



# JAPAN REAL ESTATE MARKET OVERVIEW

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# JAPAN IN GLOBAL CONTEXT

## Rankings



Top 25 Most Active Markets

2023	2024	Market	Sales Volume (\$b)	YoY Change
1	1	NYC Metro	28.4	-1%
3	2	<b>Tokyo</b>	24.6	16%
2	3	LA Metro	24.2	0%
5	4	Dallas	19.2	8%
6	5	London Metro	19.1	22%
12	6	SF Metro	15.6	52%
10	7	Seoul	15.3	44%
13	8	Miami/So Fla	15.3	52%
20	9	Sydney	14.2	123%
8	10	DC Metro	14.2	14%
11	11	Atlanta	13.1	28%
16	12	Phoenix	11.5	27%
4	13	Paris	11.4	-42%
14	14	Chicago	10.6	5%
15	15	Boston Metro	10.5	6%
17	16	Houston	10.2	16%
18	17	Singapore	8.8	2%
7	18	Shanghai	8.3	-37%
31	19	Denver	8.2	96%
37	20	Seattle	7.7	108%
19	21	Hong Kong	7.1	-8%
48	22	<b>Chiba</b>	6.9	199%
30	23	Charlotte	6.6	58%
22	24	Beijing	6.5	14%
26	25	San Diego	6.1	31%

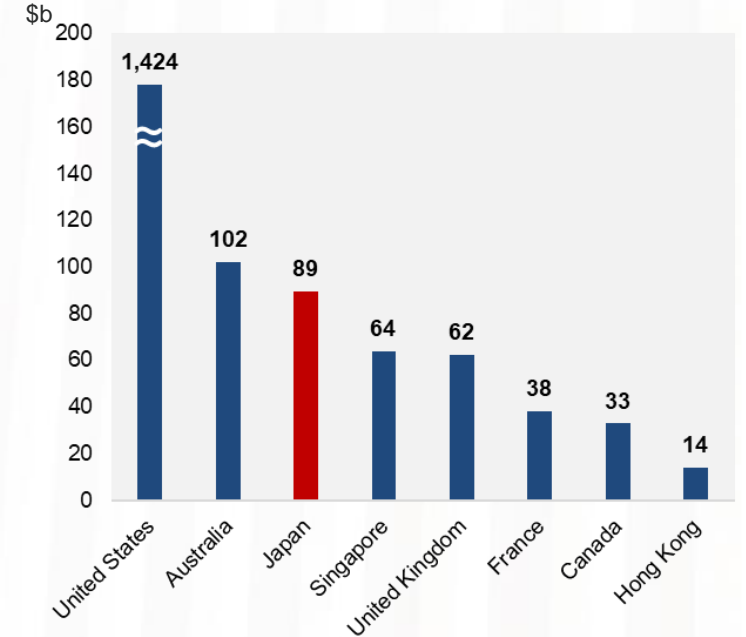
Source: MSCI

Top 15 Destinations for Cross-Border Capital

Cross Border Destination	Volume 2024 (\$b)	YoY Change	Change vs 5-yr Average (2020-24 inc.)
Australia Industrial	9.1	445%	76%
United States Industrial	8.9	-23%	-48%
<b>Japan Industrial</b>	8.3	112%	105%
United States Apartment	7.9	23%	-30%
United Kingdom Industrial	6.7	-7%	-34%
United Kingdom Hotel	5.4	371%	114%
United Kingdom Apartment	5.3	-4%	-30%
United Kingdom Office	4.8	-18%	-55%
France Industrial	4.6	142%	6%
United States Office	4.6	-2%	-56%
United Kingdom Retail	4.4	31%	13%
Germany Industrial	4.1	4%	-24%
Singapore Industrial	3.5	373%	147%
<b>Japan Hotel</b>	3.4	23%	87%
Netherlands Industrial	2.8	65.2%	-30.6%

