

# Real Estate in Japan

## • INTRODUCTION •

The real estate industry plays a major role in the creation and development of living and urban environments such as housing and office buildings, which are the foundation of residents' lives and corporate activities. It supports Japan's economic growth through the supply of high-quality houses and condominiums, the revitalization of cities and regions, the development, management, and operation of office buildings and commercial facilities, real estate securitization, and other business.

According to the Annual Report on National Accounts, the real estate industry represents over 10% of Japan's gross domestic product (GDP), indicating that it occupies a vital position within Japan's economy.

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OVERVIEW OF MAJOR REAL ESTATE SECTORS: 1

# OFFICE BUILDING (URBAN REDEVELOPMENT)

## History of Office Building Development

The history of office buildings in Japan is said to have begun in the Meiji period. The completion of Mitsubishi Ichigokan and red brick Western style buildings at both ends of Babasakimon Road heralded the creation of the first Western style business avenue. In 1914, the Mitsubishi Nijyuichigokan, full of modern facilities, was completed, marking the beginning of the dedicated building leasing business.

The Marunouchi Building was completed in 1923, and the importance of the earthquake- and fire-resistant architecture symbolized by the Marunouchi Building began to be recognized after the Great Kanto Earthquake which occurred the same year. Although many rental buildings burned and were lost during the awful events of World War II, the full-fledged construction of rental buildings took off with the recovery beginning in 1950 after derequisition of the buildings remaining from the war and revision of the Rent Control Act.

In the early 1950s, some of the buildings whose construction had begun during the war but had been suspended or that had been started after the war were completed, but it was in the late 1950s that the first building boom occurred, against the backdrop of the post-Korean War Jinmu Economy. Although banks' assessment of the real estate industry was poor, and the procurement of funds remained difficult, the building business took off as the system of Construction Cooperation Funds—via which funds for construction were obtained from companies that planned to enter buildings as tenants once they were completed—became commonplace.

## Progress in Urban Redevelopment

There was booming building demand resulting from the high growth period beginning in 1955 and the rental building market has developed remarkably as a result of responding to this demand. Throughout the late 1950s and early 1960s, a number of Mitsubishi Estate buildings were completed as well as a series of company buildings for financial institutions and newspapers located on national land they had been granted, forming most of the Tokyo business district covering Otemachi, Marunouchi and Yurakucho.

There was a dramatic relaxing of regulations limiting building heights thanks to the creation of the Specified Blocks System\*<sup>1</sup> in 1961 and the introduction of FAR Regulations\*<sup>2</sup> in 1963. Between the 1960s and early 1970s, various systems were established for securing a good city environment and attracting superior architecture and developments. These included the establishment of the new City Planning Law in 1968 as well as the City Redevelopment Law in 1969. Private companies took advantage of the opportunities presented by these developments to embark on large redevelopment projects.\*<sup>3</sup> Simultaneously designated as the first special urban block in 1964, Tokyo's Tokiwabashi Redevelopment (Nippon Building, etc.) and Kasumigaseki Building were completed one after another in 1968. At the time, they were respectively the largest redevelopment and the first super high-rise building in the East. Also in 1968, the preparation of infrastructure on the former site of Tokyo's Yodobashi Water Purification Plant was completed, the land was sold to the private sector, and construction of Shinjuku's new downtown area of skyscrapers began.

\*1. Specified Blocks:

Districts designated by the City Planning Act for preserving and forming superior city spaces. Within these designated blocks, regulations under the Building Standards Act are not applied and unique FARs, height restrictions and wall plane locations are designated for said blocks.

\*2. FAR Regulations:

FAR refers to the ratio of the total building floor area to lot area.

\*3. Redevelopment Projects:

There is legal redevelopment and voluntary redevelopment. Legal redevelopment projects are urban redevelopment projects based on the Urban Renewal Act and these projects are executed as city planning projects. They seek to improve the disaster preparedness capabilities of cities and renew city functions. Voluntary redevelopment includes the rebuilding of buildings.

Upon entering the mid-1970s, there was a slowdown in the concentration of industries and people in major cities, and the building boom also calmed down. On the other hand, high-quality developments worthy of being called “town creation” projects began to be conducted utilizing a new business system. One project representative of this is the Ark Hills project in Minato Ward, Tokyo, that was completed in 1986. In addition, Hibiya City, consisting of four buildings, was completed in 1981 on two specified blocks that were the former site of NHK. This project is well known as a project in which air rights\*4 were sold within the specified blocks.

### The Bursting of the Bubble and Promotion of “Urban Regeneration”

Between the late 1980s and the early 1990s there was an unprecedented development boom backed by the spread of information technology and the emergence of Tokyo as an international finance center. Companies not traditionally involved in development entered the building business and triggered the soaring land prices that became known as the bubble. On the other hand, during this period many mega projects that had been conducted over a prolonged period began to appear. Examples of these include Makuhari in Chiba Prefecture, Minato Mirai 21 in Yokohama, Osaka Business Park (OBP) and Yokohama Business Park (YBP).

After the collapse of the bubble, the proactive promotion of urban redevelopment projects by private companies as measures to invigorate the country’s economy, which was mired in a continuing slump, had large expectations placed on it. Redevelopment projects have a very high ripple effect on the economy and greatly contribute to economic recovery through an expansion of domestic demand.

In 2002, through the establishment of the Act on Special Measures Concerning Urban Renaissance, urgent urban regeneration districts began. These are critical and important districts designated by the central government as bases for urban regeneration for city lots that should be developed. This paved the way for sale of land by the JNR Settlement Corporation and after that, large-scale redevelopments in Shiodome, Shinagawa, Roppongi, and elsewhere have been since undertaken, and an enormous number of large office buildings supplied. Through private company-based urban regeneration, many of the buildings in these areas have built multi-use developments that are not just office buildings but also include functions such as hotels, commercial facilities and theaters, developing public facilities to help solve various social issues and improve the disaster preparedness capabilities of cities.

On the other hand, the need was recognized for so-called “compact cities,” compact urban development to maintain local dynamism while facilitating comfortable life by guaranteeing government services, healthcare, welfare, commerce and other functions amid the declining population, falling

birthrate, and aging of society, so efforts are underway such as the inclusion of the Location Optimization Plan System in the revised Act on Special Measures Concerning Urban Renaissance enacted in August 2014.

### International Competitiveness of Cities

Because of economic globalization, the industrial global competitiveness of cities has become a national development focus. In order to compete effectively with major world cities such as New York, London, and other Asian cities, whose progress has been remarkable, it is necessary for Japan’s cities to look ahead and build appealing districts that will attract international talent, companies, capital, and information.

In 2011, the Act on Special Measures Concerning Urban Renaissance was partially revised, and the specific urban redevelopment urgent development area system was set up designating regions where strengthening global competitiveness would be particularly effective as “specific urban redevelopment urgent development areas,” and a Comprehensive Special Zone system was set up via the Comprehensive Special Zone Act. Furthermore, the National Strategic Special Zones Act was enacted in 2013, based on the objective of promoting the development of international economic activity hubs, and efforts are being made to enhance the international competitiveness of cities.

**Related section: Internationalization**

### Recent Office Building/Urban Development

In addition, in order to improve the disaster preparedness capabilities of cities, an increasing number of buildings have BCP functions such as advanced earthquake-resistant or seismically-isolated structures and emergency generators, and are designed to take in stranded commuters.

As new technologies such as IoT make remarkable progress and come to be seen as pillars of the country’s growth strategy, in order to respond to society’s dramatically changing needs, efforts and demonstration experiments are underway to utilize these new technologies in urban development in addition to efforts to realize smart cities with not only new technologies but also environmental, energy, decarbonization and other measures.

Also, as work-style reform and open innovation, including startups and such, to increase productivity make progress, various types of offices such as incubation offices, satellite offices and co-working spaces are emerging in response to diversifying workplace needs.

**Related section: Environment/Energy, Disaster preparedness and Area Management**

\*4. Air Rights

(1) Right to use space above the land (air right) and (2) Right to receive transferred FARs from neighboring lots (transferable development right).

OVERVIEW OF MAJOR REAL ESTATE SECTORS: 2

# HOUSING

## Government Policy Expands from Post-War Housing Shortage to Stock Use

Housing-related real estate business, which provides the residences foundational to citizen life, can broadly be grouped into for-sale property, in which land and building rights are sold, leasing, in which properties are let in exchange for rent, and real estate transactions, in which land and building sales or leasing is brokered.

Following the war there was a severe lack of housing due to the mass burning of cities. As a result, housing supply was deficient by 4.2 million units at the end of the war. In the mid-1950s, an explosive growth in the population concentrated in major cities began to occur alongside Japan's rapid economic growth. The ensuing increase in land demand sent land prices soaring, making the situation for housing even more severe. The Japan Housing Corporation (presently the Urban Renaissance Agency) was launched in 1955 as the trump card for eliminating this housing problem and it began to supply "danchi" or apartment complexes en masse. These danchi spawned residential districts and led to the construction of so-called "new towns" and the development of new city areas. As a result, in 1968 the number of housing units surpassed the total number of households.

In general, housing is divided into apartment buildings and houses, chosen by occupants based on their lifestyle, preference, etc. In recent years, the government has set out policies focusing on stock use and is developing systems to transact old housing and stimulate renovation.

### >>> For-Sale Transactions

## History of For-Sale Condominiums

During the period of active danchi development after the war, most for-sale properties were houses. Looking at new housing constructions statistics, approximately 5,000 for-sale units were started in 1951 and most of these are thought to have been houses. After that, the number of for-sale

residences constructed gradually increased, surpassing 100,000 units in 1969, for reasons including the Japan Housing Corporation beginning to supply danchi condominiums.

Around this time, luxury condominium sales began in the very convenient downtown Tokyo and major real estate companies entered the market. The Government Housing Loan Corporation (presently the Japan Housing Finance Agency) began financing condominiums in 1970, numerous high-rise condominiums appeared and they very quickly became widely accepted.

In 1985, there were approximately 220,000 for-sale property units, 120,000 of which were condominiums. In 1992, the fixed-term leasehold system\* was established and condominiums using it began to also be supplied.

In the 1990s, after the collapse of the bubble, corporate business restructuring led to the sale of factories and employee housing, and condominiums were built on these sites. Downtown areas in particular, especially the Tokyo Bay area, saw a large number of super-high-rise condominiums developed.

Once this corporate land sale settled down, redevelopment projects downtown and near train stations began to increase.

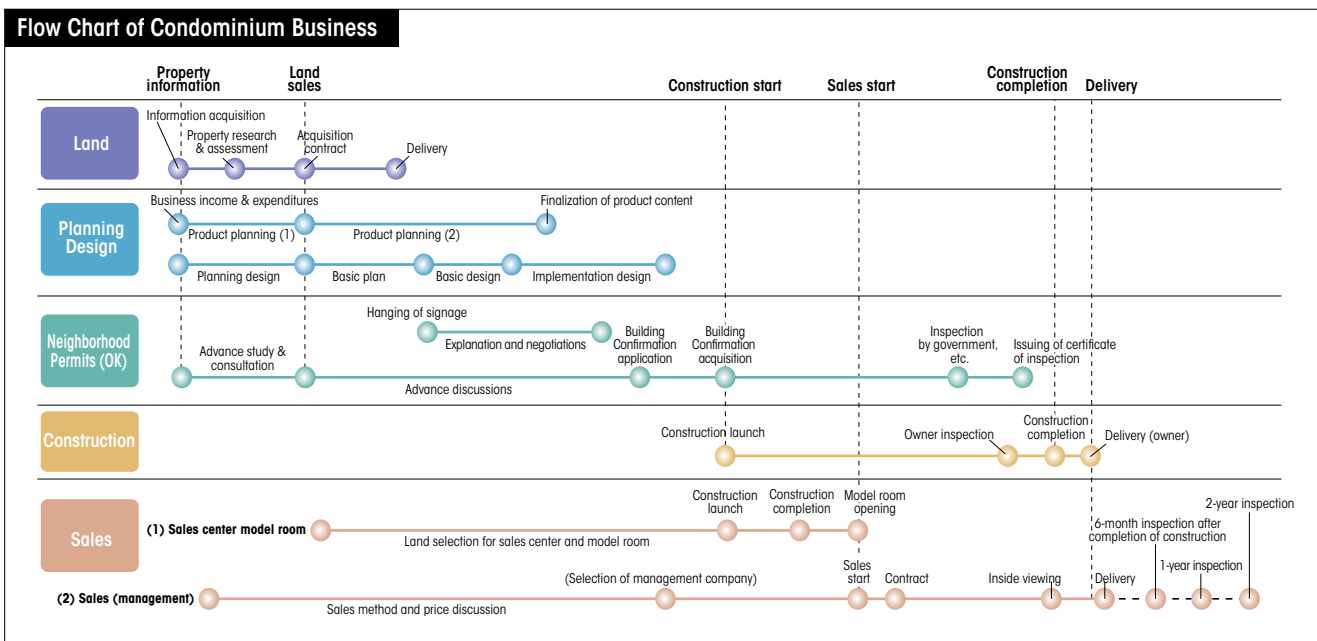
## Diversifying Housing Needs

With the advent of a serious decline in the birthrate and the super-aging of society, the segment of the population buying condominiums has expanded from the traditional family segment to include DINKs, singles, retired individuals seeking to change their residences from standalone houses in the suburbs to downtown locations, etc. These trends and changes in lifestyles and tastes are diversifying the needs for condominiums.

In response to these diverse needs, condominiums in various size ranges are being supplied and various options are offered such as condominiums with commercial facilities being developed on large-scale sites, large-scale

\* Fixed-term leasehold

The lessee must return the land to the owner once the leasehold period has expired, regardless of whether or not the owner has just cause. This type of leasehold includes the following riders: (1) there is no renewal of the contract; (2) there is no extension of the lease period due to rebuilding; and (3) there is no right to bill for purchase of building.



condominiums equipped with communal facilities such as party rooms and guest rooms, green condominiums that focus on energy conservation and environmental harmony, and condominiums developed with a variety of designs. Efforts regarding disaster preparedness measures such as base isolation and damping structures, securing of emergency power supply, setting up warehouses with stockpiles in the event of a disaster, etc. have also become of greater concern since the Great East Japan Earthquake of 2011.

### Old Condominiums being Rebuilt as Stock Increases

Condominium stock increases every year, exceeding a cumulative 6.5 million units. Of these, more than a few are old condominiums that do not conform to regulations since the Building Standards Act was enacted, sunlight regulations were introduced, or the multiple times earthquake resistance standards were raised. Furthermore, while progress is being made in infrastructure, construction methods, and developer product planning, some condominiums have become obsolete with aging for having no elevators, posing difficulty in renovating piping and such. These may need to be rebuilt.

In 2002, the Ministry of Land, Infrastructure, Transport and Tourism revised the Act on Building Unit Ownership to relax the rebuilding consensus requirement and implemented the Act on Facilitation of Reconstruction of Condominiums. This made it possible for condominiums with a rebuilding consensus to form a rebuilding association that would lead the rebuilding. In 2014, this Act was revised to include a Condominium Lot Selling System for selling off land by removing it from compartmentalized ownership based on an 80% majority vote, making it possible to revitalize it for other uses such as commercial facility. However, progress in rebuilding

condominiums is not reaching national targets for reasons including difficulties in forming consensus and problems with building regulations.

### Growing Importance of Condominium Management

It is standard for a management association made up of sectional owners to be responsible for and handle condominium site and common area management. In many cases, the management association collects a management fee from the sectional owners for management task expenses and hires a condominium management company.

In 1982, the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism), created the Mid- and High-Rise Apartment Management Rules (now the Condominium Management Rules). Having made revisions when appropriate since then, many management associations have maintained their condominiums by formulating long-term upkeep plans, collecting upkeep funds from sectional owners and implementing planned upkeep based on the Condominium Management Rules.

On the other hand, because laws and regulations such as the Act on Building Unit Ownership were developed following condominium construction, some of those built before the legal framework have no management associations or non-functioning ones and are thus problematic “partially-managed” condominiums.

In order to solve these challenges, in June 2021, the Ministry of Land, Infrastructure, Transport and Tourism revised the Act on Advancement of Proper Condominium Management that incorporates the establishment of the Management Plan Certification System whereby municipalities

certify the operation of management associations. In September of the same year, the Basic Policy for Promoting Optimization of Condominium Management, which sets out the roles of management associations, municipalities, government, etc. for optimization of management, was formulated.

>>> Leasing

After the war, the rental housing market shifted from public rental housing provided by public housing corporations to address the housing shortage to good-quality rental housing provided by the private sector. In particular, the luxury rental housing market has entrenched itself as a strong market in central Tokyo.

In recent years, changes in the environment around the rental housing market such as the falling birthrate and aging of society, diversification of needs and population decline have produced a variety of measures. Developments include serviced elderly housing, for which a registration system was introduced in 2011 and which primarily targets residents over 60, offering support services such as life consultation and safety checks, and rental apartments and dormitories for students by major companies to meet student demand as both the number of exchange students and the rate of educational advancement rise.

>>> Real Estate Transactions

Modernization of Real Estate Transactions

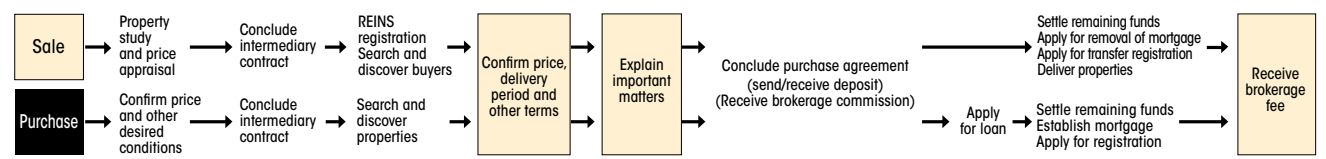
The real estate transaction (brokering) business, which involves the brokering of land and buildings through buying, selling and leasing, has a long history and is thought to be the origin of the real estate business.

Due to the many problems surrounding real estate transactions in the turmoil after the war, a registration system for these brokers was established in 1952 with the establishment of the Building Lots and Buildings Transaction Business Act in order to protect client profit and achieve healthy growth of the real estate business. This was revised to be a license system in 1964. After that, the number of companies rose dramatically through the end of the 1960s with the concentration of industry and the population in major cities and growth in housing demand. This was right around when major companies began entering the industry. Along with modernizing the real estate transaction business, this served to bring the business under the eye of society, including the coordination of roles and responsibilities among major as well as small and medium-sized players.

The Building Lots and Buildings Transaction Business Act was revised in 1980 in response to social demand to clarify the contractual relationship between the parties, establishing a general and exclusive broker contract system.\* Documentation for certain items was required and the property information of exclusive broker contracts shall be registered with an information network organization. Then in 1990, a dedicated exclusive broker contract system\* was started to promote the sharing of property information, making it mandatory to register these contract transactions on REINS (Real Estate Information Network System), a certified information network organization integrating the information network organizations by supply/demand region.

The government is setting out various policies to vitalize the real estate transaction market by creating an environment in which consumers can confidently choose and purchase existing residences. The revised Building Lots and Building Transaction Business Act, which came into effect in 2018, made it mandatory for housing agents to include whether or not an inspection of the building has been conducted and a summary of the inspection results in their explanation of important matters or delivery

Flow of Real Estate Brokerage Work



\* Broker contract systems

General brokerage:

A contract in which the seller is, in principle, free to request brokerage from multiple brokers.

Exclusive brokerage:

A brokerage contract that forbids the seller from requesting another broker to broker a sale, purchase or trade or to act as a proxy.

Dedicated exclusive brokerage:

An exclusive brokerage contract with a rider forbidding the seller from signing a transaction contract with any party other than the one found by the requested broker.

of a written document when signing a brokerage agreement, explaining important matters, or concluding transaction agreements.

With the regulatory reforms and promotion of digital transformation (DX) in recent years, real estate transactions are increasingly being brought online. The government is advancing institutional developments, etc. and the explanation of important matters through utilization of IT was launched in earnest in 2017 for leasing transactions and in 2021 for sales transactions. Delivery of manuals explaining important matters, etc. by electronic means is scheduled to start in 2022. Alongside such developments, operators are also moving to increase options for consumers such as with non-face-to-face sales activities in an aim to enhance convenience.

### Renovation During the Stock Era

In 2006, a new Basic Act for Housing was executed, introducing a government policy of focusing on using existing stock through renovation in

response to the diversification of housing needs and abundance of stock.

Renovation can mean either repairs or improvement; adding new value to an existing building. In the real estate transaction industry, a business model of proposing repair and improvement as a set when brokering is on the rise. Among property sellers, an increasing number of companies have begun “flipping” properties – buying an existing building, renovating it and selling it.

In 2016, the revision of the Building Lots and Buildings Transaction Business Act came into effect to promote the use of inspections by experts, and in 2018 a system (Anshin R Jyutaku System) began through which marks are granted to properties that clear certain standards regarding renovation, etc. set by trade associations registered with the Ministry of Land, Infrastructure, Transport and Tourism.

Along with the creation of new, high-quality housing stock, this is expected to promote the use of existing stock.





OVERVIEW OF MAJOR REAL ESTATE SECTORS: 3

# RESORTS/HOTELS, COMMERCIAL FACILITIES AND LOGISTICS FACILITIES

>>> Resorts/Hotels

## Resort and Hotel Development

From the beginning of the 1960s, four destinations across Japan began to be developed as Japanese citizens started to have more leisure time. Starting in the mid-1970s, the resort development boom re-emerged and large multi-use resorts including ski slopes, golf courses, marinas, and large-scale hotels were born on large development lots from a few hundred to 1,000 ha. The Act on Development of Comprehensive Resort Areas (the Resort Law) was then established in 1987, accelerating these developments.

