



Daiwa House[®]
Group
Press release

September 1, 2017

Daiwa House Industry Co., Ltd.
Naotake Ohno, President and COO
3-3-5 Umeda, Kita-ku, Osaka

Fifth U.S. joint real-estate project with Lincoln Property Company

Daiwa House's first rental housing development project located on the U.S. West Coast near Seattle, Washington - the Esterra Park Project

On August 11, 2017, Daiwa House Industry Co., Ltd. (Head office: Osaka, President: Naotake Ohno; hereinafter “the Company”) began construction of rental housing on two blocks of the Esterra Park Project. The project is located in the Overlake region of Redmond, Washington near Seattle, and will be Daiwa House’s first rental housing project on the U.S. West Coast.

This project will be conducted through its local subsidiary Daiwa House Texas Inc. and represents its fifth development project with Lincoln Property Company (hereinafter “Lincoln Property”), a major U.S. real estate company.

The Esterra Park Project is the first mixed-use redevelopment project in the Overlake region of Redmond. Comprised of 10 blocks with a site area of approximately 28 acres, two of those blocks will be developed by Daiwa House (rental housing with a site area of approximately 4.57 acres). The project will also include offices, commercial facilities, a hotel, parks, and more.



【Project Exterior View (planned concept)】

Key Data

- 1. Rental housing development project featuring a total of 664 units**
- 2. Development project located close to numerous IT companies in suburban Seattle**
- 3. Targeting middle- to high-income Millennials**

1. Rental housing development project featuring a total of 664 units over 3 buildings on 2 blocks with a diverse range of common areas

The Esterra Park Project will feature a total of 664 units in 6- and 8-story buildings. In total there will be 3 buildings on 2 blocks.

In order to appeal to a broad range of customers, the Esterra Park Project will offer a diverse lineup of floor plans ranging in area from 532 square foot to 1,200 square foot (studio units, one-bedroom and two-bedroom units).

Common areas will feature an entertainment lounge^{*1}, cafe space, pool, fitness center, and other amenities for residents. The development will also feature a secure parking structure for all units.

^{*1} Casual space for residents only that features a fireplace, sofas, etc.

2. Development project located close to numerous IT companies in suburban Seattle

(1) The first multi-purpose redevelopment project in the Overlake region of Redmond

The project is comprised of 10 blocks with a site area of approximately 28 acres and will feature rental housing as well as offices, commercial facilities, a hotel, and parks. The key theme of the development will be sustainability.

The project is ideally located as the surrounding areas are home to a number of amenities such as multiple large-scale shopping malls, supermarkets, and clinics. A light rail that will connect this region with central Seattle in approximately 30 minutes is planned to launch operations in 2023.

(2) Region is home to Microsoft and numerous other IT companies

The region is approximately 20 minutes by car from central Seattle and approximately 25 minutes from Seattle-Tacoma International Airport. In addition to the adjacent Microsoft office campus, the region is also home to companies such as Nintendo of America, Hitachi Data Systems, and numerous other IT companies.

3. Targeting middle- to high-income Millennials

The project is mainly targeting customers in the Millennial Generation^{*2}, from whom stable rental demand is expected, with a focus on professionals, researchers, or employees of major companies with high household incomes residing in the Seattle suburbs.

^{*2}. The generation born between 1980 and 1995. In the United States, the Millennial Generation numbers around 75 million people. Over the next 15 years, Millennials and their offspring (Generation Z) are expected to be the main drivers of demand for rental housing.

● **Rental housing development project in Redmond, a suburb of Seattle, Washington.**

Redmond is one of the cities that forms the Seattle metropolitan area. Seattle ranks No. 15 among all U.S. cities (population of approximately 3.43 million).

Originally developed as a logging town, the convenience of access to Seattle and the positive surrounding environment saw numerous companies pop up in the city beginning in the 1980s. In particular, Microsoft moved its headquarters from the Seattle suburb of Bellevue to Redmond in 1986, making it the city's largest employer.

■ **Background of the Project**

The Company established four local subsidiaries, mainly in the states of California and Texas, starting in 1976. In the nine years through 1984, it supplied approximately 10,000 single-family homes.

In April 2011, the Company established Daiwa House California (currently Daiwa House Texas) in San Jose, California. In August 2011, the Company purchased an apartment building (42 units) in Redwood City, California, which it sold in 2016.

In March 2014, the Company formed a business partnership with Lincoln Property, which boasts the No. 2 market share for managed rental housing units in the United States. Through this partnership, the Company applied the know-how it cultivated in Japan in relation to real estate development and rental housing to launch its first joint project with Lincoln Property. Construction for the Berkeley Project (716 units total) was launched in May of the same year in Fort Worth, Texas. The Company's latest project, the Esterra Park Project (664 units total) being developed in the suburbs of Seattle, Washington, marks its fifth project based on this partnership.

■ **About Lincoln Property**

Lincoln Property Company is a major U.S. real estate company established in 1965 and headquartered in Dallas, Texas. The company aims to build high quality residential communities. It has operations in over 200 cities in the United States and throughout Europe.

Lincoln Property has developed over 205,000 rental housing units thus far, and, with over 184,167 managed properties, is the No. 2 property manager in the U.S.

● **Future overseas development**

Through the Company's U.S. subsidiaries, Daiwa House will continue to purchase and develop rental real estate as it aims to increase its current stock of 1,935 managed units*3 to 5,000 units. Sales of 74.7 billion yen is targeted by FYE March 2019.

*3. Cumulative total number of properties, excluding the Esterra Park Project, for which development has been completed and for which plans have been finalized.

The Company also is expanding operations in ASEAN and Australia as it aims for overseas net sales of 250 billion yen by fiscal 2018.

■ **Property overview**

Project Name	Esterra Park Project (Block 5 & 9 , Block 6A)		
Location of Project	15551 Turing Street and 15401 NE Turing Street, Redmond, WA 98052 (Block 5 & 9 : 15551 Turing St. Block 6A : 15401 NE Turing St.)		
Total number of units	664 units	Block 5 & 9	Block 6A
		448 units (6- and 8-story buildings)	216 units (6-story building)
Total site area	4.56 acres	3.24 acres	1.32 acres
Total floor area	646,587 ft ²	331,260 ft ²	315,327 ft ²
Construction	Wood-frame		
Unit floor area	532 ft ² to 1,200 ft ²		
Floor plan	Studios: 33 units, one-bedroom: 485 units, two-bedroom: 146 units		
Monthly rental price	\$1,500- \$3,000		
Construction start	August 11, 2017		
Scheduled date of completion		January 2020	May 2019
Available	Occupancy to begin with completed units	September 2019	June 2019

■ **Profile of Daiwa House local subsidiary**

Name: Daiwa House Texas Inc.

Address: 222 W Las Colinas Blvd, Suite 1540 East, Irving, TX 75039

Investor: Daiwa House USA Inc.

*A wholly owned subsidiary of Daiwa House Industry Co., Ltd.

Capital: \$208,762,000

Employees: 11 (five on assignment from the Company)

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