

The background of the slide features a stylized, layered illustration of Mount Fuji. The mountain is depicted with various shades of green and yellow, suggesting different elevations or vegetation. The top of the mountain is white, representing snow. The sky is a clear, light blue gradient. The overall style is clean and modern.

Panel 4

Investment in Japan (2)

Real Estate and REIT Market

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Panelists

- ◆ Mr.Toshihiko Okino, Senior Analyst, Managing Director, Equity Research Department, UBS Securities
- ◆ Mr.Fuminori Imanishi, Head of Retail Division, Mitsubishi Corp. - UBS Realty
- ◆ Mr.Fumio Inada, General Manager, Investment Management Division, Tokyo Tatemono Co., Ltd.
- ◆ Mr.John Stinson, Director, Asia Pacific Investment Business Group Leader, DTZ

Why Investment in Japan?

Real Estate and REIT Market

- ◆ Investment is Global (Japan is one of “core” real estate markets in Asia-Pacific)
- ◆ Especially Tokyo, relatively stable to North America and Europe
- ◆ Trading at discount in Asia-Pacific

2009

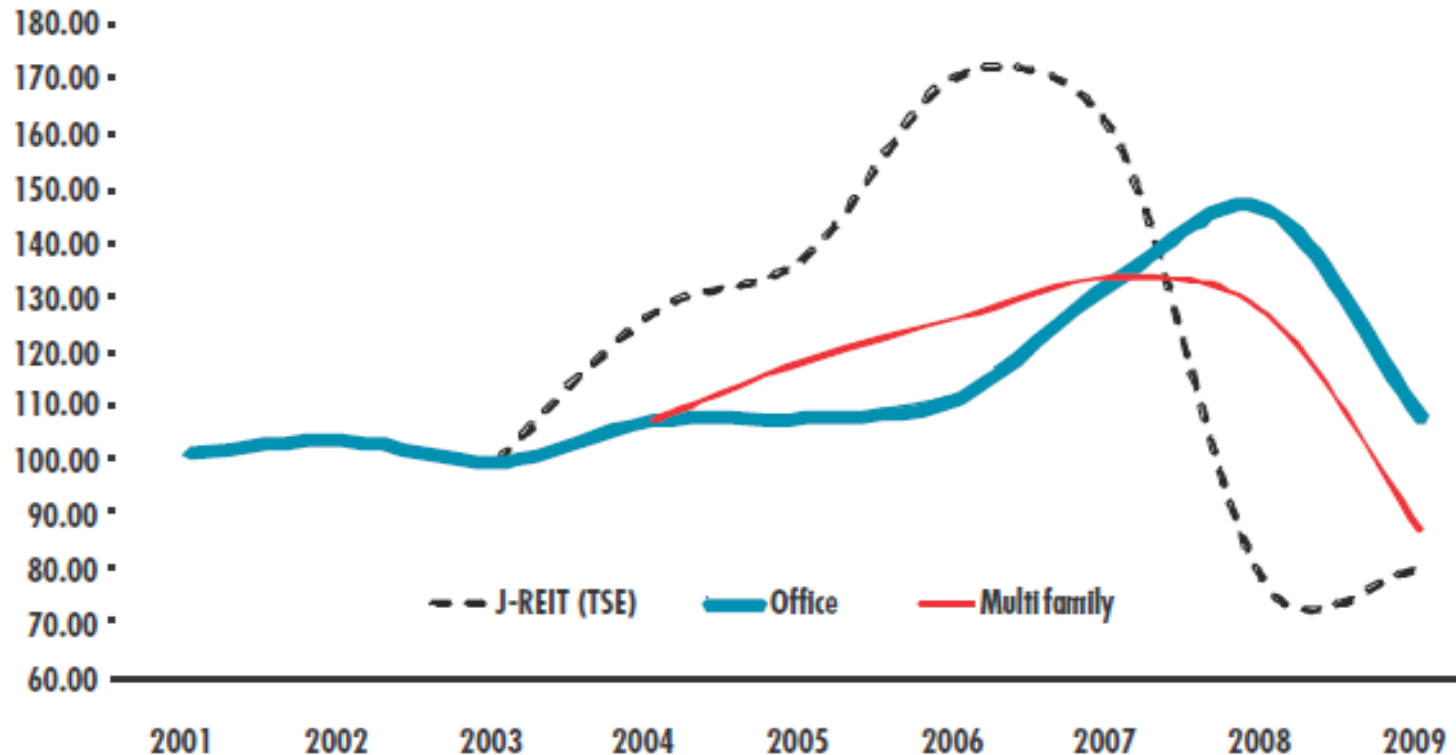
Global Real Estate Market What happened?