The bursting of the bubble changed the situation. Many large resort facilities that had been developed under the application of the Resort Law filed for bankruptcy as the number of customers and revenue/expenditure plans fell short of forecasts. In many cases, leading real estate companies and others took over the operations. Recently there have been new developments of revitalization such as restoring past resort lots in addition to developing new resorts around hotels.

## City Hotel Development

Supply of city hotels located mainly in major cities began to expand with the 1964 Tokyo Olympics. This was to handle the demand for accommodation from overseas teams and press corps. Many of the hotels built during this period are still considered leading Japanese facilities. After that, demand for accommodation came from businesspeople coming to Japan for meetings during the remarkable economic growth of the high-growth period, resulting in the development of business-oriented city hotels.

## Inbound Demand and Hotel Supply

A look at the current situation of hotels shows that foreign tourists account for a large portion of demand. Enhanced measures such as overseas promotions to attract foreign tourists had been incorporated into the Tourism Nation Promotion Basic Law which came into effect in 2006 and the Tourism Nation Promotion Basic Plan established in 2007 (revised in 2017).

While the number of foreign tourists has declined temporarily due to COVID-19, new hotels are being developed in various locations in preparation for a post-pandemic recovery. Existing hotels have been renovated and supply models diversified, for example with the conversion of office buildings and commercial facilities into hotels.

In the hotel business, the number of large-scale mixed-use developments that incorporate hotels has been increasing since the late 1970s. The business models include the management contract (MC) system, whereby the hotel owner outsources management to a subsidiary or the like with management expertise, and the franchise contract (FC) system, whereby brand license and management expertise are received from a leading international hotel or the like.

Furthermore, while there had been few genuine luxury hotels in Japan targeting affluent customers, in recent years, real estate companies have been seeking to attract luxury resort hotels, primarily from overseas. Foreign brand hotels are opening one after the other.

**Related section: Internationalization**



## >>> Commercial Facilities

### Abolition of Large-Scale Retail Store Law Increases Major Facilities

The high-growth period and beyond saw the development of suburban roadside commercial facilities in line with the proliferation of automobiles, but this development only accelerated in the 2000s. The abolition of the Large Scale Retail Store Law in 2000 made large-scale commercial facility development possible, and large-scale shopping centers called shopping malls have sprung up one after another in suburban and rural areas. Nationwide, large-scale and diverse commercial facilities such as shopping malls incorporating outlet malls, sports facilities and daycare facilities are being developed.

As competition intensifies, maintaining and increasing the competitiveness of these facilities requires tenant leasing, operation/management and renovation, as necessary.

While difficult to secure large lots downtown, there are many examples of large buildings being redeveloped to include shops and restaurants or small buildings developed specifically for retail. Open plazas to promote interaction and hold community events, hosted by local managers together with residents, are also becoming more common.

## >>> Logistics Facilities

### Greater Need with EC Market Growth

Looking at logistics facilities, which have largely replaced conventional warehouses, the expanding EC (e-commerce) market is making logistics a more crucial part of social infrastructure, Japan's logistics market is growing rapidly due to the flourishing 3PL\* business and the functions required of facilities are changing. In light of this, real estate companies are entering the logistics facility business as a new pillar of operations.

There are mainly two types of logistics facilities that real estate companies develop, namely the multi-tenant type which leases to multiple companies and the build-to-suit type which is developed for and leased to a particular company. With changes in consumers' purchasing styles, large, advanced, multifunctional facilities are on the rise, such as facilities that can process a large number of packages in a short amount of time or those that offer storage or distribution processing. Designs that account for future implementation of new AI, ICT, and robots are also emerging.

More logistics facilities are adopting quake-absorbing structures, installing emergency generators and other BCP measures, and using LED lighting and solar panels in the facilities in consideration for the environment. Of the many different measures, others include establishing resting facilities, cafeterias, nurseries, etc. for the employees of tenant companies.



\* 3LP: Third Party Logistics. A business model in which all or part of logistics functions are outsourced to improve efficiency.

OVERVIEW OF MAJOR REAL ESTATE SECTORS: 4

# REAL ESTATE SECURITIZATION

## History and Progress of Real Estate Securitization

Real estate securitization is a technique to obtain liquidity in real estate transactions, which are typically high-priced and illiquid, by dividing ownership into investment units or securitizing the right to receive cashflow from real estate.

Real estate securitization goes back to the mortgage securities system founded in 1931, but the beginning of securitization in the current sense is thought to have emerged in real estate small lot products in 1987. Laws around real estate securitization continued to be developed with the 1995 enactment of the Act on Specified Joint Real Estate Ventures and the 2000 revision of the Law on Securitization of Specified Assets by Special Purpose Companies (former SPC Law) to the Act on Securitization of Assets (SPC Law), simplifying the procedures for asset monetization-type real estate securitization. Moreover, the revision to the Act on Investment Trusts and Investment Corporations that same year made real estate a possible management asset of investment trusts and this led to the launch of Japanese Real Estate Investment Trusts (J-REITs) in 2001. Now, management assets are diversifying with the emergence of J-REITs specializing in hotels, logistics facilities, healthcare facilities, etc.

The backdrop to this progress in real estate securitization includes the change in thinking about risk regarding real estate, precipitated by the drop in land prices after 1990 and the increase in corporate need to separate real estate ownership and management. It was also helped by the major shift in financial and capital markets from indirect finance to direct finance, turning investment real estate into a financial product.

## Specific Securitization Methods

### (1) Real estate investment trust

Real estate investment trusts are a collective investment scheme in which funds are gathered from investors and managed mainly in real estate, whose earnings are then distributed to the investors.

Investment trusts are a financial vehicle in which funds are gathered from many investors and managed by investment professionals and earnings are distributed to investors. Traditionally, the primary vehicle managed in this structure was limited to investment securities. However, based on a partial amendment of the Act on Investment Trusts and Investment Corporations in 2000, real estate was recognized as an investment vehicle for trusts, and in September 2001, the first two real estate investment trusts (J-REITs) were listed on the Tokyo Stock Exchange.

### (2) Asset Monetization Securitization

Asset monetization securitization is a type of real estate securitization in which companies with real estate transfer it to a vehicle\* such as an SPC, which issues securities to investors to raise capital. Its main aspect is funding for particular types of real estate. Replacements of assets are not scheduled in principle.

### (3) Securitization by Real Estate Syndication

Real estate syndication, based on the Real Estate Specified Joint Enterprise Act enacted in 1995, is when multiple investors jointly invest in real estate to own and manage the real estate and obtain earnings from it. In order to protect investors, licensed companies that meet the criteria with respect to capital and personnel qualifications may raise funds from investors.

The act was revised in 2013 to separate companies' risk of bankruptcy and in 2017 to make implementation possible through notification alone in cases where only qualified special investors such as institutional investors are targeted. This revision also established a small-scale real estate special joint business system. Other regulation easing includes recognizing contracts granted online, regardless of project scale.

\* When used in the context of securitization of assets such as real estate, vehicle refers to a device by which securities are issued.

OVERVIEW OF MAJOR REAL ESTATE SECTORS: 5

# INTERNATIONALIZATION

## Entering Giant Overseas Markets

The dawn of Japan's real estate internationalization was the 1970s, when some major real estate companies began to go overseas. The strong yen in the 1980s boosted companies' overseas expansion and the favorable domestic economy helped numerous major real estate companies acquire and manage real estate overseas in earnest.

Although the bubble burst suspended this momentum, since 2010 major real estate companies have once again been developing business overseas. Using development and management expertise cultivated over many years to export problem-solving city models takes the high growth rates in Asian and other countries and links it to Japanese company growth. Based on this trend, in April 2015, the Ministry of Land, Infrastructure, Transport and Tourism created a new International Affairs Division in the Land Economy and Construction and Engineering Industry Bureau of the time to support the overseas development of real estate and construction companies.

## From Western Cities to Asian Countries

Overseas business in real estate was mainly office building acquisitions in the major cities of advanced Western countries. These cities could expect global demand and had legal frameworks for real estate and rules for international transactions, and disclosed plenty of data on real estate.

From 2010, in addition to mature global cities, investment began to flow to new destinations such as China and Southeast Asian countries where the real estate market centering on urban areas backed by large populations and economic growth was rapidly swelling.

These emerging countries were not easy destinations due to "country risk" stemming from unstable political situations and legal systems and scarce disclosure of market information in addition to the immaturity of their real estate markets. However, rapid urbanization and economic growth caused

office and housing demand to swell, and with progress in legal system development and information disclosure, an increasing number of real estate companies are making moves, although this trend has temporarily slowed down due to the impact of the pandemic.

In addition to developing individual office and apartment buildings in these countries, more real estate companies are using urban development expertise cultivated in Japan to build large-scale mixed-use developments together with local developers. Even in the West, recent years have seen companies not merely investing but building offices as well.

## Inbound Efforts

Direct investment in the Japanese real estate market by foreign investors and companies is gaining steam with the exception of hotels and other sections for which inbound demand from foreign visitors to Japan is a concern. As business globalizes, 2013 saw the creation of National Strategic Special Zones where a diverse menu regulatory reform seeks to provide the world's most business-friendly environment.

After the Tourism Nation Promotion Basic Law was established in 2006, the number of foreign tourists showed a steady increase with the exception of temporary decrease from the 2008 global financial crisis and the Great East Japan Earthquake. A record number of 31.88 million tourists was achieved in 2019, but this fell to 4.12 million in 2020 when the pandemic hit, a decrease of 87.1%.

In view of the post-pandemic recovery of inbound demand, it is hoped that proactive dissemination of information on tourism in Japan as well as MICE (meetings, incentives, conferences and exhibition) business events that may potentially attract customers and promote interaction as well as create large economic ripples will see full-fledged resumption under public-private partnership.

**Related section: Office Building (Urban Redevelopment)  
: Resort Hotel**

OVERVIEW OF MAJOR REAL ESTATE SECTORS: 6

# ENVIRONMENT/ENERGY, DISASTER PREPAREDNESS AND AREA MANAGEMENT

>>> Environment/Energy

## Environmental Policy Trends

Environmental issues, particularly those related to climate change, are a serious problem that affects the global community. In 2020 Japan declared its intention to become carbon neutral by 2050. With this, in 2021 the raising of the CO<sub>2</sub> emissions reduction target for 2030 and orientation for energy composition were indicated in vital strategies such as the Energy Basic Plan and Global Warming Countermeasures Plan.

In the field of residences and buildings, ZEH and ZEB targets, etc. for 2030 and 2050 were indicated and debates on expanding the utilization of renewable energy are accelerating.

## Real Estate Industry Issues and Voluntary Action Plan Formulation

When it comes to the impact of the real estate industry on the environment, reducing energy consumption and reducing CO<sub>2</sub> emissions at the same time have become pressing issues. Other important issues in the development and management of real estate include alleviating the heat island effect accompanying urbanization, reducing business-related waste emissions and final disposal amounts, and preserving biodiversity.

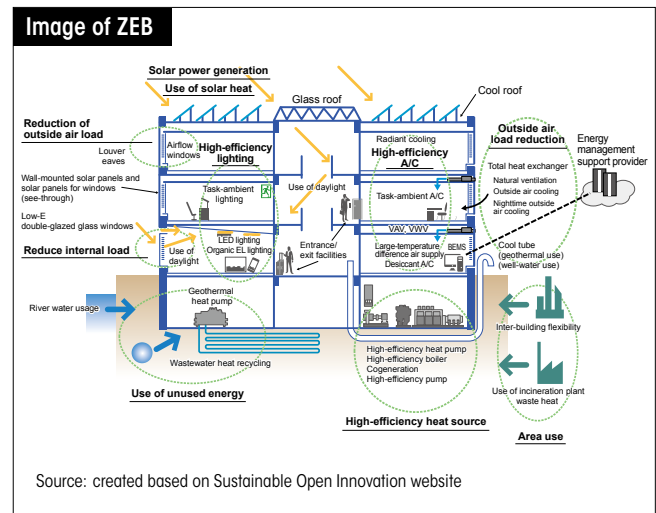
In March 2013, RECAJ formulated the Real Estate Industry Environment Implementation Plan, which sets forth medium- to long-term environmental action targets, and has been conducting yearly follow-up surveys targeting member companies. Also, in 2021, it formulated the Long-Term Vision for the Real Estate Industry for the Realization of a Decarbonized Society, which organized the means of contribution and orientation for the real estate industry to proactively work toward the realization of a decarbonized society looking to 2050, and also broadly revised the Real Estate Industry Environment Implementation Plan as a medium-term environmental action goal for 2030.

## Sustainable Urban Development

Cutting-edge initiatives toward sustainable urban development are taking off in the real estate industry. State-of-the-art buildings and housing such as Zero Energy Buildings (ZEBs), Zero Energy Houses (ZEHs)\*<sup>1</sup> and certified low-carbon houses\*<sup>2</sup> are coming on to the market.

Over the past few years, new concepts seeking a lower environmental load and sustainability in investment and development, like ESG investment (investment focused on companies considerate of the environment, society and corporate governance) and the Sustainable Development Goals (SDGs), have emerged.

With regards to systems for evaluating and certifying the environmental performance of housing and buildings, besides national systems such as the housing performance indication system or BELS, there are also systems run by private-sector organizations and the like, including CASBEE and LEED. Real estate companies are expected to not only actively use such systems but also pass on information to tenants and housing buyers.



\*1 ZEB/ZEH:

A building that offsets its energy consumption by producing energy with solar panels or other equipment installed in the building.

\*2 Certified low-carbon houses

Launched by the Low Carbon City Promotion Act enacted in 2012, these are houses with CO<sub>2</sub> emission-limiting equipment or performance.

>>> Disaster Preparedness

Improving Disaster Preparedness Capabilities of Cities (Hard and Soft Measures)

Efforts to improve the disaster preparedness capabilities and business continuity of major cities is extremely important in maintaining Japanese society and economic functions, and the real estate industry has worked to do this with its urban renewal and development. Responding to the risk of disasters such as earthquakes directly below Tokyo or in the Nankai Trough, which would cause immense damage, as well as typhoons and torrential rains which have become more frequent in recent years, is a pressing issue; therefore, the danger of heavily concentrated city areas must be eliminated as quickly as possible.

Tokyo's disaster risk is also a weakness from the perspective of enhancing its international competitiveness. The public and private sectors must work together to enhance disaster preparedness functions, ensure business continuity as well as pursue urban development that is resilient enough to disasters that a certain level of economic activity can continue even if a disaster does occur, all so that overseas companies will feel secure in expanding to Japan.

To that end, by promoting quick, consistent urban renewal, the industry must work to develop high-spec buildings with BCP functions such as anti-inundation measures, vibration-controlling/seismically-isolated structures, and emergency power generation equipment, and the ability to serve as regional disaster shelters, taking in nearby stranded commuters. In conjunction with these hard aspects, efforts to enhance soft aspects such as forming a cooperative disaster-mitigating structure are no less essential.

>>> Area Management

What is Area Management?

Urban development until now has focused on hard aspects like infrastructure development, but a growing priority is "area management" focusing on private sector-led promotion of resident-company interaction, events to create community dynamism, and other "soft" aspects in defined areas. Many times, the private sector, which is key, acts in the form of area management organizations.

Examples include events using public roads and various other initiatives to enhance community energy, which can be expected to increase population inflow, stimulate commerce through customer attraction and solidify regional branding. These also make it easier for residents and employees to work together in times of disaster.

The Ministry of Land, Infrastructure, Transport and Tourism is supporting this trend in ways such as formulating an Area Management Promotion Manual in 2008. Also, in 2020, a support system for the "Comfortable City That Induces Walking" initiative was formulated that, together with the system for roads that enhance convenience for pedestrians ("*hokomichi*") established the same year, is expected to facilitate the use of public spaces.

Efforts to Secure Financial Resources

One issue when promoting area management activities is the securing of stable sources of funds. Relying on the involved companies, individuals and organizations to pay for it themselves casts doubt on activity continuity. It is especially necessary to solve the freeloader problem through which some people benefit from the area management activities without bearing the necessary costs. In order to address this problem, the Japanese government, using the example of cases of Business Improvement Districts (BIDs), which are used overseas, as a reference, introduced an Area Management Expense System\* in the revised Regional Revitalization Act enacted in June 2018 through which real estate owners within a designated area provide funding, which is distributed to the area management groups and others. The Ministry of Land, Infrastructure, Transport and Tourism also formulated guidelines on frameworks to secure financial resources for private-sector urban development activities last August.

\* Area Management Expense System:

A public-private system that, with the consent of at least two-thirds of the companies, allows municipalities to collect funding from the local beneficiaries (companies) and grant it to area management organizations for regional revitalization activities.

The impact of COVID-19 continued to be felt significantly in 2021. A state of emergency was declared for long periods and the Japanese economy continued to face difficult conditions. Meanwhile, diversification of values, advancement of DX and other structural changes that had been underway from before the pandemic accelerated significantly, and with such the environment surrounding the real estate industry and roles which are required have seen dramatic change.

### ● LAND PRICE TRENDS ●

The land prices published in 2021 showed that the average for all-usage land decreased for the first time in six years, while residential land fell for the first time in five years and commercial land for the first time in seven years. Land prices were weak overall due to the impact of COVID-19 and such, but the degree of change in trends differed by region and usage. Year-on-year change was greater for commercial land than for residential land and also for the three major metropolitan areas than for less urban areas. Thanks in part to economic measures and other government initiatives, the slump in land prices is small compared with that published in 2009 and 2010 following the global financial crisis.

Source: Ministry of Land, Infrastructure, Transport and Tourism

### ● OFFICE MARKET ●

The office building markets of major Japanese cities in 2021 saw the overall vacancy rate trending upwards. The vacancy rate in Tokyo's five central wards was increasing up until October, but has been decreasing since November. The average rent has been decreasing for 17 consecutive months as of December. While working remotely has become widespread during the pandemic, the importance of in-person communication and such is being reaffirmed and there is a global movement of returning to offices. Offices need to become places for not only doing office work but also generating innovation, improving productivity and allowing versatile and flexible work styles.

Source: Miki Shoji Co., Ltd.

### ● HOUSING MARKET (HOUSING STARTS AND NEW APARTMENTS) ●

Housing starts in 2021 increased by 5.0% year on year to 856,484 units, increasing from the previous year for the first time in five years. By category, owned houses increased 9.4% year on year, rentals increased 4.8%, condominiums increased 6.1%, stand-alone houses increased 7.9% and condominium housing overall increased by 1.5%.

Furthermore, new condominium supply in the Tokyo metropolitan area increased 23.5% year on year to 33,636 units, recovering above 30,000 units for the first time in two years and also exceeding the level in 2019 before the pandemic (31,238 units). The annual average contract rate for initial month was 73.3%, climbing to the 70% range for the first time in six years. Supply in the Kinki region increased 24.7% to 18,951 units and the average contract rate for initial month was 69.8%, down 1.9% from the same period last year.

Source: Ministry of Land, Infrastructure, Transport and Tourism; Real Estate Economic Institute Co., Ltd.

