

NIKKEI REAL ESTATE MARKET REPORT

THE PREMIER INFORMATION SOURCE ON JAPAN PROPERTY



TKW1-1 under construction in Tama City, Tokyo, by GLP. Photographed in October 2024.

Feature: Data Centers

FOREIGN PLAYERS TAKING THE LEAD

Over 820,000 m² GFA planned across Tokyo, Kanagawa and Chiba

By Ai Okamoto and Yasuaki Nagahiro

December 2024, Issue 185

Feature: Data Centers	
Foreign Players Taking the Lead Over 820,000 m ² GFA planned across Tokyo, Kanagawa and Chiba	1
Trouble	
Intensifying "Minnade Oyasan" Battle Mizuho Bank's six-item questionnaire implies account closure	9
Under Construction Survey	
129 Projects Launched Aggregate GFA of 930,000 m ² including mixed-use building near Yoyogi Station	11
Market Knowledge	
Record High Transaction Volume	13
Deals Roundup	
Goldman Sachs sells Global Gate in Nagoya	14
Relocation Update	
Fujitsu to lease Hamamatsucho Exage Building in its entirety	15
News Digest	
Mori Building invests in New York office building	17

Due to the growing demand for generative artificial intelligence (AI) and other technologies, projects to construct huge data centers are being planned one after another, with locations mainly in western Tokyo and the Chiba area. Development is also spreading to regional areas and site transactions are also active. On the other hand, issues such as securing electricity and environmental concerns have become more apparent. Movements to cooperate with leading foreign companies to gain know-how in development and operation are becoming active.

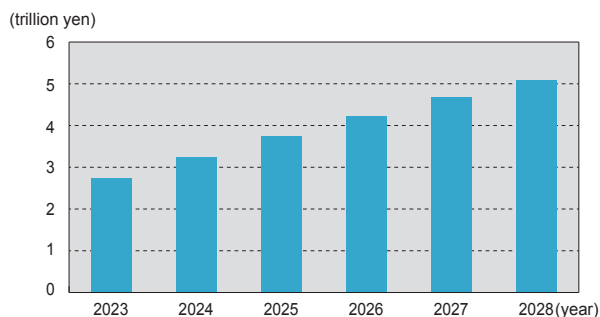
The construction of data centers with gross floor areas of 160,000 m² and 290,000 m² are planned in Hino City, Tokyo and Akishima City, respectively. These are some of the data center construction plans underway as of October 2024. According to research firm **IDC Japan**, the domestic data center services market will expand at an annual average growth rate of 13.2% until 2028 (**Figure 1** on page 2). Total sales, which were approximately 2.74 trillion yen [\$18 billion] in 2023, are forecast to reach approximately 5.08 trillion yen [\$33 billion] by 2028. Furthermore, the company believes that the amount of new investments in constructing new and additional data centers, as well as electric facilities and cooling systems, will exceed 500 billion yen [\$3.3 billion] per annum between 2024 and 2027.

In fact, plans that support the forecast have been revealed one after another. Nikkei Real Estate Market Report surveyed data center major development projects to be completed in or after 2025 in Tokyo, Kanagawa and Chiba prefectures. The details of the 16 data center projects, ranging from suburban ultra-large ones to urban ones, were

NIKKEI REAL ESTATE MARKET REPORT

This is a monthly edition of the Nikkei Real Estate Market Report, a subscription based online information resource focusing solely on commercial property investment in Japan.

[Fig. 1] Domestic Data Center Service Sales Amount Forecast



Note: Prepared by Nikkei Real Estate Market Report based on the data announced by IDC Japan. Figures for 2023 indicate actual results and those for 2024 and after indicate forecasts.

revealed (**Figure 2** on page 3). The aggregate gross floor area was more than 820,000 m².

Hyperscale data centers take center stage

Most conventional data centers had a gross floor area of 10,000 m² or less per site and a power capacity of several megawatts. On the other hand, future demand for hyperscale data centers with gross floor areas exceeding tens of thousands to over 100,000 m² and power capacities of several tens of megawatts is expected to increase.

The demolition work of the existing structures has started at a part of the **Hino Motors** plant in Hino City, Tokyo, which is a 15-minute walk from JR Hino Station. **Mitsui Fudosan** acquired the land in September 2023 and will construct a data center with three structures on the site, which will have an aggregate gross floor area of 162,360 m² and is marked (10) on the map. Mitsui Fudosan is also planning to construct a data center with a gross floor area of 38,900 m² in Sagami City (14).

GLP will construct eight data center structures and three logistics facility structures on a former site of a golf course located north of JR Akishima Station (4). The aggregate gross floor area of the data center structures alone is 292,000 m². The company is also proceeding with a plan to construct a data center campus consisting of three structures (6 - 8) in Tama City, Tokyo, and aims to complete it between 2025 and 2028. Also, Hong Kong's **Gaw Capital Partners** is planning to construct three data center structures with an aggregate gross floor area of approximately 66,500 m² in Fuchu City, in western Tokyo (11 - 13). Major data center operator **AirTrunk** of Australia and **Daiwa House Industry** will develop a data center with three structures having an aggregate gross floor area of 89,500 m² in Ome City (5).



Rendering of Kobunacho Project to be developed by Hulic. Prepared by Nikken Sekkei, which is engaged in the design. (Courtesy of Hulic)

In Inzai City, Chiba Prefecture, which is called “Data Center Ginza,” large projects are underway. **MC Digital Realty**, which is a joint venture established by U.S. REIT **Digital Realty Trust** and trading firm **Mitsubishi Corporation**, is working on a project to develop a data center with a gross floor area of approximately 22,800 m² (15). **Goodman** of Australia will develop a data center with two structures and an aggregate gross floor area of approximately 60,000 m² (16).

While massive development accelerates, plans to construct urban data centers are also active. **Hulic** is constructing a facility in cooperation with Singapore's **Digital Edge**, which is scheduled to start providing services in 2025, in Nihombashi-Kobunacho, Chuo-ku (1). Its high communication connectivity to central Tokyo, including Otemachi and Toyosu, where domestic interconnection points concentrate, is a selling point and is expected to see strong demand from cloud operators, telecommunications companies and IT companies.

In November 2024, general contractor **Obayashi** will establish a new company and enter the urban data center development business. It will establish a new building and renovate existing medium-sized buildings with vacancies to establish a data center. By linking them, Obayashi aims to achieve performance comparable to that of hyperscale data centers. In fiscal 2028, it will open the first structure in Minato-ku, Tokyo, and over the next 10 years it plans to invest approximately 100 billion yen [\$650 million].

Many issues remain

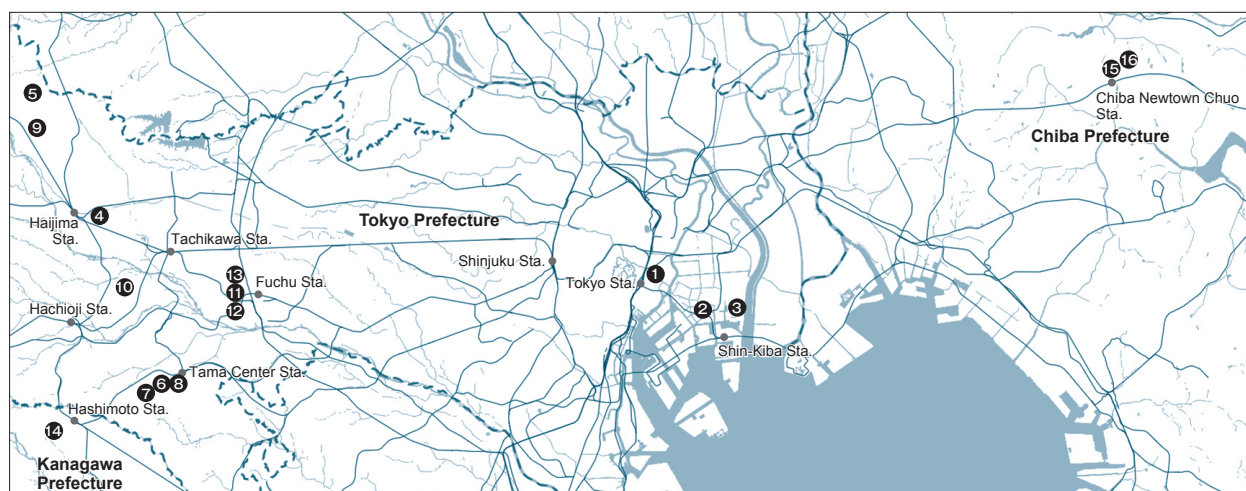
Data center transactions, including development site transactions, also stand out. The transactions are not limited to the Tokyo metropolitan area but have

