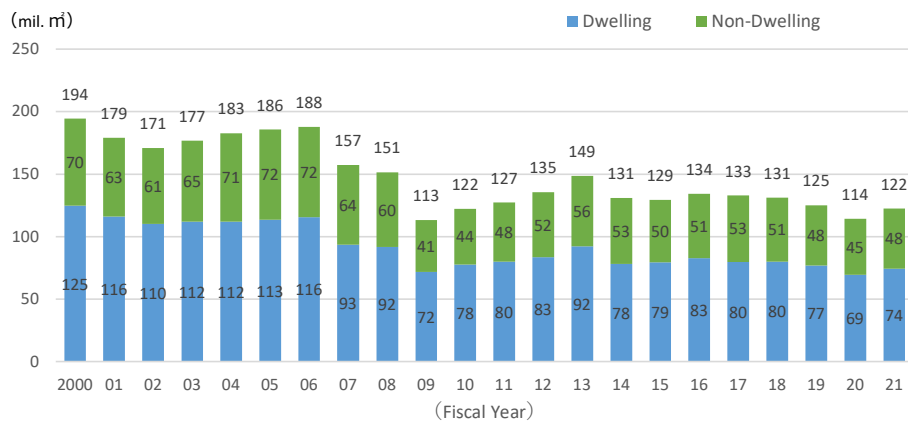


Report Items

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1 Floor Area of Construction Starts

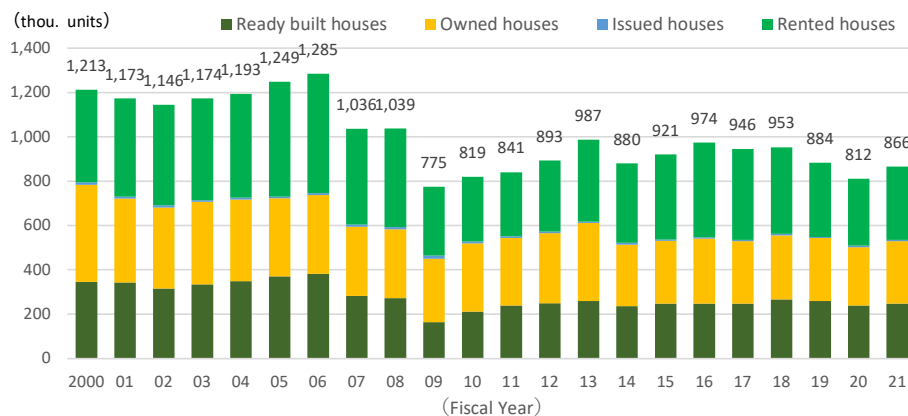


Source : Construction starts statistics (MLIT)

From 2000 to 2006, the floor area of construction starts exceeded 170 million square meters, but since 2007 it has been declining. Especially in 2009, due to the Lehman Brothers bankruptcy, both residential and non-residential housing declined to about 60% of the 2000 level. Since then, it had remained at the level of 1.3 million square meters, but due to the impact of the coronavirus in 2020, it had decreased to 114 million square meters, which was almost the same level as at the time of the Lehman shock.

In FY2021, the residential area was 74 million square meters and the non-residential area was 48 million square meters, totaling 122 million square meters, an increase of 7.1% from the previous year.

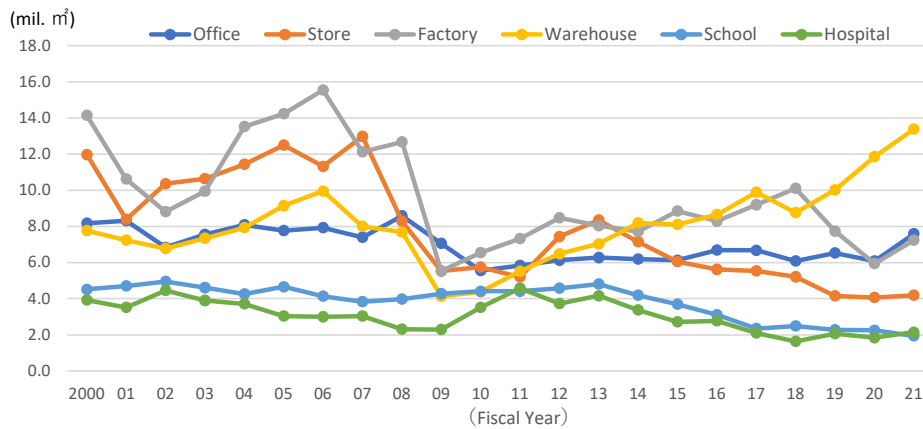
2 Dwelling Units of Construction Starts



Source : Construction starts statistics (MLIT)

The number of dwelling units of construction starts remained around 12 million units in the first half of the 2000s, but in 2009 it dropped sharply to 775,000 units. In recent years, it has remained at the 800,000 to 900,000 level, and in fiscal 2021, it was 866,000. The breakdown was 38% for rental houses, 32% for owned houses, 29% for ready built houses, and 1% for issued houses.

