

News Release

A10-101

August 6, 2010

The Association for Real Estate Securitization

“The 10th Questionnaire Survey on Real Estate Investment by Institutional Investors”

(Overview of survey results)

1. Introduction

The Association for Real Estate Securitization has conducted its 10th “Questionnaire Survey on Real Estate Investment by Institutional Investors” and compiled the results.

This questionnaire survey targets pension funds, and institutional investors such as life insurers, nonlife insurers, trust banks, banks, etc. (hereinafter referred to as “general institutional investors” in this survey), and the purpose is to grasp the realities and challenges in real estate (including real estate securitization products; the same hereinafter) investment in terms of asset management. The survey began in 2001 and has been implemented every year since. This fiscal year, we received 120 responses from pension funds and 62 responses from institutional investors to total 182 responses (Survey period: June 4 to July 9, 2010).

It can be inferred from the results of this fiscal year’s survey that the percentage of real estate investment by pension funds and general institutional investors, which had been declining for two consecutive years, bottomed out and slightly increased. In general, expected rate of return on investment decreased and a declining trend in the risk premium for real estate investment could be observed. Furthermore, it was assessed that both pension funds and general institutional investors are lengthening their investment periods.

The major challenge of utmost priority in real estate investment pointed out by pension funds was the “improvement of credibility in real estate appraisal.” On the other hand, the major challenge of utmost priority in real estate investment pointed out by general institutional investors was “expansion of market scale,” a choice whose ratio increased from last fiscal year. Moreover, the ratio of general institutional investors choosing “real estate investment index serving as benchmark” rose significantly from last fiscal year and a high ratio of pension funds also chose the same. These results indicate that the development of real estate investment indices is being sought after.

In terms of the future outlook of market conditions (indicator) for the year ahead, the degree of negativity somewhat eased for land prices and office rent, albeit a minus, which indicates that the overly pessimistic view towards the real estate market is waning.

*Please refer to section “2. Summary of Survey” and the attachment found in the following pages for the main contents of survey results.

2. Summary of Survey

*For graphs, please see the attachment.

- (1) The ratio of investors investing in physical real estate or real estate securitization products was 34% for pension funds (31% last fiscal year) and 82% for general institutional investors (81% last fiscal year). Both, which had previously been declining for two consecutive years, bottomed out and slightly increased [Refer to Figure 1-(1)].
- (2) If we look at the investment situation of pension funds by investment target, we can see that the ratios of respondents who have “already invested” in “physical real estate,” “foreign REIT,” “real estate private funds” and “bonds backed by real estate” increased compared to last fiscal year. Furthermore, while the ratio of pension funds “considering investment” and “interested in investment” are on the decline in general, the ratio of those who are “considering investment” and “interested in investment” in “physical real estate” increased. Moreover, in regards to all real estate securitization products, 10% to 20% of pension funds are “considering investment” and “interested in investment,” showing that there are a certain amount of potential needs to increase investment [Refer to Figure 1-(2)].
- (3) The ratios of general institutional investors who have “already invested” in “physical real estate” and “bonds backed by real estate” decreased, while for “J-REIT,” the ratio of those doing the same increased from last fiscal year’s 60% to 66%. Considering the fact that there were about 7% of investors last fiscal year who responded that they are “considering investment” in “J-REIT,” it can be inferred that new investments actually took place. [Refer to Figure 1-(5)].
- (4) The asset allocation of “real estate” in managed assets (Note: what is included in “real estate” depends on respondent’s definition) in terms of ratio was 1.0% for policy (target) asset allocation (1.0% last fiscal year) and 1.1% for current (actual) asset allocation (1.2% last fiscal year). Both were the same level as last fiscal year. The ratio of real estate in the asset allocation of asset management for general institutional investors was 1.4% (1.3% last fiscal year), or around the same level as last fiscal year [Refer to Figures 2-(1), 2-(2) and 2-(3)].
- (5) As for the purpose of investment for all investment targets, the ratios of “diversify portfolio risk,” “improve rate of return” and “gain stable cash flow” were high as they were last fiscal year. Of these, the ratios, “improve rate of return” for pension funds and “gain stable cash flow” for general institutional investors increased [Refer to Figures 3-(1) and 3-(2)].
- (6) When looking at items of importance when considering investment, the top items were “stability in revenue,” “quality of owned (or acquired) real estate” and “track record and capability of management company” [Refer to Figure 4] and we see no change in the trend as of late.
- (7) As for the types of real estate of interest as investment targets, there was not much of a difference from last fiscal year in terms of distribution. Respondents mainly showed interest in “office,” but generally also showed interest in “rental housing,” “commercial facilities” and “logistics facilities,” in the order of interest. [Refer to Figure 5-(1)].
- (8) As for investment periods by investment target, pension funds and general institutional investors alike are lengthening their investment periods on the whole. [Refer to Figures 6-(1) and 6-(2)].
- (9) The average expected rate of return on investment by investment target declined for all except physical real estate and foreign REIT for pension funds [Refer to Figure 7].
- (10) As for the adequacy of the current yield gap (spread) between J-REIT dividend yields and long-term interest rates, 46.5% of general institutional investors responded, “too great” (65.0% for fiscal 2009 and 43.6% for fiscal 2008), which indicates that there are still many investors who feel that investment unit (stock) prices of J-REITs are undervalued.
- (11) The major challenge of utmost priority in real estate investment pointed out by pension funds was the “improvement of credibility in real estate appraisal.” This was the second consecutive year that this challenge was chosen by pension funds. On the other hand, the major challenge of utmost priority in real estate investment pointed out by general institutional investors was “expansion of market scale,” a choice whose ratio increased from last fiscal year. Like pension funds, a high ratio of general institutional investors thought “improvement of credibility in real estate appraisal” a major challenge. Furthermore, the ratio of general institutional investors who thought “real estate investment index serving as benchmark” as a major challenge greatly increased compared to last fiscal year. A high ratio of pension funds also thought the same

[Refer to Figure 8-(1)].

- (12) According to indicators that suggest the future outlook of the financial, capital and real estate markets in the coming year, the positive figures for interest rates and stock prices dropped, indicating that the degree of positivity (uptrend) is waning. On the other hand, the degree of negativity somewhat eased for land prices and office rent, albeit a minus, which indicates that the overly pessimistic view towards the real estate market is waning. [Refer to Figure 9].

This release was distributed to the press clubs within Tokyo Stock Exchange (Kabuto Club) and Ministry of Land, Infrastructure, Transport and Tourism (MLIT), as well as the press club for construction trade newspapers within MLIT. The results of the questionnaire survey have not been released anywhere else. Thank you for your understanding.

<For Inquiries, please contact the following>

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[Attachment] Survey Results of “The 10th Questionnaire Survey on Real Estate Investment by Institutional Investors”

1. Overview on Conducting the Questionnaire Survey

This survey has been conducted annually since fiscal 2001 for the purpose of grasping the realities and challenges in physical real estate and real estate securitization product investments by “pension funds” and “general institutional investors.”

The investment products subject to this survey are “physical real estate,” “J-REIT,” “foreign REIT,” “real estate private funds, etc.” and “bonds backed by real estate.”

Question items were “existence of investment,” “real estate of interest as investment target,” “important factors when considering investment,” “expected rate of return on investment (Total Return),” “distinction of asset class,” “purpose of investment,” “investment period,” “mandate style (pension fund),” etc. for each investment target.

(1) Survey target (survey addressee)

(A) Pension fund

562 organizations extracted from among employees’ pension fund, fund-type or agreement-type defined-benefit pension plans, qualified retirement pension, mutual aid associations and public pension, in principle, with total assets of 14 billion yen or more as of the end of March 2010.

(B) General institutional investor

Total of 188 companies from among life insurers, nonlife insurers, trust banks, city banks, regional banks and second-tier regional banks.

