

Report of the Results of the 2013 Survey of Office Needs in Tokyo's 23 Wards

December 18, 2013

■ Expansion was cited as the top reason for the first time in 5 years, indicating an encouraging trend in the reasons for plans to lease new office space.

Intent to lease new office space is changing steadily and the top reason for leasing new office space was, for the first time in 5 years, "To Establish a New Department/To Expand Business/To Accommodate an Increase in Employees" followed by "Better Location". On the other hand, "Lower Rent/Lower-Priced Building" dropped in the ranking for a second consecutive year, resulting in a 4th place rank. Also noted was a positive trend being shown in reasons for office relocation, compounded by the fact that those planning to expand their office premises increased for the second consecutive year and those planning to shrink their office premises decreased for the second consecutive year.

<Tendencies of Companies Planning for New Premises>

- For the first time in five years, 20% indicated plans to lease new premises.
- Those indicating expansion of leased space increased for the second consecutive year (54%→56%) and those who indicated reducing space decreased for the second consecutive year (17%→16%).
- "To Establish a New Department/To Expand Business/To Accommodate an Increase in Employees" (34%→40%) was the top reason for relocation for the first time since 2008, followed by "Better Location" (32%). On the other hand, "Lower Rent/Lower-priced Building" (36%→31%) got lower ratings, dropping for the second consecutive year, resulting in a 4th place rank.
- The 3rd reason for relocation was "Anti-seismic Design", which attracted high interest in BCP-related matters.

<Effect on Business Performance due to the 2020 Tokyo Olympics>

- 37% of firms expect a positive effect on business performance due to the 2020 Tokyo Olympics.

Mori Building Co., Ltd. conducted the 2013 Survey of Office Needs in Tokyo's 23 Wards in order to better understand the future of the office building market in the 23 wards of Tokyo. Survey questionnaire forms regarding new demand for office space were mailed to companies that are headquartered in the 23 wards and are ranked in the top 10,000 in capitalization. We have compiled the questionnaire results, and we would like to share some of our findings and insights in the following report.

※Results will be reported to participating firms separately.

■ Survey Framework

Research Period :	Early October~Early November 2013
Methodology :	Survey questionnaire forms were mailed to companies that are headquartered in the 23 wards and are ranked in the top 10,000 in capitalization.
Response Rate :	2149 (21.5%)

Reference: Historic effective response totals and response rates for 2009~2012

Research Timing	2009/11	2010/11	2011/11	2012/11
Response Rate	1,917(19.2%)	1,976(19.8%)	2,060(20.6%)	2,118(21.2%)

For more information & for inquiries, please contact:

Mr. Jungo Nishio, Ms. Tomoko Fukamachi, Mr. Susumu Miura Marketing Department, Leasing Operations Division, Mori Building Co., Ltd.
Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6155 TEL 03-6406-6672 URL <http://www.mori.co.jp>

1 Future Plans to Lease New Office Space

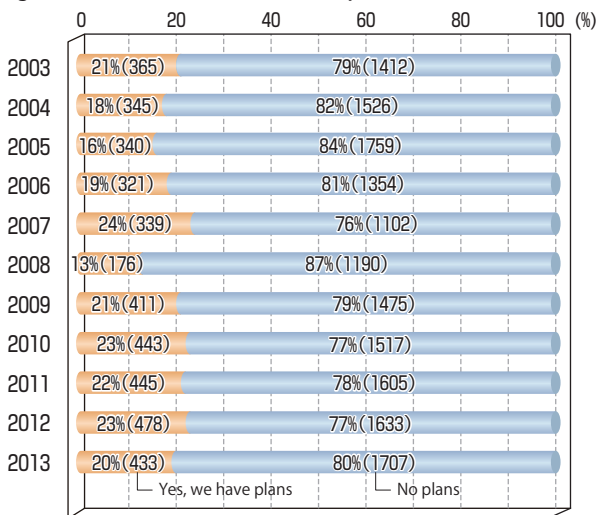
- 20% indicated a "Plan to Lease New Office Space"- this was the 5th consecutive year for this ratio being more than 20%.
- Regarding "Plans for Expansion vs. Reduction of Space", those responding "Expansion" (54%→56%) increased for the 2nd consecutive year while those indicating a planned "Reduction" (17%→16%) decreased for the 2nd consecutive year.

