new supply in the future will settle down.
- Recovery is expected in the future, with "strong rental needs in Osaka as the net number of relocations by people in their 20s will continue" (local PM).

■ Net number of relocations to Tokyo, Osaka, Nagoya (12-month moving average)



Source: Figures for net number of relocations prepared by NREAM based on data from the Ministry of Internal Affairs and Communications
 Note: Includes foreigners

■ Trend of rate of discrepancy with past 5-year average of new supply (estimated value)



Source: Statistics for building starts from the Ministry of Land, Infrastructure, Transport and Tourism

Note: Rate of discrepancy calculated based on 6-month moving average of rental building starts (units); shown with a 1-year delay taking into account the period from building start to completion

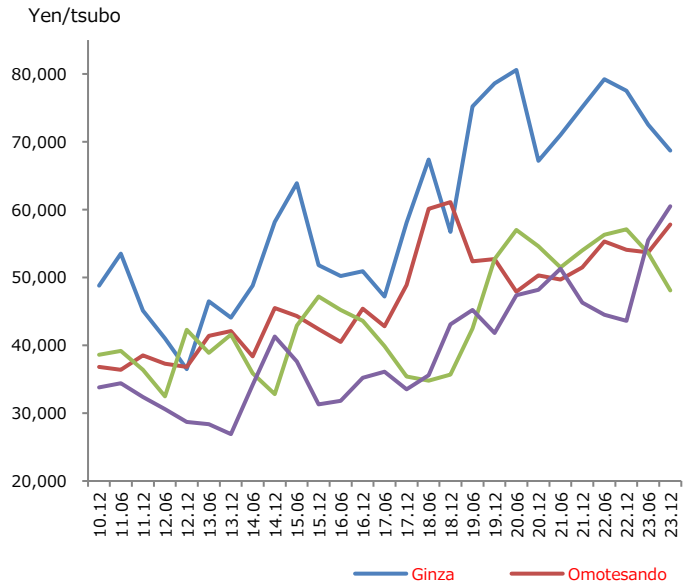


5. Retail

5-1 Trend of Retail (Tokyo)

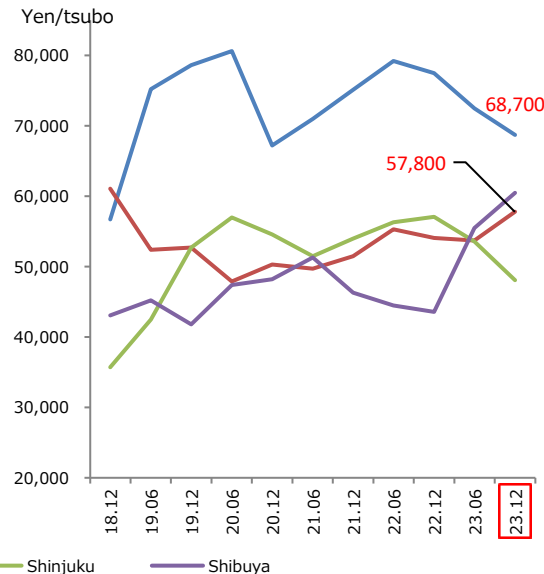
- **[Ginza area]** The average offered rents on the ground floor was around 70,000 yen per tsubo, going down slightly from the previous year, but the number of offers decreased. The momentum of luxury brand store openings did not slow down, and rents will continue to remain high for the time being.
- **[Omotesando area]** There continues to be a state of many offers, with gaps depending on the area or street. Coupled with inbound tourism, the momentum of store openings is expected to continue for the time being.
- **[Shinjuku area]** The number of offers decreased, and the market is returning to its previous level due to recovery in the balance between demand and supply. The momentum on Shinjuku-dori continues. Growth can be expected for businesses that cater to inbound tourism demand.
- **[Shibuya area]** Rents on the ground floor reached a record high since the initiation of the survey in 2008. There is growing expectations on this area. QFRONT, a landmark of Shibuya, is preparing to reopen after renovation. Going forward, new centers drawing people to this area will continue to be created. Rents are also predicted to trend at a high level.
- Regarding the rents of ground-floor retail stores in Tokyo primary areas, Ginza saw a rise for eight consecutive quarters, and Omotesando saw a rise for seven consecutive quarters. Given firm sales of expensive products and such, vibrant demand for new store openings by brand groups is expected to continue. Coupled with the attractive exchange rate for international retailers, rents are expected to continue to rise.

■ Tokyo trend of offered rents of stores on the ground floor (2nd half 2010 to 2nd half of 2023)

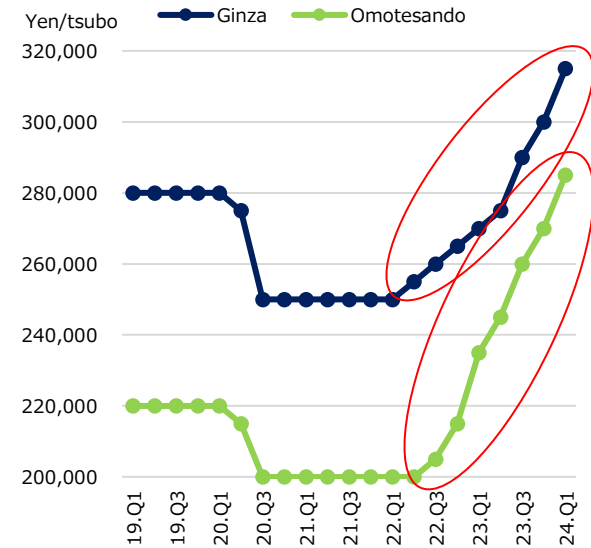


Source: "Store Rent Trends" published by Japan Real Estate Institute, BAC Urban Project and Style Act Co., Ltd. (compiled by Nomura Real Estate Solutions)