Source: MSCI

Top REIT Markets, Dec 2024



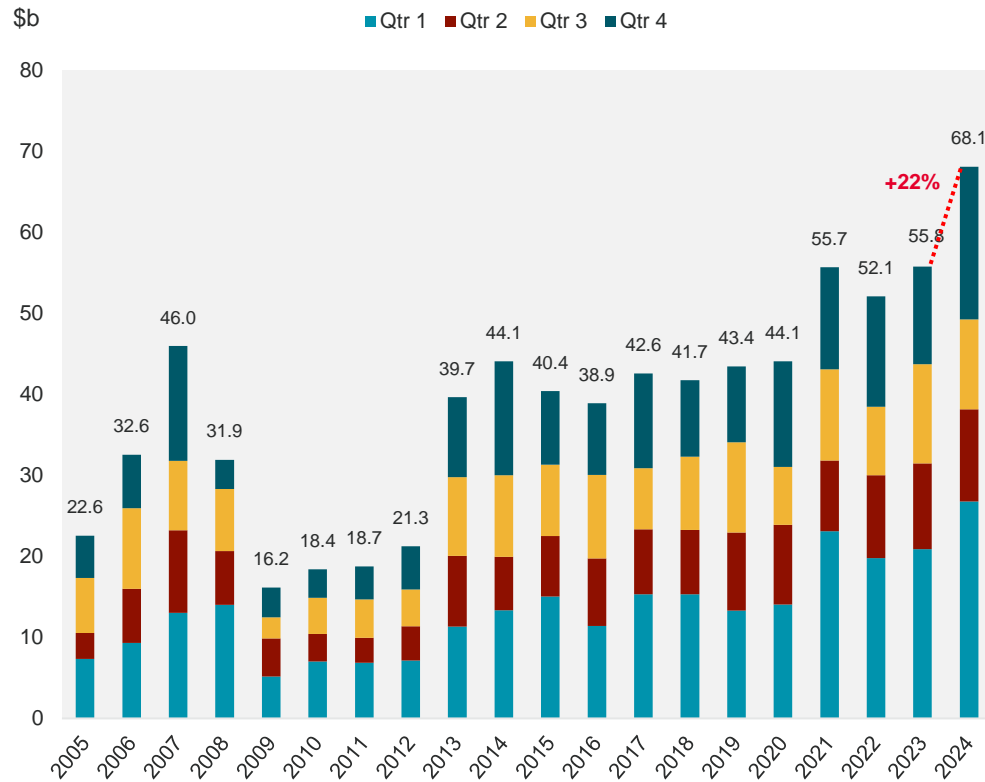
Source: Statista

# TRANSACTION VOLUME AT ITS HISTORIC PEAK

All Japan

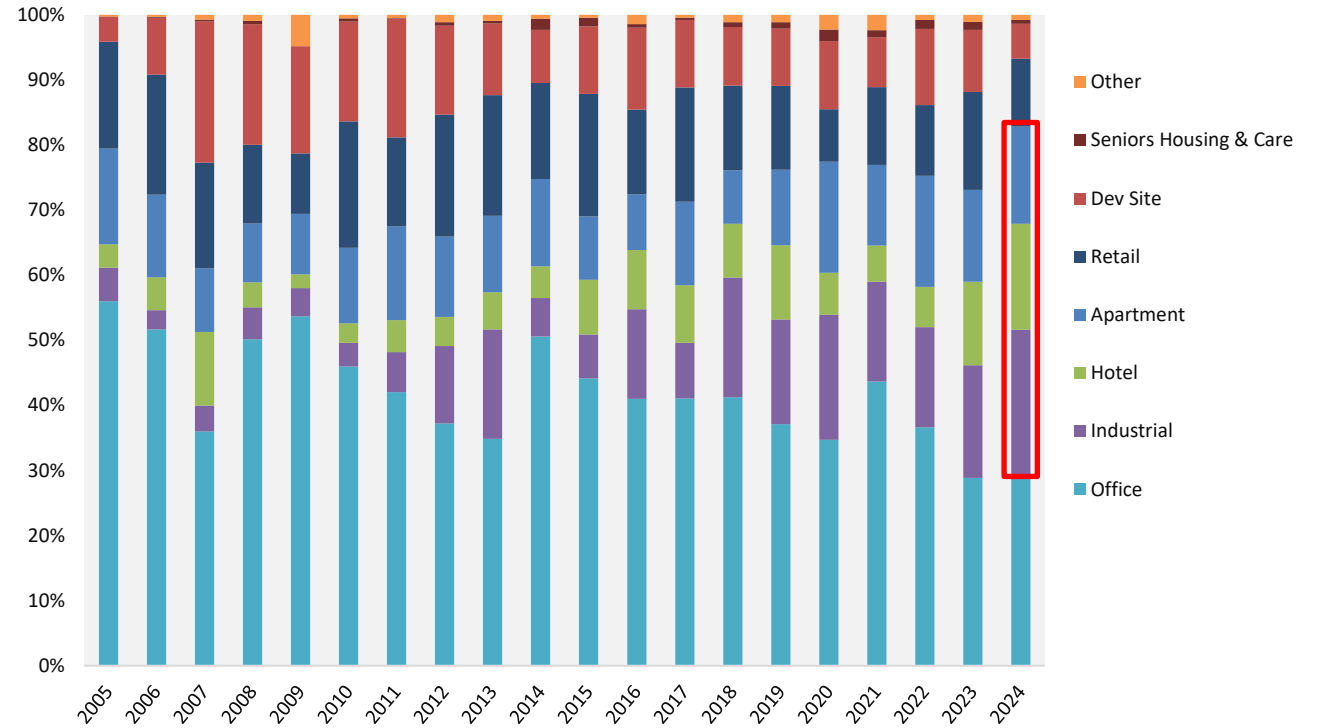


Real Estate Transaction Volume



Source: MSCI, ARES, Cushman & Wakefield Research  
Foreign Exchange Rate: \$1 = JPY157.18