Although the percentage of indication to "Plan to Lease New Office Space" decreased by 3 points compared to that of the previous survey conducted in November 2012, it has exceeded 20% for 5 consecutive years since 2009 (Figure 1). When examined by corporate demographics, "Manufacturing" (19%→15%) and "Non-Manufacturing" (24%→22%) have decreased, whereas "Financial/Insurance" (20%→21%) has increased continually since last year. The ratio of Foreign Companies (26%→27%) exceeds Japanese Companies (22%→19%) by 8 points (Figure 2).

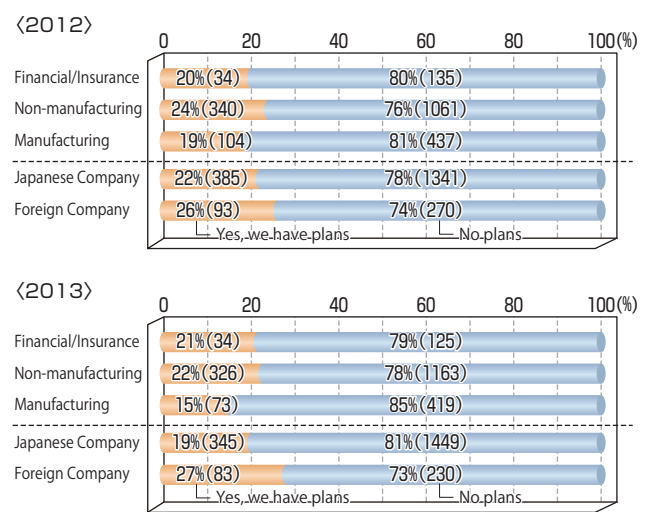
Regarding "Plans for Expansion vs. Reduction of Space", while those indicating "Expansion" increased for the 2nd consecutive year (54%→56%), "Reduction" has decreased for 2 consecutive years (17%→16%) (Figure 3).

For "Timing of Planned Lease of New Space", those indicating "Within 1 year" increased from the last survey (31%→33%). Those indicating "Longer" decreased (47%→46%) compared to last year (Figure 4).

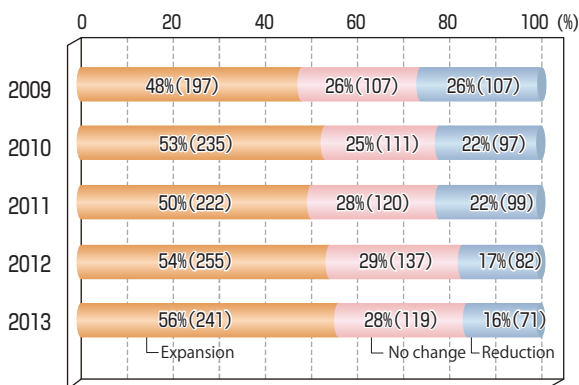
[Figure 1 : Plan to Lease New Office Space]



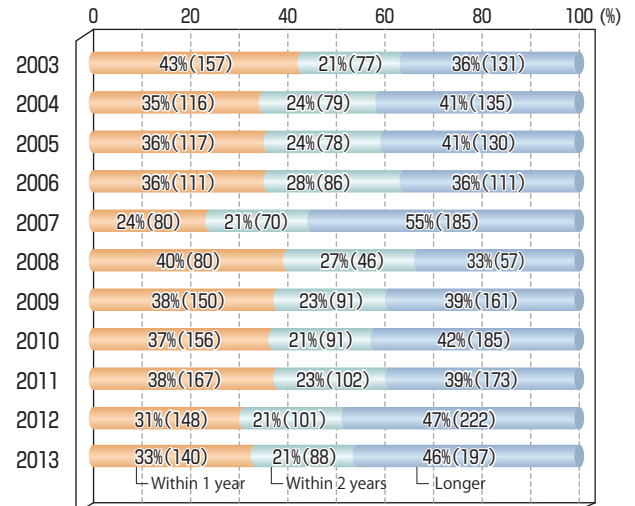
[Figure 2 : Intent to Lease New Office Space by Corporate Demographics]



[Figure 3 : Plans for Expansion vs. Reduction of Space]



[Figure 4 : Timing of Planned Lease of New Office Space]