■ Tokyo trend of offered rents of stores on the ground floor (1st half 2018 to 2nd half of 2023)



■ Rent trend of ground-floor retail stores in Tokyo primary areas (2019.Q1 to 2024.Q1)

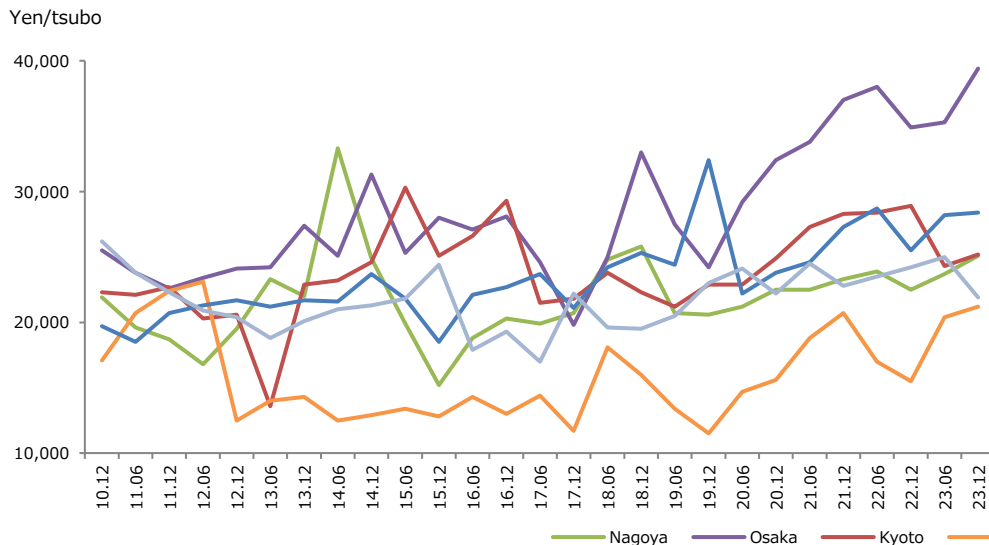


Source: "Tokyo Retail Market Summary" published by JLL (compiled by Nomura Real Estate Solutions)

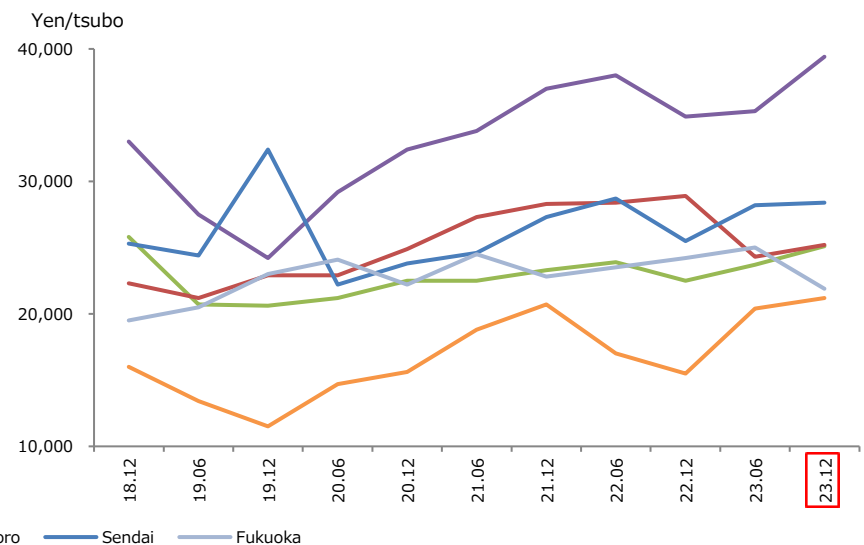
5-2 Trend of Retail (Osaka, Etc.)

- **[Nagoya area]** There are few vacant stores on Otsu-dori, but supply is high with close to 400 offers overall. Polarization is prominent within the area. Redevelopment is currently ongoing in the vicinity of Sakae intersection. There are also moves for store openings and renovations in the southern part of the area.
- **[Osaka area]** Rents on the ground floor reached a record high since the initiation of the survey in 2008. However, the number of offers has peaked, and gaps are showing within the area. Inbound tourism is expected to further increase. New store openings are accelerating. There is also the possibility of rents rising due to competition in store openings.
- **[Kyoto area]** There is progress in reducing the number of vacant stores in the prime areas. Stores are being opened one after another, targeting the purchasing intention of foreign tourists.
- **[Sapporo area]** Rents on the ground floor are on a rising trend. The number of vacant stores in the area is on an improving trend. The driving force is the further increase in inbound tourism. The flow of people has recovered to a level close to that before the COVID-19 pandemic, and sales are also strong within the area.
- **[Sendai area]** There are no noteworthy fluctuations in both number of offers and rents. The station areas continue to be more popular than shopping streets, but there are moves toward new construction and redevelopment in the areas around shopping streets. There is the possibility of vibrancy in the long term.
- **[Fukuoka area]** The number of offers is trending at the same level, and efforts to address vacant lots results in the falling of offered rents. Inbound tourism further increased. There are growing expectations on the effects of the Tenjin Big Bang Project.

