

# NEWS RELEASE



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CBRE Releases Q2 2018 Japan Investment MarketView  
Global Real Estate Transaction Volume Falls 3% y-o-y in Q2 2018  
Japan Transaction Volume Rises 7% y-o-y  
Sapporo, Hiroshima, Fukuoka - Expected Yield for Offices at Record Low

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CBRE today released its 60<sup>th</sup> CBRE Japan Cap Rate Survey along with the Q2 2018 edition of its Japan Investment MarketView. (The methodology of the survey is detailed on page eight of this release.)

## Summary

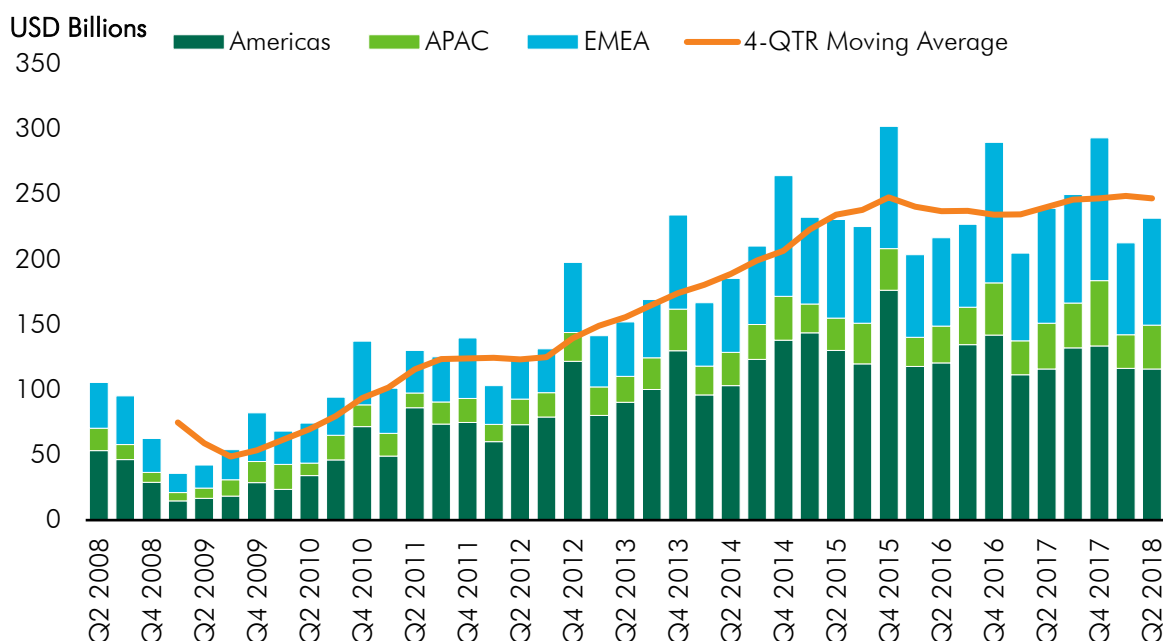
- ◆ Global commercial real estate transaction volume fell 3.2% y-o-y to US\$ 231 billion in Q2 2018. For H1 2018 as a whole, transaction volume was unchanged from the previous year at US\$ 443 billion. Investment in logistics facilities and hotels in the Americas, as well as corporate acquisitions, drove activity in the first six months of the year.
- ◆ In Japan, commercial real estate transaction volume rose 7.2% y-o-y to JPY 501 billion in Q2 2018, led by office purchases by J-REITs and overseas investors.
- ◆ CBRE's latest investor survey found that expected yield in Tokyo for rental apartments (studio-type, multi-family) and logistics facilities (Tokyo bay area) fell from the previous quarter to hit the survey's record lows. In the regional cities, expected yield for offices fell in Sapporo, Hiroshima, and Fukuoka, all marking the lowest levels since the survey began.
- ◆ CBRE Tankan Survey (Tokyo): For Grade A office buildings, the Diffusion Index (DI) for "lending attitude of financial institutions" worsened, but only because some respondents shifted from "accommodative" to "not very severe", suggesting that there was no significant change in the favorable funding environment. The "vacancy rate" DI for Large Multi-Tenant Logistics Properties improved for the first time in four quarters. Solid tenant demand in the rental market led to improved investor sentiment.
- ◆ In a statement following its monetary policy meeting in July, the Bank of Japan (BoJ) indicated that it would allow for a slightly wider range for interest rates to move in. It also introduced a forward guidance for policy rates and said that it would maintain its ultra-loose monetary easing for an extended period to keep the rates lower for longer.

■ **Global Investment Market**

Global commercial real estate transaction volume fell 3.2% y-o-y to US\$ 231 billion in Q2 2018. Following a 3.8% y-o-y growth in Q1 2018, global investment volume in H1 2018 effectively remained the same as H1 2017 at US\$ 443 billion. Transaction volume in both EMEA and APAC weakened y-o-y in H1 2018, declining 1.9% and 3.2%, respectively. Meanwhile, transaction volume in the Americas rose by 2.2% to US\$ 232 billion, driven by entity deals and investment in industrial and hotel sectors.