Real Estate Transactions by Sector

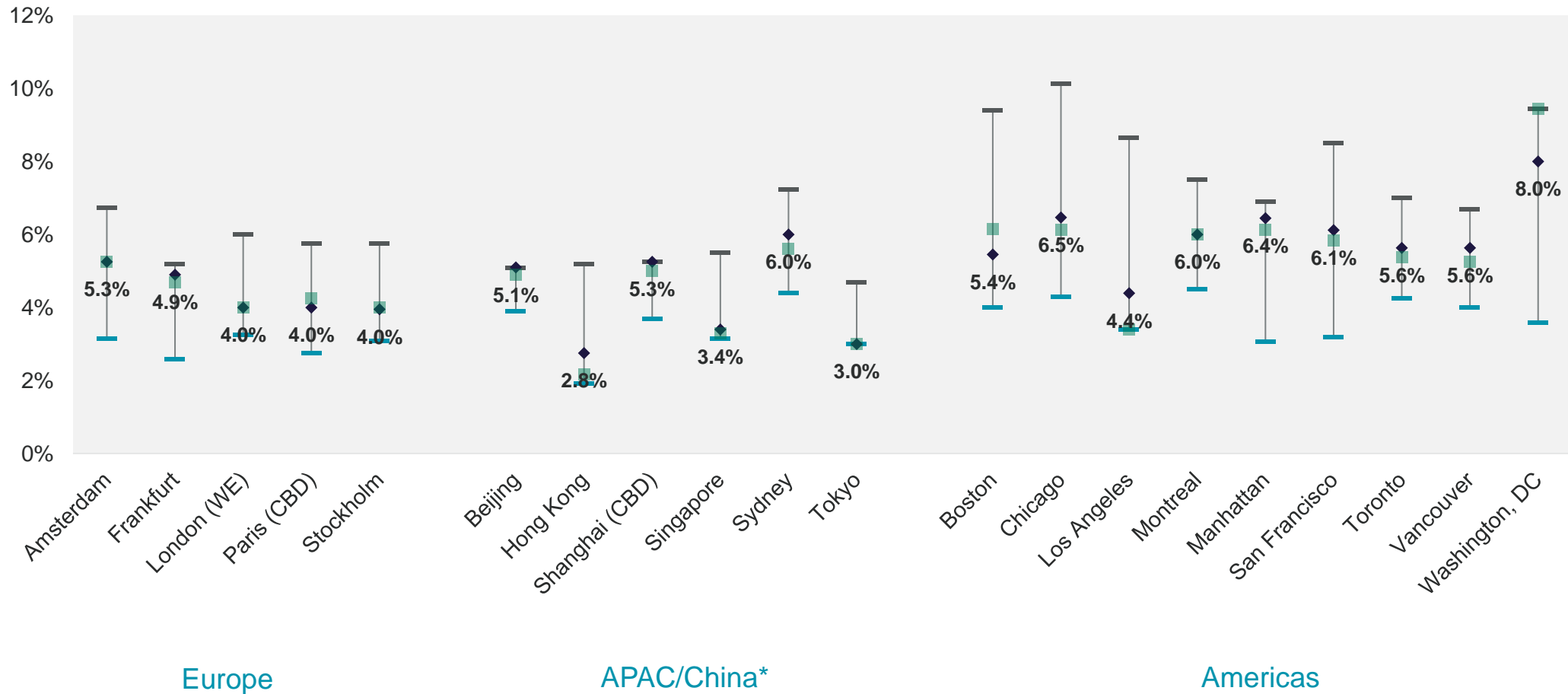


Source: MSCI, ARES, Cushman & Wakefield Research

# CAPRATES REMAIN TIGHT IN TOKYO

Prime Office Cap Rates (%)

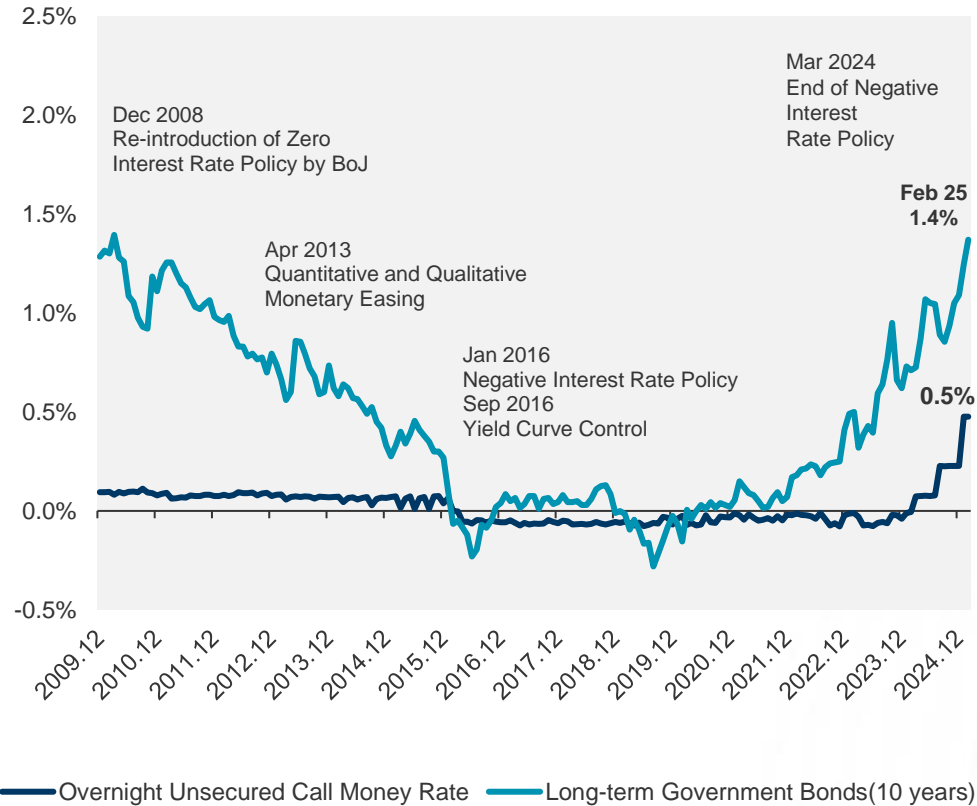
— Max — Min ◆ 2024 Q4 (Current) ■ 2023 Q4



Source: Cushman & Wakefield Research; MSCI (Real Capital Analytics)  
 Max/Min refers to period 2007 to date  
 \* Beijing and Shanghai data from Q1 2015 only

