

NEWS & RELEASE

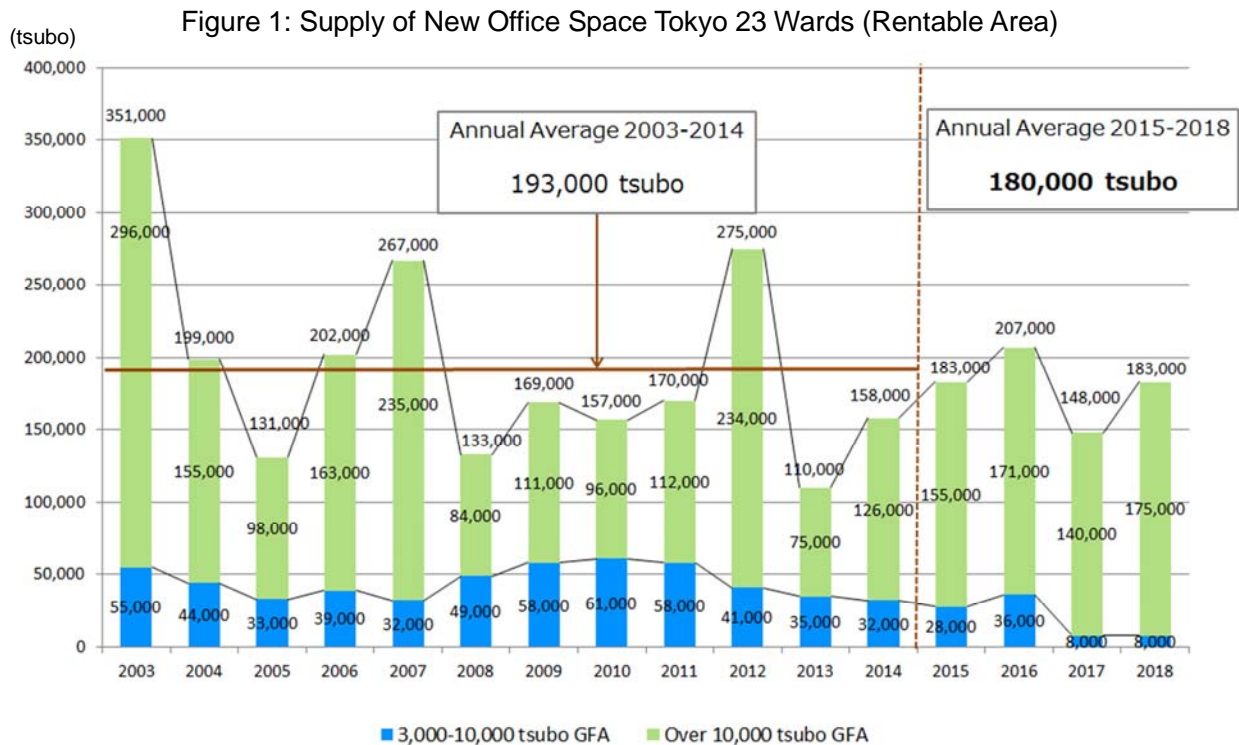
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Supply of New Office Space Survey 2015

Xymax Real Estate Institute releases the results of Tokyo 23 Wards Supply of New Office Space Survey 2015. The volume of new supply is a direct impact on market balance. This survey covers the office buildings that are over 3,000 tsubo (approx. 9,900 sqm, 1 tsubo=3.3 sqm) in gross floor area, expected to be completed in the coming years in Tokyo 23 Wards. Xymax Real Estate Institute compiles the actual new additions (including estimate) to the office space market, excluding owner-occupied spaces.

The average annual new supply in Tokyo 23 Wards in 2015-2018 in this survey is 180,000 tsubo (Figure 1), roughly equivalent to that in 2014-2017 in our last year's release*. The four-year annual average new supply is finally expected to be equivalent to the annual average in 2003-2014 at around 190,000 tsubo, or slightly greater, after adding spaces of less-than 10,000 tsubo buildings to be provided by new or additional projects.

The average annual supply of large buildings with over 10,000 tsubo in gross floor area in 2015-2018 is expected to be 160,000 tsubo, slightly greater than the historical average of 150,000 tsubo.