(continued on page 4)

[Fig. 2] Major Projects in Tokyo, Kanagawa and Chiba Prefectures to Develop Data Centers

Property name or development name	Address (lot)	Area (m ²)		Stories	Developer	Designer	Constructor	Completion	Remarks
		Land	GFA						
① Kobunacho Project	7-1 Nihombashi-Kobunacho, Chuo-ku, Tokyo, etc.	967	6,249	8/1	Hulic, DEH1	Nikken Sekkei	Taisei	June 2025	Scheduled to open in 2025
② Shiohama 2-Chome Development Project Phase I	Part of 2-483-17 Shiohama, Koto-ku, Tokyo	4,820	9,765	5/0	Hulic	Nikken Sekkei	TBD	Mar. 2027	Overall site area including the Phase II is 16,875 m ² (land under leasehold); phase II structure is scheduled to be completed in 2028
③ Shirahama Newly Construction Work	3-2-7 Shinsuna, Kotoku, Tokyo	4,298	14,383	8/0	Shirahama TMK (SPC)	Taisei	Taisei	Sept. 2025	
④ GLP Akishima Project	1-267-1 Tsutsujigaoka, Akishima City, Tokyo, etc.	approx. 173,900	approx. 292,000	4/0	Akishima TMK (SPC), Akishima 1 Logistics TMK (SPC)				Developers are SPCs of GLP; the plan is to construct a data center with eight structures, and the area indicates the total of the eight structures; in addition, a logistics facility with three structures (gross floor area of approx. 920,300 m ²) will be constructed
⑤ Attok2 Project	6-16-21 Shimmachi, Ome City, Tokyo	45,324	89,500	8/0, etc.	Tok2 TMK (SPC)	Daiwa House Industry, Obayashi, Nihon Sekkei	Daiwa House Industry	Mar. 2027	Consists of three structures; gross floor area indicates the total of the three structures; it is a cooperative project between AirTrunk and Daiwa House Industry and the developer is an SPC of the two companies
⑥ TKW1-1	1-16-2 Karakida, Tama City, Tokyo, etc.	5,430	8,707	3/0	Tama TMK (SPC)	Takenaka	Takenaka	Feb. 2025	Developer is an SPC of GLP
⑦ TKW1-2	3-5-1 Karakida, Tama City, Tokyo	7,493	10,330	4/0	Tama2 TMK (SPC)	Toda	Toda	June 2026	Developer is an SPC of GLP
⑧ TKW1-3	1-14-1 Karakida, Tama City, Tokyo, etc.	8,386	approx. 11,400		Tama3 TMK (SPC)			Feb. 2028	Developer is an SPC of GLP
⑨ Hamura Building I	3-4-3 Sakaecho, Hamura City, Tokyo	31,004	30,170	7/0	Amazon Data Services Japan	Takenaka	Takenaka	Sept. 2026	
⑩ Hinoshi Hinodai San-Chome Project	3-1-32 Hinodai, Hino City, Tokyo, etc.	114,118	162,360	5/0, etc.	Mitsui Fudosan	Kajima	TBD	TBD	Construction site was a part of the Hino Motors' plant; scheduled to construct three structures
⑪ Apollo Phase 1	1-22 Nikkocho, Fuchu City, Tokyo, etc.	5,490	approx. 16,500		Beta Investment Japan TMK (SPC)				Construction site is the former site of Meito Sangyo Building; developer is an SPC of Gaw Capital Partners
⑫ Apollo Phase 2	1-43 Nikkocho, Fuchu City, Tokyo, etc.	5,479	approx. 16,500		Symphony TMK (SPC)				Construction site is the former site of Fuchu Building; developer is an SPC of Gaw Capital Partners
⑬ Apollo Phase 3	1-40 Nikkocho, Fuchu City, Tokyo, etc.	11,233	approx. 33,500		Abeona TMK (SPC)				Construction site is the former site of Seminar House Cross Wave Fuchu; developer is an SPC of Gaw Capital Partners
⑭ Data Center Building	4-1711-20 Hashimoto dai, Midori-ku, Sagami-hara City, Kanagawa, etc.	22,645	approx. 38,900	5/0	Mitsui Fudosan	Kajima		Dec. 2026	Site is a part of the former site of Polytechnic University Sagami-hara Campus
⑮ NRT14	2-4-2 Otsuka, Inzai City, Chiba, etc.	50,191	approx. 22,800	6/0	Digital Tokyo 2 TMK (SPC)			Dec. 2025	Developer is an SPC of MC Digital Realty; land area includes the site of NRT12
⑯ STT Tokyo 1, STT Tokyo 2	2-2-5 Kaguro-Minami, Inzai City, Chiba, etc.	approx. 30,000	approx. 60,000 (total of two structures)		Goodman				Its tenant is ST Telemedia Global Data Centres; service provision of STT Tokyo 1 starts in 2024 while service provision of STT Tokyo 2 is scheduled to start in early 2027

Note: Prepared by Nikkei Real Estate Market Report based on the data announced by respective companies. Projects to be completed in 2025 or after are indicated. Includes projects at the stage of site acquisitions. The stories are shown in the following format: above ground/below ground. Blank columns mean unknown.



Note: Numbers in the map correspond to the table above. Nikkei Real Estate Market Report made additions to the map by Geospatial Information Authority of Japan.

spread throughout Japan, including locations such as Hiroshima and Wakayama prefectures. Even when limited to transactions that have been reported by Nikkei Real Estate Market Report since 2022 and whose prices have been revealed, the total amount exceeds 180 billion yen [\$1.2 billion] (Figure 3 on page 4).

Singapore's **Keppel** and **Keppel DC REIT**, which is under its umbrella, acquired a data center in western Tokyo for 23.4 billion yen [\$150 million] in July 2024. The data center appears to be *MFIP Tama*, which was developed by Mitsui Fudosan. Apart from the transaction, the two companies have agreed that **KDCF II**, which is a private fund that handles data centers managed by Keppel, will acquire a data center that is currently being developed by Mitsui Fudosan in western Tokyo.

While data center development and transactions are active, many real estate analysts say, "barriers to entry are still high, and there are also many issues." Due to the increase in data center size, building size has become

comparable to that of suburban logistics facilities. There are even cases where conflicts with residents over issues such as shade come up. It is also necessary to come up with methods to reduce the environmental burden associated with large power consumption. Securing development sites is already difficult in areas where large-scale power reception infrastructure has not been developed or where there is no prospect of future capacity expansion through the construction of additional large substations. Negotiations between owners and tenants on matters such as risk sharing in the event of a power outage are also important. Data centers may suffer severe damage if the power goes out, even for a few seconds. Many issues cannot be covered by conventional lease agreements, such as compensation in the event of a power outage.