■ Nationwide trend of offered rents of stores on the ground floor (2nd half 2010 to 2nd half of 2023)



■ Nationwide trend of offered rents of stores on the ground floor (1st half 2018 to 2nd half of 2023)



Source: "Store Rent Trends" published by Japan Real Estate Institute, BAC Urban Project and Style Act Co., Ltd. (compiled by Nomura Real Estate Solutions)

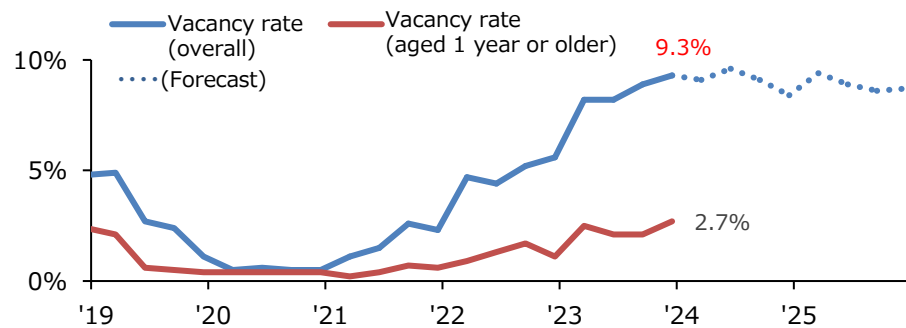


6. Logistics Facilities

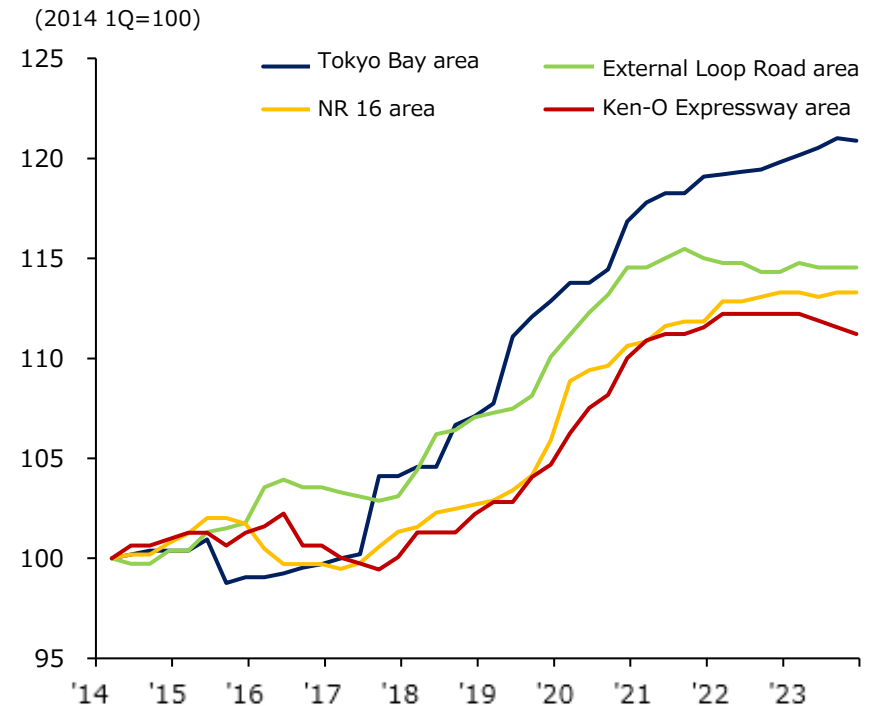
6-1 Trend of Logistics Facilities (Tokyo Metropolitan Area)

- The vacancy rate in the Tokyo Metropolitan Area reached 9.3% recently due to a large supply, and it will remain high in 2024 and beyond.
- Rent levels trend high in the Tokyo Bay Area but fall in Ken-O Expressway.

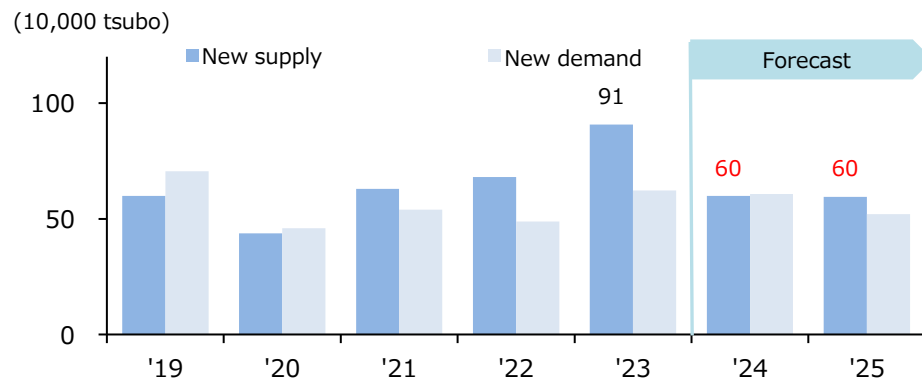
■ Trend of vacancy rate (as of December 31 of each year)



■ Trend of rent level



■ New supply and new demand

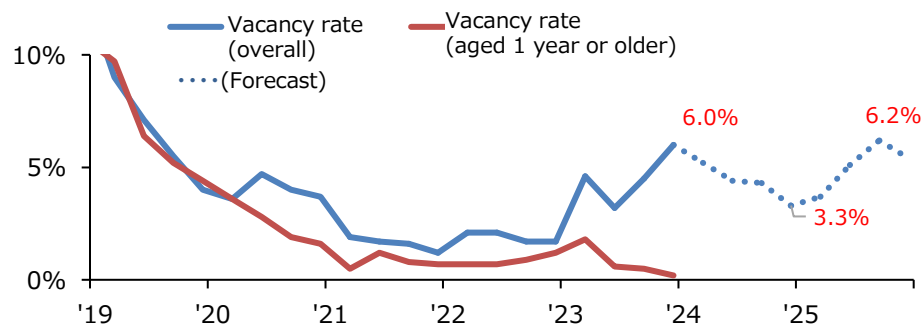


Source: Prepared by NREAM based on data from CBRE
 Note: These are data on logistics facilities which have a gross floor area of at least 10,000 tsubo and suppose more than one tenant.