- ✓ U.S.-based transactions accounted for 95% of H1 2018 transaction volume in the Americas. Investment in logistics facilities in hotels rose by 29% and 25% y-o-y, respectively. The increase in hotel investment was mainly due to Chinese investors selling off trophy assets in secondary markets - a trend which is likely to continue as Chinese investors deleverage and refashion their foreign investment strategy.
- ✓ Investment volume in EMEA fell 1.9% y-o-y in H1 2018. The drop was largely accounted for by the €12.25 billion Logicor entity transaction in 2017 which included extensive industrial real estate holdings across Europe. However, excluding this deal, transaction volume in France, the Netherlands, Norway, and the U.K. increased. Uncertainty remains in the U.K. due to ongoing Brexit negotiations, but the surprise on the upside demonstrated the resilience of core London assets.
- ✓ Investment in APAC declined 3.2% y-o-y in H1 2018, due mainly to y-o-y decline in Singapore and Australia. Meanwhile, activity surged in Hong Kong and Korea. The period saw strong capital flows from Mainland China into Hong Kong, and from Singapore into Korea as investors acquired a number of trophy assets, particularly office buildings and hotels. However, overall investment momentum is likely to soften further in the coming months. This is due to a range of factors including the unfavorable lending environment in Singapore, Korea, and Australia, and higher mortgage rates, which are widening the price gap between buyers and sellers. A potential escalation of the U.S.-China trade conflict may also hinder deal flows.

**Commercial Real Estate Investment (USD Billions - Fixed FX)**



Source: RCA, CBRE

## ■ Japan Investment Market

Commercial real estate transaction volume in Japan (deals worth JPY 1 billion or more) rose 7.2% y-o-y to JPY 501 billion in Q2 2018. Investment volume by J-REITs and overseas investors rose 43% y-o-y to JPY 188 billion and 23% y-o-y to JPY 123 billion, respectively, while transaction volume by non-J-REIT domestic investors fell 20% y-o-y to JPY 189 billion.

Activity during Q2 2018 was driven by office transactions by J-REITs and overseas investors. Acquisitions of offices rose 48% y-o-y to JPY 266 billion, accounting for 53% of total investment volume. Among office deals, investment by J-REITs rose 195% y-o-y to JPY 126 billion, and investment by overseas investors rose 296% y-o-y to JPY 99 billion, with several big-ticket deals driving volume for both cases.

Regional cities including Osaka, Nagoya, and others accounted for 28% of Q2 2018's total transaction volume. This would make it the second consecutive quarter the regional share has exceeded the amount for 2017 full year (26%). Transaction volume in Nagoya increased to JPY 20 billion, three times the previous year's level, while Fukuoka saw the closing of a large retail deal exceeding JPY 20 billion.

## ■ Expected Yields

CBRE's latest quarterly real estate investor survey conducted in July 2018 found that the average<sup>1</sup> expected yield (NOI basis<sup>2</sup>) in Tokyo was unchanged for three asset types and declined for two asset types. It was unchanged for offices (Otemachi), retail (Ginza Chuo-dori), and hotels (Tokyo five wards, management contract). Meanwhile, yields dropped for logistics facilities (Tokyo bay area), studio-type rental apartments (Tokyo five wards), and multi-family residential (Tokyo South, Tokyo East), which were down by 10bps, 15bps, and 9bps q-o-q, respectively.

Expected yield for offices in Sapporo, Hiroshima, and Fukuoka declined this quarter, falling to the lowest level since surveys began<sup>3</sup>. The figures are as follows: Sapporo 5.35% (-5bps), Hiroshima 5.73% (-10bps), and Fukuoka 4.95% (-3bps). For the other cities, the figures were: Osaka 4.93% (+3bps), Nagoya 5.30% (±0bps), and Sendai 5.50% (±0bps).

## ■ CBRE Tankan Survey

CBRE's July 2018 Tankan survey asked respondents to compare current conditions to three months ago (with results collected as Diffusion Indices (DI)<sup>4</sup>). Topics were: 1) trading volume, 2) sales prices, 3) NOI (or rents and vacancy rates for logistics facilities), 4) expected yield, 5) lending attitude of financial institutions, and 6) stance on investment and loans. For **Grade A office buildings (Tokyo wards)**, the DI worsened for trading volume, lending attitude of financial institutions, and stance on investment and loans, but improved for the other three questions. The biggest deterioration was seen in the lending attitude of financial institutions (-6pts q-o-q), due to a drop in those answering "accommodative", and an increase in those answering "not so severe" (none answered "severe"). The DI for "lending attitude of financial institutions" was 41, the highest of all the questions, and it is fair to say that there was no significant change in the favorable funding environment. Meanwhile, no

<sup>1</sup> Average: Average figure of the median of lowest/highest yield each

<sup>2</sup> NOI: Net income before depreciation and income taxes; total revenues from real estate less total expenses (excluding depreciation).

<sup>3</sup> The survey started covering different asset types in different years – July 2003 for offices and residential; January 2009 for retail, hotels, and industrial.

<sup>4</sup> DI: Diffusion index subtracts the ratio (%) of respondents that expected a "contraction (fall)" from the ratio (%) of respondents that expected an "expansion (rise)."

improvement was seen in the DI for trading volume, indicating that there remains a limited number of properties for sale. This limited supply may have played a role in the deterioration of the "lending attitude of financial institutions" DI. As options narrow, investors must start considering and investing in riskier assets. In turn, when seeking funding, financial institutions are more likely to be rigorous and conservative in their risk assessment.

