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CBRE Releases Special Report "The Future of Osaka: Anticipating 2030"
Osaka to See More Office Stock in Umeda
Shinsaibashi Area to Thrive into One of Japan's Leading Retail Districts
Yumeshima to Become New Commercial Real Estate Hub in Osaka

CBRE today released a special report entitled "The Future of Osaka: Anticipating 2030." This report discusses Osaka's real estate prospects and identifies opportunities set to emerge over the next decade in this rapidly evolving market.

◇Changing Osaka – A Summary

Osaka's office district formerly extended along Midosuji from Yodoyabashi to Honmachi, but over the past 20 years it has shifted to Umeda. CBRE expects this trend to accelerate further over the next 10 years.

Shinsaibashi has always been a bustling area at the heart of Osaka's retail district. In recent years it has grown to become one of Japan's most popular locations for both Japanese and inbound visitors. As a result, demand among retailers to open new stores in Shinsaibashi is growing and is likely to extend to its surrounding areas.

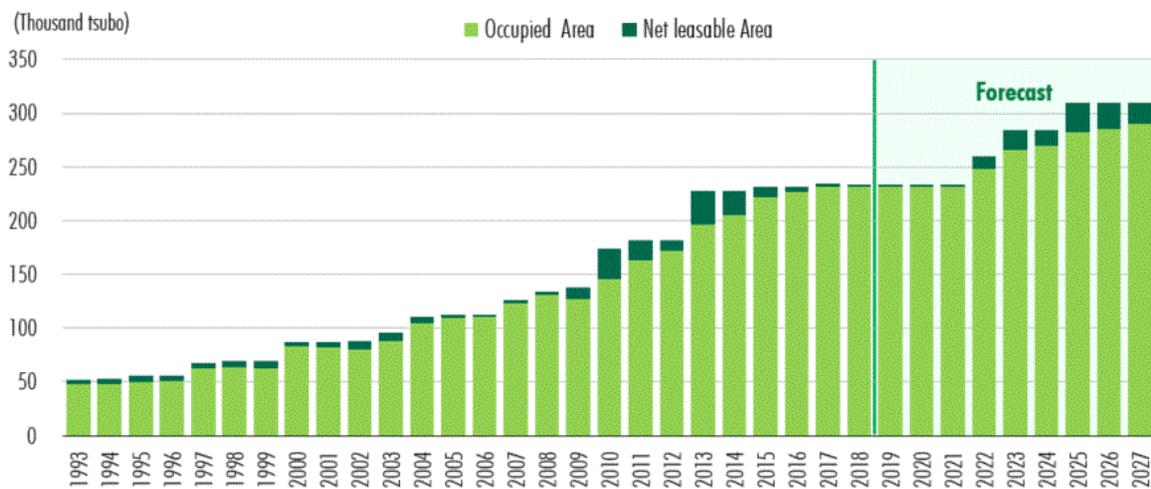
Over the next 10 years Osaka will see the emergence of a new commercial real estate hub - Yumeshima. This has already been chosen as the site of the 2025 World Expo and is also the prime location candidate for Integrated Resorts. Should this go ahead, the Integrated Resort will generate synergistic effects, with the office-oriented Umeda area and the trade-oriented Shinsaibashi/Namba area, making Yumeshima a new commercial real estate hub in Osaka.

◇Changing Umeda Area

Between 2022 and 2025, three major development projects surrounding Osaka Station (located in Umeda area) are due for completion. The supplied office area of these new projects is expected to total 78,000 tsubo, equivalent to a 33% increase of 2018 stock. As a result, Umeda's share of rental office building stock in Osaka overall is estimated to rise from 15% at the close of 2018 to around 20% over the next 10 years.

All in all, given the growing concentration of high-quality buildings in this prime location, office demand in the coming years is increasingly likely to focus on Umeda. (Figure 1)

Figure1: Net leasable Office Space in Umeda



Source: CBRE, July 2019

*Floor area per person: Japan Building Owners and Managers Association, FY2017 "Building Survey" (Nationwide), national average value.

◇Changing Shinsaibashi/Namba Area

The number of foreign tourists visiting Osaka totaled 1.4 million in 2011. By 2018, this had increased 8-fold to an estimated 11.4 million, a higher growth rate than the nationwide figure during the same period (a five-fold increase from 6.2 million to 31.1 million). The Shinsaibashi/Namba area is the main attraction and therefore driver behind this increase.

The Shinsaibashi area, which runs alongside Midosuji, has a concentration of luxury brand flagship stores, with tree-lined streets that add to its upscale feel. The number of foreign as well as Japanese visitors has increased in recent years, leading to growth in demand to open new stores. Several upcoming projects are likely to further drive Midosuji's evolution as a high street retail area.

◇Yumeshima to Become a New Commercial Real Estate Hub

Impact of the Osaka World Expo on the Real Estate Market

The office sector is expected to see an increase in new offices being established by companies that view the Expo as a business opportunity, as well as companies relocating to larger premises. In particular, there is likely to be increased demand from companies involved in state-of-the-art technologies, including the pharmaceutical/drug manufacturing and artificial intelligence industries, which have a strong correlation to the Expo's theme. In the retail and hotel sectors, further demand is expected to be generated not only by foreign visitors to Japan, but also by increased numbers of domestic travelers.

Impact of Integrated Resorts on the Real Estate Market

The introduction of Integrated Resorts will increase the number of tourists in tourists and therefore bring direct benefits to Osaka's retail and hotel sectors. The office sector also stands to gain from a certain level of additional demand. The City of Osaka estimates that the project could create 80,000–130,000 jobs annually, not even including construction. Major construction firms are already forming teams and increasing the number of personnel to work on the 2025 World Expo

and potential Integrated Resort in Yumeshima. The real estate sector would also see requirements for facilities management and operations in newly developed commercial real estate. In the game and communications/software sectors, there should be increased business opportunities such as developing equipment, systems, and security for the casinos. The logistics and service sectors should see business opportunities associated with accommodation, dining out, and merchandise for the Integrated Resort.

Takeshi Yamaguchi, Associate Director of CBRE Research, commented: "Osaka will undergo major change over the next decade. Large-scale development projects in the office-oriented Umeda area and the retail-oriented Shinsaibashi/Namba area will further enhance the characteristics of these districts. The addition of the western Yumeshima area with its MICE facilities, retail, and tourist spots should lead to further development and growth in Osaka's real estate market."

For further details, download "The Future of Osaka: Anticipating 2030" from the link below.

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

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