



OSAKA CITY | Supply of New Office Space 2018 & Office Stock Pyramid 2018

December 7, 2017

Xymax Real Estate Institute hereby releases its report on the **Supply of New Office Space 2018** and **Office Stock Pyramid 2018** covering Osaka City. The volume of new office supply, which is an aggregation of rentable areas of offices that are newly constructed in the coming years (hereinafter, "new supply"), indicates the direct impact on the market balance in the future. The Office Stock Pyramid is an aggregation of the rentable areas of office buildings in the market and indicates the breakdown of the office building stock (rentable area and number of buildings) by size of the building (small & medium/large) and by age, as well as the proportion of large and small/medium-sized buildings and their age composition.

1 tsubo = approx. 3.3 sq m

SUMMARY OF RESULTS

OSAKA CITY | Supply of New Office Space 2018

- ✓ New supply in 2018–2021 is expected to be an average of 4,000 tsubo per year, less than one-seventh of the annual average of the past 10 years (31,000 tsubo).
- ✓ The average new supply of 4,000 tsubo per year for 2018–2021 is one-forty-fifth of average new supply in Tokyo 23 Wards (180,000 tsubo per year).
- ✓ The ratio of new supply in Osaka City (2018–2021) to office stock at end of 2017 (new supply rate) is expected to be approx. 0.6% (average of 0.1% per year).

OSAKA CITY | Office Stock Pyramid 2018

- ✓ Office stock at end of 2018 is expected to be 2.78 million tsubo on a rentable area basis, with small & medium-sized buildings and large buildings accounting for roughly the same amount: 1.41 million tsubo and 1.37 million tsubo, respectively.
- ✓ Office stock of Osaka City (2.78 million tsubo) is less than a quarter of Tokyo 23 Wards' (12.61 million tsubo).
- ✓ On a number of buildings basis, office stock is 1,704 buildings, of which small & medium-sized buildings account for a little less than 90% (1,516 buildings).
- ✓ The average age of buildings is 31.1 years for the entire stock, 31.5 years for small & medium-sized buildings, and 27.8 years for large buildings. The stock of small & medium-sized buildings is slightly older than large buildings.
- ✓ Compared to 2000, rentable area increased by approx. 0.37 million tsubo (approx. 15%), and number of buildings rose by 79 (approx. 5%).

OSAKA CITY | Supply of New Office Space 2018

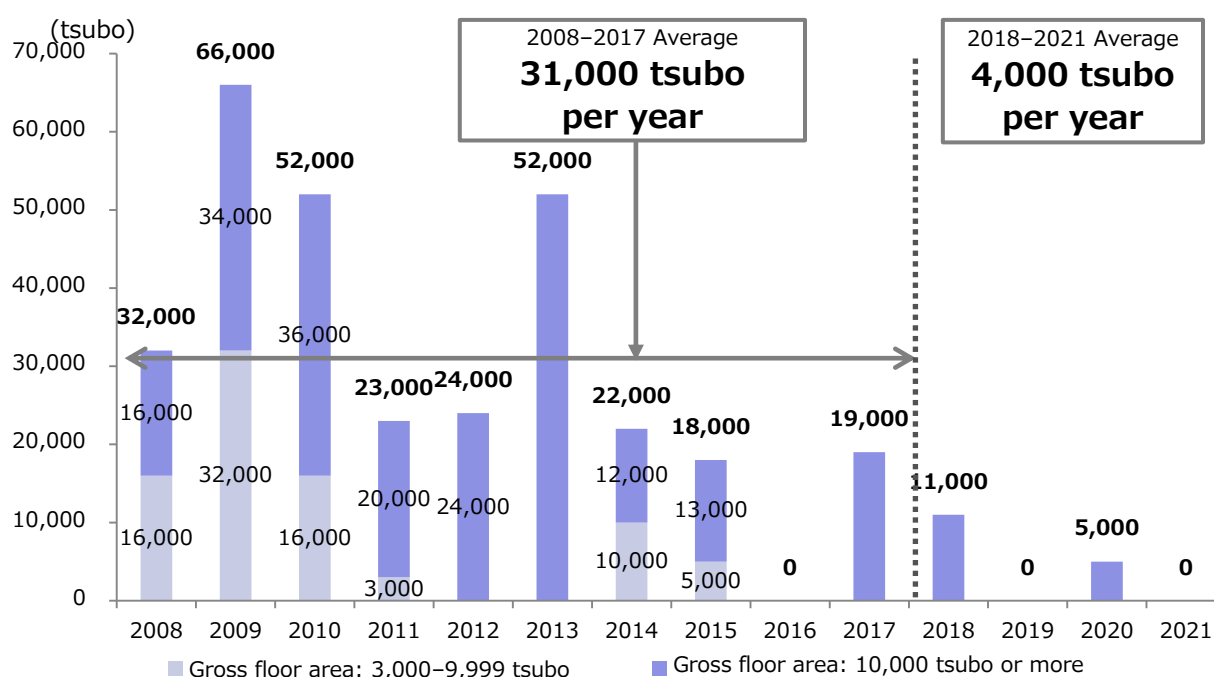
New supply of office buildings with a gross floor area of more than 3,000 tsubo is expected to be 16,000 tsubo in Osaka City in 2018–2021, an average of 4,000 tsubo per year. This is less than one-seventh of 31,000 tsubo, the annual average of the past 10 years (2008–2017) (**Figure 1**). It also fell far short of 17,000 tsubo, the annual average for 2017–2020, which was released in our previous report^{*1}.