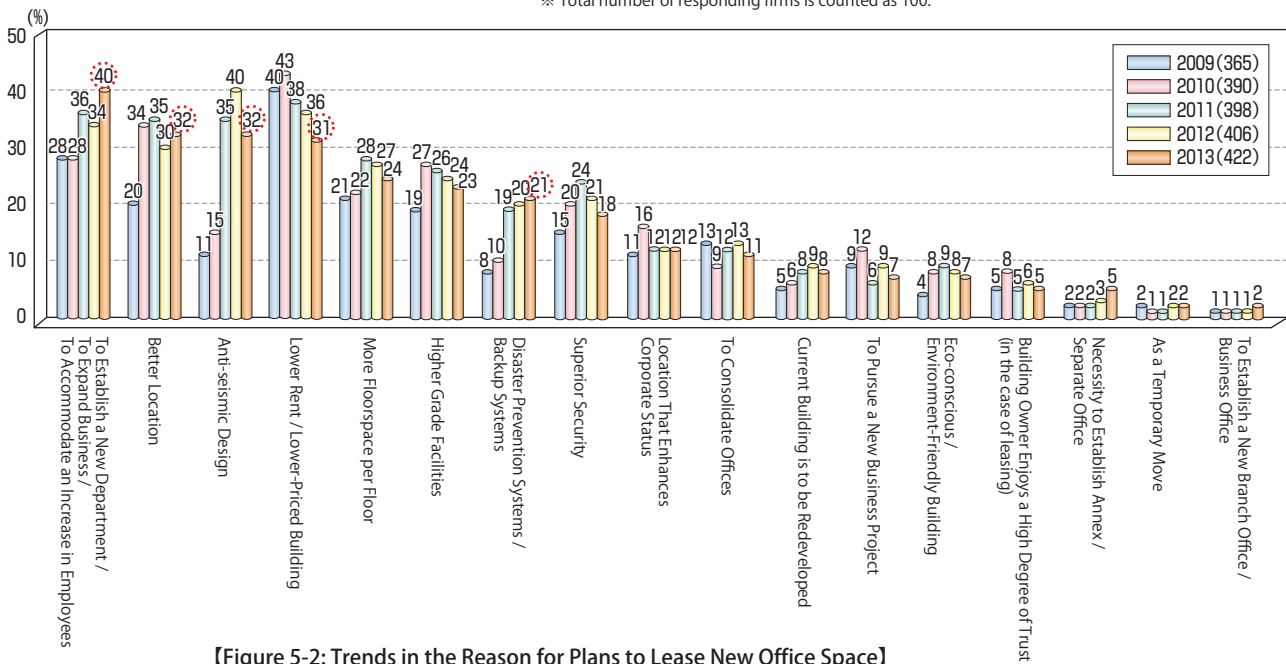
2 Reasons for Plans to Lease New Office Space

- “To Establish a New Department/To Expand Business/To Accommodate an Increase in Employees” increased, and ranked as the top reason for the first time in 5 years since 2008. On the other hand, those answering “Lower Rent/Lower-Priced Building” decreased (36%→31%) and ranked 4th.
- “Anti-seismic Design”, which ranked No. 1 last year, still maintained a high ranking (40%→32%), coming in at 3rd this time.

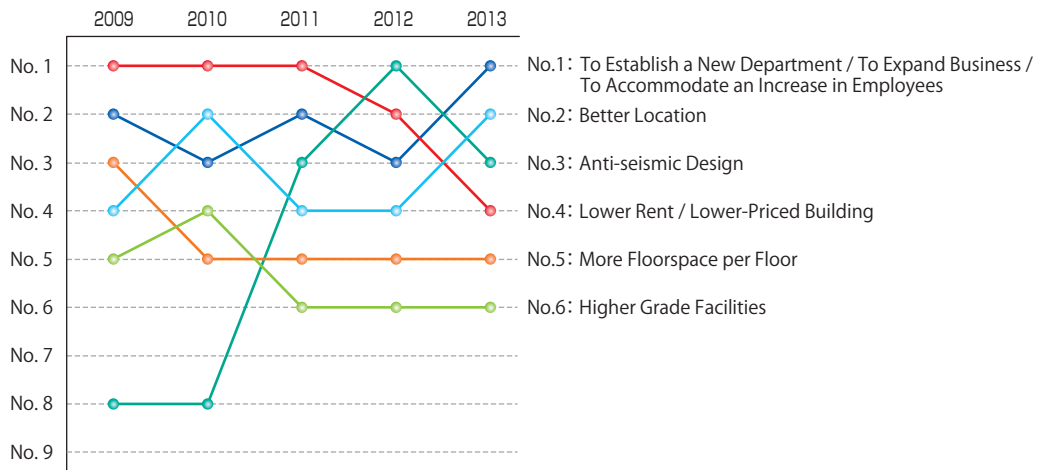
As the reason for planning to lease new office space, “To Establish a New Department/To Expand Business/To Accommodate an Increase in Employees” ranked No. 1 (34%→40%). Also, there is a positive trend for the reasons to plan a new lease, and “Better Location” (30%→32%) was one of the top reasons. On the other hand, “Lower Rent/Lower-Priced Buildings” (36%→31%) decreased by 12 points compared to the result 3 years ago, and has dropped in the rankings for 2 consecutive years, resulting in a 4th place rank this year (Figure 5) (Figure 5-2).