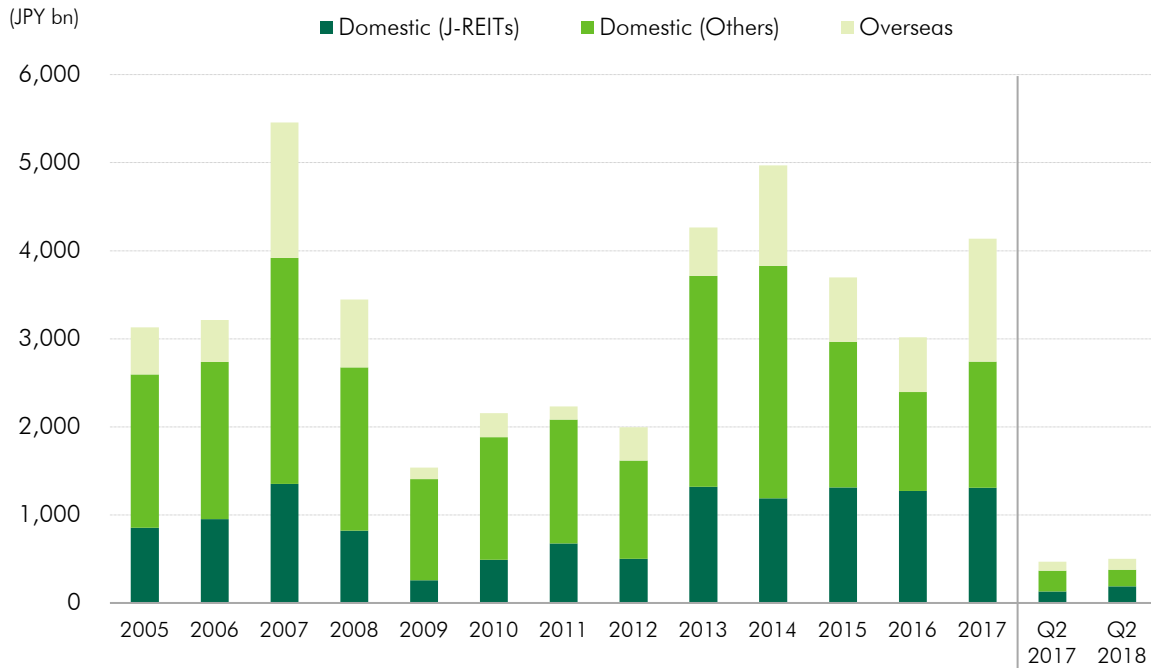
For **large logistics properties (Greater Tokyo area, multi-tenant-type)**, the DI for current conditions compared with six months ago worsened slightly for "expected yield" and "lending attitude of financial institutions" compared with the previous quarter, but was unchanged or improved for the other five questions. The biggest improvement in DI was for "vacancy rate" (+9pts q-o-q to -16), the first improvement since July 2017, four quarters ago. Solid tenant demand for logistics facilities is thought to be behind the improvement in the DI. During Q2 2018, the logistics rental market saw a drop in vacancy as tenant demand exceeded new supply. However, the DI itself is negative, as many investors still appear to have concerns about a possible rise in vacancy rates resulting from the expected large volume of new supply. While tenant demand itself is robust, the vacancy rate DI could continue to trend sideways as large units are scheduled to come onto the market next quarter and beyond.

For both offices and logistics facilities, less than 3% of investors answered "restrained" for "stance on investment and loans". This suggests that while investment opportunities remain limited, investor appetite remains strong.

To download the Q2 2018 edition of the CBRE Japan Investment MarketView, please click on the link below.

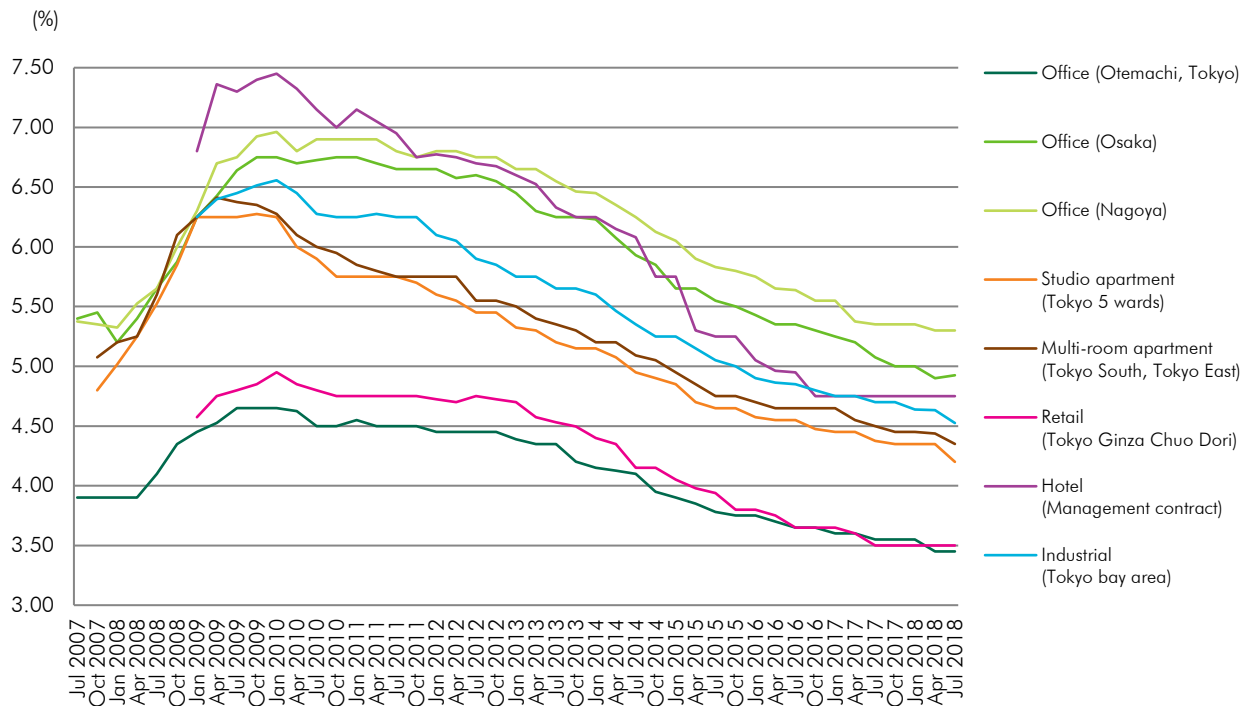
<https://www.cbre.co.jp/ja-jp/research-reports/investment-reports>

