

“New Condominium Sales” were Lower than Previous Year

Trend of “New Condominium Sales” can be captured by the “Condominium Market Trends” in Greater Tokyo and Kinki areas* posted on the web site of Real Estate Economic Institute, on a monthly basis. The report shows useful data, such as average exclusive area and average price of condominiums, ratio of sales contracts signed and inventory. The data can be used to understand detailed market environment of latest new condominium sales.

* Greater Tokyo area includes Tokyo, Saitama, Chiba and Kanagawa prefectures and Kinki area includes Osaka, Hyogo, Kyoto, Nara, Shiga and Wakayama prefectures.

Point 1

New condominium sales in Greater Tokyo area was lower than the previous year for three consecutive months

A trend seen in both Greater Tokyo and Kinki areas

- Number of “New condominium sales” in Greater Tokyo area in February 2016 was 2,237 units, 13.9% lower than the previous year (lower for three consecutive months). That in Kinki area reported at the same time was 1,640 units, 13.9% lower than the previous year (lower for two consecutive months).

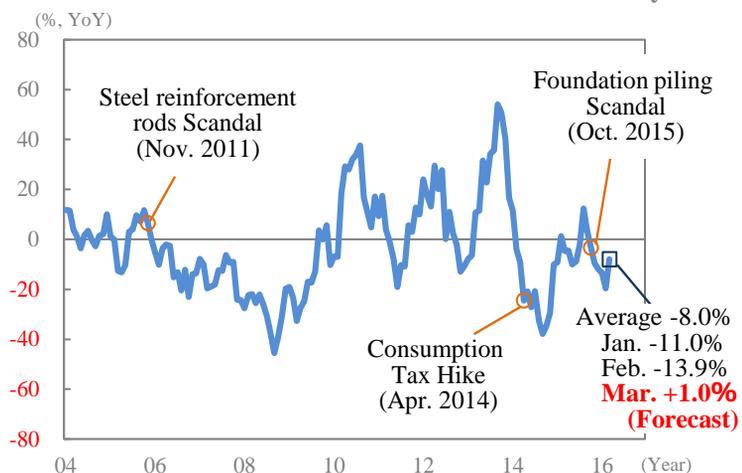
Point 2

Ratio of sales contracts signed recovered the 70% level

Average price continues to rise but the pace is slowing down

- The “ratio of contracts signed”, a benchmark to judge good or bad sales of new condominiums, was 72.9% in Greater Tokyo area and 72.0% in Kinki area. Both areas surpassed 70%, a level generally considered as good sales, for the first time in three months.
- Average price of condominiums in Greater Tokyo area in February was JPY57.73million (+1.4% YoY) and price per square meter was JPY835,000 (+2.8% YoY). Both have risen for nine consecutive months. Those of Kinki area announced on the same day were JPY37.17million (+8.5% YoY, rising for four consecutive months) and JPY632,000 (+14.9% YoY, rising for eight consecutive months) respectively. However, the pace of rising has slowed in both areas.

Number of New Condominium Sales in Greater Tokyo



(Note) Data period from January 2004 to March 2016. 3 months moving average. Actual number till February 2016. March number is a forecast of the Real Estate Economic Institute.
(Source) SMAM, based on the Real Estate Economic Institute data.

■ Negative impact of “foundation piling scandals” seems to have settled down to some extent

Issues on “foundation piling scandals” (lack of necessary foundation construction to support building structures) saw some progress as agreements were made between the major real estate companies and the residents of faulty condominiums in Greater Tokyo area. Although we need to keep our eyes on these scandals as nationwide investigation is still in progress, the scandals in Greater Tokyo area should settle down.

■ Number of new condominium sales is expected to increase in March

According to the Real Estate Economic Institute, number of new condominium sales in March is expected to be 4,500 units, a rise of 1.0% YoY. The introduction of negative interest rate by BOJ may have stimulated actual demand of those who were considering to purchase condominiums. Increase in new condominium sales is expected as the price rising has moderated.

■ Disclaimer**Please read this disclaimer carefully.**

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter “SMAM”), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM’s judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM’s authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399

Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and

Type II Financial Instruments Firms Association

© Sumitomo Mitsui Asset Management Company, Limited

