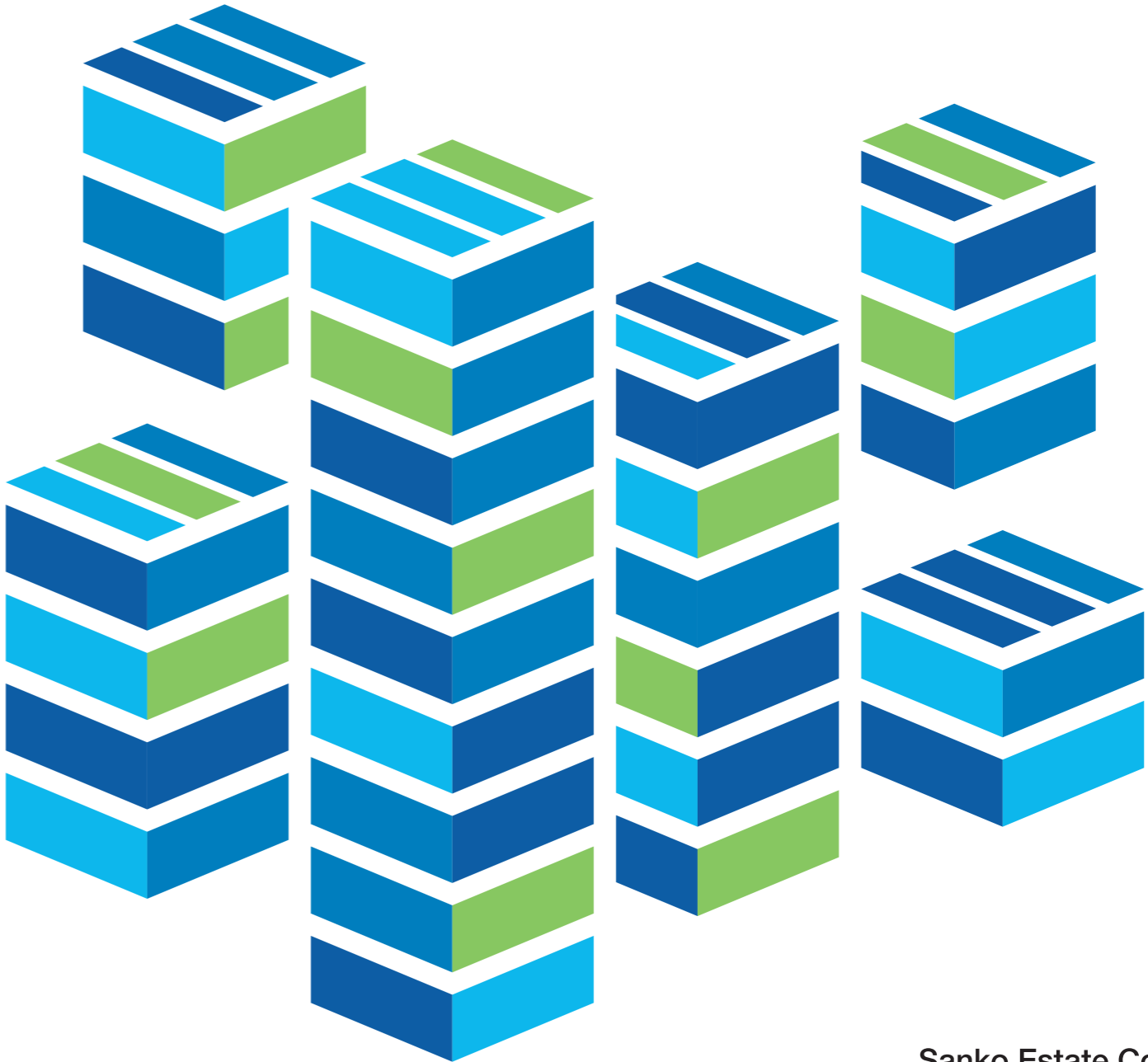


OFFICE RENTDATA 2023



TOKYO

Date : October 2, 2022
Altitude : approx. 750m

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OSAKA

Date : October 20, 2022
Altitude : approx. 600m

READING GUIDE

About the Survey

Survey time (rent, vacancy rate)

December 31 each year
(as of September 30 in 2022)

Subject buildings

Office Buildings that were seeking tenants during the above period

Building class (area per floor)

Large-scale buildings: 200 tsubo or more

Medium/large-scale buildings: 100 to less than 200 tsubo

Medium-scale buildings: 50 to less than 100 tsubo

Small-scale buildings: 20 tsubo to less than 50 tsubo

*1 tsubo \approx 3.3 sq. m \approx 35.58 sq. feet

About the Terminology

Area per floor

The maximum leasable area on a standard office floor (3rd floor or higher) for each building

Rent (including common area maintenance (CAM) charge)

Average value of asking rent for each individual property

Vacancy rate

Ratio of currently vacant space to the total leasable space

Potential vacancy rate

Ratio of currently vacant space and space to be vacant by termination of the lease contract to the total leasable space

New supply

Total leasable floor space in new buildings completed during the data collection period



Osaka Umeda Twin Towers - North

Osaka Umeda Twin Towers - South

Grand Front Osaka Tower B

Grand Front Osaka Tower A

Grand Front Osaka Tower C

Osaka Station

North Gate Building

Umeda 3chome Project (tentative name)

Umekita Phase 2 (tentative name)
>> P6

Umeda Sky Building

Creating a New Large-Scale Mixed-Use Building in Kyobashi, An Area with Artistic and Cultural DNA

In September 2024, the 28-story Toda Building will appear in the Kyobashi area, next to Ginza and Nihombashi near the Yaesu Exit of Tokyo Station.

The development concept is “Art and Wellness.” Maintaining Kyobashi’s appeal as an area with artistic and cultural DNA, the lower levels will consist of cultural and retail facilities. The plaza and entrance lobby on 1F will serve as a venue for art events, while the halls and conference rooms on 4F will host a wide range of events focusing on arts and culture and the museum on 6F will present cutting-edge culture. The building will offer a new working style that brings office users and art together. Office floors with 721 tsubo per floor of column-free space occupy 8F onward. These spaces can be divided into six subsections to accommodate different floor area needs. The building will also be equipped with a business support facility available exclusively to office users, and there will be a cafeteria serving healthy food, a lounge, and rental meeting rooms on 13F. The rooftop will feature a garden providing a



relaxation space where users can enjoy nature and greenery. From a structural perspective, it will be a skyscraper building exceeding 150 meters in height that employs an unusual core wall base isolation structure. Within Japan, it will have best-in-class seismic capacity. In terms of the environment, it is pursuing the acquisition of multiple

certifications, including ZEB Ready, LEED Gold, and CASBEE S-Rank, and it will support tenant companies’ carbon reduction management by introducing power from renewable energy sources. It will give rise to a comfortable, enjoyable workplace in Kyobashi that is seamlessly integrated into the neighborhood.

Prepared in collaboration with TODA CORPORATION

The Emergence of a New Business Area Integrating a 4.5-ha Urban Park into a 9-ha Station-front Site

Osaka Station is the largest terminal station in western Japan. Extending across 24 hectares to its north is the extensive Umekita District. In April 2013, Grand Front Osaka was developed there as an advanced development area; since then, attention has turned to development of Phase 2. The Phase 2 development district has an area of 9 hectares, with an urban park (tentative name: Umekita Park) to be established on around half of its site (approx. 4.5 hectares). This development, which aims to be a hub combining greenery and innovation, views the entire site as a single large green space. It will create the sense of an integrated space by linking the north and south blocks, with the park in the center. There will be two office towers (east tower and west tower) in the south block. Construction is scheduled for completion in November 2024. In conjunction with this development, there are also plans for a direct link with JR Osaka Station (new station).

The east tower will have office floors from 5F to 17F at around 480 tsubo per floor. The regular-shaped,

column-free space will enable efficient layout configuration. The west tower will have office floors from 6F to 27F at around 1,250 tsubo per floor. It will support the creation of one of the most spacious, comfortable business environments in the area. On 4F, there will be office lounge functions for workers. Thanks to the terrace

and dining lounge with views of the park and a café and workspace that can be used as a third place, it will offer comfortable, plentiful communication opportunities to employees who work in the building. In this way, a new business area combining urban functions and greenery will emerge.



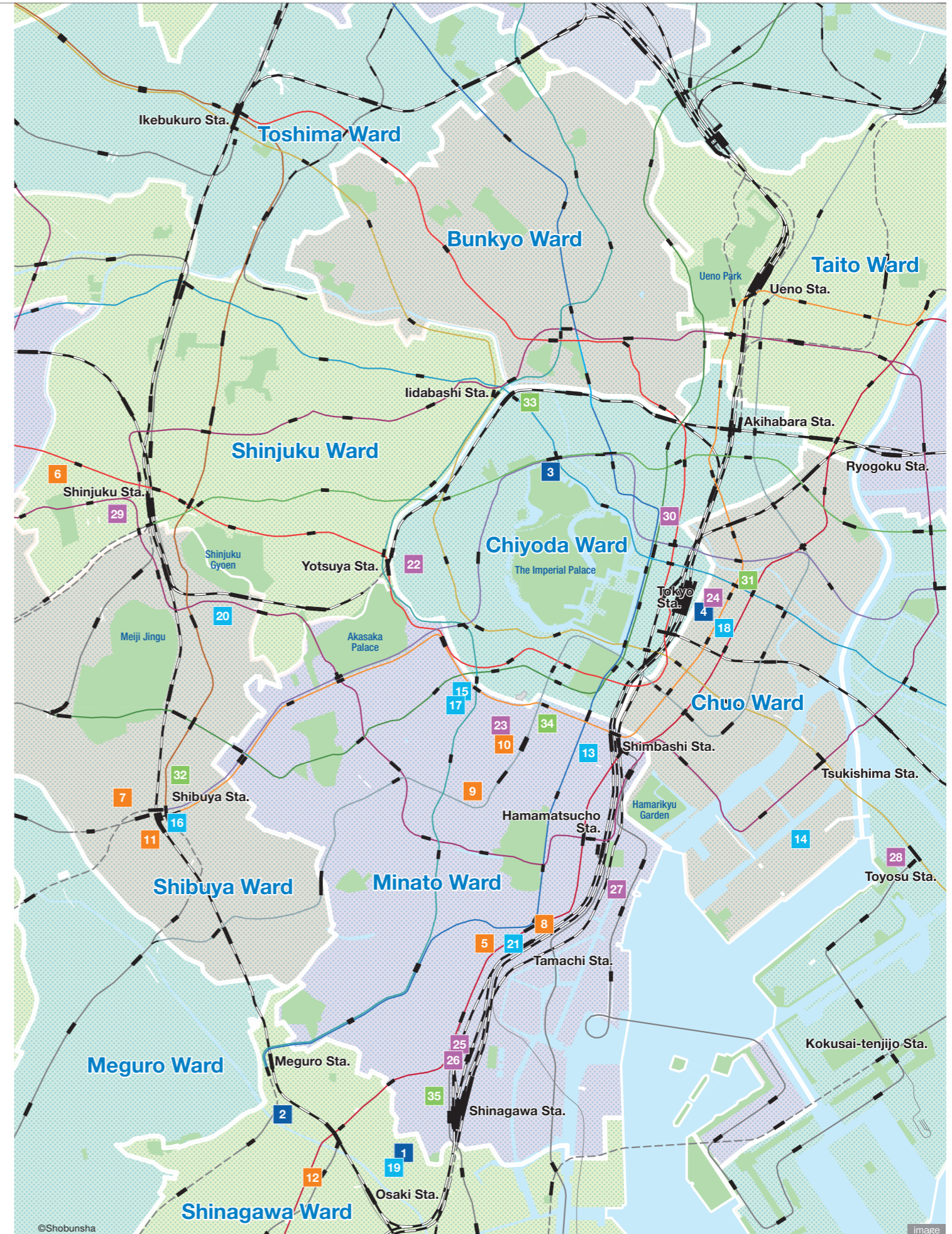
Prepared in collaboration with MITSUBISHI ESTATE Co., Ltd.