**Transaction Volume by Investor Type**



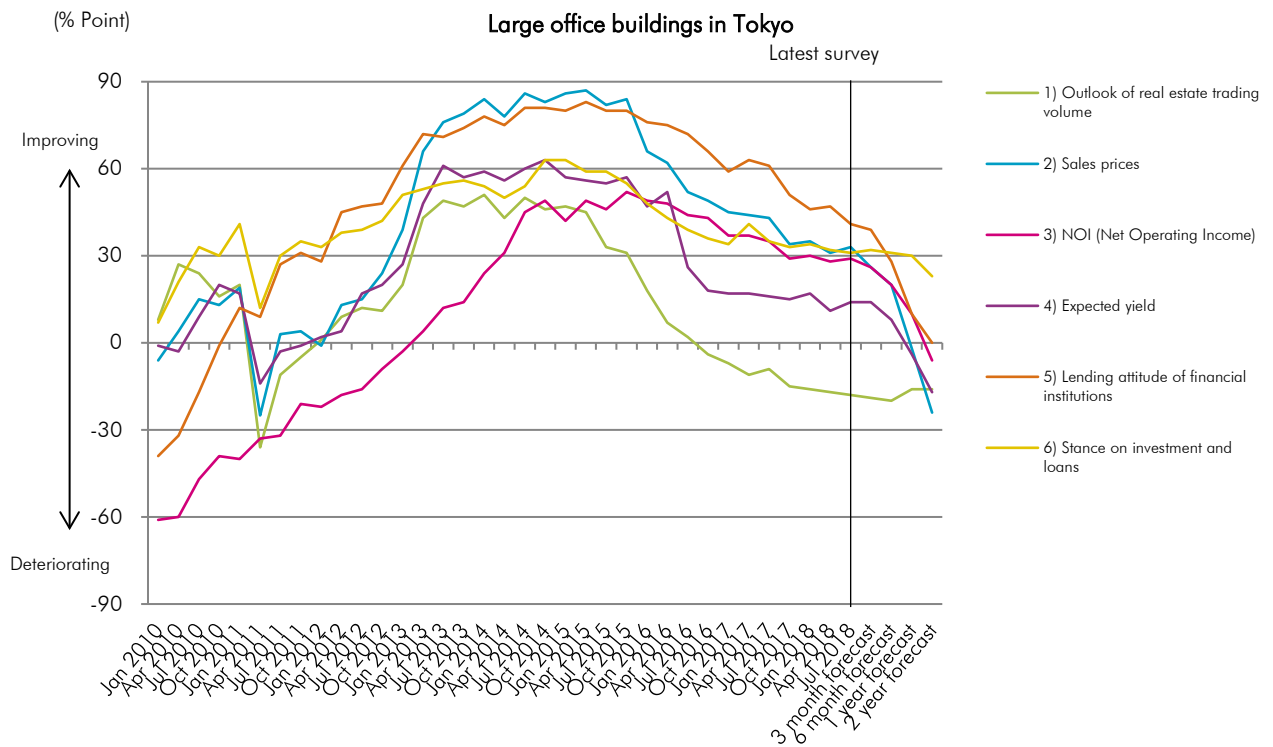
Covering transactions of at least JPY1 bn, excluding acquisitions by J-REITs at IPO Source: RCA, CBRE