(2) Survey period

June 4, 2010--- Mail out questionnaire survey sheets

↓

June 18, 2010--- First deadline

|

| Requests for responses to organizations with past records of responding

↓

July 9, 2010--- Response deadline

(3) Survey Method

Sending and collecting questionnaire sheets by mail

Prepare and tabulate survey sheets separately for pension funds and general institutional investors

(4) Survey Organization

The Association for Real Estate Securitization

(5) Major Survey Items

(1) Existence of investment in physical real estate and real estate securitization products and distinction of asset class

(2) Policy asset allocation ratio (pension funds) and current asset allocation ratio

(3) Purpose of investment by investment target

(4) Types of real estate of interest as investment target

(5) Items of importance when considering investment

(6) Investment period when making investment

(7) Expected rate of return on investment (Total Return) when making investment

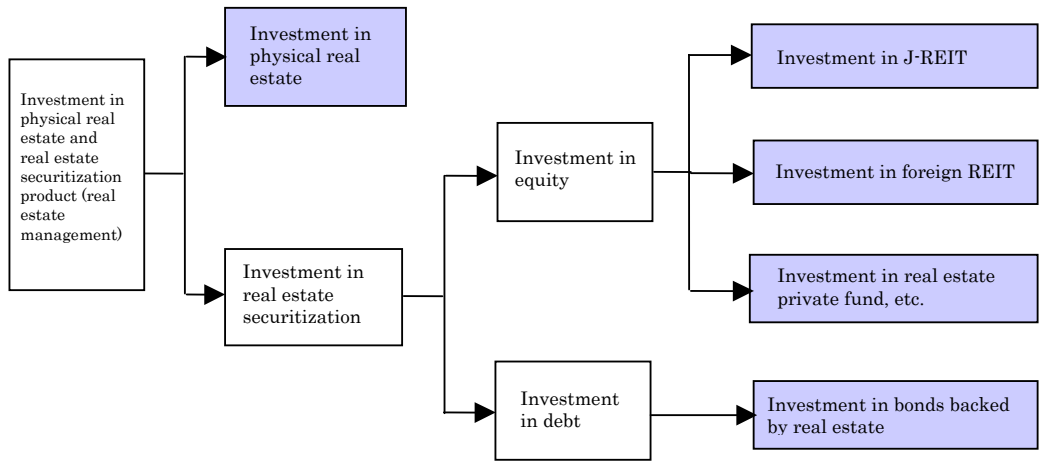
(8) Mandate style when making investment (pension funds)

(9) Reason for not making investment

(10) Perspective on real estate when investing in bonds backed by real estate

- (11) Major challenges for expanding investment
- (12) Future outlook of the financial, capital and real estate markets

(6) Investment Classification in Questionnaire



(Definitions)

- A. Investment in physical real estate:** Direct investment in physical real estate or beneficial interest in real estate trust
- B. Investment in J-REIT:** Investment in investment units of J-REIT, or purchase of securities investment trust that incorporates J-REIT into portfolio. Indirect investment in J-REIT via securities investment trust.
- C. Investment in foreign REIT:** Investment in investment units of foreign REIT, or purchase of securities investment trust that incorporates foreign REIT (also applies to those which partly include J-REIT) into portfolio. Indirect investment in foreign REIT via securities investment trust.
- D. Investment in real estate private funds, etc.:** Investment in real estate funds with private structure (such as “Tokumei Kumiai” silent partnership investment in limited liability company SPC) and investment in other equity-type real estate securitization products (such as investment in preferred equity securities issued by specific purpose company under the Act on Securitization of Assets).
- E. Investment in bonds backed by real estate:** Investment in bond-type real estate securitization products backed by real estate or real estate security loans including CMBS and RMBS.

Results of Questionnaire Collection

(A) Collection results by addressee

(figures in parentheses are the actual results of last fiscal year)

Questionnaire addressee		Sent	Collected	Collection rate
Pension fund (A) * In principle, extracted from pension funds with total assets of 14 billion yen or more as of March 31, 2010		562 (562)	120 (110)	21.4% (19.6%)
(A) Breakdown	Employees' pension fund	251 (254)	67 (59)	26.7% (23.2%)
	Defined-benefit pension plans	261 (268)	52 (49)	19.9% (18.3%)
	Qualified retirement pension	15 (14)	0 (1)	0% (7.1%)
	Mutual aid association/ Public pension	35 (26)	1 (1)	2.9% (3.8%)
General institutional investor (B)		188 (195)	62 (60)	33.0% (30.8%)
(B) Breakdown	Life insurer	33 (36)	13 (14)	39.4% (38.9%)
	Nonlife insurer	20 (22)	9 (9)	45.0% (40.9%)
City bank, etc.		10 (10)	4 (5)	40.0% (50.0%)
Trust bank		15 (17)	3 (6)	20.0% (35.5%)
Regional bank/ second-tier regional bank		110 (110)	33 (26)	30.0% (23.6%)
Total (A) + (B)		750 (757)	182 (170)	24.3% (22.5%)

(B) Collection results by scale of pension assets

(In principle, as of March 31, 2010)

Total assets under management	~20 billion yen	Over 20 billion yen~50 billion yen	Over 50 billion yen~100 billion yen	Over 100 billion yen	Number of valid responses
Number of responses from pension funds	46	38	13	20	117
	39.3%	32.5%	11.1%	17.1%	

(Reference: Actual results of last fiscal year)

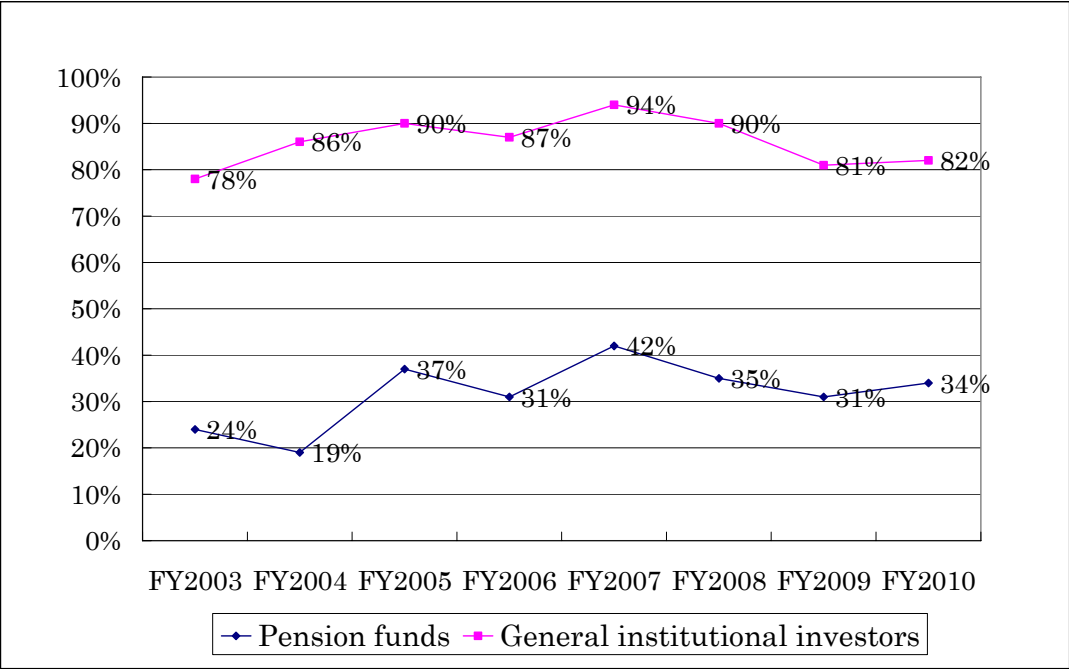
Number of responses from pension funds	53	27	14	15	109
	48.6%	24.8%	12.8%	13.8%	

2. Main Content of Questionnaire Survey Results

(1) The ratio of investors investing in real estate bottoms out and slightly increases

The ratio of investors investing in physical real estate or real estate securitization products was 34% for pension funds (31% last fiscal year) and 82% for general institutional investors (81% last fiscal year). Both ratios, which had been declining for 2 consecutive years, bottomed out and slightly increased. [Refer to Figure 1-(1)].

[Figure: 1-(1)] Percentage of Respondents Investing in Physical Real Estate or Real Estate Securitization Products



(A) Pension funds: Investment situation in general improves

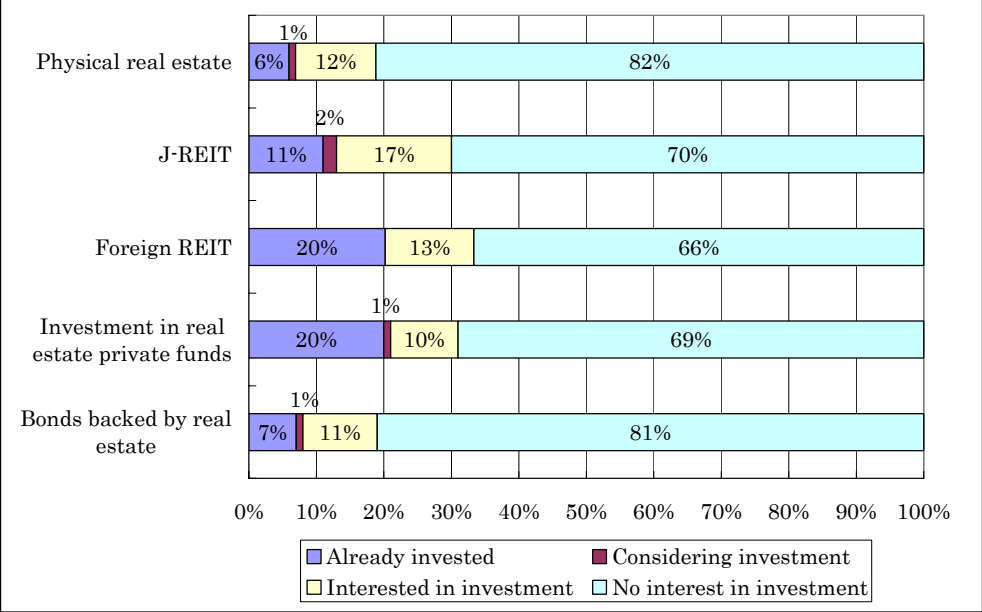
If we look at the investment situation by investment target, we can see that the ratio of pension funds “already invested” in “physical real estate,” “foreign REIT,” “real estate private funds” and “bonds backed by real estate” increased compared to last fiscal year. Furthermore, while the ratio of pension funds “considering investment” and “interested in investment” is on the decline, the ratio of those who are “considering investment” and “interested in investment” in “physical real estate” increased. Moreover, in regards to all real estate securitization products, there were 10% to 20% of pension funds who were either “considering investment” or “interested in investment.” Therefore, we can say that there are a certain amount of potential needs to increase investment [Refer to Figure 1-(2)].

