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For further information:

CBRE

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CBRE releases Q4 2018 Japan Logistics MarketView Effective rents rise in all areas of Greater Tokyo, Greater Osaka and Greater Nagoya

CBRE today released its Japan Logistics MarketView for Q4 2018.

CBRE VACANCY RATE FORECASTS (Q4 2018 – Q2 2019)

- The vacancy rate for LMT (Large Multi-Tenant) properties in the Greater Tokyo Area is expected to rise by 0.1 points q-o-q to 4.9% over the next two quarters.
- The vacancy rate for LMT properties in the Greater Osaka Area is expected to rise by 0.4 points q-o-q to 13.4% over the next two quarters.
- The vacancy rate for LMT properties in the Greater Nagoya Area is expected to rise by 9.3 points q-o-q to 13.9% over the next two quarters.

Highlights:

- The vacancy rate for LMT properties in the Greater Tokyo area declined by 1.3 percentage points q-o-q to 4.8% in Q4 2018, the lowest level since Q3 2015. Space was filled at a faster-than-expected pace in the final months of the year, with net absorption standing at 122,000 tsubo, the second highest on a quarterly basis since CBRE's surveys started in 2004.
- New supply in the Greater Tokyo area this quarter stood at 89,000 tsubo across three properties. Leasing progressed well at new properties, with one of these fully occupied upon completion. Strong demand ensured effective rents rose in all areas of Greater Tokyo, with an overall increase of 0.2% q-o-q to JPY 4,150 per tsubo.
- New supply in the Greater Tokyo area is scheduled to be 206,000 tsubo in Q1 2019 and 100,000 tsubo in Q2 2019. Although both these figures exceed the quarterly average between 2016 to 2018, the current strong leasing activity means the vacancy rate is expected to remain at 4.9% in Q2 2019.
- The vacancy rate in the Greater Osaka Area LMT market was 13.0%, a decline of 2.0 percentage points q-o-q. One new property in the inland area was fully occupied, while there was further improvement in the supply-demand balance in the waterfront area. Effective rents rose by 1.4% q-o-q to JPY 3,530 per tsubo, marking the first rise in rents in the Greater Osaka region since Q3 2015.

- Greater Osaka's new LMT supply of 62,000 tsubo over the next two quarters is a modest volume compared with the trend since 2016. However, as there are also new developments in emerging logistics locations, CBRE forecasts a slight q-o-q rise in the vacancy rate to 13.4% in Q2 2019.
- In the Greater Nagoya area LMT market, there was no new supply this quarter, and space at existing properties continued to be filled. The vacancy rate fell by 4.0 percentage points q-o-q to 4.6%, while effective rents rose by 0.3% to JPY 3,550 per tsubo.
- New LMT supply amounting to 77,000 tsubo is scheduled to be completed in the Greater Nagoya area this year, with delivery concentrated in H1 2019. While the vacancy rate will see a temporary rise, CBRE envisages a gradual decline in H2 2019.

For further details, please refer to the Q4 2018 Japan Logistics MarketView published by CBRE.

<https://www.cbre.co.jp/en/research-reports/industrial-reports>

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