“Anti-seismic Design” dropped in popularity (40%→32%) but retained the 3rd place rank. “Disaster Prevention Systems/Back-up Systems” (21%) is steadily increasing each year and indicates the robust needs for BCP.

[Figure 5: Reasons for Plans to Lease New Office Space] ※ Multiple answers allowed.
 ※ Total number of responding firms is counted as 100.



[Figure 5-2: Trends in the Reason for Plans to Lease New Office Space]



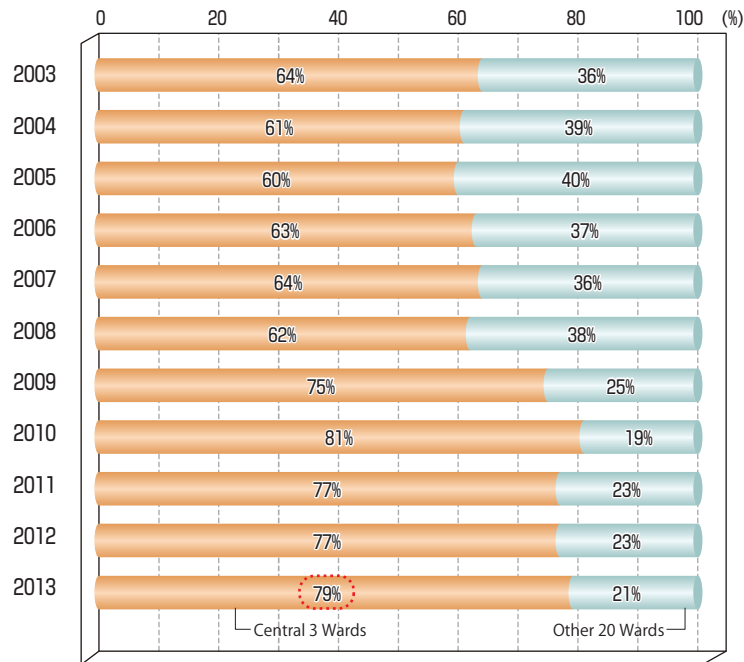
3 Desired Areas for Planned Lease of New Office Space

- 79% of those with intent to lease new premises desire a location in the Central 3 Wards (Chiyoda Ward, Chuo Ward and Minato Ward).
- Nihonbashi (16%) ranks at the top. Kyobashi has increased as well (7%→10%).