Compared to the new supply in Tokyo 23 Wards, Osaka City's average new supply of 4,000 tsubo per year for 2018–2021 is one-forty-fifth of Tokyo 23 Wards' (180,000 tsubo). The new supply rate, which is the ratio of new supply in Osaka City (2018–2021) to office stock at end of 2017, is 0.6% (average of 0.1% per year).

*1 "OSAKA CITY | Supply of New Office Space 2017 & Office Stock Pyramid 2017" released on December 26, 2016

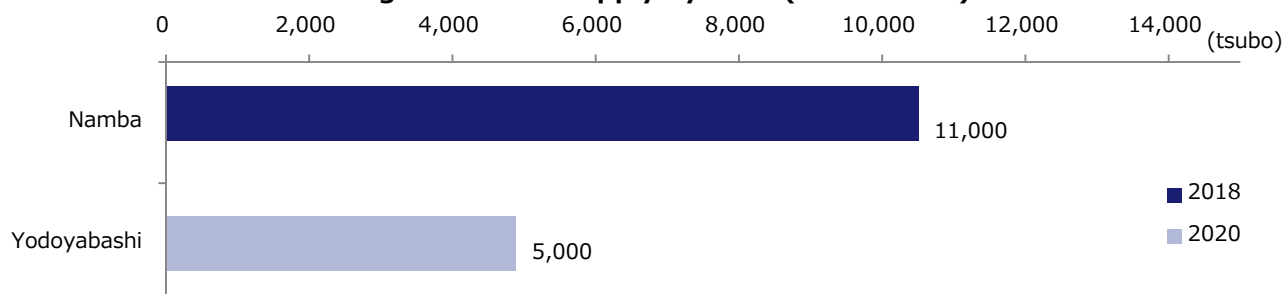
https://www.xymax.co.jp/english/research/release/161226_1.html

Figure 1: Osaka City Supply of New Office Space (Net Rentable Area)



By area, new office space is planned to be supplied in Namba and Yodoyabashi areas (**Figure 2**).

Figure 2: New Supply by Area (2018–2021)



OSAKA CITY | Office Stock Pyramid 2018

The Office Stock Pyramid follows the method of a population pyramid representing the distribution of age groups by gender. We classified office buildings with a gross floor area of 300 tsubo or more into large buildings and small & medium-sized buildings, and compared the stock (rentable area, number of buildings) by building age. The pyramid indicates the proportion of large buildings and small/medium-sized buildings as well as their age composition.

