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MARKET TREND SURVEY of LARGE SCALE OFFICE BUILDINGS IN TOKYO'S 23 WARDS ("KU")

(As of December 2002)

Lingering "Wait-and-See" Attitude from Tenants and Signs of Materializing Demand ~Intensified Competition between Different Areas and Need for New Kinds of Area Management Services~

Since 1986, Mori Building Company Ltd. (Headquarters: Minato-ku, Tokyo; President and CEO: Minoru Mori) has been regularly conducting surveys of large office buildings with floor space of over 10,000 m² (hereafter referred to as "Large-Scale Office Buildings") throughout Tokyo's 23 wards on the basis of publicly posted project plans (projected construction start and completion dates), and of direct interviews with developers. In addition, we are now projecting office market trends by analyzing from a variety of angles data based on a survey of the trends in demand (absorption capacity). The following are the findings of our latest research.

(This report covers supply volume through 2007; the previous report was based on supply volume through 2006.)

Outline of Market Trend Survey This survey was conducted at the end of December, 2002 Surveys were conducted of large office buildings with total floor space of over 10,000m² (Built after 1986) Coverage: Tokyo's 23 wards

(Notes on the contents)

Supply volume in this survey refers to the gross total floor space of office accommodation in all large-scale office buildings completed after 1986, excluding floor space in those building reserved for other purposes, such as retail, residences, hotels and others.

Absorption capacity: net increase of occupied total floor space in all large-scale office buildings completed after 1986 (total vacant floor space as of the end of the previous year plus (+) total newly supplied floor space minus (–) total vacant floor space as of the end of the current year). In order to facilitate comparison with supply volume, the total floor space (gross) is calculated based on the leased areas in the original data (net) divided by 65.5%, the average efficiency rate of a representative large-scale office building.

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There is a general lingering phenomenon reflecting a wait-and-see attitude by tenants, but we are seeing some signs of demand materializing and competition intensifying between areas. New types of area management services will be required in the future.

Main Features of the Survey

Supply Trends

- 1. The supply volume in 2003 will reach a record 2.17million m², the largest amount since our research began. The annual average supply volume after 2004 will be at the lower level of 800,000m². The annual average of supply volume of 1.1 million m² in the urban regeneration period (from 2002 to 2007) is lower than the level of 1.25 million m² seen during the period after the burst of the "bubble economy" (from 1992 to 1996).
- 2. Concentration of supply in the 3 central wards (Chiyoda-ku, Minato-ku, Chuo-ku) of Metropolitan Tokyo will continue.
- 3. The trend toward larger-sized buildings is ever-more conspicuous.

Demand Trends

- 1. The absorption capacity in 2002 was 480,000 m², remaining at the low level of 2001.
- 2. Potential demand remains high, mainly in the 3 central wards of Metropolitan Tokyo.
- **3.** A lingering phenomenon reflecting a wait-and-see attitude by tenants during this period of sluggish economy is a major contributing factor to the low level of absorption capacity in 2002.
- 4. With massive supply of new large-scale office buildings in the first half of 2003 as a catalyst, potential demand will gradually materialize.



Office Market Projection:

- With the increased concentration of office buildings in Minato-ku and Chiyoda-ku, competition between these areas will become fierce.
- As the fierce competition between areas intensifies, a new type of area management will become vital to make entire areas more attractive in order to increase competitiveness.

Area Management

- Area development based on mid- and long-term visions
- Town management in the broad sense of the word



1. General Trends in Supply

- Supply in 2003, at 2.17 million m², will be the largest volume since this survey began.
- The supply volume will be lower after 2004 at an annual average of 800,000 m².
- The annual average supply volume of 1.1 million m² during the urban regeneration period (from 2002 to 2007) will be lower than the levels seen during the period immediately following the burst of the bubble economy (1992 to 1996), at an annual average of 1.25 million m².

First, we look at trends in supply. Figure 1 shows the supply trend of large-scale office buildings within Tokyo's 23 wards. The supply volume of 2.17 million m^2 in 2003 is the largest since our research began in 1986, increasing by nearly 20% over the previous mass supply period in 1994 of 1.83 million m^2 . However, the supply volume after 2004 will fall to anannual average level of around 800,000 m².

In order to compare supply trends of the past, the present and the future, we look at the annual average supply volume in each of the following four periods: the period prior to the bursting of the bubble economy (from 1986 to 1991), the period after the burst (from 1992 to 1996), the period from the recession caused by the banking crisis until the burst of the Information Technology bubble (from 1997 to 2001), and the period of urban regeneration (from 2002 to 2007).