Such issues are explained starting on page 5 by dividing them into four discussion points. In order to succeed in data center investments, expert know-how in other fields and leading global companies are essential. 🏢

[Fig. 3] Major Data Center and Development Site Transaction Deals Reported by Nikkei Real Estate Market Report in 2022 or After

Transaction period	Name	Buyer	Seller	Price (million yen)	Location (address)	Area (m ²)		Stories	Completion	Remarks
						Land	GFA			
2024	Cross Gate Shinsuna	GK DC1 Shinsuna (SPC)	ALJ Data Center 1 TMK (SPC)	12,000 (total amount of investment)	3-4-4 Shinsuna, Koto-ku, Tokyo	8,041	20,431	5/0	2008	Entirely leased by SoftBank Telecom; the buyer is an SPC invested in by Dai-ichi Life Insurance; the seller is an SPC of AXA Investment Managers
	MFIP Tama	Keppel, etc.	Minami-Tama TMK (SPC)	23,400	1-22-1 Karakida, Tama City, Tokyo	8,935	17,453	3/3	2019	Its main tenant is Amazon; the buyers are Keppel DC REIT and Keppel; the seller is an SPC of Mitsui Fudosan
2023	Land of Hongo Industrial Park	Asa	Hiroshima Prefecture	5,811.788128	5200-1 Hongocho-Funaki, Mihara City, Hiroshima, etc. (lot)	275,310	—	—	—	Buyer is an affiliate of Google; Google is scheduled to develop data centers
	Land of Cosmo Park Kada	Asa	Land Development Public Corporation of Wakayama Prefecture	5,940	2362-26 Kada, Wakayama City, Wakayama, etc. (lot)	375,954	—	—	—	Buyer is an affiliate of Google; Google is scheduled to develop data centers
	Osaka Data Centre	Mapletree, etc.	Suma TMK (SPC)	52,000	3-18 Oyodo-Naka, Kita-ku, Osaka City	(L) 4,206	12,564	7/0	2022	Buyers are Mapletree Industrial Trust and Mapletree Investments
	Gotenyama SH Building	TIS	Sekisui House REIT	70,000	6-5-17 Kita-Shinagawa, Shinagawa-ku, Tokyo	6,858	19,812	7/1	2011	Its main tenant is TIS; delivery between October 2023 and April 2028
2022	IIF Osaka Nanko IT Solution Center	TMK Cyan Holdings1 (SPC)	Industrial & Infrastructure Fund (REIT)	2,700	1-1-23 Nanko-Kita, Suminoe-ku, Osaka City	13,200	18,429	6/1	1992	
	Land at 2-1 Oho	Goodman Japan	Tsukuba Tochi Kaihatsu Kosha	11,029.248	2-1 Oho, Tsukuba City, Ibaraki (lot)	455,754	—	—	—	Buyer will develop a data center campus; the first data center is scheduled to be completed in 2026

Note: (L) indicates land under leasehold.

Viewpoint 1: Development Location

Expanding to Regional Areas Including Sapporo and Fukuoka

By **Hirokazu Ono**,
Associate Director, CBRE

Data centers have traditionally been concentrated around Tokyo and Osaka. However, in recent years, they have been spreading to regional areas, with cities like Sapporo City and Fukuoka City attracting particular attention.

Sapporo City and Fukuoka City are believed to be the least likely among government-designated cities to experience earthquakes with seismic intensity of lower 6 or higher within the next 30 years. Both cities have large populations and numbers of offices, only behind the three major metropolitan areas and both have large economies. In addition to the need to back up data centers in the Tokyo metropolitan area and the Kinki region, demand is also expected from local trade areas.

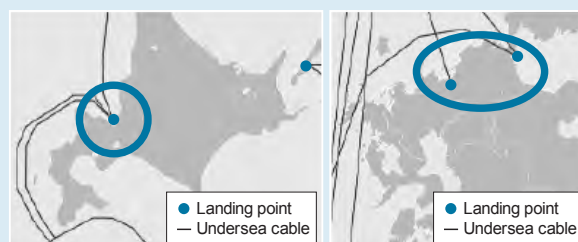
The market share of Japan's cross-border communications capacity by country and region is said to be almost entirely accounted for by North America and Asian countries (excluding mainland China). Both Sapporo City and Fukuoka City also have an advantage in terms of connectivity with overseas markets. This is because Sapporo City has a landing point for submarine cables in Ishikari Bay, which is adjacent to the city. Similarly, Fukuoka City has a landing point in Hakata Bay and Kitakyushu City, which is also nearby, has a landing point on its coast.

Sapporo City also has an advantage in terms of environmental considerations, which have become increasingly

important in the development and operation of data centers in recent years. Energy saving can be achieved by procuring renewable energy and building air conditioning systems that utilize natural energy such as cold outside air, ice and snow. The use of natural energy is not only environmentally friendly but also contributes to the profitability of facilities through the reduction of electricity costs. The Kyushu Electric Power service area where Fukuoka City is located is also said to be one of the areas with the cheapest electricity in Japan. This is likely to be attractive to business operators and investors.

It is believed that Hokkaido region, including Sapporo City, and Kyushu region, including Fukuoka City, are most likely to become the next concentration areas of data centers, which are currently concentrated in Tokyo and Osaka. In fact, multiple development plans for new data centers have emerged in both regions. 🏔️

Locations and Landing Points of Undersea Cables Near Sapporo and Fukuoka Cities



Note: Prepared by CBRE based on Submarine Cable Map by TeleGeography, a data service company for the telecommunication field

Viewpoint 2: Ownership and Contract Forms

Utilizing External Expert Knowledge in Standardization

By **Fuminori Asaki**,

Head of Data Centre Advisory Services, Japan, JLL

When developing data centers, it is necessary to consider factors unique to data centers, such as those related to electricity and communication, that are not typically encountered in other types of assets.

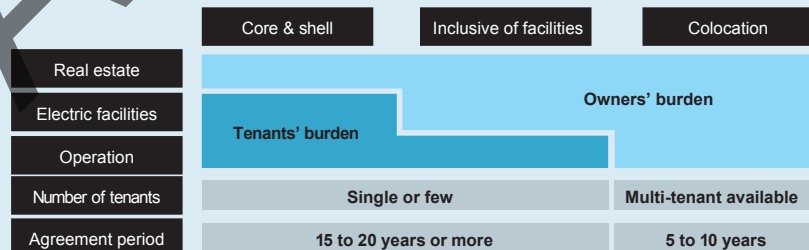
In terms of electricity, securing power has become a bottleneck in data center clusters, such as in Inzai City, Chiba Prefecture, making it difficult to consider new development there. Additionally, the movements towards ESG (Environment, Society and Governance) considerations are spreading to data centers. It appears that there are also cases where the review of investment plans and re-evaluation of strategies are required as the delivery dates and costs of power supply and cooling facilities have become issues.

In relation to communication, developments have until now been concentrated in metropolitan areas such as Tokyo and Osaka to reduce latency (communication delays) and secure engineers. However, for data centers for AI learning phases, whose demand will increase in the future, while requirements for latency are not as strict as before, locations in regions where electricity can be easily secured are also being sought, as a large amount of electricity is required.

Such circumstances, which are specific to data centers, also have an impact on lease agreements with tenants. In addition to lease agreements based on area, which are the same as general assets, there are also contracts based on power supply capacity. For the latter, while the profitability of owners becomes higher than the former, it also has higher business risks. Currently, ownership and contract types of both parties are mixed.

There is currently no model for operation and lease agreements in the domestic data center market. It can also be said to be a market on the path to maturity where the so-called "winning pattern" in real estate investment has not yet been established. Timely information gathering, cooperation with various industries such as construction, electricity and the law, as well as collaboration with external experts are likely to improve the quality and speed of business and become the key to successful investments.

Role Sharing Between Owners and Tenants in Data Centers



Note: Prepared by JLL

Viewpoint 3: Securement of Electricity and Environmental Response

Power Consumption Issue, Operators Invest in Power Generation Business■ By **Osamu Sugata**,*Head of New Business Development Office,
Sumitomo Mitsui Trust Research Institute*

The emergence of data centers for AI has caused a rapid increase in the required power capacity. In foreign countries, where such trends are already evident, power shortages and the environmental impacts associated with high power consumption have become apparent. In Singapore, Taiwan, Ireland and other countries, it is increasingly difficult to obtain approval to establish new data centers, with the major bottleneck being the power supply.

There is a growing tendency for data center operators to place importance on the ease of receiving government support for development. In the U.K., the new administration, which was established in July 2024, positioned data centers as “critical national infrastructure.” In response, investments in data centers in the U.K. have been made one after another, and the local media reported that the cumulative total has reached 5 trillion yen (25 billion pounds is converted at a rate of 200 yen = 1 pound. The same hereafter). Cloud service provider **CloudHQ** of the U.S., AI platform provider **ServiceNow** of the U.S., and **CyrusOne** of the U.S., which established a joint venture in Japan with **Kansai Electric Power** (KEPCO), announced they would invest 380 billion yen (1.9 billion pounds), 230 billion yen (1.15 billion pounds) and 500 billion yen (2.5 billion pounds) respectively in the U.K.

