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For Immediate Release

Sumitomo Forestry Co., Ltd.
Tokyo Tatemono Co., Ltd.
Chuo-Nittochi Co., Ltd.

Joint development of a multi-family rental building near Washington, DC
~Achieving both decarbonization and economic efficiency with the use of wood~

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry), Tokyo Tatemono Co., Ltd. (President: Hitoshi Nomura; headquarters: Tokyo; hereinafter, Tokyo Tatemono) and Chuo-Nittochi Co., Ltd. (President: Kiyoshi Miyake; headquarters: Tokyo; hereinafter, Chuo-Nittochi) are pleased to announce that they will develop an eight-floor, 400-unit multi-family residential rental building in the suburbs of Washington, DC (USA). In addition to these three Japanese companies, major US developer Fairfield Residential Company LLC (Representative: Richard Boynton; headquarters: San Diego, California; hereinafter, Fairfield) will also participate in this joint development. The project expected to capture rising demand for housing in areas along the subway line where large-scale redevelopment is underway. Construction is scheduled to begin in April 2024 and leasing of finished sections will begin in phases starting February 2026. The entire complex is slated for completion in January 2027 with total operational costs of about 21.3 billion yen.*1

■Building characteristics

The building is a hybrid structure with three lower floors made of reinforced concrete (RC) and five upper floors made of wood to achieve both economic efficiency and environmental friendliness. To control costs compared to all-RC structures, the project will adopt the wooden frame wall construction method using standard 2x4 and 2x6 lumber similar to that used in single-family homes. Wood construction has generally lower CO₂ emissions during construction (embodied carbon) than steel-frame (S) or RC construction. In addition, trees sequester the CO₂ they absorb during the growth process as carbon. Hence, this building, which utilizes a large amount of wood, will fix carbon for long periods of time, thereby contributing to decarbonization.



■Location characteristics

The construction site is located in Herndon, Virginia, about 30km west of central Washington, DC. Redevelopment of the area has been underway since the Herndon Metrorail Station opened in November 2022 and accessibility is expected to increase further. With offices of major US companies located within a 10km radius, ongoing housing demand is expected to remain solid. The site is ideally located in terms of both transportation and living convenience. It is a three-minute walk to the nearest station. An arterial road adjacent to the site provides access in as quickly as eight minutes to Washington Dulles International Airport and 30 minutes to central Washington, DC. Commercial facilities and hospitals are five minutes away by car.



■Participation details

The developer is a special purpose company (SPC) jointly owned by SFA MF Holdings (a wholly owned subsidiary of Sumitomo Forestry), Tokyo Tatemono US Ltd. (a wholly owned subsidiary of Tokyo Tatemono), Chuo-Nittochi I LLC (a wholly owned subsidiary of Chuo-Nittochi) and Fairfield. Sumitomo Forestry's wholly owned subsidiary SFC Asset Management Co., Ltd. (President: Yujiro Yoshizawa; headquarters: Tokyo) will be responsible for coordinating the project with the participating companies, including Fairfield. This is the second time for Sumitomo Forestry and the first time for Tokyo Tatemono and Chuo-Nittochi to work with Fairfield on a multi-family residential rental development project.

■Background

Sumitomo Forestry Group's annual supply of multi-family residential units has grown to become equivalent to the sixth largest^{*2} in the United States and continues to expand as the second largest source of revenue after single-family homes. Fairfield is a leading multi-family residential developer in the United States. With the view that Fairfield is an excellent local partner, Sumitomo Forestry is exploring further opportunities for collaboration. Tokyo Tatemono Group has set out expanding its overseas operations as one of its key strategies in its long-term vision and medium-term management plan. While its overseas operations are primarily in China and Southeast Asia, Tokyo Tatemono has decided to reenter the US market with participation in this project. Chuo-Nittochi is exploring ways increase its areas of operations and collaborate with new, high-quality partners to further enhance and expand its overseas operations. As one result, it has decided to participate for the first time in a multi-family residential rental development project with Fairfield. Sumitomo Forestry is already working with Chuo-Nittochi on multi-family residential development projects in the suburbs of Seattle and Denver, making this project their third collaboration.

■Future developments

Sumitomo Forestry Group is engaged in a broad range of global businesses centered on wood, including forestry management, the manufacture and distribution of wood building materials, the contracting of single-family homes and medium- to large-scale wooden buildings, real estate development, and wood biomass power generation. In our long-term vision Mission TREEING 2030, we are seeking to promote the Sumitomo Forestry Wood Cycle, our value chain to contribute to decarbonization for not only our own company but also for the whole of society by increasing the CO₂ absorption of forests and popularizing wooden buildings that store carbon for long periods of time. With the promotion of global expansion as one of our business policies in our long-term vision, we are also working to accelerate decarbonization initiatives in the US.

As one of its key strategies in its group long-term vision and medium-term management plan, Tokyo Tatemono Co., Ltd. seeks to resolve societal issues and grow as a company by promoting advanced ESG management and expanding its overseas operations. Currently, the company is developing condominiums, offices and other types of buildings in such countries as China, Thailand and Indonesia. In addition to existing investments in China and other Asian countries primarily related to condominiums and short-term turnover projects, the company is working with leading local partners to establish business opportunities in the US and other developed countries.

Chuo-Nittochi Group Co., Ltd., is a comprehensive real estate group with operations in urban development, residential development, real estate solutions and asset management. To actively invest in new challenges and growth for the future, the company is also accelerating efforts overseas, including real estate development projects in the United States and investments in renewable energy projects in Taiwan and the United States. To help realize a decarbonized society, Chuo-Nittochi is working with all stakeholders, including tenants and joint venture partners, to promote urban planning that harmonizes with the natural environment through the development of environmentally conscious real estate and the operation and use of renewable energies.

*1 Calculated at USD 1 = JPY 150

*2 The annual total number of units supplied by Sumitomo Forestry Group's three US subsidiaries is equivalent to 6th place in the 2023 rankings of NMHC 25 Largest Developers, announced by the National Multifamily Housing Council of the United States.

■Property overview (planned)

Name	555 Herndon Parkway
Location	555 Herndon Parkway Herndon, VA 20170
Total floor space	30,194.70 m ² (325,013 square feet)
Units	400
Structure/method	Floors 1~3 RC structure, floors 4~8 wooden structure (two-by-four construction method)
Start of construction	April 2024
Start of rentals	February 2026 (in phases starting with completed sections)
Completion	January 2027

■Fairfield Residential Company LLC

Headquarters	San Diego, California, USA
Representative	Richard Boynton (Chairman, CEO)
Employees	1,360 (as of December 2022)
Business description	A multi-family residential real estate developer founded in 1985. With offices in 11 locations throughout the United States, the company is engaged in a full range of real estate development operations, from land purchasing and construction to rental management and sales. Since its establishment, the company has conducted real estate development in 32 states and has renovated, resold or newly developed approximately 290,000 units.

■ SFC Asset Management Co., Ltd.

Headquarters	Tokyo
Representative	Yujiro Yoshizawa (Representative Director and President)
Established	November 2020
Business description	Investment advisory services for investment funds organized by Sumitomo Forestry Group and others

*SFC Asset Management corporate website: <https://sfcam.jp/> (Japanese only)