

July 31, 2018

For further information:
CBRE
Marketing & Communications
03-5288-9283

CBRE releases Q2 2018 Japan Logistics MarketView

New Supply During the Quarter in Greater Tokyo Area

All Completed with Full Occupancy

CBRE today released its Japan Logistics MarketView for Q2 2018.

Highlights:

- The vacancy rate for LMT (Large-size multi-tenanted logistics) properties in the Greater Tokyo Area declined by 1.6 points q-o-q to 5.3% in Q2. Take-up was seen in properties completed during the previous quarter, and all four new properties completed this quarter opened fully let, pushing down the vacancy rate.
- While new supply this quarter was 66,000 tsubo, much lower than last quarter's 202,000 tsubo, net absorption was 106,000 tsubo, the third highest since CBRE started the research in 2004. On the back of tight supply-demand balance, effective rents in the Greater Tokyo Area rose by 1.0% q-o-q to JPY 4,120 per tsubo.
- New supply for the Greater Tokyo Area is expected to be 112,000 tsubo in Q3 2018 and 89,000 tsubo in Q4 2018. Although this exceeds the three-year quarterly average of 85,000 tsubo, the current solid level of demand is expected to ensure the vacancy rate remains flat over the remainder of 2018.
- Availability is scarce in properties in Central Tokyo. In the Tokyo Bay Area, the only property scheduled for completion in 2018 (due in Q3 2018) is already fully let. In the Gaikando Area, only one property has vacant space remaining, and no new supply is scheduled until 2019.
- The vacancy rate in the Greater Osaka Area LMT market fell sharply in Q2 2018, falling from 21.2% in Q1 2018 to 17.5%. In the inland area of Kobe city, a property completed during the previous quarter is almost fully occupied, leaving only one other property with available space in the overall inland area of the Greater Osaka region. Space has also been filled in the waterfront area, and a property completed last year in Sakai is now fully occupied.
- In the Greater Nagoya Area LMT market, the vacancy rate fell from 10.6% in Q1 2018 to 8.6% in Q2 2018. All properties completed last year are now fully occupied. Tenant enquiries are picking up rapidly for properties scheduled for completion next year and beyond, as there is little availability in existing properties.

- Effective rents in the Greater Osaka Area were JPY 3,480 per tsubo, unchanged from the previous quarter. In the Greater Nagoya Area, effective rents rose by 0.3% to JPY 3,540 per tsubo.

For further details, please refer to the Q2 2018 Japan Logistics MarketView published by CBRE. <https://www.cbre.co.jp/en/research-reports/industrial-reports>

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