



MARKETBEAT

0.0%

Metropolitan Bayside
Prime Rent
Growth (YoY)

9.1%

Gaikan Road
Prime Rent
Growth (YoY)

10.0%

Route 16
Prime Rent
Growth (YoY)

HIGHLIGHTS

Distribution Costs On the Rise

The Japanese economy grew by 2.5% in the second quarter, marking the sixth consecutive quarter of growth. The tight labor market with an unemployment rate below 3% is putting upward pressure on wage growth. This is particularly evident in the Logistics sector as there are an increasing number of cases where increasing costs are being accepted, just to maintain operations. It appears just a matter of time before those costs are transferred into groceries.

Gaikan & Route 16 Areas Sustain High Rents

Rent growth for the Gaikan & Route 16 areas has been observed since Q2 2017, thanks to access to labor. By contrast, the Kenoh area alongside the Tohoku Road towards Ibaraki prefecture is showing more vacancy with increased supply and weaker access to labor. The supply-demand balance in Kenoh Road Saitama & Kanagawa Inland areas appears stable. While the Osaka Inland area shows strong leasing activities, the competing Osaka Bayside area is losing its momentum. Supply and demand in Fukuoka continues to be in balance and change has not been observed.

Asset Selection Evident due to Labor Accessibility

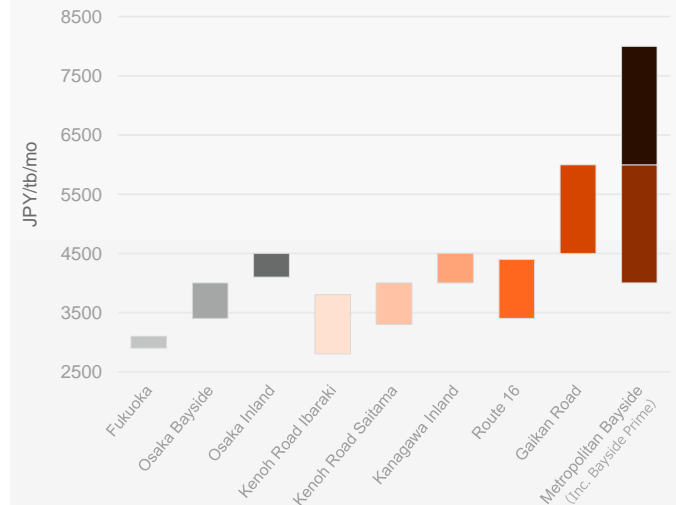
Transport access for commuters has become more a rental driver than ever, and the polarization of demand will progress further with the labor accessibility. Although there is little room for further growth in the Metropolitan Bayside area, there still appears room for growth for assets in good locations in the Gaikan and Route 16 areas.

Macroeconomy (Japan)

	Q1 17	Q2 17	One Year Forecast
Real GDP Growth	1.2%	2.5%	▲
Core CPI Growth	0.3%	0.3%	▲
Unemployment Rate	2.8%	2.8%	▼

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

Asking Rent: Logistics Markets in Japan



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

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Prime Rent

Area	JPY/TS/MO	USD/SF/YR	Annual Change	Forecast
Metropolitan Bayside	8,000	24.03	0.0%	■
Gaikan Road	6,000	18.02	9.1%	▲
Route 16	4,400	13.22	10.0%	▲

USD/JPY = 112.26

(Source : Cushman & Wakefield)

Major New Logistics Facilities

Facility Name	Date	Area	Size (m ²)	Size (sq ft)
TRC Logistics B Bldg.	Jun 2017	Heiwajima	171,300	1,843,858
GLP Suita	Aug 2017	Suita	165,000	1,776,045
SOSiLa Yokohama Kohoku	Sep 2017	Yokohama	84,353	907,968

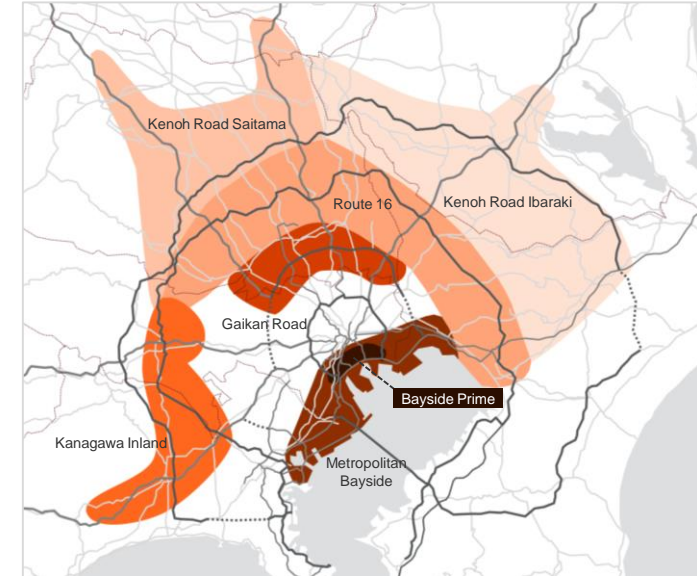
(Source:LNEWS)

New Openings

Tenant Name	Expected Date	Area	Property Name
Nippon Logistics	Mar 2018	Nagareyama	GLP Nagareyama III
ASKUL	Sep 2017	Suita	GLP Suita
Koizumi Logistics Service	Jun 2018	Kasukabe	LogiSquare Kasukabe

(Source: LNEWS)

Metropolitan Logistics Map



(Source: Cushman & Wakefield)

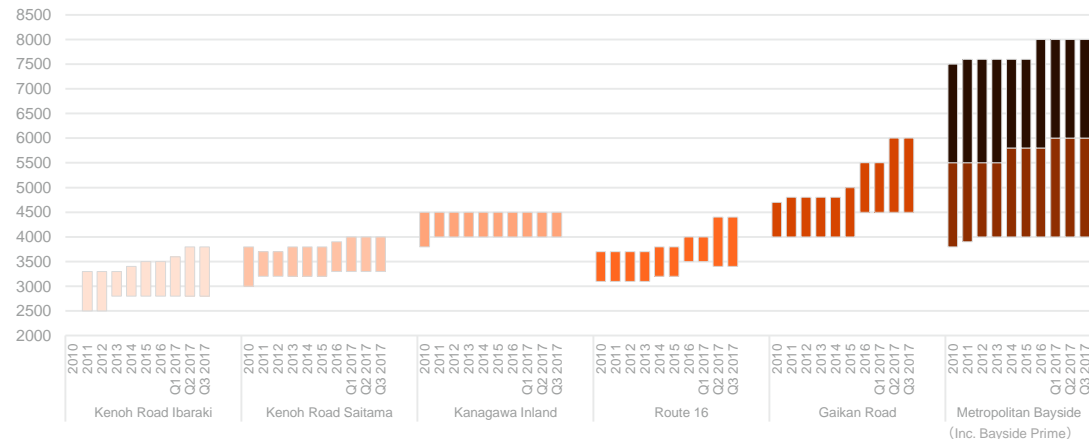
TRC Logistics B Bldg.



GLP Suita



Asking Rent By Submarket



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

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