

May 14, 2007

# MARKET TREND SURVEY of LARGE-SCALE OFFICE BUILDINGS IN TOKYO'S 23 WARDS

(December 2006)

Supply volume in 2007 will remain consistent with past average levels, but is projected to decline considerably in 2008.

Office space demand remains strong in the three central wards, as a result of further business expansion and increased hiring of office employees.

 $\triangleright$  As a result, the supply/demand gap will tighten in 2008.

Tokyo's office market continues to be sound in the short term.

~Mid- and long-term perspective of the Tokyo office market~

O Concerns over Tokyo's possible declining competitiveness in the global context.

O Tokyo must enhance its attractiveness as a business and financial center.

Since 1986, Mori Building Company Ltd. (Headquarters: Minato-ku, Tokyo; President and CEO: Minoru Mori) has regularly conducted surveys of demand and supply trends of large office buildings with total office floor area of over 10,000 sq.m. (in this survey, they will be referred to as "large-scale office buildings") throughout Tokyo's 23 wards. Forecasts of future trends in the office market are also carried out by analyzing the results of this survey from a variety of angles. This report present the results of the survey as of the end of December 2006.

# Outline of Market Trend Survey

Survey date: End-December, 2006 Coverage: Tokyo's 23 wards Type of property: Large office buildings with total office floor area of over 10,000 sq.m. built after 1986.

<Notes on the contents>

- X Supply volume in this survey refers to the total gross floor area of office accommodation in all large-scale office buildings completed after 1986, excluding floor area in those buildings reserved for other purposes, such as retail, residences, hotels and others. The supply volume figures are calculated based on the planned completion date of the respective projects.
- X Absorption capacity in this survey is calculated as follows: net increase of occupied total floor area in all large-scale office buildings completed after 1986 [(total vacant floor area as of the end of the previous year) + (total newly supplied floor area) - (total vacant floor area as of the end of the current year)]. In order to facilitate comparison with supply volume, the total gross floor area is calculated on the basis of the net leased areas in the original data converted to gross numbers using a ratio of 65.5%, which represents the average effective rentable ratio of typical large-scale office buildings.

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X This survey is based on publicly available information, the results of the compilation of on-site observations and direct interviews with developers on the progress and other conditions of each project.



- Supply volume in 2007 will remain consistent with past average levels, but is projected to decline considerably in 2008.
- Office space demand remains strong in the three central wards, as a result of further business expansion and increased hiring of office employees.
- > As a result, the supply/demand gap will tighten in 2008.

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Main Features of the Survey

<Supply Trends>

- O Supply volume for 2007 is projected to be 1.19 million sq.m.
- O Supply volume in 2008 is expected to decline considerably to 0.64 million sq.m.
- O Increasing number of new buildings to replace existing buildings will slow down the net increase in total office stock.
- O The percentage of extremely large-scale office buildings (with office floor area of over 30,000 sq.m.) remains high.
- O Trend of supply will continue to be concentrated in the three central wards, particularly in the Tokyo CBD.

<Demand Trends>

- O New demand (absorption capacity) for 2006 was 1.57 million sq.m., exceeding the supply of 1.54 million sq.m.
- O The vacancy rate at the end of 2006 fell to 2.8% from 3.2% at the end of 2005, representing the 4th consecutive annual drop.
- O New demand (absorption capacity) for 2006 demonstrated considerable growth, owing to economic recovery and strong corporate performance.
- O With continued business expansion and staff increases expected, demand for new office space remains strong.
- O Stronger preference demand for the three central wards.
- O Vacancy rate is expected to drop below 2% in 2008, exacerbating the tight supply/demand gap.
- $\sim$  Mid- and long-term perspective of the Tokyo office market $\sim$
- O Concerns over Tokyo's possible declining competitiveness as a global city in the Asian region.
- O Tokyo must enhance its attractiveness as a business and financial center.



