

Trends Concerning Land in FY2013

Basic Measures in Relation to Land in FY2014

Abstract

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Ministry of Land, Infrastructure, Transport and Tourism

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“Trends Concerning Land in FY2013” and “Basic Measures in Relation to Land in FY2014” are created based on the provisions of Article 10, paragraphs (1) and (2) of the Basic Act for Land (Act No. 84 of December 22, 1989).

“Trends Concerning Land in FY2013”

Part 1 Trends Concerning Land

Chapter 1 Trend in Land Prices and Land Transactions in FY2013

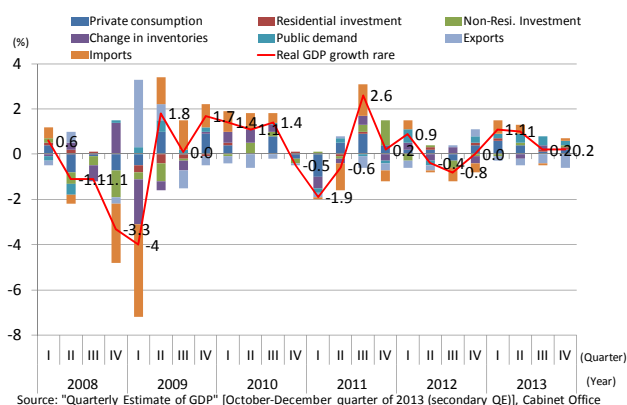
Thanks in part to the effect of the “the three arrows”—aggressive monetary policy, flexible fiscal policy and structural reform of the economy—the Japanese economy showed improvement in both households and businesses, the economic recovery spread due to domestic demand (including consumption), and land prices started to see a recovery trend in fiscal 2013.

Section 1 Economic Situation Surrounding the Real Estate Market in Japan

(Changes in GDP)

The Japanese economy returned to recovery and steadily picked up in fiscal 2013. After two straight quarters (the April–June and July–September quarter of 2012) of negative growth, the real GDP has been showing positive growth for five straight quarters (since the October–December quarter of the same year) thanks to increasing consumption, steady public investment and other factors.

Chart: Changes in real GDP growth rates and contribution ratio (from the previous quarter)



(Trends in corporations)

The sense of equipment overcapacity among companies has been gradually falling since 2009 in both manufacturing and non-manufacturing industries. The sense of insufficiency has been rising in the non-manufacturing industry since the July–September quarter of 2013.

(Trends in households)

Concerning employment, excessiveness in employment perceived by employers has improved since the July–September quarter of 2009. But due to a labor shortage in the January–March quarter of 2013, the first in 18 quarters, the employer perception that there is a labor shortage is strengthening.

Consumption by households dropped to a large extent in the January–March quarter of 2011 due to the impact of the Great East Japan Earthquake, but it remained steady later and continued to rise in 2013 thanks to the upward trend of consumer motivation to spend.

Section 2 Trends in Land Prices

Publication of the values of standard sites in 2014 (“2014 Publication”) showed a continued decline in the national average, both in residential and commercial lands. However, the rate of decline greatly contracted, and there has been a substantial increase in the percentage of sites for which prices rose.

Looking at the changes by the use of land, all prefectures either continued to show a narrowing decline in residential land prices or a rise. This was partly due to the increase in housing demand spurred by improved business confidence, and partly thanks to governmental measures to support housing demand, including low interest rates and tax deductions on housing loans. The upward trend was remarkable especially in residential lands with superior convenience and residential environment, for example.

In all prefectures, the rate of decline of commercial land prices continued to shrink or their prices rose on the back of low interest rates, improvement in business sentiments, etc. Across the country, there were moves to use commercial land as condominium sites against the backdrop of the robust housing demand, which is one of the factors behind the increase in land prices or narrowing of their rate of decline.

Chart: Fluctuation in land prices (year-on-year)

(%)

	Residential land					Commercial land				
	2010 Publication	2011 Publication	2012 Publication	2013 Publication	2014 Publication	2010 Publication	2011 Publication	2012 Publication	2013 Publication	2014 Publication
National	-4.2	-2.7	-2.3	-1.6	-0.6	-6.1	-3.8	-3.1	-2.1	-0.5
Three major metropolitan areas	-4.5	-1.8	-1.3	-0.6	0.5	-7.1	-2.5	-1.6	-0.5	1.6
Tokyo area	-4.9	-1.7	-1.6	-0.7	0.7	-7.3	-2.5	-1.9	-0.5	1.7
Osaka area	-4.8	-2.4	-1.3	-0.9	-0.1	-7.4	-3.6	-1.7	-0.5	1.4
Nagoya area	-2.5	-0.6	-0.4	0.0	1.1	-6.1	-1.2	-0.8	-0.3	1.8
Areas other than Tokyo, Osaka and Nagoya areas	-3.8	-3.6	-3.3	-2.5	-1.5	-5.3	-4.8	-4.3	-3.3	-2.1

Source: “Publication of value of standard sites” Ministry of Land, Infrastructure, Transport and Tourism

Note 1: Regional classifications are as follows:

Three major metropolitan areas: Tokyo area, Osaka area, and Nagoya area.

Tokyo area: A group of municipalities that include existing urban areas and suburban development areas provided by the national Capital Region Development Act.

Osaka area: A group of municipalities that include existing urban areas and suburban development areas provided by the Kinki Region Development Act.

Nagoya area: A group of municipalities that include urban areas provided by the Chubu Region Development Act.

Areas other than Tokyo, Osaka and Nagoya areas: Those other than the three major metropolitan areas.

Note 2: 2010 Publication: from January 1, 2009, to January 1, 2010


2011 Publication: from January 1, 2010, to January 1, 2011


2012 Publication: from January 1, 2011, to January 1, 2012

2013 Publication: from January 1, 2012, to January 1, 2013

2014 Publication: from January 1, 2013, to January 1, 2014

Note 3: Year-on-year fluctuation was obtained by dividing the total of the year-on-year fluctuation of the price of continued standard sites by the number of the sites.

Note 4:  The drop ratio decreased from the previous year.

 The drop ratio increased from the previous year.

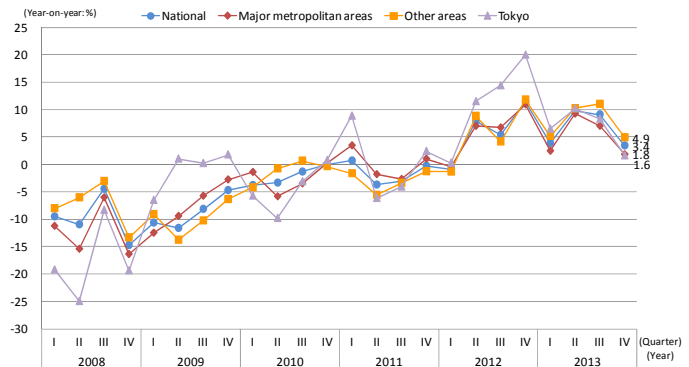
Section 3 Trends in Land Transactions

(Changes in the number of land transactions, etc.)

The trends in land transactions are followed by the number of transfers of ownership registered through buying and selling. The number of land transactions increased for two consecutive years, rising to 1,281,000 in 2013 (marking a 6.4% increase from the previous year.)

In terms of year-on-year quarterly changes, the number has continued to increase since the second quarter of 2012 in every region.

Chart: Changes in the variation (year-over year) of land transaction through buying and selling



Source: Created based on "Statistics on Registration" Ministry of Justice
 Note 1: The numbers of land transactions are those of transfers of ownership concerning land through buying and selling.
 Note 2: Regional classifications are as follows:
 Major metropolitan areas Saitama, Chiba, Tokyo, Kanagawa, Aichi, Mie, Kyoto, Osaka and Hyogo Prefectures
 Other areas: areas other than above.

