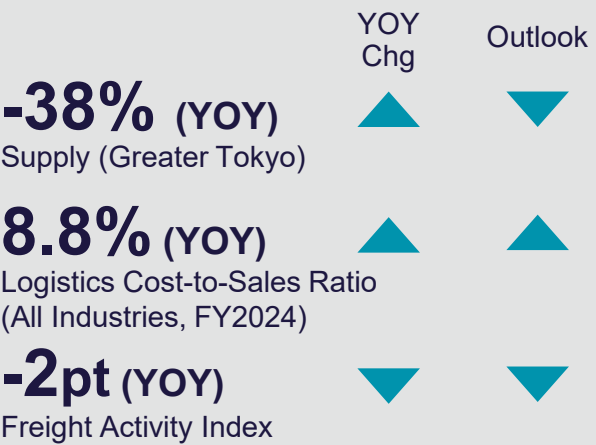
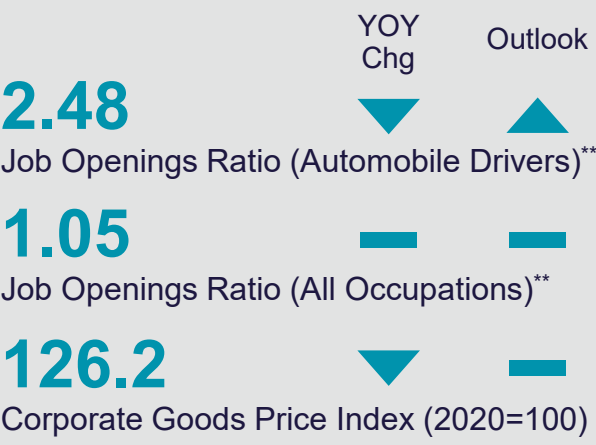


MARKET FUNDAMENTALS



Source: Japan Institute of Logistics Systems (JILIS),
NX Logistics Research Institute and Consulting,
Cushman & Wakefield

ECONOMIC INDICATORS



Source: Ministry of Health, Labour and Welfare, Bank of Japan
* Includes truck drivers
**includes part-timers
1 Monthly Statistical Report on Motor Vehicle Transport (Preliminary), Policy Bureau, MLIT
2 Japan Institute of Logistics Systems (JILIS)
Survey scope: C&W survey target is based on Large Multi-Tenant Logistics Facilities (LMT) with GFA 15,000 tsubo and over, except Nagoya and Fukuoka with GFA 5,000 tsubo and over. Major lease transactions include BTS (single-tenant) facilities.
Note: All data is as of June 30, 2025, unless otherwise stated.

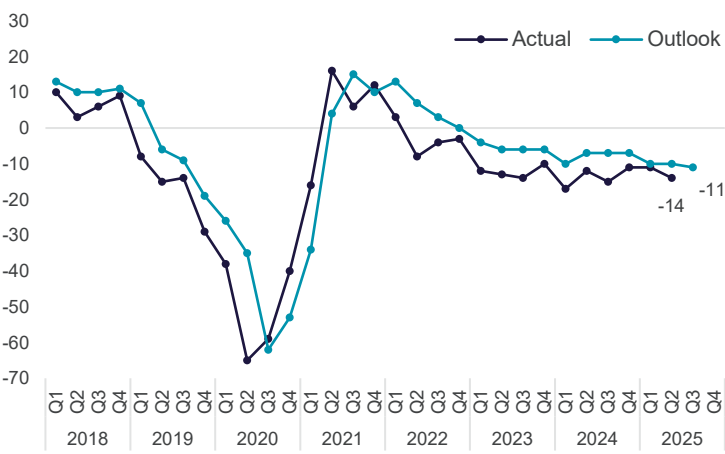
FREIGHT ACTIVITY WEAKENS, LOGISTICS OPERATORS PASS ON RISING COSTS

As at June 2025, Japan’s total freight volumes fell 7.1% y-o-y by tonnage and 0.1% by ton-kilometers¹. NX Research Institute’s Freight Activity Index has now declined by double digits for nine consecutive quarters since Q1 2023, with Q3 2025 forecast at -11 points, signaling further weakness. Labor shortages, subdued consumption from rising prices, and lower housing starts and public works due to soaring construction costs continue to weigh on demand. Logistics costs as a share of sales have risen across industries, most notably in wholesale food and beverages (5.7% in 2023 to 9.1% in 2024)². In refrigerated and ambient temperature food, higher warehouse operating fees tied to rising energy costs point to progressive cost pass-throughs by logistics providers. The impact of newly agreed trade tariffs, notably on automobiles, machinery, and steel, remains uncertain.