Completion Timeline

2022-2026 Current as of January 31, 2023

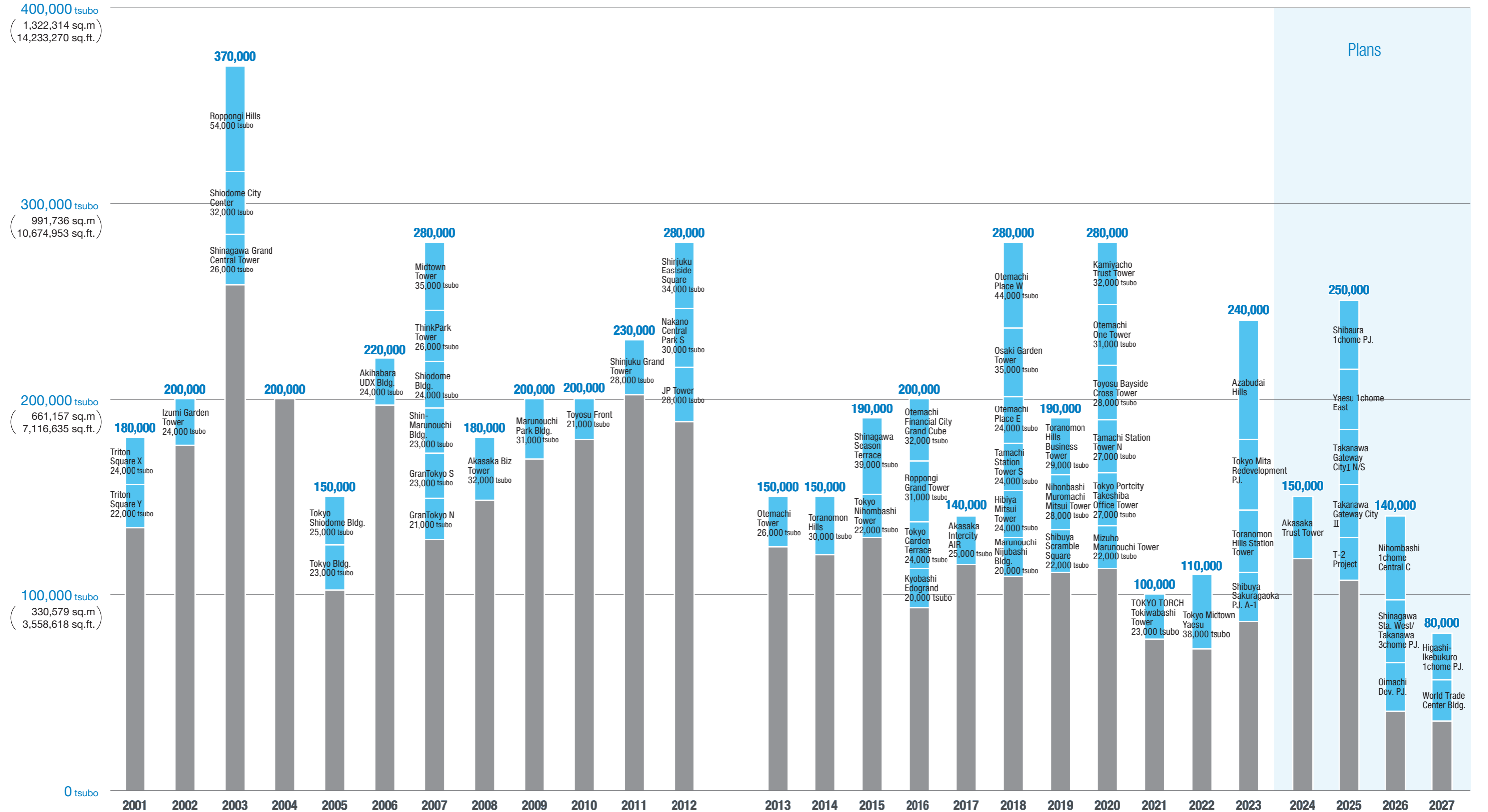
Year	Month	Project Name	Location	Scale	1Floor
2022	1 Feb	Sumitomo Fudosan Osaki Twin Bldg. East	Shinagawa Ward / Kita-Shinagawa 5	19/B2	555
	2 Mar	JR Meguro MARC Bldg.	Shinagawa Ward / Nishi-Gotanda 3	13/B1	615
	3 Jul	Kudan Kaikan Terrace	Chiyoda Ward / Kudan-Minami 1	17/B3	775
	4 Aug	Tokyo Midtown Yaesu, Yaesu Central Tower	Chuo Ward / Yaesu 2	45/B4	1,267
2023	5 Mar	Tokyo Mita Redevelopment PJ.*	Minato Ward / Mita 3	42/B4	1,203
	6 Mar	Sumitomo Fudosan Shinjuku First Tower*	Shinjuku Ward / Nishi-Shinjuku 5	33/B2	607
	7 Mar	Dogenzaka-dori	Shibuya Ward / Dogenzaka 2	28/B1	526
	8 Jun	Tamachi Tower	Minato Ward / Shiba 5	29/B2	794
	9 Jun	Azabudai Hills	Minato Ward / Azabudai 1	65/B5	1,460
	10 Jul	Toranomon Hills Station Tower*	Minato Ward / Toranomon 2	49/B4	1,000
	11 Nov	Shibuya Sakuragaoka PJ. A-1*	Shibuya Ward / Sakuragaokacho	39/B4	842
	12 Dec	Gotanda PJ.*	Shinagawa Ward / Nishi-Gotanda 8	20/B3	969
2024	13 Feb	SHINTORA YASUDA bldg.	Minato Ward / Shimbashi 4	14/B2	400
	14 Mar	Harumi 3chome PJ.*	Chuo Ward / Harumi 3	20/B2	500
	15 May	Akasaka Green Cross	Minato Ward / Akasaka 2	28/B3	555
	16 May	Shibuya 2chome 17 PJ.*	Shibuya Ward / Shibuya 2	23/B4	400
	17 Aug	Akasaka Trust Tower	Minato Ward / Akasaka 2	43/B3	1,024
	18 Sep	TODA BUILDING	Chuo Ward / Kyobashi 1	28/B3	721
	19 Sep	Sumitomo Fudosan Osaki Twin Bldg. West*	Shinagawa Ward / Higashi-Gotanda 2	14/B1	498
	20 Sep	Sendagaya Center Bldg.*	Shibuya Ward / Sendagaya 1	4/B1	884
	21 Dec	Kasuga Bldg. PJ.*	Minato Ward / Shiba 5	19/B3	580
	2025	22 Feb	Kojimachi Kosai Building	Chiyoda Ward / Kojimachi 5	12/B2
23 Feb		T-2 Project*	Minato Ward / Toranomon 2	38/B2	1,054
24 Mar		Yaesu 1chome East B*	Chuo Ward / Yaesu 1	51/B4	755
25 Mar		Takanawa Gateway City I North*	Minato Ward / Konan 2	29/B3	1,500
26 Mar		Takanawa Gateway City I South*	Minato Ward / Konan 2	30/B3	1,030
27 Mar		Shibaura 1chome PJ. S*	Minato Ward / Shibaura 1	46/B3	1,569
28 Jun		Toyosu 4-2 PJ. B*	Koto Ward / Toyosu 2	15/B1	1,321
29 Nov		Nishi-Shinjuku 1chome PJ.*	Shinjuku Ward / Nishi-Shinjuku 1	23/B4	817
30 Dec		Uchi-Kanda 1chome PJ.*	Chiyoda Ward / Uchikanda 1	26/B3	684
2026		31 Mar	Nihonbashi 1chome Central District C*	Chuo Ward / Nihombashi 1	52/B5
	32 Sep	Urban Renewal Step-up PJ.*	Shibuya Ward / Shibuya 1	14/B2	750
	33 Oct	Iidabashi Sta. East Redevelopment*	Chiyoda Ward / Iidabashi 3	26/B2	393
	34 Oct	Toranomon 1chome East District Redev.*	Minato Ward / Toranomon 1	29/B4	850
	35 Nov	Shinagawa Sta. West District Takanawa 3chome PJ.*	Minato Ward / Takanawa 3	29/B4	1,936

- Scale refers to the number of floors above ground, and one floor refers to the standard floor area in tsubo.
 - 1 tsubo ≈ 3.3 sq. m ≈ 35.58 sq. feet
 - Building/project names with asterisks (*) are tentative. The names, completion times, structure, etc. may change depending on the progress of future work.
 - Abbreviations are used in some parts.



New Supply TOKYO

- Buildings of 100 tsubo (330 sq.m) or more per floor
- Leasable Floor Area of 20,000 tsubo (66,000 sq.m) or more
- 1 tsubo ≒ 3.3 sq.m ≒ 35.58 sq.ft.
- Abbreviations are used in some parts.