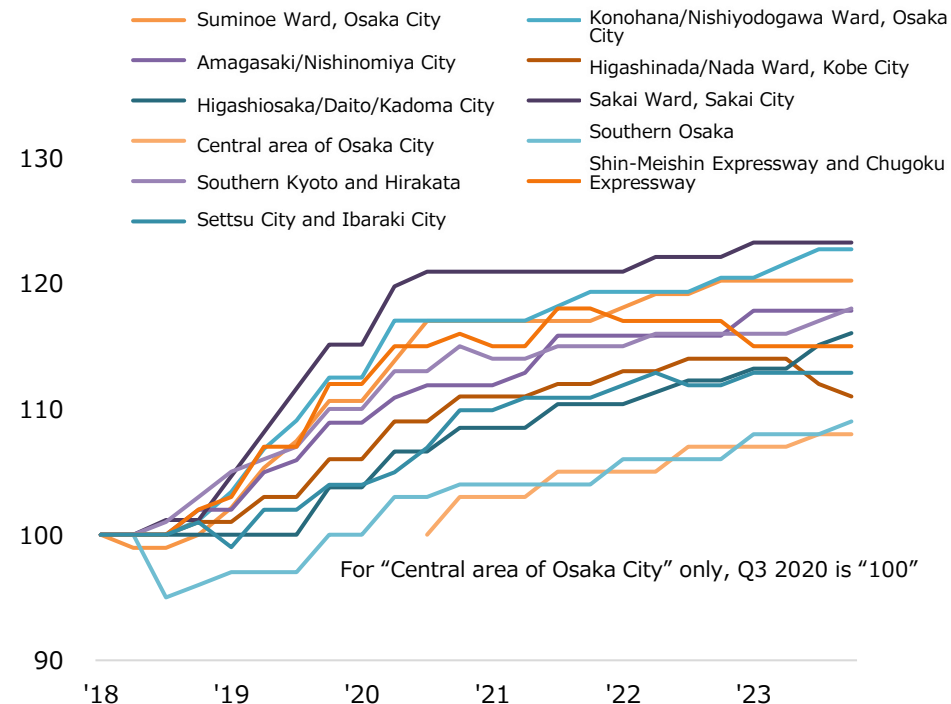
6-2 Trend of Logistics Facilities (Osaka Area)

- The vacancy rate in the Osaka area fell in 2024 due to overall strong demand. Meanwhile, it is expected to rise again in 2025 due to an increase in supply.
- Rents fell in certain areas, such as Kobe's Higashinada and Nada Ward, but generally remained the same or rose.

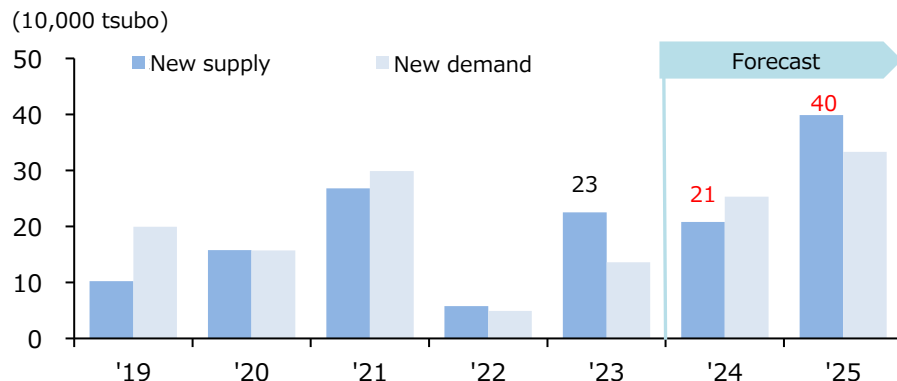
■ Trend of vacancy rate (as of December 31 of each year)



■ Trend of rent level (2018 1Q=100)



■ New supply and new demand

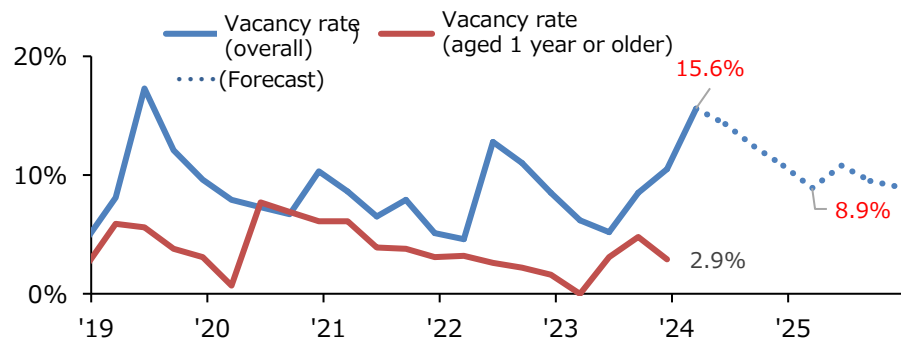


Source: Prepared by NREAM based on data from CBRE
 Note: These are data on logistics facilities which have a gross floor area of at least 10,000 tsubo and suppose more than one tenant.