- ◆ Listed property Passed the “stress test”
- ◆ Restructured balance sheets
 - ❖ Net Sales
 - ❖ Credit Renewals
 - ❖ Equity raising
- ◆ High quality management
- ◆ High level of transparency

Source EPRA, FTSE Real Estate Seminar, Dec.2009

What happened?

Real Estate Prices in Japan 2001-2009



Annualized index by setting prices in 2003 = 100.

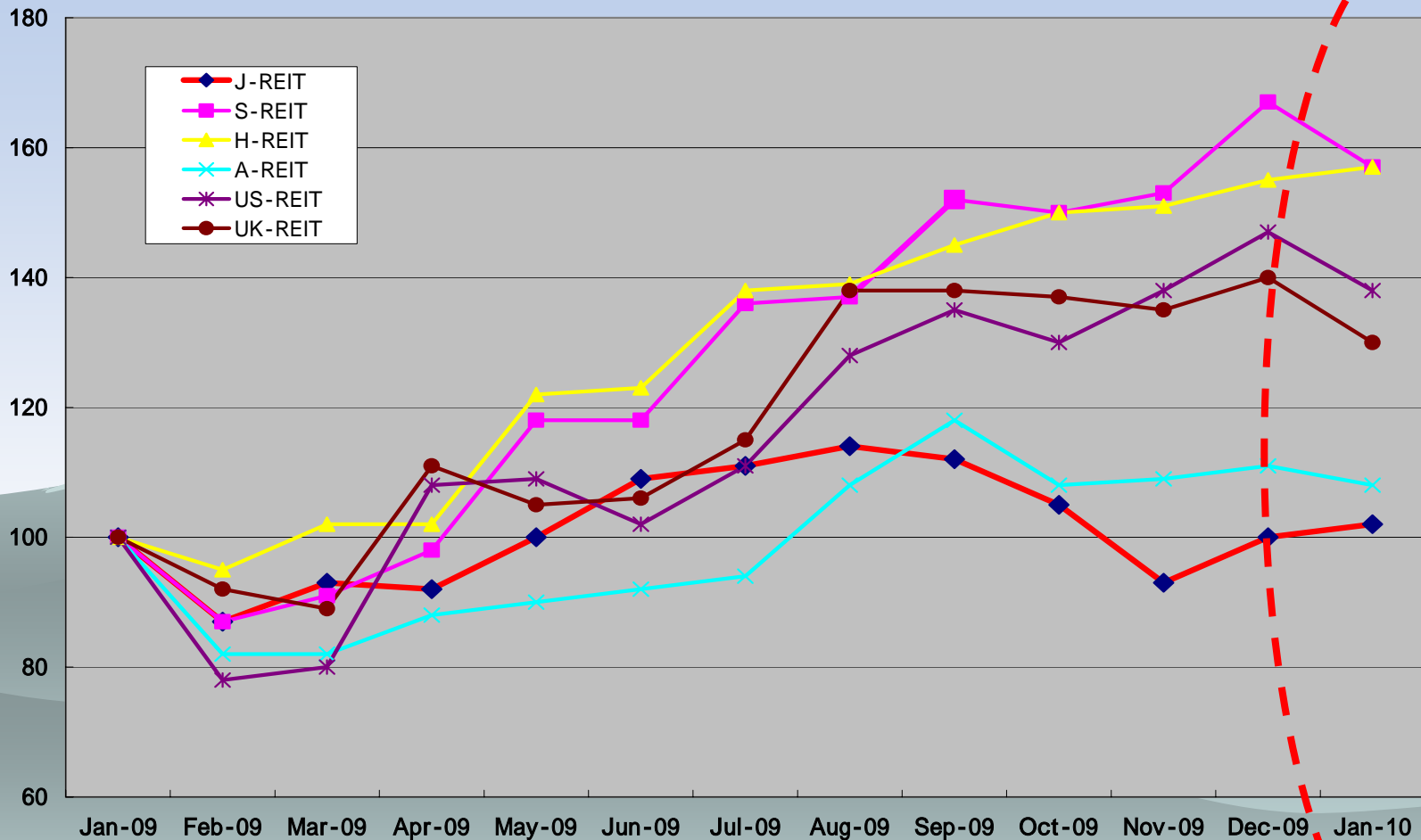
Sources: Tokyo Stock Exchange, author's calculations based on Repeat Sale Index by Center for Real Estate of Waseda University

