

# J-REIT Monthly

July 2019

For your information only



Sumitomo Mitsui DS Asset Management

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## 1. J-REIT Market Monthly Review (for Jun 2019)

In June, the TSE REIT Index (with dividends) increased 1.5% from the previous month.

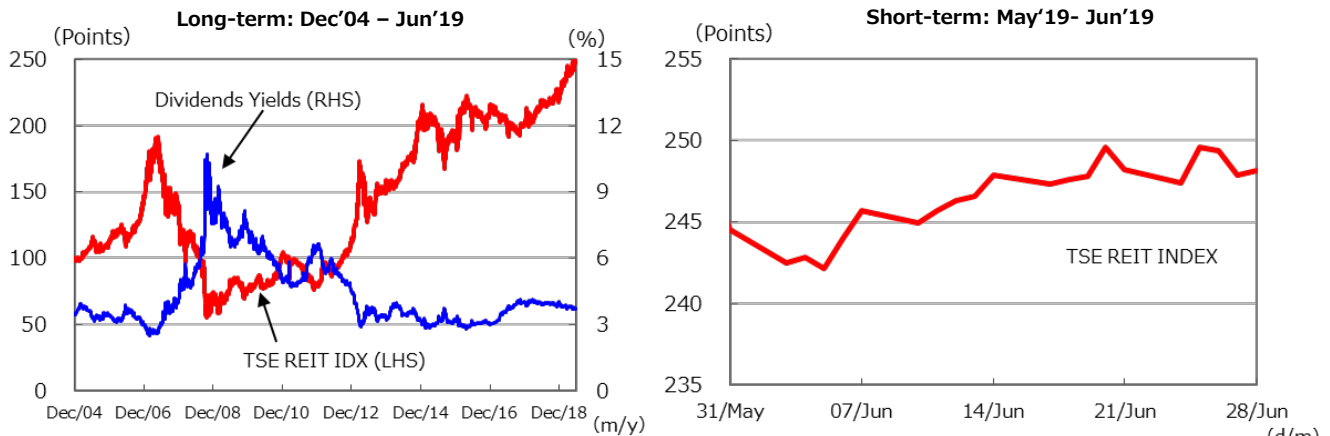
J-REIT market moved firm with 1) growing expectation for rates cut by central banks in US and Europe due to concern over global economic slowdown triggered by US-China trade friction and 2) further decline in long-term interest rates in domestic bond market. Also J-REIT saw a strong demand as a large PO during the month did not weaken the supply/demand condition.

By sector, residential sector outperformed and office sector underperformed. Meanwhile, logistic sector started to recover while hotel and retail sectors were flat.

May office vacancy rate in Tokyo five central wards improved to 1.64% thanks to increasing rent price.

In June, BoJ purchased JPY1.2bn worth of J-REIT by once

## 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 Jun 19	21 Jun 19	31 May 19	31 Mar 19	31 Dec 18	30 Jun 18	30 Jun 16
Index	3,947.76	3,948.86	3,889.57	3,851.10	3,543.83	3,450.92	3,340.35
% Change	-	-0.0%	1.5%	2.5%	11.4%	14.4%	18.2%

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: SMDAM, based on Datastream data.

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

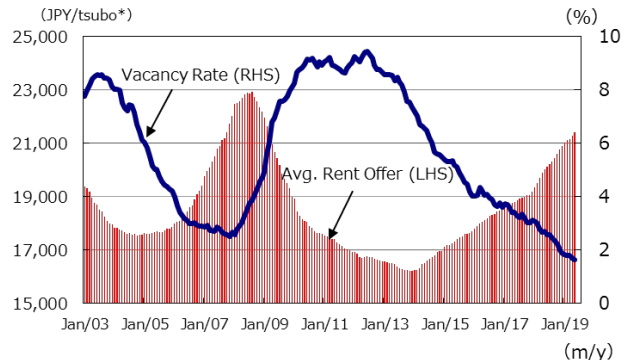
(# of TSE REIT Index Components:63)

	REIT	Code	Weight
1	NIPPON BUILDING FUND	J8951	7.4%
2	JAPAN REAL ESTATE INV.	J8952	6.8%
3	NOMURA RLST.MASTER FUND	J3462	5.3%
4	JAPAN RET.FD.INV.	J8953	4.2%
5	UNITED URB.INV.	J8960	4.2%
6	ORIX JREIT	J8954	4.0%
7	NIPPON PROLOGIS REIT	J3283	3.7%
8	DAIWA HOUSE REIT INV.	J8984	3.6%
9	ADVANCE RESIDENCE INV.	J3269	3.2%
10	GLP J-REIT	J3281	3.1%
	Others		54.4%
	Total		100.0%

Source: SMDAM, based on Datastream data.

(As of the end of Jun 2019)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to May 2019(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: SMDAM, based on Datastream data.

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## 1. Global REIT Market Monthly Review (for Jun 2019)

In June, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) rose 2.0%. On a local currency basis, the REIT return increased 1.6% and Forex increased 0.4%.