* Supply of New Office Space Survey 2014 released on January 15, 2014

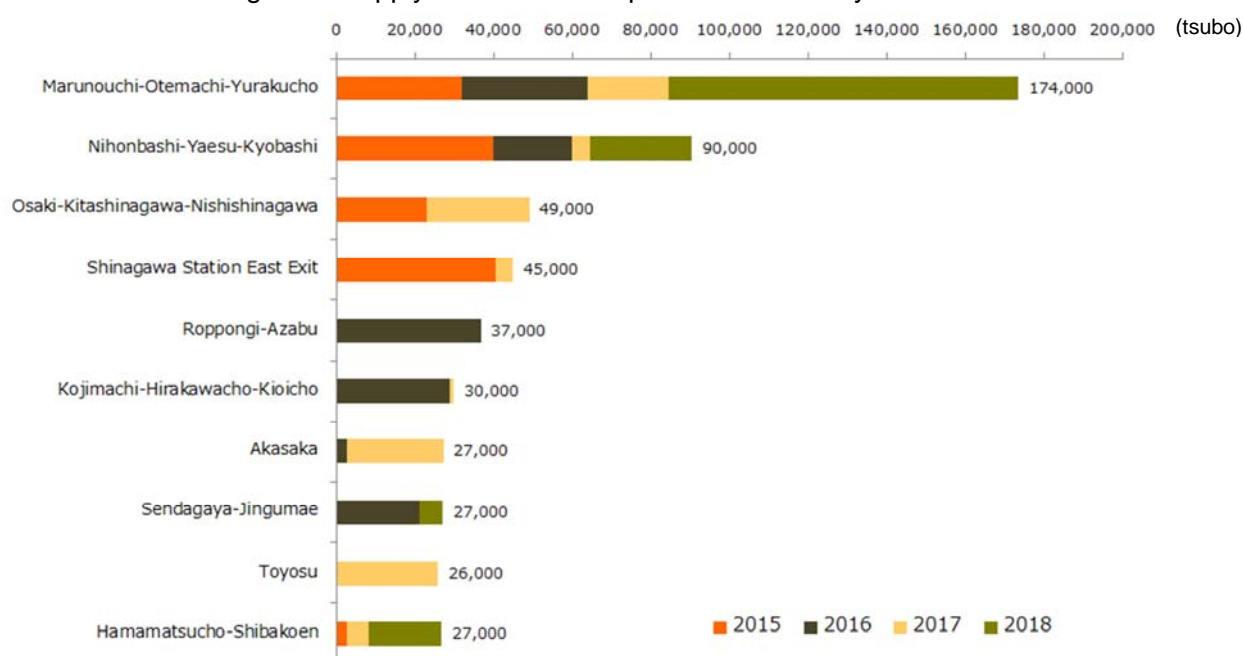
http://www.xymax.co.jp/english/research/images/pdf/140115_News-release.pdf

Supply by Area

Similar to the results from last year's survey, the area-by-area analysis shows that about 70 percent of the new supply will be in Tokyo's central three wards: Chiyoda, Chuo and Minato. The trends of the major areas of new office spaces can be described as follows (Figure 2):

- ◇ The largest volume of supply is approx. 170,000 tsubo in Marunouchi-Otemachi-Yurakucho, in central Tokyo. This area is enjoying the wave of redevelopment projects in connection with reconstructions, expecting to see more large supply to come in the future.
- ◇ Nihonbashi-Yaesu-Kyobashi, the area located adjacent to the preceding district across Tokyo Station, also continues to see new office spaces supplied by large redevelopments.
- ◇ Shinagawa Station East Exit, Roppongi-Azabu, Akasaka and Hamamatsucho-Shibakoen are the major office areas in Minato Ward and will have new supply of approx. 140,000 tsubo in total.
- ◇ Large volume of new supply is expected in Osaki-Kitashinagawa-Nishishinagawa, Shinagawa Station East Exit, Kojimachi-Hirakawacho-Kioicho and Toyosu where used to be predominantly non-office areas.

Figure 2: Supply of New Office Space 2015-2018 by Area



Survey on New Supply of Large Office Buildings in Tokyo 23 Wards (as of December 2014)

Subject Area: Tokyo 23 Wards

Subject Building: 3,000 tsubo or larger gross floor area; mainly office use.

Subject Data: Rentable office space in tsubo (1 tsubo = approx. 3.3 sqm)

- The data is based on publicly available sources such as newspaper articles. Site inspections and interviews with developers were conducted for some of them. Owner-occupied buildings are not covered in this survey. Only the newly added spaces are the subject of this survey. Please also note that this is not a complete survey.
- If the size of the rentable area is publicly available, that size is used in this survey; if not, the rentable area is estimated based on the gross floor area of the building with the formula Xymax Real Estate Institute jointly developed with the laboratory of Dr. Naoki Katoh, Professor of Kyoto University Graduate School of Engineering.
- The new supply in this survey was estimated as of the date of this survey. Actual new supply changes as new information becomes available.