The annual average supply volume of 1.1 million m^2 (including the large supply in 2003) during the urban regeneration period, is lower than annual average of 1.25 million m^2 for the period after the burst of the bubble economy. Therefore, although the supply volume in 2003 is approximately 20% higher than the previous mass supply period in 1994, which stood at 1.83 million m^2 , in a comparison between periods, the supply volume during the urban regeneration period is lower





Source: Mori Building data

on average than in the period after the burst of the bubble economy.

When we look at the construction volume of all office buildings including small-scale office buildings of less than 10,000m² (Figure 2), which are not included in this survey, the construction volume around 2000 is almost half that during the peak period around 1990. In other words, the supply volume in the entire office building market, including small-scale office buildings, remains at an even lower level.

Figure 2: Fluctuation of total construction within Tokyo's 23 wards (million m²) (including small-scale office buildings)





1-1. Supply trend by Usage

1) Office buildings for lease

- 1.2 million m² in 2003 which is the same level seen in 1994.
- The level after 2004 will remain at the annual average level of 610,000 m².
- The annual average during the urban regeneration period (2002 to 2007), at 750,000 m², is lower than the average during the period after the burst of the "bubble economy" (1992 to 1996), at 830,000 m².

2) Own-use office buildings

- 710,000 m² in 2003 is the largest supply since this survey began.
- The annual average after 2004 will fall to 60,000 m².

Now, we look at trends in terms of usage (lease or own-use) of newly supplied buildings. Leased office buildings account for 1.2 million m^2 of the new supply volume, standing at 2.17 million m^2 in 2003, approximately the same level (1.24 million m^2) observed in 1994, when the previous period of mass supply occurred. The supply of own-use office buildings is 710,000 m^2 , the largest since this survey began (Figure 3).

Looking at trends in terms of usage during each period, as we did previously, we understand that the annual average supply volume of leased office buildings during the urban regeneration period stands at 750,000 m², lower than the level of 830,000 m² during the period after the burst of the bubble economy. The annual average supply after 2004 will be 610,000 m², approximately the same as the average of total supply volume after 1986, at 640,000 m².

Regarding own-use buildings, the annual average supply during the urban regeneration period stands at 240,000 m², approximately the same level as during the period after the burst of the bubble economy, at 250,000 m². As the large supply of own-use office buildings in 2003 is a temporary phenomenon due to the successive completion of large-scale projects (mainly own-use office buildings) in areas such as Shiodome, Shinagawa Station East Entrance and Iida-cho, the annual average supply after 2004 will remain at the lowest level since this survey began, at 60,000 m².



Figure 3: Fluctuation of supply volume of office buildings for lease and own-use in large-scale office buildings. (million m²)



1-2 Supply trend by Area

• Concentration of supply in the 3 central wards will continue.

We now look at the trends in supply by area. Figure 4 shows the supply trends of large-scale office buildings in 3 groupings: the 3 central wards (Chiyoda-ku, Chuo-ku and Minato-ku), the five central wards (the 3 central wards plus Shinjuku-ku and Shibuya-ku) and Tokyo's 23 wards.



Figure 4: Fluctuation of supply volume of large-scale office buildings by area

In order to understand the trend more clearly, Figure 5 shows the share of the 3 central wards against the remaining 20 wards during each period. This suggests that the percentage of supply volume in the 3 central wards, which decreased between the periods before and after the burst of the bubble economy, suddenly started to increase and will reach nearly 75% during the period of urban regeneration, thereby further intensifying the concentration in the 3 central wards.

Now, let us look at the trend in supply including office buildings with floor space of less than 10,000 m², which are excluded from this survey.

Figure 6 shows the construction of largeand small-scale office buildings by area. Looking at the total office building floor area, the share of the 3 central wards (the red line) against all 23 wards (the black line) increases significantly in 2000 as compared to 1990 when office construction was booming.

Therefore, it is assumed that the trend of concentration into the 3 central wards is still continuing for both large- and small-scale buildings.

Figure 5: Supply volume of large-scale office buildings by area for each period





Figure 6: Fluctuation of construction of large- and small-scale office buildings by area (million m²)

1-3 Supply by Size

• Trend toward larger buildings is clear.

Next, we look at trends in supplyFigure 7: Supply volume of large-scale office buildings by size (for each period)by building size.0%20%40%60%80%100%

In Figure 7, large-scale office buildings are divided into two groups: buildings with office floor space over 10,000 m² but less than $30,000 \text{ m}^2$, and buildings with office floor space over $30,000 \text{ m}^2$ (hereafter called "Extremely largescale office buildings"), and the percentage of each group is shown for each period.