1. Large Buildings and Small & Medium-Sized Buildings

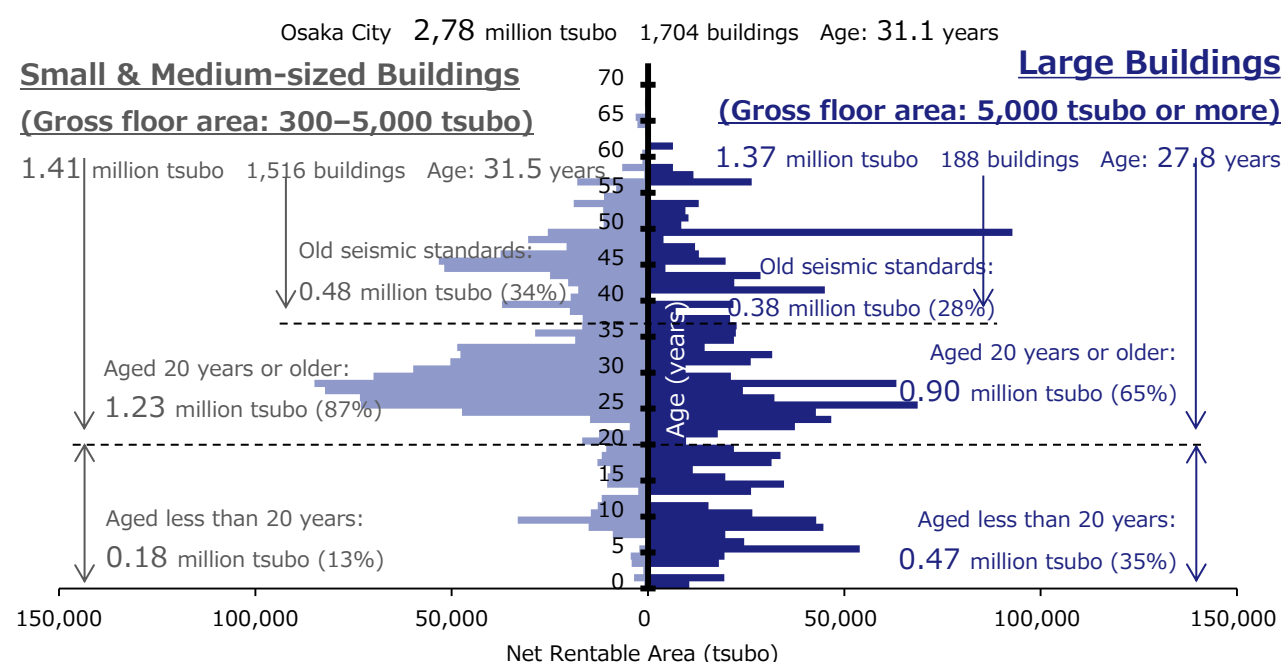
Office stock in Osaka City as of end of 2018 is expected to be 2.78 million tsubo on a rentable area basis. Small & medium-sized buildings with a gross floor area of less than 5,000 tsubo and large buildings with a gross floor area of 5,000 or more account for roughly the same amount of stock: 1.41 million tsubo and 1.37 million tsubo, respectively (**Figure 3**). Office stock of Osaka City (2.78 million tsubo) is less than a quarter of Tokyo 23 Wards' (12.61 million tsubo).

The average building age of the entire stock is 31.1 years. The average age of small & medium-sized buildings (31.5 years) is slightly older than that of large buildings (27.8 years).

In terms of composition by age, office stock aged 20 years or older accounts for more than 80% among small & medium-sized buildings, with 1.23 million tsubo aged 20 years or older and 0.18 million tsubo aged less than 20 years.

