

# J-REIT Monthly

October 2018

For your information only



Sumitomo Mitsui Asset Management

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## 1. J-REIT Market Monthly Review (for September 2018)

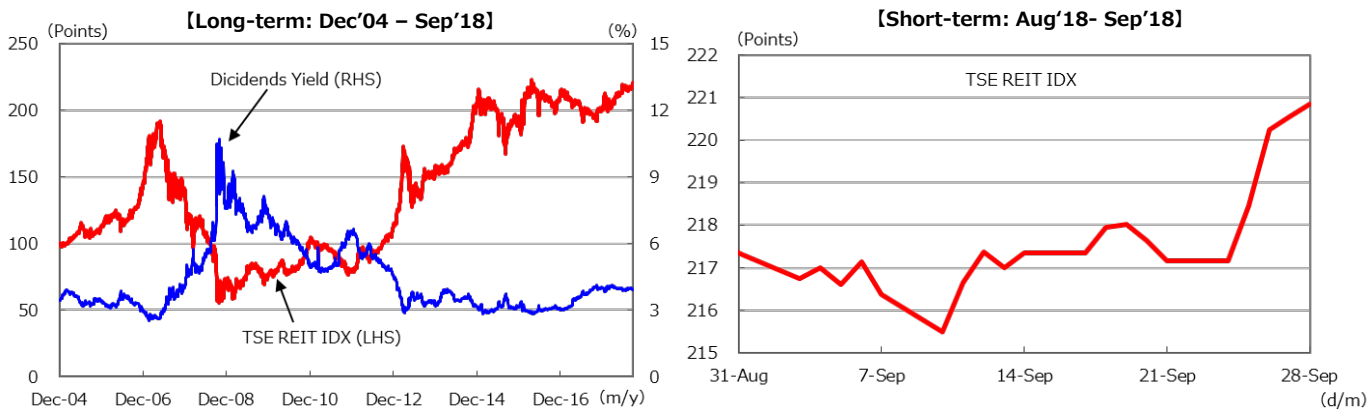
In September, the TSE REIT Index (with dividends) gained 1.61% from the previous month. Although long term interest rates rose and natural disasters such as typhoon and earthquake subsequently hit the Japanese islands, the market was relieved by strong earnings results of J-REITs on the back of favorable property market conditions owing mainly to office sector. In addition, for the first time, a second share buy-back was conducted by the same J-REIT, and this led to favorable evaluation and expectation towards self-help efforts of J-REIT management that underpinned the market.

By sector of TSE REIT Index, only office sector outperformed in September, unchanged from last month.

Regarding the Japan property market, August office vacancy rate in Tokyo five central wards improved to 2.45% with rents continuously increasing.

In September, there was no purchase of J-REITs by BOJ.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of	1 week ago	1 month ago	3 months ago	6 months ago	1 year ago	3 years ago
	28 Sep 18	21 Sep 18	31 Aug 18	30 Jun 18	31 Mar 18	30 Sep 17	30 Sep 15
Index	3,513.39	3,454.57	3,457.71	3,450.92	3,274.92	3,139.87	2,964.58
% Change	-	1.7%	1.6%	1.8%	7.3%	11.9%	18.5%

Note: (1) TSE REIT Index (w/ dividends) of the last trading day of a month. 12/31/04 = 100

(2) % chg: changes for each period.

Source: SMAM, based on Datastream data.

## 3. Top 10 REIT Constituents in J-REIT

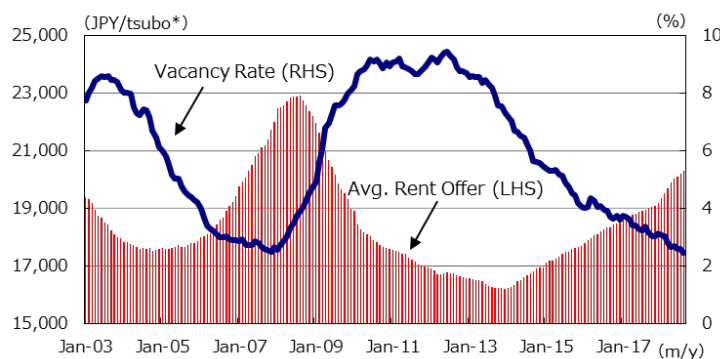
(# of TSE REIT Index Components:60)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.4%
2	JAPAN REAL ESTATE INV.	J8952	6.9%
3	NOMURA RLST. MASTER FUND	J3462	5.3%
4	UNITED URB. INV.	J8980	4.6%
5	JAPAN RET. FD. INV.	J8953	4.5%
6	ORIX REIT	J8954	4.1%
7	DAIWA HOUSE REIT INV.	J8984	3.8%
8	NIPPON PROLOGIS REIT	J3283	3.5%
9	ADVANCE RESIDENCE INV.	J3269	3.3%
10	GLP JAPAN REIT	J3281	3.2%
	その他		53.4%
	合計		100.0%

Source: SMAM, based on Datastream data.

(As of the end of Sep 2018)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to Aug 2018 (monthly basis).

(2) Tokyo 5 wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku.

(3) Tsubo is a Japanese traditional unit of measuring area. One tsubo represents approx. 10.76 square feet or 3.3 square meters

Source: SMAM, based on Datastream data.