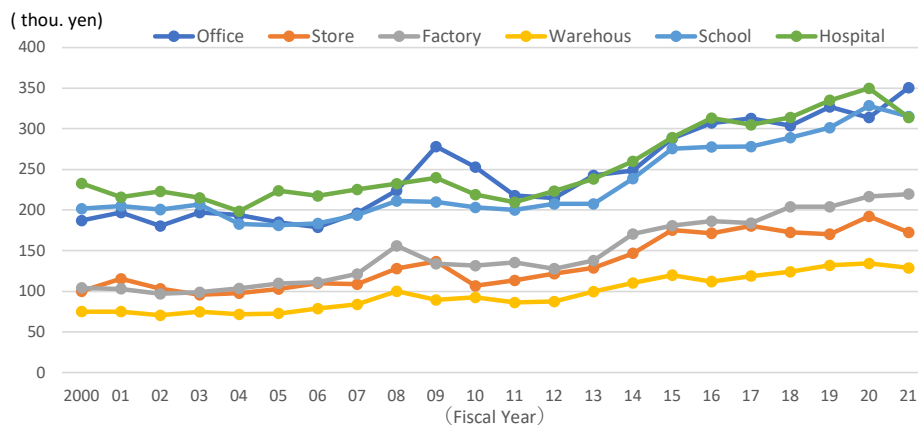
3 Floor Area of Construction Starts by Building Use (Non-Dwellings)



Source : Construction starts statistics (MLIT)

By use, warehouses have grown at a level of 10% or more for three consecutive years. In fiscal 2021, offices have grown by 25% year-on-year, and factories have grown by 22%. On the other hand, stores, hospitals, and schools have all been on a downward trend since FY2013.

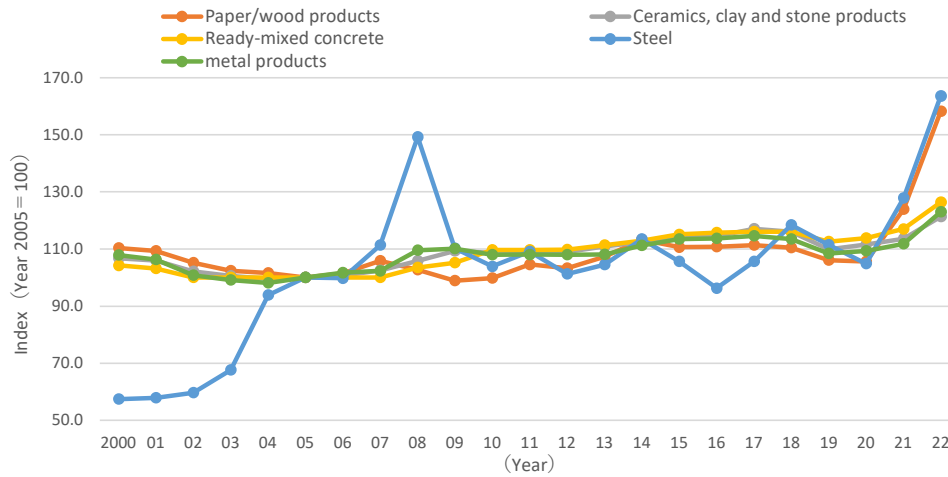
4 Building Construction Unit Price by Building Use (Non-Dwellings)



Source : Construction starts statistics (MLIT)

In the 2000s, office construction cost was less than 200,000 yen per square meter, but in recent years it has increased to over 300,000 yen, reaching 351,000 yen per square meter in FY2021. The non-residential unit price per square meter in FY2021 was 315,000 yen for schools, 314,000 yen for hospitals, 220,000 yen for factories, 173,000 yen for stores, and 129,000 yen for warehouses.