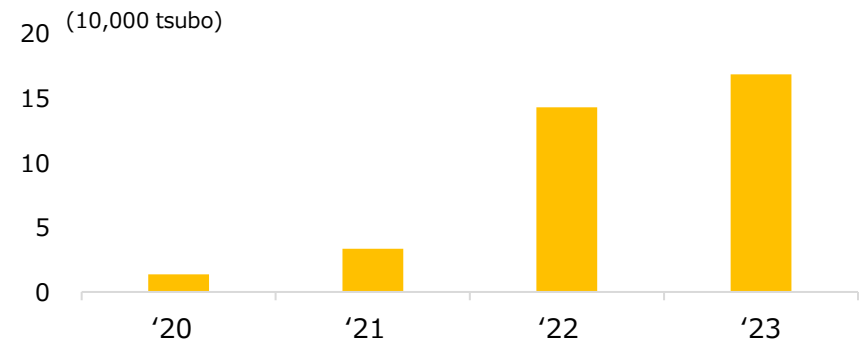
6-3 Trend of Logistics Facilities (Aichi Area)

- As the market for the Aichi area is small, there is a tendency for violent fluctuations in the vacancy rate due to new supply.
- The vacancy rate going forward is expected to fall due to low supply in 2024.

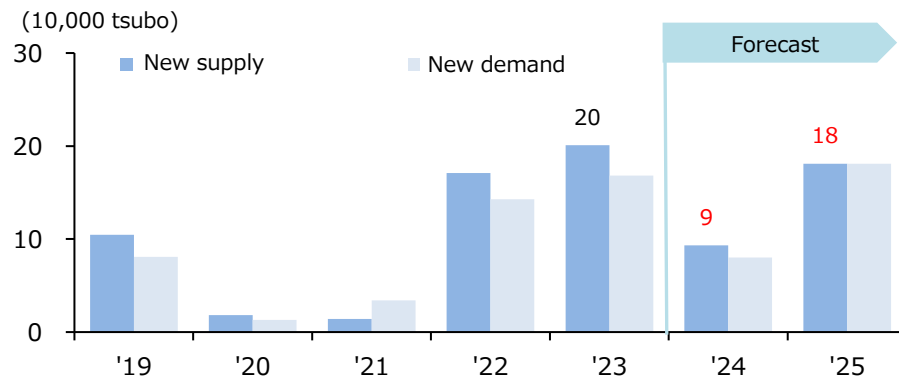
■ Trend of vacancy rate (as of December 31 of each year)



■ Estimated net absorption



■ New supply and new demand



Source: Prepared by NREAM based on data from CBRE

Note: In Aichi area only, GFA of more than 5,000 tsubo; all of these are logistics facilities assuming several tenants.

Net absorption expresses the strength of demand using the change in occupied floor area. The figures were estimated by NREAM.

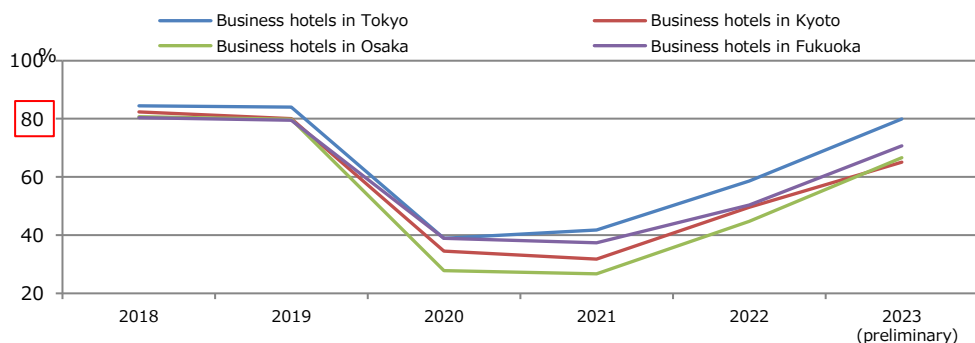


7. Hotels

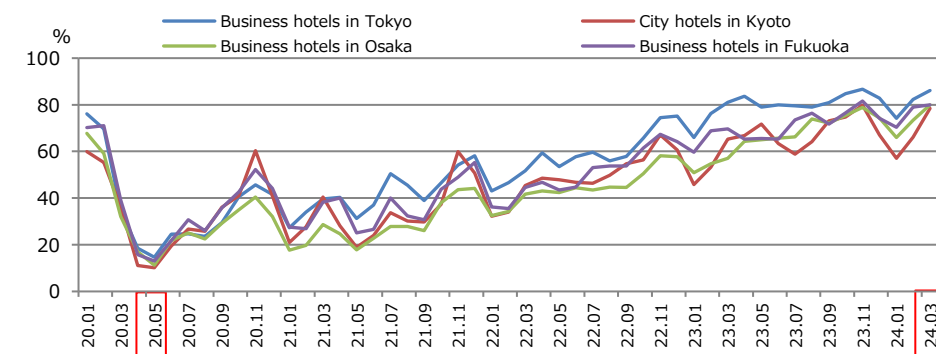
7-1 Hotel Trends (Occupancy Rates)

- The occupancy rates of hotels reached a low point in May 2020 in each of the cities surveyed and for each hotel type.
- The occupancy rates of business hotels in March 2024 were **86.2%** (82.3% in February) **in Tokyo**, 78.5% (66.1% in February) in Kyoto, 80.0% (73.4% in February) in Osaka, and 79.9% (79.0% in February) in Fukuoka.
- The occupancy rates of city hotels in March 2024 were **78.9%** (75.7% in February) **in Tokyo**, 78.3% (63.0% in February) in Kyoto, 74.5% (75.7% in February) in Osaka, and 75.6% (74.3% in February) in Fukuoka.