# 1. General Trends in Supply

# O Supply volume for 2007 is projected to be 1.19 million sq.m.

# ○ Supply volume in 2008 is expected to decline considerably to 0.64 million sq.m.

The supply volume of large-scale office buildings within Tokyo's 23 wards in 2006 reached 1.54 million sq.m., nearly double the 2005 level of 0.77 million sq.m. Conversely, supply volume in 2007 is expected to moderate to 1.19 million sq.m. equivalent to 80% of the previous year. Moreover, 2008 will see supply volume decline dramatically to 0.64 million sq.m. Meanwhile, the average yearly supply volume between 2007 and 2011 is expected to be approximately 0.61 million sq.m., equivalent to roughly 60% of the past average supply volume of 1.05 million sq.m., from the beginning of this survey in 1986 through 2006 (Figure 1).

In this year's survey, an increasing number of new projects to be completed around 2008 were announced. Since the majority of these plans consist of relatively small- and medium-scale buildings with total gross floor area between 10,000 and 20,000 sq.m, the supply volume itself did not increase in line with the total number of new buildings. Continuing the trend from last year, many of these new plans include rebuilding or replacing existing buildings.



Figure 1: Trend of supply volume of large-scale office buildings within Tokyo's 23 wards

## <Note>

The construction volume of all office buildings, including small-scale buildings with a total floor area of less than 10,000 sq.m., which are not included in this survey, is 1.01 million sq.m. in 2006, a considerable decrease from last year (Figure 2).

It is therefore expected that the total floor area of office building supply will decrease substantially, regardless of the scale of the building.





(Source) Compiled by Mori Building, based on documents by Construction Resarch Institute



<Overview> New Projects for Rebuilding: Effects on the Office Market

As stated in the previous page, a substantial number of new projects involve rebuilding or replacing existing buildings. Let us now review the impact of this trend on the office market.

When taking a closer look at the projection of new supply between 2007 and 2011, new projects for rebuilding account for one third of the total supply (Figure 3) and almost half of the new plans in the central three wards (Figure 4).

Why do these rebuilding projects constitute such significant percentage of the total new supply? One reason is the difficulty of finding new land for development, particularly in the three central wards (Chiyoda-ku, Chuo-ku and Minato-ku) where most government-owned land has already been released into the market. Also, as highlighted in last year's survey, more than 40% of the existing office floor area in Tokyo's 23 wards was built before 1983 and are likely to have followed the old building standards. Rebuilding of existing buildings will still continue to increase, not only because users now demand higher specifications for office buildings but also to respond to the increasing awareness for future earthquakes, though we have to be concerned about the buildings constructed under the old earthquake-resistance standards that have already been demolished, undergone reinforcement, or been deemed earth-quake resistant.

# Figure 3: Ratio of rebuilding (office building to office) among new supply (2007-2011 projection)



% In this survey, "rebuilding" applies to when an old large-scale office building (according to survey standards) exists in the planned location. Rebuilding from residential structures, hotels, small-scale offices to large-scale offices does not apply.

(Source) Compiled on the basis of Mori Building data

# Figure 4: Ratio of rebuilding (office to office buildings) among new supply, per area



(Source) Compiled on the basis of Mori Building data

Figure 5 : Comparison of floor area of building prior to and after the introduction of earthquake resistance standards (including banks)



#### [Basis of Comparison]

 Stock January 2005
 Building built after the implementation of new earthquake-resistance standards

 Stock January1983
 Building prior to earthquake-resistance standards

Ratio of buildings prior to, and after the introduction of earthquake-resistance standards are not available from published resources. The above stock of office building floor area (including banks) is calculated based on the assumption that buildings completed before 1983 are likely to have followed the old standards (new standards became effective June 1981; assumed that buildings usually take approximately two years from design stage until completion). However, stock data for 1983 is as of January 1, 1983, and has not been revised since; therefore some buildings may have been subsequently demolished.

> (Source) Compiled by Mori Building. Data based on tax documents as of Jan. 1 of each year, as shown in "Tokyo Land 2005" (land-related documents) by Tokyo Municipal Government: published in July 2006.

We will now review Figure 6, which shows the increase and decrease of office stock before and after rebuilding. Figures are based on the 14 projects picked up from the total of 26 rebuilding projects between 2007 and 2011, for which the data on floor area before rebuilding was available.