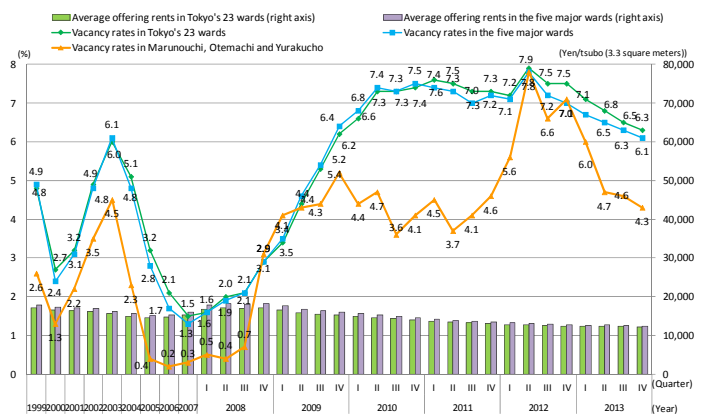
(Perception of land transactions by corporations)

The diffusion index (DI: the ratio of corporations responding that transactions are "active" minus the ratio of corporations responding that they are "sluggish") regarding the perception of current land transaction situation at the location of headquarters is greatly improving. "Active" outnumbered "negative," making the DI for Tokyo's 23 wards 25.1 and that for Osaka 15.5 in the survey conducted in February 2014.

(Trends in the office market)

Concerning the rental office market, the demand for offices in 2013 continued to improve in many areas. The vacancy rate fell to 6.3% in Tokyo's 23 wards during the October–December quarter of 2013.

Chart: Changes in office building rents and vacancy rates (Tokyo)



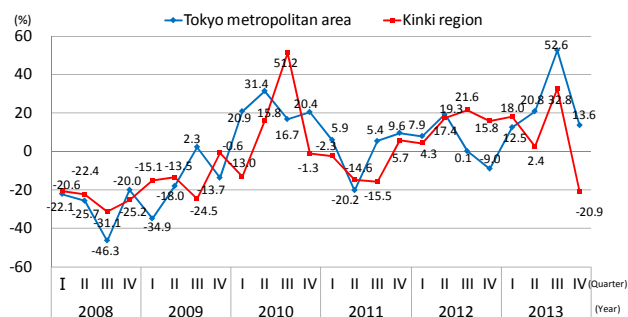
Source: CBRE
 Note: Figures for "Marunouchi, Otemachi and Yurakucho" are not included because there has been no sample of publicly-available offering rent in the target zones since October-December 2011.

(Trends in the residential market)

The total number of new housing starts greatly increased for four consecutive years, rising to 980,024 units in 2013 (up 11.0% from the previous year).

Comparing the number of new sales over the previous year as an indication of the condominium market trend, the number for the Tokyo metropolitan area has remained mostly at a high level. In the Kinki region, the number has been negative since the October–December quarter of 2013.

Chart: Changes in number of new condominium sales in Tokyo metropolitan area and Kinki region (year-on-year)



Source: Created based on "National Condominium Market Report" Real Estate Economic Institute Co., Ltd.
 Note: Regional classifications are as follows:
 Tokyo metropolitan area: Saitama prefecture, Chiba prefecture, Tokyo, and Kanagawa prefecture.
 Kinki region: Shiga prefecture, Kyoto prefecture, Osaka prefecture, Hyogo prefecture, Nara prefecture, and Wakayama prefecture.

Section 4 Trends in Land Use

As of 2012, the total area of Japan was approximately 37.80 million hectares (93.41 million acres). Forestland accounts for the largest portion (25.06 million hectares, 61.92 million acres), followed by agricultural land (4.55 million hectares, 11.24 million acres), thus marking a decrease from the preceding year. When combined, forestland and agricultural land account for about 80% of the national land area. In addition, developed land, such as residential and industrial land, amounts to 1.9 million hectares (4.70 million acres), roads occupy 1.37 million hectares (3.39 million acres), surface water, rivers, and canals cover 1.34 million hectares (3.31 million acres), and fields total 0.34 million hectares (0.84 million acres).

Section 5 Perceptions of Land among Corporations and Households

Perception of land by households: Among the responses regarding the tendency of land prices depending on evaluation of its own profitability and convenience, in fiscal 2005, 43.8% were positive, including "very favorable" and "favorable," whereas 57.9% were positive in the fiscal 2013 survey.

Section 6 Situation Concerning Real Estate after the Great East Japan Earthquake

(Trends in land prices in the disaster areas)

Looking at trends in land prices in each of the afflicted prefectures (Iwate, Miyagi and Fukushima), the percentage of sites for which prices rose increased, and the rate of decrease contracted in Iwate prefecture; its average fluctuation rate was -0.9% (-2.7% in 2013 Publication) for residential land prices and -3.5% (-4.8 in 2013 Publication) for commercial land prices. In Miyagi prefecture, the percentage of sites for which prices rose increased to just under 80% for residential land and just over 60% for commercial land; its average fluctuation rate was 2.5% (1.4% in 2013 Publication) for residential land and 1.7% (0.0% in 2013 Publication) for commercial land. The percentage of sites for which prices rose or remained at the same level greatly rose in Fukushima prefecture; residential land prices reversed the downward trend while the rate at which commercial land prices decreased greatly shrunk. Its average

fluctuation rate was 1.2% (-1.6% in 2013 Publication) for residential land and -0.5% (-3.2% in 2013 Publication) for commercial land.

Trends in land prices in Iwate, Miyagi and Fukushima prefectures

	Residential land					Commercial land				
		Fluctuation rate (%)	Increase	Flat	Decrease		Fluctuation rate (%)	Increase	Flat	Decrease
Iwate prefecture	2014 Publication	-0.9	22 sites (17.7%)	18 sites (14.5%)	84 sites (67.8%)	2014 Publication	-3.5	4 sites (7.5%)	4 sites (7.5%)	45 sites (85.0%)
	2013 Publication	-2.7	16 sites (12.4%)	6 sites (4.7%)	107 sites (82.9%)	2013 Publication	-4.8	3 sites (5.7%)	3 sites (5.7%)	47 sites (88.6%)
	2012 Publication	-4.8			113 sites (100.0%)	2012 Publication	-7			45 sites (100.0%)
Miyagi prefecture	2014 Publication	2.5	303 sites (77.9%)	36 sites (9.2%)	50 sites (12.9%)	2014 Publication	1.7	83 sites (62.4%)	26 sites (19.6%)	24 sites (18.0%)
	2013 Publication	1.4	256 sites (67.5%)	46 sites (12.1%)	77 sites (20.3%)	2013 Publication	0.0	57 sites (41.9%)	13 sites (9.6%)	66 sites (48.5%)
	2012 Publication	-0.7	64 sites (17.7%)	57 sites (15.8%)	240 sites (66.5%)	2012 Publication	-3.9	2 sites (1.7%)	6 sites (5.3%)	106 sites (93.0%)
Fukushima prefecture	2014 Publication	1.2	146 sites (51.4%)	39 sites (13.7%)	99 sites (34.9%)	2014 Publication	-0.5	28 sites (31.5%)	17 sites (19.1%)	44 sites (49.4%)
	2013 Publication	-1.6	38 sites (13.6%)	16 sites (5.7%)	226 sites (80.7%)	2013 Publication	-3.2		2 sites (2.2%)	91 sites (97.8%)
	2012 Publication	-6.2			261 sites (100.0%)	2012 Publication	-7.2			92 sites (100.0%)

Source: "Publication of value of standard sites" Ministry of Land, Infrastructure, Transport and Tourism

Note 1: There is no survey site in the areas seriously affected by the Great East Japan Earthquake due to changes in selection of survey sites.

Note 2: Survey was suspended for standard sites within evacuation zones, etc. designated under the Act on Special Measures Concerning Nuclear Emergency Preparedness

(17 sites within evacuation zones, planned evacuation zones and zones in preparation for having the evacuation order lifted) in Fukushima prefecture as of January 1, 2014.