**Changes in NOI Yield**

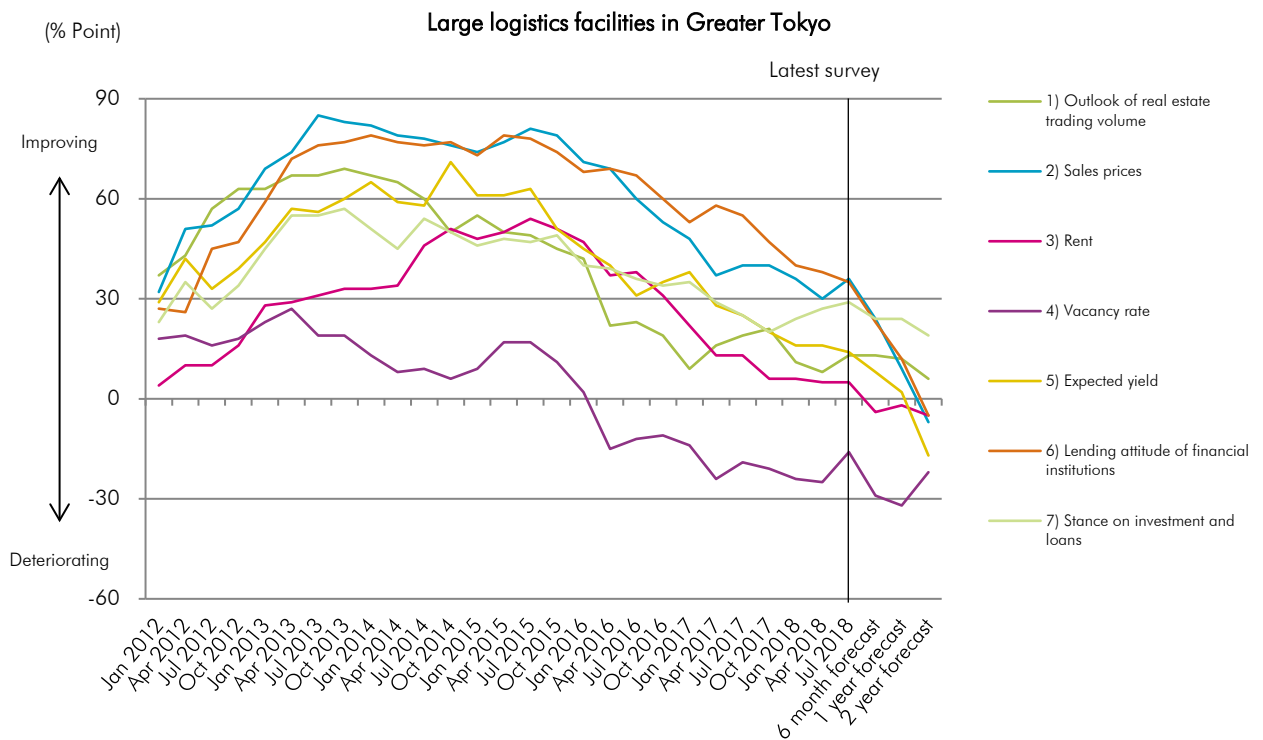


Source: CBRE

**CBRE Tankan survey (DI)**



Source: CBRE



Source: CBRE

NOI Yield

Period	Office									Studio apartment			Multi-room apartment (%)								
	Tokyo (Otemachi)			Osaka (Overall)			Nagoya (Overall)			Tokyo 5 wards			Tokyo South,Tokyo East								
	from	to	Average	from	to	Average	from	to	Average	from	to	Average	from	to	Average						
Vol. 16	2007/7	3.80	~	4.00	3.90	5.20	~	5.60	5.40	5.25	~	5.50	5.38	—	—	—					
Vol. 17	2007/10	3.80	~	4.00	3.90	5.20	~	5.70	5.45	5.20	~	5.50	5.35	4.50	~	5.10	4.80	4.90	~	5.25	5.08
Vol. 18	2008/1	3.80	~	4.00	3.90	5.10	~	5.30	5.20	5.15	~	5.50	5.33	4.73	~	5.30	5.02	5.00	~	5.40	5.20
Vol. 19	2008/4	3.80	~	4.00	3.90	5.30	~	5.50	5.40	5.45	~	5.60	5.53	5.00	~	5.50	5.25	5.00	~	5.50	5.25
Vol. 20	2008/7	4.00	~	4.20	4.10	5.50	~	5.80	5.65	5.50	~	5.80	5.65	5.30	~	5.75	5.53	5.30	~	5.90	5.60
Vol. 21	2008/10	4.20	~	4.50	4.35	5.70	~	6.05	5.88	5.80	~	6.20	6.00	5.50	~	6.20	5.85	5.70	~	6.50	6.10
Vol. 22	2009/1	4.20	~	4.70	4.45	6.00	~	6.50	6.25	6.10	~	6.50	6.30	6.00	~	6.50	6.25	6.00	~	6.50	6.25
Vol. 23	2009/4	4.30	~	4.75	4.53	6.15	~	6.70	6.43	6.40	~	7.00	6.70	6.00	~	6.50	6.25	6.10	~	6.73	6.41
Vol. 24	2009/7	4.50	~	4.80	4.65	6.33	~	6.95	6.64	6.50	~	7.00	6.75	6.00	~	6.50	6.25	6.00	~	6.75	6.38
Vol. 25	2009/10	4.50	~	4.80	4.65	6.50	~	7.00	6.75	6.75	~	7.10	6.93	6.00	~	6.55	6.28	6.00	~	6.70	6.35
Vol. 26	2010/1	4.50	~	4.80	4.65	6.50	~	7.00	6.75	6.78	~	7.15	6.96	6.00	~	6.50	6.25	6.00	~	6.55	6.28
Vol. 27	2010/4	4.50	~	4.75	4.63	6.50	~	6.90	6.70	6.60	~	7.00	6.80	5.80	~	6.20	6.00	5.90	~	6.30	6.10
Vol. 28	2010/7	4.30	~	4.70	4.50	6.50	~	6.95	6.73	6.70	~	7.10	6.90	5.80	~	6.00	5.90	5.80	~	6.20	6.00
Vol. 29	2010/10	4.30	~	4.70	4.50	6.50	~	7.00	6.75	6.70	~	7.10	6.90	5.50	~	6.00	5.75	5.70	~	6.20	5.95
Vol. 30	2011/1	4.40	~	4.70	4.55	6.50	~	7.00	6.75	6.70	~	7.10	6.90	5.50	~	6.00	5.75	5.60	~	6.10	5.85
Vol. 31	2011/4	4.30	~	4.70	4.50	6.50	~	6.90	6.70	6.70	~	7.10	6.90	5.50	~	6.00	5.75	5.60	~	6.00	5.80
Vol. 32	2011/7	4.30	~	4.70	4.50	6.50	~	6.80	6.65	6.50	~	7.10	6.80	5.50	~	6.00	5.75	5.50	~	6.00	5.75
Vol. 33	2011/10	4.30	~	4.70	4.50	6.50	~	6.80	6.65	6.50	~	7.00	6.75	5.40	~	6.00	5.70	5.50	~	6.00	5.75
Vol. 34	2012/1	4.30	~	4.60	4.45	6.50	~	6.80	6.65	6.60	~	7.00	6.80	5.40	~	5.80	5.60	5.50	~	6.00	5.75
Vol. 35	2012/4	4.30	~	4.60	4.45	6.40	~	6.75	6.58	6.60	~	7.00	6.80	5.30	~	5.80	5.55	5.50	~	6.00	5.75
Vol. 36	2012/7	4.30	~	4.60	4.45	6.40	~	6.80	6.60	6.50	~	7.00	6.75	5.20	~	5.70	5.45	5.30	~	5.80	5.55
