

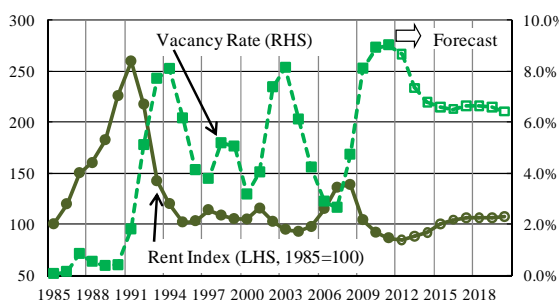
RENT AND VACANCY RATE FORECAST FOR TOKYO AND OSAKA OFFICE MARKETS

(2012 - 2020)

FORECAST SUMMARY

	Central Tokyo	Central Osaka
Peak and Trough	Vacancy Rate Peak: 2011 Rent Index Trough: 2012	Vacancy Rate Peak: 2013 (after 2010) Rent Index Trough: 2014
Short-Term Forecast	<u>2012</u> <ul style="list-style-type: none"> Rent Index 85; Vacancy 8.7% New low for Rent Index (1985=100) Slight decline in Vacancy from 2011 Massive 500,000-<i>tsubo</i> new office space supply 	<u>2012</u> <ul style="list-style-type: none"> Rent Index 83; Vacancy 10.0% Smaller declining rate of Rent Index Improvement in Vacancy from 2011 New supply to be at the past average level
	<u>2013</u> <ul style="list-style-type: none"> Rent Index 88; Vacancy 7.3% Rent Index to rise by nearly 4% New supply to be smaller than the past average Economy to grow steadily 	<u>2013</u> <ul style="list-style-type: none"> Rent Index 79; Vacancy 10.5% Rent Index to fall to a new low Vacancy to increase slightly Spike in new office supply due to Grand Front Osaka completion
Mid-Term Forecast	<u>2014</u> <ul style="list-style-type: none"> Rent Index 92; Vacancy 6.8% New supply to be around the past average The office building market to continue its improvement 	<u>2014</u> <ul style="list-style-type: none"> Rent Index 78; Vacancy 10.4% Rent Index to decline to a new low Vacancy to remain high because older buildings losing tenants to new offices New supply to be lower than the past average
	<u>2015</u> <ul style="list-style-type: none"> Rent Index 100; Vacancy 6.6% Average new supply Possible impact of consumption tax hike on the office building market 	<u>2015</u> <ul style="list-style-type: none"> Rent Index 79; Vacancy 9.7% Small amount of new supply Possible impact of consumption tax hike on the office building market
Long-Term Forecast	<u>2020</u> <ul style="list-style-type: none"> Rent Index 107; Vacancy 6.4% Low economic growth to persist Vacancy rate to stay flat around 6.5% from 2016 onward Rent to rise about 1% annually 	<u>2020</u> <ul style="list-style-type: none"> Rent Index 94; Vacancy 6.5% New supply to be limited after 2016 Rent to grow at a 3%+ level every year since 2016 Rent index still to be lower than 100

Office Rent and Vacancy in Central Tokyo



Office Rent and Vacancy in Central Osaka