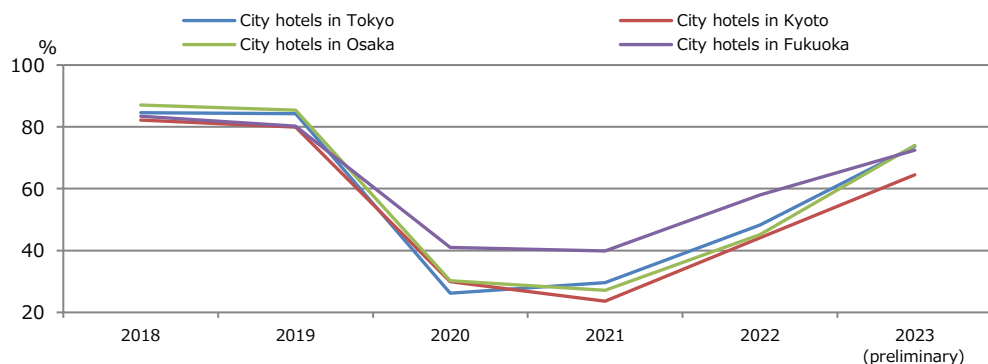
■ Occupancy rates of business hotels (through 2023)



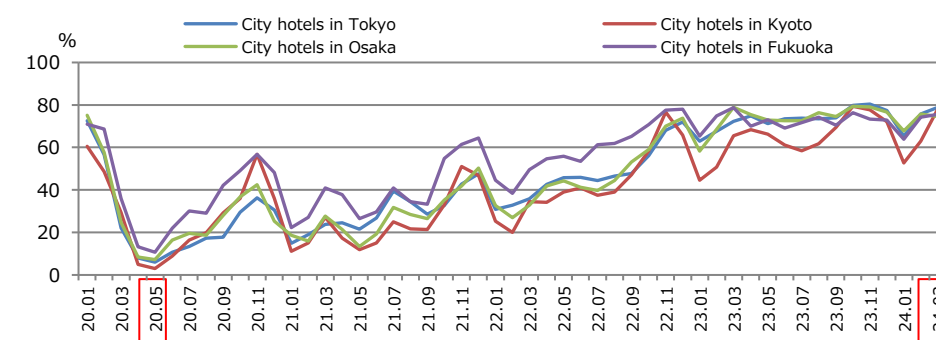
■ Occupancy rates of business hotels (2020 onward)



■ Occupancy rates of city hotels (through 2023)



■ Occupancy rates of city hotels (2020 onward)

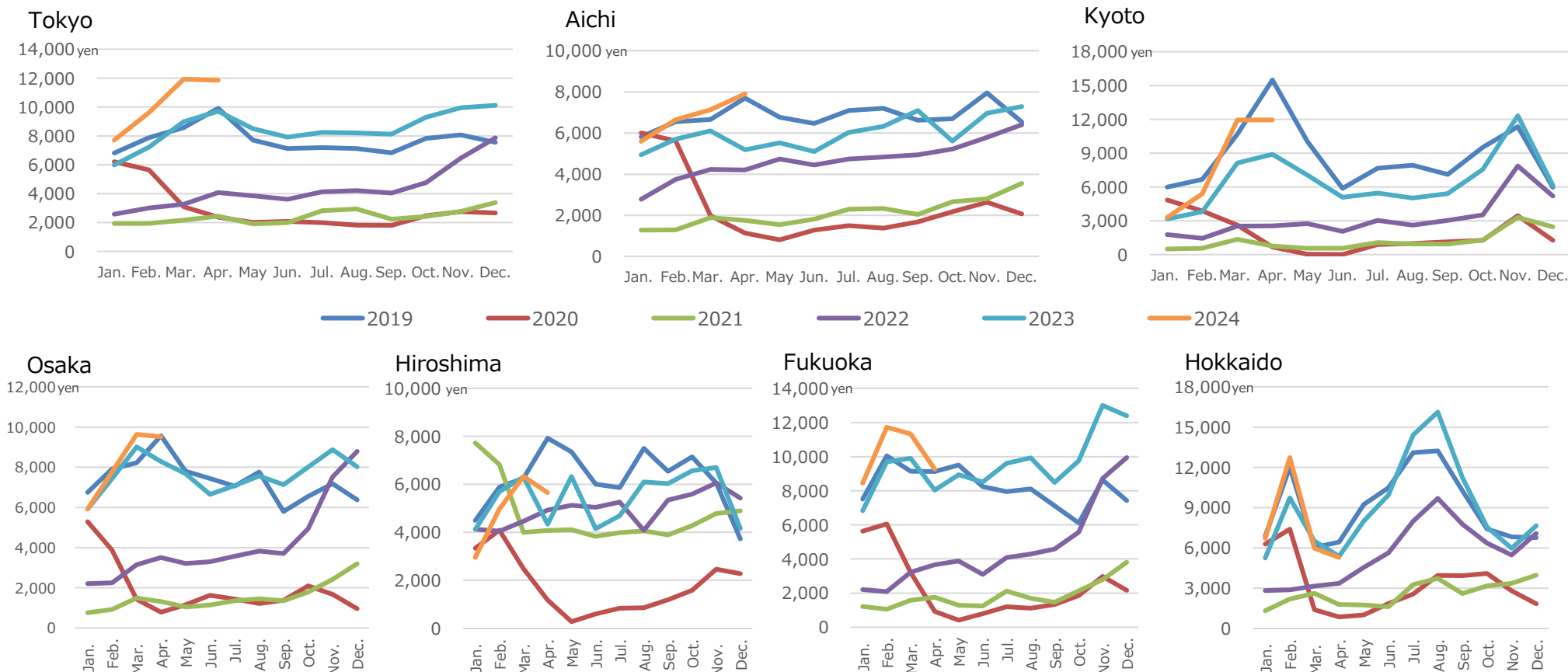


Source: MLIT Japan Tourism Agency "Overnight Travel Statistics Survey" (compiled by Nomura Real Estate Solutions)