Note 3: 2012 Publication: from January 1, 2011, to January 1, 2012

2013 Publication: from January 1, 2012, to January 1, 2013

2014 Publication: from January 1, 2013, to January 1, 2014

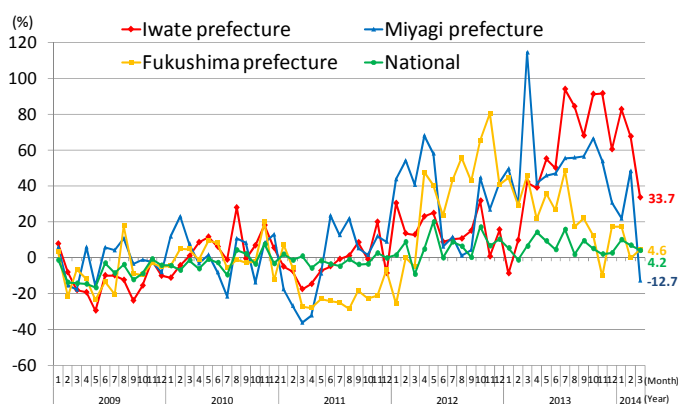
Note 4: The rate of decrease contracted or the rate of increase expanded compared with the previous year.

The rate of decrease expanded compared with the previous year.

(Trends in land transactions in the disaster areas)

In respect to the year-on-year change in the number of land transactions in the disaster areas, its drop ratio expanded in Iwate prefecture just after the earthquake. However, the figure had been mostly positive since August 2011 and greatly increased after January 2013. In Miyagi prefecture, too, the drop ratio expanded immediately after the earthquake, but the figure had been positive since June 2011 and the growth rate further increased in 2013. In Fukushima prefecture, the figure had been negative after the earthquake but turned positive in April 2012 and has been mostly positive since then.

Chart: Year-to-year change in the number of land transactions through purchases in Iwate, Miyagi and Fukushima prefectures



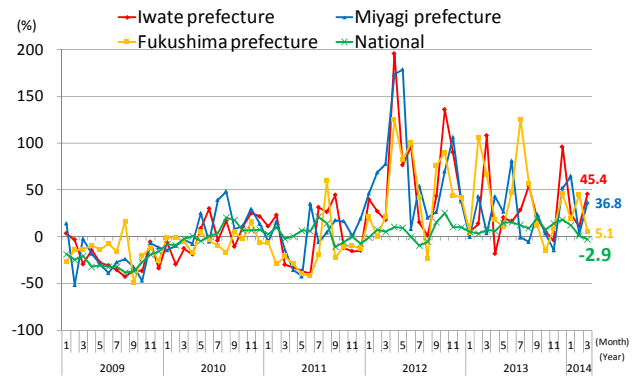
Source: Created based on "Statistics on Registration" Ministry of Justice

(Trends in the housing market and office market, etc. in the disaster areas)

Looking at the trend in the housing market in the disaster areas, the year-to-year number of housing starts marked a major decline immediately after the earthquake in the prefectures of Iwate, Miyagi and Fukushima, and then improved in mid-2011. In fiscal 2013, the figures in the prefectures mostly remained positive, albeit with some fluctuation.

Regarding the office market in the disaster areas, the vacancy rate in Sendai was as high as 19.7% in the October–December quarter of 2010 just before the earthquake due to a large supply of new office buildings during the period from 2008 to 2010. However, the rate dropped against a background of demand for offices among reconstruction-related companies, for example.

Chart: Year-to-year change in the number of housing starts in Iwate, Miyagi and Fukushima prefectures



Source: "Statistical survey on construction starts"

Chapter 2 Changes in the Real Estate Market that Is Overcoming Asset Deflation

Land prices had been low in Japan's real estate market after the Lehman's fall. With economic recovery spreading in Japan, land prices showed a recovery trend in the 2014 Publication as exemplified by land prices' turning upward in the three major metropolitan areas for the first time in six years. The underlying upward trend was especially significant in Central Tokyo and the central areas of major cities.

Meanwhile, public awareness of land as an asset has been gradually changing in recent years, as roughly 60% of Japanese citizens now positively perceive the tendency of land prices depending on evaluation of its own profitability and convenience.

Therefore, in the first section of this Chapter we will analyze characteristic of the trends in recovering land prices.

Next, the trends of the real estate market will be examined: Section 2 will analyze the real estate investment with a focus on the trends of the J-REIT market and the behavior of overseas investors; Section 3 will analyze the trends of corporate capital expenditure, followed by an overview of the trend of household housing investment in Section 4.

Section 1 Characteristics of the Trends in Recovering Land Prices

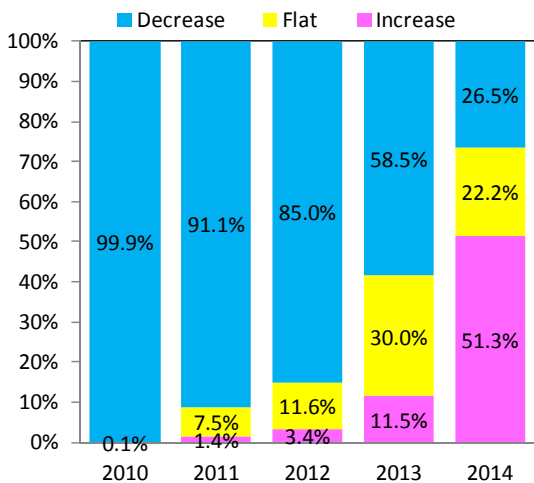
(Land-price trends in the three major metropolitan areas and local districts area)

Both residential and commercial land prices turned upward in the three major metropolitan areas for the first time in six years. In terms of the changes in the number of sites for which prices rose, remained the same, or fell, the number of sites for which price rose increased greatly from 11.5% of the last year to 51.3%.

Looking at the fluctuation rates of commercial land prices in the Tokyo area, where the rising tendency was remarkable, municipalities where land prices rose by 3% or more were limited to areas of superior profitability and convenience, such as the Chiyoda, Chuo and Minato wards in Central Tokyo and Kawasaki and Yokohama Cities of Kanagawa, as well as other areas, including Kimitsu City in Chiba, where commercial clusters have developed thanks to the opening of the Metropolitan Inter-City Expressway.

The data shows that the rise in land prices is spreading from Central Tokyo to its surrounding area, and the rise in land prices in places where profitability and convenience are superior or expected to improve is driving the recovery of land prices throughout the greater Tokyo area.

Chart: Trends in land prices in three Major Metropolitan Areas (all purposes)
(Change in the number of sites for which prices rose, remained flat or fell)

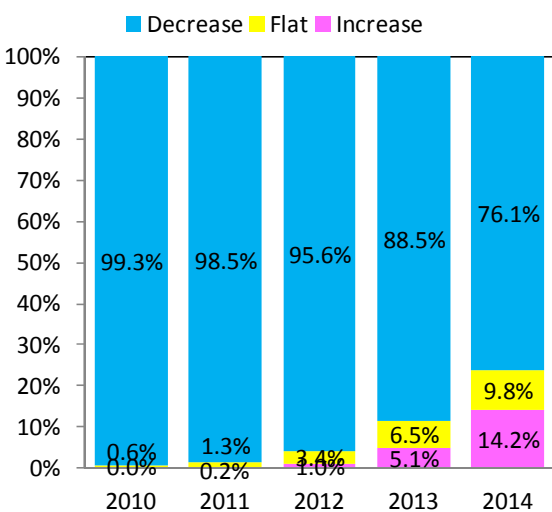


Source: Created based on "The Publication of the Value of Standard Sites" by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
 Note: The chart shows changes in the percentage of sites (all purposes) for which prices increased, remained flat or decreased in the three major metropolitan areas based on the results of the 2010 to 2014 Publications

On the other hand, land prices (all purposes) in the local districts areas continued to fall, but the range of the drop narrowed in the 2014 Publication. The percentage of sites for which prices rose increased to 14.2%, which is three times as high as the previous year.