2010 Expectations

- ◆ Cautious on Economy
- ◆ Restructuring and consolidation
- ◆ Refinancing remains an issue
- ◆ External growth and equity raising
- ◆ Transparency/ Governance/Sustainability
- ◆ Diversified “core” portfolio approach vs. more specialized investing

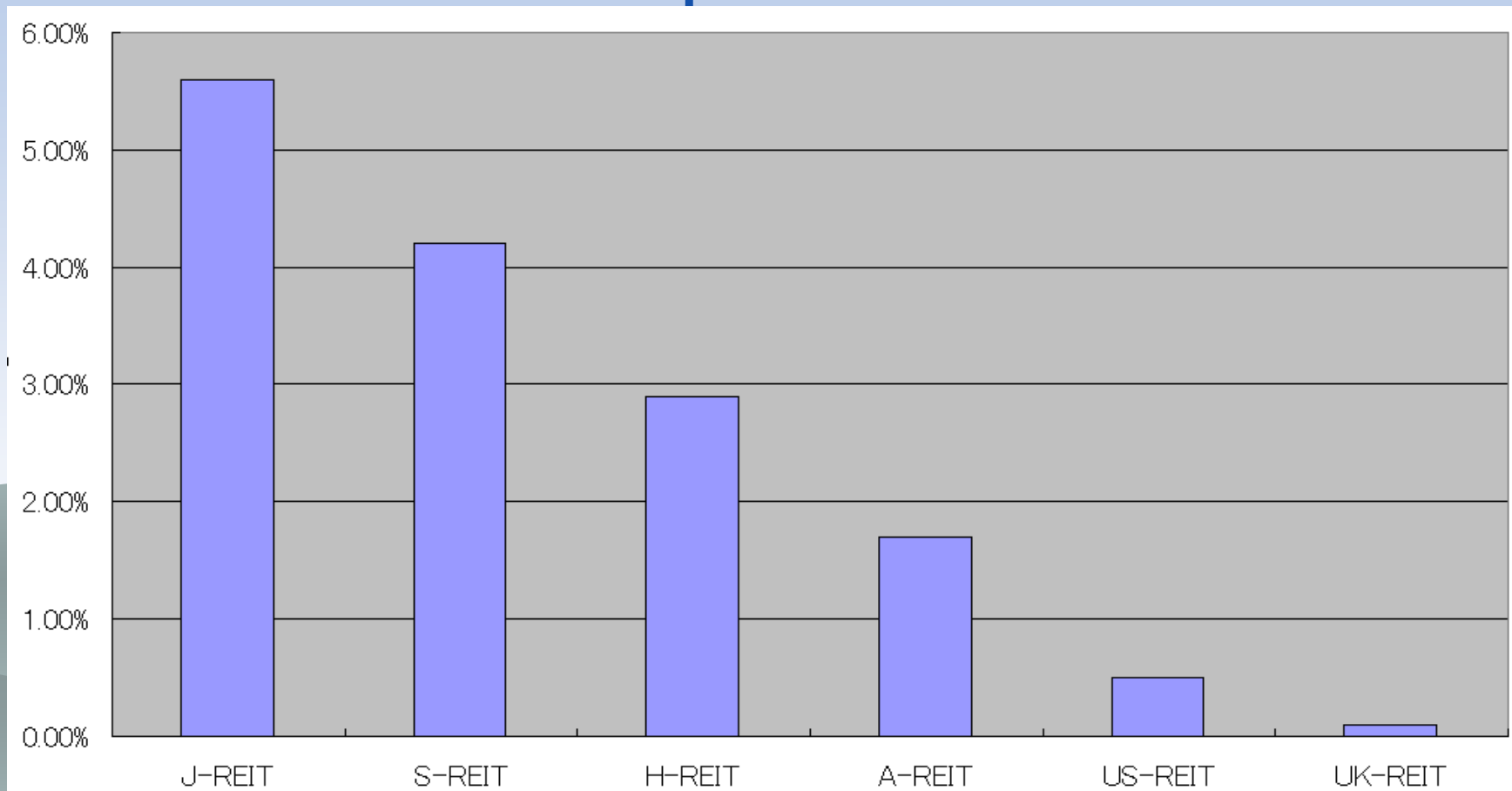
2010 Expectations

Global REIT Market



Source NAREIT, EPRA, TSE, Bloomberg, Daiwa Sec.-CM

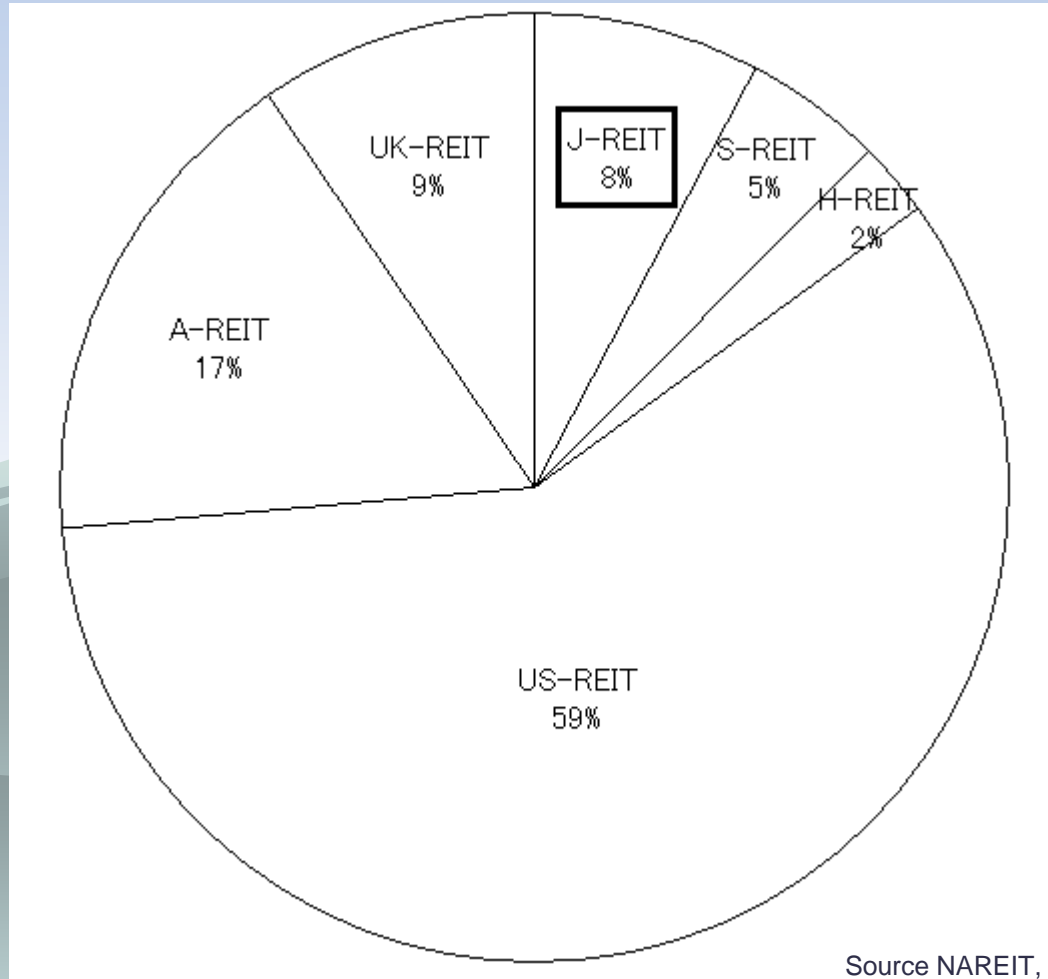
Global REIT Market Yield Gap in Jan.2010