Land Prices

History of Year-on-Year Changes in Published Land Prices (unit: %)

Study Year	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Residential</b>																									
Usage, etc.																									
Tokyo metropolitan area	1.7	6.6	-2.9	-6.8	-5.8	-5.9	-5.6	-4.7	-3.2	-0.9	3.6	5.5	-4.4	-4.9	-1.7	-1.6	-0.7	0.7	0.5	0.6	0.7	1.0	1.3	1.4	-0.5
Osaka metropolitan area	3.0	56.1	-1.9	-6.1	-6.7	-8.6	-8.8	-8.0	-5.2	-1.6	1.8	2.7	-2.0	-4.8	-2.4	-1.3	-0.9	-0.1	0.0	0.1	0.0	0.1	0.3	0.4	-0.5
Nagoya metropolitan area	1.6	20.2	-4.0	-1.8	-1.9	-4.4	-5.6	-4.9	-3.3	-1.3	1.7	2.8	-2.8	-2.5	-0.6	-0.4	0.0	1.1	0.8	0.8	0.6	0.8	1.2	1.1	-1.0
3 major metropolis average	2.0	22.0	-2.8	-5.9	-5.6	-6.5	-6.5	-5.7	-3.7	-1.2	2.8	4.3	-3.5	-4.5	-1.8	-1.3	-0.6	0.5	0.4	0.5	0.5	0.7	1.0	1.1	-0.6
Local average	2.4	11.4	-0.3	-2.3	-2.8	-4.0	-5.1	-5.7	-5.4	-4.2	-2.7	-1.8	-2.8	-3.8	-3.6	-3.3	-2.5	-1.5	-1.1	-0.7	-0.4	-0.1	0.2	0.5	-0.3
National average	2.2	17.0	-1.6	-4.1	-4.2	-5.2	-5.8	-5.7	-4.6	-2.7	0.1	1.3	-3.2	-4.2	-2.7	-2.3	-1.6	-0.6	-0.4	-0.2	0.0	0.3	0.6	0.8	-0.4
<b>Commercial</b>																									
Usage, etc.																									
Tokyo metropolitan area	7.2	4.8	-15.4	-9.6	-8.0	-7.4	-5.8	-4.5	-2.5	1.0	9.4	12.2	-6.1	-7.3	-2.5	-1.9	-0.5	1.7	2.0	2.7	3.1	3.7	4.7	5.2	-1.0
Osaka metropolitan area	5.0	46.3	-15.3	-11.3	-11.0	-11.3	-10.2	-8.8	-5.0	0.8	8.3	7.2	-3.3	-7.4	-3.6	-1.7	-0.5	1.4	1.5	3.3	4.1	4.7	6.4	6.9	-1.8
Nagoya metropolitan area	2.7	22.4	-12.7	-7.3	-5.6	-8.1	-8.0	-6.0	-3.3	0.9	7.8	8.4	-5.9	-6.1	-1.2	-0.8	-0.3	1.8	1.4	2.7	2.5	3.3	4.7	4.1	-1.7
3 major metropolis average	5.8	18.6	-14.8	-9.6	-8.3	-8.5	-7.1	-5.8	-3.2	1.0	8.9	10.4	-5.4	-7.1	-2.5	-1.6	-0.5	1.6	1.8	2.9	3.3	3.9	5.1	5.4	-1.3
Local average	2.6	15.4	-5.5	-7.0	-7.0	-8.1	-8.7	-8.7	-7.5	-5.5	-2.8	-1.4	-4.2	-5.3	-4.8	-4.3	-3.3	-2.1	-1.4	-0.5	-0.1	0.5	1.0	1.5	-0.5
National average	3.8	16.7	-10.0	-8.0	-7.5	-8.3	-8.0	-7.4	-5.6	-2.7	2.3	3.8	-4.7	-6.1	-3.8	-3.1	-2.1	-0.5	0.0	0.9	1.4	1.9	2.8	3.1	-0.8
<b>All usage</b>																									
Usage, etc.																									
Tokyo metropolitan area	2.4	7.2	-5.0	-7.4	-6.4	-6.4	-5.9	-4.9	-3.2	-0.7	4.6	6.7	-4.7	-5.4	-1.9	-1.7	-0.6	0.9	0.9	1.1	1.3	1.7	2.2	2.3	-0.5
Osaka metropolitan area	3.2	53.9	-4.0	-6.9	-7.4	-9.1	-9.1	-8.3	-5.4	-1.4	2.7	3.4	-2.3	-5.3	-2.7	-1.5	-0.9	0.2	0.3	0.8	0.9	1.1	1.6	1.8	-0.7
Nagoya metropolitan area	1.7	19.9	-5.6	-3.0	-2.8	-5.3	-6.1	-5.3	-3.5	-1.0	2.8	3.8	-3.5	-3.3	-0.8	-0.6	-0.1	1.2	0.9	1.3	1.1	1.4	2.1	1.9	-1.1
3 major metropolis average	2.5	22.1	-4.8	-6.6	-6.1	-6.9	-6.8	-5.9	-3.9	-0.9	3.8	5.3	-3.8	-5.0	-2.0	-1.5	-0.6	0.7	0.7	1.1	1.1	1.5	2.0	2.1	-0.7
Local average	2.3	11.7	-1.2	-3.4	-3.8	-5.0	-6.0	-6.5	-6.0	-4.6	-2.8	-1.8	-3.2	-4.2	-3.9	-3.6	-2.8	-1.7	-1.2	-0.7	-0.3	0.0	0.4	0.8	-0.3
National average	2.4	16.6	-3.0	-4.9	-4.9	-5.9	-6.4	-6.2	-5.0	-2.8	0.4	1.7	-3.5	-4.6	-3.0	-2.6	-1.8	-0.6	-0.3	0.1	0.4	0.7	1.2	1.4	-0.5

Source: Public Notice of Land Prices, Ministry of Land, Infrastructure, Transport and Tourism.

Notes: 1. For each year, the change rate is the simple average of standard land price change rates since the previous year.

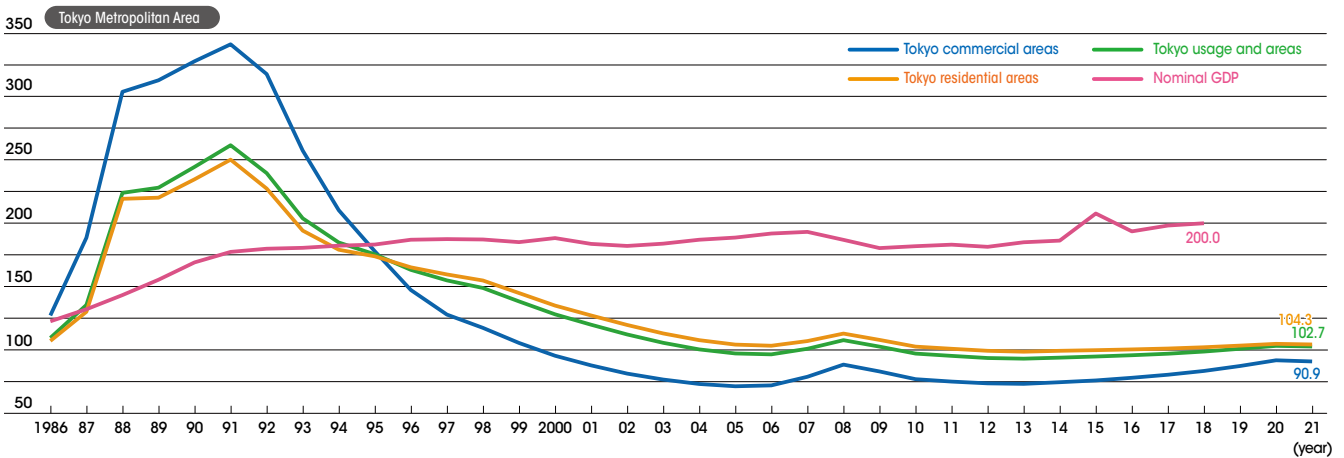
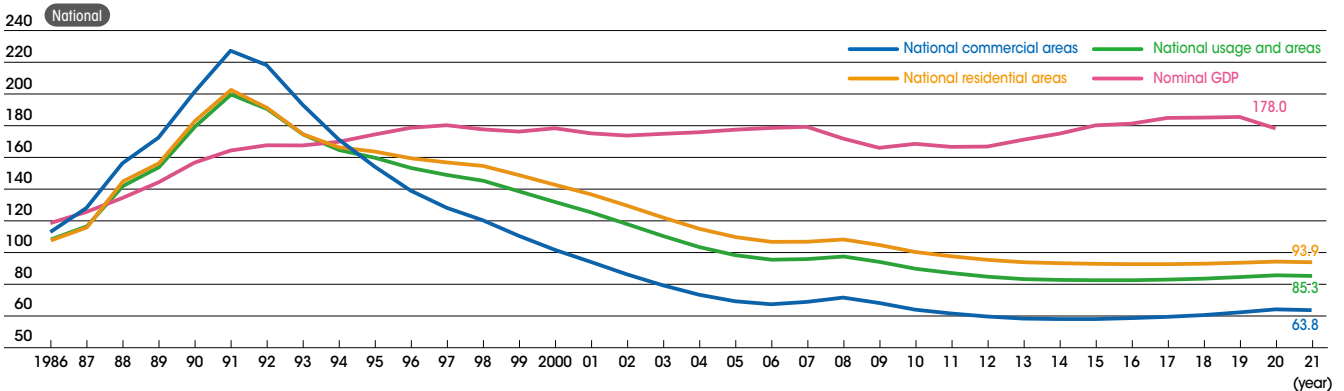
2. Land areas are divided as follows

Tokyo metropolitan area: All existing city areas and suburban improved areas according to the Tokyo Metropolitan Area Improvement Law.

Osaka metropolitan area: All existing city areas and suburban improved areas according to the Kinki Metropolitan Area Adjustment Law.

Nagoya metropolitan area: All city improvement areas according to the Chubu Metropolitan Area Adjustment Law.

History of Standard Land Price and Nominal GDP with 1983 as 100



Source: Public Notice of Land Prices by the Ministry of Land, Infrastructure, Transport and Tourism; Annual Report on National Accounts, Annual Report on Prefectural Accounts by the Cabinet Office.

Notes: 1. The Tokyo Metropolitan Area GDP represents the sum of nominal prefectural GDP of Tokyo, Kanagawa, Saitama and Chiba Prefectures.

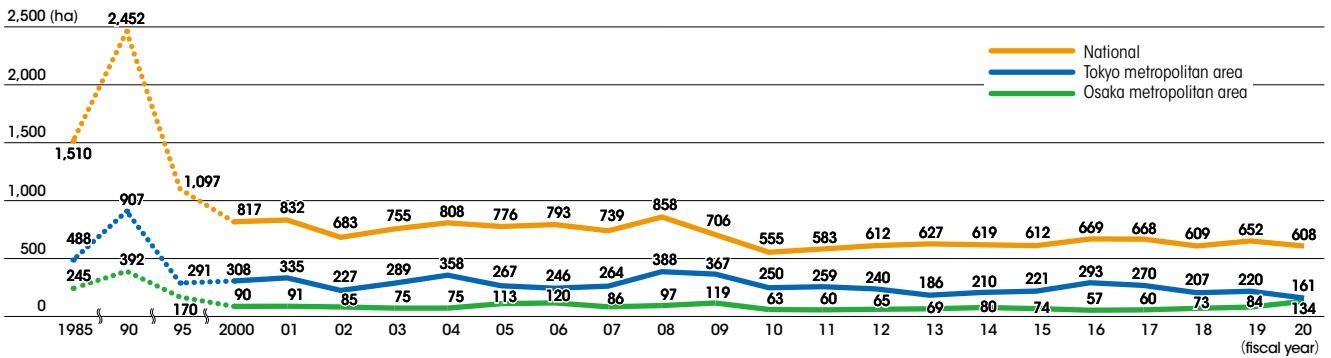
2. The nominal GDP and the Tokyo Metropolitan Area GDP represent figures for respective fiscal years.

3. The nominal GDP figures were calculated based on 93SNA (fixed-base method) until 1993 and based on 08SNA (chain-linking method) for 1994 and after.



Offices

History of Floor Space for Launched Office Construction



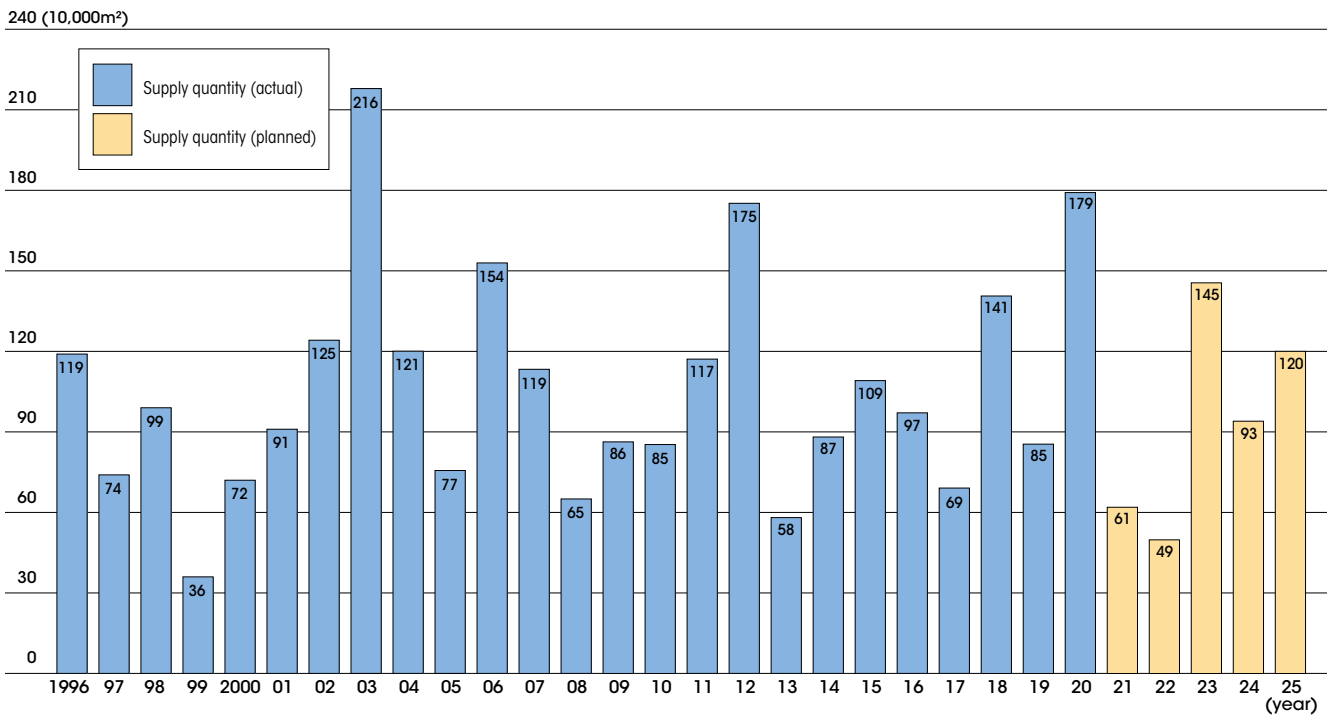
Source: Prepared using Annual Statistical Report on Building Construction by Ministry of Land, Infrastructure, Transport and Tourism.

Notes: 1. This is a compilation of offices by usage that have filed construction reports based on Article 15-1 of the Building Standards Law.

2. Lump presentation of the scheduled construction start month in the filed construction report.

3. Tokyo metropolitan area: Tokyo, Kanagawa, Chiba and Saitama; Osaka metropolitan area: Osaka, Kyoto and Hyogo.

History of Supply Volume of Major Office Buildings in 23 Wards of Tokyo

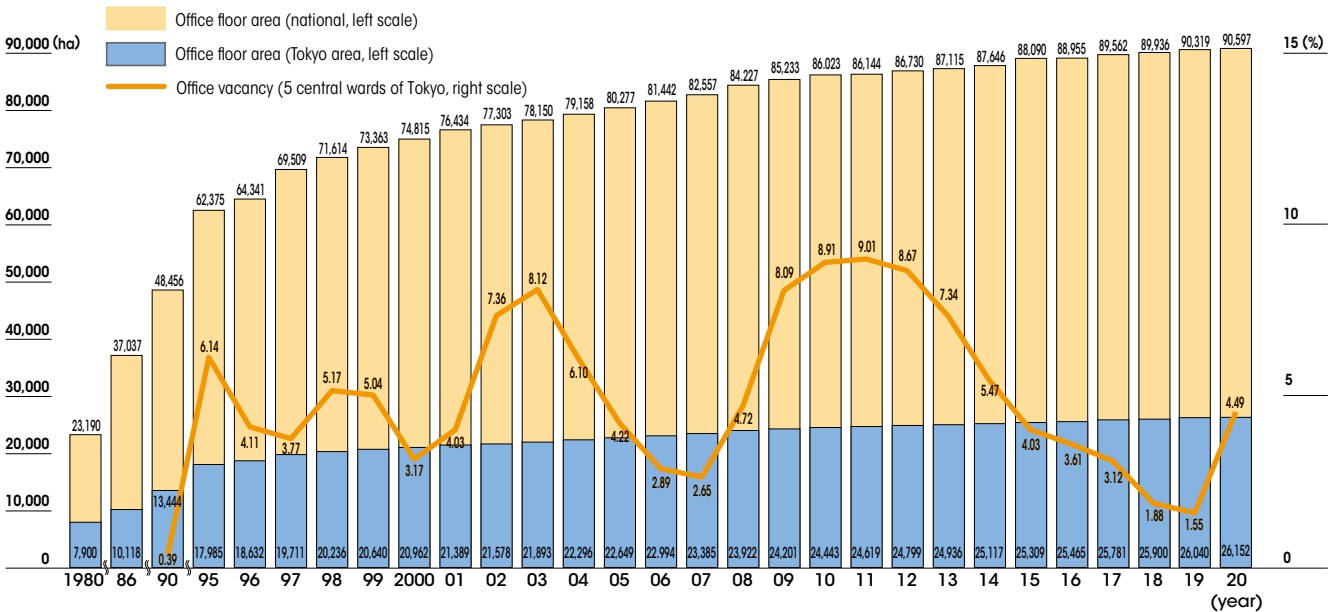


Source: Mori Building, Market Trends Survey for Large-Scale Office Buildings in Tokyo's 23 Wards (published May 2021).

Notes: 1. Study covers new major office buildings with total office floor areas of at least 10,000m² in the 23 wards of Tokyo.

2. Supply indicates the net supply of office floor area in major office buildings excluding that for non-office uses such as stores, residences and hotels.

History of Building Vacancy and Floor Area (Stock)



Source: Miki Shoji Co., Ltd., "Office Data," Summary of Investigation on Fixed Asset Price, etc. Issued by the Ministry of Internal Affairs and Communications.

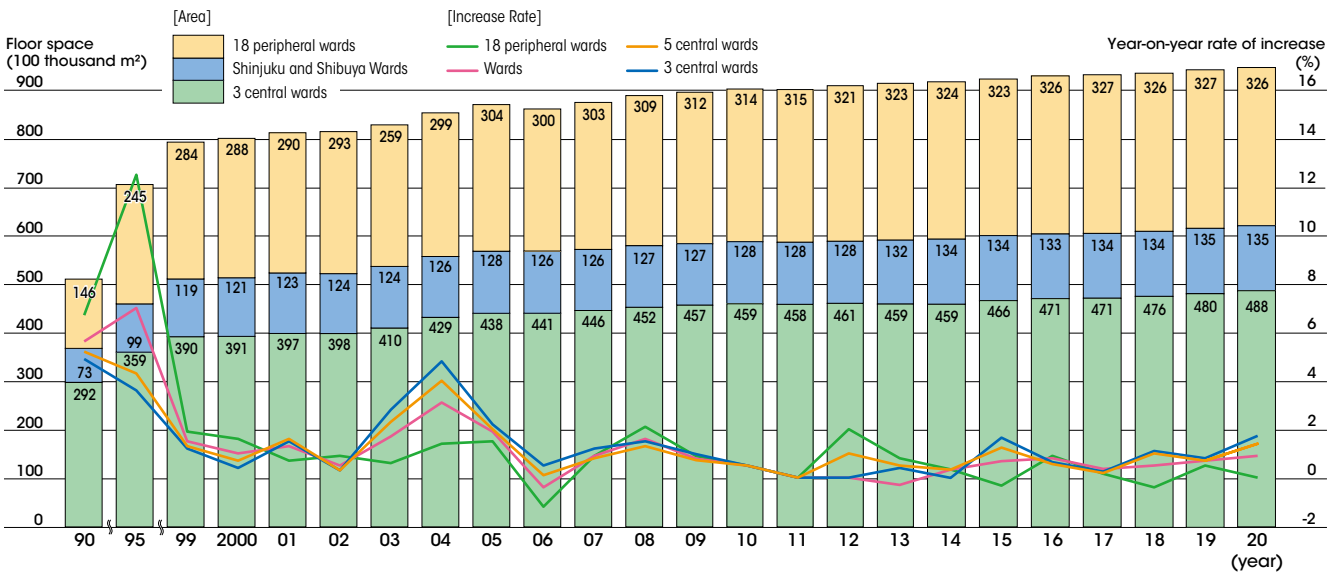
Notes: 1. Figures as of December each year.

2. (1) Stock is the total floor area of wooden house offices and banks (as well as shops starting from 1997) and non-wooden house offices, stores and department stores. However, stores are also included in wooden houses from 1997.

(2) The stock is as of January 1 of each year.

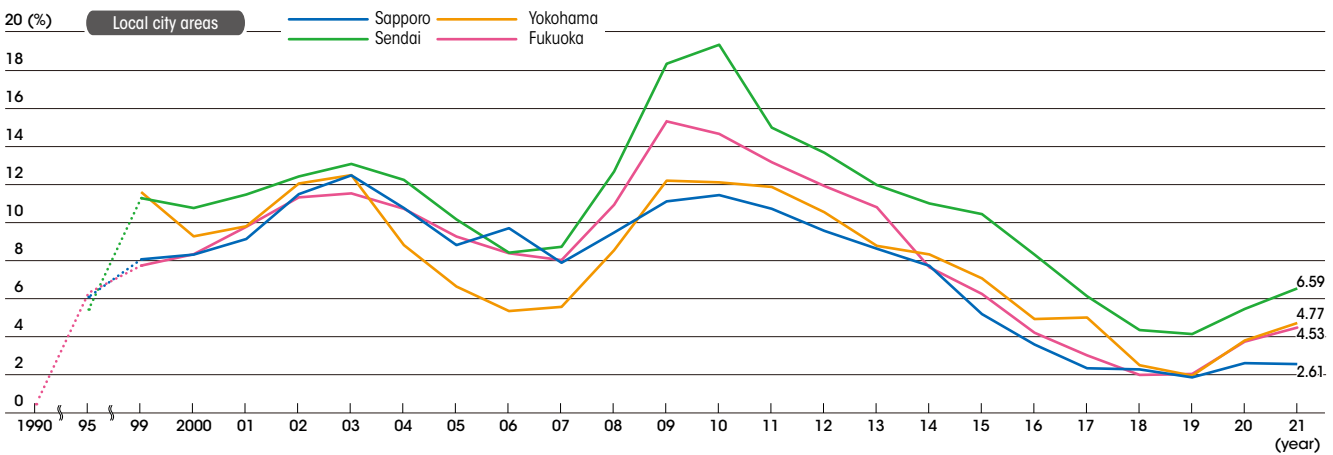
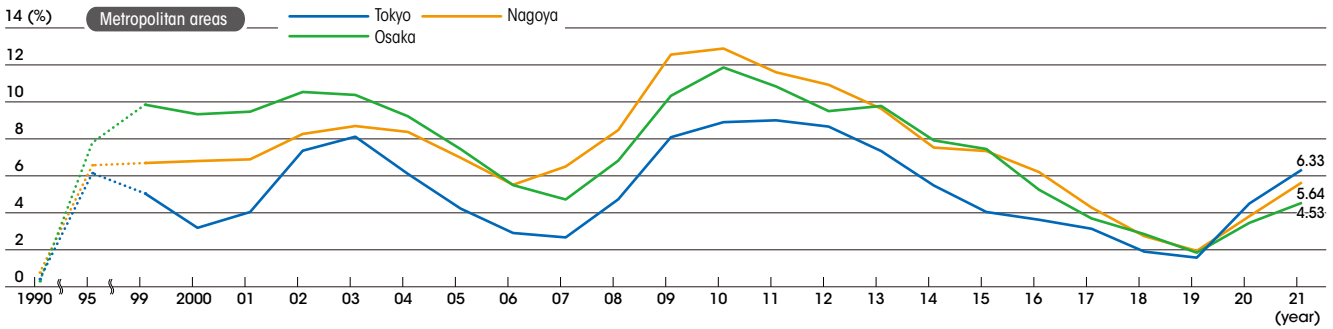
(3) Tokyo area as pertains to stock: Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture.