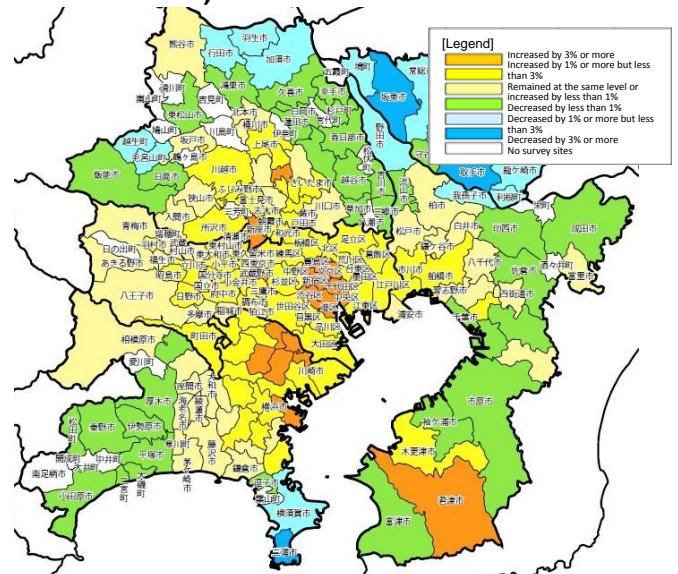
Looking at fluctuation rates of commercial lands by municipality in northern Kyushu as an example of price trends in the local districts areas, you can see that the prices of profitable and convenient land around the center of Fukuoka City (Fukuoka) and other cities rose, which indicates that land prices rose only in limited areas.

Chart: Trends in and prices in local districts areas (all purposes)
(Change in the number of sites for which prices rose, remained flat or fell)



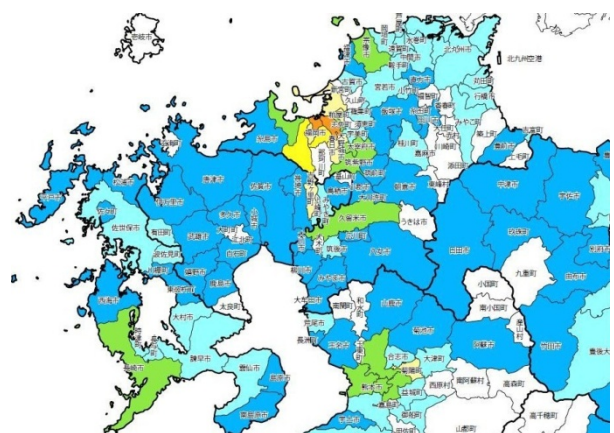
Source: Created based on the MLIT's "Publication of the Value of Standard Sites"
 Note: Changes in the percentage of the sites (all purposes) for which prices increased, remained flat or decreased in local districts areas based on the Publications from 2010 to 2014

Chart: Trends in land prices in the Tokyo area by municipalities
(2014 Publication of Value of Standard Sites: commercial land)



Source: Created based on the MLIT's "Publication of the Value of Standard Sites"

Chart: Trends in land prices in Northern Kyushu by municipalities
(2014 Publication: commercial land)



Source: Created based on the MLIT's "Publication of value of Standard Sites"

(Trends of land prices reflecting profitability and convenience)

As described above, the 2014 Publication showed that the upward trend in land prices was more significant in Central Tokyo and central parts of local districts area, where profitability and convenience are superior. Below is an analysis of the land-price trends based on specific cases in Central Tokyo and Hiroshima City.

<Trends of residential lands in the Minato and Chuo wards of Tokyo>

The average fluctuation rate for residential land in Tokyo was +1.8% (-0.2% in the previous year) in the 2014 Publication. The figures for Minato and Chuo wards in particular increased significantly to +5.9% (0.1% in the previous year) and +8.7% (0.0% in the previous year) respectively.

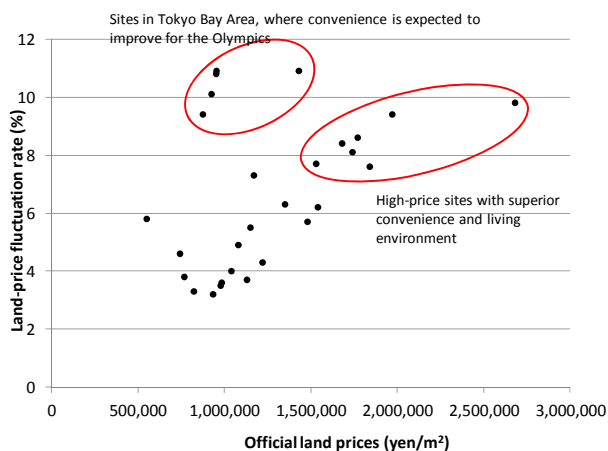
The chart at lower left shows the relation between fluctuation rates and land prices by site in Chuo ward. It indicates that land-price fluctuation tends to happen at a higher rate in high-priced sites with superior convenience and living environment and in the Tokyo Bay area.

<Trends of commercial lands in Naka and Higashi wards of Hiroshima City>

The average fluctuation rate of commercial land in Hiroshima City was +0.4% (-1.6% in the previous year) in the 2014 Publication, but the figure for Higashi ward, where the JR Hiroshima Station is located, was +3.1% (-0.8% in the previous year); and that of Naka ward, where Hiroshima prefectural government and other governmental agencies as well as financial institutions are concentrated and where bustling areas spread was +1.3% (-1.4% in the previous year.)

The chart on the lower right shows the relationship between land prices and fluctuation rates of commercial land by site in the Naka and Higashi wards of Hiroshima City. It indicates that land prices tend to increase more for high-price sites with higher profitability and that land prices greatly increased around Hiroshima Station, where improvement of profitability is expected due to a redevelopment project, etc.

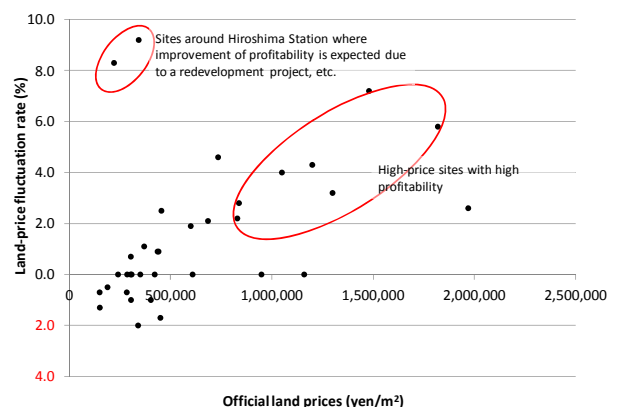
Chart: Relationship between residential land prices and fluctuation rates by site in the Chuo and Minato wards, Tokyo



Source: Created based on the MLIT's "Publication of the Value of Standard Sites"

Note: Official land prices and average fluctuations of residential land in Minato and Chuo wards, Tokyo, based on the 2014 Publication

Chart: Relation between commercial land prices and fluctuation rates by site in the central areas (Naka and Higashi wards) of Hiroshima City, Hiroshima



Source: Created based on the MLIT's "Publication of value of Standard Sites"

Note: Official land prices and average fluctuation rates of commercial land in Naka and Higashi wards, Hiroshima City, based on the result of 2014 Publication

This data indicates that recent land-price trends are based on the high value that actual demand sets on profitability and convenience of the land.

As suggested in Chapter 1, Section 5, more people now think that it is desirable that land-price forming reflects profitability and convenience. Land prices are expected to recover, keeping step with economic growth and based on the actual demand reflecting profitability and convenience.

Section 2 Trends in the Real Estate Investment Market

1 Trends in the J-REIT Market, etc.

(Trends in the J-REIT market)

In fiscal 2013, new listings of five investment corporations on the Tokyo Stock Exchange changed the number of different stocks to 44 as of the end of February 2014. The current aggregate market value was about 7.7 trillion yen as of the end of February 2014, hitting a new high since the market was established.

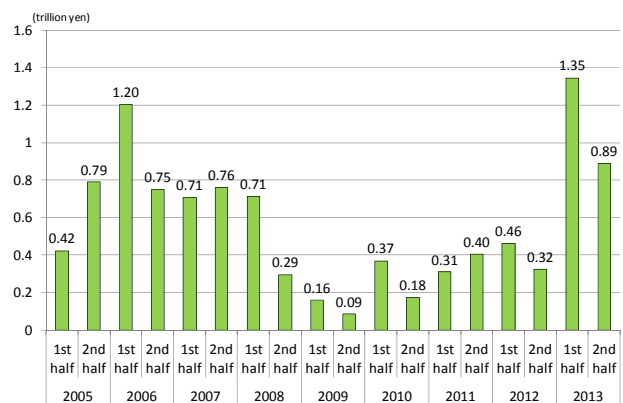
The TSE REIT Index, which indicates price movements of the overall J-REIT market, greatly rose to 1,700.91 on March 27, 2013, against the backdrop of the spread of economic recovery and then remained stable at over 1,400 to over 1500.