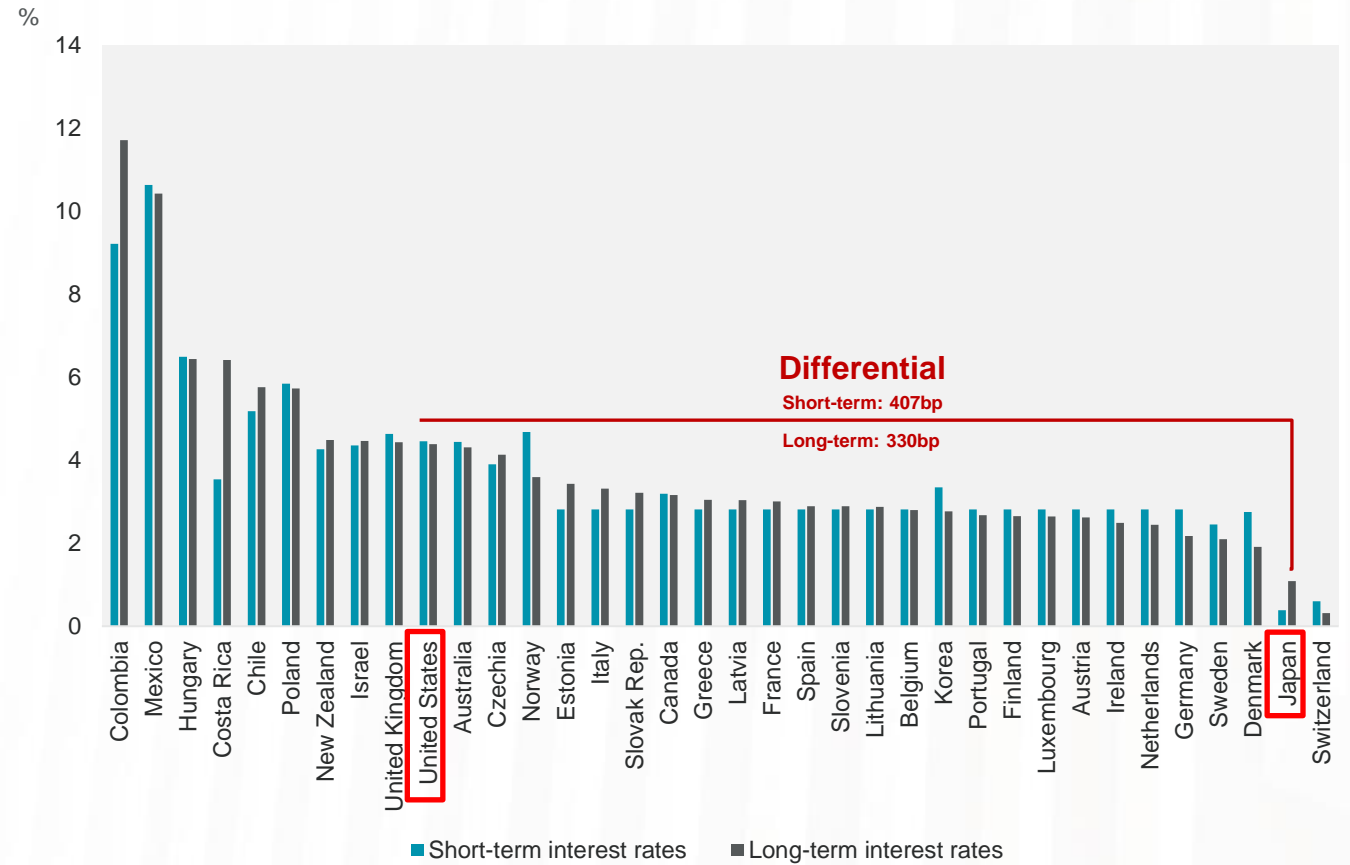
# LOW INTEREST RATE ENVIRONMENT

Japan's short-term and long-term rates, % per annum, Feb 2025



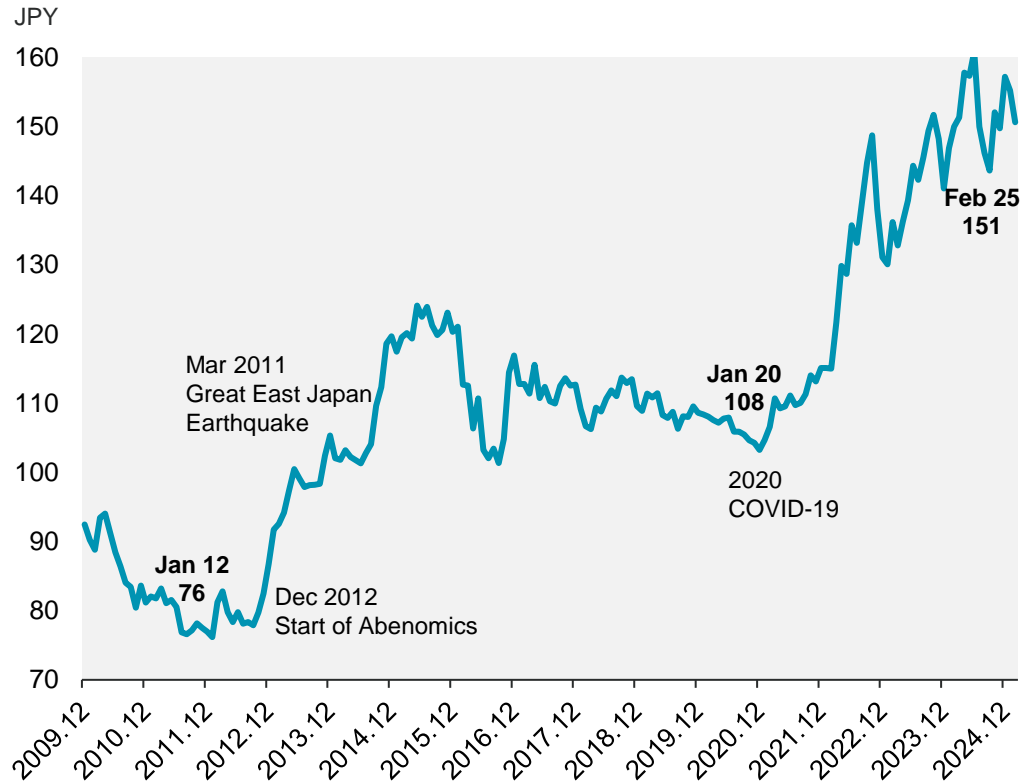