The shares of large-scale office buildings and extremely large-scale office buildings remained more or less static before the bursting of the bubble economy. However, the share of extremely large-scale office buildings has gradually begun to increase since that time, and is expected to reach 84% of the total during the period of urban regeneration.

We now look at the supply trend including small-scale office buildings, which were excluded from this survey. Looking at the fluctuation of construction by building size in Figure 8, when office building construction was booming around 1990, small-scale office buildings far outnumbered large-scale office buildings. However, a reverse phenomenon has been witnessed recently, and construction of large-scale office buildings has come to far outnumber that of small-sized office buildings. The construction of small-scale office buildings decreased dramatically in 2002.

In other words, the trend toward large-scale buildings has become evident in recent years in all office buildings when combining both small- and large-scale buildings, and this trend is expected to continue.

Figure 8: Fluctuation of construction of large- and small-scale office buildings within Tokyo's 23 wards by size



Note 4: Constructed floor area data in this report is accurate as of December 2002

Source: Mori Building data and Construction Research Institute



2. General Trends in Demand

• Demand (absorption capacity) in 2002 was 480,000 m², lower than the already low level in 2001.

We considered the trend in supply of large-scale office buildings in the previous section. We will now look at the trend in demand, using the concept of absorption capacity, as we did in our previous report.

1) Absorption capacity of large-scale office buildings (with floor space of more than 10,000 m²) completed after 1986.

Figure 9 shows the fluctuation of supply volume and absorption capacity of large-scale office buildings completed after 1986 in Tokyo's 23 wards. The absorption capacity in 2002 (480,000 m²) has continued to be low as we saw in 2001, thereby widening the gap between supply and demand.



Figure 9: Fluctuation of absorption capacity of large-scale office buildings completed after 1986 within Tokyo's 23 wards

2) Fluctuation of the absorption capacity including extremely large-scale office buildings (with floor space of more than 30,000 m²) completed before 1985 in the five central wards of Tokyo.

In order to understand the overall trend in demand, in Figure 10 we added the absorption capacity of extremely large-scale office buildings (with floor space of more than 30,000 m²) completed before 1985 in the five central wards (the 3 central wards plus Shinjuku-ku and Shibuya-ku). Looking at Figure 10, we see that the absorption capacity remained low from 2001 to 2002, as seen in the fluctuation of absorption capacity of large-scale office buildings completed after 1986 only. The absorption capacity of 360,000 m² in 2002 is even lower than the 480,000 m² of buildings after 1986. Looking at the fluctuation of absorption capacity of large-scale office buildings completed after 1986 (Figure 11), the absorption capacity of the latter seems relatively balanced on a long-term basis. However, the demand for extremely large-scale office buildings completed before 1985 recorded a negative 120,000 m² in 2002, suggesting that old buildings were the hardest hit by falling demand.









2-1 Observation of potential demand

- Potential demand remains high, mainly in the 3 central wards.
- A lingering phenomenon reflecting a wait-and-see attitude by tenants, owing to the weak economy and other factors, is a major contributory factor to the low demand in 2002.
- Potential demand will be absorbed, with the mass supply of new large-scale office buildings in the first half of 2003 as the turning point.

Previously, we observed the trends in supply and demand of large-scale office buildings in Tokyo's 23 wards. We will now examine whether the continuing low absorption capacity in 2002 is simply due to the contraction of demand, or rather to the prolonged phenomenon reflecting the wait-and-see attitude of tenants.

· Potential demand seen in projected space expansion by companies.

In its report based on surveys conducted in 1999, 2000, 2001 and 2002, "The National Trend of Demand for Office Spaces," Sumitomo Life Research Institute estimated the net demand for office space for the 3 years following the year in which each survey conducted.

(The net demand = projected new leased space requirements minus (-) leased space requirements expected to be cancelled or reduced)

Looking at the fluctuation in net demand in the Tokyo's 23 wards, the five central wards and the 3 central wards (Figure 12), we notice that all 3 of these groups show a trend of increase in recent years. In particular, the net demand in the 3 central wards outpaced that of Tokyo's 23 wards both in 2001 and 2002. This suggests that the growing desire for space expansion or relocation to larger space, which translates to potential demand, is concentrated in the 3 central wards.

Looking at the projected new leased space requirements and the leased space requirements expected to be cancelled or reduced in the 3 central wards, where potential demand is concentrated (Figure 13), projected new leased space requirements sharply increased from 2000 to 2001 and remained high in 2002. On the other hand, the leased space requirements expected to be cancelled or reduced decreased from 2001 to 2002, and, as a result, net demand has outpaced the level of the previous year.

This trend of increasing net demand suggests that potential demand remains high, mainly in the 3 central wards.