The amount of assets acquired by the J-REIT rose to the record-high 2,200 billion yen, up by around 300 billion from 1,950 billion of 2006.

(Effect of the J-REIT market on the real estate market)

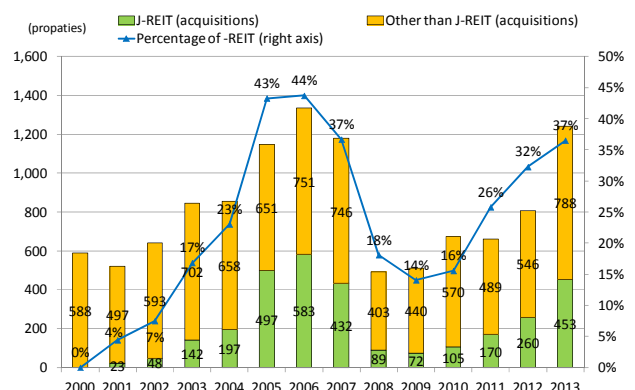
According to a private research on property acquisition by listed companies, listed REIT, etc., the number of properties acquired by the J-REIT has increased continuously for four years, rising to 453, or 37% of the total number in 2013. This indicates that the J-REIT market trends have a major effect on the entire real estate market.

Chart: Change in the amount of assets acquired by the J-REIT



Data: Created based on the data published by the Association for Real Estate Securitization

Chart: Changes in the number of properties acquired by the J-REIT



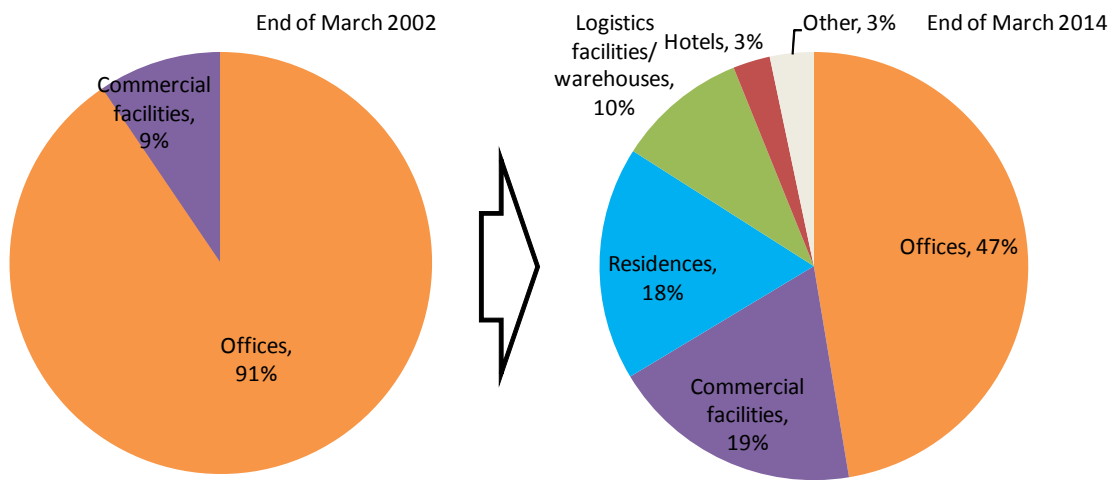
Data: Created based on "Factual investigation on transactions in real estate" conducted by the Urban Research Institute Corporation

2 Future Development of the Real Estate Investment Market

(Diversification of investment targets in the real estate investment market)

Comparing the types of properties acquired by J-REIT recently with those acquired early after its establishment, offices accounted for 91% at the end of March 2002. However, there has been diversification of investment targets with the J-REIT investment spreading to residences and commercial facilities, and with REITs investing in logistics facilities greatly increasing in recent years. As of the end of March 2014, offices accounted for 47%, commercial facilities for 19%, residences for 18%, logistics facilities/warehouses for 10% and hotels for 3%.

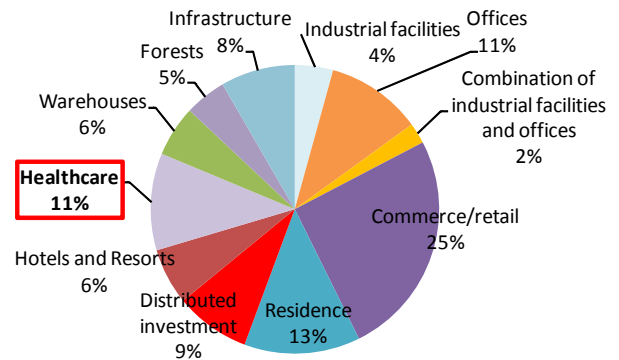
Chart: Changes in the properties acquired by J-REIT by use



Data: Created based on the data provided by the Association for Real Estate Securitization

In respect to assets acquired by US-REIT, REITs investing in offices, commercial/retail facilities and residences account for roughly 50%, while REITs investing in healthcare¹ account for approx. 10%. Given that diversification of investment targets is more advanced in the United States, there may be room for further diversification of investment targets, including healthcare facilities that are also in Japan's real estate investment market.

Chart: Property acquisition by US-REIT by use



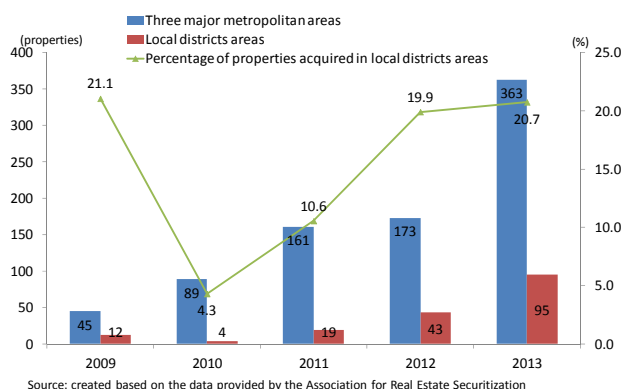
Data: Created based on NAREIT REITWatch

¹ Serviced apartments for the elderly, private nursing homes, hospitals, etc.

(Promotion of investments in local districts areas)

In 2013, J-REIT acquired 363 properties in the three major metropolitan areas, whereas only 95 properties were acquired in other areas, making up 20.7% of all J-REIT acquisitions. The number of J-REIT acquisitions, especially those of logistics facilities, in local districts areas has been increasing since 2010, but property acquisition was still concentrated in the three major metropolitan areas. It is important to promote investment in local districts areas.

Chart: Changes in the number of properties acquired by J-REIT by area

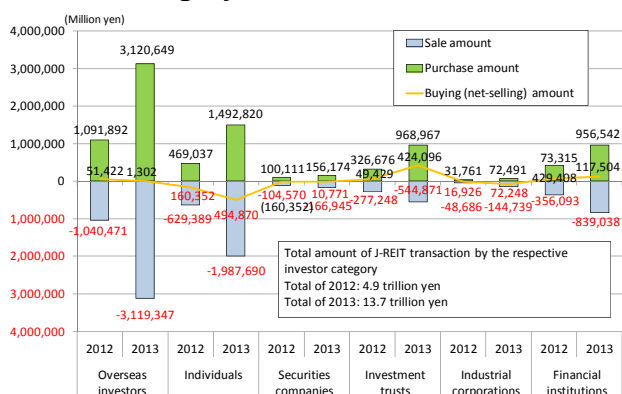


Meanwhile, it becomes a nationwide challenge to rehabilitate aging properties. Regeneration of aging properties using real property-securitization methods (including a new mechanism based on the revised Real Estate Specified Joint Enterprises Act) and their mass circulation as income properties in the real estate investment market have the potential to expand investment in local districts areas as well.