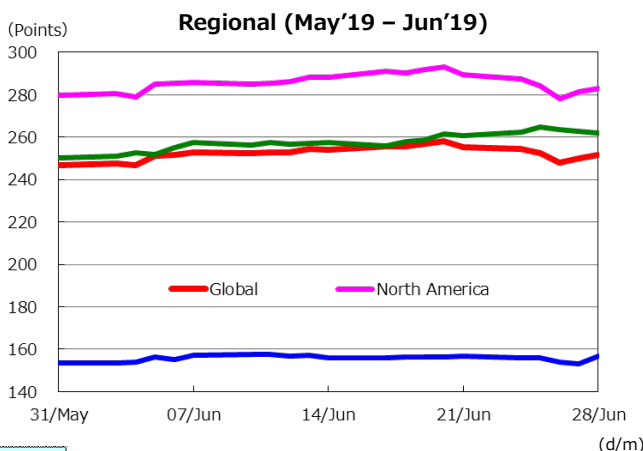
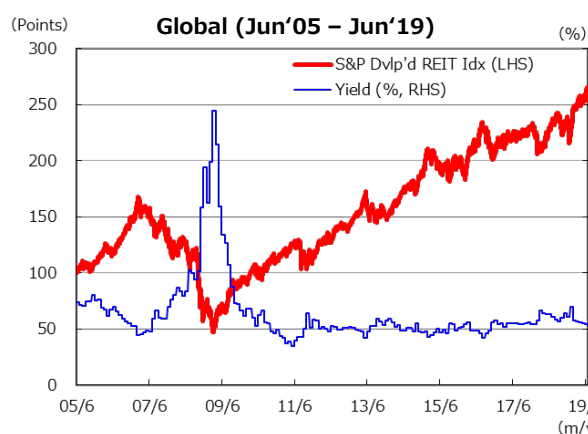
The US REIT market rose for the month in favor of decline in long-term interest rates with growing expectation for US rates cut, due to FRB president Jerome Powell's speech and FOMC comments.

The European REIT market improved on the expectation of US rates cut and decline in European long-term interest rates due to indication of additional easing by ECB president Mario Draghi.

The Australian REIT market rose as RBA lowered policy rates and as minutes announced later, increased expectation of possible additional rates cut. On the other hand the market negatively reacted to uncertainty about US-China trade friction, time to time.

Regarding the Forex, EUR, GBP, AUD, SGP and HKD strengthened against USD.

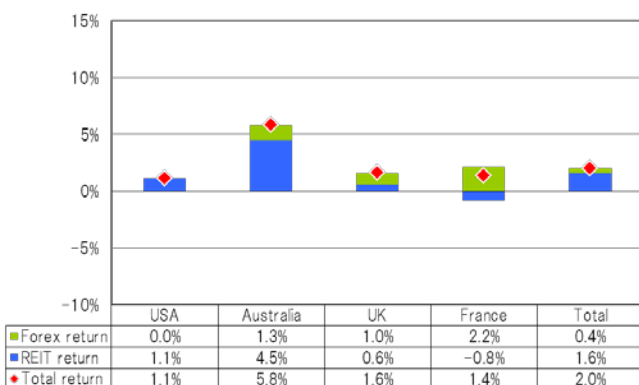
## 2. Global REIT Index (in USD)



As of 28 Jun 2019	1 week ago 21 Jun 19	1 month ago 31 May 19	3 months ago 29 Mar 19	6 months ago 31 Dec 18	1 year ago 29 Jun 18	3 years ago 30 Jun 16
Global	-1.5%	2.0%	1.1%	16.6%	9.5%	14.9%
North America	-2.1%	1.2%	0.8%	16.8%	10.9%	12.6%
Europe	0.0%	2.1%	-2.0%	10.4%	-9.9%	5.5%
Asia Pacific	1.0%	6.5%	5.3%	20.9%	22.8%	38.6%

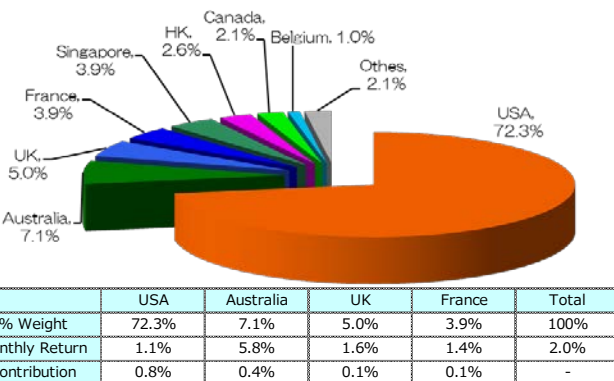
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMDAM, based on FactSet data.

## 3. Return Contribution by Factors (Jun'19)



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

## 4. Global % Weight by Markets (Jun'19)



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: SMDAM, based on FactSet data.