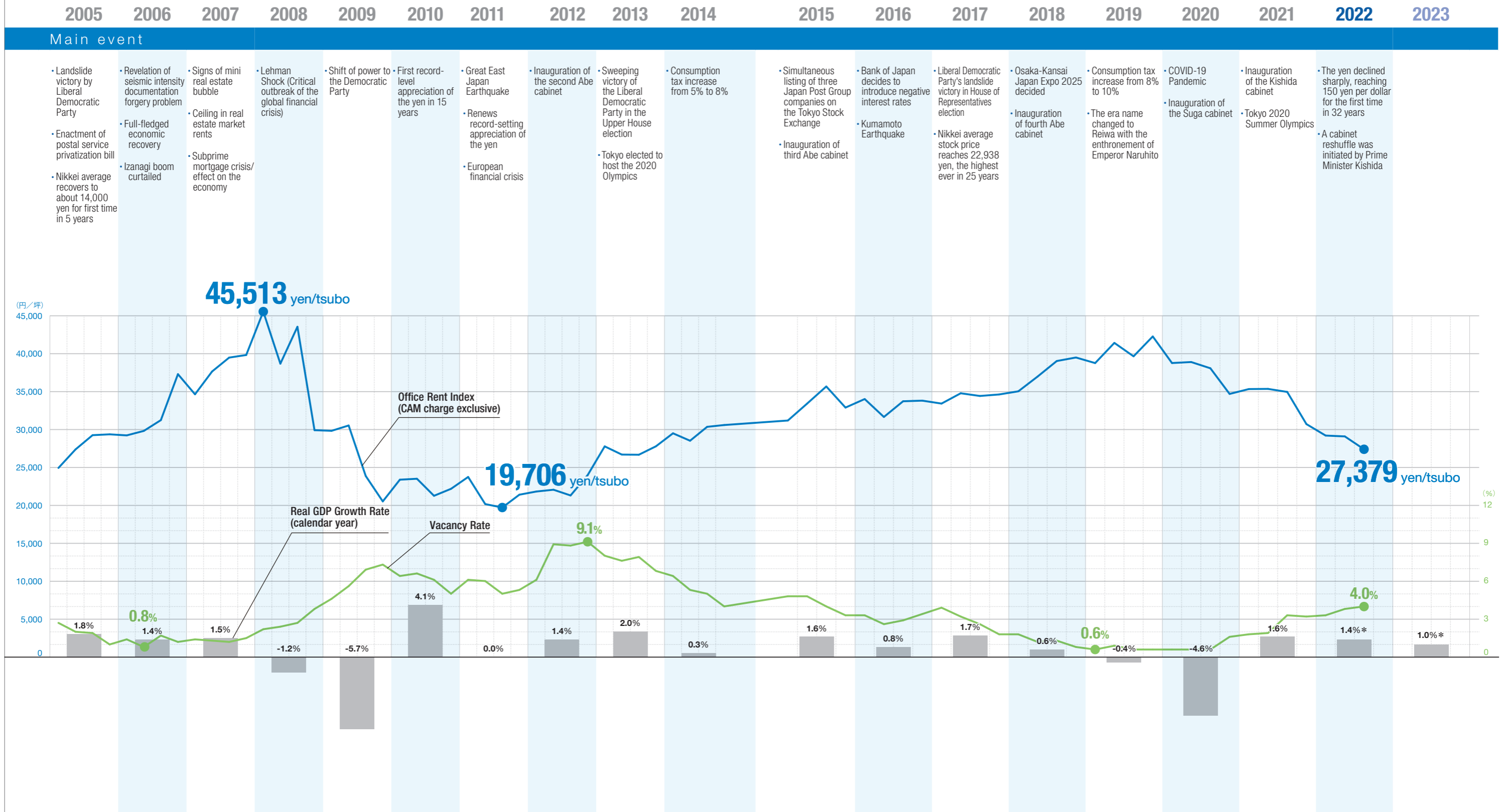
Transition in Office Rents and Economic Trends

Class A Buildings in Central Tokyo

— Office Rent Index
— Vacancy Rate
■ Real GDP Growth Rate (calendar year)
Source: Cabinet Office, SNA (System of National Accounts)
Projected values source: NLI Research Institute

Class A Building Guidelines

- Tokyo Central 5 Wards and major business districts
- Total floor area is 10,000 tsubo or more
- 300 tsubo or more/standard floor
- Completed within 15 years
- Ceiling height 2.7m or more, individual air conditioning, high anti-seismic and environment performance

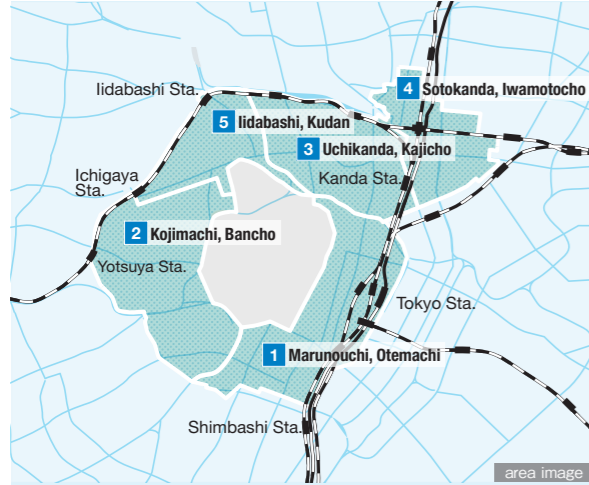


※ 1 tsubo ≅ 3.3 sq.m ≅ 35.58 sq.feet

* Values for 2022 and 2023 are projections.

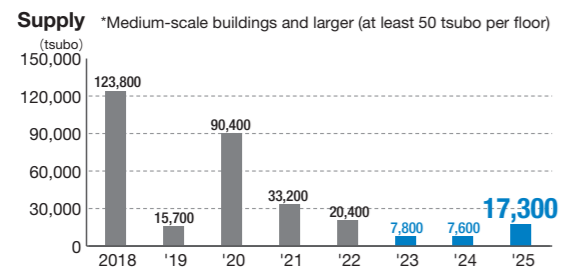
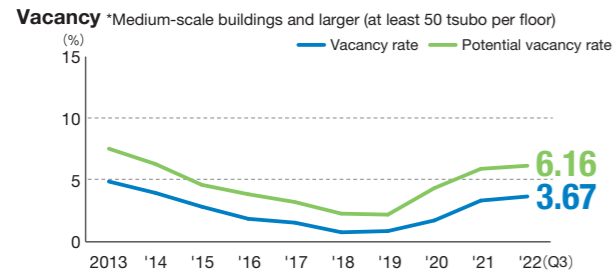
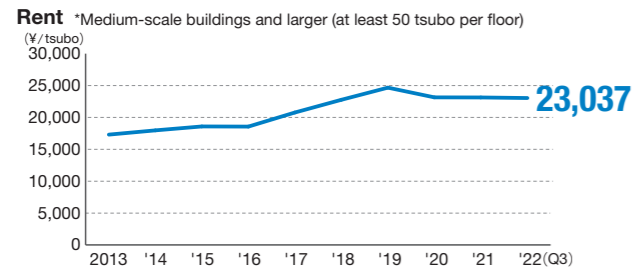
Chiyoda Ward

While both the vacancy rate and potential vacancy rate are trending upward, the pace of increase is slowing down. Asking rents remain flat at around the 23,000 yen/tsubo level. New supply will remain at a relatively low level for the next three years.



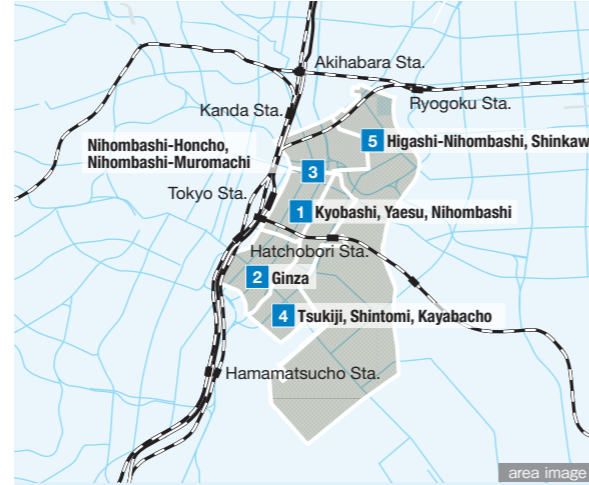
Rent : ¥/tsubo (CAM charge inclusive)

Area	Scale	Large	Medium/Large	Medium	Small
1 Marunouchi, Otemachi		39,559	29,000	19,992	25,060
2 Kojimachi, Bancho		25,571	22,452	18,657	16,168
3 Uchikanda, Kajicho		25,591	20,713	16,962	14,692
4 Sotokanda, Iwamotocho		27,600	20,795	16,354	14,307
5 Iidabashi, Kudan		25,094	18,760	17,024	14,220



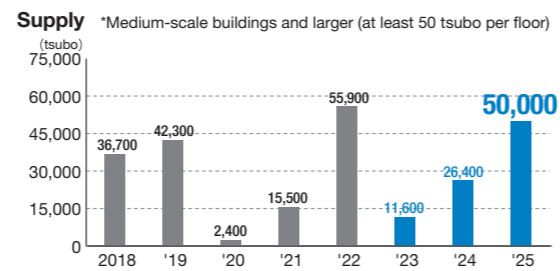
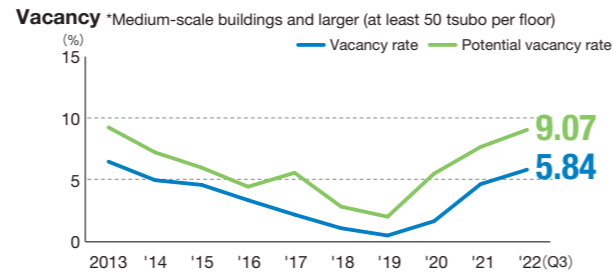
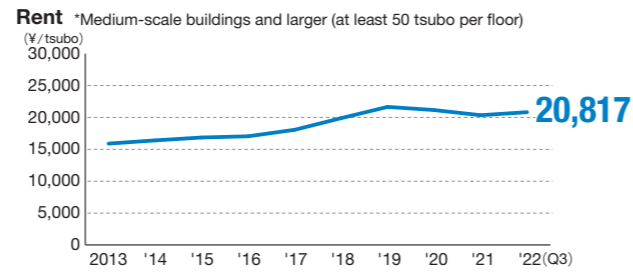
Chuo Ward

Both the vacancy rate and potential vacancy rate continue to trend upward since bottoming out in 2019. In addition to an increase in currently vacant floor area, especially in the seafront area, new buildings have been completed with vacancies, driving the vacancy rate up. Asking rents are starting to show signs of becoming flat.