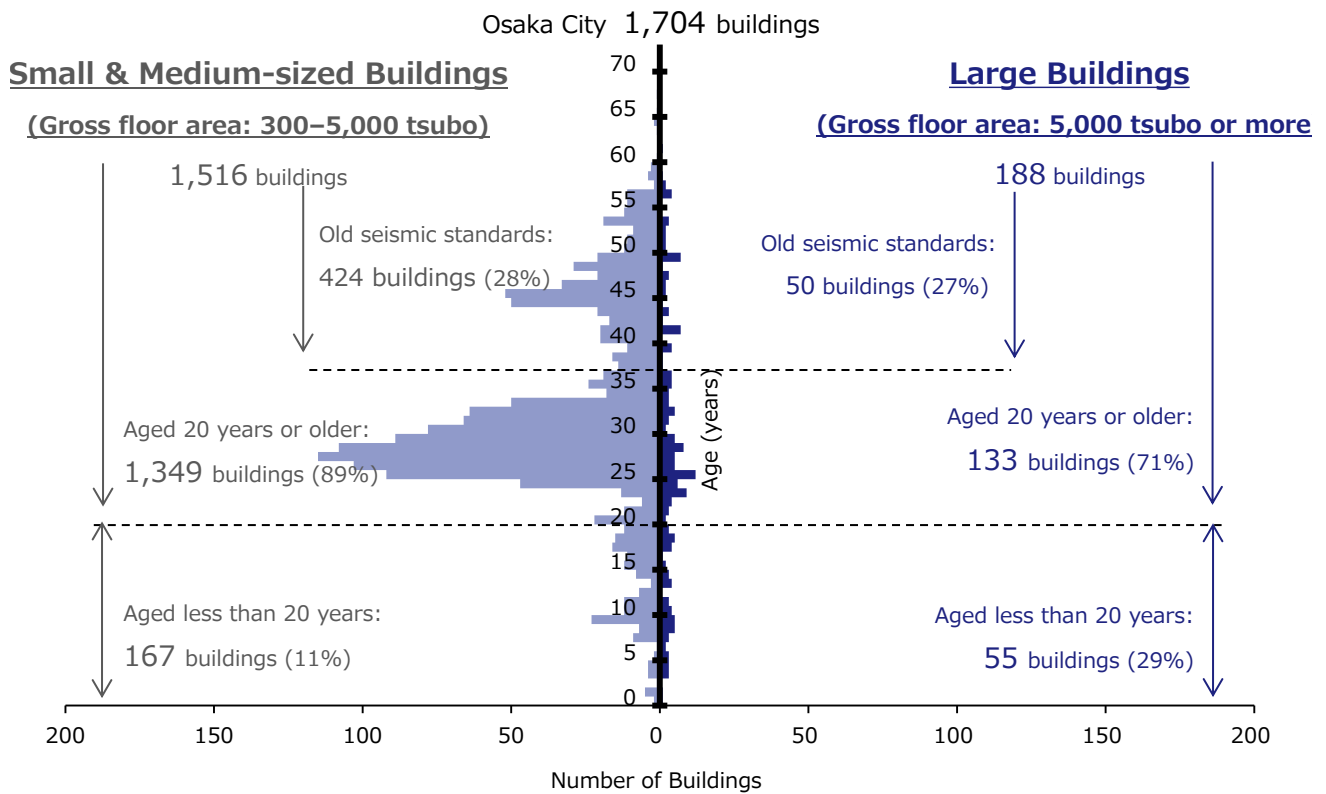
Among large buildings, stock aged 20 years or older accounts for approx. two-thirds, with 0.9 million tsubo aged 20 years or older and 0.47 million tsubo aged less than 20 years.

Figure 3: Osaka City Office Stock Pyramid 2018 (Net Rentable Area)



In terms of number of buildings, on the other hand, the entire office stock of Osaka City is 1,704 buildings, of which small & medium-sized buildings account for 89% (1,516 buildings) and large buildings 11% (188 buildings) (**Figure 4**).

Figure 4: Osaka City Office Pyramid 2018 (Number of Buildings)



2. Comparison with 2000

Figure 5 is the office stock pyramid as of 2000. Office stock at end of 2000 was 2.41 million tsubo on a rentable area basis, of which small & medium-sized buildings accounted for 1.35 million tsubo, slightly more than large buildings, which accounted for 1.06 million tsubo. In terms of age, buildings aged less than 20 years accounted for a little more than 50% among both small & medium-sized and large buildings. On a number of buildings basis, small & medium-sized buildings accounted for 91% (1,472 buildings) of total, while large buildings accounted for 9% (153 buildings).

The age of buildings was 16.5 years for the entire office stock, 16.4 years for small & medium-sized buildings, and 17.3 years for large buildings. There was no significant difference between large buildings and small & medium-sized buildings.

Figure 5: Osaka City Office Stock Pyramid 2000 (Net Rentable Area)

