

1. Outlook for Price

Ichigo conducts this questionnaire survey about the “Outlook for Logistics Market Conditions” semiannually.

The survey result of Jan 2015 about the outlook of real estate prices for the next half a year is that the percentages of ‘Rise’, ‘Flat’ and ‘Decline’ are 75.0%, 25.0% and 0.0%, respectively (Fig 1). Three-quarters of the respondents are expecting further prices to rise in the future. The proportion of “Rise” significantly increased to 69.2% in Jul 2012, and since then the outlook on the market has stayed bullish until now.

The top three reasons cited by respondents are the same as in the previous survey, but there are two points to notice. Past survey showed that there is an increase in building cost but recent survey shows a decrease in building cost. Competitiveness will probably cause rising price the other reason might be shortage of supply due to acquisition competitiveness that will cause to a price increased. Those reasons are listed as follows.

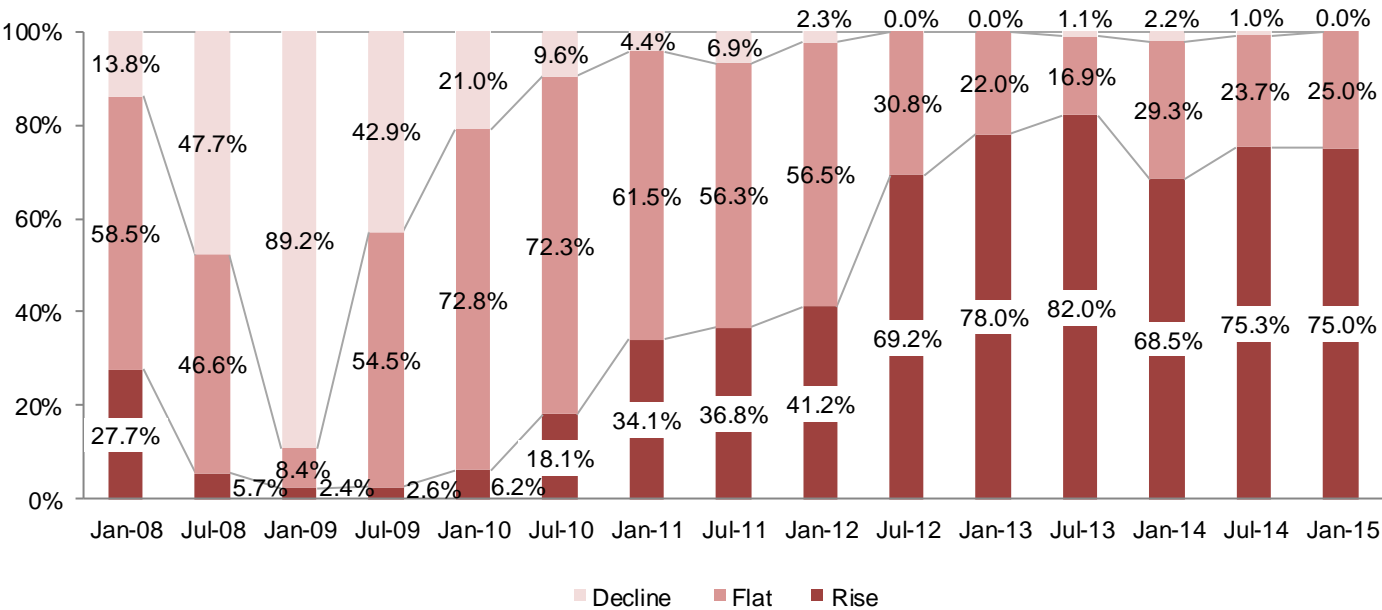
- 1. Due to the expansion of the variety of investors, the market is becoming more active.
- 2. Financing environment is in a good condition (It is easy to raise finance).
- 3. Construction costs are rising.

Meanwhile, the percentage of ‘Flat’ increased to 25.0 % from 23.7% the previous time. The most cited reasons are given below.

- 1. Real estate prices are approaching a plateau.
- 2. There are not so many changes in market outlook of rent level.
- 3. A number of market players are refraining from investing due to the overheating market.

There is no one who answered “Fall” to this question this time.

Figure:1 Outlook for Real Estate Prices of Logistics Facilities Half a Year Later