7-2 Hotel Trends (RevPAR)

- For April 2024, besides the increase in demand for visiting Japan due to the cherry blossom viewing season, the weaker yen and other factors served as tailwind, and **inbound tourism demand continues to remain vibrant**, including a continued increase in the number of foreign visitors to Japan.
- In addition, domestic accommodation demand also trended steadily, **resulting in RevPAR exceeding that of the same month in the previous year for Tokyo, Aichi, Kyoto, Osaka, Hiroshima, and Fukuoka.**

■ RevPAR of business hotels (2019 onward)



Source: Prepared by Nomura Real Estate Solutions based on press releases from Invincible Investment Corporation and Ichigo Hotel REIT Investment Corporation



**Reference:
Trend of Land Prices in High-level Use
Districts of Major Cities
Rental Trends in Major International Cities**

Reference: Trend of Land Prices in High-level Use Districts of Major Cities

- Out of all 80 areas, there were upward changes in 80 areas (79 in the previous survey), little change in 0 areas (1 in the previous survey) and downward changes in 0 areas (0 in the previous survey). In addition to strong demand for residential in areas with excellent convenience and living environments, demand for stores continues to recover, among other things. For the first time since the start of the survey in 2007, there were upward changes in all residential and commercial areas.
- Of the 80 areas with upward changes, by change category (increase, unchanged, or decrease), six areas saw an increase of more than 3% and less than 6%, and 74 areas saw a less than 3% increase.

Note: Since the number of the survey areas was reduced to 80 areas from 100 areas from Q1 2022, comparisons with the previous survey were made only for the 80 survey areas of this survey.

City	Area	22.4.1 ~ 22.7.1	22.7.1 ~ 22.10.1	22.10.1 ~ 23.1.1	23.1.1 ~ 23.4.1	23.4.1 ~ 23.7.1	23.7.1 ~ 23.10.1	23.10.1 ~ 24.1.1	24.1.1 ~ 24.4.1	City	Area	22.4.1 ~ 22.7.1	22.7.1 ~ 22.10.1	22.10.1 ~ 23.1.1	23.1.1 ~ 23.4.1	23.4.1 ~ 23.7.1	23.7.1 ~ 23.10.1	23.10.1 ~ 24.1.1	24.1.1 ~ 24.4.1	
23 wards of Tokyo	Marunouchi	→	→	→	→	→	→	→	→	Sendai	Chuo 1-chome	→	→	→	→	→	→	→	→	→
	Ginza, Chuo	→	→	→	→	→	→	→	→	Osaka	Shinsaibashi	→	→	→	→	→	→	→	→	→
	Yaesu	→	→	→	→	→	→	→	→	Nagoya	Nagoya Sta. front	→	→	→	→	→	→	→	→	→
	Toranomon	→	→	→	→	→	→	→	→	Kyoto	Kawara-machi	→	→	→	→	→	→	→	→	→
	Shinjuku 3-chome	→	→	→	→	→	→	→	→	Hiroshima	Kamiyacho	→	→	→	→	→	→	→	→	→
	Shibuya	→	→	→	→	→	→	→	→	Fukuoka	Around Hakata Sta.	→	→	→	→	→	→	→	→	→
Yokohama	W Exit Yokohama Sta.	→	→	→	→	→	→	→	→											
Saitama	W Exit Omiya Sta.	→	→	→	→	→	→	→	→											
Chiba	Chiba Sta. front	→	→	→	→	→	→	→	→											
Sapporo	Ekimae-dori	→	→	→	→	→	→	→	→											

Legend

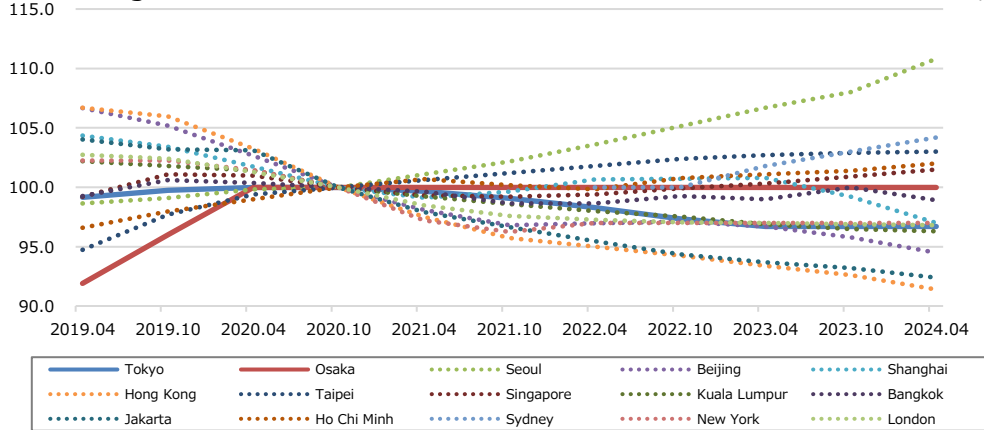
: Increase (≥ 6%)
 : Increase (≥3%, <6%)
 : Increase (>0, <3%)
 : Unchanged (0%)
 : Decrease (≥0%, <3%)
 : Decrease (≥3%, <6%)
 : Decrease (≥6%, <9%)
 : Decrease (≥9%, <12%)
 : Decrease (≥12%)