Among these 14 projects, the net increase of total office space accounts for only 35% of the new supply volume, suggesting that new supply volume does not directly lead to increase in office stock.

As we observe the trend of office stock by year, we have discovered that during the construction period, office stock decreases temporarily, due to the loss of existing office space. This decrease tightens the demand/supply balance.



## Figure 6: Trend of office stock prior to/after rebuilding in 14 cases

% The demolition period is excluded; the demolition completion date is considered to be the same year as start of new construction. In the case that the old structure included some commercial areas but the majority of the building was dedicated to office use, the whole floor space is considered office floor space.

(Source) Compiled on the basis of Mori Building data

From 1986 through 1994, office stock in Tokyo's 23 wards recorded 5% or higher annual growth rates, driven by Japan's so-called bubble economy. From the latter half of the 1990's, the growth rate gradually moderated to approximately 2% (Figure 7). In the coming years, totally new supply is expected to drop while the percentage of rebuilding further increases. Therefore, a rise in office stock cannot be expected, and the supply/demand gap is unlikely to be adjusted.





(Source) All data has been compiled by Mori Building. Data based on tax documents as of Jan. 1 of each year, as shown in "Tokyo Land 2005" (land-related documents) by Tokyo Municipal Government: published in July 2006.



# 1-1. Supply Trend by Size

# O The percentage of extremely large-scale buildings (with office floor area of over 30,000 sq.m.) remains high.

Now we look at trends in supply by building size. Large-scale office buildings are divided into two groups by size: buildings with office floor space of between 10,000 sq.m. and 30,000 sq.m., and buildings with office floor space of over 30,000 sq.m. (hereafter called "extremely large-scale office buildings") as shown in Figure 8.

When compared to the past trend, the percentage of extremely large-scale office buildings with office area of over 30,000 sq.m. has continued to rise. Although the percentage is expected to decline slightly around 2008, mainly due to an increase in the number of small- and medium-scale buildings, the percentage of extremely large-scale buildings over 30,000 sq.m. still remains high, at 74% of the total supply volume.

# **1-2.** Supply Trend by Area

# **O** Trend of supply will continue to be concentrated in the three central wards, particularly in the Tokyo CBD.

Next, we look at the trends in supply by area. Figure 9 illustrates the shift in supply trends of large-scale office buildings in the three central wards (Chiyoda-ku, Chuo-ku, and Minato-ku) and the other 20 wards.

Since the beginning of the 21st century, supply has increased substantially in the three central wards. This trend is likely to continue in the coming years, even though the sale of large lots of government-owned land in the city center has decreased, thereby increasing new projects in the waterfront areas and sub-centers. The supply in the three central wards still accounts for 67% of the total volume, suggesting that supply concentration to the city center will persist.

As we take a closer look at the trend in the three central wards (Figure 10), we see that supply is concentrated in the Tokyo Central Business District (Tokyo CBD), an area covering Marunouchi/Otemachi, Nihonbashi/Yaesu and Akasaka/Roppongi districts. Supply of high-quality office buildings to the Tokyo CBD will further enhance its appeal as business area.



The areas in which both the actual supply of the past and expected supply for the future are high are 1) Akasaka/Roppongi area, 2) Marunouchi/Otemachi area, and 3) Shinbashi/Toranomon area. Meanwhile, in terms of the emergency development areas for urban regeneration based on the "Law on Emergency Measures for Urban Regeneration" in which supply is expected to further accelerate in the future, we can see that the areas mentioned above are mostly within or surrounding "the area around Loop Road No. 2, Akasaka and Roppongi" or "the area around Tokyo and Yurakucho stations." We hereby define these areas as the Central Business District of Tokyo (Tokyo CBD).

(Source) Figure 8-10: Compiled on the basis of Mori Building Data



# 2. General Trends in Demand

- O New demand (absorption capacity) in 2006 totalled 1.57 million sq.m., exceeding supply of 1.54 million sq.m.
- **O** As a result, vacancy rate at the end of 2006 declined to 2.8%, the 4th consecutive annual drop.

