



On Chicago's famed Gold Coast, "The Aurélien" is scheduled for completion this spring. The 31-story luxury residence with 368 rental units was developed by partners Daiwa House, Lincoln Property Co. and Ryan Companies U.S., Inc.

THE GRAND DREAM OF DAIWA HOUSE:

Meeting Every American Need

“WE are coming to America with a grand dream: providing housing to suit the needs and means of every American,” says Naotake Ohno, president and COO of Daiwa House Industry Co., Ltd., Japan's largest home builder. “We want to offer housing solutions to meet the full spectrum of American needs: rental apartments for millennials, single-family homes for growing families, condos for down-sizing baby-boomers and a range of options for seniors.”

To realize that dream, Daiwa House brings to America an integrated approach developed over the past six decades in Japan. By combining financial resources and innovative construction technology with superior design and project-management skills, Daiwa House has mastered the art of building homes people love at prices they can afford.

Founder Nobuo Ishibashi established the Osaka-based company in 1955 with a dream to alleviate Japan's severe postwar housing crisis by pioneering modular construction methods. Early offerings were necessarily simple and compact, but as Japan's prosperity grew Daiwa House led the way with larger dwellings and increasingly sophisticated amenities. Today the company is a leader in “smart communities” that combine outstanding energy efficiency and security with state-of-the-art amenities carefully tailored to the diverse needs of residents.

“It's attention to detail that matters,” says Ohno, “both in design and execution. It is a matter of craftsmanship, which is our specialty in Japan. We call it ‘*machi-zukuri*,’ or crafting the community. That's how we get it right, on time and on budget. And we are confident that will give us an advantage as a newcomer in the highly competitive U.S. market.”



“We want to offer housing solutions to meet the full spectrum of American needs,” says Naotake Ohno, president & COO of Osaka-based Daiwa House, Japan's largest residential developer. “With this sincere attitude we hope to be welcomed as a respected corporate citizen of America.”

Daiwa House first ventured overseas in the 1960s, and is now active in 17 markets, notably Australia and Southeast Asia. But with growth slowing at home, the company is now focusing on the American market. “We are attracted by the strong long-term demand we see in the U.S. and the predictable investment and regulatory environment,” Ohno says.

Rental Renaissance

AS a newcomer, though, Daiwa House is carefully learning America's intricacies by partnering with established players in underserved markets. And rental housing is one market that has long been neglected by developers more interested in condos and single-family subdivisions.

Spotting an opportunity, in 2014 Daiwa House linked up with Lincoln Property Company, the second-largest residential landlord in U.S. with 170,000 units under management. Initial projects in the Dallas-Fort Worth metro area focused on low-rise suburban ‘garden-style’ apartments. But the partners are now at work on high-rise and mid-rise developments in the center of cities like Chicago and Boston.

For landlords and tenants alike, rental is ripe for a new approach. Rental properties are typically older structures, built

before energy efficiency was a priority, and often crumbling. That means high utility bills and frequent repairs that make revenue yields unpredictable and tenants unhappy. And as tenants move in and out apartments frequently need costly refreshing. This is where the integrated Daiwa House approach makes a difference.

Since Daiwa House retains a long-term interest in the profitability of each property, the company has an incentive to keep maintenance costs low, rental rates competitive and tenants happy. This is why Daiwa's rental projects feature amenities like keyless entry and alarm systems and smash-proof glass to improve security. Rooftop solar panels and thorough insulation meanwhile keep power costs down.



In Dallas, Texas, Water's Edge, a “garden-style” lakeside complex near several Fortune 500 head offices, features 582 rental units designed to meet the needs of young professionals. Currently under development by partners Daiwa House and Lincoln Property Co.

“The four projects our partnership has completed so far is just the beginning,” Ohno says. “We have big dreams and big plans.”

Big New Stake in Single-Family Housing

EARLY this year, Daiwa House finalized an 82 percent stake in Stanley-Martin Communities LLC. A leading residential builder with 50 years' experience, Reston, Virginia-based Stanley-Martin gives Daiwa a growth platform in the dynamic, recession-proof markets surrounding the nation's capital.

“Single-family suburban housing has long been the heart of the American new-home market,” Ohno says. “But it is highly

competitive — so if you want to learn you must learn from the best. Acquiring one of the strongest players in a region that demands the highest levels of quality, a region that values its heritage and the character of its neighborhoods, gives us that opportunity to learn from the best.”

While Daiwa House learns the ropes in the U.S. market Stanley-Martin's efforts stand to gain from its new parent's capital resources, scale, proprietary construction technologies and project-management expertise.

With technology becoming an ever more important component in new homes, one decisive advantage Daiwa House offers may be the Smart Town suite of technologies the company has introduced since 2013 in building 1,000 housing units at 16 developments across Japan. Digital home-energy management systems are used to regulate solar panels and storage batteries in order to minimize reliance on the grid. These active measures are backed by passive design features that, for example, make maximum use of natural ventilation. And with R&D efforts far from done, more smart features are in the works.

“Stanley-Martin will be our springboard for nationwide growth,” Ohno says.

Beyond the House, a Wide Range of Solutions

AS the “House” in its name makes clear, residential development was the company's initial core mission. But today Daiwa House is also active in two other important key sectors of property development. One is the construction of commercial and industrial structures such as shopping centers, logistics warehouses, manufacturing plants and institutional facilities. The other caters to human shelter needs beyond housing, such as resort hotels and eldercare facilities. And this is where Daiwa House hopes to make a final contribution to America's housing needs.

“In America, as in Japan, one of the great challenges of our time is to meet the needs of a huge cohort of seniors,” Ohno says. “This requires a range of solutions. On one hand, assisted living with technological support that allows elders to maintain their independence. On the other, more robust care to house very elderly people with security, compassion and dignity. As the U.S. faces the same issues, we hope that solutions we are developing in Japan will be able to make a valuable contribution to American society.”

“At Daiwa House, our first concern is to develop a deep understanding of peoples' real housing needs — and their capabilities,” Ohno says. “With that understanding, we then strive to develop solutions that put maximum value within everyone's reach. With this sincere attitude we hope to be welcomed as a respected corporate citizen of America.”

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Daiwa House recently acquired Stanley-Martin Communities LLC, a leading residential developer with 50 years' experience in the Mid-Atlantic region. “Stanley-Martin will be our springboard for nationwide growth,” says Naotake Ohno, president & COO of Daiwa House.



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