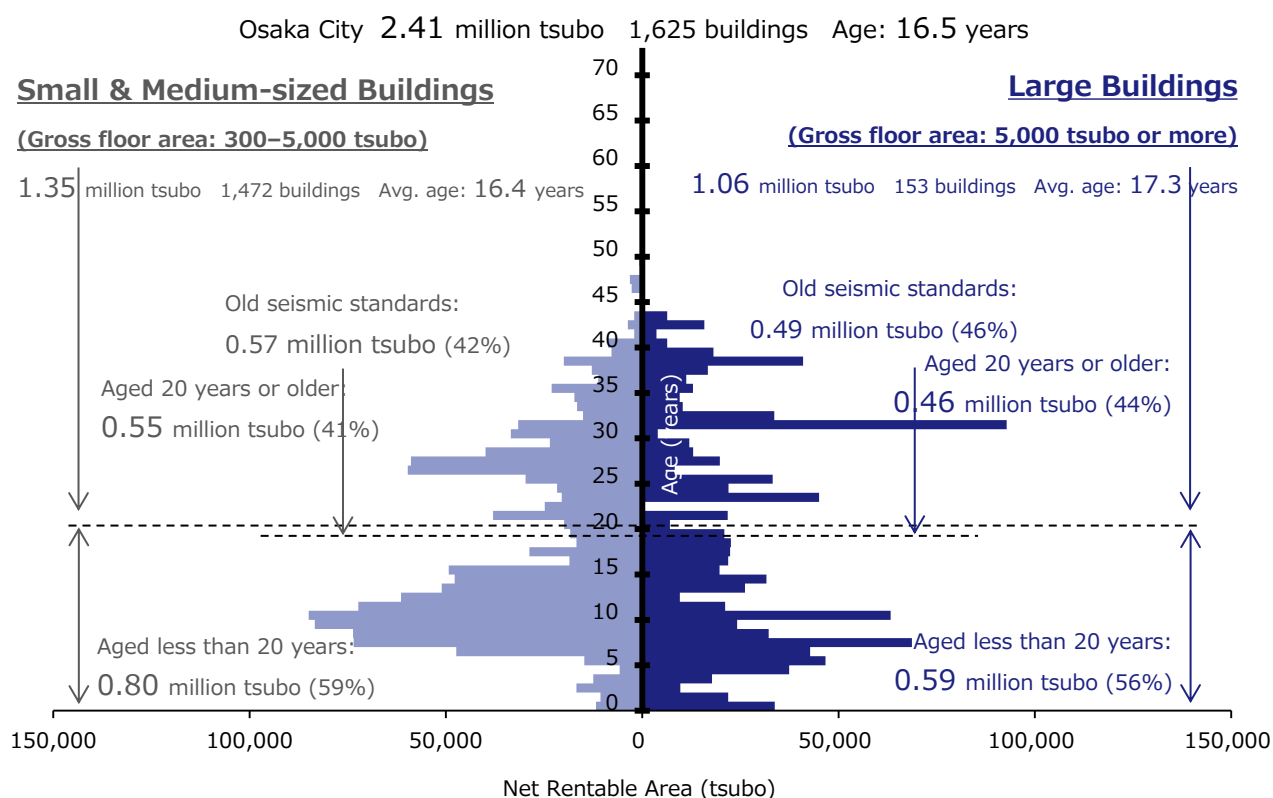
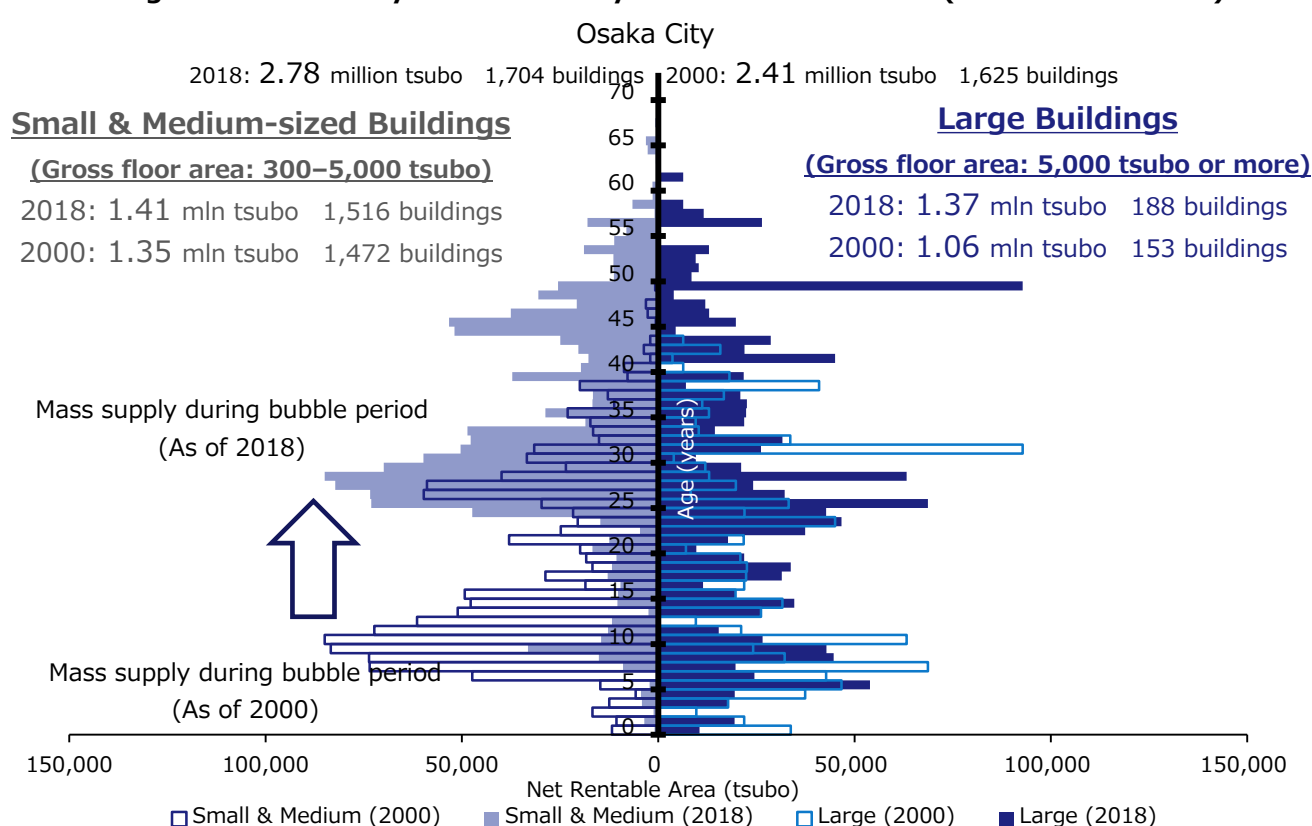