Source NAREIT, EPRA, TSE, Bloomberg, Daiwa Sec.-CM

Global REIT Market

Mkt cap breakdown(Jan.2010)

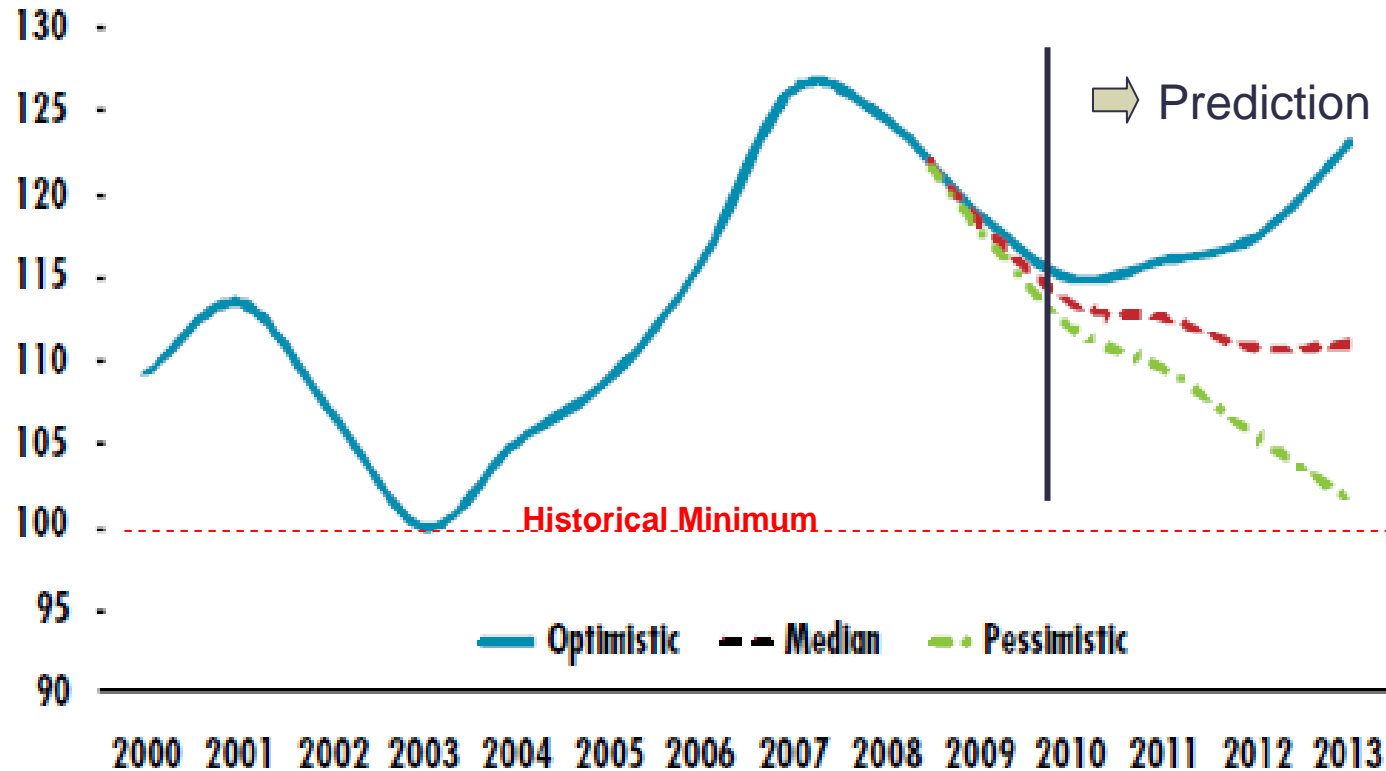


Total Mkt Cap
US\$ 3,996 bn

Source NAREIT, EPRA, TSE, Bloomberg, Daiwa Sec.-CM

2010 Expectations Tokyo Office Market

NOIs of Office Buildings in Tokyo (23 Wards), 2000–2013* (2003 = 100)

