

# MARKETBEAT

**1.47%**  
RENT GROWTH  
(YOY)

**3.73 %**  
VACANCY RATE  
(Q2 2017)

**1.77 msf**  
NEW COMPLETIONS  
(YTD Rentable)

## HIGHLIGHTS

### *Positive Signs from Corporate Japan*

The Japanese economy has posted positive economic growth for the fifth quarter in a row. Meanwhile corporate profits have shown improvement across three quarters, rising 26% year on year in the first quarter, after a dip in late 2015 and early 2016.

### *Top Heavy in the Central 5 Wards*

Average asking rents ticked upwards softly after remaining essentially flat for four consecutive quarters. Leasing activity has been lively but some landlords, looking to 2018 and beyond, are softening their formerly hardline stances on rent and incentives. While this is particularly true for larger spaces, for smaller spaces in buildings with higher occupancy, rent is still increasing. In general, the upwards pressure on asking rents has eased compared to last year and we are nearing an inflection point.

### *"I know; It's been comin' for some time"*

As we enter into the second half of 2017, the looming supply influx coming in the next few years will weigh heavier on negotiations and relocation decisions, and the market will start to turn further in favor of tenants. As landlords are extending favorable terms to secure large tenants for their new projects, tenants that have not been able to expand or consolidate due to lack of vacancy are now considering relocation.

Preleasing is therefore expected to be lively for new projects moving forward.

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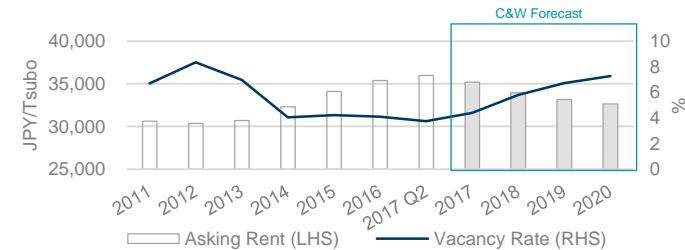
**DATA  
INTO  
ACTION**

### Macroeconomic Indicators

	Q4 16	Q1 17	One Year Forecast
Real GDP Growth	1.4%	1.0%	▲
Inflation	0.3%	0.2%	▲
Unemployment	3.1%	2.8%	▼

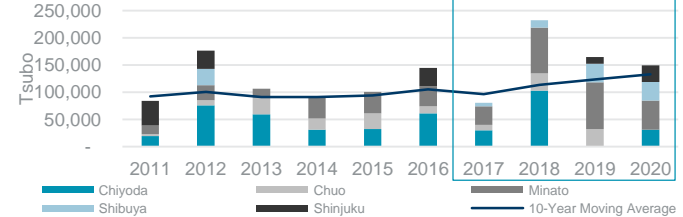
Source: Cabinet Office, Statistics Bureau

### Central 5 Wards Grade A Rent vs. Vacancy



Source: Cushman & Wakefield

### Central 5 Wards New Supply



Source: Cushman & Wakefield

# TOKYO OFFICE MARKETBEAT

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MARKET	INVENTORY (TSUBO)	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (TSUBO)	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A ASKING RENT		
						JPY/SF/MO	US\$/SF/MO	EUR/SF/MO
<b>TOKYO GRADE A CBD TOTAL</b>	<b>3,067,000</b>	<b>109,133,500</b>	<b>3.73%</b>	<b>576,500</b>	<b>20,514,000</b>	<b>1,011</b>	<b>9.07</b>	<b>8.12</b>

US\$/JPY\$ = 111.55; €/JPY\$ = 124.47

## Major Tenant Relocation to Grade A Office

TENANT	INDUSTRY TYPE	EXPECTED RELOCATION TIMING	INTO		FROM		EXPECTED OCCUPIED SPACE (TSUBO)	EXPECTED OCCUPIED SPACE (SF)
			BUILDING	SUBMARKET	BUILDING	SUBMARKET		
Dai-ichi Life	Insurance	May-17	Ginza Six	Ginza	Shin-Yurakucho Building	Yurakucho	1,845	65,700
Linical Co.Ltd	Health Care.	May-17	Shiodome Sumitomo Building	Shiodome	Sumitomo Fudosan Shiodome Hamarikyu Building	Shiodome	1,085	38,600
Tableau Japan	IT	Summer 2017	Ginza Six	Ginza	Okura Bekkan	Ginza		
Zappallas	IT	Jul-17	Midtown Tower	Roppongi	Totate International Building Honkan	Shibuya	335	11,900
A10 Networks	IT	Jul-17	Sumitomo Fudosan Roppongi Grand Tower	Roppongi	Kamiyacho MT Building	Kamiyacho	330	11,700
Yamato Material	Manuf.	Aug-17	Kyobashi Edogrand	Kyobashi	Tokyo Parkside Building	Kiba	250	8,900
AR Brown	Manuf.	Sep-17	Ginza Mitsui Building	Ginza	Daini Maruko Building	Ginza	240	8,500
Alibaba	IT	Sep-17	Kyobashi Edogrand	Kyobashi	SSP Honsha Building	Nihonbashi	270	9,600
Natixis Japan Securities et All.	Finance	Aug-17	Ark Hills South Tower	Tameike Sanno	Pacific Century Place Marunouchi	Marunouchi	563	20,000
Dentsu Public Relations	Advertising	2017 Summer - Fall	Shiodome City Center Building	Shiodome	Hamarikyu Mitsui Building	Shiodome	843	30,000
Saison Info Systems	IT	Nov-17	Akasaka Intercity AIR	Tameike Sanno	Sunshine 60	Ikebukuro	1,566	55,700

Source: Nikkei Real Estate Market Report

## Major Grade A Office Supply

PROPERTY	PROPERTY	SUBMARKET	WARD	EST. NET RENTABLE TSUBO	EST. NET RENTABLE SF	COMPLETION (Incl. Expected)
Completed	Sumitomo Fudosan Azabu-Juban Building	Azabu-Juban	Minato	10,155	361,400	Jan-17
	Otemachi Park Building	Otemachi	Chiyoda	18,365	653,500	Jan-17
	GINZA SIX	Ginza	Chuo	10,140	360,800	Jan-17
	Hibiya Park Front	Hibiya	Chiyoda	11,323	402,900	May-17
Under Construction	Akasaka Intercity AIR	Akasaka	Minato	23,815	847,400	Aug-17
	Jingumae Tower Building	Harajuku	Shibuya	6,546	232,900	Sep-17