

1. Outlook for Price

A questionnaire survey about “Outlook for Logistics Market Conditions” is conducted semi-annually.

The results of the January 2023’s survey of the outlook of real estate prices for the next six months are the following percentages: “Rise” is at 26.5%, “Flat” is at 62.3%, and “Decline” is at 11.2% (Fig 1). The ratio of respondents that chose “Rise” has decreased drastically. Rising interest rates are a factor of concern for the future.

The top three reasons for the “Rise” cited by respondents are listed below:

1. The construction costs for logistics facilities are increasing.
2. The market is becoming more active since logistics facilities have attracted more attention.
3. The JPY’s depreciation is bringing more investment from overseas.

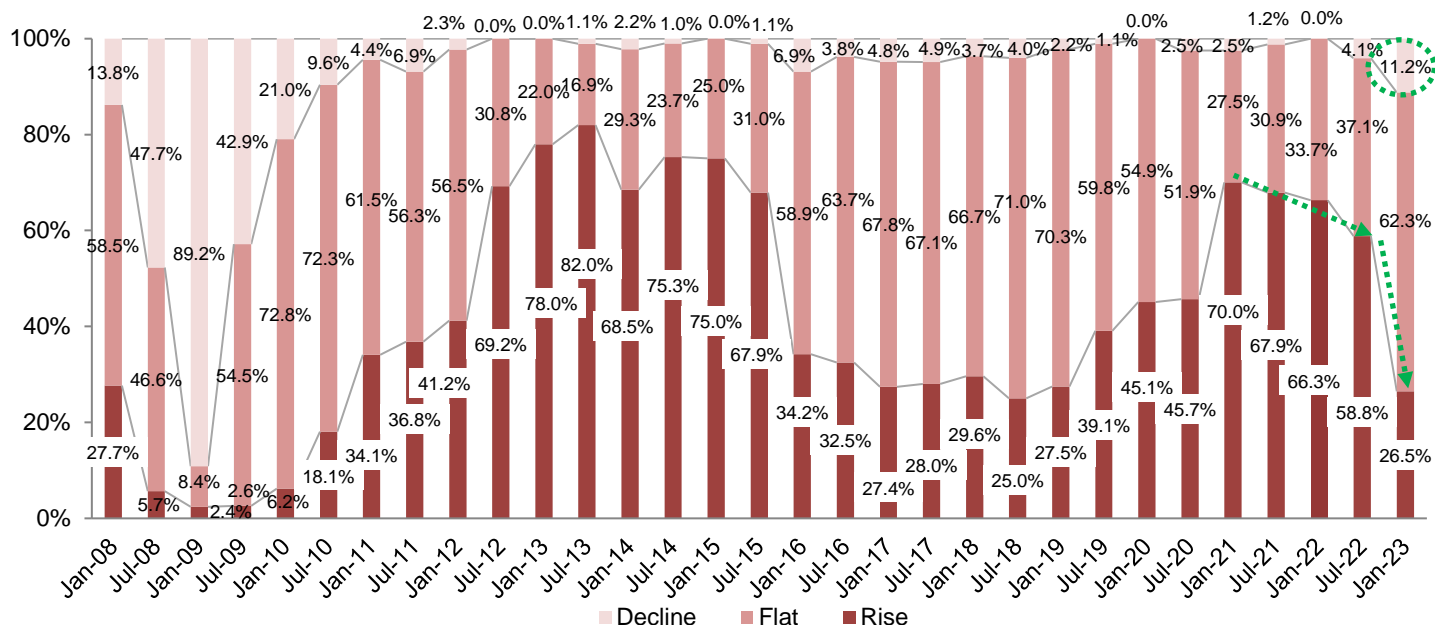
The top three reasons for the “Flat” cited by respondents are given below:

1. It is not expected that the capitalization rates will decline further.
2. Investors are cautious about new investments due to concerns about rising interest rates.
3. There are no significant changes in the market outlook of the rent level.

The top three reasons for the “Decline” cited by respondents are given below:

1. Interest rates are expected to rise.
2. The upward phase of real estate prices will come to an end, and prices will start to decrease.
3. A large number of logistics facilities will be completed in 2023, and the supply-demand balance is expected to ease.

Figure:1 Outlook for Real Estate Prices of Logistics Facilities Six Months Later



Source: Ichigo Real Estate Service

2. Outlook for Rent

The results of the January 2023's survey of the outlook of rent for the next six months are the following percentages: "Flat" is at 63.3%, "Rise" is at 26.5%, and "Decline" is at 10.2% (Fig 2). The ratio of respondents that chose "Rise" has decreased the fourth consecutive quarter. On the other hand, the number of respondents that chose "Flat" and "Decline" has increased. The majority of respondents chose "Flat" due to the low level of rent increases.

The top three reasons for the "Rise" cited by respondents are given below:

1. As the land prices and other development costs rise, the rent has increased to reflect those additional costs.
2. Solid demand can be expected in diverse industries. (e.g. Food & Beverage, Commodity, Medicines)
3. Global inflation will affect the rent for logistics facilities.