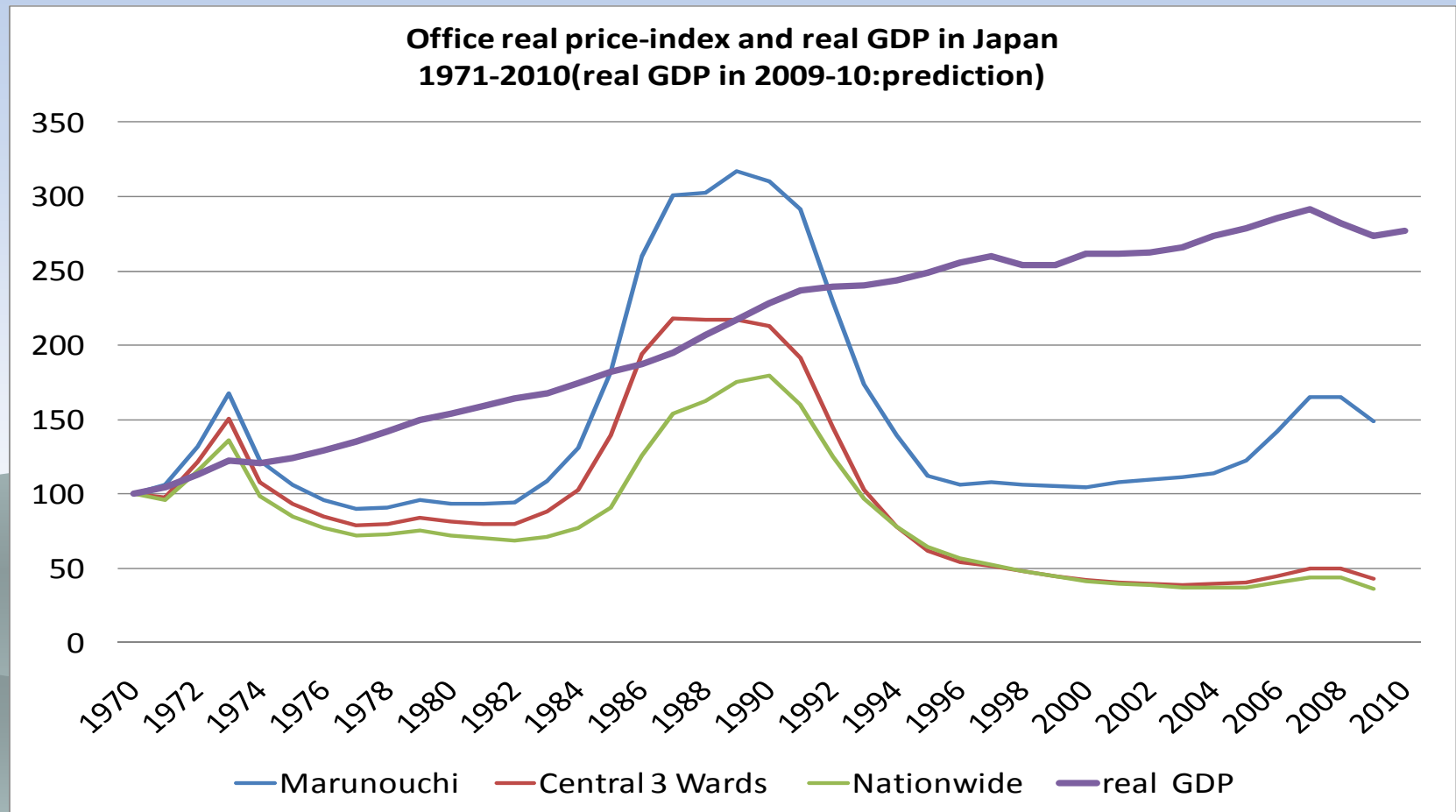


* Actual NOIs: 2000–2008; Forecast NOIs: 2009–2013

Source: Author's estimation using "MUCBex" Index provided by CBRE Research Institute of Japan

Tokyo office market relatively stable... Why?

The Previous crisis in 1990s made so...

