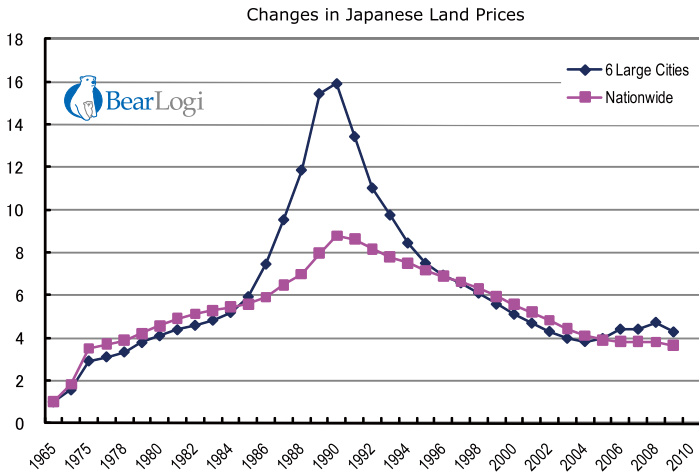


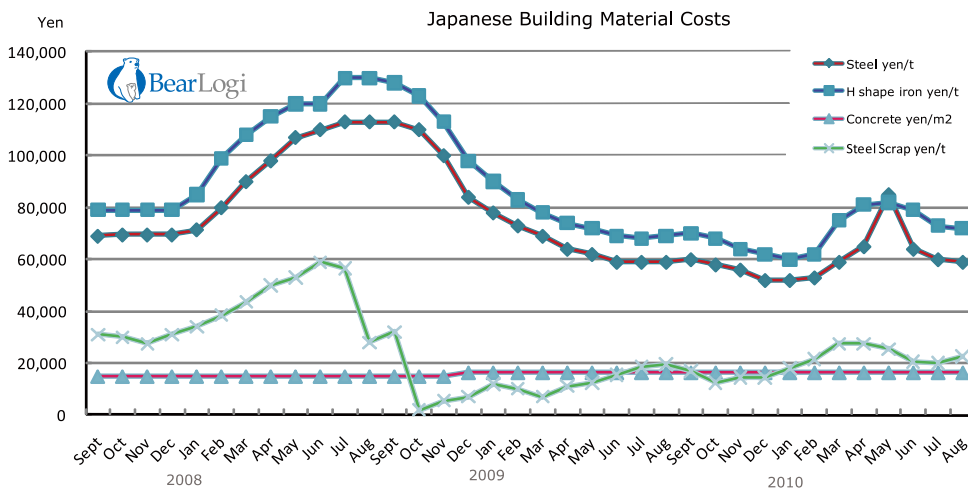
Japanese Land and Construction Prices



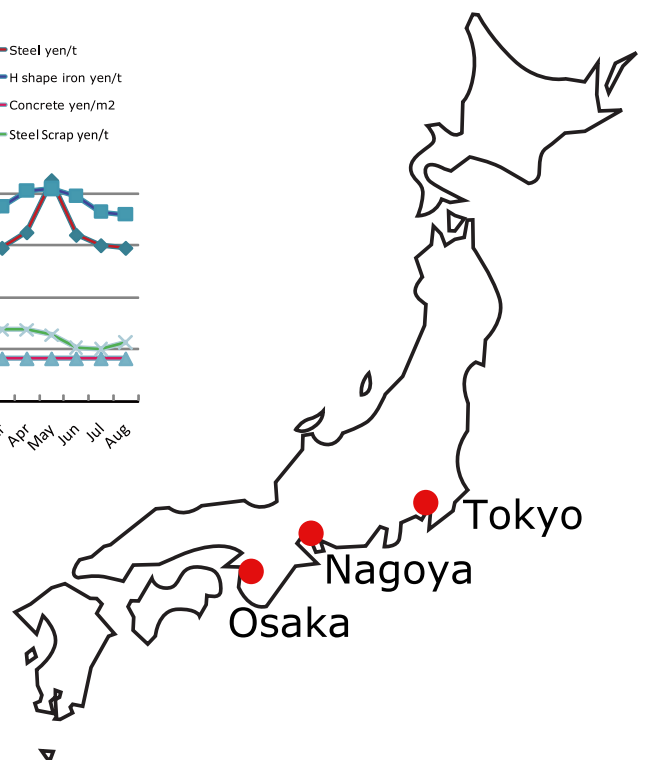
Source: Based on 'Index of Urban Land Prices' by the Japan Real Estate Institute.
 Notes: (1) 6 large city includes Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe
 (2) All indexes are calculated based on the figures of 1965 as 1.00
 (3) Indexes of land price are recorded of the end of March

Land Prices: Japanese land prices had just began to recover in 2004 when the global financial crisis of 2007/8 destroyed any chance of recovery. Given the Japanese experience of the bubble during the 1980s, banks and local investors have been deleveraging real estate assets in a somewhat controlled manner, which has slowed the steepness of dip in land prices that potentially could have occurred. Given macro economic risk remains to the Japanese economy local real estate investors remain in a 'wait and see' pattern given the large number and wide choice of assets available to them. As of November 2010, Japanese land price statistics indicate that parts of the market have bottomed. Renewed interest by international institutional investors has given some cause to be optimistic about land prices stabilising with moderate increases forecast at least for the core markets of Tokyo.

Construction Prices: Japanese construction prices remain depressed largely due to the lack of projects. Like the land price graph which showed an increase in prices in 2008, construction prices followed the boom. A small recovery in prices mid 2010 was short lived, with the strong yen shielding global resource price increases. However it is expected the construction companies will not be able to continue to discount as margins are now very thin. Therefore, despite the lack of projects, Bear Logi would anticipate prices of key building materials will need to increase in Q1 of 2011 to more closely reflect the price increases agreed to by the Japanese steel mills.



Source: Based on 'Daily Steel newspaper', 'Concrete Association', 'e-plastics market information'
 Notes: (1) Concrete is FC30 S18
 (2) Steel is SD295-D19



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