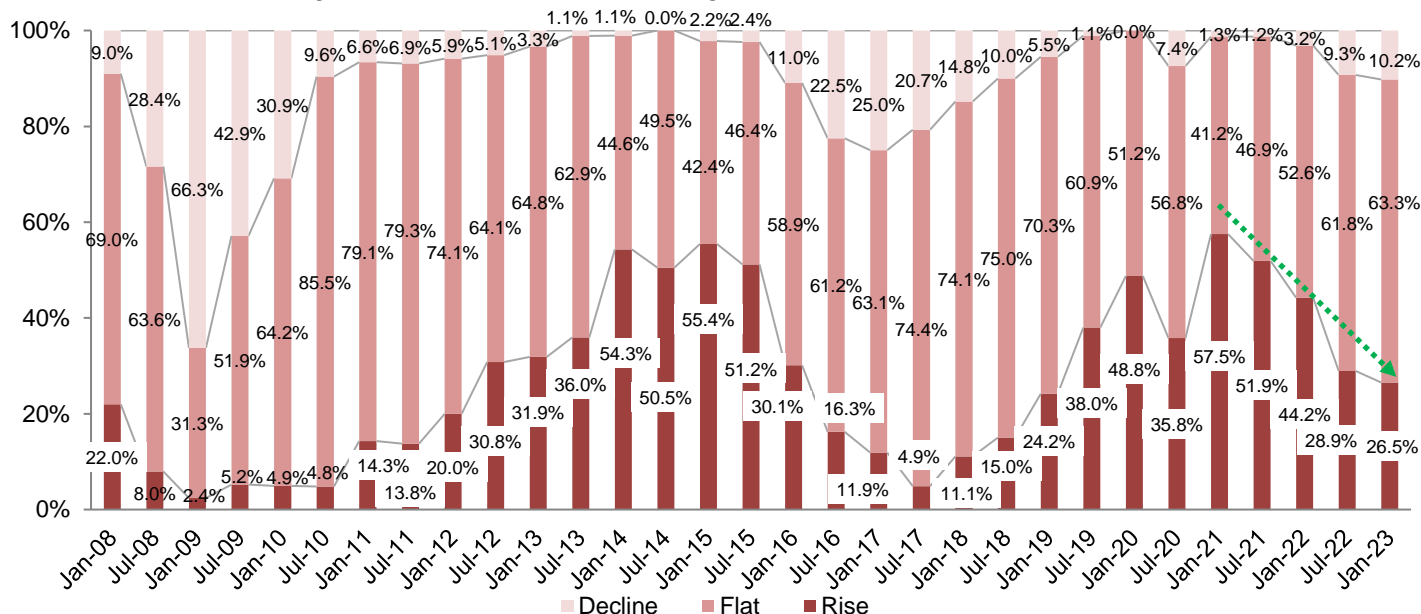
The top three reasons for the "Flat" cited by respondents are given below:

1. The supply from new developments and the demand for logistics facilities are balanced.
2. There are signs that the rent increase will come to an end.
3. Declining profitability due to weak performance and upward pressure on the rent due to inflation are balanced.

The top three reasons for the "Decline" cited by respondents are given below:

1. Competition for finding tenants will intensify due to the massive supply of logistics facilities.
2. Inflation has caused cargo owners and logistics companies to underperform, so the downward pressure on rent will intensify.
3. More tenants will refuse to pay high rent, so the demand for facilities with high rent will decrease.

Figure:2 Outlook for Rent of Logistics Facilities Six Months Later



Source: Ichigo Real Estate Service

◆ Overview of Methodology of the Questionnaire Survey

➤ Summary of Questionnaire

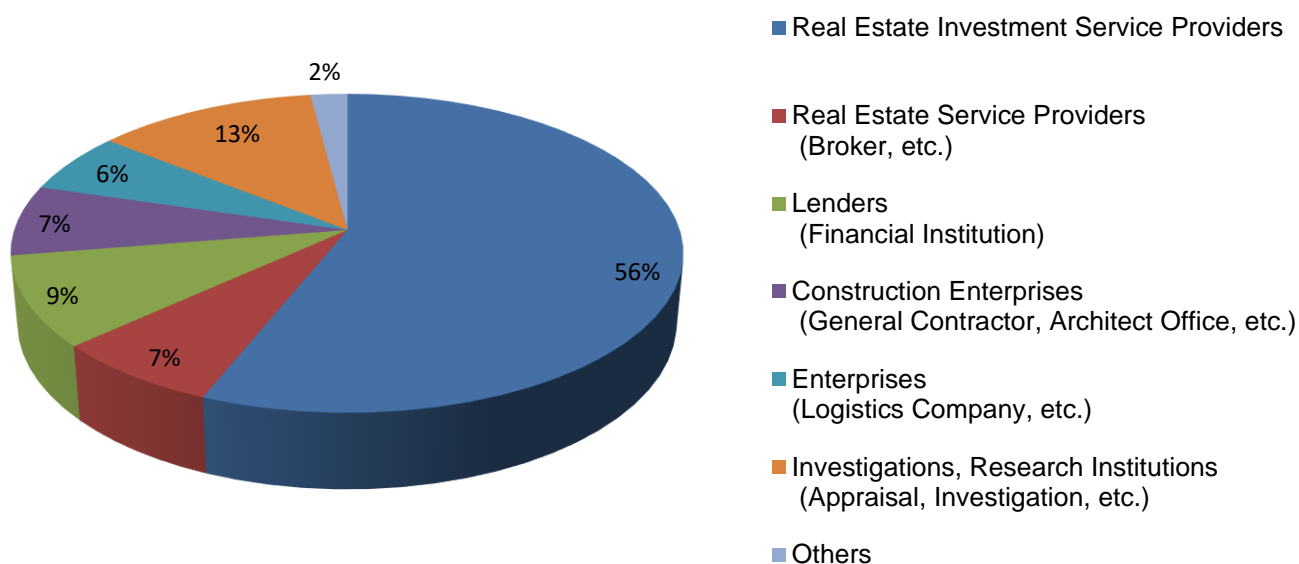
Survey Target : Practitioners and professionals associated with real estate.
(regardless of involvement with logistics) .

Survey Method : Questionnaires were sent via e-mail.
Response forms were collected via e-mail and website.

Survey Period : January 25 to 31, 2023

Respondents : 98

➤ Occupation Respondents



◆ Contact info

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