Figure 12: Fluctuation of demand increase of office building areas (million m²) (million m²)



Research Term:From the end of June to the middle of July each yearResearch Method:Research forms were sent to the top 10,000 companies (by capital) based on data provided by Tokyo Shoko research.Response rate:10.2% (Valid replies: 1,021 companies in 2002). *The response rate for other years was identical.

Source: Sumitomo Life Research Institute



Why then does demand stay at a low level despite high potential demand?

We now will consider the change of quality in demand, comparing previous and present periods of mass supply.

Change of demand quality

As shown in Figure 5, the supply volume in the 20 non-central wards of Tokyo in the previous period of mass supply from 1992 to 1996 accounted for 66% of the total, which is two and half times its share in the recent period of mass supply occurring during the period of urban regeneration. During the previous mass supply period, supply and demand were generally balanced despite fluctuation each year (Figure 9). Therefore, it is clear that in that period, the absorption capacity of new large-scale office buildings supplied in the 20 non-central wards was high. This is further substantiated by the fact that the number of employees in the 3 central wards decreased by nearly 140,000 between 1990 and 1995.

Now, we will look at the rent gap between the 3 central wards and other neighboring wards, for example between Chiyoda-ku and Shibuya-ku. According to data collected by Miki Shoji¹, the average monthly rent of an existing building in Chiyoda-ku, one of the 3 central wards, in 1994 was approximately ¥32,000 per tsubo, nearly 25% higher than that of a newly-built building in Shibuya-ku, which stood at ¥24,000 per tsubo. Many companies suffering from stagnant performance and trying to reduce fixed costs after the burst of the bubble economy, used the rent gap between the 3 central wards and the outer wards as an effective method of cost cutting. This situation accelerated the relocation of companies to wards other than the 3 central wards, thereby creating new demand in a relatively short time.

In order to grasp the quality of demand in the present period of mass supply, we look at a survey conducted by Sumitomo Life Research Institute in 2002 (Figure 14). The graph shows that new leases are increasing in the 3 central wards, regardless of the reduction or cancellation of leased space requirements. It is particularly striking that 92% of the companies located in these 3 central wards are planning new leases in those wards. During the previous period of mass supply, relocation from central to neighboring wards was an effective method of cost reduction. However, as relocation from neighboring areas to the central wards, or within the central wards, simply did not contribute to cost reduction, it took longer for the creation of new demand. Such change of quality, in addition to the gloomy economic situation, has certainly contributed to the prolonged period of the wait-and-see attitude among tenants in 2002.

 1. Buildings surveyed:
 Major office buildings for lease with standard floor space of more than 100 tsubo

 Survey period:
 The end of December of each year

 Lease terms:
 New lease terms for standard floors

 Newly constructed buildings:
 Buildings to be completed by yearend

 Existing buildings:
 Buildings completed before the previous year



Figure 14: Distribution of New Leases in the 3 Central Wards vs. 20 Other Wards

Note: Survey was conducted of companies which were both canceling or reducing leased space requirements and simultaneously leasing new space elsewhere. Survey was conducted on 25 companies in Tokyo's 23 wards, 21 companies in the five central wards and 16 companies in the three central wards.

Source: Sumitomo Life Research Institute



• Sign of absorption of potential demand

We now look at the fluctuation in the number of tenancy inquiries received by our company as an operator of office buildings (Figure 15). With the number of inquiries increasing from the first half of 2002, the total in January 2003 passed the level of 1993, reaching the highest number since 1992.

Given the fact that the growth of absorption capacity in 1994 followed increased inquiries in 1993, the demand is expected to be absorbed gradually after the recent surge of inquiries in 2003.

Therefore, we believe that the low demand (absorption capacity) in 2002 continuing from 2001 is mainly due to the prolonged phenomenon reflected in both the wait-and-see attitude of tenants during the recent sluggish economy, and the changing quality of demand, despite the fact that potential demand remains high in the 3 central wards. It is foreseen that, with the mass supply of large-scale office buildings in the first half of 2003 as a catalyst, potential demand will be absorbed.



Figure 15: Fluctuation of the number of inquiries received by Mori Building.



Reference: Simulation of future trend of supply and demand (Regression analysis based on the correlation between supply volume and absorption capacity)

Let us now simulate future absorption capacity and vacancy rates through a regression analysis based on the correlation between supply volume and absorption capacity in the past, using two scenarios.