History of Office Floor Space in the Wards of Tokyo



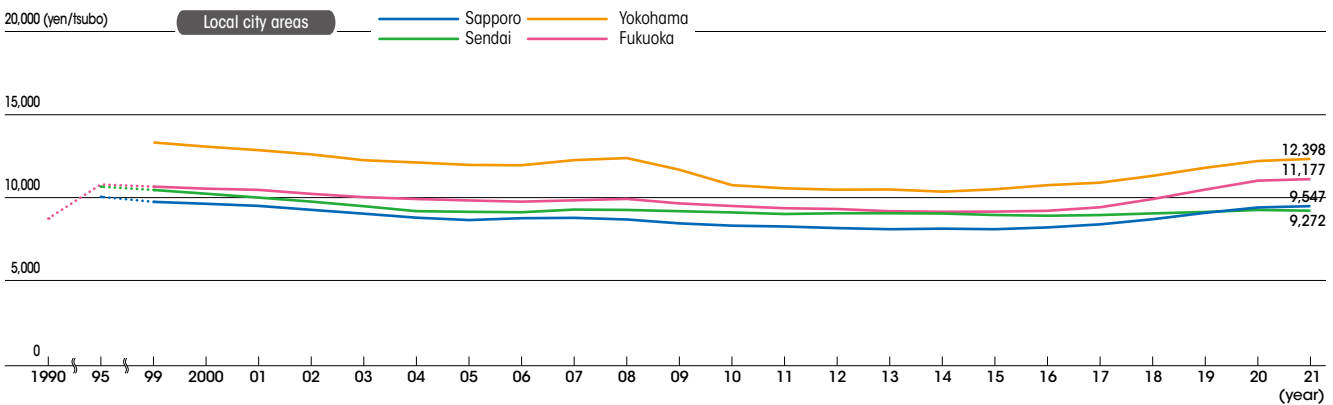
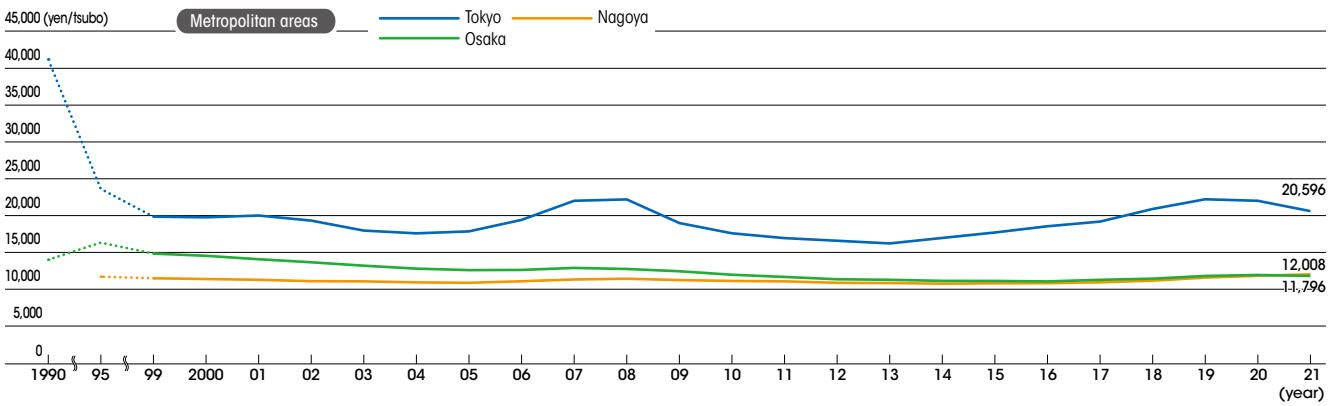
Source: Tokyo Land 2020 (Land Data).

**History of Office Building Vacancy Rates**



Source: Miki Shoji Co., Ltd., "Office Data."  
Note: Figures as of December each year.

**History of Asking Rent**



Source: Miki Shoji Co., Ltd., "Office Data."

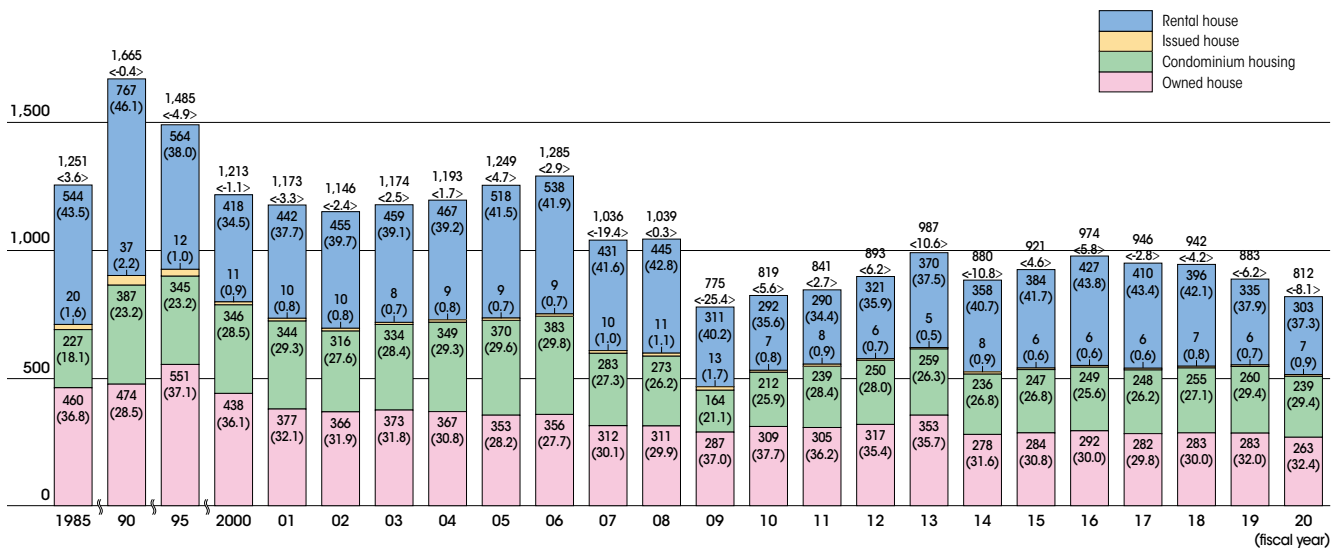
Notes: 1. The areas covered in Tokyo are Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, and Shibuya Ward.

2. The buildings covered are buildings with a standard floor space of 100+ tsubo in Tokyo and buildings with a total floor space of 1,000+ tsubo in Osaka, 500+ tsubo in Nagoya, 100+ tsubo in Sapporo, 300+ tsubo in Sendai, 500+ tsubo in Yokohama, and 1,000+ tsubo in Fukuoka.

Housing, Housing Lots and Condominium

History of Housing Starts

2,000 (thousand units)



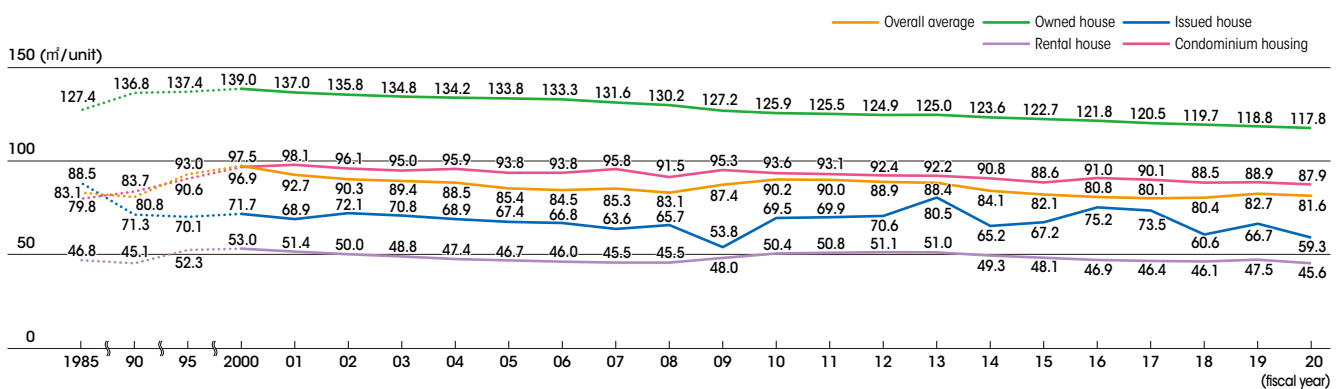
Source: Statistics on Construction-started Dwelling Houses issued by MLIT.

Notes: 1. Owner-occupied housing is housing that the owner constructs for the purpose of residing there. Leased housing is housing that the owner constructs for the purpose of leasing it. Issued housing is housing that a company, government agency, school, or the like constructs for the purpose of having its employees, staff, teachers, etc., reside there. Condominium housing is housing constructed for selling as ready-built housing or lots.

2. There may be discrepancies in the totals due to rounding.

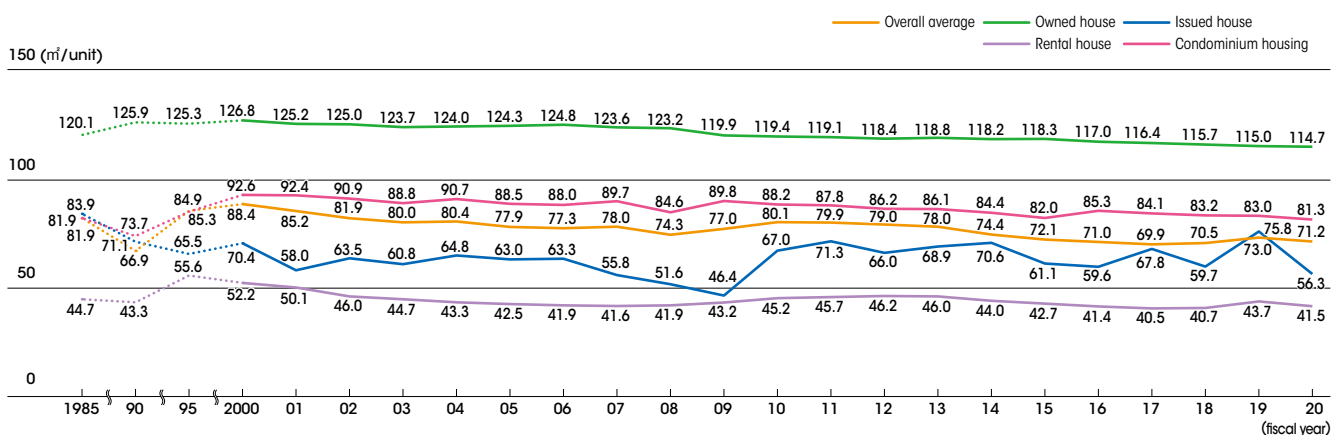
3. The figures in parentheses represent the breakdown by usage (%). The figures on the graph in parentheses are year-on-year variation (%).

History of Floor Space per Unit for New Housing Starts (by Overall Average and Use)



Source: Statistics on Construction-started Dwelling Houses issued by MLIT.

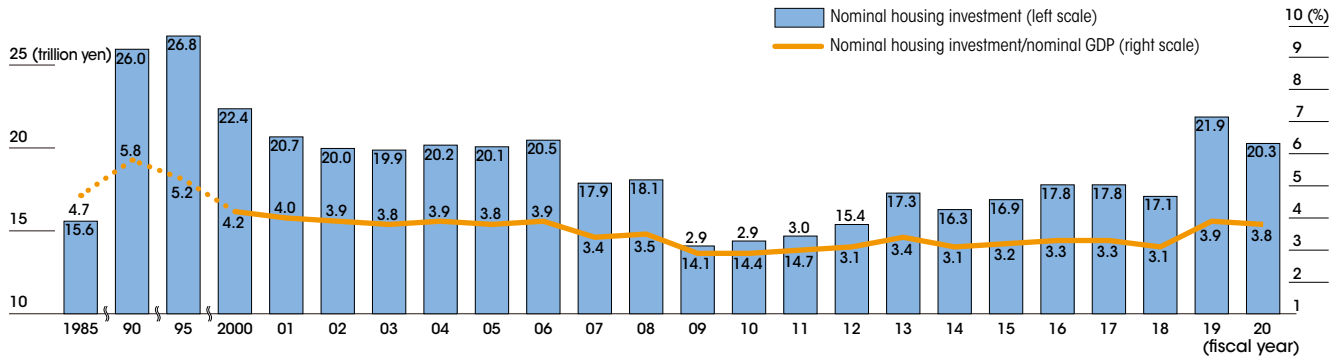
History of Floor Space per Unit for New Housing Starts (Tokyo Area: by Overall Average and Use)



Source: Statistics on Construction-started Dwelling Houses issued by MLIT.

Notes: Tokyo area = Tokyo, Kanagawa, Saitama, and Chiba prefectures

History of Housing Investment

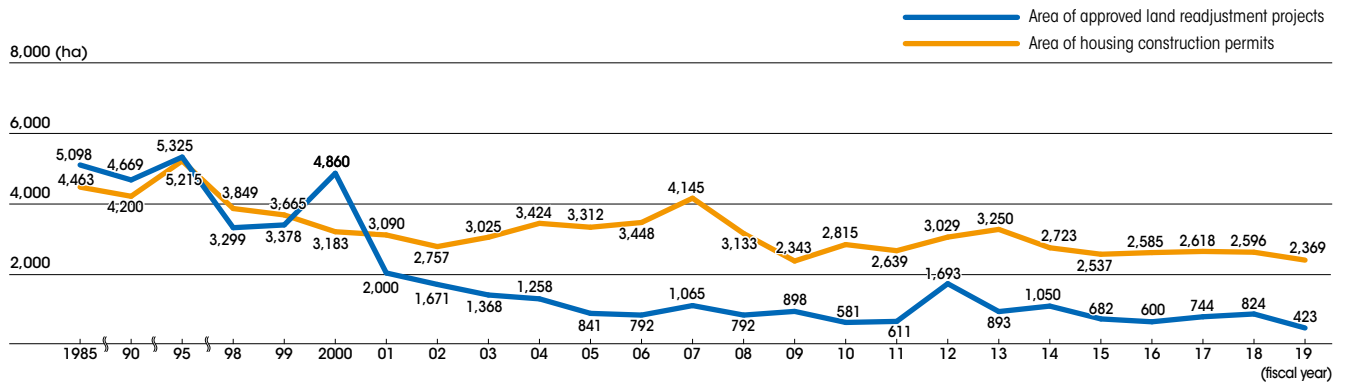


Source: Prepared from the Annual Report on National Accounts 2020.

The cabinet office's "National Economic Statistics Report (2000 version)" was used for 1985-1989 and the "National Economic Statistics Report (2015 version)" was used for 1994 and after.

Note: Revisions to the count were applied by backtracking the data from 1992 onward, thus the premise of these figures differs from that of 1989 and earlier.

History of Housing Construction Permits and Area of Approved Land Readjustment Projects

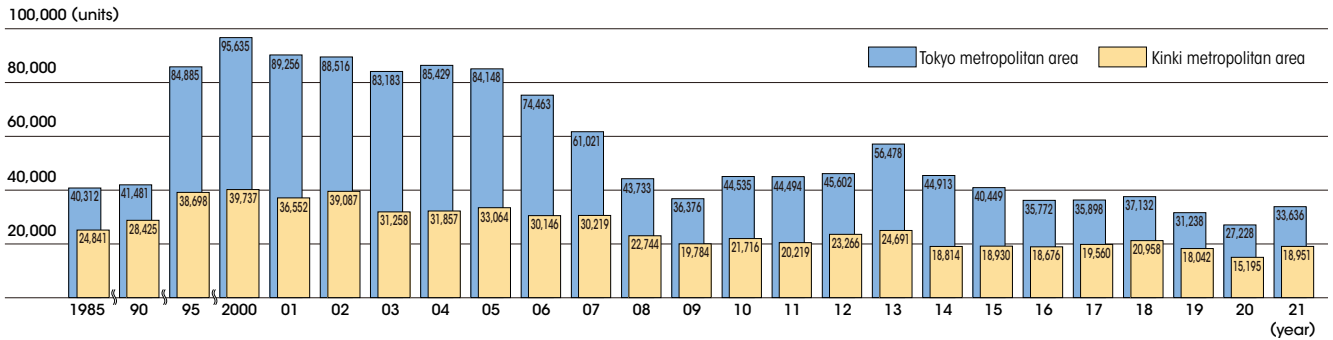


Source: Prepared from "the Land Readjustment Annual Report" (2020 version) by MLIT.

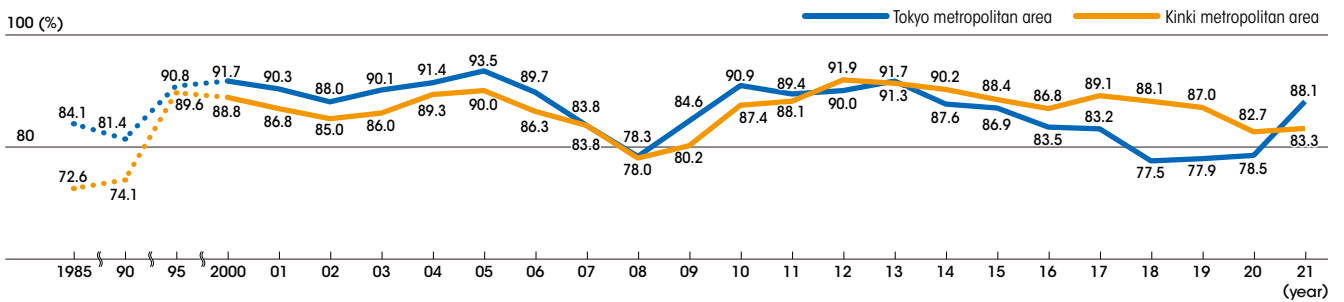
Notes: 1. The construction permit is the approval granted primarily for the objective of building a house based on the City Planning Law.

2. The area of approved land readjustment projects represents the total for individuals, joint projects, associations, public bodies, government agencies, the Urban Development Corporation (present Urban Renaissance Agency), Japan Regional Development Corporation (present Organization for Small & Medium Enterprises and Regional Innovation, JAPAN and Urban Renaissance Agency) and the Local Housing Supply Corporation.