Rent : ¥/tsubo (CAM charge inclusive)

Area	Scale	Large	Medium/Large	Medium	Small
1 Kyobashi, Yaesu, Nihombashi		34,400	28,618	20,985	20,098
2 Ginza		27,733	25,472	22,477	21,057
3 Nihombashi-Honcho, Nihombashi-Muromachi		31,754	20,982	18,125	16,386
4 Tsukiji, Shintomi, Kayabacho		23,583	18,958	16,897	14,446
5 Higashi-Nihombashi, Shinkawa		19,971	16,981	15,401	13,119



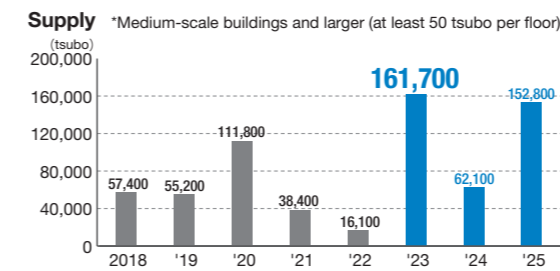
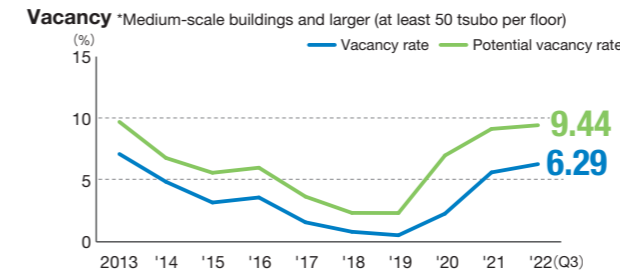
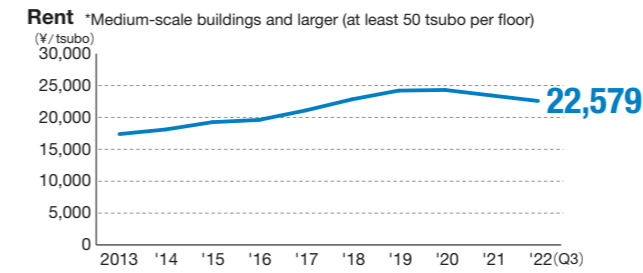
Minato Ward

Both the vacancy rate and potential vacancy rate continue to trend upward, with the vacancy rate remaining at the 6% level, the highest level in the central five wards. Asking rents have started trending downward after peaking in 2020. A large volume of supply is expected in 2023 and 2025.



Rent : ¥/tsubo (CAM charge inclusive)

Area	Scale	Large	Medium/Large	Medium	Small
1 Shimbashi, Toranomon		29,125	23,488	19,945	17,159
2 Akasaka, Aoyama		30,431	23,932	20,115	19,579
3 Roppongi, Azabu		27,611	21,733	19,322	17,221
4 Hamamatsucho, Takanawa		23,312	20,010	17,751	15,511
5 Shibaura, Kaigan		22,106	19,438	15,504	15,542



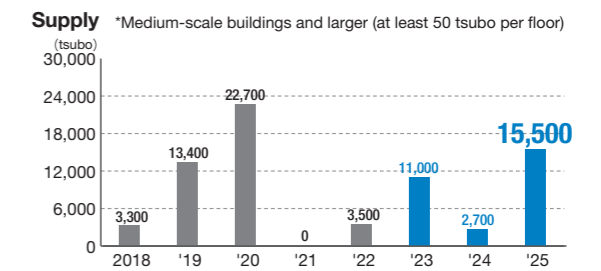
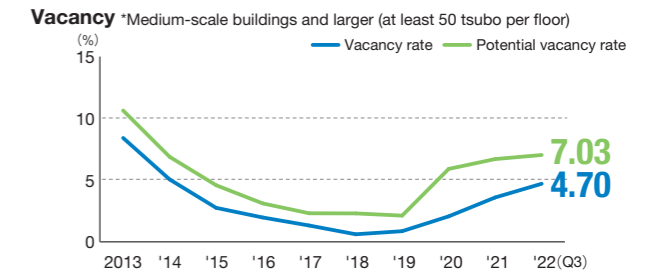
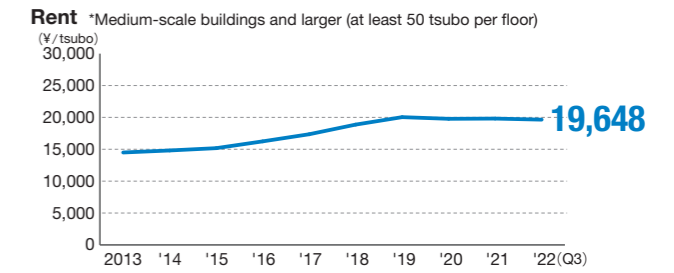
Shinjuku Ward

Both the vacancy rate and potential vacancy rate continue to trend upward, with the vacancy rate reaching the 4% level. Since peaking in 2019, asking rents have remained flat. New supply is forecast to remain at a relatively low level in the next three years.



Rent : ¥/tsubo (CAM charge inclusive)

Area	Scale	Large	Medium/Large	Medium	Small
1 Nishi-Shinjuku		26,429	20,650	17,647	16,347
2 Shinjuku, Kabukicho		26,500	23,162	17,500	15,924
3 Yotsuya, Ichigaya		21,750	19,467	15,772	13,689
4 Takadanobaba, Okubo		19,250	14,052	13,631	14,964
5 Waseda, Kagurazaka		20,167	14,864	13,245	12,232



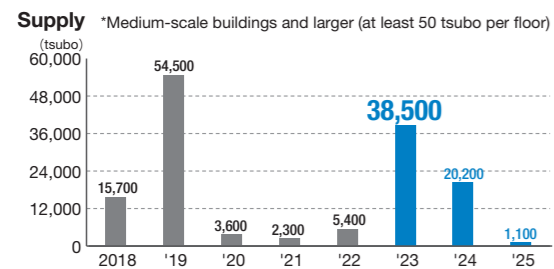
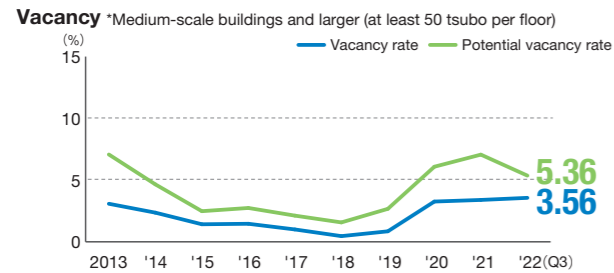
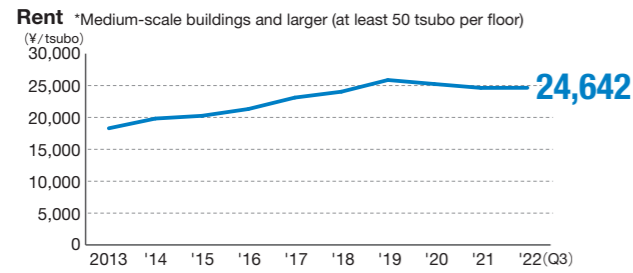
Shibuya Ward

While the vacancy rate remains flat, the potential vacancy rate decreased considerably year on year. Asking rents remain at around the mid-24,000 yen/ tsubo level.



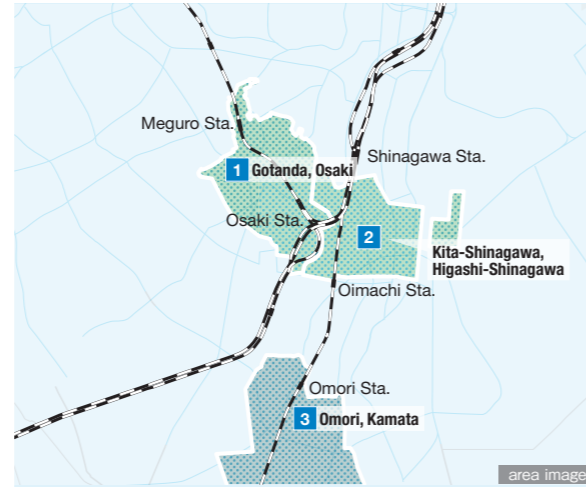
Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/ Large	Medium	Small
1 Shibuya, Dogenzaka		29,235	26,544	25,203	22,960
2 Sakuragaoka, Nanpeidai		31,126	23,625	21,545	20,387
3 Yoyogi, Sendagaya		26,615	23,292	21,272	18,627
4 Ebisu, Hiroo		29,455	23,731	23,372	19,929
5 Hatsudai, Honmachi, Sasazuka		17,250	16,000	15,752	12,754



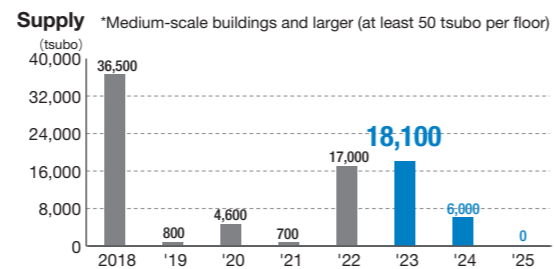
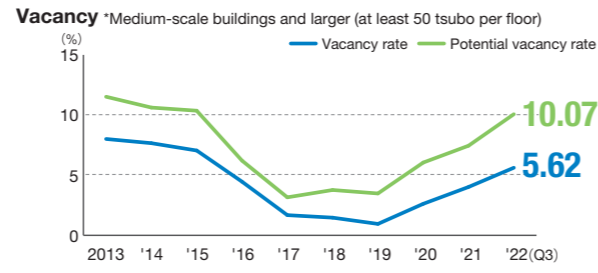
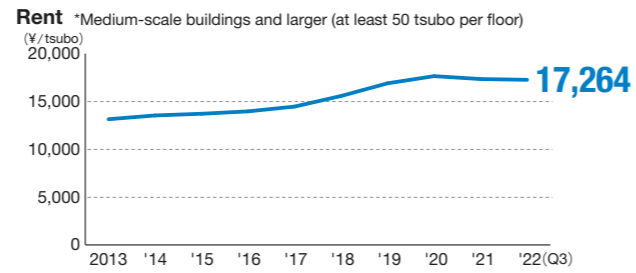
Shinagawa Ward / Ota Ward

Since 2020, the vacancy rate and potential vacancy rate have continued to trend upward. The vacancy rate has recently reached the 5% level from a low level of less than 1% in 2019. Asking rents have remained flat at the 17,000 yen/tsubo level since peaking in 2020.