ASKING RENTS UP, EFFECTIVE RENTS DOWN AS SUPPLY-DEMAND IMBALANCE PERSISTS

Asking rents are reflecting higher construction costs, but rent-free incentives —especially in oversupplied submarkets — are driving effective rents lower, widening the gap with headline rents. Properties such as MFLP Yokohama Shinkoyasu, MFLP Tsukubamirai, GLP Yachiyo V, Landport Yokohama Sugita, and ESR Kawanishi DC2 reached full occupancy or eliminated vacancies in H1 2025, pointing to steady underlying demand activities. Tenants continue to prioritize labor availability and location convenience in site selection. Some landlords are pursuing rent hikes to offset higher construction and maintenance costs, though acceptance is limited as weak freight volumes, cost pressures, and elevated vacancy rates temper negotiations.

JAPAN: FREIGHT ACTIVITY INDEX



Source: Short-term Survey of Freight Movement in Japan, NX Logistics Research Institute and Consulting

JAPAN: HISTORICAL LOGISTICS COST-TO-SALES RATIO BY INDUSTRY

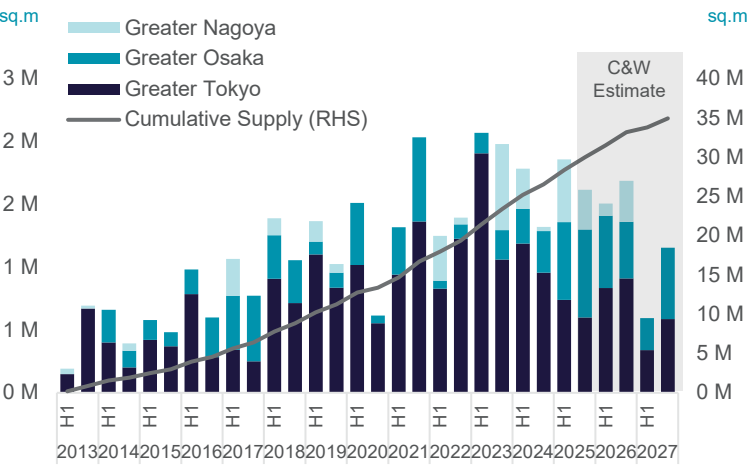
	2015	2020	2021	2022	2023	2024
Food (Ambient)	5.3%	6.3%	7.1%	6.4%	7.6%	6.9%
Food (Refrigerated)	9.1%	9.6%	8.8%	7.7%	6.9%	8.1%
Wholesale (Food & Beverages)	6.8%	8.0%	6.6%	7.0%	5.7%	9.1%
Transport Equipment	2.4%	3.2%	4.2%	5.4%	5.1%	5.8%
Manufacturing	6.0%	7.1%	7.3%	6.6%	5.2%	5.4%
All Industries	4.6%	5.4%	5.7%	5.3%	5.0%	5.4%
Precision Instruments	2.1%	3.4%	3.7%	4.2%	3.2%	4.3%
Wholesale (Textiles, Apparel, etc.)	4.5%	4.9%	5.9%	5.4%	3.9%	4.4%
Electrical Equipment	2.1%	2.1%	2.3%	2.1%	2.5%	2.2%

Source: Japan Institute of Logistics Systems (JILS), FY2024

OUTLOOK

- New supply in Greater Tokyo in the H2 2025 period is forecast to slow. This supply restraint should adjust the currently loose supply-demand balance over the medium-to long-term, with a likely reduction in rent-free periods.
- Some occupiers may adopt a wait-and-see stance until the impact of trade tariffs becomes clearer. This could delay improvements in the market’s supply-demand balance. Continued monitoring of the effect of tariffs on supply chains remains essential.
- A potential scenario, where a stronger yen is expected to reduce exports, may also help curb inflation by lowering prices of imported goods, potentially boosting related cargo movements.