In this section, we will look at the trends in demand, using the concept of "absorption capacity". As depicted in Figure 11, absorption capacity shows the newly absorbed area [(vacant floor area at the end of the previous year) + (newly supplied floor area) - (vacant floor area at the end of the present year)] in all large-scale office buildings covered in this survey, which are those completed in 1986 and after.



In 2006, new demand (absorption capacity) reached 1.57 million sq.m., which exceeded the supply volume of 1.54 million sq.m. (the third-largest supply volume since 1986). As a result, the vacancy rate in 2006 further declined to 2.8%, from 3.2% at the end of 2005 (Figure 12).

## <Note>

In Figure 13, we have added the absorption capacity of extremely large-scale office buildings (total office floor area of 30,000 sq.m. or more) in the three central wards completed in 1985 or before (hereafter referred to as "pre-1985 extremely large-scale buildings"). The purpose is to analyze the demand trends of office buildings that were completed before 1985 but are large-scale in prime locations.

In the current office market, there is less vacancy in large-scale buildings built after 1986, which are regarded as relatively competitive. The ripple effect has impacted pre-1985 large-scale buildings, thereby leading to a continued decline of vacancy rate. Note: Total floor area (gross) is calculated on the basis of floor area for lease (net) grossed up by the ratio of 65.5%, the average effective rentable ratio of a typical large-scale office building.









# 2-1. Review of Last Year's Demand Forecast

# **O** New demand (absorption capacity) for 2006 demonstrated considerable growth, driven by the economic recovery and strong corporate performance.

While we forecast in last year's report that the vacancy rate would not increase in spite of the massive increase of supply volume in 2006 (Figure 14), new demand generated exceeded this estimation. As Figure 12 shows, the year 2006 saw new demand (absorption capacity) of 1.57 million sq.m., which exceeded the supply volume of 1.54 million sq.m. As a result, vacancy rate in 2006 fell to 2.8%, from 3.2% at the end of 2005.

Based on these data, we can say that office demand demonstrated considerable growth, owing to economic recovery and strong corporate performance.



(Source) Compiled on the basis of Mori Building data



# 2-2. Future Demand Trend

# • With continued business expansion and staff increases expected, demand for new office space remains steady.

## **O** Stronger preference demand for three central wards.

In the previous section, we saw that the office demand remained steady in 2006 and that the vacancy rate continued to decline. In this section, we will predict how the trend of demand will fluctuate in the future by reviewing our own "Survey of Office Needs in Tokyo's 23 Wards" which has been conducted since 2003.

In the November 2006 survey, 19% (321 companies) indicated that they are planning new leases (Figure 15), while 8% (140 companies) responded that they are planning either cancellations or downsizing of current leases (Figure 16).

The massive supply of office space since 2003 has triggered the establishment of new offices and active office relocation. While some see that potential demand for office space has already peaked, the 2006 survey shows that the number of corporations which replied they have "plans for new leases" has recovered to the standards of 2003 and 2004, indicating that office demand remains healthy.

Figure 17 shows the replies from companies that have plans for new leases and companies that have plans for cancellations or downsizing of current leases for intended location of new leases. The percentage of the companies that wish to cancel or downsize their offices in the three central wards and relocate again to new offices in the three central wards has increased to 72% from 69% in last year's survey. These results show that new office leases in the three central wards will further intensify, particularly among the companies which are already located in the area.



(Source) Figure 15-Figure 17:

Compiled on the basis of Mori Building data



Figures 18 and 19 demonstrate the reasons for the new lease/cancellations or downsizing of companies. The primary driver for new leases was "business expansion and increase of staff" (42%), consistent with the result of the 2005 survey. Also in line with the previous survey, more than 30% of the companies are seeking "larger floor space", indicating that business expansion led by the economic recovery has generated strong need for more office space.

Another notable point is the decreased number of replies in the new leases question for "higher standard equipment", "better security" and "earthquake resistance" compared to previous years. With the recent decrease in office space vacancy, companies expanding business have no other choice but to prioritize space reservation over facility specifications.

When looking at the reasons for new lease, "relocation to building with lower rent" has continued to decrease significantly. On the other hand, for cancellation or downsizing reasons, "relocation to building with lower rent" has increased for the first time in four years. This indicates the polarization trend in the corporate world -- expanding companies prioritize space reservation over rent standards, while shrinking companies are burdened by rent.