Scenario 1 (Reference Figure 1)

Reference Figure 1 shows the projection of absorption capacity and vacancy rates after 2003 through a regression analysis based on the correlation between supply volume and absorption capacity through 2002. While a significant increase of absorption is foreseen at 1.81 million m² in 2003, the vacancy rate is expected to reach 9.1% and will remain around 9% subsequently, mainly due to low absorption in 2002, continuing from 2001. In this scenario, creation of potential demand based on the wait-and-see attitude of tenants, as seen in the previous paragraph, is not taken into consideration.

Scenario 2 (Reference – Figure 2)

Previously we said that potential demand remains high and there is an indication of absorption of potential demand after 2003. In addition to the projected absorption capacity after 2003, based on the numbers used in our previous report, we assume that unabsorbed capacity in 2002 (730,000 m²) out of the projected demand in 2002 (1.21 million m²) will be evenly absorbed over the 3 years beginning in 2003. This assumption shows that the absorption capacity in 2003 is 2.27 million m², approximately at the same level as the supply volume, and the vacancy rate is 6.6%. Going forward, the absorption capacity will significantly outpace supply, and the vacancy rate will gradually improve and fall to 3.6% in 2005.

Looking at the absorption capacity around 1994, when the previous period of mass supply was seen, it was far lower than the supply volume, with a wide gap between supply and demand in 1993. However, it increased to the same level as supply in 1994, and outpaced supply for the two years after 1995. The fluctuation in the number of inquiries received by our company, which we observed previously, also suggests that the absorption capacity is expected to increase significantly after 2003, following two years at a low level.

Given the fact that potential demand remains high, the vacancy rate is likely to decrease subsequently. However, we cannot be overly optimistic in the current situation, since the timing and scale of demand increase is largely influenced by economic trends, fluctuation in the number of employees, office floor area per person, and other rent trends. Projection of absorption capacity and vacancy rate

based on the correlation between supply volume and absorption until 2002.



Source: The vacancy rate is from Ikoma CB Richard Ellis, other data is from Mori Building

Reference figure 2:

Projection of absorption capacity and vacancy rate, assuming that the potential demand that was not absorbed in 2002 will be gradually absorbed after 2003.





3. Office building market prospects

(Increasing competition between different areas and the need for a new kind of area management)

We now will consider the future of the office building market, by observing the trend of supply of large-scale office buildings in Tokyo's 23 wards between 1986 and 2007 by period.

Figure 16:



Souce: Mori Building data. Highlights and market trend are from "Office Rent Data 2003" by Sanko Estate.

Prior to the bursting of the bubble economy (1986 – 1991)

Supply of large-scale office buildings increased in Minato-ku and 18 other wards². Examples include: Ark Mori Building in Minato-ku, Omori Bellport and Osaki New City in 18 other wards. Outside Tokyo's 23 wards, Makuhari Technoport was opened in Makuhari New Central City as a noteworthy new office district.

2. "18 other wards": Tokyo's 23 Wards excluding Minato, Chuo, Chiyoda, Shinjuku, and Shibuya wards.

After the burst of the bubble economy (1992 – 1996)

Supply of large-scale office buildings grew in Minato-ku, Shinjuku-ku and 18 other wards. Especially, in the other 18 wards, new office areas were created with the supply of large-scale office buildings (such as Sea Fort Square in Tennozu and Toyosu ON Building in Toyosu) in places where traditionally office buildings had not been concentrated. Outside Tokyo's 23 wards, the concentration of office buildings continued in Makuhari New Central City, while Landmark Tower was opened in Yokohama. "Satellite Office" was a popular phrase during this period, referring to office building complexes which increasingly emerged in suburban areas. Suffering from the deteriorating economic situation and under pressure to reduce costs, many companies started to relocate their offices from the heart of Tokyo to suburban areas, thereby accelerating the decentralization of office districts.

From the recession caused by the banking crisis to the burst of the IT bubble (1999-2001)

Stable supply was seen in the 3 central wards, despite the general trend of falling supply. Shibuya-ku was attractive, with Shibuya Mark City and Cerulean Tower, while the supply fell in 18 other wards, including Shinjuku-ku.

Also, during this period, the public transportation network was improved with the extension of subway lines in the heart of Tokyo.

Looking back at the past, we notice that the areas which attracted attention as office areas during the period, were consistent with the growth of supply volume in those areas.

Then, what is happening and what is going to happen in the period of urban regeneration? According to the results of our latest research, supply is expected to be concentrated in Minato-ku and Chiyoda-ku, while a lower level of supply is foreseen in Chuo-ku, Shinjuku-ku and Shibuya-ku.

We now consider demand. Figure 17 shows net demand in each of the 3 central wards. We can see that demand has been growing yearly in Minato-ku and Chiyoda-ku, but falling sharply in Chuo-ku. Therefore, we expect that supply and the demand will be closely linked during the period of urban regeneration, as we saw in the past. And, when potential demand is absorbed, office buildings will be further concentrated in areas with large supply volume.