Source: Bank of Japan

Global short-term interest rates, % per annum, Dec 2024



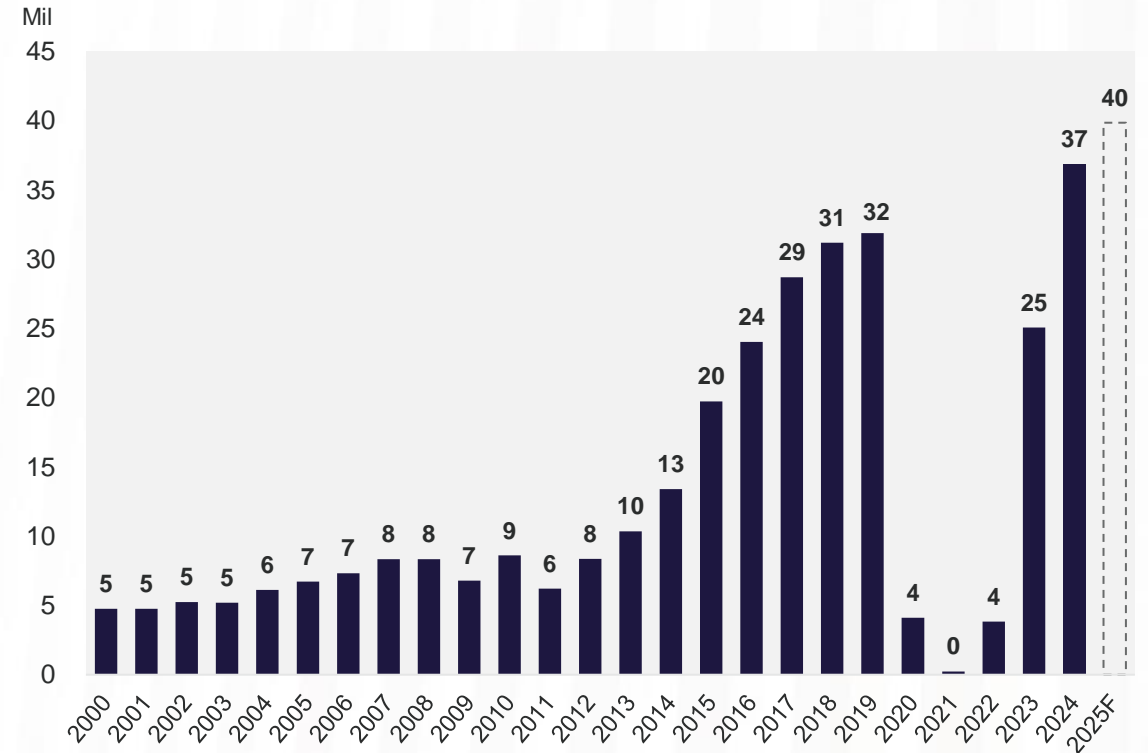
# WEAKER JPY ATTRACTS GLOBAL CAPITAL & TOURISTS

