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LEAD SIGNAL · JAPAN INBOUND CAPITAL INTELLIGENCE #003

A ¥612bn Japan warehouse fund closed at its hard cap the day the 10-year JGB touched 3%

Ares closes Japan Logistics Development Partners V at its ¥612bn hard cap; CPP Investments commits ¥150bn — Ares Management press release (BusinessWire, via StockTitan), 2026-08-31 (corroborated by Reuters via Investing.com, 2026-08-31, and 日本経済新聞, 2026-09-01)

Ares Management announced the final close of Japan Logistics Development Partners V (JDP V) at its hard cap of ¥612bn (about US$4bn), including LP and GP commitments. It is Ares Real Estate's largest closed-end institutional fundraise to date and nearly 50% larger than the 2021-vintage JDP IV, which closed at ¥412bn. CPP Investments is the cornerstone investor with a ¥150bn (about US$968m) equity commitment, about 24.5% of the fund; it has backed every vintage in the series since 2011. The fund has ¥1.7tn (about US$11bn) of total investment capacity including debt and has already committed to projects representing about ¥450bn of total investment. It will develop modern logistics facilities in Greater Tokyo, Greater Osaka and Nagoya; the other LPs are pension funds, sovereign wealth funds, insurers and financial institutions across North America, Asia-Pacific, Europe and the Middle East, none of them named. Nikkei reported the same close under the 日本GLP name — Ares's Japanese subsidiary, which still trades as GLP Japan; the fund sits in GLP Japan's own list as the 2026-vintage successor to JDP IV. GLP, the Singapore parent, sold this business to Ares in March 2025, and Ares has since folded it into a platform branded Marq Logistics, which manages about 120m sq ft in Japan. Nikkei says funding for 30–40 large facilities is lined up.

The close landed on the day the 10-year JGB briefly reached 3%, a three-decade high; the Ministry of Finance's end-of-day 10-year yield was 2.987% on 1 September, against 0.139% on the day JDP IV closed in January 2022.

Why This Matters for a Japan Allocation

Global pension and sovereign money has just underwritten Japanese development margin against a real hurdle rate for the first time in a generation. The entry maths have moved a long way since the last vintage. The Japan Real Estate Institute's investor survey puts the expected yield on multi-tenant logistics in Tokyo's bayside (Koto-ku) at 3.8%, flat for five consecutive surveys since April 2024. Over the same two years the 10-year JGB went from 0.765% to 2.315% (April 2024 to April 2026). So the spread of a Tokyo warehouse over the risk-free yen rate fell from about 304bp to about 149bp; at the 1 September close, if the April cap rate still holds, it would be roughly 81bp [S]. A development fund does not buy at that cap rate — it builds at a yield-on-cost above it and sells into it — but the exit cap rate is now the number a 2026 vintage has to defend against a 3% JGB.

The fund's own structure says how it plans to. ¥1.7tn of capacity on ¥612bn of equity implies roughly ¥1.09tn of debt, about 64% of capacity if fully drawn [S]. That debt is Japanese bank lending, and the Financial Services Agency said this week it will examine whether banks are adequately assessing credit risk on lending to real-estate firms and overseas nonbank lenders, and will review project screening for data centres and other facilities. The financing leg of this trade is now under supervisory review at the moment it is being drawn.

What the allocators are underwriting, in their own words, is rental growth rather than cap-rate compression. CPP's Gilles Chow cites "a positive outlook for rental growth", and Reuters quotes CBRE projecting that rents for large multi-tenant logistics facilities in Japan's four major metros will rise by late 2027. The market data support the supply side of that case more than the demand side today. Savills puts Greater Tokyo logistics vacancy at 8.3% (the first year-on-year fall since 2020) with rents down 4.3% year-on-year to ¥4,500 per tsubo, while Greater Osaka rents rose 7.4% to ¥4,620 and now sit above Tokyo's; 2025 industrial investment was almost ¥1.3tn, level with the record 2024; and 2026 nationwide new supply is forecast down about 20%. The bet is that a shrinking pipeline plus ¥1.7tn of patient capital tightens the market before the rate cycle bites.

Domestic investor sentiment has not blinked. In the April JREI survey, 93% of respondents said they would keep making new investments actively, 68.2% said BOJ tightening had had no effect on the property market, and 61.7% expected the long-term rate at end-March 2027 to sit in the "over 2% to 3%" band. The 3% print landed at the very top of that expectation. The October survey is the first read on whether the 3.8% Koto-ku expected yield moves.