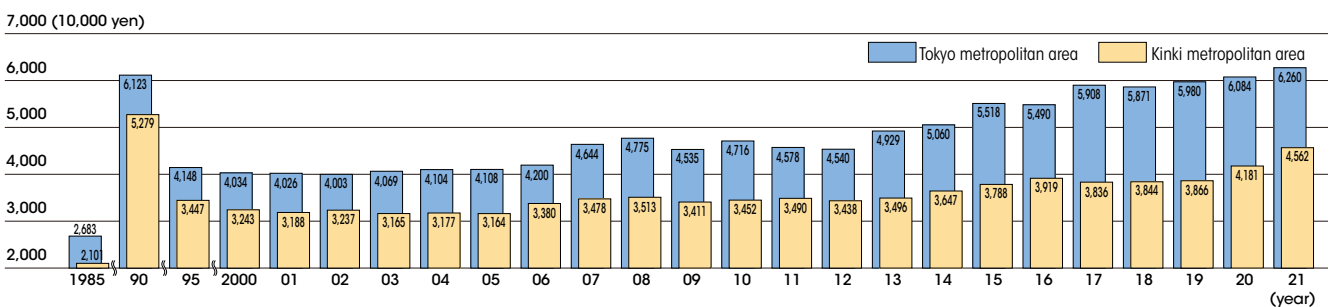
History of New Condominium Sales



History of New Condominium Annual Contracted Rates

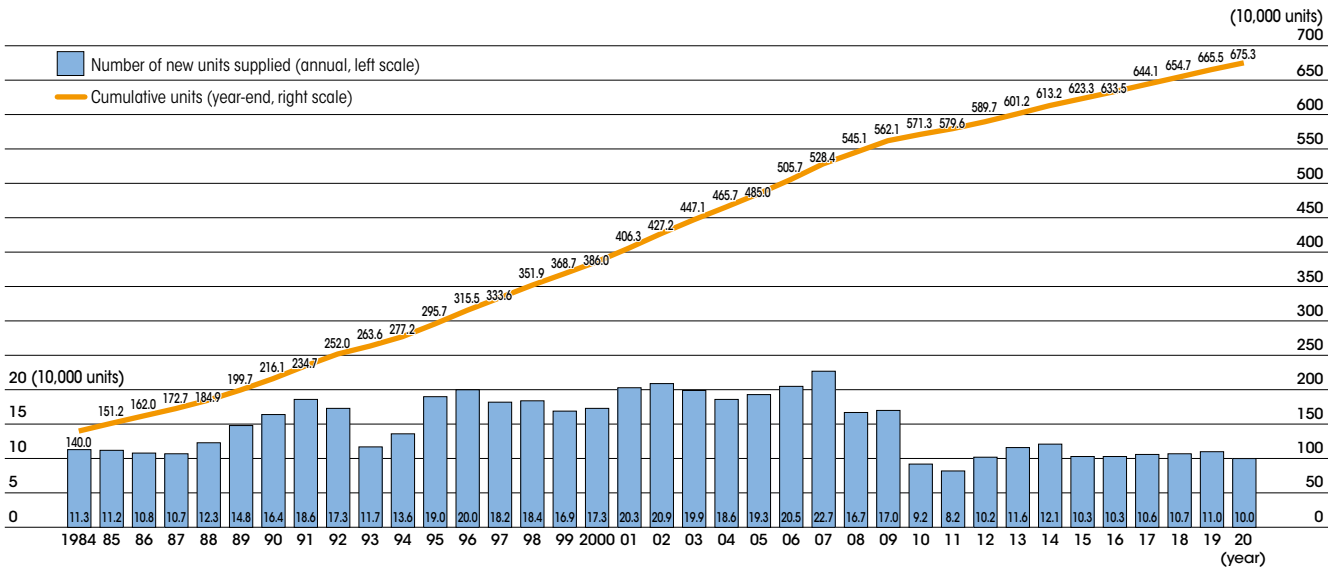


History of Average Price for New Condominium Units



Source: Prepared using Condominium Market Trends for the Tokyo Metropolitan Area and Condominium Market Trends for the Kinki Metropolitan Area issued by the Real Estate Economic Institute Co., Ltd.  
 Note: Tokyo metropolitan area: Tokyo, Kanagawa, Chiba and Saitama; Kinki metropolitan area: Osaka, Hyogo, Kyoto, Nara, Shiga and Wakayama

Number of For-sale Condominiums in Stock Nationwide



Source: Ministry of Land, Infrastructure, Transport and Tourism's condominium statistics/data (Number of For-sale Condominium Units in Stock)

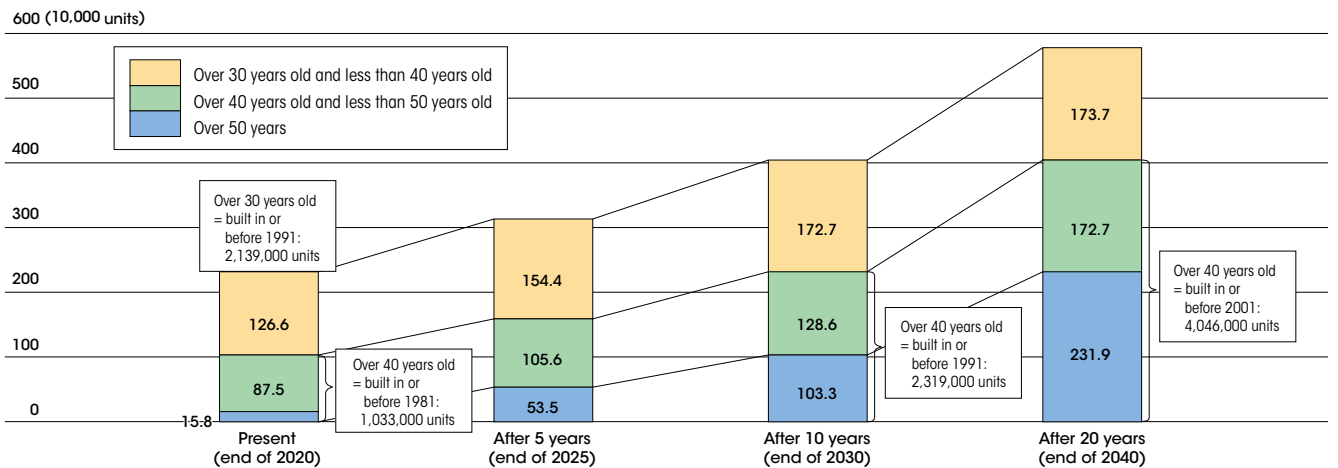
Notes: 1. Number of new units supplied is derived from construction start statistics, etc.

2. Cumulative units are estimated based on the cumulative figures for new units supplied, etc. as of the end of each year.

3. Condominiums as described here are buildings at least three stories in height, sold after subdivision, jointly built, steel-reinforced concrete, steel-framed reinforced concrete and steel structured housing.

4. Number of condominium units before 1968 is estimated based on the Ministry of Land, Infrastructure, Transport and Tourism's figures for public rental housing provided by public housing corporations.

Number of Condominiums over 30, 40 or 50 Years Old



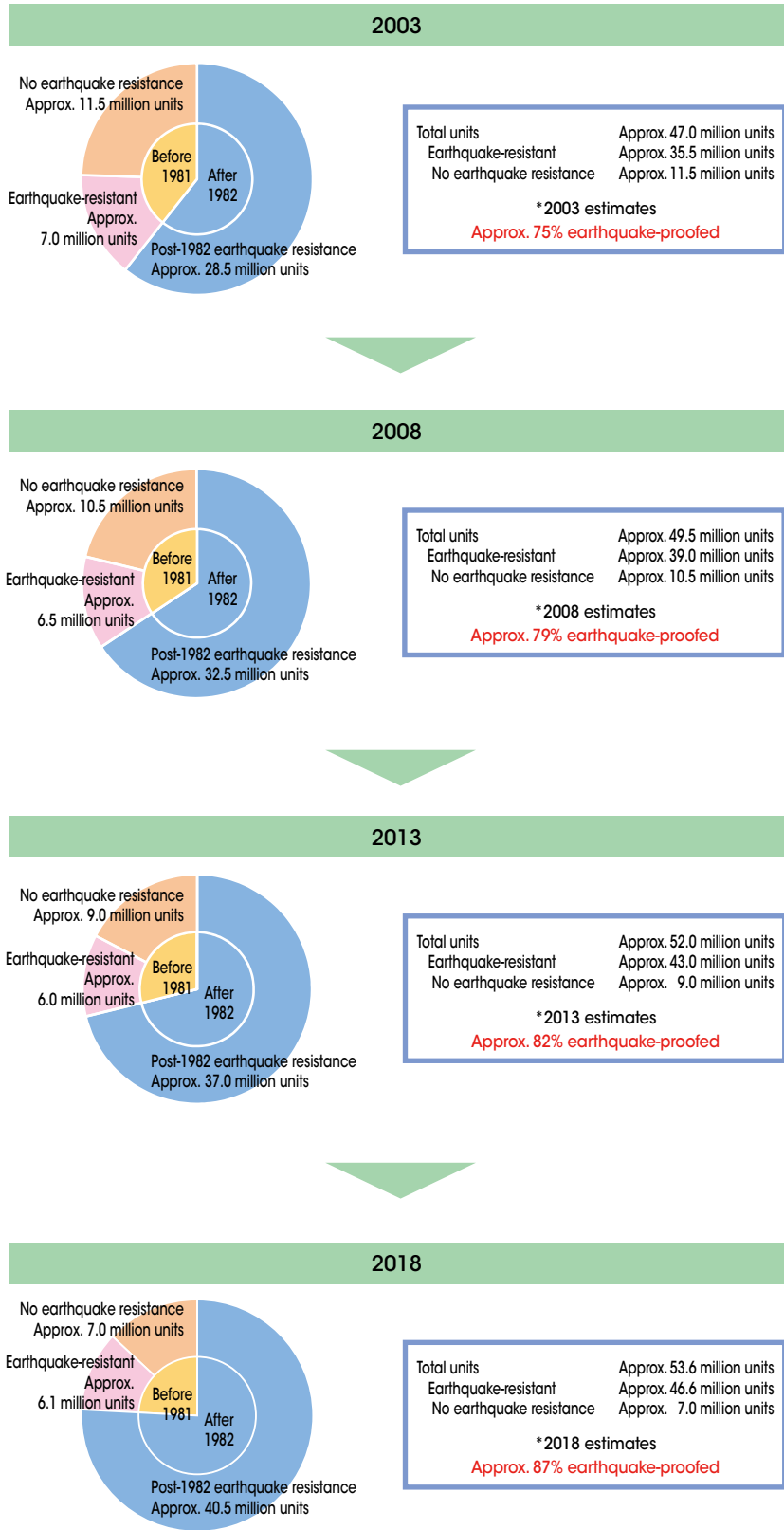
Source: Ministry of Land, Infrastructure, Transport and Tourism's condominium statistics/data (number of condominiums over 30, 40 or 50 years old)

Notes: 1. Number of condominium units over 50 years old is estimated based on the Ministry of Land, Infrastructure, Transport and Tourism's figures for public rental housing over 50 years old provided by public housing corporations.

2. Number of condominium units over 30, 40, or 50 years old after 5, 10, or 20 years is estimated based on condominium stock units as of the end of 2020, estimated based on construction start statistics, etc., and the number of removed units according to the Ministry of Land, Infrastructure, Transport and Tourism.



Progress in Earthquake-Proofing Housing



**Target**  
Largely resolve lack of earthquake resistance in residences by 2030

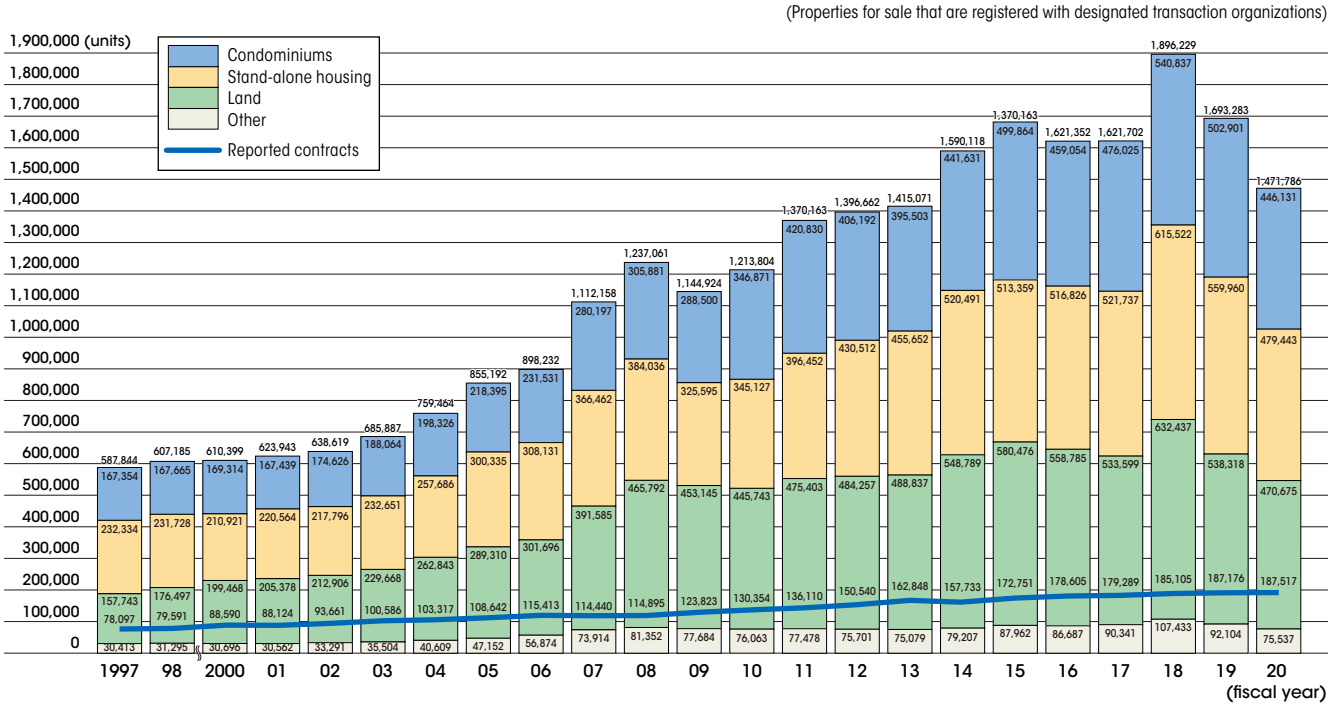
\*Target:  
Positioned in Basic Plan for Housing (approved by Cabinet meeting in March 2021)

\* The earthquake-proof ratio of 2018 is calculated with an improvement on the previous method of estimation

Source: Ministry of Land, Infrastructure, Transport and Tourism's "Progress in Earthquake-Proofing Housing"

Real Estate Transactions

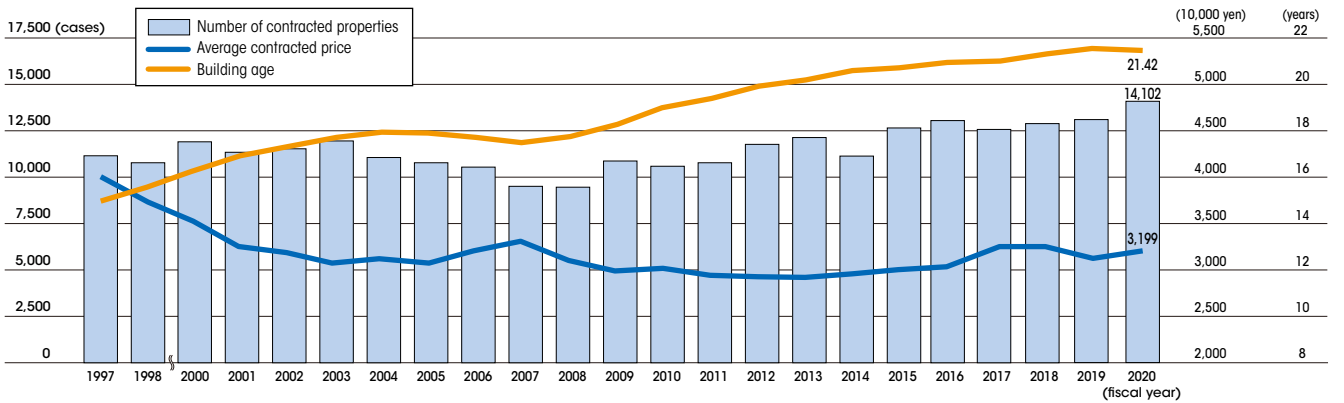
Market Trends for Real Estate Transactions



Source: Utilization Status of Designated Transaction Organizations report by the Real Estate Transaction Promotion Center (Public Interest Incorporated Foundation).

Notes: 1. This is a compilation of registration and contract information of designated transaction organizations.  
2. This includes duplicated registrations of general intermediaries.

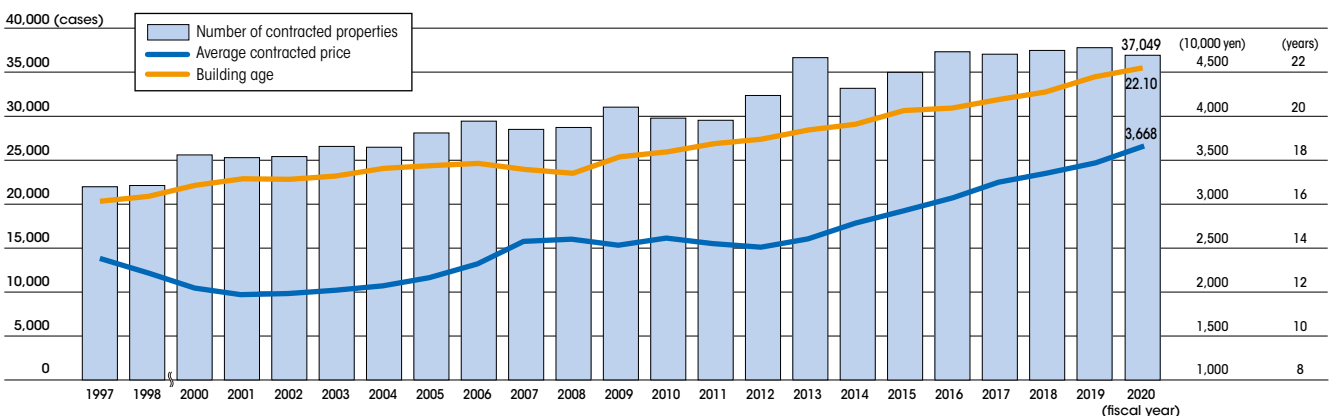
Number of Contracted Stand-Alone Houses in the Tokyo Metropolitan Area, Average Contracted Price and Building Age



Source: Based on "Trends in the Tokyo Metropolitan Area's Real Estate Transaction Market (Fiscal 2020)" by the Real Estate Information Network for East Japan (Public Interest Incorporated Foundation).

Note: The Tokyo metropolitan area is Tokyo, Kanagawa, Saitama and Chiba prefectures.

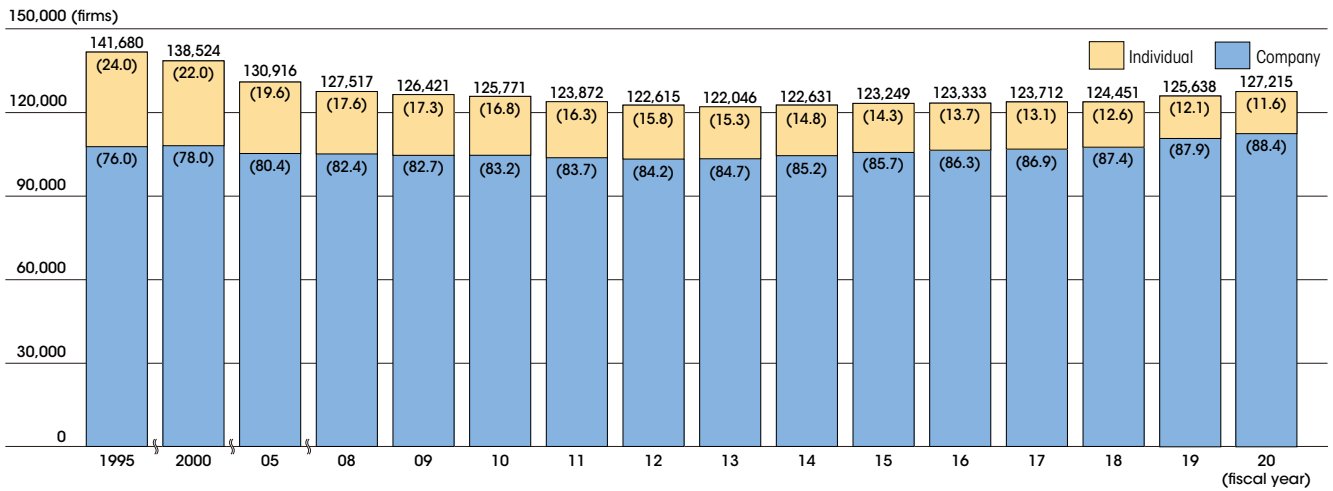
Number of Contracted Existing Condominiums in the Tokyo Metropolitan Area, Average Contracted Price and Building Age



Source: Based on "Trends in the Tokyo Metropolitan Area's Real Estate Transaction Market (Fiscal 2020)" by the Real Estate Information Network for East Japan (Public Interest Incorporated Foundation).

Note: The Tokyo metropolitan area is Tokyo, Kanagawa, Saitama and Chiba prefectures

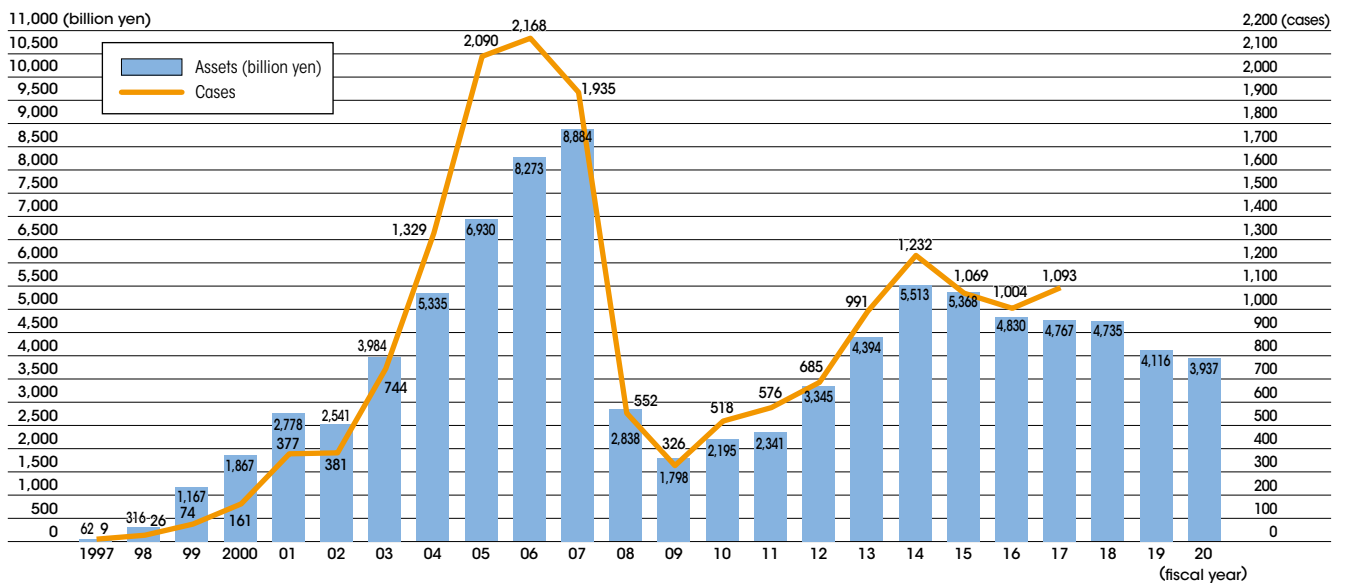
History of Building Lot and Building Transaction Firms



Source: Website of the Ministry of Land, Infrastructure, Transport and Tourism.  
 Notes: 1. Figures represent those as of the end of each fiscal year.  
 2. The figures in the parentheses indicate the breakdown (unit: %).

