

1. Outlook for Price

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

The results of the January 2024 survey of the outlook of real estate prices for the next six months are the following percentages: “Rise” is at 26.0%, “Flat” is at 62.0%, and “Decline” is at 12.0% (Fig 1). The percentage of respondents who chose “Decline” increased from 6.5% to 12.0%.

The top three reasons cited by respondents for the “Rise” are as follows:

1. The construction costs for logistics facilities are increasing.
2. The market is becoming more active as logistics facilities have attracted more attention.
3. The weakness of the yen will further increase the inflow of investment funds from overseas investors.

The top three reasons cited by respondents for the “Flat” are as follows:

1. There are no significant changes in the market outlook for rent levels.
2. It is not expected that the capitalization rates will decline further.
3. Market players, concerned about the risk of rising investment rates, will refrain from investing in logistics facilities.

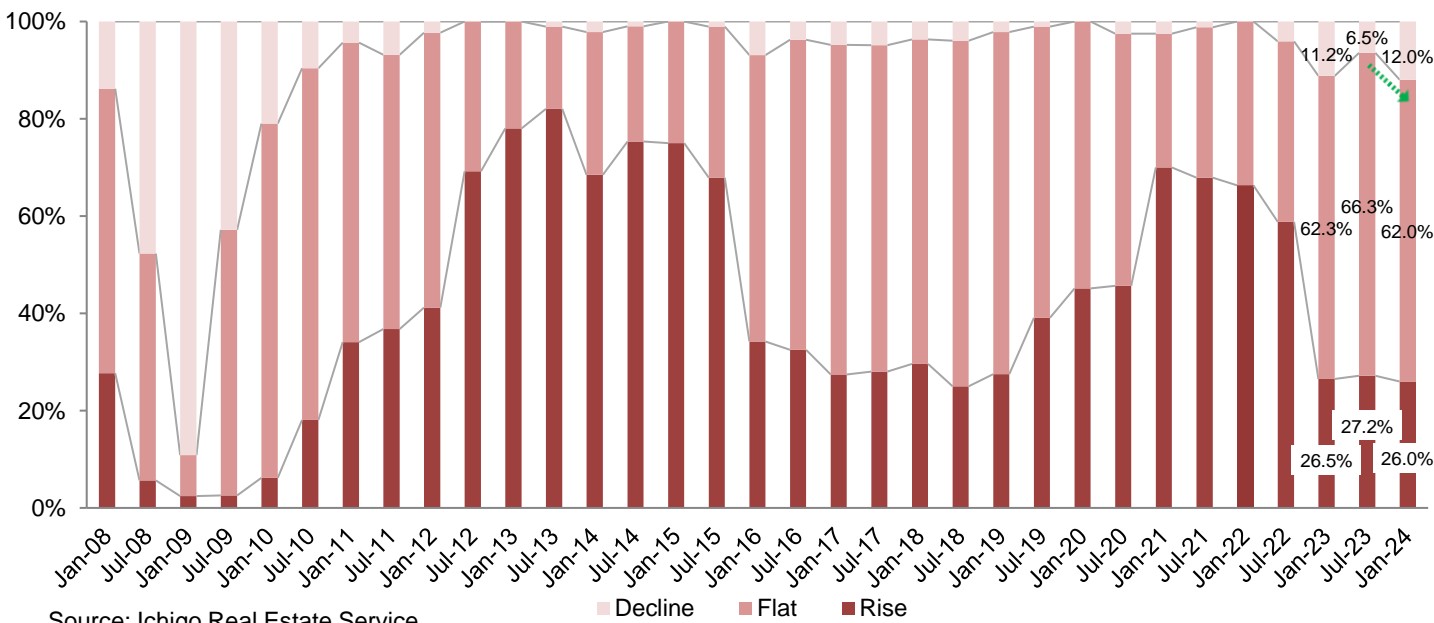
The number of respondents citing the third reason has increased from 14 to 26 since the last survey. Concerns about rising interest rates are leading to a conservative outlook on the price of logistics facilities.

The top three reasons cited by respondents for the “Decline” are as follows:

1. A large number of logistics facilities will be completed, and the supply-demand balance is expected to ease.
2. Interest rate will rise.
3. Asset inflation will end as the Quantitative Easing strategy appears to be coming to an end.

Overall, concerns about rising interest rates are leading to downward pressure on market prices.

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 2024 survey of the outlook of rent for the next six months are the following percentages: “Flat” is at 53.0%, “Rise” is at 38.0%, and “Decline” is at 9.0% (Fig 2). An upward trend in rents has emerged.

The top three reasons cited by respondents for the “Rise” are as follows:

1. As the land prices and other development costs rise, rent has increased to reflect these additional costs.
2. The price increase also affects the rents of logistics facilities.
3. Diverse needs such as cold storage / refrigeration facilities and hazardous materials storage facilities create new demand.