Who Is Already Moving

Investor	Move	Asset Class	What It Signals
CPP Investments	This week: ¥150bn cornerstone in JDP V (about 24.5% of the fund); ¥110bn in JDP IV at first close; US$1.3bn of the US$2.4bn Ares Japan DC Partners I (June 2025)	Japan logistics and data-centre development	The largest global pension in the series stepped its Japan development cheque up by ¥40bn from the last vintage, into a rising-rate cycle
Ares Management (via 日本GLP / Marq Logistics)	This week: closed JDP V at ¥612bn hard cap; ¥450bn already committed	Japan logistics development	A US multi-alt manager's biggest real-estate fund ever is Japan-only
Unnamed pensions, SWFs, insurers (N. America, APAC, Europe, Middle East)	This week: remaining ~¥462bn of JDP V	Japan logistics development	The LP base is global; the asset is domestic
Blackstone	December 2025: agreed to buy Tokyo C-NX, a Grade A 151,345 m² Koto-ku warehouse, from Nippon Express for about ¥100bn — Japan's largest logistics deal of 2025; handover was scheduled for 2026-02-27	Stabilised Tokyo logistics	Corporate sellers under shareholder pressure are the other supply channel

Investor	Move	Asset Class	What It Signals
TPG Asia Real Estate	April 2026: majority stake in ESR's Yokohama Sachiura DC1 and DC2 (over 390,000 m^2), a week after opening a Tokyo office	Stabilised Greater Tokyo logistics	Developer recycling is the third channel
BNP Paribas AM Alts / PGGM	About February 2026: bought stakes in ESR's Sachiura DC3	Stabilised Greater Tokyo logistics	European institutional money entering via the same recycling route
Warburg Pincus	August 2025: about $240m for two Greater Tokyo warehouses from Mitsui Fudosan Logistics REIT, its first direct Japan logistics buy	Stabilised Greater Tokyo logistics	A J-REIT as seller
Brookfield	January 2025: 2.4m sq ft warehouse development site at Anpachi (Greater Nagoya), part of $1.6bn of Japan deals	Regional logistics development	Development capital is spreading beyond Tokyo

How to Act

This week

1. JDP V is closed. The route into this vintage is gone. If the 2018, 2021 and 2026 cadence holds, the next JDP is a 2029–30 event; the next Ares Japan vehicle is more likely the data-centre series (JDC I closed June 2025) [S]. Decide now whether your Japan logistics exposure comes from stabilised assets or from funding another developer.
2. Underwrite exits off the JREI grid and a 3% risk-free rate, not off 2022's 0.14%. Reference points: Koto-ku 3.8% and Tama 4.0%; regional expected yields Nagoya port 4.4%, Osaka port 4.2%, Hakata port 4.5%, Narita 4.5%, Higashi-Osaka 4.3%; Grade A Koto-ku pricing of about ¥660,742/m^2 on the C-NX deal, with a cap-rate gap of up to 100bp between Grade A and grade B locations.

Within 30 days

3. Re-run the debt leg. The BOJ meets 17–18 September with a hike priced as near-certain, and the FSA's review of real-estate and data-centre lending is the item that could change loan-to-value terms on any onshore borrowing. Lock terms on anything in diligence before the FSA's supervisory-priorities document is finalised.
4. Build a Japanese-corporate origination list. The two live channels for stabilised stock this year were a corporate seller under ROE pressure (Nippon Express booked a gain of about ¥72bn on C-NX) and a developer recycling completed parks (ESR to TPG, BNP Paribas AM Alts and PGGM). The C-NX deal was routed through Mizuho Leasing's ML Estate; a relationship with that kind of intermediary is the access point.

Within 90 days

5. Watch JREI's 55th survey (October 2026) for the first move in the 3.8% Koto-ku expected yield. If it moves, every 2024–26 vintage marks against it.
6. Decide whether Osaka is the better entry. Osaka rents are now above Tokyo's and rising, while the Osaka port expected yield is 40bp wider than Koto-ku.

> *One ¥612bn Japan warehouse fund, not two: CPP's ¥150bn cheque underwrites Tokyo development at an ~80bp cap-rate spread over a 3% JGB.*

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