Foreign Exchange Rates: USD vs. JPY



Source: Bank of Japan, as at Feb 2025

Inbound Tourists to Japan: 2000-2025F

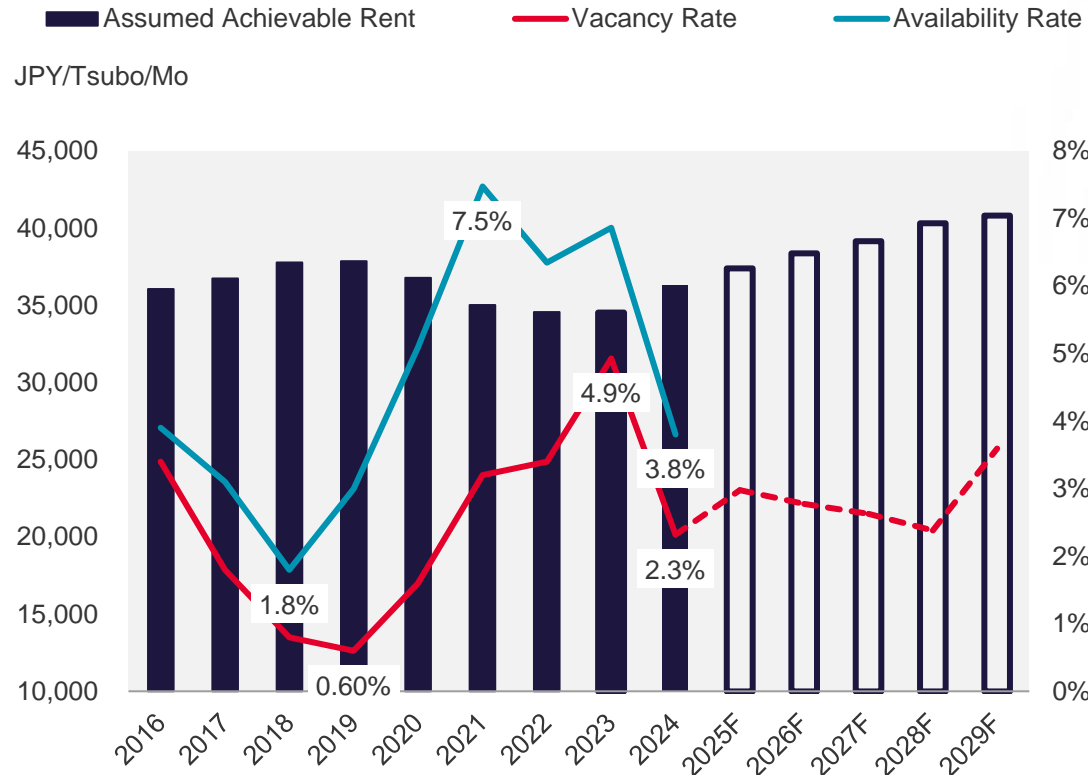


Source: Japan National Tourism Organization, as at Dec 2024

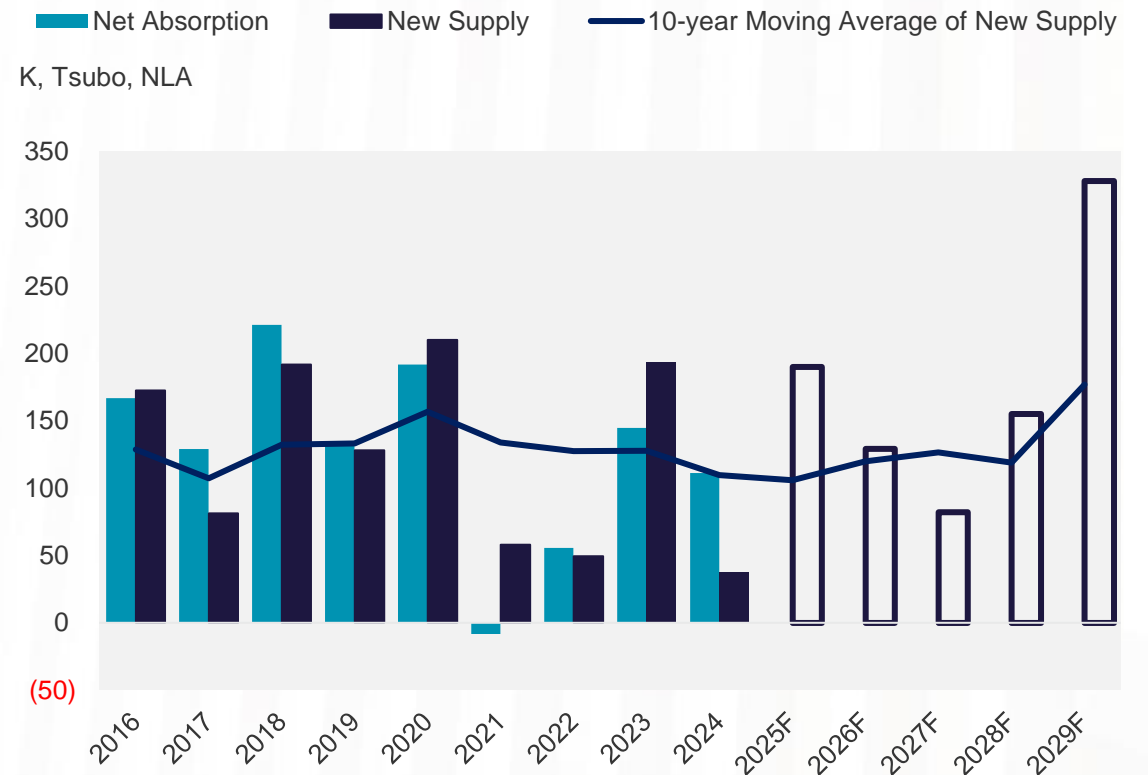
# OFFICE CONTINUES TO THRIVE IN TOKYO

Grade A Office, Tokyo Central 5 Wards, Q4 2024

## Rent & Vacancy Rate



## Supply & Net Absorption



Source: Cushman & Wakefield Research, data at the end of December 2024

Source: Cushman & Wakefield Research, data at the end of December 2024

# KEY TAKEAWAYS

- Japan is a **premier destination for international capital** due to its abundant investable stock and high liquidity, supported by its 4<sup>th</sup> largest economy, highly developed regulatory framework and political stability.
- Japan's transaction volume remains **robust and marked its historic peak in 2024**.
- **Industrial** sectors such as Logistics & Data Centers, along with **Hotel** and **Multifamily** properties, accounted for **over 50%** of the overall transactions in 2024.
- Cap rates remain tight, **lower than pre-COVID levels**, largely supported by a **low-interest rate environment**.
- Recent increases in both short-term and long-term interest rates have not significantly altered lending conditions, with which **investors remain comfortable as borrowers**.
- The rate differential with global peers has led to **a weaker yen**, reaching one of the historic lows. This attracts foreign investors seeking greater exposure to Japan, benefiting from favorable currency conditions, known as **currency vintage**.
- The weaker yen has also resulted in **a surge in international tourism**, aiding the hotel industry's recovery from the pandemic impact.
- **The office sector in Tokyo thrives with high occupancy rates**, and rents are expected to further grow despite an increase in supply.







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