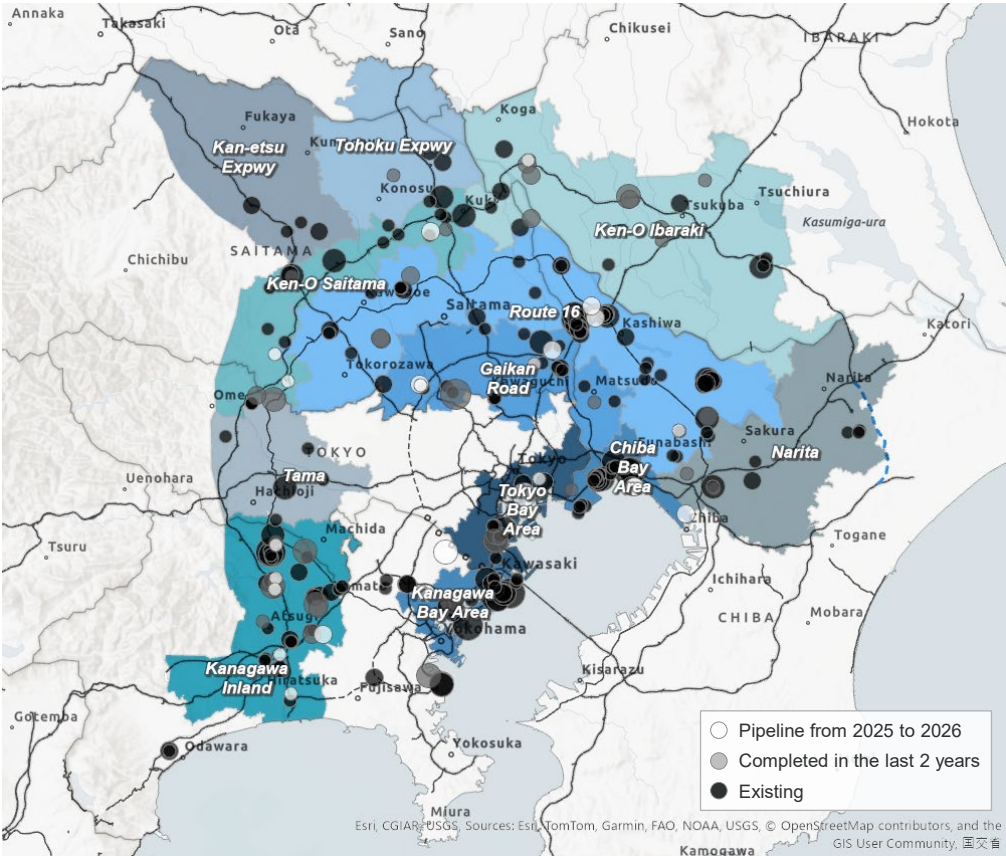
HISTORICAL LMT SUPPLY BY REGION



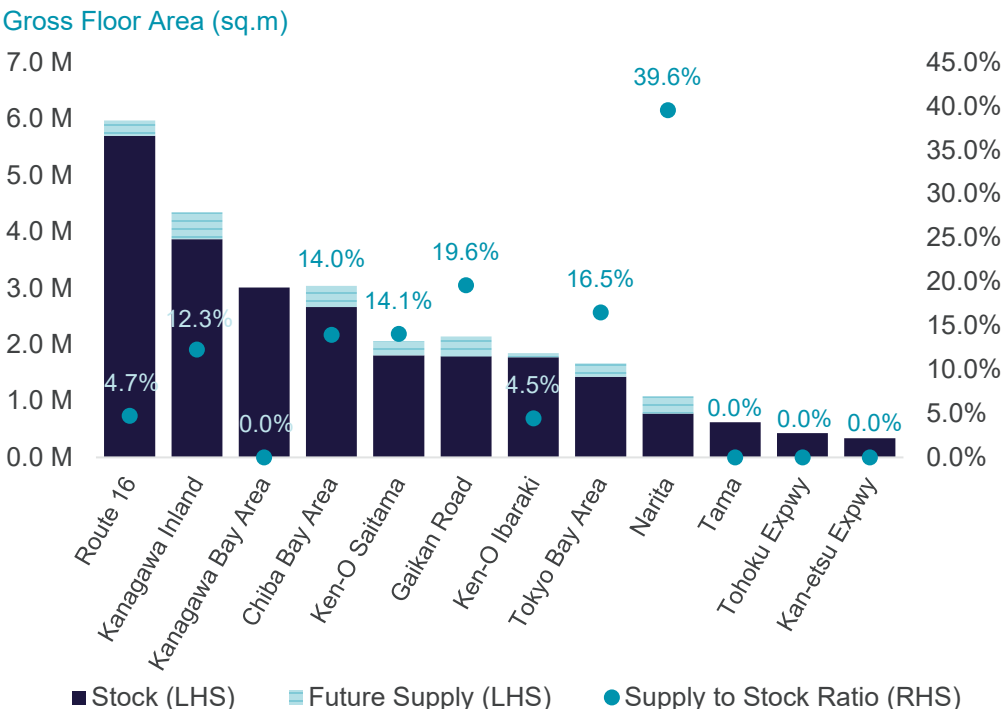
Source: LNEWS, Cushman & Wakefield based on publicly available company data