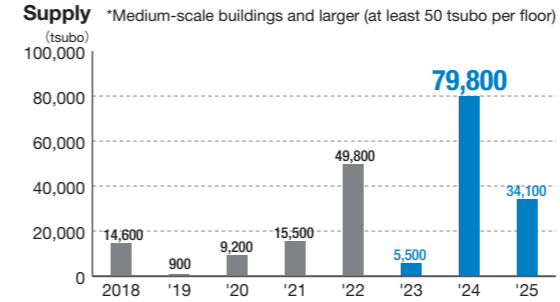
Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/ Large	Medium	Small
1 Gotanda, Osaki		23,462	18,072	16,884	15,604
2 Kita-Shinagawa, Higashi-Shinagawa		18,696	13,317	11,750	12,928
3 Omori, Kamata		15,700	14,625	12,169	13,401



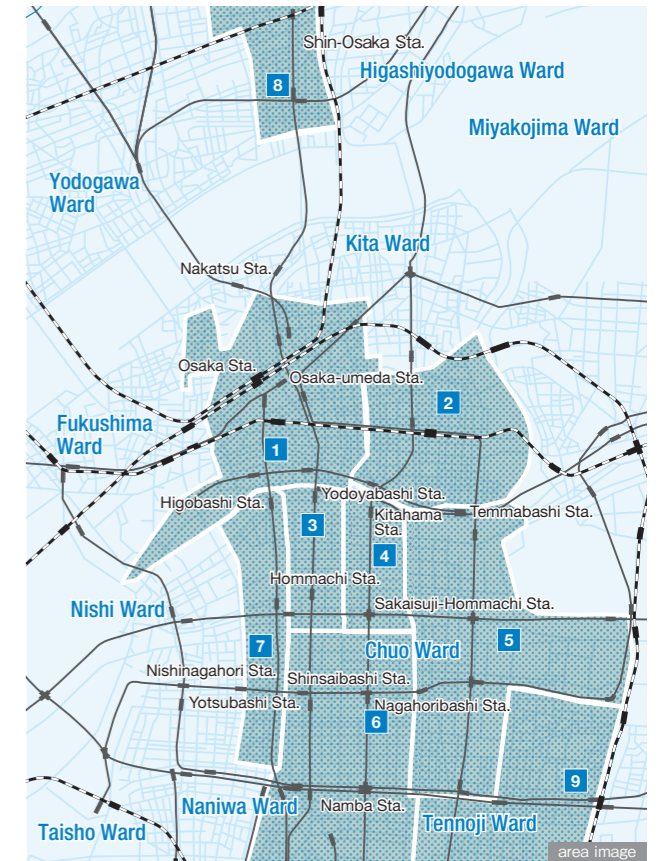
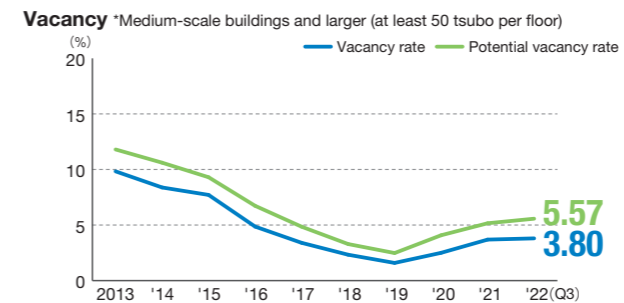
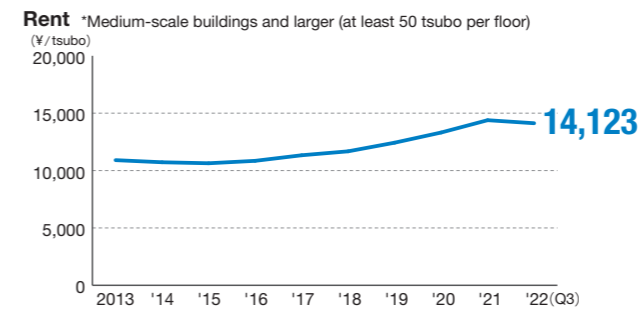
Osaka City

Over the next three years, while new supply will remain at a low level in 2023, large supplies of around 80,000 tsubo in 2024 and around 30,000 tsubo in 2025 are expected.



Kita Ward / Chuo Ward / Nishi Ward

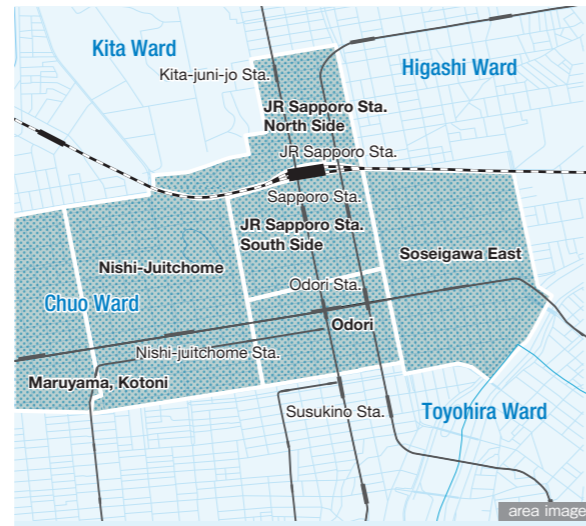
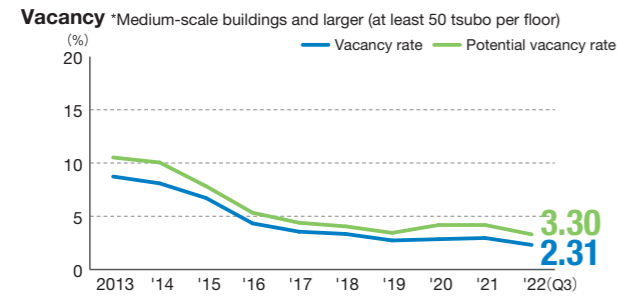
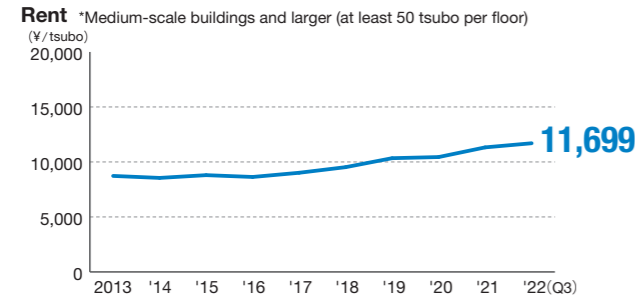
Both the vacancy rate and potential vacancy rate continue to trend upward since bottoming out in 2019, with the vacancy rate approaching the 4% level. Asking rents, which had continued to rise since 2016, have recently remained flat at the lower 14,000 yen/tsubo level.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/ Large	Medium	Small
1 Umeda, Dojima, Nakanoshima		24,193	17,339	15,542	12,979
2 Minamimorimachi		14,560	11,348	10,869	10,753
3 Yodoyabashi, Hommachi		18,971	13,743	11,995	10,414
4 Kitahama, Sakaisuji Hommachi		15,146	12,480	10,554	9,768
5 Temmabashi, Tanimachi		14,500	11,537	9,733	8,993
6 Shinsaibashi, Nagahoribashi, Namba		15,932	13,272	11,039	11,064
7 Higobashi, Nishi Ward Hommachi, Yotsubashi		14,421	12,270	10,445	9,618
8 Shin-Osaka		16,550	12,761	10,396	9,332
9 Tennoji		-	10,714	11,000	7,922

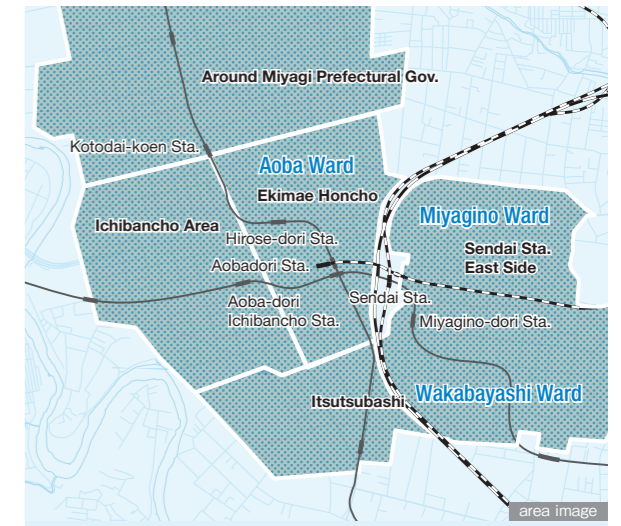
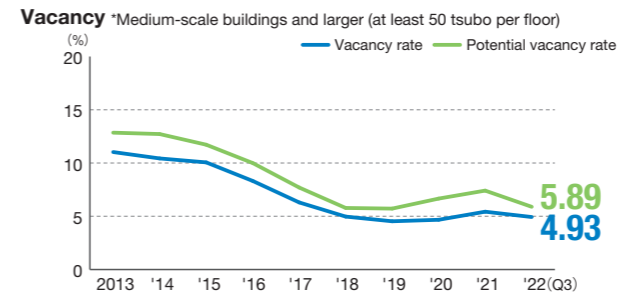
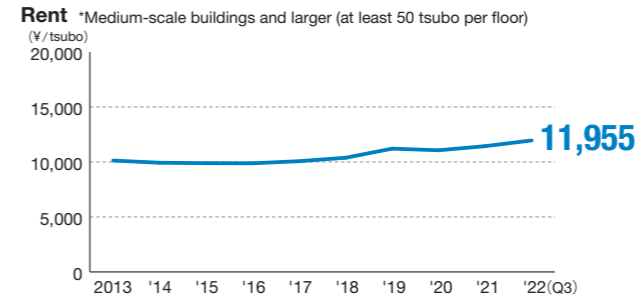
The vacancy rate decreased to around the lower 2% level, reaching the lowest level since 2013 along with the potential vacancy rate, leading to a sense of scarcity in key areas. Due partly to the impact of recruitment starting for multiple buildings under construction, asking rents remain on a gradual upward trend.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/Large	Medium	Small
JR Sapporo Sta. South Side		17,179	15,500	13,811	9,383
JR Sapporo Sta. North Side		17,722	16,000	13,007	10,500
Odori		15,397	14,734	10,670	9,830
Nishi-Juitchome		9,875	11,113	9,468	8,138
Soseigawa East		11,300	12,388	8,563	8,578
Maruyama, Kotoni		7,500	7,021	6,594	6,660

The vacancy rate, which was at the 11% level in 2013, has continued to trend downward, reaching its lowest figure since 2013 in 2019. Since then, it has tended to remain at around 5%. There has been no significant change in the potential vacancy rate either. While asking rents are trending gradually upward, there is no widespread tendency for owners to revise their asking terms.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/Large	Medium	Small
Ekimae Honcho		15,367	13,862	11,093	8,526
Ichibancho Area		12,883	10,401	11,463	8,667
Around Miyagi Prefectural Gov.		11,278	9,264	9,056	9,893
Itsutsubashi		12,000	9,000	9,167	-
Sendai Sta. East Side		15,823	12,157	10,167	13,000

D-LIFEPLACE SAPPORO



Creating a Next-generation Business Hub on a Main Street Near Sapporo Station

This building will be constructed at the entrance to Sapporo Station's underground pedestrian zone, through which roughly 120,000 people pass each day.