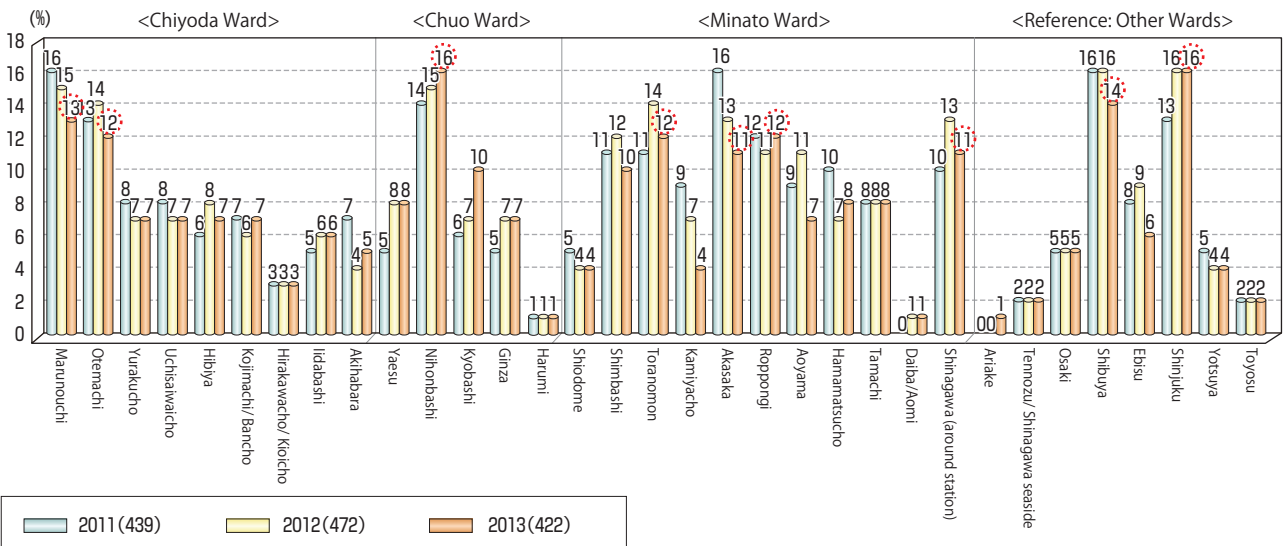
Regarding desired areas for those who plan to lease new office space, the percentage answering the “Central 3 Wards” (77%→79%) has increased from last year (Figure 6).

Within the Central 3 Wards, Nihonbashi (16%) ranks at the top, followed by Marunouchi (13%), Otemachi (12%), Toranomon (12%) and Roppongi (12%). Of all areas, only Kyobashi (7%→10%) gained 3 points or more compared to the previous survey. In “Other Wards/Areas”, which does not include the Central 3 Wards, Shinjuku (16%) ranks at the top, followed by Shibuya (16%→14%) which slightly lost ground compared to last year (Figure 7).

[Figure 6: Desired Areas for Planned Lease of New Office Space]



[Figure 7: Desired Areas for Planned Lease of New Office Space] ※ Multiple answers allowed.
 ※ Total number of responding firms is counted as 100.



4 Business Continuity Planning (BCP)

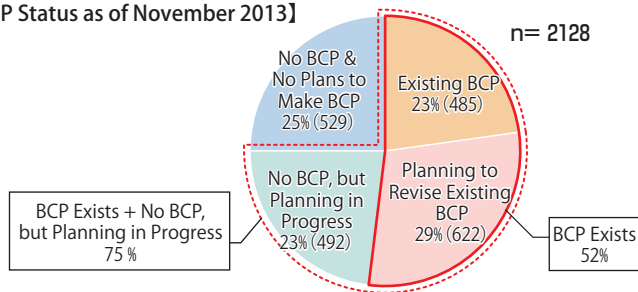
- Percent of respondents with a BCP plan in place steadily increased to more than half (52%).
- By industry, "Financial/Insurance" has a higher percentage of having a BCP plan (75%) compared to other industries.

Percent of firms with a BCP plan increased (50%→52%) and is now over half of all respondents (Figure 8).

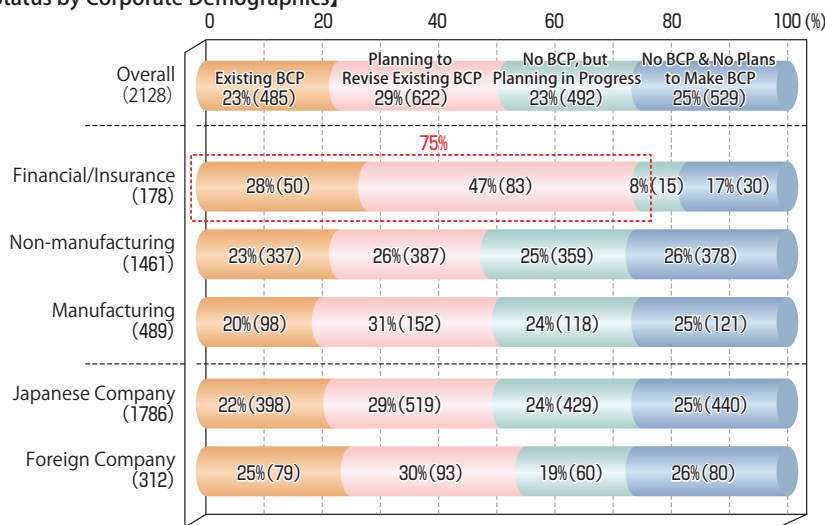
When examined by corporate demographics, "Financial/Insurance" has a higher percentage (75%) of having BCP compared to other industries (Figure 9).