The environmental impact is also an urgent issue. In

particular, measures to reduce greenhouse gas emissions are needed and there is growing interest in how to lower the power usage effectiveness (PUE) of facilities. A PUE value above 1 becomes more efficient as it approaches 1.

Until now, the power capacity per rack (a shelf where server equipment is installed) was about 10 kW to 12 kW, but at AI data centers, 30 kW to 50 kW may be required, in addition to the increasing need to shift from the conventional air cooling systems to water cooling systems. As for location, facility supply is increasing in colder regions such as Northern Europe where it is easier to lower PUE by using cold outside air.

Cases where data center operators themselves invest in power generation businesses have also begun to stand out. **Amazon** and **Google** have announced that they will invest in small nuclear power plants, while **Microsoft** has revealed plans to receive electricity from nuclear power plants. These trends show that renewable energy alone is not sufficient and cannot supply enough electricity. It was concluded that greenhouse gas emission reduction targets cannot be achieved without relying on nuclear power generation until renewable energy production increases dramatically. The issue of securing electricity is now being recognized as a global challenge. 🏔️

Viewpoint 4: Business Strategy

Cooperate with Leading Foreign Companies and Understand Entry Areas

By **Mari Kumagai**,
Head of Research & Consulting,
Cushman & Wakefield

Compared to advanced data center countries and regions around the world, there is a strong feeling that the domestic market has fallen behind. According to our survey, the estimated power capacity of data centers of each region in the first half of 2024 was 11.3GW (including those under construction) in the northern part of Virginia, U.S., which boasts the largest power capacity in the world, followed by 2.9GW in Beijing, 2.7GW in Tokyo, 2.0GW in Sydney and 1.9GW in Johor, which is adjacent to Singapore. Tokyo was ranked high in the survey. However, when considering the population per MW of data centers in operation, the number in Japan was 86,250, which is far larger than 6,146 in Singapore. It also pales when compared to 20,808 in Australia and 79,553 in South Korea. As for the pace of development, investments of several billion dollars are becoming mainstream in U.S. projects, creating a large difference

between them and the size of the facilities that are supplied domestically.

How should real estate companies and investors be involved in the domestic data center market under such circumstances? First, strategic cooperation with global companies that take the lead in data center business will become essential. Mitsubishi Corporation, Kansai Electric Power (KEPCO), Mitsui Fudosan and Hulic have sequentially announced cooperation with foreign companies in the development and operation of data centers. Second, it is necessary to understand the areas in which the companies can enter properly. When limited to Japan, domestic companies undoubtedly have a competitive advantage in sourcing suitable data center locations and construction know-how. 🏢

Cases of Joint Project between Foreign and Domestic Companies

Company name	Details	Present status/ future target
Digital Realty, Mitsubishi Corporation	Established MC Digital Realty, a joint venture for development and operation, in 2017	Constructions for eight facilities have completed; ninth facility is under construction
CyrusOne, Kansai Electric Power	Concluded a shareholders agreement to establish CyrusOne KEP, a joint venture for development and operation, in May 2024	Invest 1 trillion yen or more over around the next ten years and aims for the total power receiving capacities of 900 MW
Keppel, Mitsui Fudosan	Concluded a memorandum (MOU) on searching development and investment opportunities in March 2024	Consider acquisition of Mitsui Fudosan's development properties, joint investment and development and such by Keppel's funds
Digital Edge, Hulic	Established DEH1, a new company for facility construction and operation in March 2024	Hulic is constructing a building in Nihombashi-Kobunacho, Chuo-ku; DEH1 will lease the building after its completion

Note: Additions made by Nikkei Real Estate Market Report based on materials prepared by C&W

Trouble

INTENSIFYING “MINNADE OYASAN” BATTLE

Mizuho Bank's six-item questionnaire implies account closure

Kyosei Bank's legal battle regarding its real estate small-lot investment instruments, “Minnade Oyasan,” is intensifying. On October 3, a company within its corporate group, **Toshi-Souken Invest Fund** (Toshi-Souken) of Osaka City, filed a lawsuit with the Osaka District Court against the administrative institutions seeking damage compensation (a state redress lawsuit). It sought compensation of 100 million yen [\$650,000] in damages from the Osaka Prefectural Government, which is a granting authority under the Act on Specified Joint Real Estate Ventures (*Futoku-ho*). On October 9, **Minnadeoyasan-Hanbai** of Chiyoda-ku, which is a sales agent within the group, filed a lawsuit with the Tokyo District Court against the Tokyo Metropolitan Government seeking the same amount of compensation in damages. These lawsuits follow on from the administrative lawsuits filed by the two companies against the Osaka and Tokyo governments in June this year. It is believed that their main intent in court is to continue asserting the injustice of the administrative dispositions even after the 30-day disposition period has elapsed.

The background to these lawsuits is the cancellation

requests that the two companies continue to receive from investors. Based on the latest court records, between the time of the June 17 administrative dispositions to September 30, investors who requested cancellations numbered 5,318. This accounted for 14% of the total, about 38,000 people, and this figure is an increase of about 1,300 people since around the end of August. The total value of such requests has reached 29.5 billion yen [\$190 million]. The aforementioned two companies stated, “It is clear that this is due to the reputational damage caused by the business suspension dispositions,” and pointed the finger at the supervisory authorities, the Osaka Prefectural Government and the Tokyo Metropolitan Government. On the other hand, the Osaka and Tokyo governments are defending their positions and argue that the disposition periods for business suspensions had already elapsed in July and that the plaintiffs do not have standing to sue.

In the evidence presented, what particularly stood out was a copy of a content-certified mail presented by the plaintiffs, including Toshi-Souken, as an example of proof of reputational damage. The mail contained

Main Points of Mizuho Bank Questionnaire

- (1) Are the reasons for the administrative disposition (inadequate explanation to investors, incorrect description, etc.) true?
- (2) Did the company explain to investors that the development company (SPC) engaged in the Narita Project is the former owner of the investment target property and is a subsidiary of Kyosei Bank?
- (3) Did the company explain that the land rent, which is the source of dividends, is based on gains on sale of real estate in transactions within the corporate group?
- (4) Why does the series continue to be open to receiving investment and pay dividends, although land preparation work is still ongoing? For example, is there any payment of rent to another Series Narita fund that is funded by Series Narita 18-go investor's payments to purchase real estate? (request copies of development SPC's financial reports and lease contracts)
- (5) Basis for real estate acquisition price (request copies of sales contracts and real estate appraisal reports)
- (6) Grounds for stating that “the project is progressing well” (request details of plans, contracts for construction work, schedule of work, etc.)

Note: Summarized and edited based on the content of the questionnaire addressed to Toshi-Souken Invest Fund dated July 3. Toshi-Souken's responses are not included because they are not in the court documents.

a six-item questionnaire about the Narita Project that **Mizuho Bank** sent to Toshi-Souken on July 3 through its legal counsel. Citing from the document, Toshi-Souken appears to have explained to the bank that “development is being constantly improved with each day and is progressing well” and that “whether there are any delays, (the project) will be within the schedule range.” On the other hand, Mizuho has expressed that the content of the June administrative disposition meets the conditions for account closure under the bank’s regulations. Additionally, it has simultaneously requested the full set of construction-related materials, including details of construction plans, contracts for construction work and schedule of work.

Fund misappropriation allegations across series

The questionnaire also included probing questions that hinted at suspicions fund misappropriation across different Series Narita instruments as well as remarks on the availability of funds for dividend payment and land value appraisal. These remarks include, “We, the bank, are not posing arbitrary questions, but are checking to see if we can dispel necessary and reasonable concerns we have based on the progress of land preparation work. While we have also received questions from your company (Toshi-Souken), we are not

obliged to respond to them;” and “The administrative disposition has raised significant doubts on whether your company’s conduct of business complies with the law.” The tone of these remarks reveals a glimpse of tension between the two parties.