Now we look at the characteristics found according to size of assets under management (AUM). The ratio of pension funds of “Over 20 billion yen ~ 50 billion yen” in AUM size investing in “foreign REIT,” “real estate private funds” and “bonds backed by real estate”

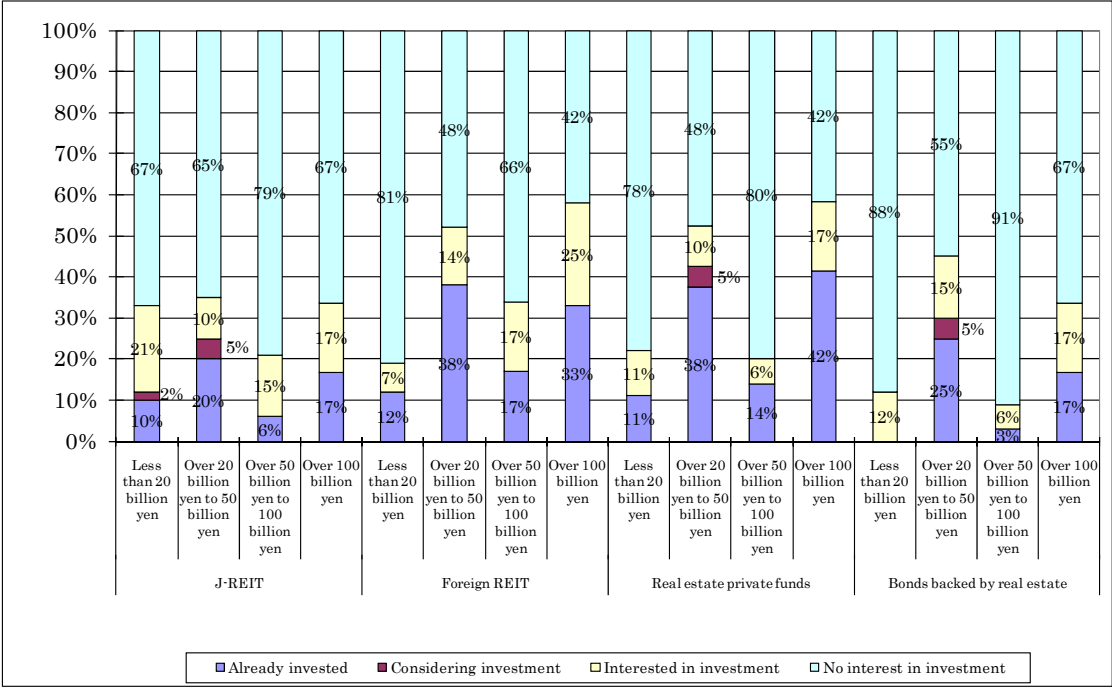
[Refer to Figure 1-(3)] increased compared to last fiscal year. Pension funds of “Over 20 billion yen ~ 50 billion yen” is also a group with a relatively high ratio of those “considering investment.”

As for the distinction of asset class, equalization was observed in terms of share. This indicates that among pension funds, the distinction of asset classes of real estate investment is becoming diversified [Refer to Figure 1-(4)].

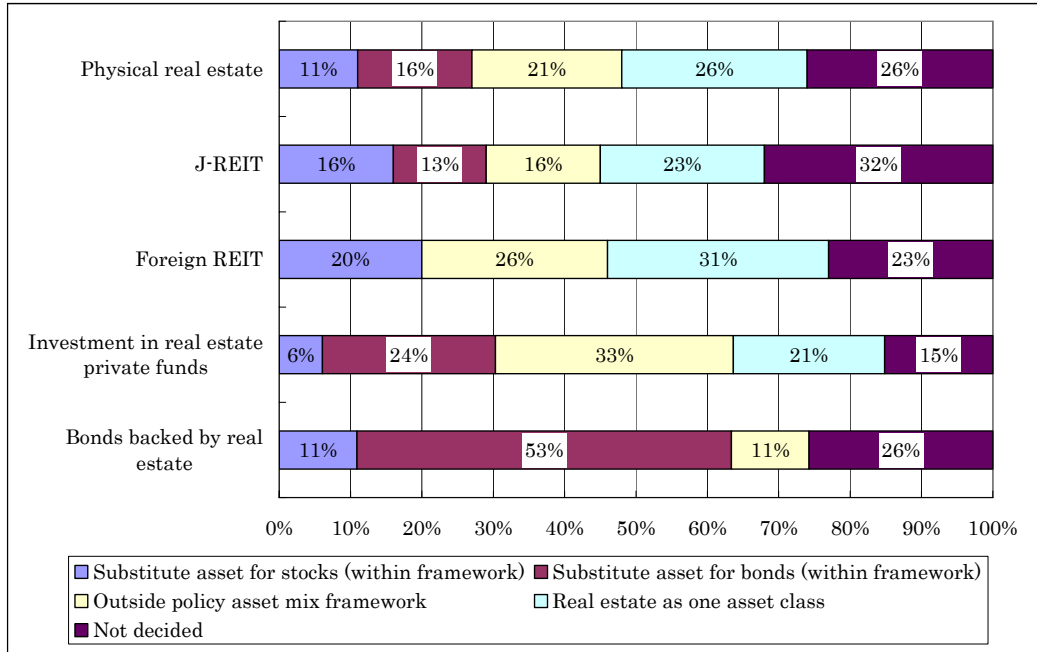
[Figure: 1-(2)] Investment by Investment Target (Pension Funds)



[Figure: 1-(3)] Investment by AUM Size (Pension Funds)



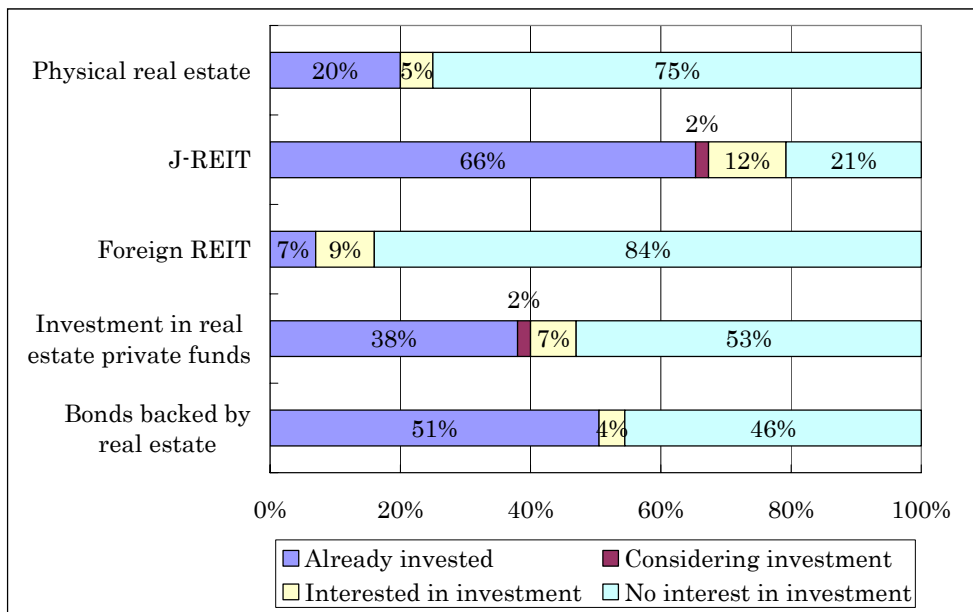
[Figure: 1-(4)] Distinction of Asset Class by Investment Target (Pension Funds)