The top 3 BCP items are Procedures and Planning such as "Procedures to Confirm Employee Safety" (93%), "Emergency supplies/provisions for employees" (89%) and "Procedures for employees with difficulty returning home" (70%), and of the points related to actual hardware, "Securing Communications" (53%) gained the most points (Figure 10).

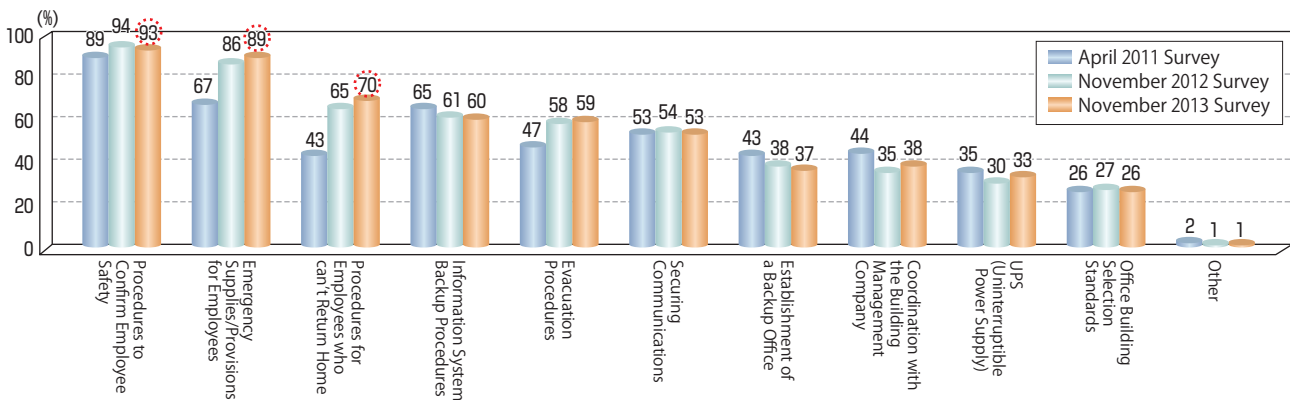
[Figure 8 : BCP Status as of November 2013]



[Figure 9 : BCP Status by Corporate Demographics]



[Figure 10 : BCP Content] ※ Multiple answers allowed.
 ※ Total number of responding firms is counted as 100.



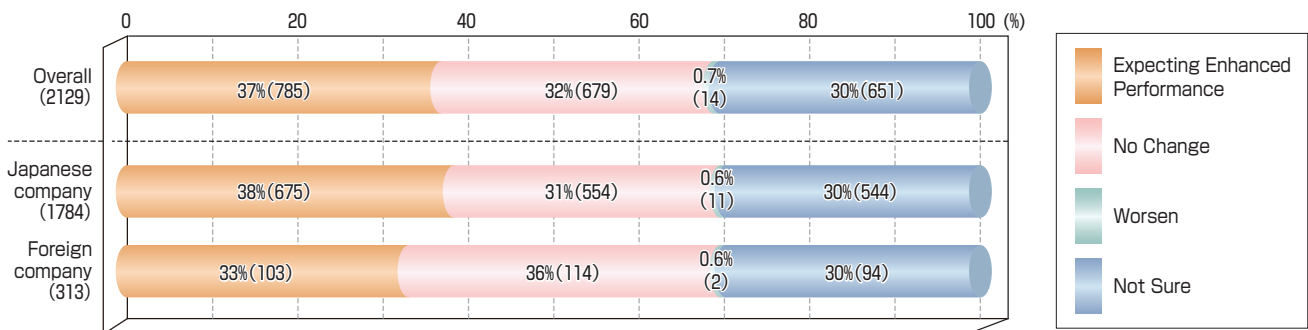
5 Expectations of Positive Effect on Business Performance due to the Tokyo Olympics

○ 37% of firms expect a positive effect on their business performance with Tokyo having been chosen as the venue for the 2020 Olympics.