5 Construction Material Price Index (Tokyo)

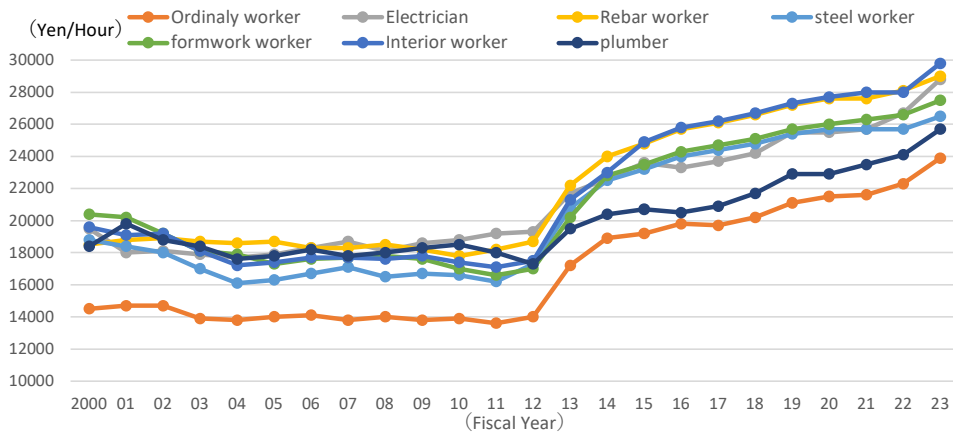


Source : Building Material Price Index (Construction Prices Research Institute)

Steel prices rose sharply due to economic growth in China and the resumption of global economic activity from the coronavirus shock, while lumber and wood products prices rose sharply due to the expansion of housing demand in the United States and the impact of the Ukraine crisis that began in February 2022.

Material costs such as ready-mixed concrete, formwork, and metal products are generally rising, leading to an increase in structural construction costs.

6 Unit Labor Cost (Tokyo)

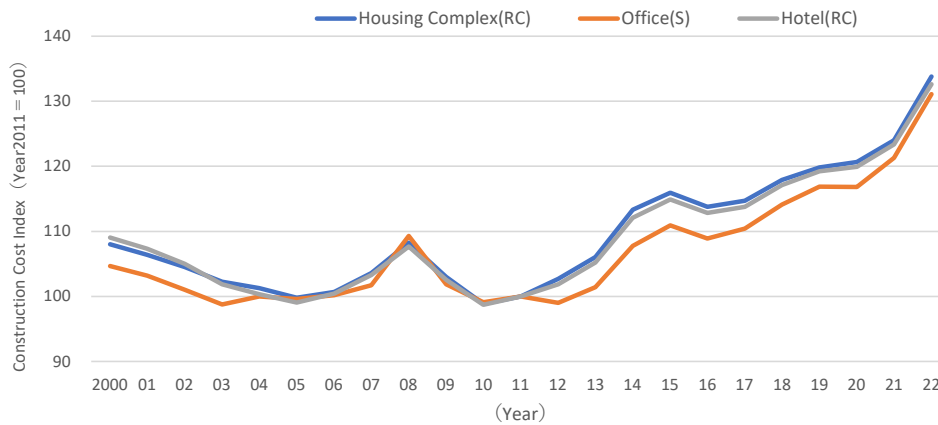


Source : Labor costs for public works design and construction (MLIT)

The national weighted average of labor costs for public works design and construction for FY2011 was 22,227 yen.

The year-on-year growth rate for all occupations nationwide was 5% or more for the first time in nine years, and the average unit price rose for the 11th consecutive year.

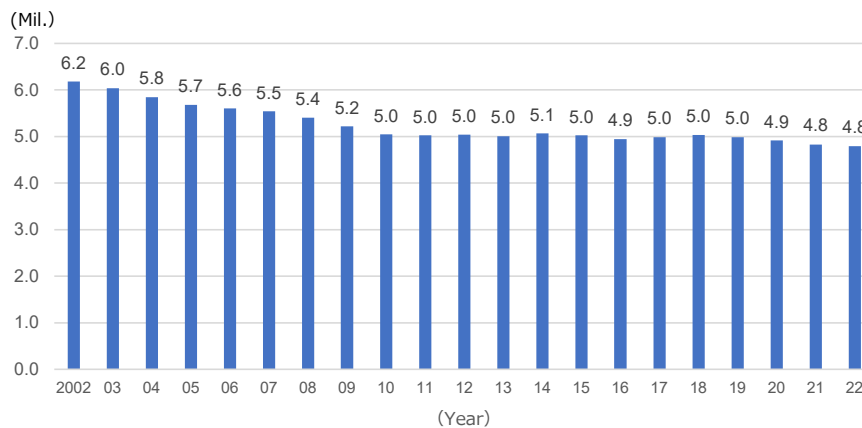
7 Construction Cost by Building Use



Source : Construction Cost Index (Construction Prices Research Institute)

