

# J-REIT Monthly

January 2019

For your information only



Sumitomo Mitsui Asset Management

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

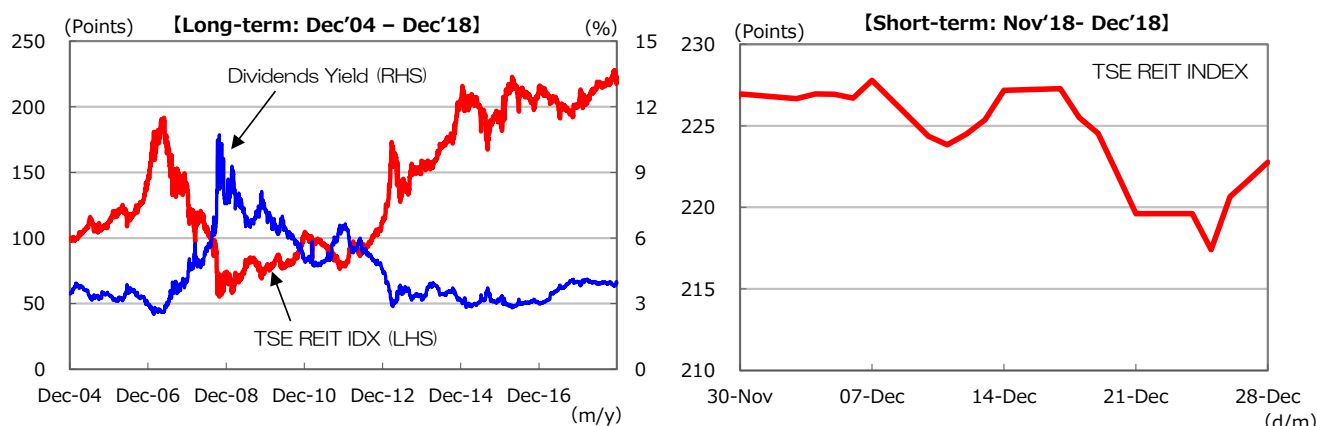
In December, the TSE REIT Index (with dividends) decreased 1.85% from the previous month. Both domestic and overseas stocks corrected as stock prices plunged around 10% due to (1) uncertainty over US-China trade friction, (2) expanding concerns over global economic slowdown and (3) recent appreciation of JPY. Meanwhile, the J-REIT market only declined slightly supported by (1) strong property market mainly driven by office sector, (2) weighted average yield of the J-REIT market that exceeded 4% due to stable profits from property rent and also, (3) evaluation of J-REIT's effort to improve their business management.

By sector of TSE REIT Index, only office sector underperformed but no specific sector showed a prominent performance in December.

The Japan property market remains firm as November office vacancy rate in Tokyo five central wards recorded its lowest rate in the last 27 years as it improved to 1.98% with rents continuously increasing.

In December, BOJ bought JPY7.2bn worth of J-REITs, by six times purchase, the most frequent monthly purchase in the latter half of the year, which supported the market.

## 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 Dec 18	21 Dec 18	30 Nov 18	30 Sep 18	30 Jun 18	31 Dec 17	31 Dec 15
Index	3,543.83	3,493.53	3,610.49	3,513.39	3,450.92	3,189.59	3,115.04
% Change	-	1.4%	-1.8%	0.9%	2.7%	11.1%	13.8%

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.

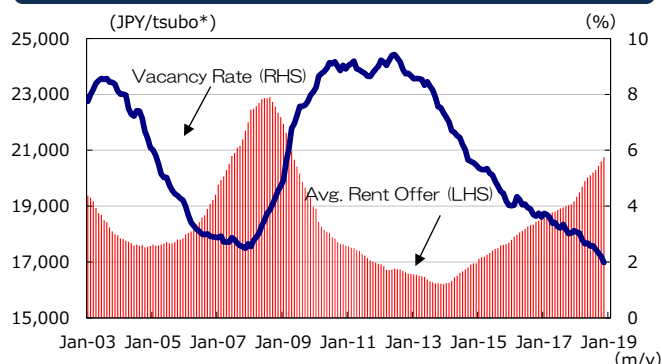
## 3. Top 10 REIT Constituents in J-REIT

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.7%
2	JAPAN REAL ESTATE INV.	J8952	7.1%
3	NOMURA RLST.MASTER FUND	J3462	4.9%
4	JAPAN RET.FD.INV.	J8953	4.8%
5	UNITED URB.INV.	J8960	4.3%
6	ORIX JREIT	J8954	4.2%
7	NIPPON PROLOGIS REIT	J3283	3.6%
8	DAIWA HOUSE REIT INV.	J8984	3.5%
9	ADVANCE RESIDENCE INV.	J3269	3.4%
10	GLP J-REIT	J3281	3.2%
	Others		53.2%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of Dec 2018)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to Nov 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 December 2018)

In December, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) declined 6.6%. On a local currency basis, the REIT return fell 6.4% and the Forex return decreased 0.2%.

