



KENSHO INVESTMENT GROUP

The Japanese Real Estate Investment Market Status and Outlook

15.03.2023

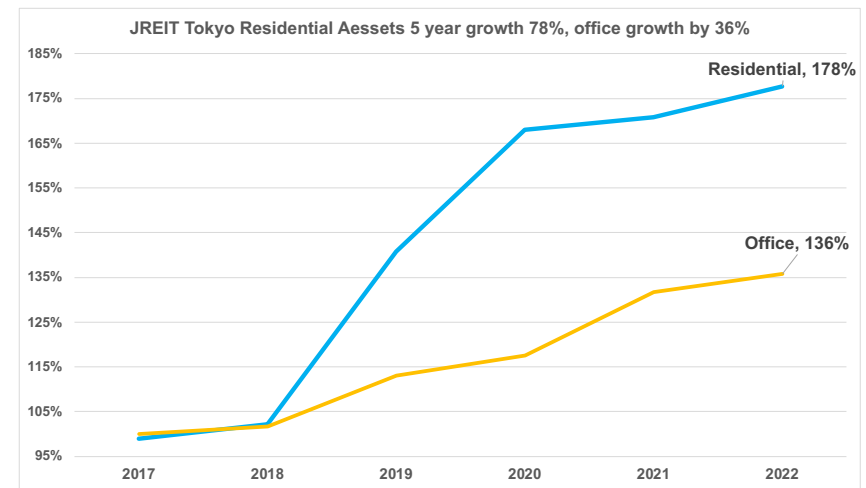
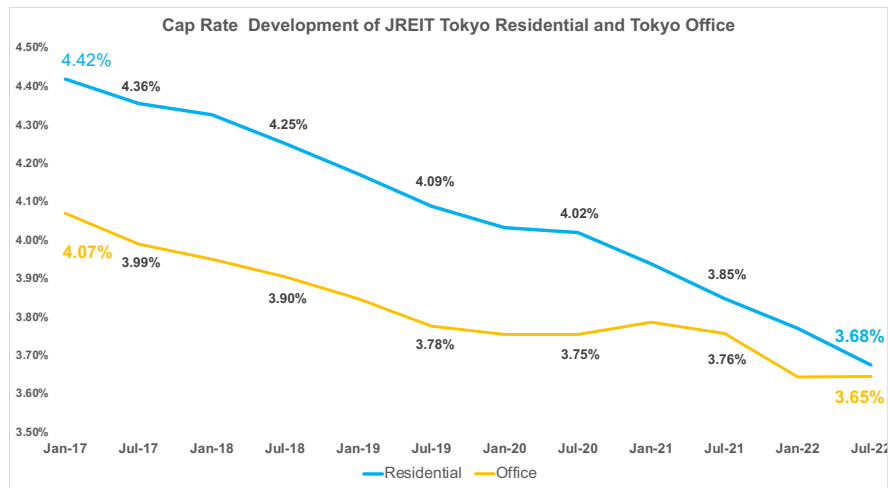
2022 TRANSACTION VOLUME

Decoupling from Europe and the US – Looking back at a successful and active year 2022

- **Total transaction volume for 2022 fell 2% y-o-y to JPY 3.8 trillion (ca. Euro 27 billion)**
- **In Q4 the YOY transaction volume was up by 14% at JPY 1.5 trillion (ca Euro 11 billion)**
- **Foreign investor volume grew by 12% in 2022**
- **Foreign investors account for 44% of deals in excess of JPY 10 billion (Euro 71 billion)**
- **Investment Return yields for Residential and Office at record low**
- **According to a CBRE Study:**
 - **Tokyo is the most attractive city for investment in APAC for 4th straight year**

JREIT ASSET UNDER MANAGEMENT AND CAP RATE DEVELOPMENT

The positive Yield Gap of Residential over Office shrunk with increasing Investment Volume



JREIT CAP RATE ENTWICKLUNG FÜR WOHN UND BÜRO INVESTMENTS

Poised to stay decoupled from Europe and the US financial market developments

- **The Japanese government has received a strong confirmation in July 2022, it is business oriented and able and willing to make decisions**
- **The Bank of Japan is not driven by fear of imported inflation, it targets wage inflation and will only increase interest rates from the present low level once wages increase sustainably at 3% in order to support the 2% domestic inflation**
- **Japanese office workers return to office**
- **In Japan capitalism works. Japan believes in stakeholder value rather than limiting the benefit of success to shareholders and CEOs**
 - **Japan's TOPIX index companies increased their profit since 1995 by 11 times**
 - **US S&P500 index companies increased their profit since 1995 by 6 times**
 - **US average CEO compensation 400 times average salary in the company**
 - **Japan top 50 CEO compensation 50 times average salary (average of all CEOs 12 times)**

Thank you for your attentions