

# 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

### GDP growth to support rise in distribution costs

The Japanese economy grew by 2.5% in the third quarter of 2017, making it the seventh consecutive quarter of positive growth. A tight labor market and an unemployment rate below 3.0% have put upward pressure on wage growth. Distribution costs are expected to rise further as a result of positive economic conditions.

### Selection by location and functionality continues

Rents for the Gaikan Road and Route 16 areas remain high thanks to good access to labor. A large influx of supply was a concern for the Nagareyama area alongside Route 16; however, the area has seen strong leasing activities thanks to its proximity to the Tokyo city center and demand–supply balance, as well as existing tenants in the area looking to expand. The Kenoh area alongside the Tohoku Road toward Ibaraki prefecture has seen more vacancies as a result of increased supply and weaker access to labor, while high-functionality space remains in high demand, indicating that demand in the area is polarized.

### Logistics facilities to further enhance efficiency

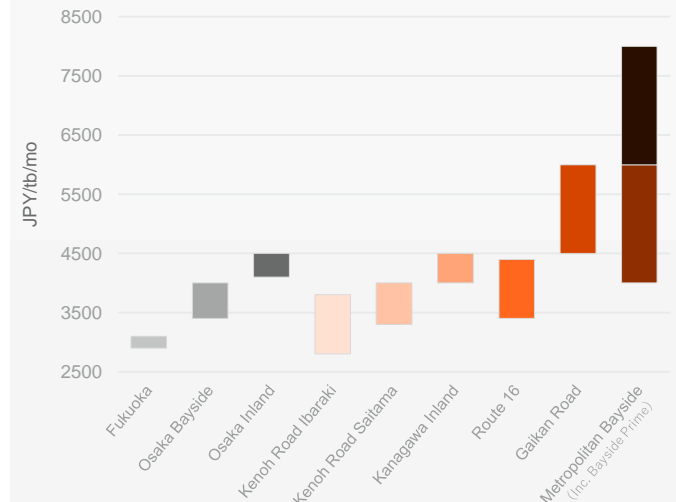
Japanese furniture retailer Nitori's adoption of unattended transport robots and devanning assist machines has been welcomed as positive news, and suggests automation may help to resolve labor shortages. Activities to enhance the efficiency of logistics are not limited to automation and increasing functionality, but also include consolidating existing space. Several major developers have accelerated their logistics facilities businesses, which is expected to help further optimize the sector.

### Macroeconomy (Japan)

	Q2 17	Q3 17	One Year Forecast
Real GDP Growth	2.5%	2.5%	▲
Core CPI Growth	0.3%	0.7%	▲
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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Research Publication

DATA  
INTO  
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## Prime Rent

Area	JPY/TS/MO	USD/SF/YR	Annual Change	Forecast
<b>Metropolitan Bayside</b>	8,000	23.81	0.0%	■
<b>Gaikan Road</b>	6,000	17.86	9.1%	▲
<b>Route 16</b>	4,400	13.10	10.0%	▲

USD/JPY = 113.38

(Source : Cushman & Wakefield)

## Major New Logistics Facilities

Facility Name	Date	Area	Size (㎡)	Size (sq ft)
<b>MCUD Zama</b>	Dec 2017	Zama	18,252	196,463
<b>Mapletree Chiba New Town</b>	Dec 2017	Inzai	81,352	875,666
<b>CPD Amagasaki Distribution Center</b>	Oct 2017	Amagasaki	280,091	3,014,874

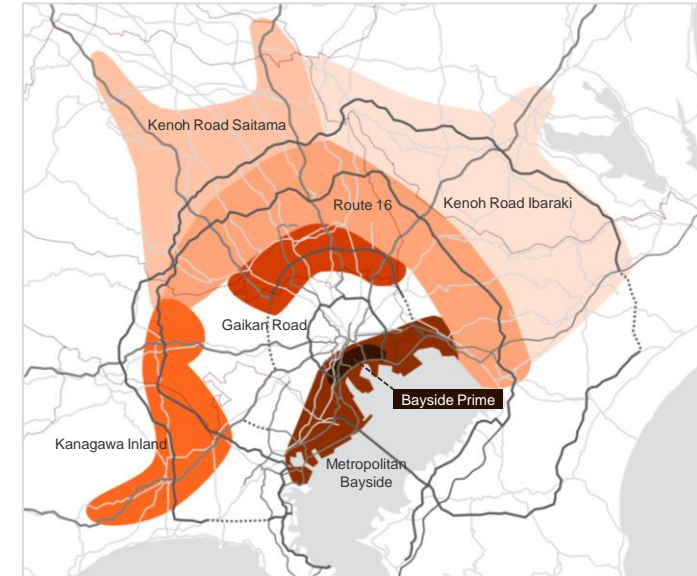
(Source:LNEWS)

## New Openings

Tenant Name	Expected Date	Area	Property Name
<b>Nitori</b>	Nov 2017	Ibaraki	Prologis Ibaraki
<b>Start Today</b>	Sep 2019	Suita	Prologis Tsukuba 1-B
<b>DMS</b>	Jan 2018	Kawashima	Redwood Kawashima Distribution Center

(Source:LNEWS)

## Metropolitan Logistics Map



(Source: Cushman & Wakefield)

### DATA INTO ACTION

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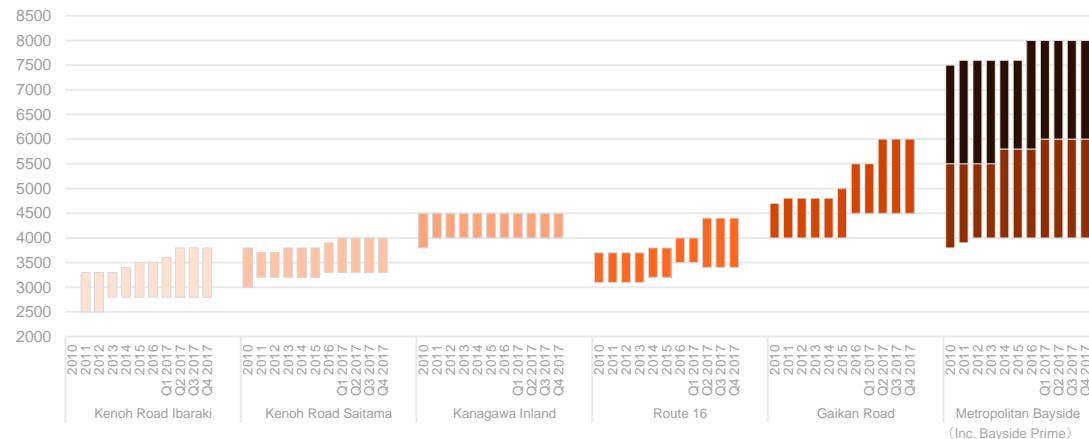
CPD Amagasaki Distribution Center



Mapletree Chiba New Town



## Asking Rent By Submarket



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