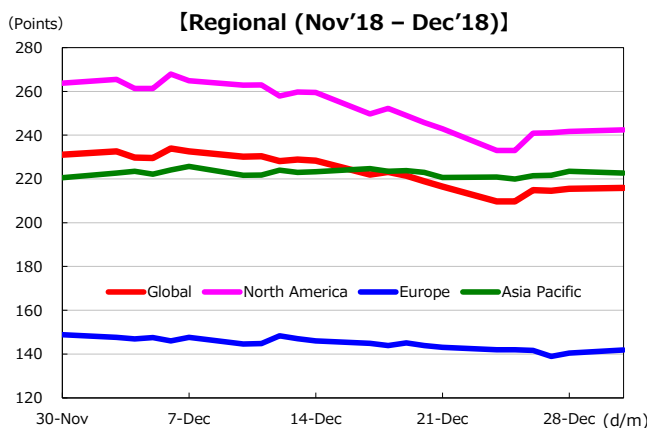
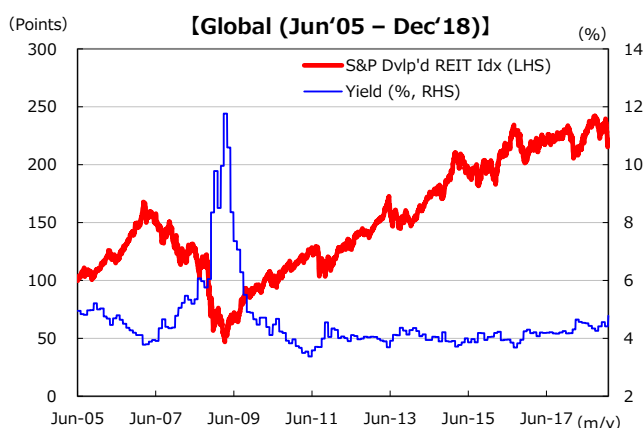
The US REIT market fell negatively reacting to (1) FRB's suggestion to continue raising interest rates and (2) US stock market's decline led by expanding concerns over economic slowdown.

The European REIT market declined due to (1) risk-off movement spreading globally and (2) worries over economic slowdown that expanded as economic indicators in Europe, such as PMI (Purchasing Managers' Index), weakened against market expectation.

The Australian REIT market improved in favor of decrease in long term interest rates, supported by expanding market expectations for low interest rate environment to continue led by RBA's cautious economic outlook.

Regarding the Forex factor, AUD and CAD weakened, EUR and SGD strengthened against USD, while, GBP and HKD remained almost neutral against USD.

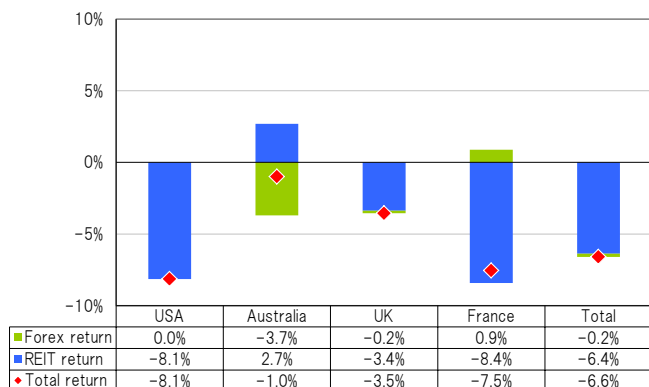
## 2. Global REIT Index (in USD)



As of 31 Dec 2018	1 week ago 24 Dec 18	1 month ago 30 Nov 18	3 months ago 28 Sep 18	6 months ago 29 Jun 18	1 year ago 29 Dec 17	3 years ago 31 Dec 15
Global	2.9%	-6.6%	-6.4%	-6.0%	-5.8%	9.6%
North America	4.0%	-8.1%	-6.2%	-5.1%	-3.8%	9.6%
Europe	-0.1%	-4.7%	-13.4%	-18.4%	-20.4%	-12.9%
Asia Pacific	-0.3%	0.4%	-0.9%	1.6%	-1.8%	34.8%

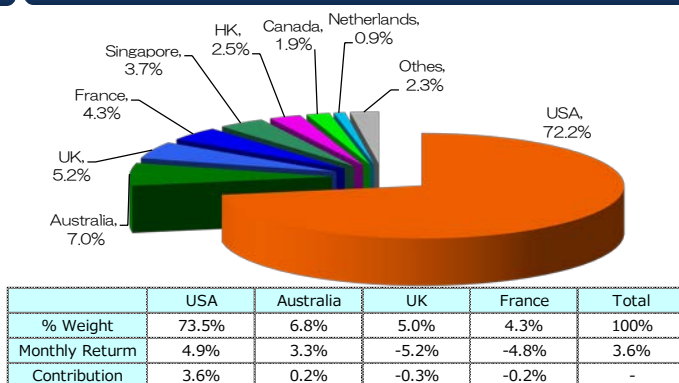
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Dec'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 (Dec'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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