Figure 6 compares 2000 with 2018. Supply is small in Osaka compared to Tokyo, with rentable area increasing by approx. 0.37 million tsubo (approx. 15%) and number of buildings by 79 (approx. 5%) between 2000 and 2018.

In terms of building size, small & medium-sized buildings increased by approx. 4% on a rentable area basis and approx. 3% on a number of buildings basis, while large buildings increased by approx. 30%, and 23%, respectively. Since new supply has been few, the aging of stock has progressed especially in small & medium-sized buildings, which have seen more than doubling of the percentage of buildings aged 20 years or older, from 41% to 87%. Large buildings are not supplied every year either, resulting in a gradual rise of their age.

Figure 6: Osaka City Office Stock Pyramid 2000 and 2018 (Net Rentable Area)



Su Survey Overview

Supply of New Office Space

Date	November 2017
Area	Osaka City
Target properties	Properties with a gross floor area of 3,000 or more and used mainly as office space (excluding owner-occupied buildings, in principle)
Target data	Rentable office area (tsubo)
Method	Primarily through publicly available information such as newspaper articles, in addition to on-site surveys and interviews with operators

* The target of this survey is the floor area of buildings to be newly supplied. Note that this is not a complete survey.

* Rentable area represents such area, if published, and if not, the area estimated from gross floor area based on a formula derived from the joint development with Naoki Kato Lab, Architecture and Architectural Engineering, Kyoto University Graduate School of Engineering.

* The new supply estimated in this survey is the estimated amount as of the date of the survey. The value of new supply changes as information is added and updated on a daily basis.

Office Stock Pyramid

Date	November 2017
Area	Osaka City
Target properties	Office Stock Pyramid 2018: Office buildings with a gross floor area of 300 tsubo or more, completed (or scheduled to be completed) in or after 1946, and used mainly as office space as of end of 2018 Office Stock Pyramid 2000: Office buildings with a gross floor area of 300 tsubo or more, completed in or after 1946, and used mainly as office space as of end of 2000 (includes properties that were demolished between 2001 and 2017)
Target data	The number and rentable office area (tsubo) of large and small & medium-sized office buildings. Large buildings: Gross floor area of 5,000 tsubo or more Small & medium-sized buildings: Gross floor area of 300–4,999 tsubo

* The collected data were aggregated from properties whose date of construction is known based on publicly available information such as newspaper articles and for-rent information (including past information). Owner-occupied buildings have been excluded, in principle.

* The data of reconstructed or demolished buildings have been collected and reflected to the extent possible.

* Figures of this survey are the aggregated amount as of the date of the survey. Since information is added and updated on a daily basis, any difference from figures published last year is not necessary due to new construction or demolition.

* The office stock in 2018 includes buildings whose scheduled completion date is known as of November 2017.

* Rentable area represents such area, if published, and if not, the area estimated from gross floor area based on a formula jointly developed with Naoki Kato Lab, Architecture and Architectural Engineering, Kyoto University Graduate School of Engineering.

* "Old seismic standard" buildings refer to buildings constructed with the design method before the enforcement of the Revised Seismic Design Method of 1981. In this report, they refer to buildings completed in and before 1981.