According to the above document, Toshi-Souken has four ordinary bank accounts at Mizuho Bank’s Kojimachi branch in Tokyo. The company is part of the Kyosei Bank group, which relies on investment money from individual investors to fund its operations and has close to no borrowings from financial institutions. Even if their relationship with Mizuho were to be severed, the extent of damage is unclear. However, as the company asserts in its complaint, “For many transaction contracts, a business suspension by the supervisory authorities is a reason for the contract cancellations,” and since “the exercise of termination rights is at the discretion of the other party,” it cannot rule out the possibility of restrictions on its business increasing in the future. In response to Nikkei Real Estate Market Report, Mizuho Bank said that it is “unable to respond to questions regarding individual contracts.” Kyosei Bank explained, “We have responded in good faith to inquiries from Mizuho Bank. All our accounts remain intact and have not been closed.” 🏠

Under Construction Survey

129 PROJECTS LAUNCHED

Aggregate GFA of 930,000 m² including mixed-use building near Yoyogi Station

Nikkei Real Estate Market Report conducts this survey every three months to check on construction signboard installation applications filed to the Tokyo Metropolitan Government, the governmental offices in the five central wards of Tokyo and Yokohama City. The survey targets plans for all uses with building scales of at least 1,000 m² in gross floor area for plans in the five central wards of Tokyo and Yokohama City and at least 10,000 m² for plans in the remaining 18 wards of Tokyo. This survey examines the 129 projects filed from early July to late September 2024. The aggregate gross floor area was approximately 930,000 m², a decrease of approximately 300,000 m² from the previous survey.

Shibuya-ku-based educational institution **Takamiya Gakuen**, which operates major prep school Yoyogi Seminar, will construct a mixed-use building with a gross floor area of 27,515 m² consisting of office and residential floors on the former site of its headquarters building near Yoyogi Station on the JR and subway lines. Completion is targeted for November 2028 (No. 9 in **Figure 1**). In Jonanjima, Ota-ku, construction is set to start on a refrigerated warehouse with a gross floor area of approximately 230,000 m² (16). 🏗️

*Yasuo Manabe, director of
Glocal Media, contributed to the article*

[Fig. 1] Information on Development Projects Based on Construction Signboard Installation Applications Filed (early July to late September 2024)

No.	Name of development project	Usage	Developer	Lot address	Land (m ²)	GFA (m ²)	Stories	Completion
1	Kanda-Jimbocho PREX	Office	Sumitomo Corporation	2-6-4 Kanda-Jimbocho, Chiyoda-ku, etc.	651	4,280	12/0	June 2026
2	Rokin Kaikan	Office	Rokinren Bank	2-5-15 Kanda-Surugadai, Chiyoda-ku, etc.	1,275	7,380	9/0	Jan. 2027
3	Nihombashi Kodemmacho Ekimae Hotel Project	Hotel	Apa Home, Apa Mansion	1-9-1 Nihombashi-Horidomecho, Chuo-ku, etc.	890	7,090	12/2	May 2027
4	Chuo-ku Tsukiji Yon-Chome Project	Retail, Hotel	Daiwa House Industry	4-11-4 Tsukiji, Chuo-ku, etc.	491	3,200	10/0	Aug. 2027
5	Minato-ku Shiba Go-Chome Project	Office, Retail	Daiwa House Industry	5-14-2 Shiba, Minato-ku, etc.	788	4,570	8/2	Dec. 2026
6	Seijo Gakuen Junior High School/ Seijo High School Anti-Seismic Renovation Work	School	Soshi Gakuen (educational institution)	20-1 Tomihisacho, Shinjuku-ku, etc.	4,192	7,905	7/1	Feb. 2027
7	Sendagaya Go-Chome Project South Building	Office, Retail	Sumitomo Corporation	5-14-5 Sendagaya, Shibuya-ku, etc.	891	5,465	14/0	Apr. 2027
8	Mixed-use facility Harajuku-no Oka	Citizens' facility, Child welfare facility	Shibuya Ward	3-12-3 Jingumae, Shibuya-ku, etc.	4,025	7,209	3/1	Dec. 2028
9	Yoyogi Itchome Project	Office, Residential, etc.	Takamiya Gakuen (educational institution)	1-28-4 Yoyogi, Shibuya-ku, etc.	6,119	27,515	13/2	Nov. 2028
10	Yoyogi Itchome Building Redevelopment Project	Retail, Office	Odakyu Electric Railway	1-59-2 Yoyogi, Shibuya-ku, etc.	479	3,115	9/0	Apr. 2026
11	Shoto Junior High School	School	Shibuya Ward	1-26-7 Shoto, Shibuya-ku	12,889	9,185	3/0	June 2028
12	Apa Hotel Shibuya Ekimae	Hotel	Apa Home, Apa Mansion	2-147-6 Dogenzaka, Shibuya-ku, etc.	414	3,596	15/1	May 2026
13	Maruyamacho 7-banchi Hotel Project	Hotel, Retail	L'atrait	58-1 Maruyamacho, Shibuya-ku, etc.	1,125	4,021	7/0	Jan. 2027
14	Mixed-use facility Hiroo Junior High School	School, Library	Shibuya Ward	4-11-3 Higashi, Shibuya-ku, etc.	10,749	12,300	3/1	June 2028
15	Daiichi Sankyo Shinagawa R&D Center Research M Building	Research	Daiichi Sankyo	1-2-58 Hiromachi, Shinagawa-ku	67,201	63,377	8/0	Dec. 2027
16	New refrigerated warehouse construction project	Logistics facility	Tokyo Suisan Terminal	6-15-1 Jonanjima, Ota-ku, etc.	90,656	230,830	6/0	Feb. 2027

(cont'd)

No.	Name of development project	Usage	Developer	Lot address	Land (m ²)	GFA (m ²)	Stories	Completion
17	Rikkyo Primary School new school building construction and east building renovation	School	Rikkyo Educational (educational institution)	3-1318 Nishi-Ikebukuro, Toshima-ku	11,626	12,210	4/0	Mar. 2027
18	Higashi-Ikebukuro Itchome Category I Urban Redevelopment Project facility structure	Office, Hall, Retail	Higashi-Ikebukuro Itchome Category I Urban Redevelopment Project Association	1-45 Higashi-Ikebukuro, Toshima-ku, etc.	9,900	15,561	31/4	July 2028
19	Melondia Azamino	Hotel, Training center	Melon Life Create Service	1-1-9 Shin-Ishikawa, Aoba-ku, Yokohama City	5,499	6,778	6/1	Dec. 2028
20	Tokyo City University Yokohama Campus new building expansion work	School	Gotoh Educational Corporation (educational institution)	3-3-1 Ushikubo-Nishi, Tsuzuki-Ku, Yokohama City, etc.	64,687	5,338	4/0	Mar. 2026
21	Special Elderly Care Nursing Home Nagatsuta	Elderly nursing home	Kouseikai (social welfare corporation)	5613 Nagatsutacho, Midori-ku, Yokohama City, etc.	6,337	5,165	4/1	Feb. 2027
22	Sanwa Soko Constant Temperature Automatic Pharmaceutical Warehouse	Logistics facility	Sanwa Soko	1-16-1 Kamiyama, Midori-ku, Yokohama City	14,374	4,052	3/0	Mar. 2026
23	USS Yokohama New Site	Used car auction site	USS	43-7 Daikokucho, Tsurumi-ku, Yokohama City	46,086	26,417	6/0	Dec. 2025
24	Urashima Joint-Use Administration Building Preparation Project	Office	Kanagawa Prefecture	4-2 Urashimaoka, Kanagawa-ku, Yokohama City, etc.	3,216	4,800	4/0	Apr. 2027
25	Yokohama Legal General Government Building	Office	Ministry of Land, Infrastructure, Transport and Tourism	9 Nihon-Odori, Naka-ku, Yokohama City	2,236	17,600	10/1	Aug. 2030
26	Isezakicho Project	Office, Retail	Daiwa House Industry	1-7-5 Isezakicho, Naka-ku, Yokohama City, etc.	834	5,600	8/1	Mar. 2027
27	Toshiba Infrastructure Systems & Solutions Komukai Plant Production Test Building	Factory	Toshiba Infrastructure Systems & Solutions	8 Shin-Sugitacho, Isogo-ku, Yokohama City	402,792	4,514	4/0	Jan. 2026
28	Sumitomo Electric Industries Yokohama Research New Building	Research	Sumitomo Electric Industries	1 Kanaicho, Sakae-ku, Yokohama City	148,716	5,616	3/0	Mar. 2026
29	Hongo Junior High School Reconstruction Wor	School	Yokohama City	84-14 Katsuracho, Sakae-ku, Yokohama City	19,510	7,022	4/0	June 2029

Note: Among the projects tallied, indicated the development projects for which the main usage is other than residences and that have gross floor areas of 3,000 m² or more. Number of floors is indicated as stories "above ground/underground."