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## 1. Global REIT Market Monthly Review (for September 2018)

In September, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped 2.5%. On a local currency basis, the REIT return declined 2.5% and the Forex remained flat.

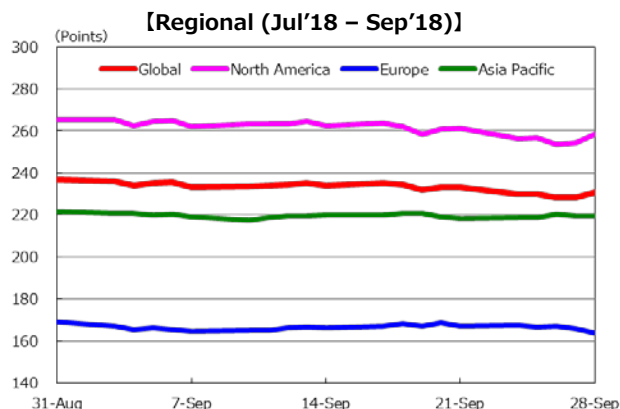
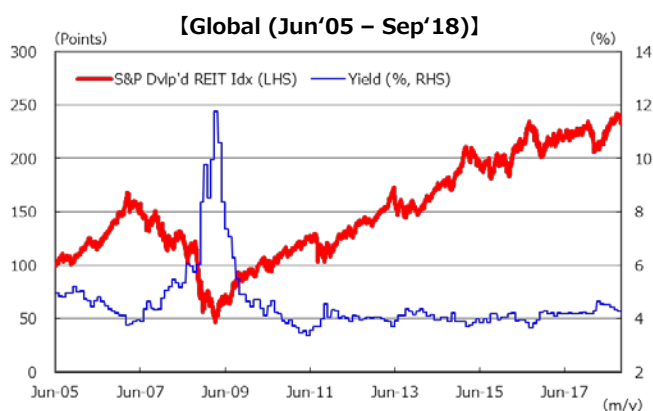
The US REIT market declined on rise in US long term interest rates led by expectations for FRB to continue interest rate hike, although the market was time to time in favor of the strong US stock market.

The European REIT market dropped, negatively reacting to growing concerns over slowdown in Eurozone economy due to (i) rise in European long term interest rates and (ii) Eurozone retail sales and industrial production that fell below market forecasts.

The Australian REIT market also fell down on decline in domestic housing price.

Regarding the Forex factor, GBP, CAD, SGD and HKD all advanced against USD while EUR weakened against USD.

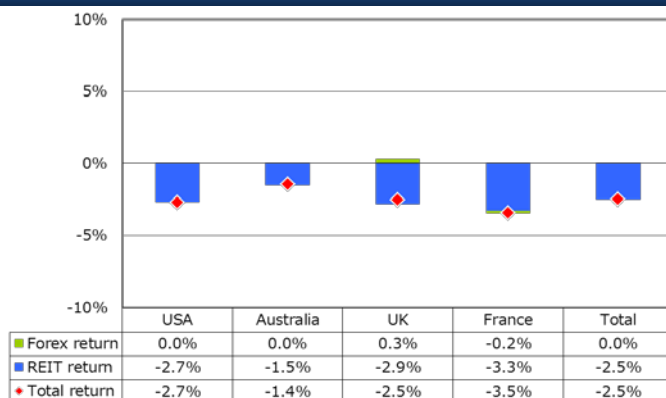
## 2. Global REIT Index (in USD)



As of 28 Sep 2018	1 week ago 21 Sep 18	1 month ago 31 Aug 18	3 months ago 29 Jun 18	6 months ago 30 Mar 18	1 year ago 29 Sep 17	3 years ago 30 Sep 15
Global	-1.0%	-2.5%	0.4%	8.0%	3.9%	23.6%
North America	-1.1%	-2.6%	1.2%	11.5%	4.0%	24.5%
Europe	-1.9%	-3.1%	-5.7%	-6.6%	-0.9%	-1.2%
Asia Pacific	0.4%	-0.9%	2.5%	5.3%	8.0%	47.4%

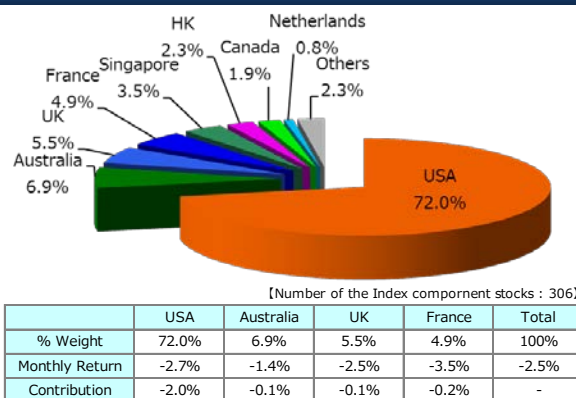
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Sep'18)



Note: Total-return breakdown of S&P Developed REIT Index (in USD) by forex and market factors, by countries.  
Source: SMAM, based on FactSet data.

## 4. Global % Weight by Markets (Sep'18)



Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in USD).  
(2) Contribution is calculated by multiplying each country's % weight by Monthly Return  
Source: SMAM, based on FactSet data.

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