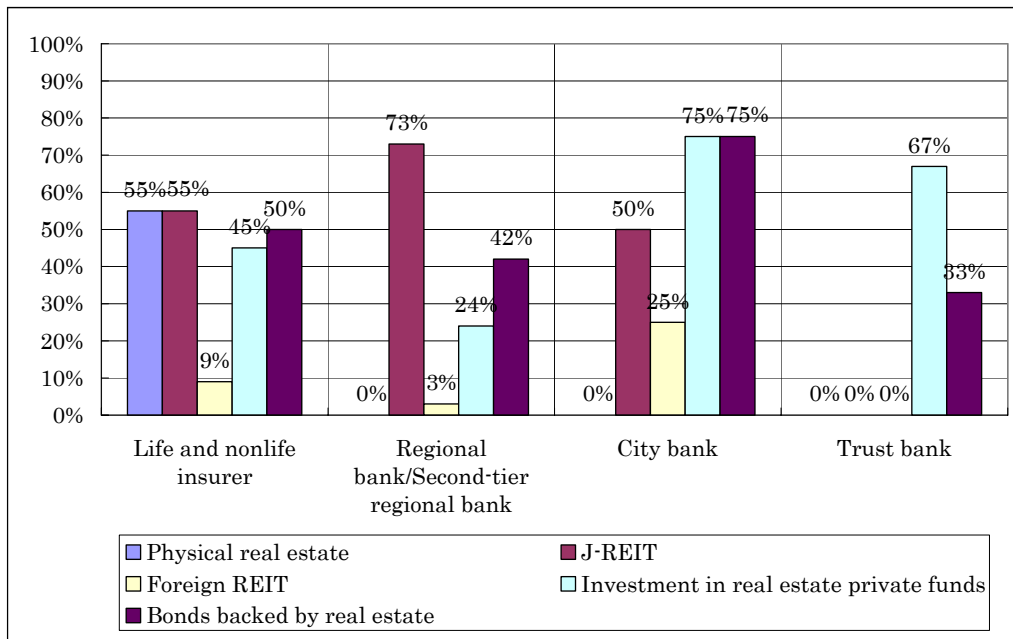
(B) General institutional investors: “J-REIT” investment slightly increases

The ratios of general institutional investors who have “already invested” in “physical real estate” and “bonds backed by real estate” decreased, while for “J-REIT,” the ratio of those doing the same increased from last fiscal year’s 60% to 66%. Considering the fact that there were about 7% of investors last fiscal year who responded that they are “considering investment” in “J-REIT,” it can be inferred that new investments actually took place [Refer to Figure 1-(5)].

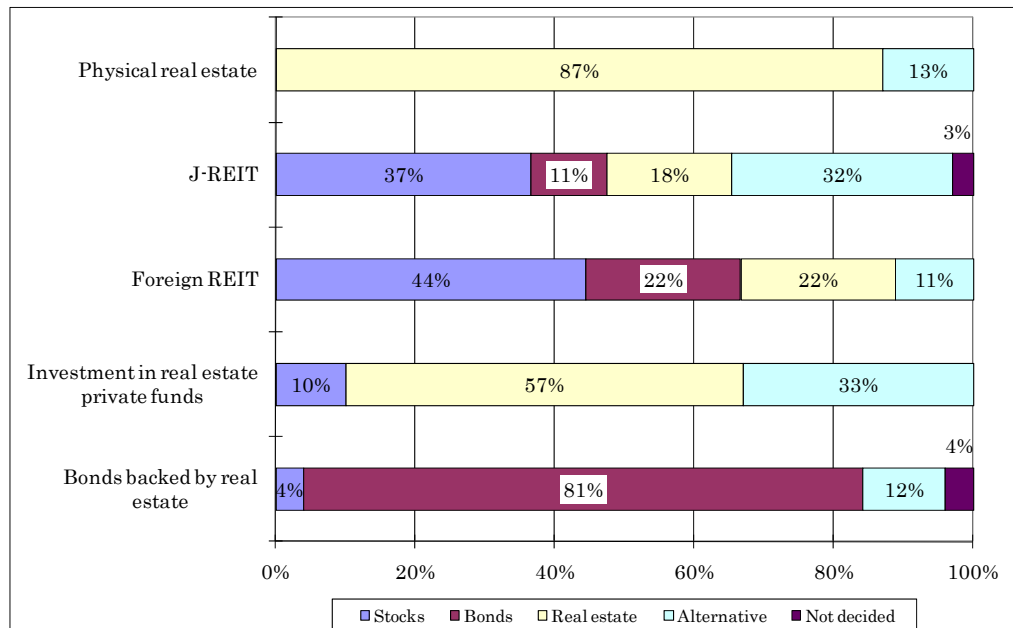
[Figure: 1-(5)] Investment by Investment Target (General Institutional Investors)



[Figure: 1-(6)] Investment Situation by Attribute (General Institutional Investors)



[Figure: 1-(7)] Distinction of Asset Class by Investment Target (General Institutional Investors)

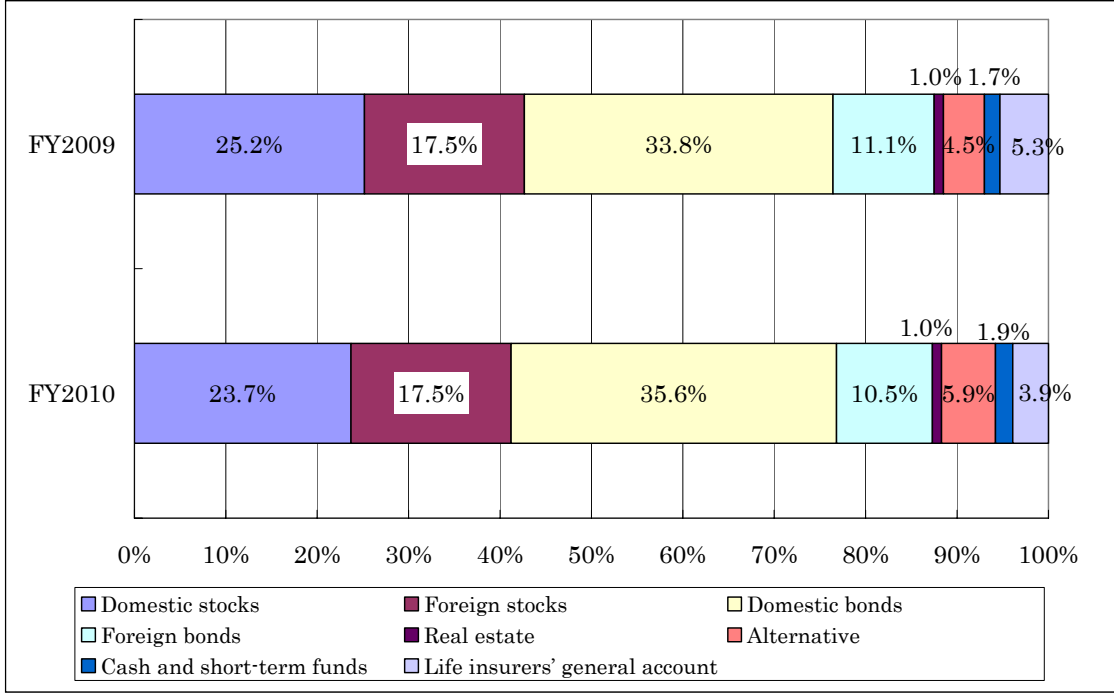


(2) Asset allocation to “Real estate”: “Same level for pension funds and general institutional investors alike”

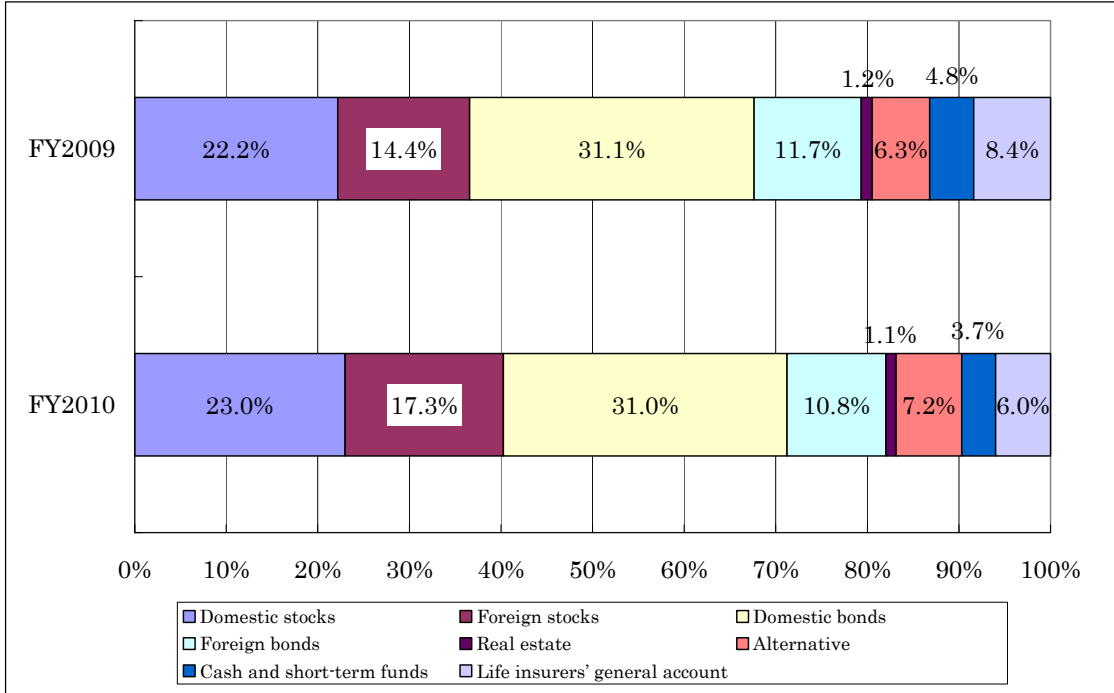
The asset allocation of “real estate” in managed assets (Note: what is included in “real estate” depends on respondent’s definition) of pension funds in terms of ratio was 1.0% for policy (target) asset allocation (1.0% last fiscal year) and 1.1% for current (actual) asset

allocation (1.2% last fiscal year). Both were the same level as last fiscal year. The ratio of real estate in the asset allocation of asset management for general institutional investors was 1.4% (1.3% last fiscal year), or around the same level as last fiscal year [Refer to Figures 2-(1), 2-(2) and 2-(3)].