Vol. 37	2012/10	4.30	~	4.60	4.45	6.40	~	6.70	6.55	6.50	~	7.00	6.75	5.20	~	5.70	5.45	5.30	~	5.80	5.55
Vol. 38	2013/1	4.28	~	4.50	4.39	6.20	~	6.70	6.45	6.50	~	6.80	6.65	5.15	~	5.50	5.33	5.30	~	5.70	5.50
Vol. 39	2013/4	4.20	~	4.50	4.35	6.10	~	6.50	6.30	6.50	~	6.80	6.65	5.10	~	5.50	5.30	5.20	~	5.60	5.40
Vol. 40	2013/7	4.20	~	4.50	4.35	6.00	~	6.50	6.25	6.40	~	6.70	6.55	5.00	~	5.40	5.20	5.20	~	5.50	5.35
Vol. 41	2013/10	4.00	~	4.40	4.20	6.00	~	6.50	6.25	6.28	~	6.65	6.46	5.00	~	5.30	5.15	5.10	~	5.50	5.30
Vol. 42	2014/1	4.00	~	4.30	4.15	6.00	~	6.45	6.23	6.30	~	6.60	6.45	5.00	~	5.30	5.15	5.00	~	5.40	5.20
Vol. 43	2014/4	4.00	~	4.25	4.13	5.95	~	6.20	6.08	6.20	~	6.50	6.35	4.90	~	5.25	5.08	5.00	~	5.40	5.20
Vol. 44	2014/7	4.00	~	4.20	4.10	5.75	~	6.10	5.93	6.10	~	6.40	6.25	4.80	~	5.10	4.95	4.90	~	5.28	5.09
Vol. 45	2014/10	3.80	~	4.10	3.95	5.70	~	6.00	5.85	6.00	~	6.25	6.13	4.75	~	5.05	4.90	4.90	~	5.20	5.05
Vol. 46	2015/1	3.80	~	4.00	3.90	5.50	~	5.80	5.65	5.90	~	6.20	6.05	4.70	~	5.00	4.85	4.80	~	5.10	4.95
Vol. 47	2015/4	3.70	~	4.00	3.85	5.50	~	5.80	5.65	5.80	~	6.00	5.90	4.50	~	4.90	4.70	4.70	~	5.00	4.85
Vol. 48	2015/7	3.65	~	3.90	3.78	5.40	~	5.70	5.55	5.65	~	6.00	5.83	4.50	~	4.80	4.65	4.50	~	5.00	4.75
Vol. 49	2015/10	3.60	~	3.90	3.75	5.30	~	5.70	5.50	5.60	~	6.00	5.80	4.50	~	4.80	4.65	4.50	~	5.00	4.75
Vol. 50	2016/1	3.60	~	3.90	3.75	5.25	~	5.60	5.43	5.60	~	5.90	5.75	4.40	~	4.75	4.58	4.50	~	4.90	4.70
Vol. 51	2016/4	3.60	~	3.80	3.70	5.20	~	5.50	5.35	5.50	~	5.80	5.65	4.40	~	4.70	4.55	4.50	~	4.80	4.65
Vol. 52	2016/7	3.50	~	3.80	3.65	5.20	~	5.50	5.35	5.48	~	5.80	5.64	4.40	~	4.70	4.55	4.50	~	4.80	4.65
Vol. 53	2016/10	3.50	~	3.80	3.65	5.10	~	5.50	5.30	5.40	~	5.70	5.55	4.30	~	4.65	4.48	4.50	~	4.80	4.65
Vol. 54	2017/1	3.50	~	3.70	3.60	5.00	~	5.50	5.25	5.40	~	5.70	5.55	4.30	~	4.60	4.45	4.50	~	4.80	4.65
Vol. 55	2017/4	3.50	~	3.70	3.60	5.00	~	5.40	5.20	5.25	~	5.50	5.38	4.30	~	4.60	4.45	4.40	~	4.70	4.55
Vol. 56	2017/7	3.40	~	3.70	3.55	4.95	~	5.20	5.08	5.20	~	5.50	5.35	4.25	~	4.50	4.38	4.30	~	4.70	4.50
Vol. 57	2017/10	3.40	~	3.70	3.55	4.90	~	5.10	5.00	5.20	~	5.50	5.35	4.20	~	4.50	4.35	4.30	~	4.60	4.45
Vol. 58	2018/1	3.40	~	3.70	3.55	4.90	~	5.10	5.00	5.20	~	5.50	5.35	4.20	~	4.50	4.35	4.30	~	4.60	4.45
Vol. 59	2018/4	3.30	~	3.60	3.45	4.80	~	5.00	4.90	5.10	~	5.50	5.30	4.20	~	4.50	4.35	4.30	~	4.58	4.44
Vol. 60	2018/7	3.30	~	3.60	3.45	4.80	~	5.05	4.93	5.10	~	5.50	5.30	4.00	~	4.40	4.20	4.20	~	4.50	4.35