All the three building use have been on an upward trend since 2011, with an annual average increase of 2% or more. Although it is provisional, from 2021 to 2022, every building use shows a large growth of 7% or more.

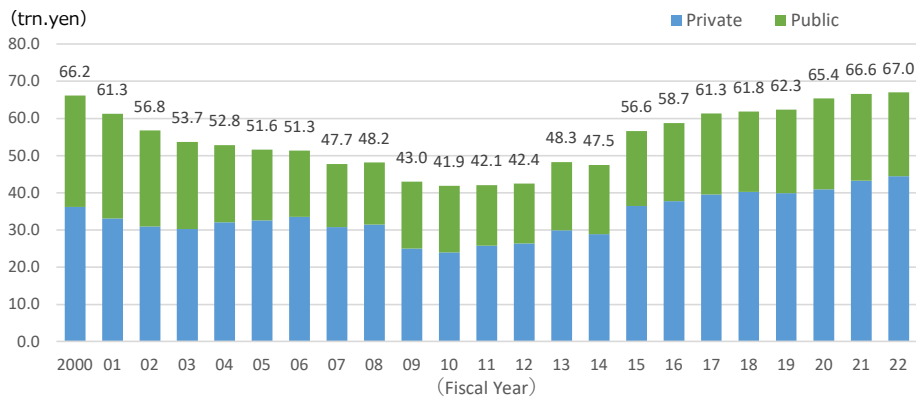
8 Number of Employees in Construction Industry



Source : Labor Force Survey (MIAC)

The number of workers in the construction industry has been declining since peaking in 1997 (6.85 million people), and will decrease to 4.79 million people in 2022, 70% of the peak. Since the corona crisis, the trend of a gentle downward trend has continued.

9 Construction Investment(Private/Public)



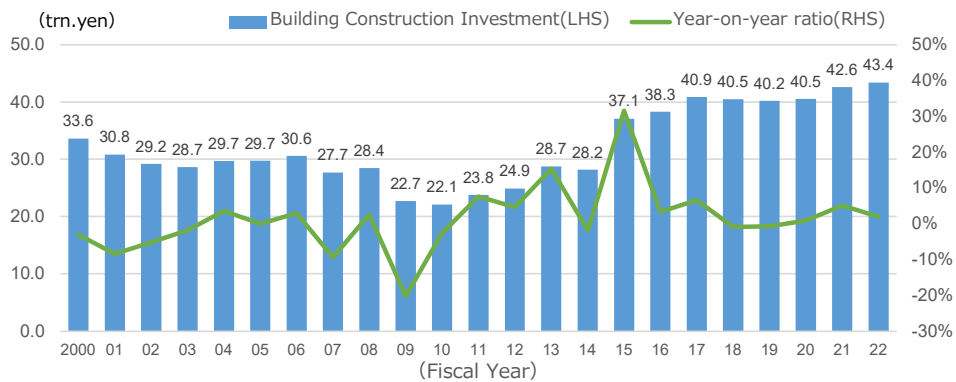
Source : Construction investment outlook (MLIT) , Nominal Value

Construction investment is trending upward due to reconstruction demand following the Great East Japan Earthquake and an increase in private capital investment.

Public construction investment in FY2022 is expected to decrease by about 4% from the previous year to 22.53 trillion yen, while private construction investment is expected to increase by about 3% to 44.46 trillion yen.

Looking at the composition of construction investment, the private sector accounts for 64.9% of the total, and the public sector accounts for 35.1%.

10 Building Construction Investment



Source : Construction investment outlook (MLIT) , Nominal Value

The breakdown of construction investment is 63.9% for construction and 36.1% for civil engineering.

The majority of private investment is in building construction works, and the majority of government investment is in civil engineering works.

Although construction investment fell sharply to 22.1 trillion yen in 2010, it has remained at a level of over 40 trillion yen since 2017 and is expected to reach 43.4 trillion yen in 2022.