#### Figure 19: Reasons for cancellation or downsizing of current lease

[Number of respondent companies] 2006: 140, 2005: 190, 2004: 183, 2003: 212



## <Note> Projection of future demand

Last year's survey provided a scenario of office demand in 2006 and beyond, based on a simulation using regression analysis of the correlation between past absorption capacity and the supply volume of the period between 1993 and 2005. As previously stated, the actual figures for new demand (absorption capacity) in 2006 exceeded last year's projection, owing to the continued economic recovery and strong corporate performance.

Considering the recent economic recovery or the improvement of employment in Japan based on corporate business expansion, we expect steady future growth of office demand in line with that recorded in 2006.

Instead of looking at the correlation between the total supply volume in the past and the volume of new demand (absorption capacity), estimations have been made based on the correlation between the increase of new demand (absorption capacity) compared to the supply volume during the period in which the increase had been particularly apparent. We project that the vacancy rate will continue to decrease to 2% or below in 2008, suggesting that the demand/supply balance is likely to tighten further (Figure 20).

The "large-scale buildings in Tokyo's 23 wards built after 1986" subject to our survey, will be affected by this tight demand/supply balance through 2008. Moreover, demand will spread to other office buildings in the 23 wards that had been excluded from our survey or even to Yokohama and other office areas nearby Tokyo, also tightening these other markets.

Figure 20: Demand projection



#### (Method of Calculation)

Predicted figures of absorption capacity of after 2007 are calculated on the basis of the correlation between the supply volume and absorption capacity during the period in which the increase of new demand for office space had been particularly apparent.

(Source) Compiled on the basis of Mori Building data



3. Mid- and long-term perspective of the Tokyo office market

~Viewpoint from competitiveness in the global context~

O Concerns over Tokyo's possible declining competitiveness in the global context.

O Tokyo must enhance its attractiveness as a business and financial center.

From what we have reviewed in the previous sections concerning the supply and demand trends for office space, we can conclude that the economic recovery will continue to invigorate the Tokyo's office environment on a short-term basis. However, what is the outlook from mid-and long-term perspective?

Office demand is often influenced by economic trends, advancement of multinational enterprises, and relocation of corporate headquarters. Along with the present globalization of business and investment, Tokyo's international competitiveness is closely related to the overall economy and office demand. In this section, we will focus on the global competitiveness of Tokyo compared to other Asian cities, as we look into the mid- and long-term view of the office market.

# 3-1. Concerns over Tokyo's possible declining Figure 21: Changes in World Competitiveness Rankings competitiveness in the global context

International Institute for Management Development ("IMD"), headquartered in Switzerland is known for its research on world competitiveness. The IMD's World Competitiveness Yearbook has continuously ranked Japan lower than both Singapore and Hong Kong. In 2007, fast-growing China has also overtaken Japan (Figure 21).



World Competitiveness is based on studies by IMD, an independent not-for-profit organization in Switzerland, measuring 55 countries based on 323 criteria, in 4 main areas: (1) economic performance (2) government efficiency (3) business efficiency (4) infrastructure.

While research by specialized institutions has proved that Tokyo's global competitiveness has declined in the recent years, what are the evaluations by businesspersons actually working in these Asian cities?

In 2006, we conducted a survey targeting businesspersons working in high-rise office complexes in five major Asian cities - Shanghai, Hong Kong, Taipei, Singapore and Tokyo. The purpose of the survey was to determine the respective evaluation of Asian cities, including the Pacific area. (Source) IMD World Competitiveness Yearbook 2007

