

## Message from the COO



## Inspiring Dreams, and Becoming No.1 in Housing Business



Daiwa House Industry is a leading housing manufacturer in Japan, constructing over 40,000 housing units, including rental apartment buildings and condominiums every year and holding a cumulative total of approximately 1,120,000 housing units of our customers. Our housing business accounts for 65.1% of our total sales on a consolidated basis. However, our share of the market for annual new housing construction starts is now only 3.6%, dropping us to second place from our previous position as leader of the prefabrication housing industry. After focusing on a wide range of lifestyle and commercial businesses under a strategy of diversification, it is time for us to concentrate on regaining our leadership position in the housing industry, especially now that we have our new group management structure in place.

One of the key requirements for achieving this goal is to expand our market share in the Kanto region. Of particular importance is Tokyo, the largest market in Japan and home to a large number of high-income individuals. Single-family house construction starts in Tokyo account for 9.1%<sup>\*1</sup> of the nation's total, and the rate of growth is high, at 10.6%<sup>\*2</sup>. As a company that operates nationwide, Tokyo for us is an area where we can expand our market share. To do that, we will boost both quality and quantity in both our products and organization. On the product side, we will increase sales by introducing new offerings, including three-story houses that respond to urban land and construction realities. We will also set up a housing exhibition space for mid-to-high-end products that make a greater contribution to profits. With respect to single-family houses for sale, we will develop and provide competitive products from single-family housing for smaller city center development sites to housing for larger, suburban sites, taking advantage of our outstanding technology in developing housing sites to respond to an anticipated return to city centers and strong demand from the younger cohorts of the baby boomer generation. In organizational aspects, we will expand our service capability based on a community-oriented organizational structure. For example, we will open new offices and promote the training of personnel, strategic personnel transfers and faster decision-making.

Another important issue is the improvement of after-sales service. We will redouble our focus on maintaining and improving customer satisfaction and asset value, for example by providing a system of long-term 40-year warranties<sup>\*3</sup>, having our customer advice centers conduct regular inspections and visits, and making routine calls on users, particularly those living in large-scale residential estates (new towns) developed by our home enlargement and reconstruction centers. We will improve our services in every phase of the relationship with our customers, from the first meeting through to contract and delivery. Our aim is to become No.1 in Japan in the housing business — our core field of operations — by offering products and services with stronger appeal than those of our competitors.

\*1: Total for custom-made and lot-subdivision houses for sale

\*2: Average for custom-made and lot-subdivision houses for sale

\*3: Applied to housing and rental apartment buildings (depending on method of construction)