

1. Outlook for Price

A questionnaire survey about “Outlook for Logistics Market Conditions” is conducted semi-annually.

The results of July 2022’s survey of the outlook of real estate prices for the next six months are the following percentages: “Rise” is at 58.8%, “Flat” is at 37.1%, and “Decline” is at 4.1% (Fig 1). The ratio of respondents that chose “Flat” and “Decline” has increased gradually. In other words, the concerns about the market are spreading. However, the positive outlook has still dominated, nearly 60% of respondents chose “Rise”.

The top four reasons for the “Rise” cited by respondents are listed below:

1. The market is becoming more active since logistics facilities have attracted more attention.
2. The construction costs for logistics facilities are increasing.
3. JPY’s depreciation is bringing more investment from overseas.
4. The number of investors targeting logistics facilities rose, and the competition for purchasing them is getting intense.

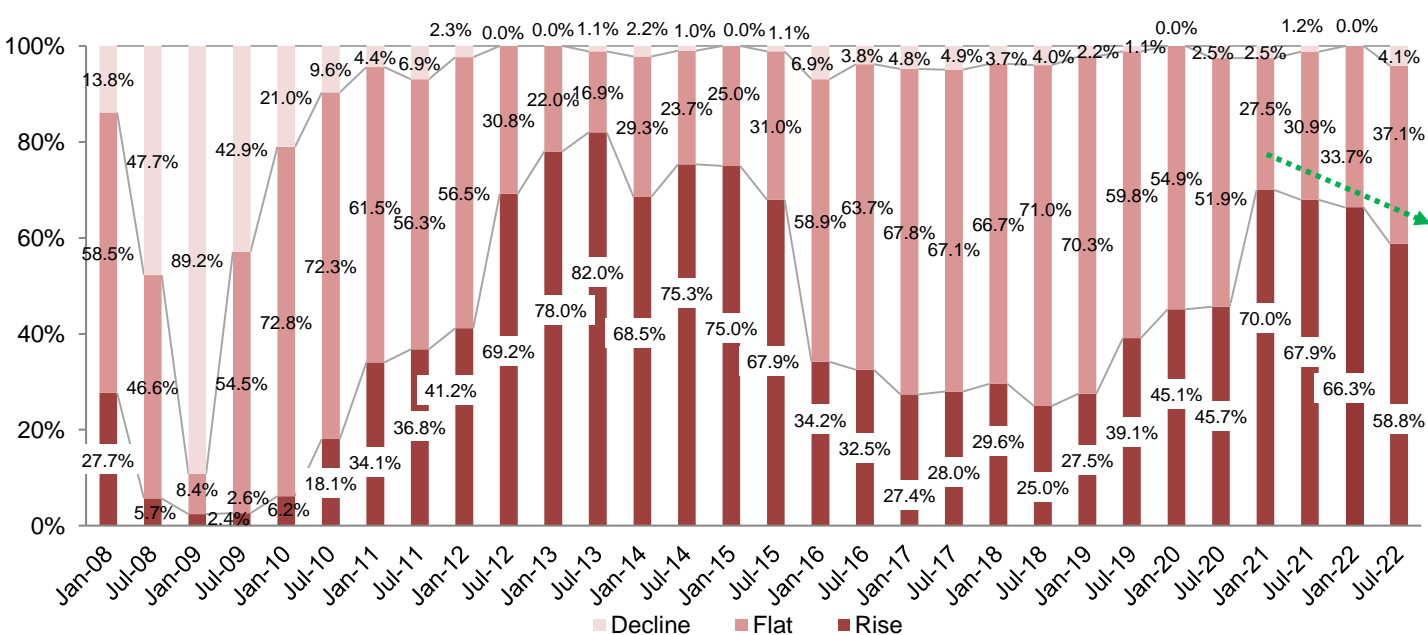
The top three reasons for the “Flat” cited by respondents are given below:

1. It is not expected that the capitalization rates will decline further.
2. There are no significant changes in the market outlook of the rent level.
3. Real estate prices will turn from rising to flat.