Source: "Land value LOOK report" by the Ministry of Land, Infrastructure, Transport and Tourism (compiled by Nomura Real Estate Solutions)

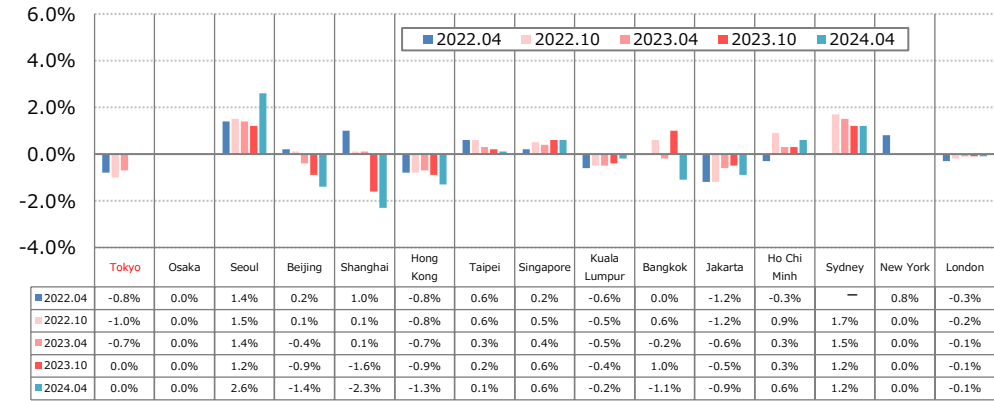
Reference: Trend of Land Prices in High-level Use Districts of Major Cities

- **Office rents remained flat in Tokyo.** Office rents remained flat in Osaka for eight consecutive half-year periods. Office rental demand is weakening in Beijing and Shanghai and the fall in office rents has accelerated compared to the previous report. The continuous entry of new supply in Shanghai also contributed toward the downward pressure on its office rental market situation.
- Residential rents are rising at a fast pace in Sydney due to a chronic shortage of housing. In Singapore, there is a slowdown trend in the pace of increase due to a large volume of supply recently. In Jakarta, besides the improving rental market situation centered on properties for families, rents also rose due to an increase in rent levels denominated in rupiah partially due to the weakened exchange rate. While Bangkok is going through a recovery in demand from expatriates, there is a lot of supply and falls in rents were seen centered on mid-price-range properties.

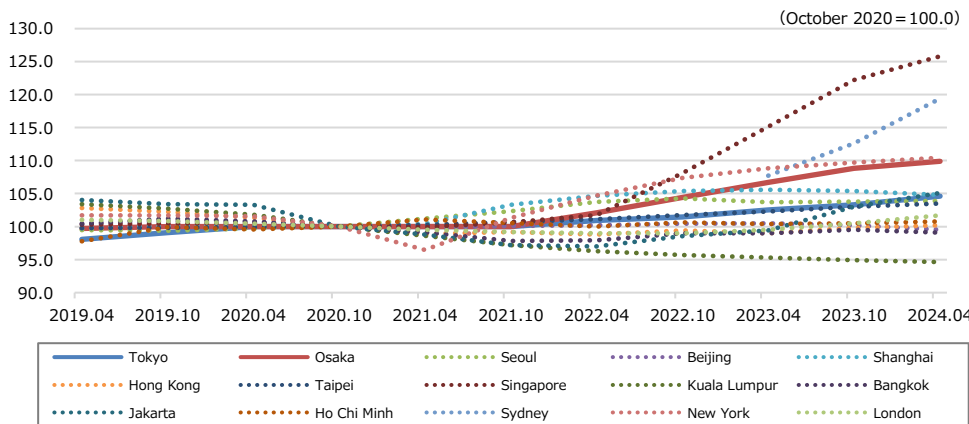
■ Changes in the office rent index



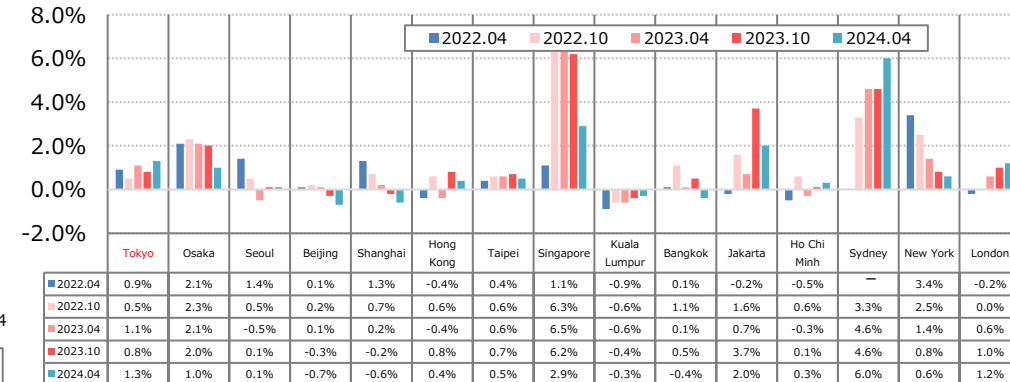
■ Volatilities of the office rent index compared to the previous results



■ Changes in the residential rent index



■ Volatilities of the residential rent index compared to the previous results



Source: Prepared by Nomura Real Estate Solutions based on "The Indices of International Real Estate Prices and Rents" by Japan Real Estate Institute