LMT Stock and Supply by Region

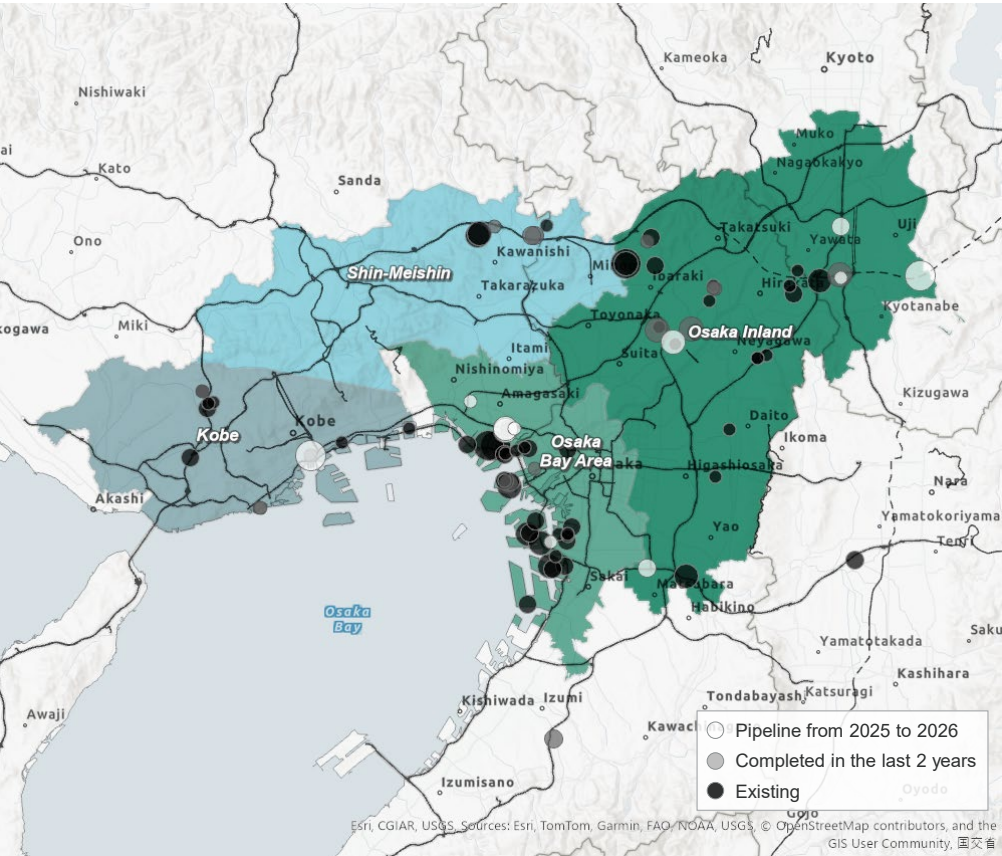
Greater Tokyo



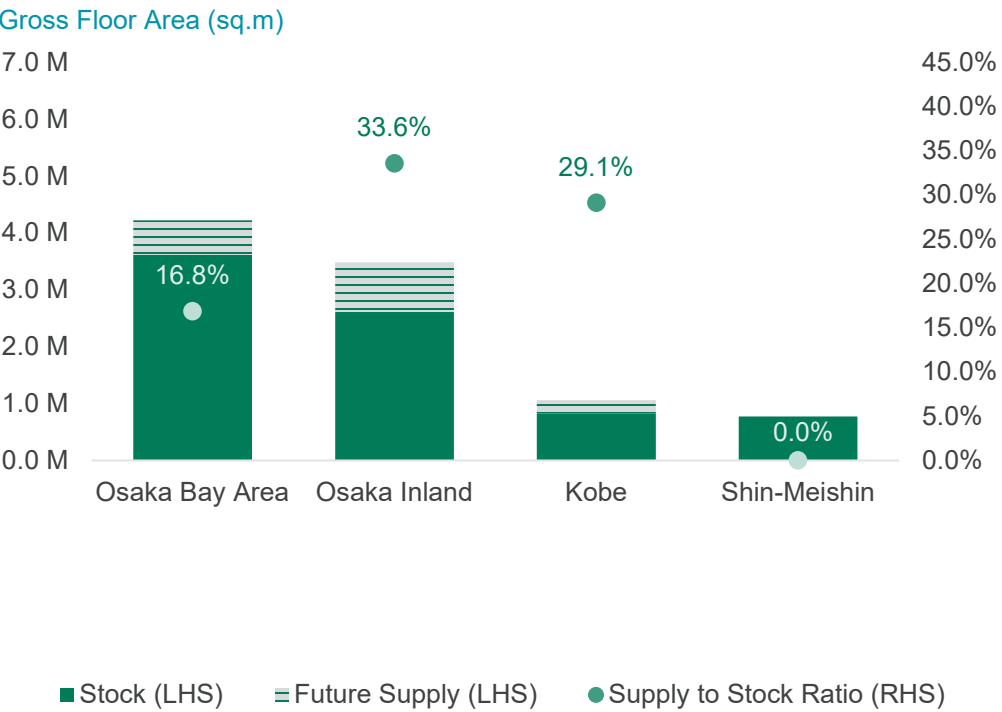
Greater Tokyo: Supply to Stock Ratio



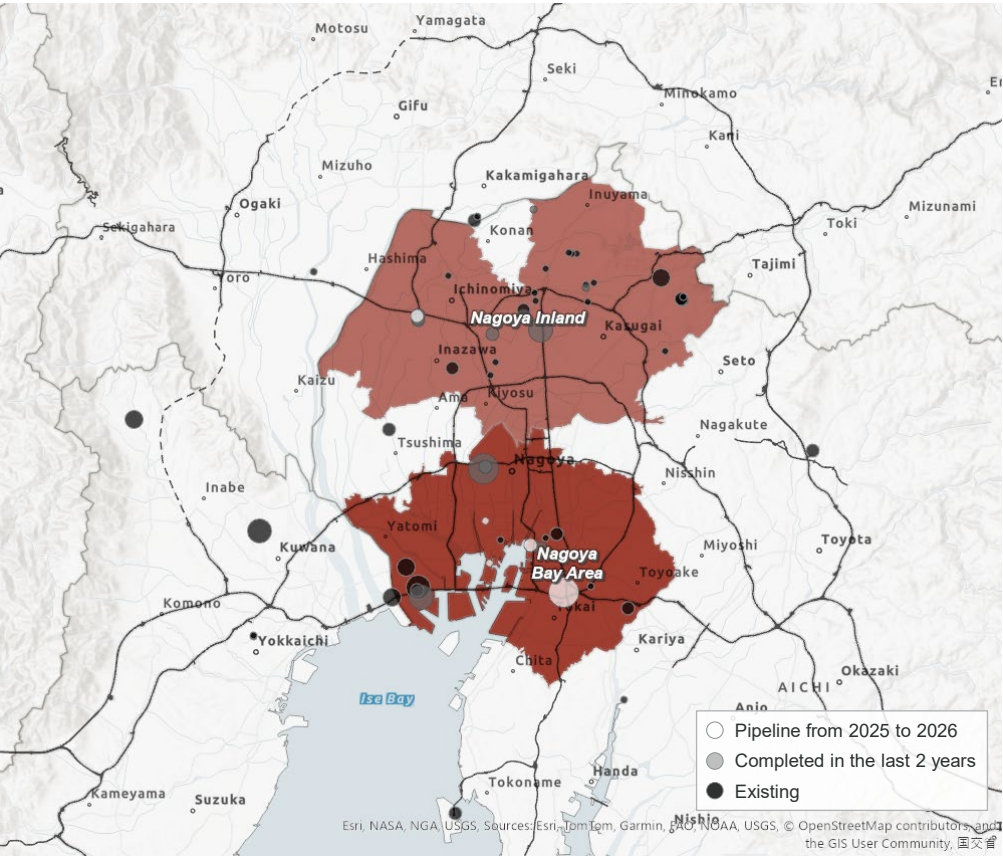
Greater Osaka



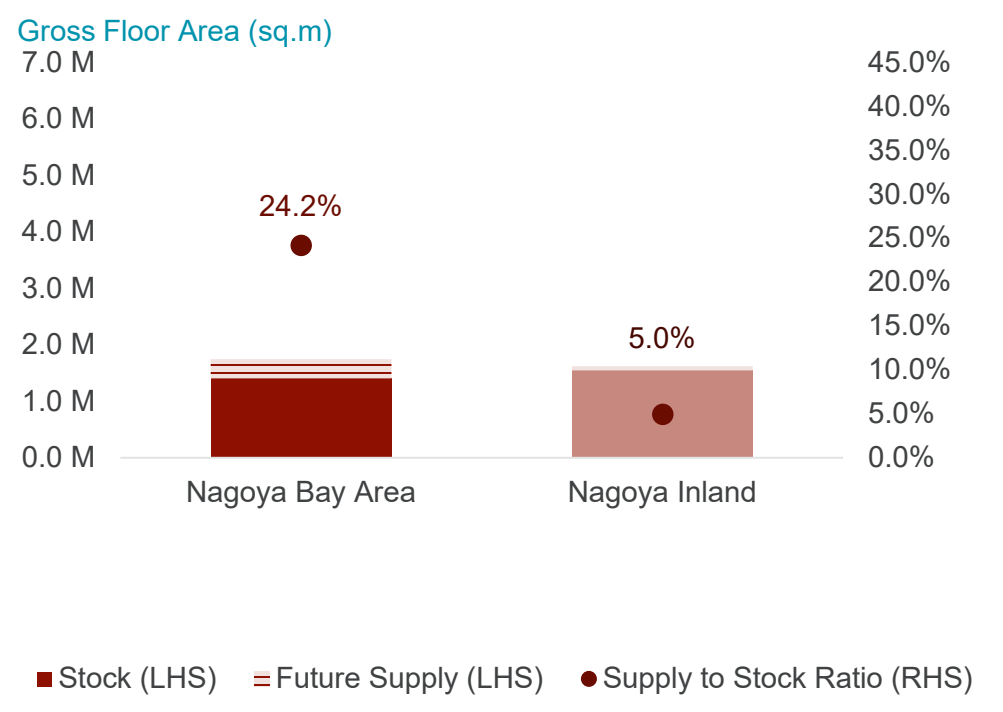
Greater Osaka: Supply to Stock Ratio



Nagoya



Nagoya: Supply to Stock Ratio



Note: Survey target is Large Multi-tenant Logistics Facilities with GFA 15,000 tsubo (approx. 49,590 sq.m) or over. Source: LNEWS, Cushman & Wakefield based on publicly available company data

MAJOR LEASE TRANSACTIONS BY TENANT, RANKED BY ESTIMATED LEASABLE AREA

TENANT	PROPERTY	SUBMARKET	DEVELOPER	EXPECTED OCCUPANCY DAYE	ESTIMATED GLA (SQ.M)
Daiwa Corporation	GLP Yachiyo V	Route 16	GLP Japan	Apr. 2025	133,960
PHYZ Operations	Landport Yokohama Sugita	Greater Tokyo Others	Nomura Real Estate Development／IHI	Apr. 2025	118,000
Mitsubishi Fuso Truck and Bus	MFLP Yokohama Shinkoyasu	Kanagawa Bay Area	Mitsui Fudosan	Apr. 2025	116,210
Nakano Shokai	ESR Kawanishi Distribution Center 2	Shin-Meishin	ESR	Apr. 2025	105,968
Misumi	ESR Kawanishi Distribution Center 1	Shin-Meishin	ESR	Jun. 2025	45,518