It is expected that, in order to ensure the conditions necessary to attract tenants, competition will intensify between office buildings and office areas, such as Chiyoda-ku and Minato-ku; the two wards with geographical being centrally located, new, and large, since the majority of buildings being supplied recently fulfill these conditions. A report by Nissei Basic Research Institute analyzes those features and describes them as becoming more attractive and distinctive (Figure 18).

Figure 18: Conditions to become a winner in office building competition. (Features of becoming more attractive)

Item		Features				
Additional/ distinctive features	Additional facilities/ services	 High flexibility of facilities meeting diversified needs of tenants. (Lease in skeleton condition, extension of facility functions, facilities exclusively used by tenants) Internet connection service Office support facilities (restaurants, café s, day care centers, clinics, convenience stores, meeting rooms, ATM machines, post offices) 				
	Neighboring environment	 Attractiveness of the entire area (commercial facilities, hotels, cultural and leisure facilities, lodging and parking, open spaces) Safety of the area in the event of disasters 				
	Management	 High quality management services to be appreciated by tenants (property management) Flexibility in lease contracts to meet diversified needs of tenants (fixed term lease agreement) Town management (to provide town information) Anti-earthquake measures (power backup systems, ensured safety for tenants including evacuation procedures and emergency rescue) 				
	Design	Landmark design, attractive design, long-lasting design				
	Credibility	Credibility of owner, brand power Stability of management				
	Other	Consideration of environmental protection (high energy efficiency, effective utilization of water resources)				

(Source: Nissei Basic Research Institute)

Looking at the features listed in this table, there are many factors that cannot be fulfilled by simply building an office building or carrying out a single project. It is assumed that measures should be taken to make entire office districts more attractive and distinctive in order to ensure the good conditions necessary under the intense competition between office areas.

So, how can entire areas be made more attractive? Traditionally, offices, residences and commercial facilities were concentrated in separate areas. This is a result of the urban development policy instigated after the war, under which Japan pursued economic efficiency by placing highly productive offices in the center of the city, residences in the outskirts and commercial facilities around the transportation hubs with convenient access to the city. However, as shown in the features in Figure 18, it has now become increasingly important to concentrate within a single area complex functions such as commerce, residences, culture, leisure and living, in addition to offices. This indicates that we should consider not only the convenience of employees, but also the intellectual productivity created through the gathering of and exchanges between diverse people.

Therefore, attractiveness of a location no longer ends at the workplace, as it did in the past, but is rather an environment in which various functions, such as residence, culture, education and entertainment, are harmonized from the viewpoints of both hardware and software. In taking this broader view, it is possible to create an area where diverse people can carry out exchanges and share their views in an efficient manner in terms of both time and space.

In order to make an area more attractive and more competitive, the traditional building management system needs to be replaced by tandem systems: 1) area development to increase the attractiveness of the entire area by improving its facilities and environment based on mid- and long-term policies in view of geographical characteristics and various needs; 2) advanced town management for large areas to make information services more attractive throughout those areas. The combination of these two elements will be essential in future area management.

Figure 19: Conception of area management



Competition between office areas will intensify during the increasing concentration of office buildings in the two wards of Minato and Chiyoda.
In the fierce competition between areas, a new type of area management is needed to add more attractiveness and improve competitiveness.



*Supply volume publicized by our company is "total floor area purely used for offices", which is different from the total areas shown below.