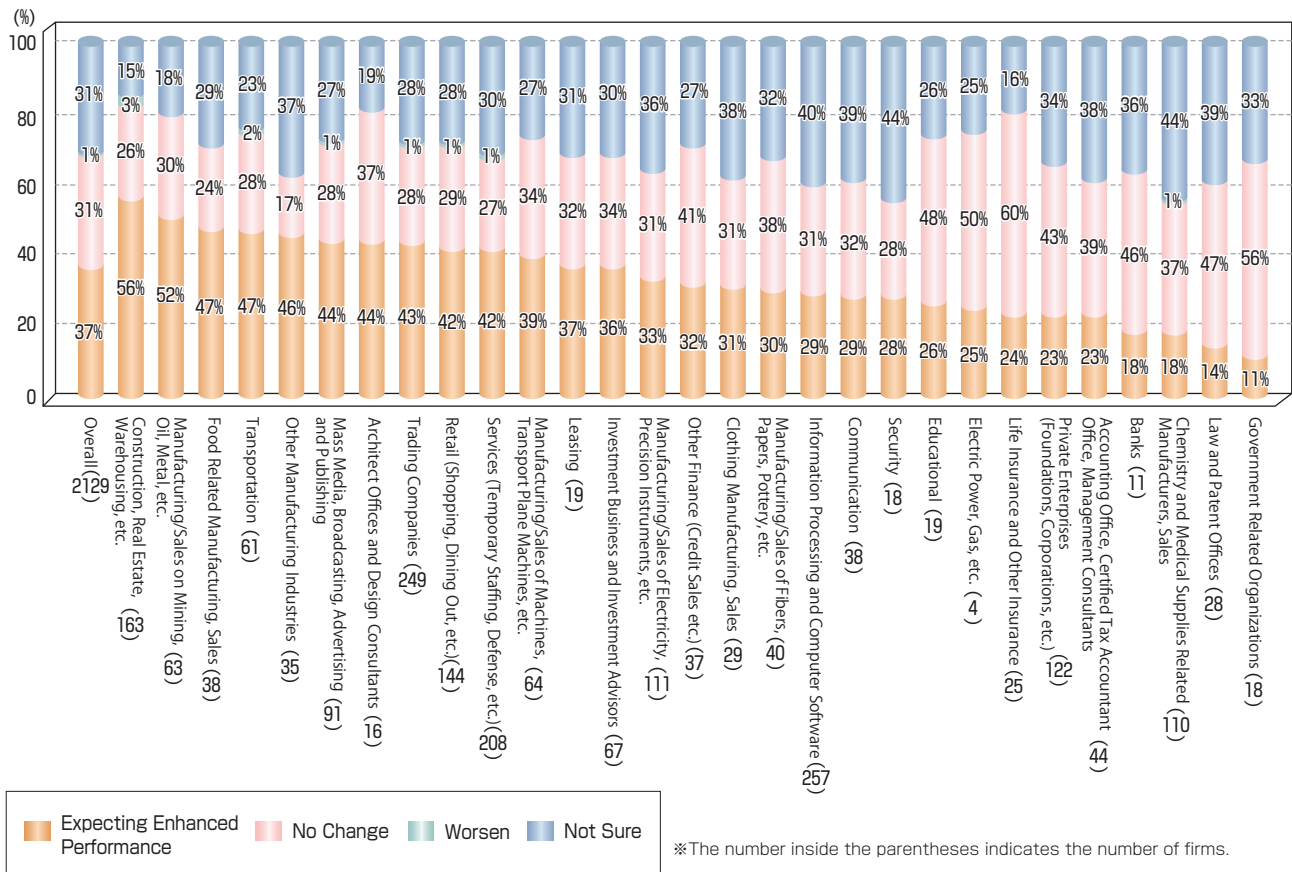
Those answering “Expecting Enhanced Performance” (37%) due to the Olympics exceeded “No Change” (32%) and “Not Sure” (30%). Examined by corporate demographics, more Japanese Companies (38%) are expecting a positive effect on their business compared to the Foreign Companies (33%) (Figure 11).

Broken down by industry, “Construction, Real Estate, Warehousing, etc.” (56%), “Manufacturing/Sales on Mining, Oil, Metal, etc.” (52%), “Manufacturing/Sales of Food” (47%) and “Transportation” (47%) were among the top industries (Figure 12).

[Figure 11: Expectations of Effect on Business Performance due to the Tokyo Olympics]



[Figure 12: Expectations of Effect on Business Performance due to the Tokyo Olympics by Industry]



*The number inside the parentheses indicates the number of firms.