

Survey Overview

1. Rationale

- The purpose of this survey is to compile a rent index, which tracks the general trend of office and apartment rents in major Japanese cities.
- The survey process can be summarized as follows:
 - *Selection of survey sites based on field research and statistical methods;
 - *Specification of a hypothetical building on each survey site in consideration of the highest and best use;
 - *Estimation of an appraised rent, which includes both rent payable and accruing interests on deposits;
 - *Determination of the rental growth rate of each city using the appraised rents; and
 - *Preparation of rent indexes annually by multiplying the previous year's rent index by the weighted average of rental growth rates according to their rental market sizes.
- The following features form major reasons for the survey to differentiate itself from other rent indexes or rent surveys, including "Corporate Service Price Index" (Research and Statistics Department, Bank of Japan), "Retail Price Survey" (Statistics Division, Ministry of Internal Affairs and Communications), and research undertaken by major real estate brokerage firms:
 - *Nationwide survey;
 - *Fixed location of samples; and
 - *Appraisal-based index derived from real estate valuation techniques.

2. Survey Date

End of September 2009 (Annual survey as of the end of September each year)

3. Survey Items

- Compilation and analysis of the office rent index
- Compilation and analysis of the apartment rent index
- Analysis of the supply/demand situation of rental markets

4. Sample Choosing Process

(1) Selection of Survey Cities

- Office: 60 cities
- Apartment: 149 cities

(2) Specification of Hypothetical Building on Survey Site

A survey site was selected in a typical area representing the higher office and apartment rent levels of each survey city. One office survey site and one apartment site were usually chosen within a survey city. However, more than one survey site were picked in some cities, including Tokyo and Osaka. As a result, the numbers of survey sites totaled 76 for office and 158 for apartment.

5. Survey Method

- A market rent was estimated as of the survey date by one or more licensed appraisers at one of the JREI's 50 regional offices. The appraiser(s) arrived at the conclusion by assuming that the hypothetical building space was leased to a new tenant and by employing appropriate valuation approaches.