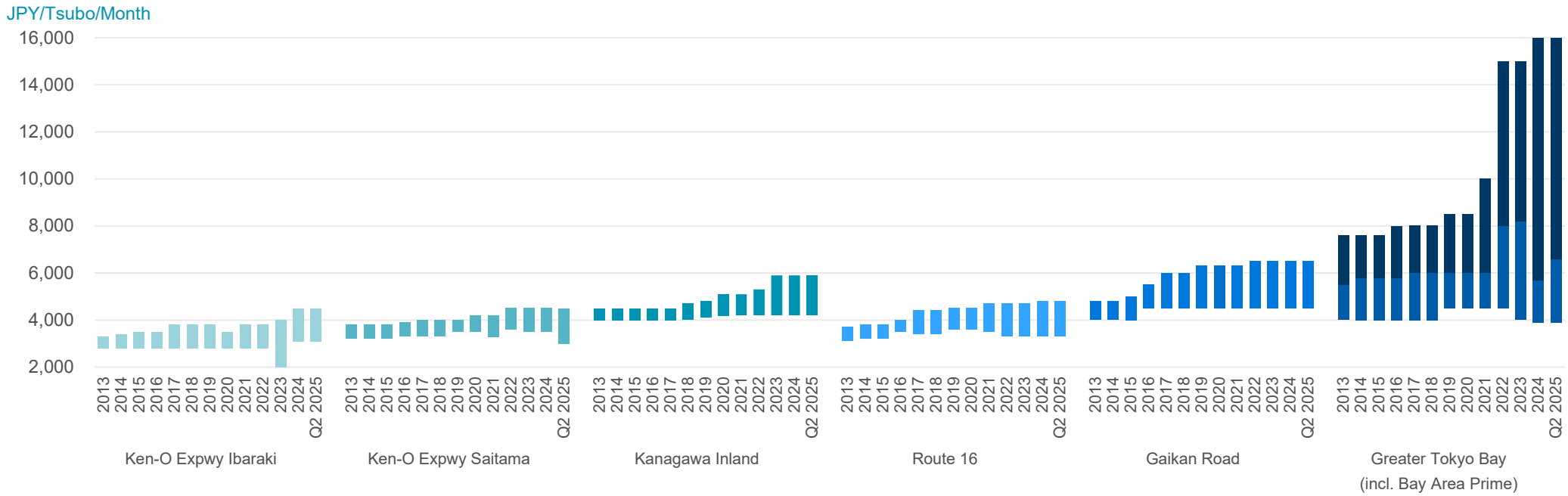
Source: LNEWS, Cushman & Wakefield based on publicly available company data

MAJOR NEW COMPLETIONS BY FACILITY, RANKED BY TOTAL FLOOR AREA

PROPERTY	SUBMARKET	DEVELOPER	TENANT	COMPLETION	GFA (SQ.M)
DPL Komaki	Nagoya Inland	Daiwa House Industry	Mitsui & Co. Global Logistics	Apr. 2025	192,385
UI Konan Logistics Center II	Greater Osaka Others	Unified Industrial	SGH Global Japan	Jun. 2025	183,959
Landport Yokohama Sugita	Greater Tokyo Others	Nomura Real Estate Development／IHI	PHYZ Operations	Mar. 2025	163,409
GLP Yachiyo V	Route 16	GLP Japan	Daiwa Corporation	Mar. 2025	157,600
LogiSquare Kyotanabe A	Osaka Inland	CRE	Nohhi Logistics, Hirata Soko, PIP	Feb. 2025	155,878

Source: LNEWS, Cushman & Wakefield based on publicly available company data

HISTORICAL ASKING RENT PRICE RANGES BY SUBMARKET



Source: Cushman & Wakefield

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