Period	Retail			Hotel			Industrial			Solar power generator			Data Center (%)		
	Tokyo Ginza/Huoh Dori			Management contract			Tokyo bay area			Project IRR (Existing facility acquisition)			Greater Tokyo		
	from	to	Average	from	to	Average	from	to	Average	from	to	Average	from	to	Average
Vol. 16	2007/7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vol. 17	2007/10	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vol. 18	2008/1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vol. 19	2008/4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vol. 20	2008/7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vol. 21	2008/10	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vol. 22	2009/1	4.25	~	4.90	4.58	6.20	~	7.40	6.80	6.00	~	6.50	6.25	—	—
Vol. 23	2009/4	4.50	~	5.00	4.75	6.90	~	7.83	7.36	6.00	~	6.80	6.40	—	—
Vol. 24	2009/7	4.50	~	5.10	4.80	6.90	~	7.70	7.30	6.00	~	6.90	6.45	—	—
Vol. 25	2009/10	4.60	~	5.10	4.85	7.00	~	7.80	7.40	6.13	~	6.90	6.52	—	—
Vol. 26	2010/1	4.70	~	5.20	4.95	7.00	~	7.90	7.45	6.17	~	6.95	6.56	—	—
Vol. 27	2010/4	4.55	~	5.15	4.85	6.90	~	7.75	7.33	6.05	~	6.85	6.45	—	—
Vol. 28	2010/7	4.60	~	5.00	4.80	6.80	~	7.50	7.15	6.00	~	6.55	6.28	—	—
Vol. 29	2010/10	4.50	~	5.00	4.75	6.50	~	7.50	7.00	6.00	~	6.50	6.25	—	—
Vol. 30	2011/1	4.50	~	5.00	4.75	6.80	~	7.50	7.15	6.00	~	6.50	6.25	—	—
Vol. 31	2011/4	4.50	~	5.00	4.75	6.80	~	7.30	7.05	6.05	~	6.50	6.28	—	—
Vol. 32	2011/7	4.50	~	5.00	4.75	6.70	~	7.20	6.95	6.00	~	6.50	6.25	—	—
Vol. 33	2011/10	4.50	~	5.00	4.75	6.50	~	7.00	6.75	6.00	~	6.50	6.25	—	—
Vol. 34	2012/1	4.50	~	4.95	4.73	6.50	~	7.05	6.78	5.90	~	6.30	6.10	—	—
Vol. 35	2012/4	4.50	~	4.90	4.70	6.50	~	7.00	6.75	5.80	~	6.30	6.05	—	—
Vol. 36	2012/7	4.50	~	5.00	4.75	6.40	~	7.00	6.70	5.60	~	6.20	5.90	—	—
Vol. 37	2012/10	4.50	~	4.95	4.73	6.35	~	7.00	6.68	5.50	~	6.20	5.85	—	—
Vol. 38	2013/1	4.50	~	4.90	4.70	6.30	~	6.90	6.60	5.50	~	6.00	5.75	—	—
Vol. 39	2013/4	4.40	~	4.75	4.58	6.25	~	6.80	6.53	5.50					

As the survey goes beyond the scope of this publication, full results are only provided to respondents. Please refer to the following list for all surveyed items.