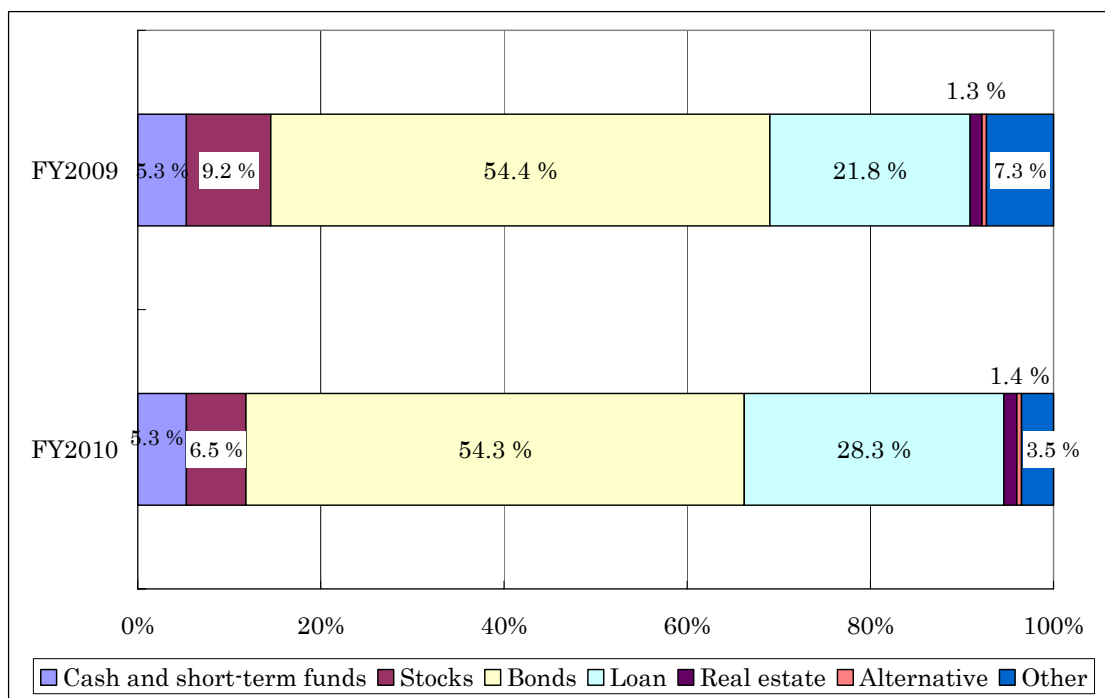
[Figure: 2-(1)] Policy (Target) Asset Allocation (Pension Funds)



[Figure: 2-(2)] Current (Actual) Asset Allocation (Pension Funds)



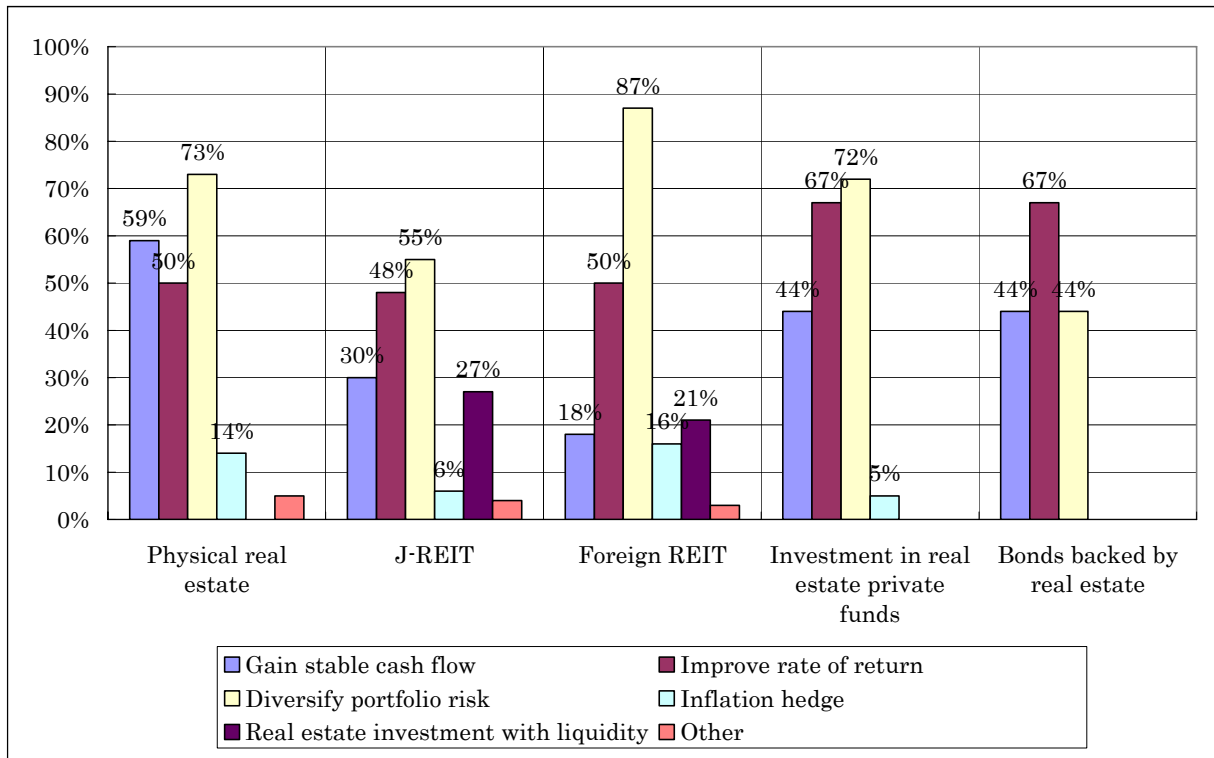
[Figure: 2-(3)] Asset Allocation (General Institutional Investors)



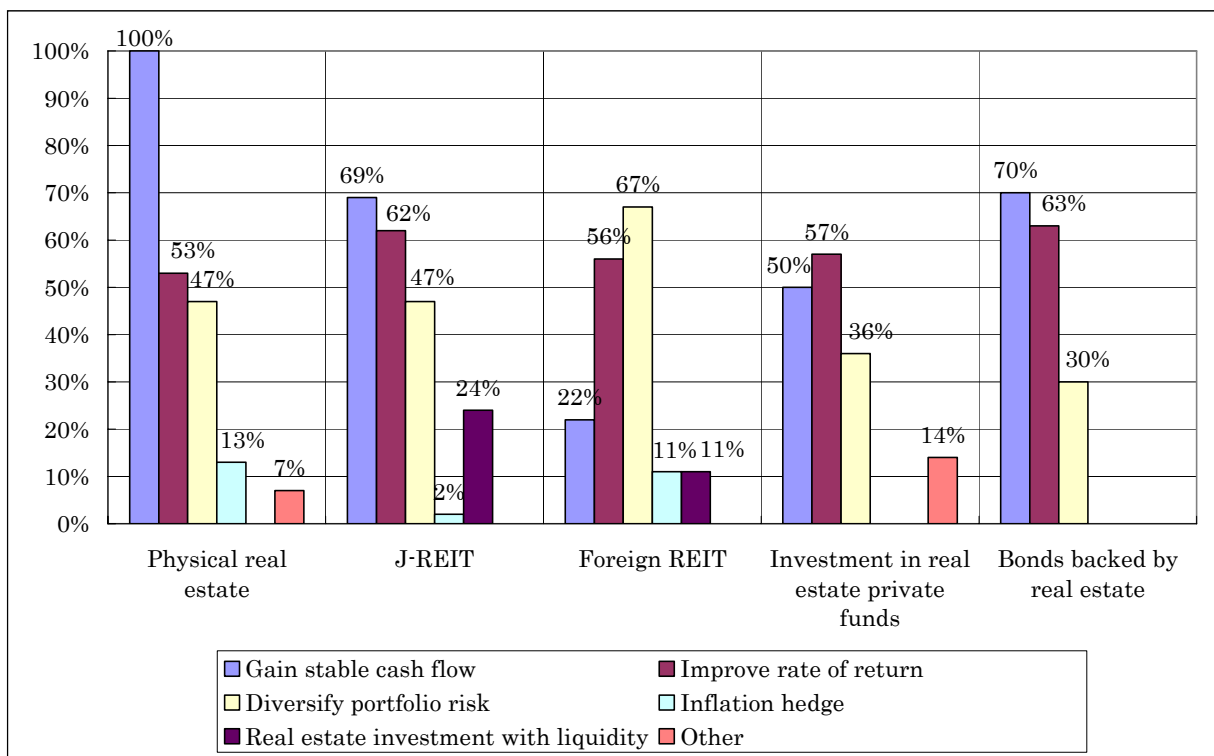
(3) Continued emphasis centering “Diversification of portfolio risk” as purpose of investment of pension funds