With shops and open areas from B1F to 1F, it will be a comfortable space where users feel the presence of natural light and greenery.

Office floors will occupy 2F to 13F. Standard floors will occupy 3F to 13F.

Area per floor	Approx. 280 tsubo
Scale	1 floor below ground and 13 floors above
Scheduled completion	May 2023
Environmental Certifications	<ul style="list-style-type: none"> » ZEB Ready » BELS (★★★★★) » CASBEE Smart Wellness Office (Rank S)

Prepared in collaboration with The Dai-ichi Life Insurance Company, Limited
*Information was valid as of October 2022 and may differ from the actual conditions.

Urbannet Sendai-Chuo Building



A Redevelopment Project in Downtown Sendai, Creating Dynamism and Interaction

It is the first property in the Sendai City Center Redevelopment Project undertaken by the City of Sendai.

It will be equipped with an innovation space, a co-working space, and conference rooms.

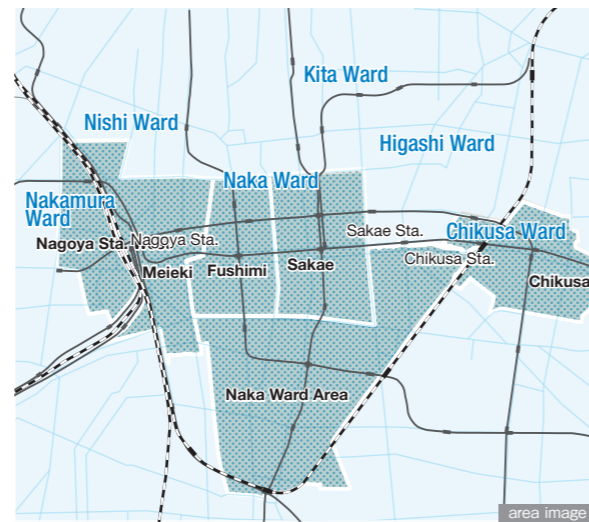
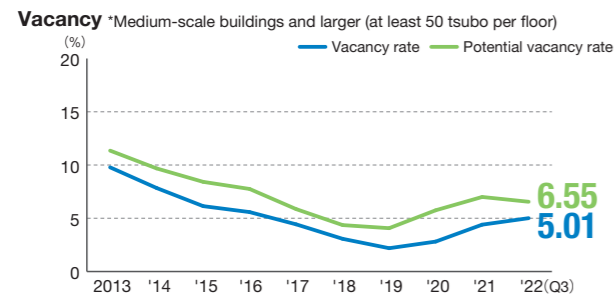
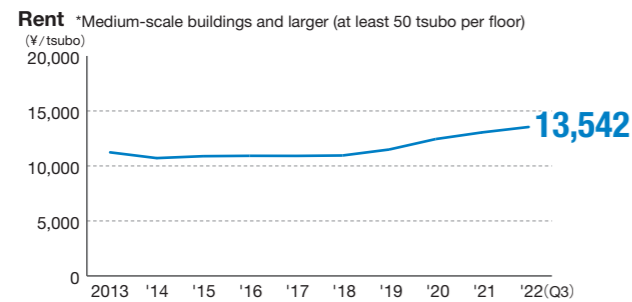
A dedicated tenant lounge will support worker well-being.

It will establish complementary facilities and functions to support the comfortable work of facility users, in collaboration with the Next-Generation Synchrotron Radiation Facility.

Area per floor	Approx. 480 tsubo
Scale	1 floor below ground and 19 floors above
Scheduled completion	November 2023
Environmental Certifications	<ul style="list-style-type: none"> » CASBEE (Rank S) » ZEB Ready

Prepared in collaboration with NTT Urban Development Corporation
*Information was valid as of October 2022 and may differ from the actual conditions.

The vacancy rate continues to trend upward and recently reached the 5% level for the first time since 2016, but there are starting to be signs of a change in the upward trend in the potential vacancy rate. Asking rents have remained on a gradual upward trend since 2018, recently reaching their highest figure since 2013. Ongoing new supply of more than 10,000 tsubo per year is projected.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/Large	Medium	Small
Meieki		22,205	17,050	14,047	13,123
Nagoya Sta. West		18,250	17,450	16,072	11,008
Sakae		15,758	12,650	11,908	11,105
Fushimi		15,950	13,313	11,595	11,330
Naka Ward Area		12,500	10,250	9,369	10,315
Chikusa		11,750	8,964	8,372	8,254

ENISHIO MEIEKI



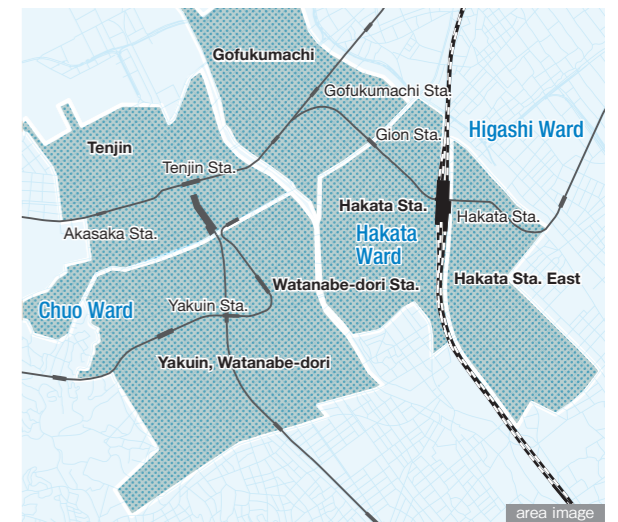
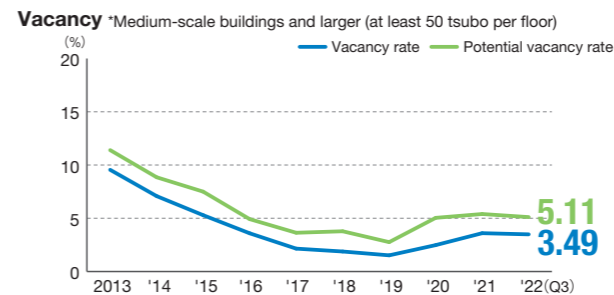
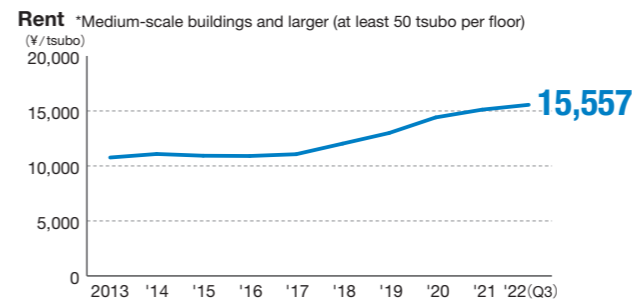
Realizing Harmonious Integration into the Surrounding Meieki Area Environment

This redevelopment project is under way in the area around Nagoya Station—the economic center of Chubu. Connecting directly to Nagoya Station’s underground mall, it is located at a mega-scale (city) and human-scale (neighborhood) hub. By applying computational design, it will deliver impressive exterior design, ensure an excellent view, and enhance comfort through insolation control.

Area per floor	Approx. 250 tsubo
Scale	2 floors below ground and 16 floors above
Scheduled completion	August 2023
Environmental Certifications	» ZEB Oriented » CASBEE Nagoya (Rank A) » BELS(★★★★★)

*Information was valid as of October 2022 and may differ from the actual conditions.

Both the vacancy rate and potential vacancy rate are trending upward after bottoming out in 2019, but recently the pace of increase has slowed. Asking rents continue to trend upward, but revision of the asking terms has been limited to only some buildings. Ongoing new supply of 20,000 to 30,000 tsubo per year is projected.



Rent : ¥/tsubo (CAM charge inclusive)

	Scale	Large	Medium/Large	Medium	Small
Hakata Sta.		18,355	15,933	14,370	14,526
Hakata Sta. East		15,483	14,040	11,766	10,907
Gofukumachi		17,559	15,800	13,193	13,160
Tenjin		19,994	17,022	14,754	13,612
Yakuin, Watanabe-dori		15,967	15,214	13,235	10,711

Hakata FD Business Center



A New Building Appearing Midway between Two Leading Office Area, Tenjin and Hakata

This building will have earthquake resistance 1.25 times stronger than the standards stipulated in the Building Standards Act. It will implement best-in-class infectious disease countermeasures within Fukuoka City by installing Streamer Disinfection Units (disinfection units for A/C equipment in private areas) and incorporating both mechanical and natural ventilation.

Area per floor	Approx. 475 tsubo
Scale	12 floors above ground
Scheduled completion	February 2023
Environmental Certifications	» CASBEE Wellness Office (Rank S) » DBJ Green Building Certification

Prepared in collaboration with Fukuoka Jisho Co., Ltd.
 *Information was valid as of October 2022 and may differ from the actual conditions.