3 Movement of the Participants in the Real Estate Investment Market (J-REIT trading patterns of overseas investors)

Total transaction value of J-REIT greatly increased from 4.9 trillion yen in 2012 to 13.7 trillion yen in 2013. Most notably, the annual value of transactions conducted by overseas investors tripled from approx. 1 trillion (2012) to 3.1 trillion yen (2013) both in sales and purchase amounts. They are an increasing presence in the J-REIT market.

Chart: THE J-REIT trading patterns by investor category



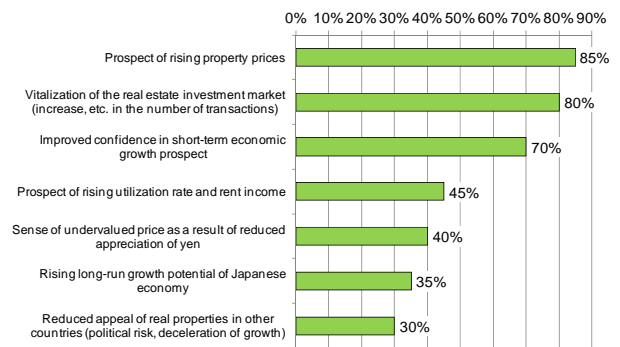
Data: Created based on the data published by the Tokyo Stock Exchange

(Overseas investors' evaluation of the Japanese real estate market)

Overseas investment is expected to increase its impact on the trends of Japan's real estate market. A comparison of the current investment amount and the amount expected after three years by region based on the result of a questionnaire survey of overseas investors conducted in 2013 shows that respondents who will "increase" ("increase" + "slightly increase") their investment account for 41.1%, which is the second highest after "Asia excluding Japan."

In answer to the question, "Why do you think you will be increasing your investment in Japan three years from now?" the most common response is "prospect of rising property prices" (85%) followed by "vitalization of the real estate investment market (increase, etc. in the number of transactions)" (80%) and "improved confidence in short-term economic growth prospect" (70%). The results indicate that overseas investors react favorably to the rising prospect of vitalization of Japan's real estate market.

Chart: Reasons to increase investment in Japan

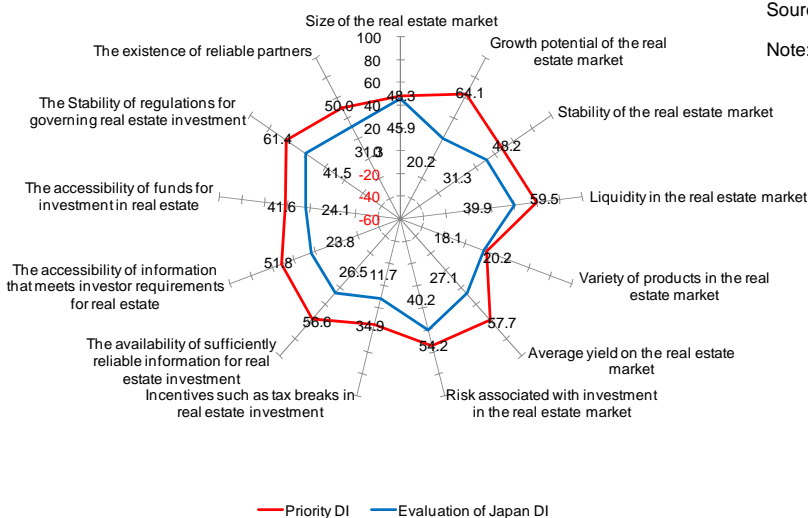


Source: "Survey of Overseas Investors"

In respect to important factors for choosing an area in which to invest, respondents placed more emphasis on "growth potential (64.1%)," "stability of regulations (61.4%)" and "liquidity (59.5%)."

When asked about their evaluation of the Japanese real estate market, they evaluated highly "size of the real estate market (45.9 points)," followed by "the stability of regulations for governing real estate investment (41.5 points)," "risk associated with investment in the real estate market (40.2 points)" and "liquidity in the real estate market (39.9 points)." Items that are perceived inferior in spite of their importance include "growth potential of the real estate market," "average yield on the real estate market," "the availability of sufficiently reliable information for real estate investment" and "the accessibility to information that meets investor requirements for real estate."

Chart: Overseas investors' evaluation of the Japanese real estate market (comparison with importance)



Source: "Survey of Overseas Investors"

Note: Priority DI = [percentage selecting "attach importance" (%)] + 0.5 * [percentage selecting "somewhat attach importance"(%)] - 0.5 * [percentage selecting "don't attach much importance" (%)] - [percentage selecting "don't attach importance"(%)]

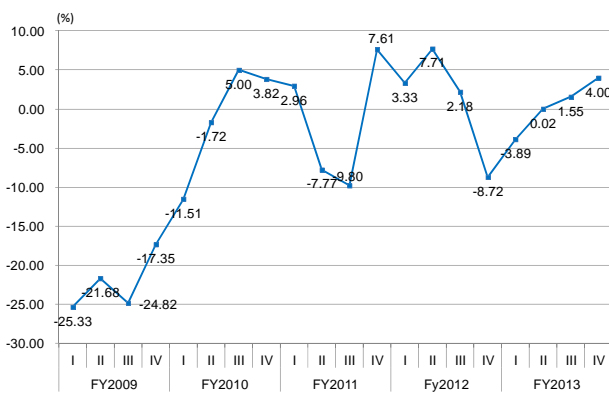
Evaluation DI = [percentage selecting "superior" (%)] + 0.5 * [percentage selecting "somewhat superior"(%)] - 0.5 * [percentage selecting "somewhat inferior" (%)] - [percentage selecting "inferior" (%)]

Section 3 Trends of Corporate Demand for Land

1 Trends of Corporate Capital Expenditure

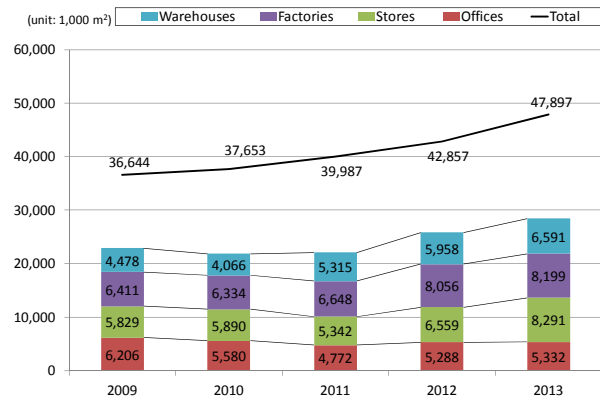
Corporate capital expenditure has been increasing on a year-to-year basis since the second quarter of the fiscal year 2013, showing a recovery trend. Looking at recent trends in fields where corporate investment is expanding due to "Building Starts," the square footage of construction starts of private non-residential buildings increased by 22.8% compared with the previous year. By use, stores (8,291,000m² or a 26.4% increase from the previous year) and warehouses (6,591,000m² or a 10.6% increase) showed an especially vigorous growth.

Chart: Changes in corporate capital expenditure (year-to-year)



Source: Created based on the "Financial Statements Statistics of Corporations by Industry," MOF

Chart: Changes in square footage of construction starts of private non-residential buildings by use



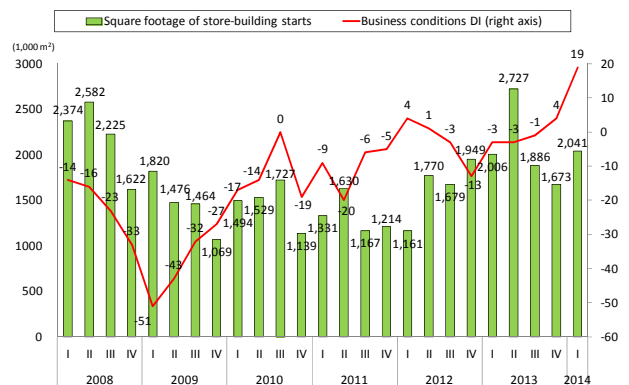
Source: Created based on the MLIT's "Building Starts"

2 Trends of Corporate Investments by Field

(1) Trends of Store/Commercial Facility Locations (Increase of store/commercial facility locations)

Retail business conditions DI continued to improve in 2013. It is believed that the square footage of store-building starts greatly increased during the year, backed by consumers' positive attitudes toward consumption and the recovery trend for consumer spending, etc.