As for the purpose of investment for all investment targets, the ratios of “diversify portfolio risk,” “improve rate of return” and “gain stable cash flow” were high as they were last fiscal year for respondents who were either “investing,” “considering investing” or “interested in investing.” On the other hand, the ratio of pension funds wanting to “improve rate of return” for pension funds and “gain stable cash flow” for general institutional investors increased. The top purposes of investment in “J-REIT” was, for pension funds, risk diversification, improving rate of return and stable revenue, in sequential order, while for general institutional investors, it was stable revenue, improving rate of return and risk diversification, in sequential order. It is noteworthy there exists an opposite trend between the two investing groups. [Refer to Figures 3-(1) and 3-(2)].

[Figure: 3-(1)] Purpose of Investment by Investment Target (Pension Funds)



[Figure: 3-(2)] Purpose of Investment by Investment Target (General Institutional Investors)



(4) Items of importance when considering investment

When looking at items of importance when considering investment, the top items were “stability in revenue,” “quality of owned (or acquired) real estate” and “track record and capability of management company” and we see no change in the trend as of late. In particular, we found a growing trend among general institutional investors to place importance on “stability in revenue.” [Refer to Figure 4].

[Figure: 4] Items Deemed Important in Considering Investment

	Pension fund		General institutional investor	
Physical real estate	1st	Stability in revenue (1st)	1st	Stability in revenue (1st)
	2nd	Quality of acquired real estate (2nd)	2nd	Quality of acquired real estate (3 rd)
	3rd	Liquidity (3rd)	3rd	Return on investment (2nd)
J-REIT	1st	Stability in revenue (1st)	1st	Stability in revenue (2nd)
	2nd	Liquidity (4th)	2nd	Track record and capability of management company (3 rd)
	3rd	Track record and capability of management company (2nd)	3rd	Content of owned assets (1st)
Foreign REIT	1st	Stability in revenue (1st)	1st	Return on investment (4 th)
	2nd	Track record and capability of management company (4th)	2nd	Track record and capability of management company (2nd)
		Correlation to other assets (2nd)	3rd 3rd	Stability in revenue (4th) Content of owned assets (1st)
Investment in real estate private funds	1st	Stability in revenue (1st)	1st	Track record and capability of management company (2nd)
	2nd	Quality of real estate owned by fund (3rd)	2nd	Quality of real estate owned by fund (1st)
	3rd	Track record and capability of management company (2nd)	3rd	Stability in revenue (4th)

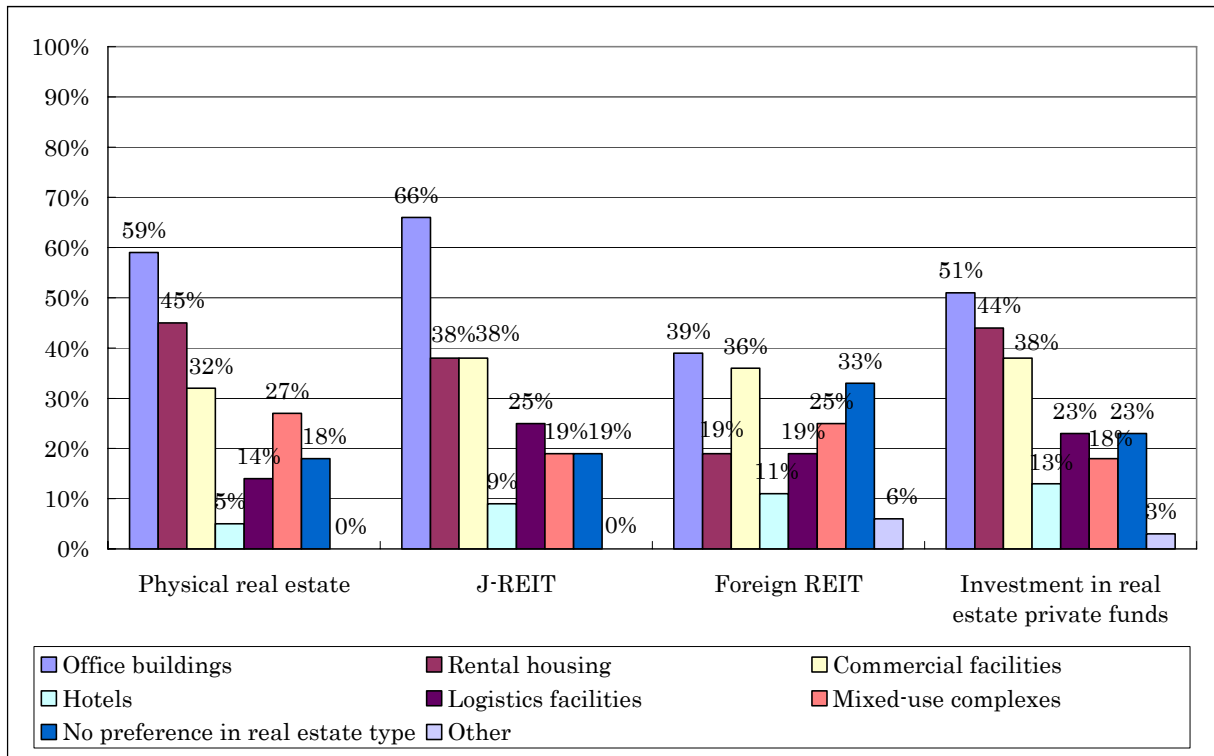
Figures in parentheses show the ranking for last fiscal year.

(5) Type of real estate that is of interest as an investment target

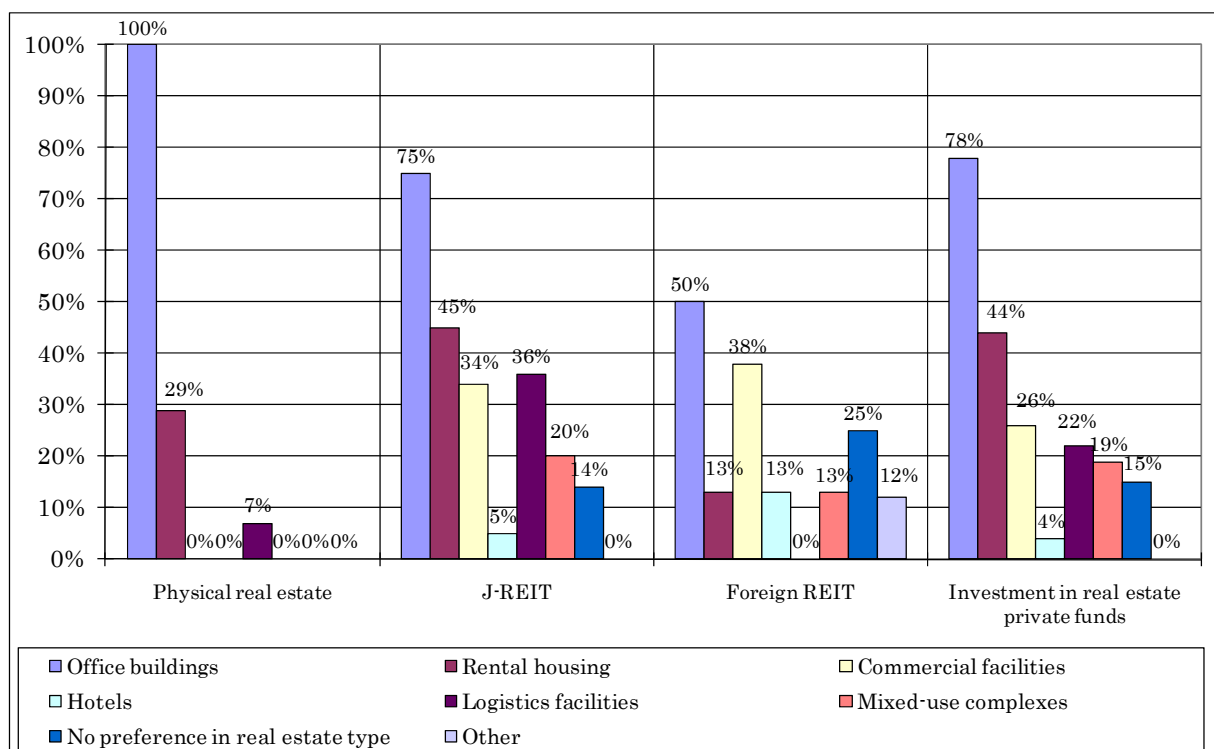
As for the type of real estate that is of interest as an investment target, there was not much of a difference from last fiscal year in terms of distribution. Respondents mainly showed interest in “office,” but generally also showed interest in “rental housing,” “commercial facilities” and “logistics facilities,” in the order of interest.