Nome of Project	Floor Area			
Name of Project		(Tauha)	Development is dive	Leveller
(Name of Building)	(m-)	(TSUDO)	Development led by:	Location
2003		10.005	Mari Truct	Manungushi Chiyada ku
Nihon Konuc Club Kolker (Miteubieki	100 700	19,905	Mitauhiahi Fatata Ca., Ltd. Nianan Kamus Club	Marunouchi, Chiyada ku
Ninon Kogyo Club Kalkan/ Mitsubishi	109,700	33,184	Mitsubishi Estate Co., Ltd. Nippon Kogyo Ciub	Marunouchi, Chiyoda-ku
ITUSE Bank Headquarters Building	00 707	2/ 024	Park and a 1 shows Coutherry Area Dada alarmant Area station	limba aba. Obiya da luy
J-CITY • JIMDOCNO IVIItSUI BUIIGING TOKYO	60,707	20,834	Jindocho T-chome Southern Area Redevelopment Association	JIMDO-CNO, UNIYODA-KU
Chryoda Project (tentative name)	02,020	18,945	Nishi-Kanda 3-chome North Western Area Redevelopment Association	NISHI-Kanda, Chiyoda-ku
Garden-Air Tower	93,224	25,804	Japan Freight Railway Company	lidabashi, Chiyoda-ku
Talyo Life Insurance Shinagawa Building	57,274	17,325	The Talyo Mutual Life Insurance Co.	Konan, Minato-Ku
Canon Sales Shinagawa Headquarters Building	59,329	17,947	Canon Sales Co., Ltd.	Konan, Minato-ku
Shinagawa East One Tower	118,595	35,875	Daito Kentaku Co., Ltd.	Konan, Minato-ku
Mitsubishi Corporation/		68,919	Mitsubishi Corporation, Mitsubishi Motors Corporation,	Konan, Minato-ku
Mitsubishi Motors Headquarters Building/			Mitsubishi Heavy Industries, Ltd.	
Mitsubishi Heavy Industries Building				
Shinagawa Station East Area B-3	/0,283	21,261	NTT Data Co., Ltd.	Konan, Minato-ku
Building (NTT Data) (tentative name)	17.000			
Matsushita Electric Works, Ltd.	47,308	14,311	Matsushita Electric Works, Ltd.	Higashi-Shimbashi, Minato-ku
Tokyo Headquarters Building				
Redevelopment Project of Shiodome Urban Area E •	63,000	19,058	Kyodo Tsushin Co., Ltd.	Higashi-Shimbashi, Minato-ku
Shiodome Media Tower (tentative name)				
Redevelopment Project of Shiodome Urban Area North 3 •	54,214	16,400	Nippon Express Co., Ltd.	Higashi-Shimbashi, Minato-ku
Nippon Express Building (tentative name)				
Shiodome Tower	79,800	24,140	Kajima Shiodome Development	Higashi-Shimbashi Minato-ku
Nippon Television Network Corp. Headquarters Building	131,468	39,769	Nippon Television Network Corp.	Higashi-Shimbashi Minato-ku
Shiodome City Center	187,745	56,793	Aldeny Investments PTE Ltd., Mitsui Fudosan Co., Ltd.	Higashi-Shimbashi, Minato-ku
Roppongi T Cube	62,060	18,773	Samsung Japan Corporation, Mitsui Fudosan Co., Ltd.	Roppongi, Minato-ku
Roppongi Hills Mori Tower	380,105	114,982	Roppongi 6-chome Redevelopment Association	Roppongi, Minato-ku
Shinjuku Culture Quint Building	87,911	26,593	Bunka Gakuen, Fujikura, Water Service Bureau of Tokyo	Yoyogi, Shibuya-ku
			Metropolitan Government, Keio Railways	
Panasonic Tower	54,800	16,577	JAPAN TOBACCO Inc.	Higashi-Shinagawa, Shinagawa-ku
2004				
Nibancho Project (tentative name)	58,412	17,670	Mitsubishi Estate Co., Ltd.; Daiichi Mutual Life Insurance	Nibancho, Chiyoda-ku
			Taiyo Mutual Life Insurance	
Redevelopment Project of Meiji Mutual Life Insurance	148,727	44,990	Meiji Mutual Life Insurance	Marunouchi, Chiyoda-ku
(tentative name)				
Marunouchi 1-chome Urban Area 1 – A Tower (tentative name)	88,000	26,620	Mitsubishi Estate Co., Ltd., Nippon Mutual Life Insurance	Marunouchi, Chiyoda-ku
			Kotsukosha Fudosan Co., Ltd.	
Marunouchi 1-chome Urban Area 1 – B Tower (tentative name)	66,183	20,020	Mitsubishi Estate Co., Ltd., Nippon Mutual Life Insurance	Marunouchi, Chiyoda-ku
			Kotsukosha Fudosan Co., Ltd.	
Akasaka 1-chome Project (tentative name)	74,640	22,579	Kowa Fudosan Co., Ltd.	Akasaka, Minato-ku
JR Tokai Building (Shinagawa) (tentative name)	49,931	15,104	Tokai Japan Railway	Konan, Minato-ku
Shiodome Sumitomo Building (tentative name)	99,900	30,220	Sumitomo Mutual Life Insurance, Sumitomo Fudosan Co., Ltd.	Shimbashi, Minato-ku
Shinagawa Station East Building (tentative name)	62,800	18,997	East Japan Railway	Konan, Minato-ku
Nihonbashi 1-chome Project (tentative name)	98,443	29,779	Mitsui Fudosan Co., Ltd., Tokyu Railways CO., Ltd.	Nihonbashi, Chuo-ku
			Tokyu Real Estate Co., Ltd.	
Shinagawa JT SOUTH Tower	51,200	15,488	Kajima Corporation, JAPAN TOBACCO Inc.	Higashi-Shinagawa, Shinagawa-ku
2005				
Akihabra Dai Building (tentative name)	49,781	15,059	Dai Building Co., Ltd.	Soto-Kanda, Chiyoda-ku
Redevelopment Project of the former site of Ginza	49,836	15,075	Mitsui Fudosan Co., Ltd.	Ginza, Chuo-ku
Daiichi Hotel (tentative name)			····· ··· · ···	
Takara-cho Mitsui New Building (Redevelopment Project	130,750	39.552	Mitsui Fudosan Co., Ltd., Senbikiva	Nihonbashi-Murocho. Chuo-ku
of Mitsui Headquarters Urban Area) (tentative name)		. ,	····· <i>j-</i>	
Hamarikyu Side Project (tentative name)	192.000	58.080	Mori Trust Co., Ltd., Mori Sanovo Trust Co., Ltd.	Shimbashi, Minato-ku
	,	00,000	Sumitomo Real Estate Building Service Co. Ltd	
Redevelopment Project of Shirogane 1-chome Fast Urban	50.324	15.223	Shirogane 1-chome East Area Redevelopment Association	Shirogane, Minato-ku
Area / Office Tower (tentative name)		,225		
Ariake Area Southern I M (tentative name)	90 440	27 358	TOC	Ariake Koto-ku
IHI Building (tentative name)	99 990	20,000	Isbikawajima-Harima Heavy Industries Co. Ltd	
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*Supply volume publicized by our company is "total floor area purely used for offices", which is different from the total areas shown below.