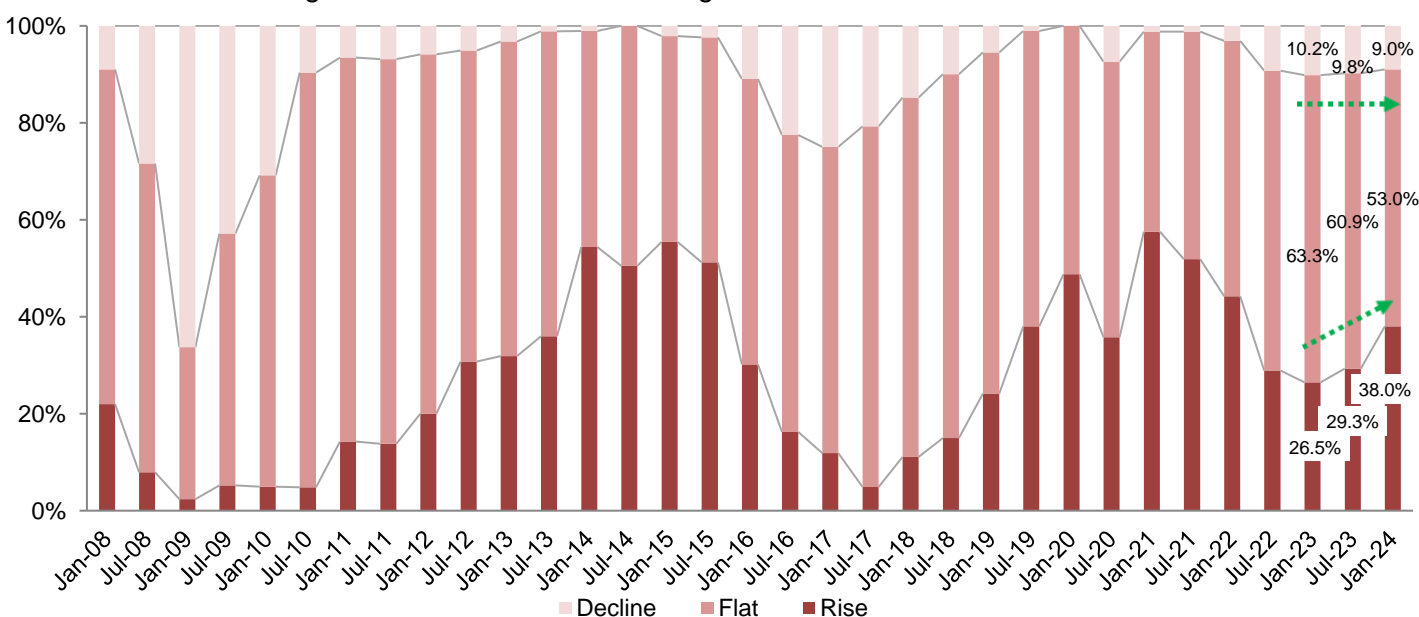
The top three reasons cited by respondents for the “Flat” are as follows:

1. Because upward pressure on rents due to rising construction costs and downward pressure on rents due to easing supply and demand will be balanced.
2. There are signs that the rent increase will come to end.
3. The supply from new developments and the demand for logistics facilities are balanced.

The top three reasons cited by respondents for the “Decline” are as follows:

1. Competition for finding tenants will intensify due to the massive supply of logistics facilities.
2. The pressure for lower rents will increase due to rising transportation costs.
3. A slowdown in consumption due to rising prices will lead to a decline in demand for logistics facilities.

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

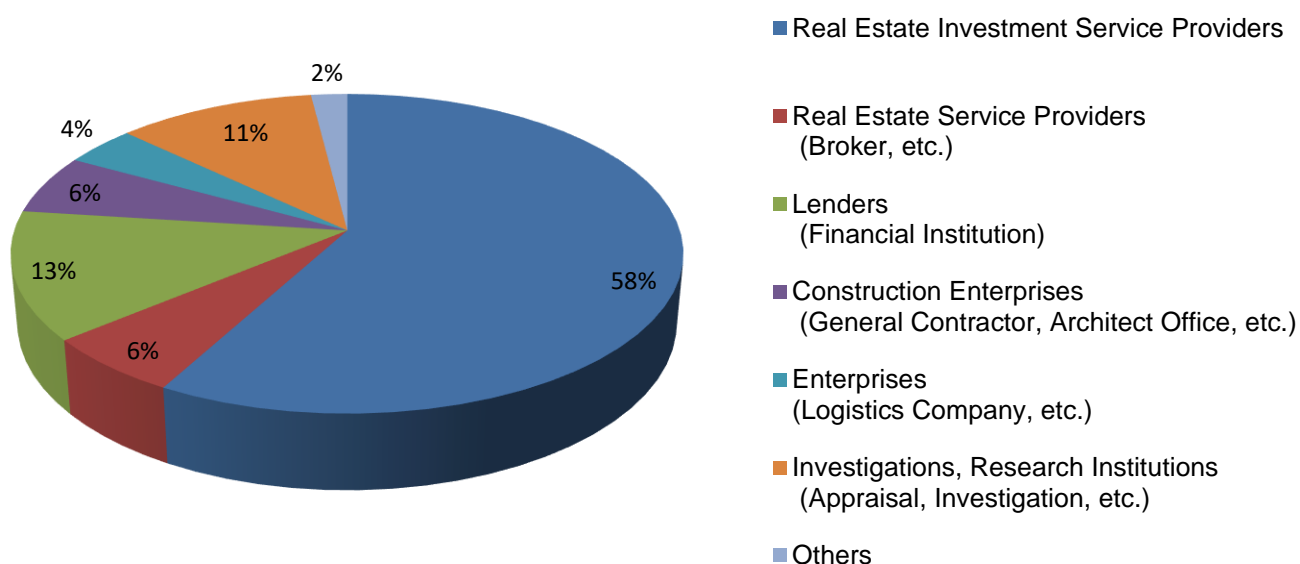
Survey Target : Practitioners and professionals associated with real estate.
(regardless of involvement with logistics) .

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

Survey Period : January 24 to 31, 2024

Respondents : 100

➤ Occupation Respondents



◆ Contact info

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