(					``				
"Asia Businessperson Survey 2006"									
(Released March 13, 2007)									
Subject cities: The following five key cities of Asia: Shanghai, Hong Kong, Taipei, Singapore, Tokyo									
Survey subjects: 524 businesspersons working in high-rise office complexes in the above five cities.									
	City	City Number of respondents Building where respondents work							
	Shanghai,	Shanghai, 100 Jin Mao Tower, Plaza 66, Raffles City Shangh							
	Hong Kong	100 International Finance Centre							
	Taipei	105	Taipei 101						
	Singapore	100	OUB Centre, U	OB Plaza, Suntec City					
	Tokyo	119	Roppongi Hills						
Surv	vey method:	Personal interviews or Web-based questionnaires Note: The survey was subcontracted to Research International Japan Inc., a marketing research firm with offices in cities around the world.							
Method of totaling results :		Results were adjusted to equalize the ratios of male and female respondents in each city.							
Survey conducted:		October 19 - November 9, 2006							
Respondent attributes:		Breakdown by gender		Breakdown by industry					
		Male:75% (393) Female:25% (131)		Financial/insurance 51% Non-manufacturing 45% Manufacturing 1% Not specified 3%					

While when asked to name the current leading business center in the Asia-Pacific region, the greatest percentage (32%) chose Hong Kong, Tokyo was ranked almost the same as Shanghai (22%) and Shingapore (20%). When asked to predict the leading business center 5–10 years in the future, an overwhelming percentage (55%) chose Shanghai (Figure 22).

Let us take a closer look by respondents' locations. The results by city show that, respondent businesspersons in all the subject cities named their own cities as current leading business centers with the exception of Taipei. Tokyo (59%) respondents show the strongest result. However, in each city the highest percentage named Shanghai as the leading business center 5–10 years in the future. These results indicate the extremely high expectations for the future of Shanghai.

Next, the survey results concerning the current most overall attractive city in the Asia-Pacific region show that Singapore received the highest percentage (24%). Shanghai (22%), Tokyo (22%), and Hong Kong (20%) all received almost equal percentages. However, the percentage naming Shanghai (46%) stood out when asked to predict the most attractive city 5–10 years from now(Figure23).

Looking at these respondents by location, respondent businesspersons in each city evaluated their own city highly in terms of current attractiveness with the exception of Taipei. However, in each of the five cities respondents evaluated Shanghai highly in terms of attractiveness 5–10 years in the future. In Hong Kong and Taipei in particular, majorities predicted Shanghai would be the most attractive city 5–10 years in the future. At the same time, they rated their own cities highest although respondents in Singapore and Tokyo also evaluated Shanghai highly.

As noted above, China ranked higher than Japan in the IMD World Competitiveness Rankings. Also in the businesspersons' survey, Shanghai surpassed Tokyo in its evaluations and expectations for the future. The decline of Tokyo's global competitiveness in Asia is cause for serious concern.











# 3-2. Tokyo must enhance its attractiveness as a business and financial center.

Tokyo seems to be losing its global competitiveness as a business city. Then, what must be done to enhance its attractiveness?

In the previously mentioned survey of businesspersons in Asia, respondents selected "the city considered most attractive in Asia in 5 to 10 years" and described the reasons for the evaluation (Figure 24). Focusing on "business environment", Tokyo received high marks for "business market size" and "information/communications infrastructure level". Nevertheless, evaluations for "investment environment" or "transportation network level (ports, airports, expressways, etc.) remained low.

Let us now review the "survey of needs for foreign businessmen; city, office and living", conducted by Real Estate Companies Association of Japan in 2005 and 2006, which represents the remarks of foreign businessmen working in Tokyo.

Figure 25 is the comparison of reasons between "the most like to work/reside city in the world" and Tokyo. Respondents think highly of Tokyo in terms of "business marketsize", but are not satisfied with its "freedom in business activity or few restrictions" and have pointed out "lack of multi-lingual support (English etc.)", "inefficiency due to too many restrictions/regulations; lacks freedom in business and daily life", and "unattractive environment for foreigners and foreign companies".