The Appeal of Japan's Business Environment

Japan External Trade Organization (JETRO) compiled the "JETRO Invest Japan Report 2022," which is a comprehensive report on direct investments in Japan, for the purpose of providing information and reference materials to foreign and foreign-affiliated companies. This section provides a commentary based on the contents of the report.

Change in Foreign Direct Investment (FDI) Stocks in Japan

Although the FDI stock in Japan at the end of 2021 (asset and liability principle) was 40.5 trillion yen, increasing slightly by 0.8% year-on-year, it continued to mark a record-high. The ratio of FDI stock to GDP was 7.5%. [chart 1]

Amount of FDI Flow to Japan in 2021

When looking at the amount of FDI flow to Japan by industry, the amount for chemical and pharmaceutical products increased significantly to 1.5 trillion yen, followed by that for finance and insurance, which increased by 25.1% year-on-year to 0.9 trillion yen. [chart 2]

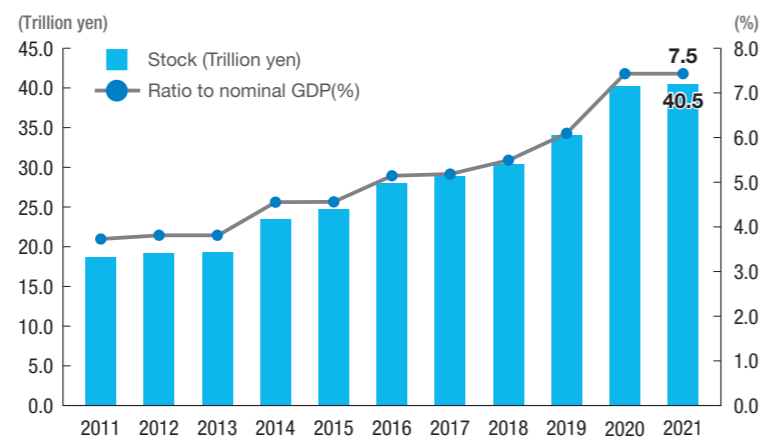
Change in Japan's Business Environment

According to the "Survey on Business Operations of Foreign-

affiliated Companies in Japan" conducted by JETRO between September and October 2021, improvements in the living and social environment, such as the "ease of living environment for foreign residents" and "ease of communicating in foreign languages in business," were seen. On the other hand, questions on the business environment, such as the "ease of finding business

partners" and "ease of raising funds," received mixed responses of "improving" and "getting worse." It is believed that the worsening of the "strictness and complexity in the immigration control system" is due to the border control measures implemented to prevent the spread of COVID-19. When asking companies whether they reviewed or changed their business plans in Japan due to the

Chart 1: FDI stock in Japan



Source: "International Investment Position of Japan" (MoF, BoJ), "National Accounts of Japan" (Japan Cabinet Office)

spread of COVID-19, 38.8% said they have "not reviewed." It was found that, when combined with the responses of "reviewed and determined that no changes were necessary," approximately 60% of the companies that responded have continued their business plans in Japan. [chart 3]

Regarding the business environment in Japan that foreign-affiliated companies find attractive, "Japanese market size" came as the top response that was chosen by 63.4% of respondents, followed by "growth potential of the Japanese market" at 32.0%.

Support for Foreign Companies by JETRO

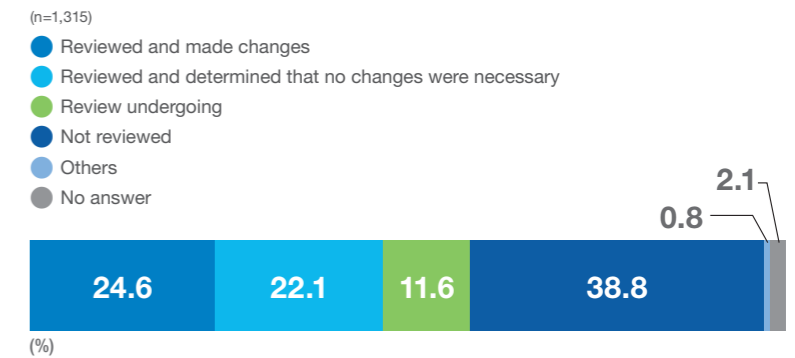
JETRO is providing services, including disseminating information on the Japanese market and support for establishment of offices in Japan and business expansion, to foreign companies eligible for support.

Chart 2: FDI Flow to Japan in 2021: Top 10 sectors

Ranking	Sector	2021 (billion yen)	Growth rate (YoY, %)
1	Chemicals and pharmaceuticals	14,713	987.7
2	Finance and insurance	9,297	25.1
3	Communications	4,246	2,981.5
4	Electric machinery	2,350	49.1
5	Service	613	-30.1
6	Transportation	487	130.6
7	General machinery	137	-34.7
8	Iron, non-ferrous, and metals	102	250.0
9	Construction	98	—
10	Lumber and pulp	88	860.4
—	Wholesale and retail	-2,403	—
—	Transportation equipment	-3,293	—

Note: (1) Directional principle. (2) Negative amount indicates net withdrawal. Source: "Balance of Payments" (MoF, BoJ)

Chart 3: Review/revision of Business Plans in Japan Due to the Spread of COVID-19



JETRO's Programs Promoting Investments in Japan

1. Dissemination of information on Japanese business environment

- Disseminating information via the "Investing in Japan" website
- Providing various materials/brochures
- Holding seminars for overseas companies

2. Research on the Japanese market/proposal of business strategies

- Finding potential partners through business events, exhibitions and networking
- Providing information on markets, regulations, etc.
- Proposing market entry strategies
- Introducing the departments in charge at central government ministries/agencies and local governments

3. Supporting setting up of business

- Providing temporary offices
- Providing advice on registration procedures and legal, labor, and tax affairs
- Providing support in finding human resources and offices

4. Expansion of business with Japanese partners

- Providing opportunities for business matching with Japanese companies
- Providing support for collaboration with local governments
- Providing support for secondary investment and business expansion
- Providing support for formation of collaborative and cooperative projects through J-Bridge

JETRO's Invest Japan website <https://www.jetro.go.jp/en/invest>

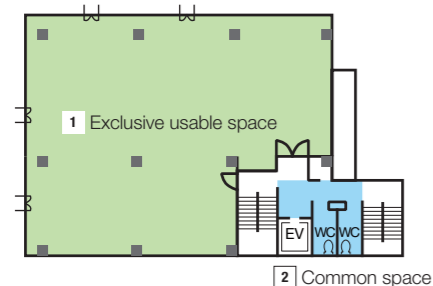
Important Terms

Contracted Space

契約面積

This term may apply to exclusive usable space, or to both exclusive usable space and a part of the common space

(1 green part only, or 1 + 2 blue part).



1 Exclusive usable space

[専有面積]

This term refers to the space used exclusively by the tenant; it is measured from wall center to wall center.

2 Common space

[共用面積]

This term refers to space used in common by two or more tenants. It might include elevator halls, corridors, restrooms, kitchenettes, and the like.

Unit of Space

[面積單位]

The official unit used to measure floor space is the square meter, but many property owners still use the older term "tsubo" in their floor plans and advertisements.

(1 tsubo ≐ 3.3 sq. m ≐ 35.58 sq. feet)

Deposit Money

保証金・敷金

The terms "Hoshokin" and "Shikikin" are both used to mean "deposit money." Though they have slightly different meanings, they essentially refer to a sum which is paid to the owner as a non-interest deposit when signing the lease contract. Legally this money could be classified as "guarantee money" against any liability that the tenant might incur against his duties as a tenant.

Return Period

The deposit money will be returned to the tenant after the "surrender by the lessee of the leased premises to the lessor." Any unpaid rent or damages recoverable from the lessee will first be deducted from the deposit, and the difference will be refunded.

Sum

As a normal rule, 10-12 month's rent will be charged as deposit money.

Depreciation Fee

[償却費]

Owners of small-sized buildings often demand that tenants pay a depreciation fee. This is deducted as a percentage from the deposit (usually 10% to 20%) when the contract

ends, and the deposit minus the fee is then returned to the lessee. The term "depreciation" is used here, but there is no direct relationship between the fee and building depreciation.

Rent

賃料

Beginning of Rent

In general, two periods are included in a term of the lease. The one is for interior finish work before a tenant move in the leased premise, and the other one is for restoration work. And rent starts on the beginning date of the term of the lease. A tenant is required to complete a restoration work by the termination of the term of the lease.

Rental Payments Due

The common practice is to pay rent a month in advance, with the payment for the following month coming due at the end of the current month (between the 25th and the last day of the month).

Method of Payment

In general bank transfers or postal transfers have become the most common way to pay one's rent.

Increases in Rent (Case of regular lease contract)

Three basic reasons for rent increases during the contract period or signing a new lease contract.

1. Taxes on the land or on the building itself have increased.
2. There has been a sharp increase in the general cost of living due to inflation, etc.
3. The rent is shown to be lower than rents for similar facilities in the same neighborhood.

Such increases can be implemented with the agreement of both parties.

Other Expenses

In addition to monthly rent and common area maintenance charges, the following expenses may be incurred. It will depend on the operating systems of the building and several reasons. Please check each time.

- Parking lot fees
- Gas charge
- Fees for the use of building signboards
- Cleaning charge
- Air-conditioning & heating
- Electric charge
- Water charge, etc.

Common Area Maintenance (CAM) Charge

共益費

In most cases, a fee is charged monthly in addition to the actual rent. This fee is calculated on the basis of the running costs of the building, such as Electric Charge, Water Charge, Gas Charge, Cleaning Charge, Air-conditioning & Heating Charge for the common space such as entrance hall, elevator, toilet, etc. Generally the fee is between 3,000 yen and 7,000 yen per tsubo. Recently there have been cases of the common area maintenance (CAM) charges being included in the rent.

Lease Type and Terms

契約形態・契約期間

Lease terms in Japan generally fall into two categories.

One is a regular or standard lease that usually runs for 2-3 years but can be automatically renewed unless either party wishes to terminate the contract. Under this lease, tenants wanting to vacate before the end of the lease period can usually give written notice, typically six months in advance, and then vacate without incurring penalties.

A second type of lease being increasingly adopted by owners of Class A buildings is the fixed term lease. Such leases run for 2-5 years, and at the end of the lease period, tenants cannot renew. Tenants wishing to remain in the property must renegotiate a new contract with the owner. Also, tenants wishing to vacate ahead of the lease expiry date must pay a penalty equivalent to the number of months' rent remaining in the contract.