Real Estate Securitization

History of Real Estate Securitization



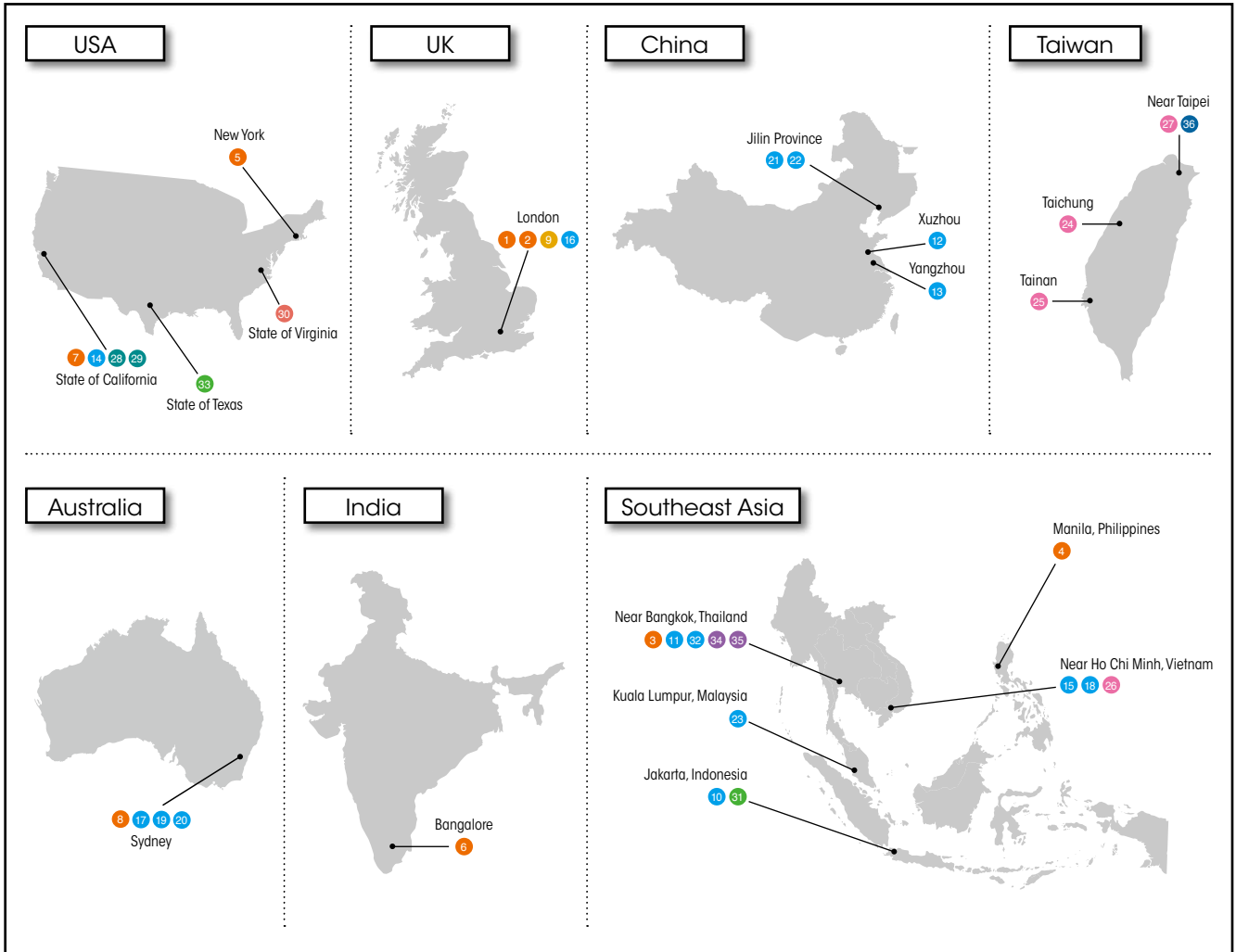
Source: Real Property Securitization in Japan issued by the Ministry of Land, Infrastructure, Transport and Tourism.  
 Note: Real estate investment corporations are recognized as single investment corporations.  
 The number of cases from fiscal 2018 onward has not been tallied.

Internationalization

Major Overseas Development Projects Scheduled for Completion in 2022 or Later

	Map no.	Country/region	City	Project Name	Developer	Operating costs (billion yen)	Date	Comments
Office development	1	UK	London	White City Place Redevelopment Project (Gateway Central Building)	Mitsui Fudosan		2022	11 floors, GFA 32,000 m <sup>2</sup>
	2	UK	London	8Bishopsgate	Mitsubishi Estate		2022	Rebuilding of two office buildings, 51 floors, GFA 85,000 m <sup>2</sup>
	3	Thailand	Bangkok	One City Centre	Mitsubishi Estate	308	2022	2 buildings for offices and commercial use, 61 floors, GFA 116,000 m <sup>2</sup>
	4	Philippines	Manila	Savaa Financial Center North Tower	Mitsubishi Estate		2022	14 floors, 3 buildings, GFA 60,000 m <sup>2</sup>
	5	USA	New York	50 Hudson Yards	Mitsui Fudosan (90% share)	4,000	2022	58 floors, GFA 264,000 m <sup>2</sup>
	6	India	Bangalore	RMZ Ecoworld 30	Mitsui Fudosan (50% share)		2023	4 buildings, 12 floors, 330,000 m <sup>2</sup> for lease
	7	USA	State of California	Brannan Square	Mitsui Fudosan		2023	3 buildings, GFA 112,000 m <sup>2</sup>
	8	Australia	Sydney	Parkline Place	Mitsubishi Estate		2024	39 floors, GFA 65,000 m <sup>2</sup>
Office renovation	9	UK	London	Warwick Court	Mitsubishi Estate		2022	8 floors, GFA 29,000 m <sup>2</sup>
Housing development	10	Indonesia	Jakarta	Loggia Project	Tokyo Tatemono		2022	20 floors, 498 units, GFA 45,000 m <sup>2</sup>
	11	Thailand	Chonburi	HarmoniQ Residence Sriracha Expansion Project	Tokyu Corporation		2022	45,000 m <sup>2</sup> increase of site area, 2 floors, units for lease increase by 141 units
	12	China	Xuzhou	Xuzhou Chengbei Project	Tokyo Tatemono		2022	18 floors, approx. 1,500 units
	13	China	Yangzhou	Yangzhou Chengxi Project	Tokyo Tatemono		2022	18 floors, approx. 1,500 units
	14	USA	State of California	8th & Figueroa	Mitsui Fudosan		2022	41 floors, 438 units for lease, GFA 80,000 m <sup>2</sup>
	15	Vietnam	Ho Chi Minh	Grand Park Project	Mitsubishi Corporation, Nomura Real Estate	1,000	2022	More than 10,000 units, GFA 793,000 m <sup>2</sup>
	16	UK	London	Morello	Mitsubishi Estate		2023	2 buildings, 25 floors, 338 units for lease, 24,000 m <sup>2</sup> for lease
	17	Australia	Sydney	MAC	Mitsui Fudosan		2023	24 floors, 269 units for sale, GFA 21,000 m <sup>2</sup>
	18	Vietnam	Binh Duong Province	MIDORI PARK The GLORY	Tokyu Corporation, NTT Urban Development		2023	24 floors, approx. 1,000 units, GFA 130,000 m <sup>2</sup>
	19	Australia	Sydney	One Sydney Harbour Residences One	Mitsubishi Estate		2024	72 floors, 315 units
	20	Australia	Sydney	One Sydney Harbour Residences Two	Mitsubishi Estate		2024	68 floors, 322 units
	21	China	Jilin Province	Weifengdongyu II	Marubeni, Mitsubishi Estate Residence		2024	1,400 residential units, 130 commercial lots
	22	China	Jilin Province	Weifengchuxiao	Marubeni, Mitsubishi Estate Residence		2024	2,100 residential units, 50 commercial lots
23	Malaysia	Kuala Lumpur	BBCC Project	Mitsui Fudosan		2024	45 floors, 269 units for lease, GFA 26,000 m <sup>2</sup>	
Commercial facility development	24	Taiwan	Taichung	Mitsui Shopping Park LaLaport TAICHUNG	Mitsui Fudosan		2022	GFA 197,000 m <sup>2</sup> , approx. 270 shops,
	25	Taiwan	Tainan	Mitsui Shopping Park LaLaport TAINAN	Mitsui Fudosan		2022	GFA 80,000 m <sup>2</sup> , approx. 220 shops, full opening scheduled for 2025
	26	Vietnam	Binh Duong Province	SORA gardens SC Phase 1	Tokyu Corporation		2023	2 floors, GFA 21,000 m <sup>2</sup>
	27	Taiwan	New Taipei City	Mitsui Outlet Park Taiwan Linkou Phase 2	Mitsui Fudosan		2024	Increase of 90 shops, increase of 80,000 m <sup>2</sup> GFA
Lab rental & Office development	28	USA	State of California	Mission Lock Phase I	Mitsui Fudosan		2023	4 buildings, leased area 105,000 m <sup>2</sup>
	29	USA	State of California	Torrey View	Mitsui Fudosan		2023	4 buildings, leased area 47,000 m <sup>2</sup>
Data center development	30	USA	State of Virginia	Loudoun County Data Center Campus Project (2 of 7 buildings)	Mitsubishi Estate		2024	GFA 140,000 m <sup>2</sup> (total)
Mixed-use development	31	Indonesia	Jakarta	Mega Kuningan Project	Tokyu Land		2023	482 units, rental housing, retail, GFA 120,000 m <sup>2</sup> , collaboration with organization funded by the Japanese government
	32	Thailand	Bangkok	Wanpaya Thai Project	Tokyu Land		2023	412 hotel rooms, office and commercial, GFA 26,000 m <sup>2</sup>
	33	USA	State of Texas	Maple Terrace	Mitsui Fudosan		2023	345 units for lease, office, shops, GFA 101,000 m <sup>2</sup>
Logistics facility development	34	Thailand	Ayutthaya	Wang Nai	Mitsui Fudosan		2022	GFA 90,000 m <sup>2</sup>
	35	Thailand	Chachoengsao Province	Bang Pakong	Mitsui Fudosan		2023	GFA 160,000 m <sup>2</sup>
Hotel operation	36	Taiwan	Taipei	Zhongshan Zhongxiao Hotel	Mitsui Fudosan		2022	18 floors, 350 rooms, GFA 29,000 m <sup>2</sup>

\* Excerpted from materials of various companies. Project names, overviews, etc. are as of the announcement. If the developer is a local subsidiary, the parent company's name is indicated. Only Japanese companies are indicated.



Others

Valuation of Real Estate in Gross National Assets

(unit: trillion yen)

Category	Year	1985	1995	2000	2001	2003	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross national assets		4,377	8,738	9,209	9,022	8,963	9,383	9,422	9,288	8,914	8,810	8,839	8,809	9,016	9,572	10,014	10,292	10,589	11,038	11,034	11,361	11,891
Valuation of real estate		1,360	2,505	2,223	2,120	1,959	1,887	1,915	1,955	1,944	1,860	1,821	1,782	1,752	1,754	1,773	1,782	1,812	1,841	1,872	1,912	1,908
		(31)	(29)	(24)	(23)	(22)	(20)	(20)	(21)	(22)	(21)	(21)	(20)	(19)	(18)	(18)	(17)	(17)	(17)	(17)	(17)	(16)
Housing		152	380	403	399	399	407	416	422	426	408	404	398	392	404	413	412	412	419	421	431	426
Non-housing buildings		148	245	240	234	229	228	230	231	231	220	218	215	212	216	218	220	221	226	232	237	236
Land		1,060	1,880	1,580	1,487	1,331	1,252	1,269	1,302	1,287	1,232	1,199	1,169	1,148	1,134	1,142	1,150	1,179	1,196	1,219	1,244	1,246
Financial assets		2,593	5,205	5,847	5,760	5,851	6,295	6,278	6,070	5,686	5,706	5,773	5,783	6,018	6,545	6,936	7,195	7,456	7,848	7,788	8,041	8,582

Source: The Cabinet Office's "National Economic Statistics Report (Benchmark Year: 2000)" was used for 1985 – 1993 and the "National Economic Statistics Report (Benchmark Year: 2015)" was used for 1994 and after.

- Notes: 1. Revisions to the counts were done by tracing back the data from 1992 onward and so the premise of these figures differs from that of 1989 and earlier.  
2. The figures in parentheses show the percent of gross national product.

Production by Industry and Gross Domestic Product

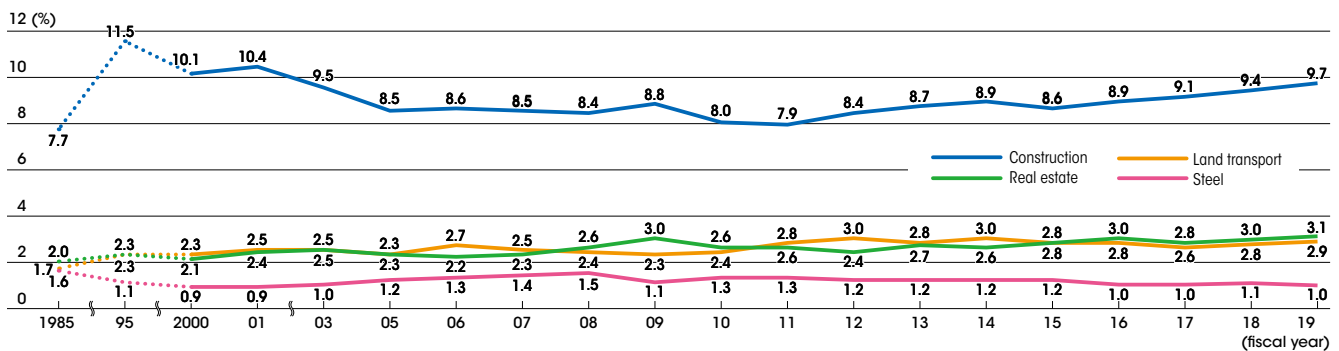
(unit: billion yen)

Year	1985	1995	2000	2001	2003	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real estate	30,728	53,597	57,855	57,354	57,070	58,782	60,436	60,998	61,943	62,122	62,370	62,408	62,469	63,179	63,923	64,568	64,908	65,393	65,231	65,653	65,908
Construction	25,008	39,602	35,695	34,014	30,748	28,777	28,707	27,078	25,923	24,923	23,464	23,611	23,447	25,350	26,416	27,894	29,281	30,122	29,845	30,457	31,861
Manufacturing	91,304	122,431	120,213	112,283	109,599	114,082	114,522	117,970	112,289	94,274	104,979	97,179	98,426	98,326	101,653	110,094	110,440	113,025	114,706	112,026	106,273
Accommodation and food services	—	15,862	16,660	16,315	15,654	14,390	14,457	14,600	13,856	13,445	12,914	12,517	11,950	12,523	12,834	12,722	13,898	14,245	14,305	13,765	9,500
Finance/Insurance	17,592	26,480	26,787	29,176	32,423	32,358	31,414	31,394	26,159	24,812	24,499	23,324	22,463	23,223	22,782	23,002	22,262	22,332	22,734	22,540	23,144
Total for all industries	335,834	517,306	535,696	528,543	524,457	534,950	536,229	540,420	528,343	495,454	505,472	494,826	497,635	505,334	514,630	534,876	542,415	550,565	553,271	553,308	535,607
(Reference) GDP	325,402	521,613	535,417	531,653	523,968	532,515	535,170	539,281	527,823	494,938	505,530	497,448	500,474	508,700	518,811	538,032	544,364	553,073	556,293	558,491	538,155

Source: The Cabinet Office's "National Economic Statistics Report (Benchmark Year: 2000)" was used for 1985 – 1993 and the "National Economic Statistics Report (Benchmark Year: 2015)" was used for 1994 and after.

- Notes: 1. The price indicated by producers is used for the production amounts of each industry. Therefore, they include indirect taxes, imputed interest, etc. and so the totals do not match the gross national product.  
2. The total value also includes government service producers outside of each industry and non-profit private service producers for households.  
3. The production amount for the real estate industry also includes imputed rents (imputed rents are the recording of amounts equivalent to rent as the production amount of an individual proprietorship to the gross production amount based on the judgment that the homeowner is involved in the home leasing business).  
4. Revisions to the counts were done by tracing back the data from 1993 onward so the premise of these figures differs from that of 1985 and earlier.

History of Sales Share by Industry



Fiscal Year	1985	1995	2000	2001	2003	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All industries	105,907	148,470	143,503	133,821	133,467	150,812	156,643	158,017	150,821	136,802	138,574	138,105	137,541	140,916	144,784	143,153	145,576	154,414	153,521	148,189
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Real estate	2,153	3,402	2,991	3,186	3,363	3,450	3,386	3,709	3,867	4,098	3,663	3,571	3,268	3,770	3,698	3,938	4,298	4,343	4,653	4,538
	(2.0)	(2.3)	(2.1)	(2.4)	(2.5)	(2.3)	(2.2)	(2.3)	(2.6)	(3.0)	(2.6)	(2.6)	(2.4)	(2.7)	(2.6)	(2.8)	(3.0)	(2.8)	(3.0)	(3.1)
Construction	8,205	17,003	14,455	13,935	12,746	12,886	13,499	13,502	12,628	12,070	11,130	10,945	11,499	12,250	12,851	12,271	12,897	14,112	14,495	14,332
	(7.7)	(11.5)	(10.1)	(10.4)	(9.5)	(8.5)	(8.6)	(8.5)	(8.4)	(8.8)	(8.0)	(7.9)	(8.4)	(8.7)	(8.9)	(8.6)	(8.9)	(9.1)	(9.4)	(9.7)
Steel	1,689	1,575	1,246	1,222	1,294	1,841	1,986	2,191	2,252	1,572	1,821	1,806	1,627	1,705	1,773	1,652	1,507	1,668	1,720	1,553
	(1.6)	(1.1)	(0.9)	(0.9)	(1.0)	(1.2)	(1.3)	(1.4)	(1.5)	(1.1)	(1.3)	(1.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.0)	(1.0)	(1.1)	(1.0)
Land transport	1,804	3,352	3,303	3,334	3,399	3,514	4,222	3,980	3,603	3,212	3,302	3,857	4,116	3,929	4,299	4,067	4,024	3,960	4,366	4,366
	(1.7)	(2.3)	(2.3)	(2.5)	(2.5)	(2.3)	(2.7)	(2.5)	(2.4)	(2.3)	(2.4)	(2.8)	(3.0)	(2.8)	(3.0)	(2.8)	(2.8)	(2.6)	(2.8)	(2.9)

Source: Prepared using the Monthly Finance Review: Annual Special on For-Profit Corporation Statistics issued by the Ministry of Finance.

Note: The figures in parentheses represent the share (%) versus the sales of all industries.