[Fig. 2] Development Project Reported by the Nikkei Real Estate Market Report from August to October 2024

No.	Name of development project	Usage	Developer	Lot address	Land (m ²)	GFA (m ²)	Stories	Completion
A	Iidabashi San-Chome Project	Office	Nomura Real Estate Development	3-2-5 Iidabashi, Chiyoda-ku, etc.	1,013	8,416	12/0	May 2027
B	Fujimi 2-Chome District 3 Category I Urban Redevelopment Project	Office, Residential, Retail, etc.	Fujimi 2-Chome District 3 Urban Redevelopment Project Association (member: Sumitomo Realty & Development; collaborator: Maeda)	2-3 Fujimi, Chiyoda-ku (residential)	approx. 4,100 (Site A), approx. 180 (Site B)	approx. 45,000 (Site A), approx. 1,200 (Site B)	21/2 (Site A), 6/2 (Site B)	Fiscal 2029
C	Nihombashi-Kayabacho Itchome District 6 Category I Urban Redevelopment Project	Office, Retail, Shrine, etc.	Heiwa Real Estate, Mitsubishi Estate, Chuo-Nittochi	1-6-12 Nihombashi-Kayabacho, Chuo-ku, etc. (residential)	approx. 3,715	approx. 41,650	27/3	Fiscal 2030
D	Tsukiji Ni-Chome District Category I Urban Redevelopment Project	Office, Retail	Nippon Steel Kowa Real Estate, NTT Urban Development	2-1102-1 Tsukiji, Chuo-ku, etc.	approx. 5,050	approx. 57,300	21/3	Fiscal 2029

Note: Compiled information on development projects satisfying the same conditions as surveys for Figure 1, and reported on the Nikkei Real Estate Market Report's website from August to October 2024. Excludes projects for which construction signboard installation applications were filed by late September 2024.

Market Knowledge

RECORD HIGH TRANSACTION VOLUME

Japan Real Estate Institute: “Real Estate Transaction Market Survey (First Half of 2024)”

In October, appraisal firm **Japan Real Estate Institute** announced that the total volume of real estate transactions in the first half of 2024 reached a record high of approximately 3.7 trillion yen [\$24 billion]. It has estimated the transaction volume of investment and commercial real estate since 2001 every six months, based on the disclosures by listed companies, REITs and media reports. It conducts such surveys as part of the solution business and discloses some of the findings. The previous record high was 3.1 trillion yen [\$20 billion] in the first half of 2007. After that, it fell to approximately 1 trillion yen [\$6.5 billion] during the global financial crisis in the second half of 2008 but recovered to over 2 trillion yen [\$13 billion] in the first half of 2013 and beyond due to the monetary easing policy.

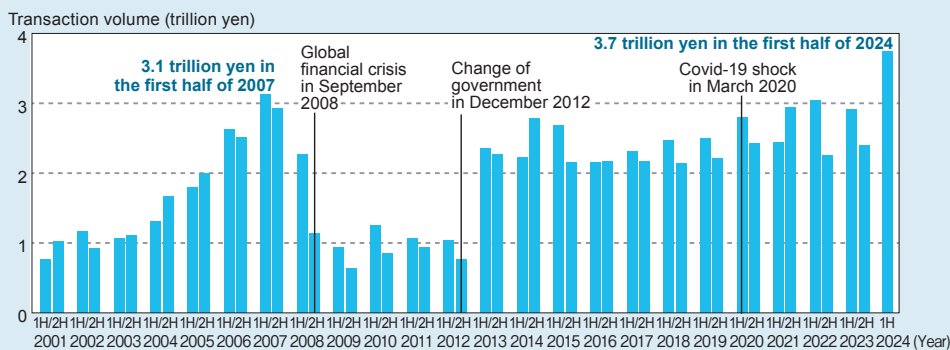
When looking at the transaction amount in the first half of 2024 by asset type, office transactions showed a remarkable recovery, accounting for approximately 30% of the whole transactions. The percentage of offices was on a downward trend since the second half of 2021 due to the spread of the coronavirus (Covid-19) infection and it fell to a record low in the second half of 2023. The recovery in the first half of 2024 may be attributed to signs of improvement in the office leasing market. Transactions of “others,” such as plants and development sites, also remain at a high level of nearly

30% of the whole transactions since the second half of 2023. This is likely to be caused by the return of the manufacturing industry to Japan due to the yen depreciation and the restructuring of supply chains.

By transaction type, while the notable net buying by listed REITs subsided in the first half of 2024, transactions by private funds, special purpose companies and asset management companies shifted from net selling in the second half of 2023 to net buying. The rise in U.S. interest rates has paused and transactions by foreign funds have recovered. Private REITs also continue to buy more than sell and are strengthening their presence. For general corporations, whose selling continued to exceed buying, the amount of buying and selling was about the same. In addition to the manufacturing industry, there were also large transactions by industries such as railways, whose business performance recovered as the Covid-19 pandemic subsided. Each player is proactively acquiring properties and it can be said that it is creating a situation of intense competition.

For the transaction volume in the second half of 2024, Japan Real Estate Institute forecasts a reactionary decline. However, it analyzes that a proactive investment stance is likely to continue if cash flow improves due to rent increases caused by inflation. 📈

Change in Real Estate Transaction Volume



Note: Based on Japan Real Estate Institute data. Includes estimated transaction volume of private REITs.

DEALS ROUNDUP

Goldman Sachs sells Global Gate in Nagoya

ⓑ Buyer Ⓢ Seller Ⓣ Tenant



Former Goldwin Headquarters Building
(Shoto, Shibuya-ku)
No. 2 in Table
ⓑ First-Corporation
Ⓢ Raysum



Canal Side Building
(Shinagawa, Shinagawa-ku)
No. 3 in Table
ⓑ Haseko Corporation
Ⓢ Open House Development



Ario Nishiarai (Nishiarai, Adachi-ku)
No. 6 in Table
ⓑ Hulic
Ⓢ Nisshinbo Holdings
Ⓣ Ito-Yokado



Prologis Park Yachiyo I (Yachiyo City, Chiba) No. 7 in Table
ⓑ Nippon Prologis REIT
Ⓢ Akagi TMK (SPC)
¥39,000 mn [S\$250 mn]
(Photo: Prologis REIT Management)



Glass City Sakae
(Sakae, Nagoya City)
No. 10 in Table
ⓑ Japan Metropolitan Fund (REIT)
Ⓢ GK Hari (SPC)
Ⓣ Usen, Sawai Pharmaceutical, etc.
¥9,689 mn [S\$63 mn]
(Photo: KJR Management)



Global Gate (Nakamura-ku, Nagoya City)
No. 11 in Table
ⓑ Mitsubishi HC Capital Realty, Hulic
Ⓢ Goldman Sachs
*Partial interest