The ratio of those choosing “no preference in real estate type” in general declined compared to last fiscal year, indicating an attitude of wanting to invest after determining real estate type. [Refer to Figures 5-(1) and 5-(2)].

[Figure 5-(1)] Properties of Interest as Investment Targets (Pension Funds)



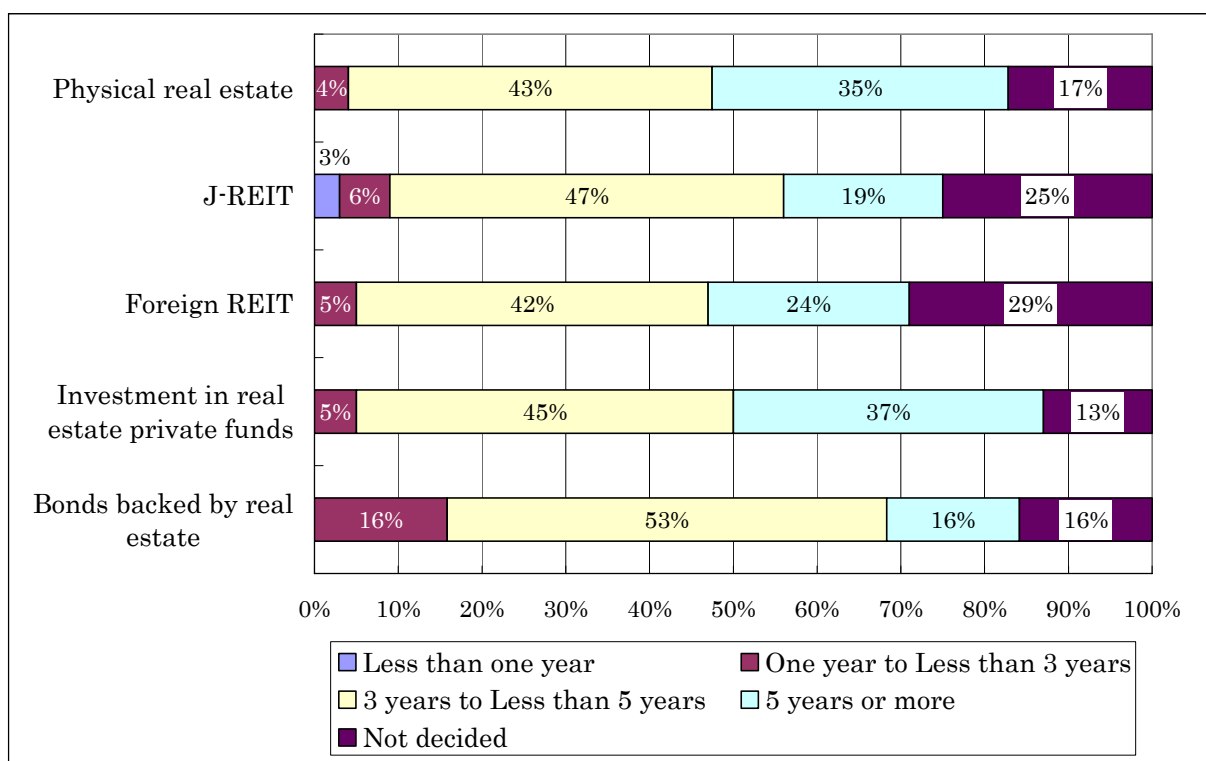
[Figure 5-(2)] Properties of Interest as Investment Target (General Institutional Investors)



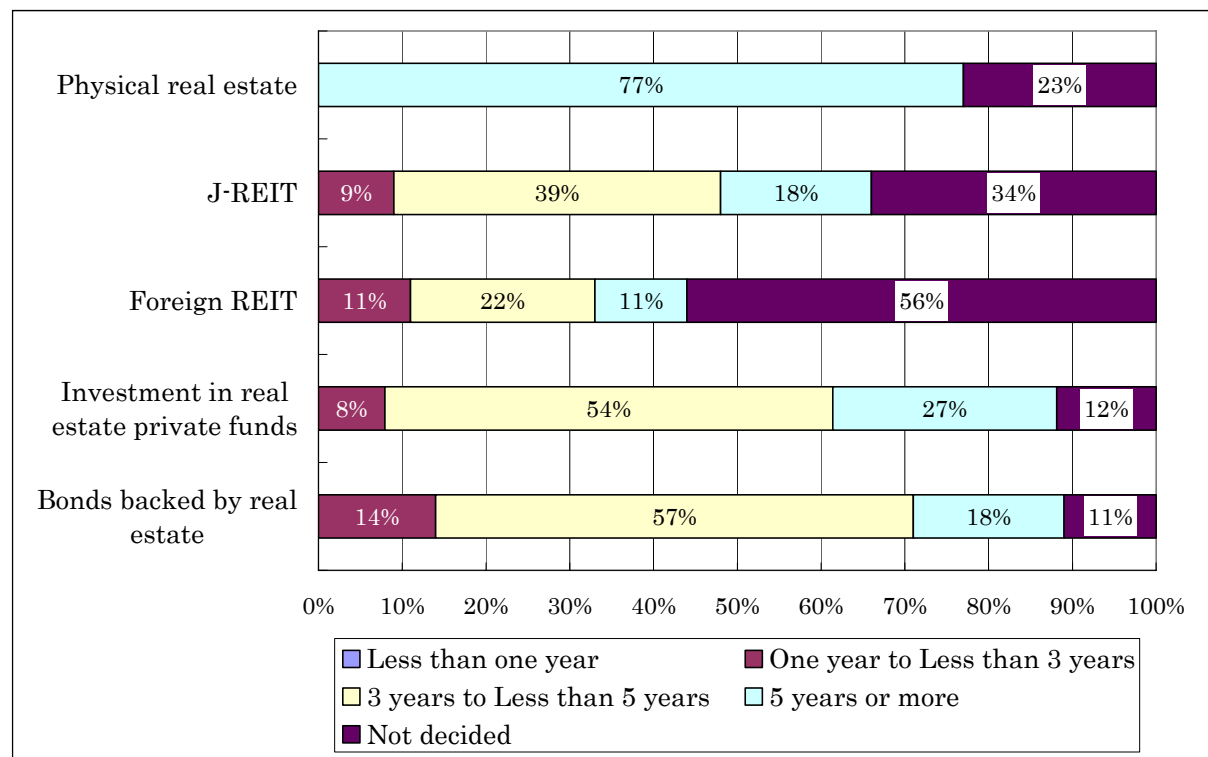
(6) Investment period: “Lengthening trend among general institutional investors and pension funds alike”

Pension funds and general institutional investors alike are lengthening their investment periods on the whole. Specially, there were general institutional investors who answered “less than one year” of investing in “J-REIT” and “foreign REIT” the previous fiscal year, but that response was virtually zero this fiscal year. Furthermore, the total ratio of general institutional investors who answered either “less than one year” or “One year to Less than 3 years” declined from 24% to 9% for “J-REIT” and from 36% to 11% for “foreign REIT.” From these results, we can assume that the moves of some investors whose purpose was to obtain short-term capital gain has subsided [Refer to Figures 6-(1) and 6-(2)].

[Figure: 6-(1)] Investment Period of Investments (Pension Funds)



[Figure: 6-(2)] Investment Period of Investments (General Institutional Investors)



(7) The expected rates of return on investment are declining

The average expected rate of return on investment by investment target declined for all except physical real estate and foreign REIT for pension funds [Refer to Figure 7]. In contrast to last year when we received impact from the turmoil of global financial and capital markets, a declining trend in the risk premium for real estate investment was observed. Moreover, as will be mentioned below, there are many investors who foresee a decline in the expected yield for real estate and a reduction in the yield gap [Refer to (9) below].