Renewal Fee

更新料

Some landlords demand a renewal fee when lease contracts are renewed, and this fee is usually one month's rent at the rate stipulated in the new lease contract.

Explanation of Important Lease Conditions

重要事項説明書

Based on Article 35 of the Land and House Lease Law, Sanko Estate will explain lease terms and conditions in writing ("Important Lease Conditions") prior to signing of the Lease agreement.

Repair Fees

修繕費

The following types of repair fees are the most commonly encountered.

Obligations of the Property Owner

1. Repairs on the building itself
2. Repairs on office ceilings, walls, floors, and other structural members that are a part of the building itself
3. Repairs for the common areas of the building
4. Repairs for equipment and machinery

Obligations of the Tenant

1. Repainting or papering of ceilings, walls, floors, and other space inside the office
2. Replacing or repairing fixtures, blinds, glass, lighting, switches, or electrical outlets inside the office
3. Repair any partitions, fixtures, special-use equipment, or the like that the tenant has installed in the office. Check your contract carefully for any other obligations that may be faced by the tenant

Interior Finish Work

内装工事

A tenant is required to submit a plan of interior finish

work in the leased premise to the building owner, and need to obtain the owner's consent in advance to avoid having troubles related with the body of the building.

Prohibitions, etc.

禁止事項

In general, the lessee may not

1. Reassign the lease of the leased premises or sublet the leased premises in any form
2. Assign or offer the leased premises as security to third parties including any of the rights under the contract
3. Transfer any of the rights under the contract to any person other than the lessee through assignment of business, merger, or other such transactions

In addition, without the lessor's consent, the lessee may not co-occupy the leased premises with another person/party or use any name other than that of the lessee as the name of occupant. It may be permissible for the leased premises be co-occupied with the prior consent of the lessor if the other party is financially related to the lessee.

Restoring to Original Condition

原状回復

The lessee is under obligation to restore the leased premises to the original condition by the termination of the contract.

The standard for offices usually entail

- Replacement of carpet tile flooring
- Wallpaper renewal
- Painted walls
- Sound-absorbent plates on the ceiling and fluorescent lighting

At the termination of the contract, the lessee removes at his own expense the fixtures and equipment installed or added at his expense and the property owned by him prior to delivering the leased premises to the lessor. If the lessee fails to restore the leased premises to its original condition at the termination of the contract, the lessor may restore the leased premises and charge the expenses to the lessee. It must be done by contractors the owner designates or approves of, and the tenant bears all construction costs. The construction work must be completed within the contracted period.

Cancellation Notice of Contract (Case of regular lease contract)

解約予告

If the lessee desires to terminate the contract at any time during the term of the lease, it is stipulated that the lessee must present advance notice of cancellation to the lessor in the time designated by the lessor (usually within 6 months prior to the lessee's expected day of the termination, with the need to restore to the original state). If the lessee wants to cancel the contract without prior notice, the lessee is obliged to pay a penalty for cancellation of contract equivalent to the 6 month's rent, as stipulated in the article of advance notice. However, in principle, early cancellation of a fixed-term lease contract is not possible.

Commission

仲介手数料

In Japan, at the time of contracting for new space, it is the tenant and not the landlord who pays the introducer, the agent, a fee equal to one month's rent. This practice gives the tenant important advantages by ensuring that the agent represents the tenant only while diligently maintaining the tenant's position and acting in the tenant's best interests in all negotiations.

Building Rules and Regulations

管理規則

Most buildings have their own "Administrative Regulations" concerning daily administration and management of the building such as opening and closing times (regular hours) of the building, regular air-conditioning and heating hours, use of the building beyond the regular hours, working hours of janitors, and stipulations concerning keys, etc. It is recommended that the regulations be confirmed with the lessor in advance, since each building has its own set of regulations.

Seismic Performance

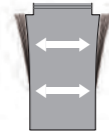
耐震性能

Earthquake-resistant structure

[耐震構造]

Structure designed and built to withstand earthquakes, wind and other forces.

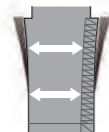
Seismic Engineering Approaches



Vibration-controlling structure

[制振構造]

Structure equipped with devices such as dampers to control and curb vibration energy.



Seismically-isolated structure

[免震構造]

Structure mitigates the effect of earthquakes with devices that reduce swaying, commonly rubber bearings and dampers placed between the building and its foundation that move flexibly horizontally.



Emergency Power Supply

非常時における電源供給

Office buildings equipped with emergency power generation systems

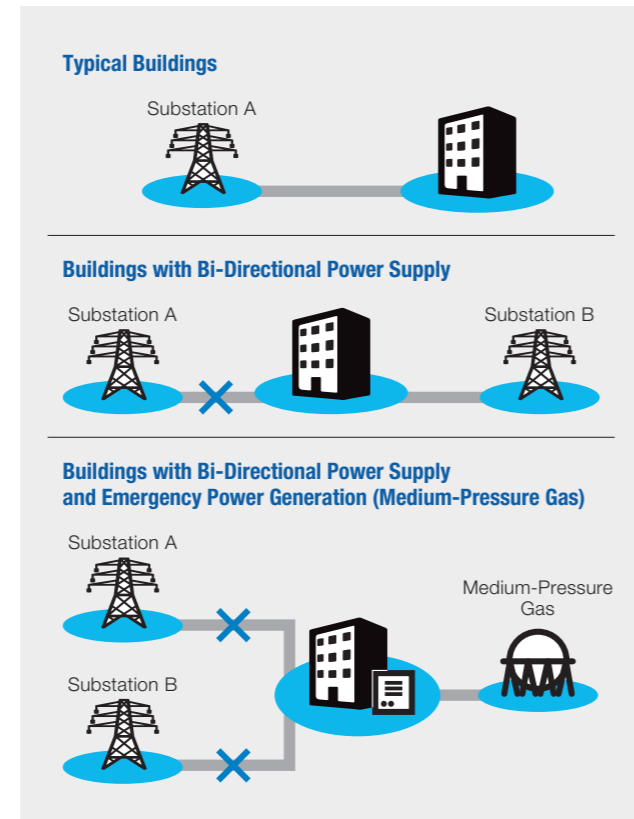
Typical office buildings have uni-directional power supply systems that receive power from a single transformer substation, so if the supply from a substation is cut off during an incident or disaster, it takes time to restore power to the building.

In contrast, office buildings with bi-directional power supply systems receiving power from another transformer substation on a separate network can continue to provide power to the building's exclusive areas even if the supply from one substation is cut off.

Recently an increasing number of high-spec buildings are

making this bi-directional power supply system even more safe and BCP*-ready by adding emergency power generation systems powered by medium-pressure gas and oil tanks installed in the buildings.

*BCP: Business Continuity Planning



Serviced Offices**

サービスオフィス

"Serviced offices" typically refers to rental spaces that come equipped with the desks, chairs, and other furniture required in offices, along with internet access, conference rooms, and so forth. Many serviced offices also provide reception and secretarial services at the request of tenants. The advantage of serviced offices may be summed up as the ease with which tenants can move in and move out. More specifically, the advantages include the following:

1. Moving in is possible with lower initial costs than a standard rental office.
 - Small deposit
 - Office infrastructure such as communications-related services and utilities are already set up
 - Interior construction work is not required
2. Short interval between when the decision to move in is made and actual move in.
3. In the case of companies entering the Japanese market for the first time, it is often possible to use the serviced office's address for company registration.
4. Depending on the vacancy conditions at the time, it may be possible to adjust the lease duration and leased floor area to suit the tenant's needs.

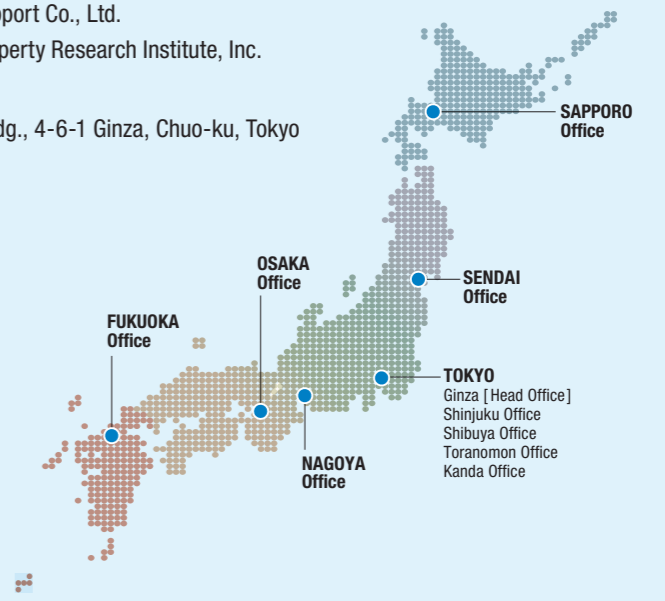
In recent times, serviced offices have become available at a wide range of building types, from high-rises to medium/small-scale buildings, increasing the choices available to companies.

**Including co-working offices, shared offices, flexible offices, etc.

COMPANY OUTLINE

Sanko Estate Co., Ltd.

Established	May 17, 1977
President	Shigeo Takei
Capital	¥100,000,000
Employees	248 (421 for entire group)
Company Services	<ul style="list-style-type: none"> • Workplace consulting services • Office leasing services • Project management services
License	<ul style="list-style-type: none"> • Real estate agent: License authorized by Minister of Land, Infrastructure, Transport, and Tourism (11) No. 3105 • First-class Architect Office Registration: Governor of Tokyo No. 61819 • Special construction business: License authorized by Governor of Tokyo (Toku-3) No. 154415
Professional Affiliations	<ul style="list-style-type: none"> • Tokyo Real Estate Brokers Association • National Real Estate Guarantee Association • Japan Facility Management Association • The Tokyo Chamber of Commerce in Japan • Japan Association of New Economy • The American Chamber of Commerce in Japan • The British Chamber of Commerce in Japan • The Swedish Chamber of Commerce and Industry in Japan
Group Companies	<ul style="list-style-type: none"> Sanko Office Management Co., Ltd. MS Building Support Co., Ltd. Commercial Property Research Institute, Inc.
Office Location	Ginza Sanwa Bldg., 4-6-1 Ginza, Chuo-ku, Tokyo [Head Office]



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OFFICE RENTDATA 2023

February 2023
Published by Sanko Estate Co., Ltd.
Ginza Sanwa Bldg., 4-6-1 Ginza,
Chuo-ku, Tokyo

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