From mid- and long-term viewpoint, Tokyo faces a number of challenges in heightening its appeal: improving the environment for luring investment and foreign firms, enhancing deregulation, and upgrading the city's infrastructure. Figure 24: Reasons for predicting a city to be most attractive 5 - 10 years in the future (multiple responses accepted)

		Most attractive city 5–10 years in the future						
Reason for evaluation		Shanghai (246)	Hong Kong (67)	Taipei (22)	Singapore (87)	Tokyo (61)		
Business environment	Investment environment	62%	66%	41%	66%	32%		
	Business market size	64%	46%	52%	30%	55%		
	Convenience of public transportation	32%	43%		49%	45%		
	Information/communications infrastructure level	39%	44%	32%	47%	53%		
	Transportation network level (ports,airports, expressways, etc.)	33%	33%	36%	45%	28%		
Living environment	Convenience of commuting to and from work, school, etc.	24%	37%	36%	28%	24%		
	Cost of living	34%	31%	18%	28%	15%		
	Public safety	22%	28%	18%	67%	59%		
	Disaster/risk management	10%	13%	18%	21%	13%		
	Number of parks and green areas	20%	25%	18%	27%	19%		
	Richness of leisure environment	29%	32%	23%	26%	25%		
	Multilingual environment (signs, public-facility staff, etc.)	25%	40%	29%	37%	22%		
	Education environment	22%	39%	27%	32%	18%		
Other	Focus of the latest information and fashions	36%	39%	53%	19%	41%		
	City's name recognition	39%	29%	34%	8%	31%		
	Other	1%	3%	10%	3%	4%		

Over 30%, below 40%
 Over 40%, below 50%
 Over 50%, below 60%
 Cover 60%
 Each score above represents the percentage of all respondents selecting a city who also cited a reason therefore.

\*Number of respondents in parenthesis

(Source) Compiled on the basis of Mori Building data Figure 25: Comparison between Tokyo and most like to

work/reside city in the world



Tokyo's office market will continue to be sound steady growth in the short term. Nevertheless, from a mid- and long-term perspective, Tokyo must enhance its appeal as a business and financial center and strengthen its global competitiveness in order to survive the growing challenge from other Asian cities.