	Property name	Type	Price (million yen)	Buyer	Seller	Building address	Land area (m ²)	GFA (m ²)	Handover
1	Hilltop Hotel	Hotel		Meiji University	Yamanoue Hotel Holdings	1-1 Kanda-Surudadai, Chiyoda-ku, Tokyo	1,597.70	4,623.00	Nov. 2024
2	Former Goldwin Headquarters Building	Office		First-Corporation	Raysum	2-20-6 Shoto, Shibuya-ku, Tokyo	1,619.40	7,536.36	Sept. 2024
3	Canal Side Building	Office		Haseko Corporation	Open House Development	1-39-9 Higashi-Shinagawa, Shinagawa-ku, Tokyo	9,652.12	42,942.67	Sept. 2024
4	Hulic Kinshicho Ekimae Building	Retail	(estimated) approx. 9,000	Nittaku Group Holdings	Hulic	3-13-6 Kotobashi, Sumida-ku, Tokyo	241.22	1,677.16	Jun. 2024
5	Cross Gate Shinsuna	Data center		Dai-ichi Life Insurance, etc.	AXA Investment Managers	3-4-4 Shin-Suna, Koto-ku, Tokyo	8,041.93	20,431.40	Oct. 2024
6	Ario Nishiarai	Retail		Hulic	Nisshinbo Holdings	1-20-1 Nishiarai-Sakaecho, Adachi-ku, Tokyo	25,062.21	107,670.21	(contract) Sept. 2024
7	Prologis Park Yachiyo 1	Logistics	39,000	Nippon Prologis REIT	Akagi TMK (SPC)	1809-1 Hoshina, Yachiyo City, Chiba	69,314.30	138,119.42	Dec. 2024
8	Castalia Nishifunabashi II (tentative name)	Residential	2,725	Daiwa House REIT	anonymous	(lot) 641 Innaicho, Funabashi City, Chiba	(L) 2,654.53	5,568.08	(contract) Nov. 2024
9	Sosila Kashiwa	Logistics		Sosila Logistics REIT, SC Realty Private REIT, etc	Sumitomo Corporation	12-6 Shin-Toyofuta, Kashiwa City, Chiba	35,023.70	72,659.03	Dec. 2024
10	Glass City Sakae	Office	9,689	Japan Metropolitan Fund (REIT)	GK Hari (SPC)	3-11-31 Sakae, Naka-ku, Nagoya City, Aichi	1,978.16	13,770.17	Dec. 2024
11	Global Gate	Office		Mitsubishi HC Capital Realty, Hulic	Goldman Sachs	4-60-12 Hiraikicho, Nakamura-ku, Nagoya City, Aichi, etc.	-	(CO) 68,318.26	Oct. 2024
12	Logiport Nagoya	Logistics		LaSalle Logiport REIT, etc.	Lasalle Investment Management, etc.	1 Takamichi, Iwatsukacho, Nakamura-ku, Nagoya City, Aichi	80,091.55	(CS) 171,081.69	Dec. 2024
13	Premium Nagahori Building	Office		Ardepro	PAG Investment Management	1-3-9 Minami-Semba, Chuo-ku, Osaka City, Osaka	718.32	4,868.65	Sept. 2024
14	Shin-Osaka Dai-ichi Life Building	Office		Dai-ichi Life Diversified REIT	Dai-ichi Life Insurance	3-5-24 Miyahara, Yodogawa-ku, Osaka City, Osaka	2,208.84	16,551.66	Nov. 2024
15	Logiportal Kobe Yasakadai	Logistics		Cushman & Wakefield Asset Management	GLR Investment, Goldman Sachs Group	4-1-2 Yasakadai, Suma-ku, Kobe City, Hyogo	9,312.64	18,973.83	Sept. 2024

Note: Data contains domestic transactions which were confirmed by the Nikkei Real Estate Market Report during the past one month period. Special purpose companies are indicated as follows: "GK" Godo Kaisha, "TMK" Tokutei Mokuteki Kaisha, "YK" Yugen Kaisha. When "(lot)" is included in the Address column, the address is a lot address. "(CS)" denotes co-ownership share area. "(CO)" denotes comparted ownership area. "(L)" denotes leased area. Other areas are basically stated in gross floor area or land area.

RELOCATION UPDATE

Fujitsu to lease Hamamatsucho Exage Building in its entirety

Fujitsu will move into *Hamamatsucho Exage Building* in Hamamatsucho, Minato-ku. The company will lease the entire building with 11,882 m² of gross floor area.

Fujitsu did not disclose the timing of the move, the office or offices it will relocate or other details. As for the relocation purpose, the public relations division of the company replied that the company would use the building for a specific project. So, upon completing the project, the company may return the building.

Fujitsu currently employs a system that combines teleworking and in-office work. The company will continue the hybrid system and lease offices in response to the needs of businesses.

Hamamatsucho Exage Building, which was completed in 2001, is a four-minute walk from JR Hamamatsucho Station. The structure has 12 floors above ground and one below with a typical floor plate of 209 tsubos [691 m²].

Master Trust Bank of Japan had leased the entire building under the name *MTBJ Building* but moved

out in February 2024 and the building had vacant spaces. According to sources, the relocation of Fujitsu to the building was decided early. 🏢



Hamamatsucho Exage Building

(figure of Major Relocation Cases on next page)

Major Relocation Cases (information gathered between October and November 2024)

Company name	Business type	Relocation period	Building before relocation	Leased floor area	Building after relocation	Leased floor area	Remarks
Cresco Digital Technologies	IT service	Oct. 2024	Meisan Takahama Building		→ msb Tamachi Tamachi Station Tower North	730 tsubos [2,410 m ²]	
Studio Kafka	Animation production	Nov. 2024	Hicut Building	59 tsubos [195 m ²]	→ Sumitomo Fudosan Nakano Ekimae Building	140 tsubos [463 m ²]	Expansion; 70 seats
TXOne Networks Japan	Security service for manufacturing industry	Nov. 2024	WeWork in Link Square Shinjuku		→ Toranomon Hills Station Tower	250 tsubos [826 m ²]	Increase in employees
Treasure Factory	Recycle shop operator	Jan. 2025	Daito Building, etc.	199 tsubos [658 m ²]	→ Akihabara UDX	300 tsubos [992 m ²]	Integration; expansion; enhance recruitment
A&A Material	Incombustible building material manufacturer and distributor	Feb. 2025	Company owned building (Yokohama City)		→ Shinagawa Season Terrace	500 tsubos [1,650 m ²]	Aging of the company owned building; enhance recruitment
B-Lot	Real estate finance consulting	Apr. 2025	Shimbashi Center Place	179 tsubos [592 m ²]	→ Shimbashi Center Place	180 tsubos [595 m ²]	Lease additional space of 360 tsubos [1,190 m ²] in total; enhance recruitment; 100 employees maximum
Lonseal	Construction material	Apr. 2025	Company owned building (Sumida-ku)		→ Momento Shiodome	450 tsubos [1,490 m ²]	Improve corporate value
T-Net Japan	Civil engineering construction management	Sept. 2025	Hamamatsucho Building	950 tsubos [3,140 m ²]	→ Blue Front Shibaura Tower S	780 tsubos [2,580 m ²]	Rebuilding of building before relocation; initially 600 employees
T&D Financial Life Insurance	Life insurance	Sept. 2025	Hamamatsucho Building	741 tsubo [2,450 m ²]	→ Blue Front Shibaura Tower S		Redevelopment of building before relocation; telework also available
Delta Electronics (Japan)	Electronics manufacturer and distributor	2025			→ Suito Shibaura	*2,354 tsubos [7,780 m ²]	Acquisition of a building; use the entire building (estimate)
Taisei Oncho	Equipment construction	Fall 2026	Company owned building (Shinagawa-ku), Oimachi Center Building		→ Oimachi Tracks Business Tower	750 tsubos [2,480 m ²]	Integration
Elecom	PC peripheral device	Unknown	Kudan First Place	1,000 tsubos [3,310 m ²]	→ Ochanomizu Sola City	1,400 tsubos [4,630 m ²]	Tokyo branch; expansion
Spike Chunsoft	Game developer	Unknown	Akasaka Tameike Tower	600 tsubos [1,980 m ²]	→ Gotanda JP Building	960 tsubos [3,170 m ²]	
Ichiken	Construction	Unknown	Hamamatsucho Building		→ Shinagawa Intercity Tower A		Redevelopment of building before relocation
Brown Brothers Harriman Investment Services (Japan), Brown Brothers Harriman Securities (Japan)	Bank, securities	Unknown	Toranomon Kotohira Tower	228 tsubos [754 m ²]	→ Toranomon Alcea Tower		Telework also available
Yashima Denki	Engineering	Unknown			→ Shinbashi 27 MT Building	265 tsubos [876 m ²]	Expansion; no relocation of HQ
Leverages	Staffing service	Unknown			→ Shibuya Konno Tower	*3,534 tsubos [11,700 m ²]	Expansion; no relocation of HQ; principally in-office work

Note: Figures in the "Leased floor area" column include estimated values calculated from the number of occupied floors and typical floor plate. * = gross floor area

NEWS DIGEST

Selected stories from the Nikkei Real Estate Market Report website

Overseas

December 9

Mori Building invests in New York office building

Mori Building acquired an 11% interest in *One Vanderbilt Avenue*, an office building in Manhattan, New York City. The seller was **SL Green Realty**, a major real estate company headquartered in New York City. According to the company's website, the appraisal value of One Vanderbilt Avenue is 4.7 billion dollars. The value of the ownership interest in this transaction is equivalent to 517 million dollars. Mori Building invested in an SPC that owns the property through its U.S. subsidiary **Mori Building (U.S.A.) LLC**. Following the transaction, SL Green will own 60% of the building. The remaining ownership interests are held by South Korea's **National Pension Service (NPS)** and others.