Furthermore, as for the adequacy of the current yield gap between J-REIT dividend yields and long-term interest rates (spread), 46.5% of general institutional investors responded, “too great” (65.0% for fiscal 2009 and 43.6% for fiscal 2008), which indicates that there are still many investors who feel that investment unit (stock) prices of J-REITs are undervalued.

[Figure: 7] Expected Rate of Return on Investment (Total Return) by Investment Target

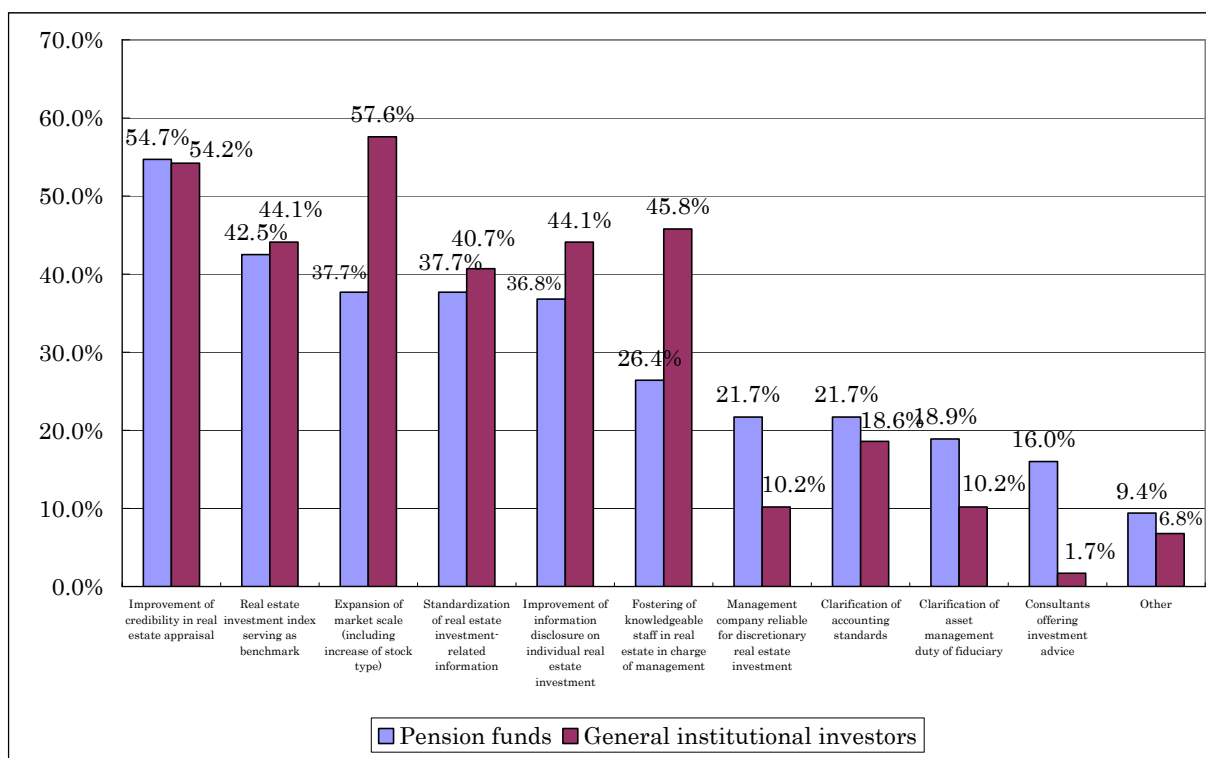
	Pension fund				General institutional investor			
	FY2007	FY2008	FY2009	FY2010	FY2007	FY2008	FY2009	FY2010
Physical real estate	8.2%	6.0%	5.7%	5.8%	5.6%	6.0%	5.9%	5.0%
J-REIT	5.9%	5.6%	5.7%	5.6%	5.6%	5.3%	6.7%	5.8%
Foreign REIT	6.9%	6.2%	5.8%	6.4%	6.3%	7.0%	13.0%	9.3%
Investment in real estate private funds	7.4%	6.8%	6.9%	6.3%	9.2%	9.3%	10.4%	9.1%
Bonds backed by real estate	4.2%	5.2%	5.7%	5.0%	2.1%	2.7%	2.9%	2.5%

(8) “Improvement of credibility in real estate appraisal” and “Expansion of market scale” as the major challenges of priority

The major challenge of utmost priority in real estate investment pointed out by pension funds was the “improvement of credibility in real estate appraisal” [Refer to Figure 8-(1)]. This was the second consecutive year that this challenge was chosen by pension funds. On the other hand, the major challenge of utmost priority in real estate investment pointed out by general institutional investors was “expansion of market scale,” a choice whose ratio increased from last fiscal year. Like pension funds, a high ratio of general institutional investors thought “improvement of credibility in real estate appraisal” a major challenge. Moreover, the ratio of general institutional investors who thought “real estate investment index serving as benchmark” as a major challenge greatly increased compared to last fiscal year. A high ratio of pension funds also chose the same. These results indicate that the development of real estate investment indices is being sought after.

Furthermore, there are still many general institutional investors who see the need for “improvement of information disclosure on individual real estate investment,” “the fostering of knowledgeable staff in real estate” and “real estate investment-related information.”

[Figure: 8-(1)] Prerequisites for Real Estate Investment



Moreover, when respondents not interested in investment in physical real estate and real estate securitization products were asked the “reason for not investing,” the mainstream

response was “market conditions not favorable” for all investment targets as was the case last fiscal year. “Scarce information on individual funds” and “do not understand product attributes” also ranked among the top as before, showing that improvements also need to be made on the business operators’ side by giving explanations to investors, etc. [Refer to Figure 8-(2)].

In regards to J-REIT, “low liquidity” ranked among the top, providing back-up for the fact that “expansion of market scale” ranked among the top as a major challenge for real estate investment.

In regards to foreign REIT, “foreign exchange risk” ranked among the top both for pension funds and general institutional investors.

[Figure: 8-(2)] Reason for Not Investing in Physical Real Estate/Real Estate Securitization Products

	Pension fund		General institutional investor	
Physical real estate	1st	Low liquidity (1st)	1st	Low liquidity (1st)
	2nd	No understanding of physical real estate attributes (3rd)	2nd	Scarce information on individual case (3rd)
	3rd	Market conditions not favorable (2nd)	3rd	No understanding of physical real estate attributes (4th) / Market conditions not favorable (2nd)
J-REIT	1st	Market conditions not favorable (1st)	1st	Market conditions not favorable (1st)
	2nd	Higher correlation with stocks (2nd)	2nd	Low liquidity (2nd)
	3rd	Low liquidity (4th)	3rd	High volatility of investment unit prices (3rd)
Foreign REIT	1st	Scarce information on individual funds (1st)	1st	Scarce information on individual funds (1st)
	2nd	Do not understand product attribute (2nd)	2nd	Do not understand product attribute (5th)
	3rd	Foreign exchange risk (4th)	3rd	Foreign exchange risk (3rd)
Investment in real estate private funds	1st	Do not understand product attribute (2nd)	1st	Low liquidity (1st)
	2nd	Scarce information on individual funds (1st)	2nd	Scarce information on individual funds (2nd)
	3rd	Low liquidity (3rd)	3rd	Do not understand product attribute (4th)
Bond backed by real estate	1st	Do not understand product attribute (1st)	1st	Scarce information on individual case (2nd)
	2nd	Scarce information on individual case (2nd)	2nd	Low liquidity (1st)
	3rd	Low liquidity (3rd)	3rd	Market conditions not favorable (3rd)

*Excluding “other.” Figures in parentheses show the ranking for last fiscal year.

(9) Future outlook of the market (indicator) shows improvement from last fiscal year

According to indicators that suggest the future outlook of the financial and capital markets as well as the real estate market in the coming year, the positive figures for interest rates and stock prices dropped, indicating that the degree of positivity (uptrend) is waning. On the other hand, the degree of negativity somewhat eased for land prices and office rent, albeit a minus, which indicates that the overly pessimistic view towards the real estate market is waning. [Refer to Figure 9].

The expected yield of real estate and yield gap, which had been positive figures, were negative figures, in reflection of the outlook that land prices and office rent will improve.

[Figure: 9] Future Outlook on Financial/Capital Market and Real Estate Market (in coming year)

	Pension fund		General institutional investor	
	FY2009	FY2010	FY2009	FY2010
Long-term interest rates	54	30	27	14
Stock prices	53	38	31	27
Land prices	-25	-12	-53	-10
Office rent	-52	-23	-70	-48
Expected yield of real estate	5	-5	25	-8
Yield gap	2	-7	13	-17

- Indicator: Value obtained when subtracting the ratio (%) of respondents that said “downtrend” from the ratio (%) of respondents that said “uptrend.” “0” is the equilibrium. Plus indicates forecast of an uptrend and minus indicates that of a downtrend. The closer the value is to 100, the stronger the trend.
- Yield gap = Expected yield of real estate - Long-term interest rates