Source: Ichigo Real Estate Service

2. Outlook for Rent

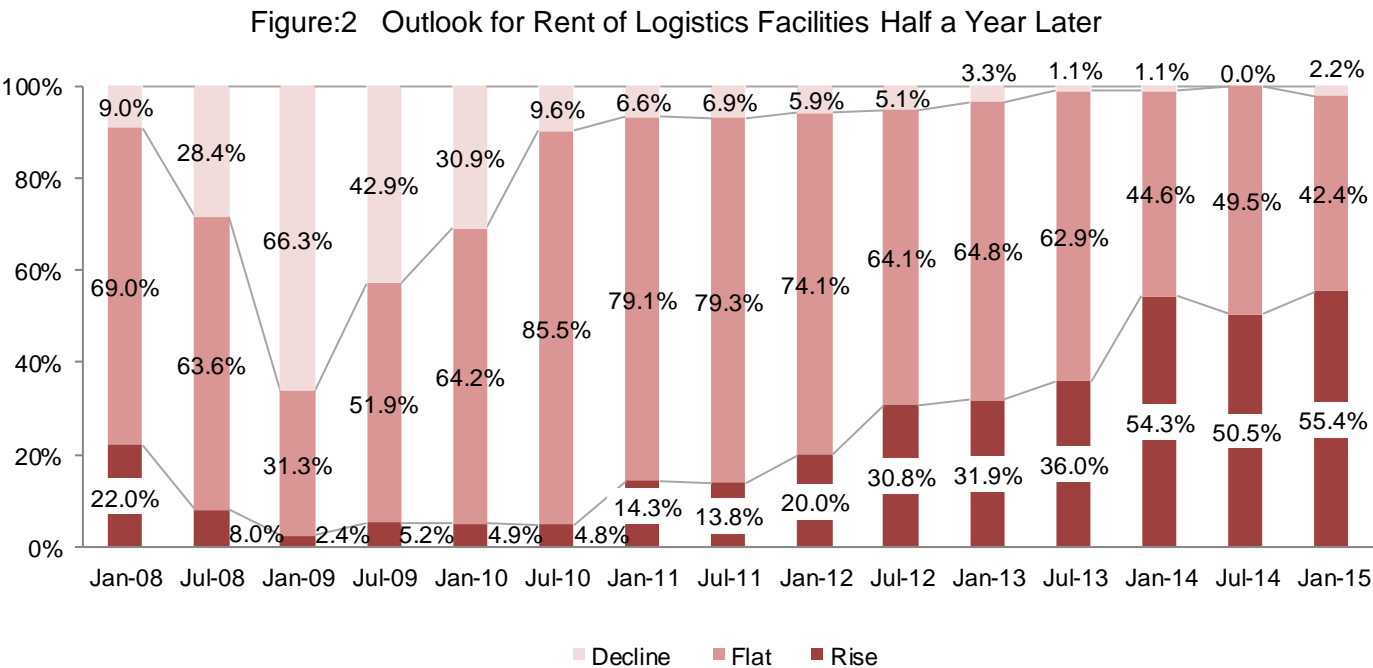
The survey results about the outlook of rent for the next half year are 55.4 % for ‘Rise’, 42.4 % for ‘Flat’ and 2.2% for ‘Decline’ (Fig 2). “Rise” percentage shows the highest level since this survey started, however, 2.2% of respondents answered “decline” compared to zero that they got from the last six months. Overall, the market outlook seems to expect the active situation to continue, but there is a slight increase in number of people with different opinions.

The top three reasons of “Rise” cited by respondents are the same as last time but the component ratio of the e-commerce is getting lower and might indicate a lesser effect on rent. The most cited reasons are as follows.

- 1. Because of the increasing development costs of land and construction, there is an increase in rent prices.
- 2. Leasing facilities are changing from a depreciated storage type to a more high-spec functional one.
- 3. There is an increase in demand due to the prosperity of e-commerce (manufacturing, retail, etc.).

Meanwhile, the reasons for ‘Flat’ follow the previous survey result, which suggests the stable characteristics of the logistics market and the Supply-Demand is in balance. The most cited reasons for ‘Flat’ are as follows.

- 1. The tenants’ and logistics companies’ rent affordability are stagnant.
- 2. The increase of both completions and demand are in equal state.
- 3. The market and price level are not changing significantly.



Source: Ichigo Real Estate Service

◆ Overview of Methodology of the Questionnaire Survey

➤ Summary of Questionnaire

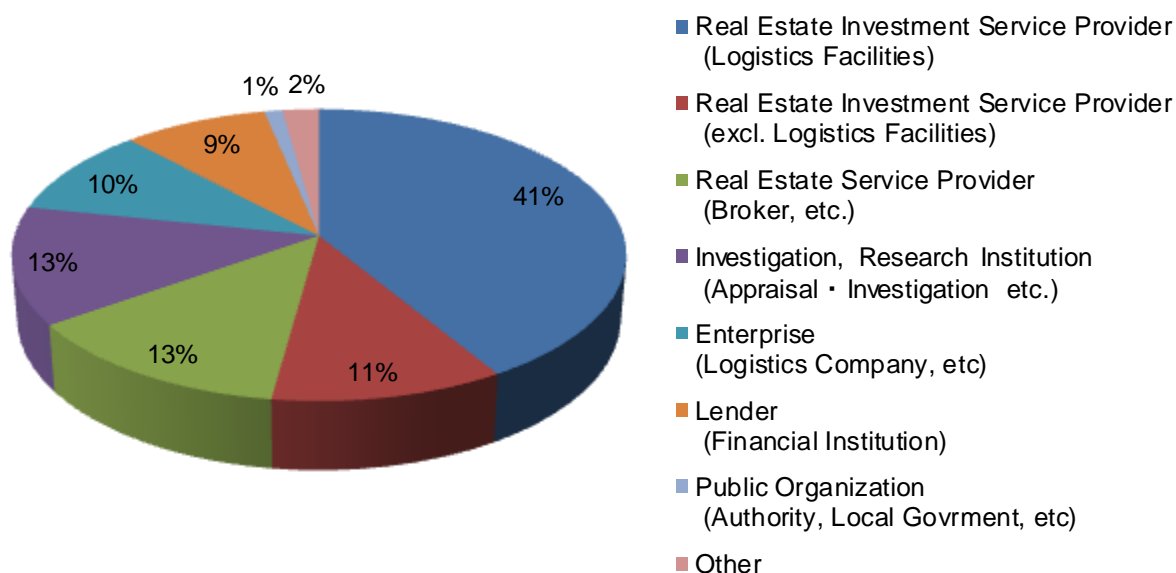
Survey Target : Practitioners and professionals related to real estate field
(regardless involvement with logistics) .

Survey Method : Questionnaire sent by e-mail and answer sheets collected by e-mail and website.

Survey Period : January 22 to February 1, 2015

Respondents : 92

➤ Occupation Respondents



◆ Contact info

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