# Major Large-scale Office Buildings to be Completed in the Future

Name of Project (Name of Building)		Area	Development lad hu	Location					
		(Tsubo)	Development led by:	Location					
2007									
Kasumigaseki R7 Project *1	253,425	76,661	Kasumigaseki Building 7 PFI. Co. Ltd. (Tokyo TatemonoCo., Ltd., Ninnon Steel Corp., Taisei Corp., and others)	Kasumigaseki, Chiyoda-ku					
Shin - Marunouchi Building	195,000	58,988	Mitsubishi Estate Co., Ltd.	Marunouchi, Chiyoda-ku					
GranTokyo North Tower	171,770	51,960	East Japan Railway Co., Mitsui Real Estate, Kokusai Kanko Kaikan	Marunouchi, Chiyoda-ku					
ThinkPark Tower	152,009	45,983	Meidensha, World Trade Center Building	Osaki, Shinagawa-ku					
GranTokyo South Tower	140,168	42,401	East Japan Railway Co., Kajima Yaesu Development, Nippon Oil Corporation	Marunouchi, Chiyoda-ku					
Shiodome I-2 Project	118,497	35,845	Mitsubishi UFJ Trust Bank (Mitsubishi Estate Co., Ltd., Tokyu Land Corporation, Mitsui & Co., Ltd., Heiwa Real Estate Co., Ltd.)	Kaigan, Minato-ku					
Rise Arena Building *1	99,155	29,994	Redevelopment Association of Higashi-ikebukuro 4-chome Urban Area	Higashi-ikebukuro, Toshima-ku					
Sapia Tower		23,951	East Japan Railway Co., JR East Building Co., Ltd.	Marunouchi, Chiyoda-ku					
Category 1 Urban Area Redevelopment Project of Yurakucho Station Area 1	75,874	22,952	Redevelopment Association of Yurakucho Station (Urban Area 1)	Yurakucho, Chiyoda-ku					
Fujisoft Akihabara Building	58,638	17,738	Rail City East Development Co., Ltd.	Kanda-Neribeicho, Chiyoda-ku					
Yaesu 1-chome project	45,419	13,739	Mitsui Sumitomo Insurance Co., Ltd., Shinkin Central Bank	Yaesu, Chuo-ku					
Fukagawa Gatharia Tower N Building	43,080	13,032	Nomura Real Estate Development Co., Ltd.	Kiba, Koto-ku					
Toyosu 5-chome Building	36,450	11,026	Shimizu Corporation	Toyosu, Koto-ku					
Shin - Bekkan Building	33,517	10,139	Kajima Corporation	Akasaka, Minato-ku					
2008									
Akasaka Biz Tower	218,853	66,203	Tokyo Broadcasting System, Inc.	Akasaka, Minato-ku					
Marunouchi Trust Tower Main	116,000	35,090	Mori Trust Co., Ltd.	Marunouchi, Chiyoda-ku					
Shinonome Project	63,838	19,311	Shimizu Corporation	Shinonome, Koto-ku					
Kita-Aoyama Project	47,397	14,337	Chorus Properties LLC (Mitsui Real Estate Co., Ltd.)	Kita-Aoyama, Minato-ku					
2009									
Marunouchi Park Building	205,000	62,013	Mitsubishi Estate Co., Ltd.	Marunouchi, Chiyoda-ku					
Zen-noh building	88,100	26,650		Otemachi, Chiyoda-ku					
Nihon Keizai Shimbun Building	74,400	22,506	Otemachi Development Ltd. (Mitsubishi Estate Co., Ltd., NTT Urban Development Co., Tokyo TatemonoCo., Ltd.,	Otemachi, Chiyoda-ku					
Nippon Keidanren Building	71,500	21,629	Sankei Building Co., Ltd.)	Otemachi, Chiyoda-ku					
Koraku 2-chome West District, Category 1 Urban Area Redevelopment Project	78,402	23,717	Redevelopment Association of Koraku 2-chome West District	Koraku, Bunkyo-ku					
Fujimi 2-chome North District office tower, Category 1	74,300	22,476	Redevelopment Association of Fujimi 2-chome North District	Fujimi, Chiyoda-ku					
Hirakawa-cho 2-chome East Area South District, Category 1	52,000	15,730	Redevelopment Association of Hirakawacho 2-chome East Area South District	Hirakawacho, Chiyoda-ku					
Shiodome Hamarikyu Project	49,500	14,974	Sumitomo Realty and Development Co., Ltd., Sbiodome Hamarikau Special Purpose Company	Ginza, Chuo-ku					
Nishi-shinjuku 7-chome Project	38,443	11,629	Sumitomo Realty and Development Co., Ltd.	Nishi-Shinjuku, Shinjuku-ku					
Sanbancho Project	34,500	10,436	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Sanbancho, Chiyoda-ku					
Akihabara Project	32,350	9,786	Sumitomo Realty and Development Co., Ltd., SF Akihabara Development Special Purpose Company	Soto Kanda, Chiyoda-ku					
2010		1							
Nishi-shinjuku 8-chome Naruko Area, Category 1 Urban Area	178,000	53,845	Redevelopment Association of Nishi-shinjuku 8-chome Naruko Area	Nishi-shinjuku,					
Redevelopment Project of high rise buildings *2 Futako-tamagawa East District, Category 1 Urban Area	106,879	32,331	Redevelopment Association of Futako-tamagawa East District	Shinjuku-ku Tamagawa, Setagaya-ku					
Redevelopment Project, Area I-b *1	90,000	27,225	Tokyu Corporation, Tokyu Hotels Co., Ltd.	Nagatacho, Chiyoda-ku					
Aobadai 3-chome Project	56,200	17,001	Sumitomo Realty and Development Co., Ltd., SF Meguro	Aobadai, Meguro-ku					
Nihonbashi Takaracho East District Development Project, Area 2-4 *2	44,000	13,310	Nomura Real Estate Development Co., Ltd.	Nihonbashi, Chuo-ku					

\*1 Total floor area includes residential, commercial, public office buildings

\*2 Scheduled to be completed within the fiscal year

\* Projects are excluded from this list if discrepancies are found between public information and results from Mori Buildings' investigation.
\* Completion dates and supply volume calculation are based on the information provided at the time of survey (Dec. end, 2006) although completion dates for some projects have been revised later.

\* The supply volume figure announced from Mori Building is calculated from the "genuine office floor area", and does not agree with the total floor area figures shown in this chart.