Name of Project	Floor Area			
(Name of Building)	(m²)	(Tsubo)	Development led by:	Location
2006				
UDX Building (tentative name)	158,647	47,991	UDX Special Purpose Corporation, (NTT Urban Development, Kajima Corporation)	Soto-Kanda, Chiyoda-ku
Reconstruction Project of Tokyo Building (tentative name)	150,000	45,375	Mitsubishi Estate Co., Ltd., Bank of Tokyo Mitsubishi, Ltd.	Marunouchi, Chiyoda-ku
Mitsubishi Corporation Marunouchi New Headquarters Building Project (tentative name)	61,000	18,453	Mitsubishi Corporation	Marunouchi, Chiyoda-ku
Tora 4 KAN Project/Office Tower (tentative name)	80,000	24,200	Kaiima Corporation, Asahi Chemical Co., Ltd., Nittetsu Koovo Co., Ltd.	Toranomon, Minato-ku
Redevelopment Project of the former site of Mita Miyako Hotel (tentative name)	95,700	28,949	Sumitomo Real Estate Co, Ltd.	Mita, Minato-ku
Redevelopment Project of Osaki Station East Area 3/ Office Tower (Urban Area 1) (tentative name)	79,000	23,898	Osaki Station East Area 3 Redevelopment Association	Higashi-Gotanda, Shinagawa-ku
Redevelopment Project of Taihei 4-chome Kinshi-cho/ Office Building (tentative name)	72,956	22,069	Tokyo Tatemono Co., Ltd.	Taihei, Sumida-ku
2007				
Redevelopment Project of Yurakucho Station (Urban Area 1) (tentative name)	75,000	22,688	Yurakucho Station Area Redevelopment Association	Yurakucho, Chiyoda-ku
Reconstruction Project of Shin-Marunouchi Building (tentative name)	65,500	19,814	Mitsubishi Estate Co., Ltd.	Marunouchi, Chiyoda-ku
Redevelopment Project of Fujimi 2-chome/ Office Tower (tentative name)	75,300	22,778	Fujimi 2-chome Redevelopment Association	Fujimi, Chiyoda-ku
Redevelopment Project of Akasaka 9-chome/ Tower A (tentative name)	234,000	70,785	Mitsui Fudosan Co., Ltd., National Agricultural Association Yasuda Mutual Life Insurance	Akasaka, Minato-ku
Redevelopment Project of Akasaka 9-chome/ Tower B (tentative name)	80,000	24,200	Mitsui Fudosan Co., Ltd., National Agricultural Association, Yasuda Mutual Life Insurance	Akasaka, Minato-ku
Redevelopment Project of Akasaka 9-chome/ Tower E (tentative name)	40,000	12,100	Mitsui Fudosan Co., Ltd., National Agricultural Association, Yasuda Mutual Life Insurance	Akasaka, Minato-ku
Redevelopment Project of TBS Akasaka (The Second Stage) / Office Tower (tentative name)	177,000	53,543	TBS	Akasaka, Minato-ku