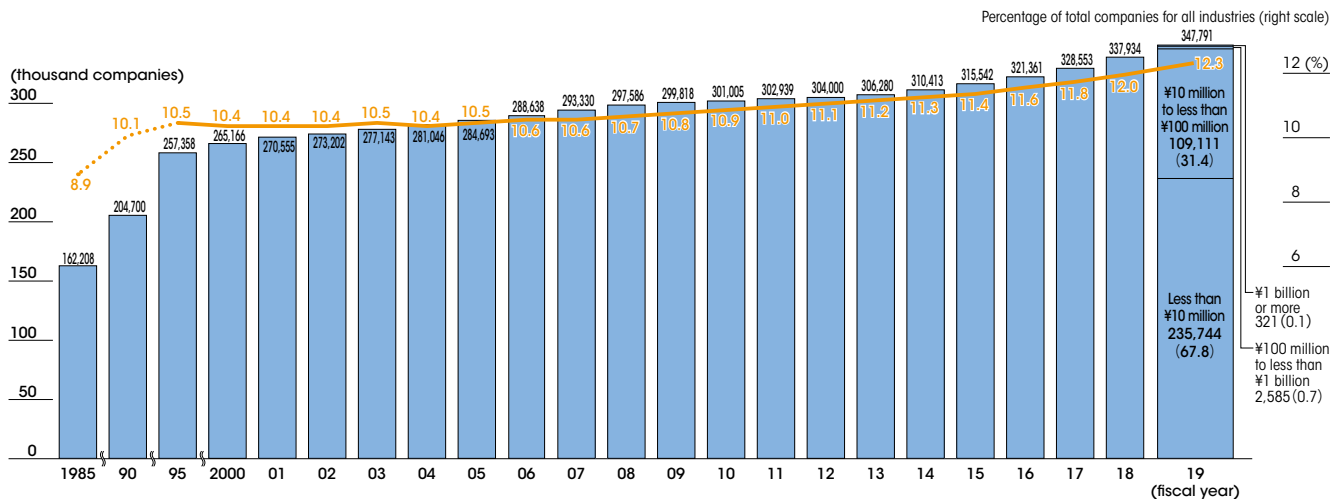
History of Administrative Indices by Industry Type

Fiscal Year		1985	1990	1995	2000	2001	2003	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ratio of operating profit to total capital (%)	All industries	4.3	4.6	2.7	2.9	2.4	3.0	3.6	3.6	3.7	2.1	1.9	2.7	2.7	2.8	3.2	3.5	3.5	3.6	3.8	3.8	3.0
	Real estate	3.9	4.2	1.6	2.1	2.5	2.0	2.7	3.0	3.4	2.3	2.3	2.7	2.4	2.6	2.3	3.0	3.0	3.1	3.1	2.8	2.3
	Construction	3.1	5.3	2.7	1.8	1.6	1.8	2.0	2.2	2.0	1.3	1.4	1.7	1.7	2.5	3.2	4.3	4.8	5.7	5.3	5.2	5.3
Operating profit/ Total capital	Steel	3.5	7.3	2.7	3.0	1.0	4.5	10.7	9.6	8.7	5.9	-0.5	2.3	1.1	-0.1	2.7	3.6	1.9	1.3	2.6	2.1	0.3
	Land transport	4.4	4.7	3.1	2.8	2.2	2.9	3.3	3.4	3.3	2.5	2.4	2.7	2.8	3.2	3.1	3.2	4.1	3.9	3.8	4.0	3.4
Ratio of ordinary profit to total capital (%)	All industries	3.1	3.5	2.0	2.8	2.3	2.9	3.9	4.0	4.0	2.5	2.5	3.0	3.1	3.4	4.0	4.2	4.3	4.6	4.7	4.7	3.9
	Real estate	1.4	1.1	-0.1	1.3	1.6	1.4	2.0	2.8	2.8	2.0	1.9	2.0	1.9	2.5	2.3	3.0	2.8	3.3	3.3	2.8	2.5
	Construction	2.3	4.6	2.5	1.9	1.6	2.0	2.1	2.4	2.2	1.7	1.7	2.0	1.9	3.1	3.7	4.8	5.2	6.2	5.9	5.9	6.0
Ordinary profit/ Total capital	Steel	1.1	5.6	1.1	2.0	0.2	3.7	10.2	9.7	8.6	5.7	-0.4	2.4	1.5	0.7	3.5	4.5	2.7	2.0	3.6	3.2	1.3
	Land transport	2.4	3.5	1.4	1.6	1.1	2.1	2.7	2.9	2.9	2.0	1.9	2.3	2.5	3.0	3.2	3.3	4.1	4.1	3.9	4.1	3.6
Ratio of operating profit to sales (%)	All industries	2.8	3.5	2.4	2.6	2.2	2.8	3.2	3.1	3.1	1.9	2.0	2.8	2.8	2.9	3.5	3.7	3.9	4.0	4.4	4.4	3.7
	Real estate	9.4	11.5	7.5	8.6	9.7	7.5	9.1	11.0	11.0	8.8	9.3	12.1	11.7	9.9	11.0	12.6	11.6	11.5	13.2	11.1	9.4
	Construction	2.1	3.9	2.2	1.6	1.4	1.4	1.5	1.7	1.6	1.0	1.1	1.4	1.4	2.0	2.4	3.2	3.9	4.6	4.2	4.4	4.3
Operating profit/ Sales	Steel	3.9	8.1	3.6	4.3	1.4	5.9	11.1	9.9	8.6	5.7	-0.7	2.8	1.3	-0.1	3.2	4.1	2.3	1.7	3.2	2.5	0.3
	Land transport	3.8	5.1	4.5	4.2	3.3	4.4	5.4	5.5	4.5	3.7	4.0	4.4	4.1	4.4	4.9	4.8	6.1	6.1	6.5	6.3	5.3
Ratio of ordinary profit to sales (%)	All industries	2.0	2.7	1.8	2.5	2.1	2.7	3.4	3.5	3.4	2.4	2.3	3.2	3.3	3.5	4.2	4.5	4.8	5.2	5.4	5.5	4.8
	Real estate	3.3	3.1	-0.3	5.3	6.1	5.2	6.8	10.2	9.2	7.6	7.5	9.1	9.3	9.5	10.9	12.6	10.9	12.4	14.0	11.1	10.2
	Construction	1.6	3.4	2.1	1.6	1.4	1.6	1.7	1.8	1.7	1.3	1.3	1.6	1.6	2.4	2.8	3.7	4.2	5.0	4.7	5.0	4.8
Ordinary profit/ Sales	Steel	1.3	6.1	1.5	2.9	0.2	4.9	10.6	10.0	8.6	5.5	-0.6	2.9	1.7	0.8	4.1	5.1	3.2	2.7	4.4	3.8	1.6
	Land transport	2.1	3.8	2.0	2.4	1.7	3.3	4.4	4.6	3.9	3.0	3.1	3.8	3.7	4.1	5.0	5.0	6.1	6.3	6.6	6.6	5.6
Turnover of total capital (%)	All industries	150.5	125.0	110.4	109.6	107.6	108.4	112.2	112.7	116.7	107.5	95.2	95.8	93.9	95.6	92.3	92.3	89.9	88.3	87.7	85.3	82.0
	Real estate	39.4	34.3	22.0	24.3	26.2	27.1	29.0	27.1	29.9	26.1	24.5	22.0	20.9	25.6	20.6	23.4	25.9	26.6	23.5	25.0	24.4
	Construction	140.4	125.1	121.3	117.8	121.7	128.5	126.1	126.3	129.5	129.2	130.4	123.3	121.0	126.3	128.5	128.7	123.7	124.8	125.0	119.3	124.5
Sales/ Total capital	Steel	89.0	87.0	74.1	69.8	68.2	76.3	92.9	93.0	99.9	105.2	71.9	82.0	84.8	79.2	84.9	87.3	83.9	76.8	81.9	83.4	80.1
	Land transport	113.1	88.4	67.7	65.0	66.0	65.2	60.8	62.9	73.4	67.5	60.5	61.7	67.9	71.4	64.1	65.7	67.8	65.0	59.1	63.1	64.5
Ratio of net worth to total capital (%)	All industries	17.7	19.1	18.9	25.7	25.2	28.3	30.1	32.8	33.5	33.9	34.5	35.6	34.9	37.4	37.6	38.9	40.0	40.6	41.7	42.0	42.0
	Real estate	8.0	8.1	3.5	14.6	7.2	11.0	17.5	32.1	27.0	24.6	13.0	25.4	27.4	28.5	31.2	35.7	33.1	37.6	36.8	33.4	35.2
	Construction	15.4	15.6	18.4	21.2	22.0	27.1	26.4	29.4	29.3	29.0	30.6	30.0	29.6	32.9	31.4	34.5	36.6	38.3	38.4	41.6	39.8
Net worth/ Total capital	Steel	16.1	26.1	26.1	29.9	27.9	32.5	38.7	38.8	38.1	37.5	37.5	37.0	35.3	35.7	38.3	40.8	41.8	41.6	42.3	44.3	41.8
	Land transport	14.9	23.9	18.9	20.7	19.8	22.5	27.1	24.3	25.0	26.2	26.4	27.1	26.9	30.2	32.6	32.6	33.5	32.9	32.2	35.6	37.7

Source: Prepared using the Monthly Finance Review: Annual Special on For-Profit Corporation Statistics issued by the Ministry of Finance.

- Notes: 1. Total capital is the total of liabilities indicated on the credit side of the balance sheet (notes payable, accounts payable, accrued payments, corporate bonds, borrowings, allowances, reserves, etc.) and capital (paid-in capital, capital surplus and profit surplus) until 2006. From 2007, it is liabilities indicated on the credit side of the balance sheet and net assets (total of paid-in capital, capital surplus, profit surplus, etc.).
2. Net worth is the total amount for the capital section on the credit side of the balance sheet.
3. Operating profit is sales - (sales cost + sales expenses and general administrative expenses)
4. Ordinary profit is operating profit + (non-operating revenues - non-operating expenses)
- \*Non-operating revenues are interest received, discounts, investment security interest, received dividends, capital gains from investment securities, etc.
- \*Non-operating expenses are interest paid, discounts, corporate bond interest, amortization of bond issue discount, capital losses from investment securities, etc.

History of Number of Real Estate Companies



Source: Monthly Finance Review: Annual Special on For-Profit Corporation Statistics issued by the Ministry of Finance.

- Notes: 1. Corporations are unlimited partnerships (gamei kaisha), limited partnerships (goshi kaisha), joint stock corporations (kabushiki kaisha) and limited corporations (yugen kaisha) with head offices in Japan.
2. The figure for fiscal 2019 is the breakdown by paid-in capital amount. The figures in parentheses show the percentage of the total (unit: %).



Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
1995	The Great Hanshin-Awaji (Kobe) Earthquake; Sarin gas attack by the Aum cult; Sharp appreciation of the yen to below 100 yen per dollar.	Act on Special Measures concerning Reconstruction of Urban Districts Damaged by Disaster (special exceptions for land readjustment business in disaster areas, etc.); Revised City Planning Law (creation of a district planning system for town promotion); Revised Urban Redevelopment Law (improvement of implementation requirements for city redevelopment projects, etc.); Revised Building Standards Law (rationalization of FAR restrictions in accordance with the width of road in front, rationalization of road setback rules); City Park Law Enforcement.	Execution of emergency safety checks at affected buildings; Revision to the Large City Law (creation of projects to supply joint housing to city centers, deregulation of enforcement requirements for projects to improve housing districts); Law on Rebuilding, etc. Sectional Ownership Buildings in Disaster Areas (possible to ratify rebuilding with 80% or more of voting rights approving such in the event a property completely collapses in a major disaster); Establishment of Design Guidelines for Housing in an Aging Society (installing hand rails, eliminating different levels, etc.).	<Revisions to counter the drop in land prices> Special extraordinary taxation standard for real property tax, etc.; Reduction of personal long-term transfer tax (39% to 32.5% for ¥40 million or less); Partial reduction of land value tax (Reduction in half of parking lots that must be attached, etc.).	Revision to the Building Lots and Buildings Transaction Business Act [a. Requirement of registration with information network organization certified property information of an exclusive broker contract; b. Clarification of legal standing of information network organizations and supervision by minister; c. Extension of valid license period (3 years to 5 years), abolishment of certain reporting items; and d. Abolishment of testing qualifications for the testing of brokers, partial test exemption of individuals who have passed certain courses].
1996	Act on Special Measures Concerning Promotion of Disposal of Claims and Debts of Specific Jusen Companies; General elections based on the single-seat constituency system.	Revision to the Law for the Improvement of the Areas along Trunk Roads (enhancing the roadside improvement planning system, transferring roadside improvement rights, etc.); added roadside district planning and district planning districts to the requirements for implementation districts and such of city area redevelopment projects).	7th Housing Construction 5-Year Plan (7.3 million houses, half of all houses, meet guidance living standards; Goal of average housing floor area of 100m <sup>2</sup> ); Focused Emergency Plan for Reducing Housing Construction Costs (dramatic review of the Building Standards Law, smoothing the importing of housing, overseas materials and overseas components, etc.); Revision to the GHLC Law (strengthening policy guidance function by applying different interest rates according to housing structures when loaning to certain new houses).	Reduction of land value tax rate (0.3% to 0.15%); Enlargement of measure to adjust burden of real property tax; Reduction of personal long-term transfer tax (32.5% to 26% for ¥40 million or less; 39% to 32.5% for more than ¥40 million to ¥80 million or less); Reduction in focused corporate tax rate (very short period 30% to 15%, short period 20% to 10% and general 10% to 5%); Enlargement of special measure for taxation standard on land acquisition (registration license tax 50/100 to 40/100 and real estate acquisition tax 2/3 to 1/2).	Hold general meeting of International Real Estate Federation in Tokyo; Chairman Tsuboi of the Real Estate Companies Association of Japan suddenly passes away and Mitsui Fudosan President Junichiro Tanaka assumes the chairmanship.
1997	Consumption tax rate raised; Failure of the Hokkaido Takushoku Bank and Yamaichi Securities; Opening of the Trans-Tokyo Bay Highway.	Act on Promotion of Improvement of Disaster Control Districts in Populated Urban Districts (creation of a system for planning the improvement area of disaster preparedness districts and improvement associations for disaster preparedness zones); Revision to the City Planning Law and Building Standards Law (creation of zones for attracting high-rise housing and rationalization of FAR rules for condominiums and other joint housing); Creation of a type of sophisticated use zone for upgrading functions; Creation of a general design system by lot size; Creation of mini lot readjustments.	New General Land Policy Promotion Outline (proclaimed that the new objective of land policy would shift from suppressing land prices to efficient land use; Aim to invigorate land transactions); Revision to the GHLC Law (extended the preferential interest rate terms and repayment period for loans when buying certain existing housing); Bring transparency, simplicity and speed to procedure for approving use conversion for agricultural land.	Reduction and deferment of burden from the perspective of balancing the burden standard of real property tax, etc.; <Revisions to reduce the burden when acquiring housing in line with the increase in consumption tax rate to 5%> Enlargement of housing acquisition promotion tax system and phased reduction in residing years (maximum of ¥1.8 million in 1997, ¥1.7 million in 1998, ¥1.6 million in 1999 and ¥1.5 million in 2000 and 2001); Halving of reduced tax rate for registration license tax related to housing buildings; Raising of special deduction of real estate acquisition tax for new housing (¥10 million to ¥12 million); Reduction of stamp tax.	Establish 4 information network organizations (welfare corporations) nationwide; Revision to the Real Estate Syndication Act (when individuals with specialized knowledge or experience in investment are participating in the project, the application of regulations to protect general investors is exempted); Ministry of Construction issues its Real Estate Renovation Vision (future direction of the real estate industry and countering present issues including the promotion of IT and modernizing a transparent and fair investment market to meet the changes in the socio-economic structure); Building Lots and Buildings Transaction Business Act (extended the valid period of broker licenses from 3 to 5 years); The Real Estate Companies Association of Japan issues its 21st Century Vision and Corporate Code of Conduct; Sumitomo Realty & Development Chairman Shinichiro Takagi appointed chairman of the Japan Condominium Association.

Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
1998	Nagano Olympics; Financial Reconstruction Law, etc., Act on Emergency Measures for Early Strengthening of Financial Functions; Nationalization of the Long-Term Credit Bank of Japan and the Nippon Credit Bank.	Revision to the City Planning Law (expansion of the area for which district plans can be established within urbanization adjustment districts, diversification of special use districts, etc.); Revision to the Building Standards Law (a. Establishing rules for the performance of building standards, b. Rationalization of rules concerning sunlight, etc., c. Opening of structure confirmation and inspection business to private sector, etc.); Revision to the City Redevelopment Law and Law on the Loaning of Urban Development Funds expansion of cities subject to the establishment of city redevelopment policies, creation of a system for participants in special projects and creation of a system for certifying redevelopment projects); Law on Improvement and Vitalization in City Center (promotion of comprehensive and integrated measures based on the improvement of city areas and activating commerce utilizing the creativity of the area, in order to activate city centers that are hollowing out).	Law Promoting the Building of Superior Suburban Housing (promoting the building of superior houses in agricultural towns and suburbs); Revision to the Agricultural Land Law (transferred authority to approve change of agricultural land of 4ha or less to the governor); Revision to the National Land Law (transfer to a system for reporting after the fact and creation of emphasized districts); Emergency measures to expand housing investment.	Suspension of land tax taxation; Reduction of personal long-term transfer taxation (26% for ¥60 million or less and 32.5% for more than ¥60 million); Elimination of weighted tax on very short-term ownership by corporations; Non-application of short-term and general ownership categories (through 2000); Abolishment of restrictions on including interests on loans when corporations acquire land as expenses; Creation of system for carrying forward deduction of capital losses on residential property; Application of measures to reduce real estate acquisition taxes and real property taxes on second homes.	Law on Securitization of Specified Assets by Special Purpose Companies (SPC Law).
1999	Criticality accident in Tokaimura, Ibaraki; Mergers or business mergers between major banks, etc.; Response to Y2K.	Revision to the Act concerning Lending of Urban Development Funds (smoothing the capital raising process; enhancing measures for efficiently using land with low use or non-use; improving and enhancing redevelopment methods); Promoting efficient use of former factory sites (circular from the City Bureau and Housing Bureau Chiefs).	Special Provisions Law concerning Promotion of the Supply of Good Quality Leased Housing (creation of fixed-term leasehold rights and enforcement in 2000); Housing Quality Assurance Law (requirement of 10-year warranty and enforcement in 2000).	Creation of new housing loan deduction system (deduction period of 15 years, etc.); Enhancement of system for carrying forward deduction of capital losses for residential property; Improvement of special exception to cash gift for acquiring housing; Reduction in tax rate on personal long-term ownership transfer income tax (uniform 26%); Improvement in special measure for registration and license tax; Enhancement of special measures for real estate acquisition tax related to the house and its lot.	Launch of the Housing & Urban Development Corporation; Real estate monetization and securitization; Internet transactions take off.
2000	Prime Minister Obuchi passes away; Miyake Island erupts, floods in the Tokai region; Turmoil in the U.S. presidential elections; Number of juvenile crimes rises.	Revision to the City Planning Law and Building Standards Law (enhancing the master plan; reviewing the demarcation and development permit system; enhancing the system for securing a good environment; introducing the new system for re-adjusting existing city areas; introducing regulations for developing and building non-city planning districts; promoting transparency and citizen participation in the city planning and decision system, etc.); Law for the Recycling of Construction Materials (segregation and dismantling of construction materials and such; recycling of specified construction materials; fully enacted May 2002).	Act on Advancement of Proper Condominium Management (condominium manager and managerial chief qualification system and condominium management company registration system; enforcement in 2001).	Half-year extension of the housing loan deduction system (up to taking up residence in June 2001); Improvement in floor area requirements of special real property tax measures for new housing and 2-year extension of application period; Phased reduction of real property tax on land (75% in fiscal 2001 and 70% in fiscal 2002); 3-year extension of special measures on land transaction tax (1/3 for registration license tax and 1/2 for real estate acquisition tax).	Growing popularity of large and tower condominiums; Start of real estate investment trusts; Creation of the investment consultant registration system; JICPA issues the "Audit Handling of Judgment on Decision to Forcefully Reduce Valuation of For-Sale Real Estate;" Integration of the Japan Home Builders Association and the Housing Industry Development Association to form the Japan Association of Home Suppliers.

Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
2001	Inauguration of the Koizumi Cabinet which upheld structural reform; September 11 attacks in the U.S.; Anti-terrorism Special Measures Law enacted; Universal Studio Japan (Osaka prefecture) and Disney Sea (Urayasushi) opens, MLIT establish in January.	Launching of Urban Renaissance Headquarters (led by the prime minister); Finalization of urban regeneration project (phases 1 through 3); Emergency measures for promoting city development investment by the private sector; Direction of emergency system reforms for urban renaissance; Report of the urban renaissance regeneration strategy team; Establishment of new city creation vision for Tokyo by Tokyo Metropolitan Government; Establishment of City Planning Operational Guidelines.	Enforcement of Law for Securing Dependable Residences of the Elderly; Establishment of the 8th Housing Construction 5-Year Plan; Decision to abolish the Government Housing Loan Corporation within 5 years; Abolish the Housing & Urban Development Corporation by fiscal 2003 and have a new independent administrative corporation established to take on a portion of the original functions.	Creation of new housing loan deduction system (deduction rate of 1%; borrowing limit of ¥50 million; deduction period of 10 years); Enhancement of donation tax on house acquisition funds (tax exempt limit of ¥5.5 million); Creation of rental housing supply promotion tax for elderly housing (5 years and 40% premium depreciation); 3-year extension of the special taxation on transfer income of personal general long-term ownership (26% (20% income tax and 6% residential tax)); Enhancement of collection grace period system for special land ownership tax; Creation of measures to reduce transaction taxes on real estate securitization (SPC and investment corporation); Reduction in capital gains tax on listed real estate investment securities for individuals.	Integration of the Real Estate Companies Association and the Japan Condominium Association with Junichiro Tanaka serving as chairman (chairman of the Real Estate Companies Association); Real estate investment trusts are listed.
2002	Prime Minister Koizumi visits North Korea to normalize diplomatic relations; Korea/Japan World Cup held; "Prompt Countermeasures to Deflation" formulated.	Creation of the Special Measures Act for Urban Renaissance; Designation of the urban renaissance emergency improvement district (total of 44 districts in phases 1 and 2 totaling about 5,700ha); Revision to the Urban Redevelopment Law (conferal of enforcement function for private condemnation, etc.); Revision to the Building Standards Law and City Planning Law (maximum floor area ratio of 1300%, urban proposal system, speeding up comprehensive design procedures, etc.); Abolishment of the Industry (factory) Restrictions Law; Deregulation of the environmental impact assessment ordinance procedure (Tokyo); Flexibility in obligation to provide parking spaces (Tokyo); Finalization of Urban Renaissance Project (phase 4).	Passage of the Soil Contamination Countermeasures Law; Revision to the Law for Smoothing Condominium Reconstruction and revision to Sectional Ownership Law.	Reduction in registration license tax on sale of existing buildings (25/1000); Expansion of collection grace period measures for special land holding tax (allow change to exempted land and transfer); Abolish maximum tax rate of 39% for tax on personal general long-term ownership transfer income (taxation suspended).	Rebuilt Marunouchi Building opens; Caretta Shiodome, the first wave of Shiodome's redevelopment opens.
2003	Iraq War; Second Koizumi Cabinet.	Finalization of Urban Renaissance Project (phases 5 and 6); Designation of urban renaissance emergency improvement districts (phase 3); <Total of 53 districts in phases 1 to 3>; Start of operations by city regeneration fund investment corporation.	Launch of securitization support business by Government Housing Loan Corporation (acquisition type).	Reduction in registration and license tax rate (sale, etc. 10/1000); Suspension of levying of special land holding ownership tax (ownership and acquisition on or after January 1, 2003); Creation of settlement taxation system at time of inheritance; Abolishment of business office tax (new or expanded portion); Creation of urban renaissance promotion tax system.	Shinichiro Takagi becomes chairman of the Real Estate Companies Association (chairman of Sumitomo Land and Realty); Roppongi Hills opens.
2004	Athens Olympics; Second reshuffled cabinet of the Koizumi Cabinet; Occurrence of major natural disasters including a wave of typhoons hitting Japan, the Mid Niigata Prefecture Earthquake, and earthquakes and tsunamis in the ocean off Sumatra Island.	Finalization of Urban Renaissance Projects (phases 7 and 8); Enhancement of community regeneration measures and town creation subsidies; Establishment of 3 landscaping and greenery laws including the Landscape Law.	Revision to Condominium Management Rules; Partial enforcement of the Personal Information Protection Law; Launch of the securitization support business by the Government Housing Finance Corporation (warranty type).	Creation of measures to reduce ordinance concerning real property tax and city planning tax of commercial property, etc.; Rebuilding of taxation system for capital gains from personal land transfers; Extension of suspension period for application of taxation system on land transfers by companies; Extension of system for reducing home loan taxation (phased contraction through 2008).	Construction completed on COREDO Nihonbashi and Marunouchi OAZO; Growth in housing loans issued by private financial institutions; Repeated release of skyscraper condominiums and progression of population's return to residing in city centers.

Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
2005	Aichi Expo held; LDP wins the Lower House elections in September by an overwhelming majority, followed by the enactment of the Postal Service Privatization Act; Princess Nori marries.	Toward activation of urban areas in local regions, discussion on review of 3 urban development laws begins to intensify.	The Government Housing Loan Corporation, which engaged in direct financing utilizing the government fund, is abolished and instead, the Japan Housing Finance Agency, an independent administrative institution, is established to support and supplement loans for the housing fund; Kubota Corporation, a machinery manufacturer, announces to the public that employees working at Kubota's factory have been suffering health problems caused by asbestos. Based on the fact that a lot of asbestos is used for architectural and other materials, anxiety about health in relation to asbestos spreads to the general public.	Extension of the scope to apply various preferential measures for taxation related to existing homes (mortgage tax reduction system, preferential measure for replacement of residential properties, preferential measures for the tax system for settlement at the time of inheritance concerning housing purchases and other funds, reduction of registration and license tax for registering retention of ownership of housing buildings, preferential measures for taxation standards, etc. for real estate acquisition tax on existing houses, etc.); Extension and enhancement of urban renaissance promotion taxation system; Review of system to postpone collection of special landholding tax; Required taxation measure in relation to term leasehold interest (clarification of handling of lump-sum payments).	Hiromichi Iwasa (President of Mitsui Fudosan) inaugurated as the president of the Real Estate Companies Association of Japan; Tsukuba Express which cuts travel from Akihabara to Tsukuba in 45 minutes is opened in August; Trust in safety of buildings is shaken with the quake-resistance data falsification scandal and surfacing of deficiencies in checking functions of building construction; The Akihabara Dai Building, Nihonbashi Mitsui Tower and other buildings completed; Vacancy rate in central Tokyo improves.
2006	Zero-interest rate policy lifted in July; Inauguration of the Abe Cabinet in September.	In the wake of the quake-resistance data falsification scandal, the Law to Revise Portions of the Building Standards Law, etc. to Secure Safety of Buildings is enacted. Three urban development laws enacted.	Basic Act for Housing was enacted.	Reduction and extension of preferential measures for land and building related transaction taxes (registration and license tax, real estate acquisition tax); Extension of measures to reduce ordinance concerning real property tax, etc. of commercial property, etc.; Extension and abolishment of preferential measures in relation to housing acquisition fund donations; Foundation of taxation system to promote quake-resistance renovation of existing homes; Extension of special measures for real estate acquisition tax related to the house and housing land.	Prefectural land price research reveals that the prices of both residential land and commercial land in 3 major metropolitan areas rose for the first time in 16 years. The number of listed REITs reaches 40 in December and the aggregate market value increases to about ¥5 trillion.
2007	Inauguration of the Fukuda Cabinet in September.	The Law to Revise Portions of the Urban Rejuvenation Law is enacted. Law to Secure Execution of Defect Warranty for Specific Housing is enacted.	Japan Housing Finance Agency inaugurated.	Extension of preferential measures on replacement of commercial property concerning land owned over the long term, etc. to land, buildings, etc.; Extension, etc. of special tax measures concerning city and regional regeneration projects; Securing effect of reduction of housing loan tax for residents moving into property in 2007 and 2008 in association with transfer of tax sources to individual residential tax; Extension of special measures for aggregation of profits and loss/deductions carried forward of loss on transfer accompanying replacement of residential properties; Extension of decreased tax rate of registration and license tax of houses and special measures to reduce stamp tax on purchase and sale agreement, etc. for real estate transactions; Extension of system of special deduction of ¥15 million concerning specified sector housing development projects.	Financial Instruments and Exchanges Law enacted. Tokyo Midtown, Shin-Marunouchi Building, Kasumigaseki Common Gate and other buildings completed.

Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
2008	Inauguration of the Aso Cabinet; Effects of the financial crisis stemming from the U.S. subprime loan problem spread across the globe.	National Sustainability Plan (national plan) approved at a Cabinet meeting.	Emergency Measures for Activation of Housing/Real Estate Market announced.	Extension of special measures on registration and license tax of land; Creation of special measures for real estate acquisition tax other than houses; Tax Reduction System for Long-term Excellent Houses established; Tax system for promotion of energy conservation renovations of houses established.	Law for Prevention of Transfer of Criminal Proceeds enacted. Real estate companies successively go under.
2009	H2N1 virus spreads from around springtime; Citizen judge system begins in May; DPJ wins the Lower House elections by an overwhelming majority in August; change of government for the first time in 16 years; Inauguration of the Hatoyama Cabinet in September; Inauguration of the Consumer Affairs Agency in September.	National spatial strategy (regional plan) approved by the minister.	Policy Package to Address Economic Crisis announced. Emergency Economic Countermeasures for Future Growth and Security announced. Eco-point system for housing established. New Growth Strategy (basic policies) announced.	Tax Reduction System for Housing Loans extended and expanded, Tax Reduction System for Long-term Excellent Houses established, etc.; Special income tax deduction for barrier free and energy conservation renovations of existing houses established; Tax rate for registration license tax related to real estate transactions left unchanged; Special measures to arouse demand for land during the economic recovery established.	Real Estate Market Stabilization Fund established. Both land prices that were published and land prices according to surveys by prefectures decrease nationwide. The number of new housing constructions falls under 1 million units to 780,000 units for the first time in 42 years. Completion of construction of Mitsubishi Ichigokan.
2010	Inauguration of the Kan Cabinet in June; Bank of Japan announces its "Comprehensive Monetary Easing Policy" in October.	Low Carbon City Development Guidance created (MLIT).	Increased interest-rate reduction from "Flat 35S;" "MLIT Growth Strategy" announced; "New Growth Strategy" announced; "Three-Step Economic Measures for the Realization of the New Growth Strategy" announced.	Expansion of measures for exemption of donation tax for housing purchases and other funds, etc.; Extension of special measures concerning donations of funds for housing purchases, etc. in the tax system for settlement at the time of inheritance, etc.; Extension of exceptions for fixed asset tax reduction for newly constructed housing.	Completion of construction for Coredo Muromachi, Yuito, etc.; RECAJ formulates the "RECAJ Action Plan for Low Carbon City Development" and "Future Urban Development Strategy" for the Growth of the Housing and Urban Development Sectors;" "Tohoku Shinkansen" opens in December.
2011	Great East Japan Earthquake in March; Yen records highest post-war value in March; Inauguration of Noda Cabinet in September; World population hits 7 billion in October.	Establishment of "Comprehensive Special Zone System;" Revision of Special Measures Act for Urban Renaissance (establishment of emergency development areas designated for urban reconstruction).	"Serviced Silver Home System" begins; Implementation of Registration System for Rental Housing Management Operator; Establishment of system for Flat 35S Eco Points and Recovery Support/Residence Eco Points.	Establishment of special measures for specific urban redevelopment emergency development areas; Establishment of special measures for international strategy comprehensive zones; Extension of the tax system for the promotion of construction of prime rental senior housing upon restructuring as targeting senior housing with services.	Complete opening of Kyushu Shinkansen Kagoshima Route; Keiji Kimura (President of Mitsubishi Estate) inaugurated as the president of the Real Estate Companies Association of Japan; Adoption of "Five Principles of Removing Antisocial Forces such as Crime Syndicates from Real Estate Transaction."
2012	Tokyo Skytree, the world's highest free-standing tower (634m), opened in May; Summer Olympics held in London during July and August and Japan wins 38 medals, its most ever; Inauguration of the 2nd Abe Cabinet in December.	Partial revision of enforcement order of Special Measures Act for Urban Renaissance; Statistics for stock of buildings subject to special easing measures for extension announced; Buildings with new earthquake resistance standards becomes 67%.	Disaster Reconstruction Support and Eco Point System for Housing System starts accepting applications; Maximum of loan rate for Flat 35 lowered from 100% to 90%; Standard apartment contract revised; Law concerning the promotion of low-carbon cities established; First announcement of the real estate price index (residence); Formulation of total plan for renovation of existing homes; Compilation of proposals of Real Estate Transaction Market Vitalization Forum.	Extension of exceptions for replacement purchases of business assets in long-term ownership of land; Extension of exceptions for fixed asset tax reduction for newly constructed housing; Enhancement and extension of exceptions for donation of funds for acquisition of housing, etc. Establishment of special measures to promote Approved Energy-Saving Houses.	Terms for display of real estate advertisement, etc. changed; Existing homes allowed to display double price; Shibuya Hikarie and Tokyo Plaza Omotesando Harajuku completed.

Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
2013	Introduction of Special Reconstruction Income Tax (until 2037) in January; Prime Minister Abe declares intent to participate in TPP negotiations in March; Tokyo selected as host of the 2020 Summer Olympics/ Paralympics in September; in October, it is decided to raise consumption tax to 8% starting 2014.	Passage of National Strategic Special Zone Law; Passage of Industrial Competitiveness Enhancement Act; Passage of Basic Law of National Land Enhancement;	Ministry of Land, Infrastructure, Transport, and Tourism formulates Inspection Guidelines for Existing Housing; City of Tokyo implements Special Development Zones to Advance Fire Resistance and creates housing subsidy system; Amendment to the Real Estate Specified Joint Enterprise Act passed; Revised Seismic Retrofitting Promotion Law passed; Implementation of 100% financing for Flat 35 mortgages, and further lowering of Flat 35S interest rate; Finalization of Japan Revitalization Strategy.	Measures accompanying consumption tax rate hike (relating to home buying, etc.); Extension of the Urban Renewal Promotion Tax system; Creation of special exceptions in order to strengthen disaster-prevention capacity of cities; Creation of tax system-related preferential measures for intensive urban development projects; Extension and expansion of special exceptions for stamp tax on real estate transaction contracts.	City of Osaka opens Grand Front Osaka redevelopment of former Umeda Freight Station site; Completion of Otemachi Tower; Japan Association of Home Suppliers and National Federation of Housing Industry Associations merge to form the National Housing Industry Association.
2014	Consumption tax increased to 8% in April; Basic Policies for Economic and Fiscal Management (Big-Boned Policy) approved by Cabinet in June; Bank of Japan approves additional monetary easing in October; Postponement of next consumption tax hike announced in November; Third Abe Cabinet inaugurated in December.	Implementation of Law to Revise Portions of the Special Measures Act for Urban Renaissance; Passage of City, People, and Job Creation Act; Passage of Law to Revise Portions of the Local Revitalization Act; Implementation of Law to Revise Portions of the Basic Act on Disaster Control Measures; Passage of Law to Revise Portions of the Act on Sediment Disaster Countermeasures for Sediment Disaster Prone Areas; Passage of Vacant Houses Special Measures Act.	Publication of Individual Residence Rental Promotion Investigative Committee report; Formulation of Real Estate Information Stock System Basic Plan; Publication of Guidelines for Application of Health Care REITs; Finalization of revised Japan Revitalization Strategy; Formulation of Japan Construction and Real Estate Industry Strategy Based on Market Analysis by International Region; Passage of Vacant Houses Special Measures Act; Implementation of revised Act on Facilitation of Reconstruction of Condominiums.	Extension of system for carrying forward transfer losses in cases of residential property replacement, etc.; Extension of system for carrying forward transfer losses on specified residential properties; Extension of measures to reduce fixed asset tax for newly constructed housing; Extension of measures to reduce registration license tax for registering ownership of certified long-life quality housing; Extension of measures to reduce real estate acquisition tax on housing and land.	Abeno Harukas is completed, becoming the tallest building in Japan; Completion of construction of Toranomon Hills; Passage of revised Building Lots and Buildings Transactions Act.
2015	Battleship Island and others granted World Cultural Heritage Status in July; Third Abe Cabinet is reshuffled and adopts the slogan "A Society with 100 Million Active Citizens" in October; In December, the LDP agrees with the Komeito to introduce a reduced tax rate with the raising of the consumption tax rate to 10%; In December, an agreement is adopted at COP21.	Passage of the Act on Improvement of Energy Consumption Performance of Buildings; Changes to National Spatial Strategies approved by Cabinet.	Publication of Existing Home Market Vitalization Round Table report; Passage of bill proposing partial amendment of the Act on National Strategic Special Zones and Act on Special Districts for Structural Reform; The number of certified low-carbon houses surpasses 9,000 units; Start of pilot program to provide Explanation of Important Matters documents using IT.	Extension of special measures on replacement of commercial property concerning land owned over the long term; Extension of measures to adjust burden of real property tax on land; Extension of urban renaissance promotion taxation system; Enhancement of special measures relating to National Strategic Special Zones; Enhancement and expansion of special measures relating to donations of funds for housing purchases, etc.	Opening of Hokuriku Shinkansen line between Nagano and Kanazawa; Change of terminology to "real estate transaction specialist" based on enactment of partial amendment to Building Lots and Buildings Transaction Business Act; Real Estate Transaction Modernization Center Foundation changes name to Real Estate Transaction Promotion Center; MIPIM held in Japan for the first time; Completion of Dai Nagoya Building.



Year	Political, Social and Economic Events	Land Planning, City Planning, Architectural Regulations, etc.	Land and Housing Policy	Land and Housing Taxation	Real Estate Industry News
2016	In January, the individual number (My Number) system is launched In February, the Bank of Japan introduces negative inflation In April, the 2016 Kumamoto earthquakes occur In May, the G7 Ise-Shima Summit is held In May, raising of the consumption tax to 10% is postponed Starting with the July House of Councillors election, the voting age is lowered to 18 In August and September, the Rio Olympics and Paralympics are held In August, the 3rd Abe Cabinet is reshuffled In November, the Paris Agreement comes into effect	Partial revision of Special Measures Act for Urban Renaissance (extension of approval application period for private urban redevelopment business plans, etc.). Establishment of system to ease floor area ratio restrictions, especially when developing lodging facilities.	New Basic Plan for Housing (National Plan) approved at Cabinet meeting. Building Lots and Building Transaction Business Act revised to promote building inspection activities.	Extension of measures to reduce fixed asset tax for newly constructed housing. Extension and expansion of special measures relating to National Strategic Special Zones. Establishment of special measures to reduce incidence of vacant homes. Establishment of special measures for cases involving renovation of homes to accommodate three generations in the same household.	Hokkaido Shinkansen (Shin-Aomori to Shin-Hakodate-Hokuto). Privatization of Kansai International Airport and Osaka International Airport. Development of IT-related services (IoT, real estate technology, etc.). IT-based statement pilot program: 564 cases in 1 year.
2017	In January, Donald Trump was inaugurated as President of the United States of America; The first Premium Friday was implemented on February 24; In March, the Action Plan for the Realization of Work Style Reform was compiled; In November, the Abe Cabinet was inaugurated for the fourth time, many in the manufacturing industry were discovered to be tampering with data, and the problem of land with unknown owners gained attention.	Flexible operations contrived for Redevelopment Promotion Areas; Revision of Urban Green Space Conservation Act, City Parks Act, Productive Green Space Act, etc.; Clarification of delivery box capacity exclusion; Technical advice regarding introduction of new packages for the realization of joint contribution in multiple private urban development projects given to local public organizations.	Removal of ban on Explanation on Important Matters using IT systems (lease contracts).	Extension of exceptions for replacement purchases of business assets relating to long-term ownership of land; Extension of urban renaissance promotion taxation system; Expansion of tax reforms that will help stimulate the existing housing market; Revision of local taxation (fixed assets, etc.) relating to residential high-rise buildings (tower blocks).	Masanobu Komoda (President of Mitsui Fudosan) inaugurated as the president of the Real Estate Companies Association of Japan; Expansion of the sharing economy; Some roadside land prices in Tokyo and Ginza reach record levels. GINZA SIX and AKASAKA INTERCITY AIR open.
2018	In February, the PyeongChang Winter Olympics and North Korea-United States Singapore Summit. In July, heavy rains and the Hokkaido Eastern Iburi Earthquake. Osaka chosen to host 2025 World Expo.	Building Standards Act partially revised to ensure building safety, use existing stock, etc. Regional Revitalization Act partially revised to establish Area Management Expense System. Act on Special Measures concerning Urban Reconstruction partially revised to promote "sponge cities."	Revised Building Lots and Building Transaction Business Act fully enacted, mandating inspection explanation when brokering existing housing. Act on Special Measures concerning Facilitating Use of Land with Unclear Ownership established. Private Lodging Business Act enacted.	Land tax adjustment measures extended. Reduction exceptions to property tax on new residences extended. Exceptions to buying/selling residential estates extended. Exceptions to National Strategic Special Zones extended.	Progress in initiatives for improving productivity and realizing work-style change. Tokyo Midtown Hibiya opened.
2019	In April, the then-emperor abdicated, and the present emperor was enthroned in May (start of Reiwa era). In September, Rugby World Cup in Japan. Disasters such as typhoons Faxai and Hagibis occurred. In October, consumption tax was increased to 10%. Pro-democracy demonstrations in Hong Kong.	Initiation of smart city public-private platform.	Real Estate Vision 2030 announced. Amendment of Guidelines for Utilization of Land with Unknown Owners.	Extension of home loan tax reduction deduction period. Extension of tax system for the promotion of urban redevelopment. Extension and expansion of special measure for the control of vacant houses. Creation of measure for tax assistance for the problem of lots with unknown owners.	Nihonbashi Muromachi Mitsui Tower completed. Shibuya Scramble Square opened.
2020	Spread of COVID-19. Postponement of Tokyo Olympic and Paralympic Games (March). Inauguration of the Suga Cabinet in September.	Amendment of part of Act on Urban Renaissance, promotion of "Comfortable City That Induces Walking" initiative. Change of basic guidelines for landslide disaster prevention measures.	Revision of civil code, making establishment of maximum limit in joint liability agreements mandatory, etc. Revision of Act on Proper Condominium Management and Act on Facilitation of Reconstruction of Condominiums and formulation of a basic policy by the government. Formation and partial enforcement of Act on Proper Rental Apartment Management Business, enhancement of sublease regulations, etc.	Extension of special provision for replacement of business assets concerning lands held for long periods. Extension of special measure in case of transfer of land for private redevelopment projects in national strategic special zones, etc. Deduction of 1 million yen from long-term capital gains for unused or infrequently used lots, etc. Extension of measure to reduce fixed-asset tax for new residences.	Completion of Tokyo Port City Takeshiba, Ariake Garden, Comore Yotsuya, etc. Operations increasingly moved online due to spread of COVID-19.



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2021	<p>COVID-19 continued to spread throughout the globe;  Green Growth Strategy in line with Carbon Neutrality in 2050 embodied in June;  Tokyo 2020 Olympic and Paralympic Games held from July to September;  Inauguration of Kishida Cabinet in October;  House of Representatives election in October.</p>	<p>Partial revision of Act on Promotion of Long-Term Quality Housing, certification of apartment buildings, etc.;  New Basic Land Policy approved at a Cabinet meeting;  Final summary of Investigation Commission on Energy-Saving Measures for Houses and Building for a Decarbonized Society.</p>	<p>New Basic Plan for Housing approved at a Cabinet meeting;  Act on Proper Rental Apartment Management Business fully implemented, Rental Apartment Management Registration System launched;  Condominium Management Rules revised, enabling management association meetings and board of directors meetings using IT;  Start of establishment of real estate ID rules;  Establishment of Model Contract Clauses for Disposal of Leftover Objects;  Announcement of Guidelines for Notification of Death by Housing Land and Building Dealers.</p>	<p>Extension of land-related fixed property tax burden adjustment measure, etc. and measures according to economic status;  Extension of measures to extend deduction period for housing loan tax reduction, etc.;  Extension of urban renaissance promotion taxation system.</p>	<p>Full operation starts for IT statements in sales transactions;  Six digital reform-related bills passed into law; Revision of Building Lots and Building Transaction Business Act made digitization of statements, etc. possible and real estate transactions enabled to be conducted fully online;  Sudden rise of lumber prices;  Acceleration of decarbonization trends.</p>

一般社団法人 **不動産協会**  
The Real Estate Companies Association of Japan