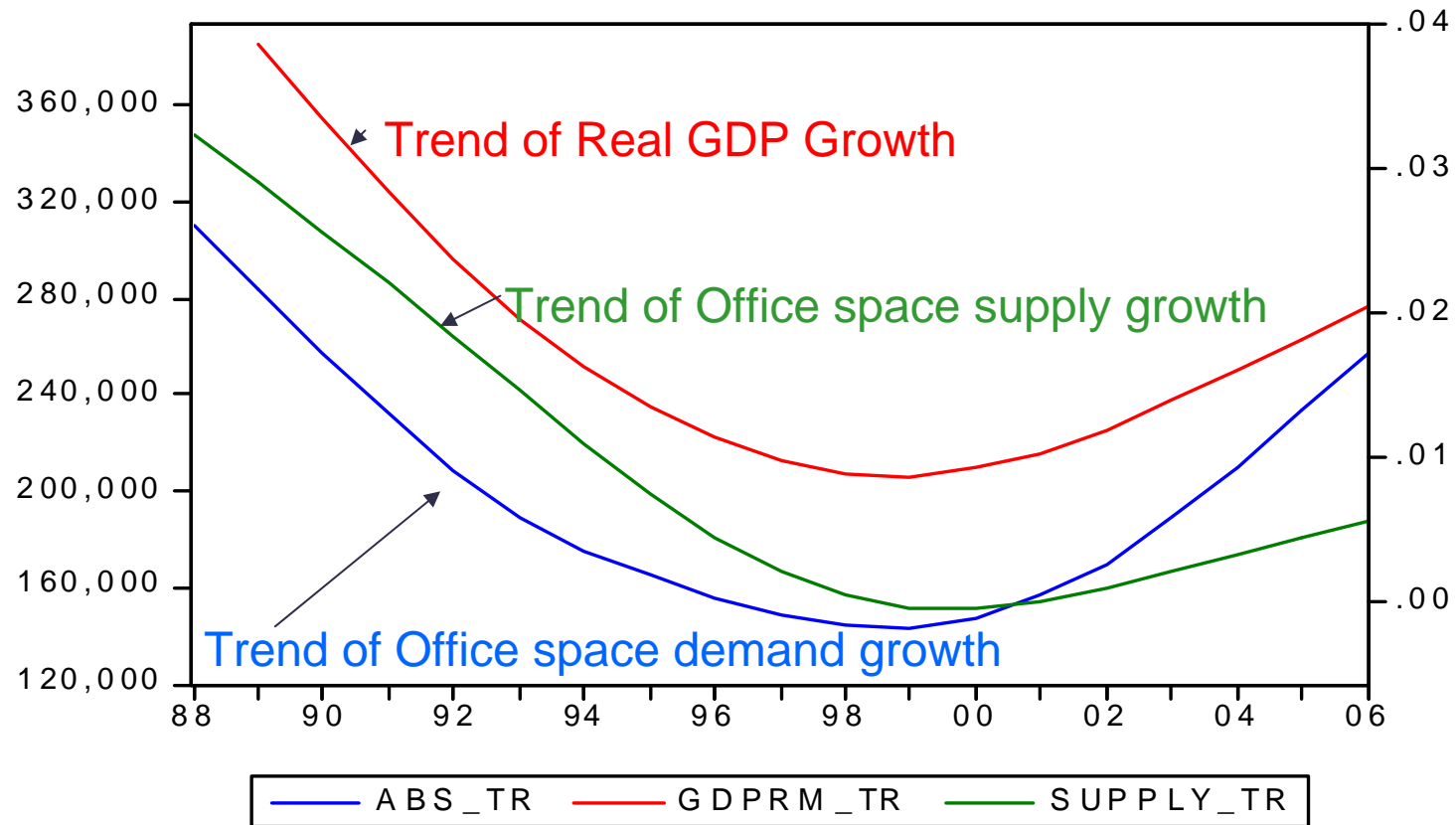


Source "MU-Cbex" and CBRE RI

Tokyo office market relatively stable... Why?

supply-demand balance

Tokyo Metropolitan 23 ward '88-'07



Discussion

A pessimist will see the difficulty in every opportunity, while an optimist will see the opportunity in every difficulty in real estate investment in Japan