Chart: Retail business conditions DI and square footage of store-building starts



Source: Created based on the BOJ's National Short-Term Economic Survey of Enterprises in Japan and the MLIT's "Building Starts"
Business conditions DI: the percentage of corporations responding with "good" minus the percentage of corporations responding with "bad"

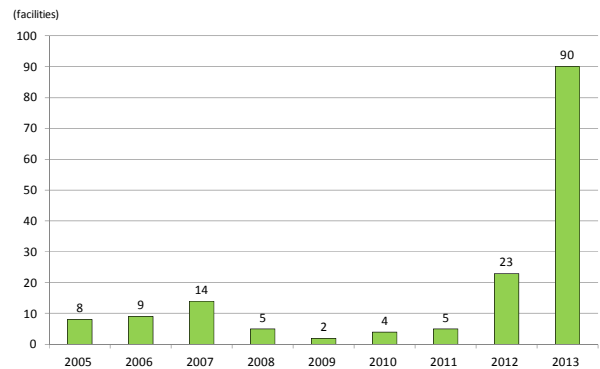
**(2) Trends of Warehouse/Logistics Facility Locations
(Increase of warehouse/logistics facility locations)**

The role of warehouses has been changing in recent years. There is a growing need for logistics facilities that can serve as a comprehensive base that provides distribution processing and other functions in addition to temporary storage.

In recent years, against the backdrop of sophistication and diversification of logistics services provided by 3PL businesses and others, expansion of electronic commerce, aging of existing warehouses, etc., the demand for large-scale and sophisticated logistics facilities has been growing. Along with that growing demand, investments using securitization are also expanding. For example, the number of acquisitions of logistics facilities by J-REIT greatly increased to a record-setting 90 in 2013, partly because investment corporations that specialized

in logistics facilities were listed one after the other.

Chart: Changes in the number of warehouses acquired by J-REIT



Data: Created based on the data provided by the Association for Real Estate Securitization

Section 4 Trends of Household Demand for Land

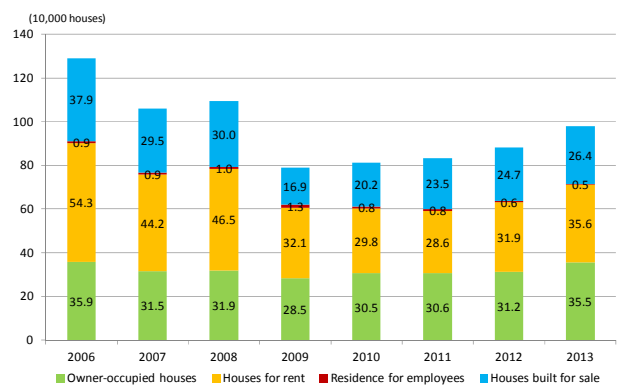
1 Backdrop for the Increase of New Housing Starts

In terms of the number of new housing starts by use form in 2013, according to the Building Starts survey, owner-occupied houses were 355,000 (13.9% increase over the previous year,) houses for rent were 356,000 (11.8% increase over the previous year,) and houses built for sale were 264,000 (6.9% increase over the previous year.)

The number of new housing starts had been gradually recovering since the latter half of 2009. This was due, in part, to the improved financing environment that resulted from lower interest rates and assistance to housing, including tax reductions on housing loans. In 2013 the number of housing starts greatly increased in all categories (owner-occupied houses, houses for

rent and houses built for sale) as a result of last-minute demand before the increase in the consumption tax rate.

Chart: Change in the number of new housing starts (by use form)



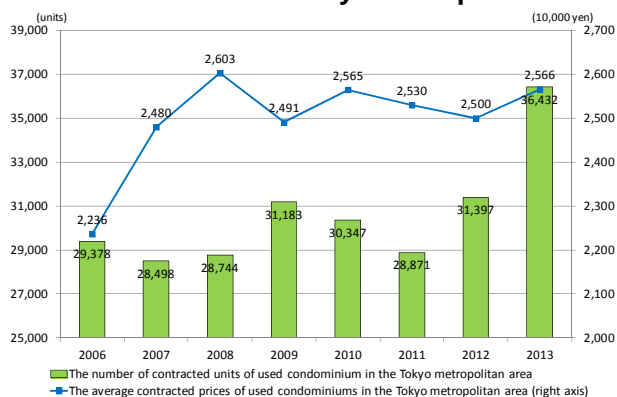
Source: Created based on "Building Starts" of MLIT

(Vitalization of used condominium market)

One of the remarkable trends in the 2013 housing market is vitalization of the used condominium market.

According to the Real Estate Information Network for East Japan, the number of contracted units of used condominiums in the Tokyo metropolitan area was 36,432 (a 16.0% increase from the previous year) and the average contract price rose by 3.5% to 25.66 million yen in 2013.

Chart: The number of contracted units and average contracted prices of used condominiums in the Tokyo metropolitan area



Source: Created based on the data published by the Real Estate Information Network for East Japan

Section 5 Summary

As described above, the 2014 Publication shows that land prices are on the track to recovery both in the three major metropolitan areas and in local districts areas. However, whereas the land-price rise spread from the center to the peripheral parts of the three major metropolitan areas, it either remained limited or land prices continued to fall in many parts of the local districts areas. The trend of price-rising sites shows that recent changes are based on actual demand attaching a high value to profitability and convenience.

Meanwhile, 2013 saw a rejuvenation of Japan's real estate investment market, which supports demand for land. In particular, the amount of properties acquired by J-REIT hit a record high. Furthermore, corporate capital expenditure increased, taking advantage of securitization for commercial and logistics facilities, while household housing investment also greatly improved thanks to the recovery in business confidence, low interest rates and other factors.

As we saw in Sections 1 to 4, the recent recovery of land prices has spread from areas with superior profitability and convenience, because the spread of economic recovery vitalized the real estate investment market and improved household and corporate investment activities.

Land prices in Japan had long continued to fall since the collapse of the bubble economy. It is hoped that with continued growth of the Japanese economy we will pull out of the asset deflation and that the recovery of land prices will continue to spread nationwide. If that spread reaches local districts areas, it will also impact the macro economy and ensure pulling out of the deflation. Therefore, it is necessary to pay close attention to the trends of land prices, etc. through publications of the values of standard sites, property price index and other signs, while continuing to promote liquidity and effective utilization of land.

In light of the recent change in public mindset and recent trends of corporate investments, it is expected that the trend of demand for land with superior profitability and convenience will intensify. Therefore it is important to make efforts to enhance the substantial value of real properties and improve profitability/convenience of land in each area.

Chapter 3 Enhancement of Area Value through Effective Use of Underutilized/Unused Land

Japan's social economic structure is expected to go through a drastic change, including a population decline. This will also spur a change in the demand for and use of land, which is expected to lead to an increase of underutilized/unused land. Effectively using underutilized/unused land to enhance the area value is a key issue for the future.

Based on this recognition, Section 1 of this chapter will outline the changes in the social economic structure, including depopulation and the aging population, fewer children and a changing industrial structure. It will also analyze the increase of underutilized/unused land as well as the public's awareness of the situation. Section 2 will describe the efforts of individual areas to effectively use underutilized/unused public land, vacant lots, empty houses, etc. successfully enhancing the real estate and area values, and then will analyze the factors, etc. of their success.

Section 1 Changing Social Economic Structure and Increasing Underutilized/Unused Land

1 Changing Social Economic Structure and Its Impact on Land Use

(1) Impact of the Progress of Depopulation and an Aging Population with Fewer Children

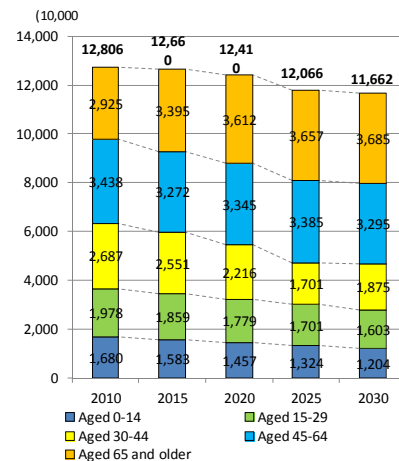
According to the moderate-range projection of the National Institute of Population and Social Security Research, the population of Japan will decrease from 128.06 million in 2010 by approx. 8.9% to 116.62 million in 2030.