Trend

December 2

Hong Kong's Weave and U.S. KKR to investment in Japan

Hong Kong's **Weave Living** and U.S. investment company **Kohlberg Kravis Roberts (KKR)** established *Weave Living Japan Residential Venture I*, a fund that jointly invests in rental residences in Japan, on November 28. It will invest in both new and existing properties and aims to build a residential portfolio of more than 3,000 units. It plans to first focus on the acquisition of properties in Tokyo and then expand to Osaka in the future.

Deal

December 2

Prologis REIT to acquire logistics facility in Yachiyo City, Chiba

Nippon Prologis REIT will acquire *Prologis Park Yachiyo 1*, a logistics facility located in Hoshina, Yachiyo City, Chiba Prefecture. The price is 39.0 billion yen [\$250 million]. The seller is Akagi TMK, a special purpose company. Completed in 2022, the property has five floors above ground with a gross floor area of 138,119 m². With this transaction, the REIT's acquisition price-based AUM will be approximately 955.78 billion yen [\$6.2 billion].

Project

December 2

Shimizu developing Kansai logistics facility with 110,000 m² GFA

General contractor **Shimizu** began constructing *S-Logi Matsubara*, a logistics facility in Matsubara City, Osaka

Prefecture. The multi-tenant facility will have a gross floor area of 116,509 m² and is scheduled to be completed in May 2026. This is the company's ninth project in its S-Logi series and will be the first it has developed by itself in the Kansai area. Shimizu has a track record of developing logistics facilities in the Tokyo metropolitan area and Fukuoka. The company plans to continue developing logistics facilities across the country.

Deal

November 29

REIT JMF to acquire office building in Nagoya

Japan Metropolitan Fund (JMF), which is a REIT affiliated with major U.S. investment firm **Kohlberg Kravis Roberts (KKR)**, will acquire *Glass City Sakae*, which is an office building in Naka-ku, Nagoya City. The price is approximately 9.69 billion yen [\$63 million]. The seller is GK Hari, which is a special purpose company. As of the end of October 2024, its area-based occupancy rate is 83.5% and it is occupied by 25 tenants.

Deal

November 27

Hulic, Mitsubishi HC Capital acquires Global Gate in Nagoya

Special purpose company GK HM Meieki acquired *Global Gate*, a large mixed-use building in Nakamura-ku, Nagoya City. GK HM Meieki is believed to be an SPC invested in by two companies, namely **Mitsubishi HC Capital Realty** of Chiyoda-ku and **Hulic**. The SPC acquired the high-rise building and *Retail Zone* in this transaction. The total exclusive floor area is 68,318 m², which corresponds to approximately 70% of the entire structure. The seller of Global Gate was TMK Mid Castle Holdings, which is an SPC affiliated with **Goldman Sachs**.

Business

November 22

Ascott to double 'hotel-in-residence' in Japan within 5 years

Singaporean hospitality company **Ascott** plans to double the number of accommodations it operates in Japan within the next five years, especially those fit for longer stays, the company's executives told Nikkei Asia in an interview. Ascott, one of the largest serviced apartment and hotel operators, will open its new facilities called "hotel-in-residence" in Japan, aiming to attract both short-term travelers and long-term residents. It offers accommodation from one or a few days like a hotel to months and years like a serviced apartment.

Project

November 22

Osaka Marubiru reconstruction begins to become taller, maintaining shape

Daiwa House Industry announced its plan to rebuild *Osaka Marubiru*, which was popularly known as a landmark of Umeda, Osaka. For the exterior, it will maintain the cylindrical shape of the former building. It will have 40 floors above ground and four below with a gross floor area of approximately 74,000 m² and a height of 192 m, which is approximately 1.5 times that of the former building. It will have various features such as a hotel, concert hall and innovation office. Construction will start in the winter of 2025, with completion and opening targeted for 2030.

Trend

November 22

Singapore's CapitaLand to acquire Japan Hotel REIT sponsor

Singapore's **CapitaLand Investment (CLI)** announced on November 20 that it will acquire 40% of fellow Singaporean **SC Capital Partners Group (SCCP)** stock for 280 million Singapore dollars. SCCP is a sponsor of **Japan Hotel REIT**. CLI plans to acquire the remaining shares gradually, with the aim of completing the acquisition by 2030. One of the purposes of the acquisition is to strengthen CLI's presence in Japan, which it positions as a key market.

Business

November 21

Blackstone wins first-negotiation rights for \$2.6 bn Tokyo deal

U.S. investment fund **Blackstone** has been granted the right of first refusal in negotiations to purchase a mixed-use urban complex in Tokyo, moving it closer to a deal potentially worth 400 billion yen [\$2.6 billion], Nikkei has learned. *Tokyo Garden Terrace Kioicho* is owned by **Seibu Holdings**, a real estate and railway conglomerate, and opened in July 2016. The complex has offices and residences with a luxury hotel on its upper floors, and is located in the city center near parliament. The property was developed on the site of the old *Grand Prince Hotel Akasaka*.

Deal

November 21

C&W acquires logistics facility in Kobe City

Kobe Facility GK, which is a special purpose company of Chiyoda-ku-based **Cushman & Wakefield Asset Management (C&W AM)**, acquired *Logiportal Kobe Yasakadai*, which is a logistics facility in Yasakadai, Suma-ku, Kobe City. After the acquisition, it changed the property name to *LF Kobe Yasakadai*. The facility was jointly developed by **GLR Investment** and **Goldman Sachs Group**. The seller is **TMK Takeshiba**, which is an

SPC established by the two companies for development.

Business

November 20

Tokyo Gas shares jump 15% as Elliott buys 5% stake

U.S. activist investor **Elliott Management** has purchased a stake of more than 5% in **Tokyo Gas**. Elliott has invested 64.9 billion yen [\$422 million] in Tokyo Gas to date, it said in security filings that have been made public. Elliott is currently in talks with Tokyo Gas management, according to a person familiar with the situation. They are discussing ways to improve the energy provider's business efficiency, including reassessing its real estate and securities holdings.

Deal

November 19

Meiji University to renovate closed Hilltop Hotel

Educational institution **Meiji University** of Chiyoda-ku acquired the land and building of *Hilltop Hotel* in Kanda-Surugadai, Chiyoda-ku. It says it will ensure that the property will continue to function as a hotel in cooperation with a specialized company after carrying out necessary renovations while maintaining the current exterior. During the war, it was requisitioned by the Imperial Japanese Navy and after the war, by the General Headquarters of the Supreme Commander for the Allied Powers (GHQ). Meiji University will mark its 150th anniversary in 2031 and decided to acquire and redevelop Hilltop Hotel as part of the commemorative project.

Detailed daily news articles and transaction data available at <https://nrm.nikkei.co.jp/>

Note: In this issue, the values in the brackets are rough figures based on the exchange rate at the beginning of December 2024, except for cases where the date of occurrence of acquisitions or other events is specifically mentioned, in which case the exchange rate at the beginning of the month during which the event occurred is used.

NIKKEI REAL ESTATE MARKET REPORT

- Monthly Edition

Nikkei Inc.

1-3-7, Otemachi, Chiyoda-ku, Tokyo, 100-8066 Japan

Editorial Nikkei Business Publications, Inc.

Illustrations and Maps Nikkei BP Consulting Inc.

Translation/Production Transpacific Enterprises

© 2024 Nikkei Inc., Nikkei Business Publications, Inc. All Rights Reserved. All editorial content and graphics in this report may not be duplicated or reproduced in whole or in part without the express permission of the copyright owners.

The information and data presented in this report are all based on information available on the day the documents were written and may not be current. The information is obtained from sources believed to be reliable. Neither Nikkei Inc. nor Nikkei Business Publications, Inc., however, make no guarantee as to the accuracy and completeness of the information. Furthermore, The companies assumes no liability for any damage arising from the use of this report.