The three reasons that tied for the first place for the “Decline” cited by respondents are given below:

1. Real estate prices will turn from rising to falling.
1. A large number of logistics facilities will be completed between 2022 and 2023, and the supply-demand balance is expected to ease.
1. Interest rates are expected to rise in Japan as well as overseas.

Figure:1 Outlook for Real Estate Prices of Logistics Facilities Six Months Later



Source: Ichigo Real Estate Service

2. Outlook for Rent

The results of July 2022’s survey of the outlook for rent for the next six months are the following percentages: “Flat” is at 61.8%, “Rise” is at 28.9%, and “Decline” is at 9.3% (Fig 2). The ratio of respondents that chose “Rise” has decreased. On the other hand, those who chose “Decline” has significantly increased.

The top three reasons for the “Rise” cited by respondents are given below:

1. As the land prices and other development costs rise, the rent has increased to reflect those additional costs.
2. Global inflation will affect the rent for logistics facilities.
3. Steady demand for e-commerce continues.

The top three reasons for the “Flat” cited by respondents are given below:

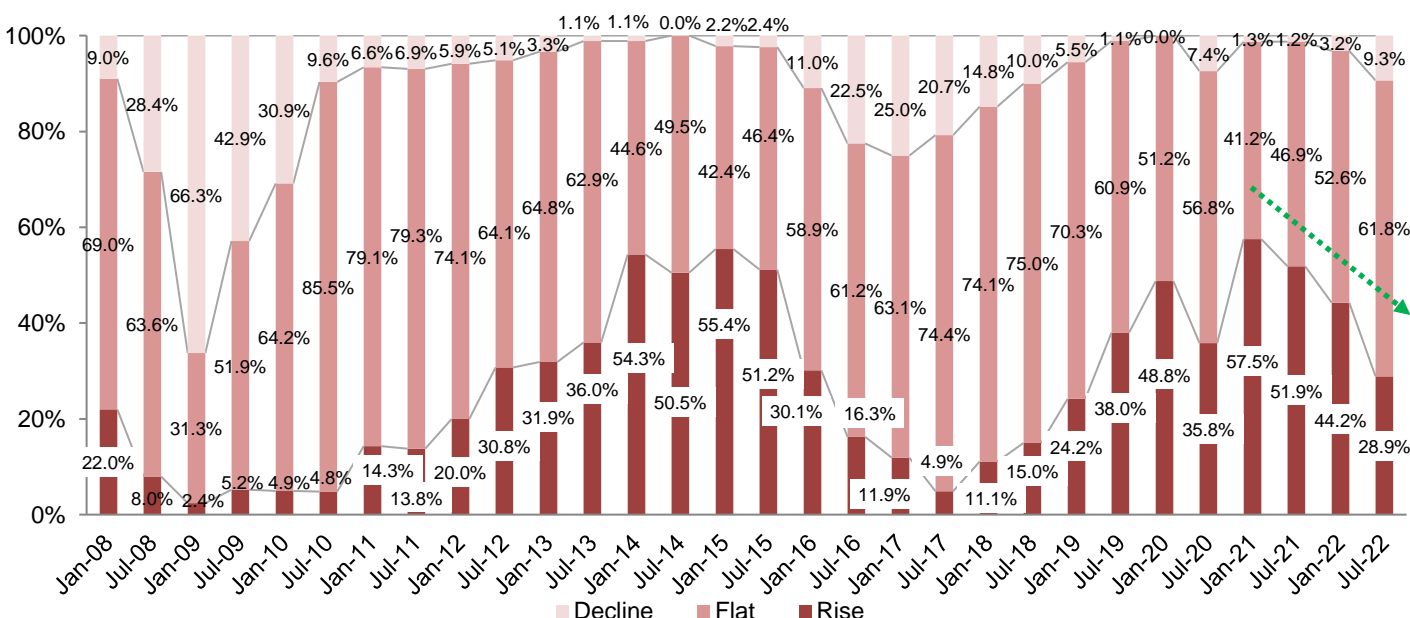
1. The supply from new developments and the demand for logistics facilities are balanced.
2. There are signs that the increases in the rent will come to an end.
3. Declining profitability due to weak performance and upward pressure on the rent due to inflation are balanced.