Sector	Subcategory	Location	Survey items	
Office building	Prime	Otemachi	<ul style="list-style-type: none"> <li>• NOI / NCF cap rate *1</li> <li>• Valuation method for office buildings</li> <li>• Investment period</li> <li>• Comments</li> <li>• Opinion regarding the risk premium in the cases of different ownership and compliance status (not a regularly surveyed item)</li> </ul>	
		Hibiya-Uchisaiwaicho		
		Toranomon-Kamijicho		
		Tameike-Akasakamitsuke		
		Aoyama-Omotensando		
		Shinjoshi, Hamamatsucho, Shiba		
		Nishi-Shinjoshi		
		Shibuya		
		Ebisu		
		Nishi-shinjuku		
		Kanda-around Kudan		
		Shinagawa (Konan exit)		
		Yakohama (West exit)		
		Omiya		
		Sapporo		
		Sendai		
		Nagoya (Overall)		
		Nagoya (Nagoya station)		
		Osaka (Overall)		
		Osaka (Umeda)		
Hiroshima				
Fukuoka				
Multi-family residential	Studio apartment	Tokyo Central 5 Wards	<ul style="list-style-type: none"> <li>• NOI / NCF cap rate</li> <li>• Comments</li> <li>• Items to be included in the cash-flow (not a regularly surveyed item)</li> </ul>	
		Sapporo		
		Sendai		
		Nagoya		
		Osaka		
	Fukuoka			
	Multi-room apartment	Tokyo (Jonan/Josai area)		
		Sapporo		
		Sendai		
		Nagoya		
Osaka				
Fukuoka				
Retail	Stores located in the city center	Near railroad terminal stations, central Tokyo	<ul style="list-style-type: none"> <li>• NOI / NCF cap rate</li> <li>• Comments</li> </ul>	
		Roadside shopping center		
		Tokyo suburbs		
		Osaka suburbs		
		Nagoya suburbs		
	Sapporo city			
	Sendai city			
	Fukuoka city			
	Premium retail area	Tokyo Ginza Chuo Dori		
		Tokyo Omotesando		
		Nagoya around Sakae		
		Osaka along Midotsuji		
		Osaka Shinsaibashi		
		Fukuoka along Tenjin Nishi Dori		
		Hotel		Budget hotel (Management contract)
Government-designated city				
Prefectural capital city				
Budget hotel (Lease contract)			Near major JR stations, Tokyo Central 5 Wards	
	Government-designated city			
Industrial	Multi-tenant	Tokyo Bay area	<ul style="list-style-type: none"> <li>• NOI / NCF cap rate</li> <li>• Comments</li> </ul>	
		Tokyo Inland area		
		Aichi		
		Osaka		
		Fukuoka		
	Single-tenant	Tokyo Bay area		
		Tokyo Inland area		
		Aichi		
		Osaka		
		Fukuoka		
Solar power generator	Development	Japan	<ul style="list-style-type: none"> <li>• Project IRR / Equity IRR *1</li> <li>• Comments</li> </ul>	
	Existing facility acquisition			
Data Center		Central Tokyo	<ul style="list-style-type: none"> <li>• NOI cap rate / NCF cap rate / IRR *1</li> <li>• Future investment plans</li> <li>• Focused area</li> <li>• Comments</li> </ul>	
		Greater Tokyo		
		Osaka		
		Greater Osaka		
		Other regional cities		
Short-term observation for Market Survey		Observing changes in the periods of "Recent", "3 months from now", "6 months from now", "1 year from now" and "2 years from now" covering Grade A buildings and others located in Tokyo 23 wards, using DI (Diffusion Index).		
(CBRE Tankan)		Observing changes in the periods of "Recent", "6 months from now", "1 year from now" and "2 years from now" covering large-scale multi-tenant facilities and large-scale single-tenant facilities located in Greater Tokyo (Tokyo, Chiba, Saitama and Kanagawa prefectures), using DI (Diffusion Index).		
Topic Question *2		Questions concerned with up-to-date events and topics in the real estate industry		

\*1 NOI cap rate / NCF cap rate / IRR

Minimum and Maximum of the range of Median, Average, Highest, Lowest and Standard deviation  
Some of the questions include result by respondent type.

\*2 Questions Polled

A survey was administered on future changes in rents, real estate prices and vacancy rates in the office and industrial markets. It asked about the market outlook up to 2020 in the Tokyo and Osaka areas.



**Note to Editors:****CBRE Japan Cap Rate Survey**

1. Objective  
The objective of the survey is to collect and analyze data looking at the level of expected yields for real estate investments.
2. Survey method and period  
Sent and received by e-mail primarily between June 20 to July 18, 2018.
3. Recipients surveyed and response rate
  - Recipients: 160 individuals (157 corporations)
  - Responses: 141 individuals (139 corporations)
  - Response rate: 88.1% from individuals (88.5% from corporations)
4. Type of respondents  
Arrangers, Lenders (senior), Lenders (mezzanine), Developers, Real property lessors, Asset managers (mainly for J-REITs), Asset managers (mainly for non J-REITs), and Equity investors, among other respondents.
5. Policy regarding the release of survey results
  - This report is an excerpt of the results from our quarterly survey.

The report will be published on the CBRE Japan website at: <https://www.cbre.co.jp/en/research-reports/investment-reports>

**About CBRE Group, Inc.**

CBRE Group, Inc. (NYSE:CBRE), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (based on 2017 revenue). The company has more than 80,000 employees (excluding affiliates), and serves real estate investors and occupiers through approximately 450 offices (excluding affiliates) worldwide. CBRE offers a broad range of integrated services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services. Please visit our website at [www.cbre.com](http://www.cbre.com).

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