The top three reasons for the “Decline” cited by respondents is given below:

1. Competition for finding tenants will intensify due to the massive supply of logistics facilities.
2. Inflation has caused cargo owners and logistics companies to underperform, so the downward pressure on rent will intensify.
3. The rent will decline, since tenants will not accept the rent increases that have intensified over the past few years.

Although Russia’s invasion of Ukraine triggered inflation over the past six months, the rent for logistics facilities didn’t increase much. The outlook for rent levels is mixed, both positive and negative.

Figure:2 Outlook for Rent of Logistics Facilities Six Months Later



Source: Ichigo Real Estate Service

◆ Overview of Methodology of the Questionnaire Survey

➤ Summary of Questionnaire

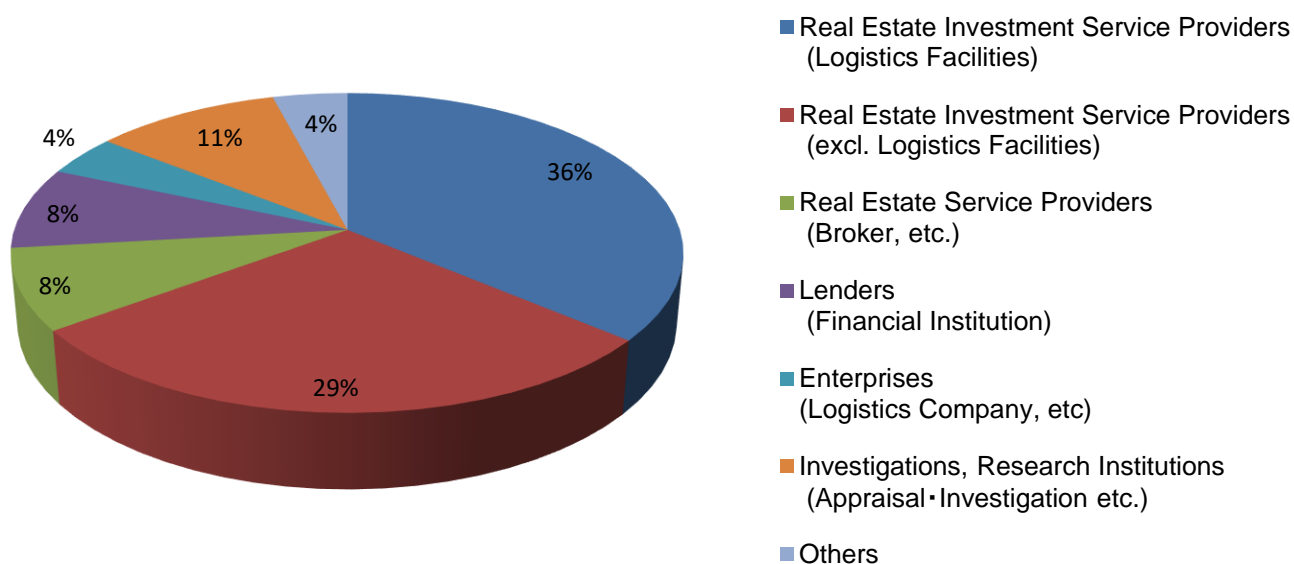
Survey Target : Practitioners and professionals associated with real estate.
(regardless of involvement with logistics) .

Survey Method : Questionnaires were sent via e-mail.
Response forms were collected via e-mail and website.

Survey Period : July 25 to 31, 2022

Respondents : 97

➤ Occupation Respondents



◆ Contact info

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