Our elderly population will continue to increase with the aging of the population. It is expected that people aged 65 and older will account for roughly 31.6% of the total population by 2030.

The impact of this demographic change on the demand for land and land use may include the following:

- (1) Impact of the decline of the total population on the demand for land
- (2) Impact that the continuing increase of people aged 65 and older has on the demand for land and land use responding to the needs of the elderly
- (3) Impact of the considerable decrease of the productive-age population, especially the 30–44 age group, many of whom purchase their first house, on the demand for and use of land

Chart: Changes in future population by age group

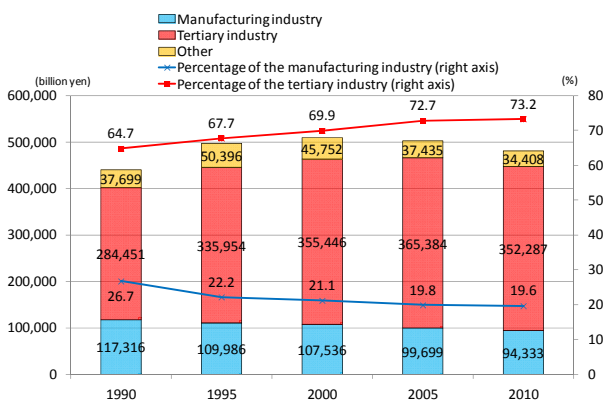


Source: Created by MLIT based on "Population Census" of the Ministry of Internal Affairs and Communications and "The Population Projections for Japan (projection as of January 2012)" of the National Institute of Population and Social Security Research

(2) Impact of Changing Industrial Structure

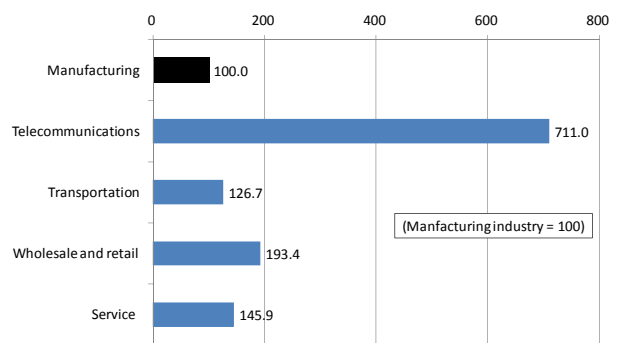
Japan's industrial structure is shifting from that of a secondary industry driven by manufacturing to that of a tertiary industry driven by the service sector. From the viewpoint of how these changes in the industrial structure impact the demand for land and land use, the shift is seen as that from the secondary industry, requiring a relatively larger piece of land to the tertiary industry, which can generate comparable additional value with less land. The added value per unit area of the tertiary industry (including the service and wholesale/retail industries) is higher than that of other industries. For example, the added value of the telecommunications industry is about seven times higher than that of the manufacturing industry.

Chart: Changes in GDP by industry



Source: Created by the MLIT based on "National Accounts" of the Cabinet Office

Chart: Added value per unit area by industry

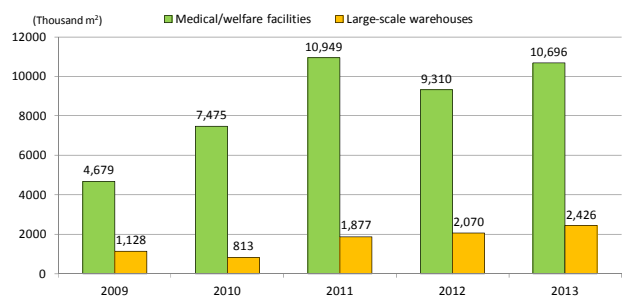


Source: Created based on the MLIT's "Corporation Survey of Land 2008" and the MOF's "Financial Statements Statistics of Corporations by Industry 2007"

Note: Obtained by dividing the amount of added value per company by the area of business land (land excluding inventory asset) per company

On the other hand, it is indicated that demand for land may significantly increase in the medical/welfare and logistics fields. Backed by the growing need for medical/welfare facilities that accompanies an aging population and the growing demand for large-scale warehouses thanks to the development of the electronic commerce market, construction starts for these facilities have greatly increased in recent years. The demand in these fields is expected to continue to grow.

Chart: Changes in square footage of construction starts of medical/welfare facilities and large-scale warehouses



Source: Created based on the MLIT's "Building Starts"

Note: Medical/welfare facilities are buildings used for the Japan Standard Industrial Classification Division P "MEDICAL, HEALTH CARE AND WELFARE"

Note: "Large-scale warehouses" are warehouses with a total floor area of more than 20,000m²

When studying desirable future land use, it is necessary to work in a medium- and long-term perspective, with accurate understanding of the changes in the demand for land and land use that accompany these changes in the social economic structure.

2 Increasing Underutilized/Unused Land and Public Perception

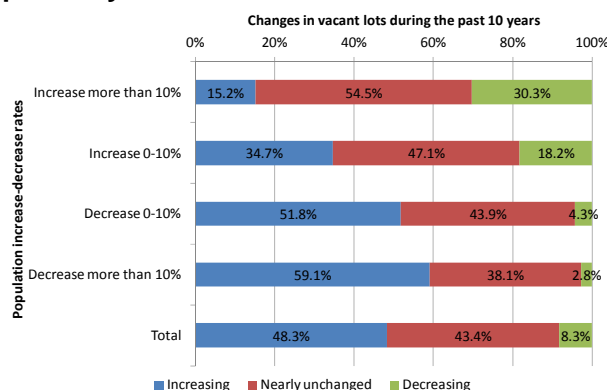
(1) Underutilized/Unused Land

As shown above, the land supply-demand structure is changing with the industrial and social economic structures, including the shift to a depopulating and aging society with fewer children. The change's impact on land use is manifesting as an increase of underutilized/unused land, including vacant lots.

(Vacant lots)

According to the Questionnaire Survey of Municipalities across the Country Concerning the Actual State of the Appearance/Disappearance of Vacant Lots” conducted by the Policy Research Institute for Land Infrastructure, Transport and Tourism, about half of the municipalities answered that “vacant lots have been increasing” over the past 10 years. Municipalities where population/households are decreasing are more likely to give that answer. The result indicates a close relationship between the population decline and the increase of underutilized/unused land.

Chart: Changes in total area of vacant lots by population increase-decrease rates for the past 10 years

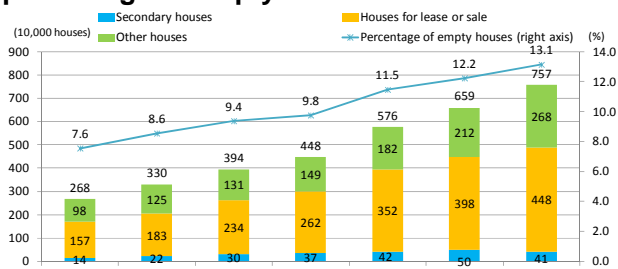


Source: “Questionnaire Survey of Municipalities across the Country Concerning the Actual State of the Appearance/Disappearance of Vacant Lots” (2013) conducted by the Policy Research Institute for Land Infrastructure, Transport and Tourism

(Empty houses)

The number of empty houses shows a tendency to rise, reaching about 1.3 times the 1998 level in 2008. The percentage of empty houses is also continuing to increase. The high increase rate of “other houses” may be due to the significant rise in the number of “derelict houses” etc. included in the category.

Chart: Changes in the number and the percentage of empty houses



Source: Created by MLIT based on “The Housing and Land Survey” of Ministry of Internal Affairs and Communications

Note: Secondary houses: Holiday houses and other houses where people stay only occasionally

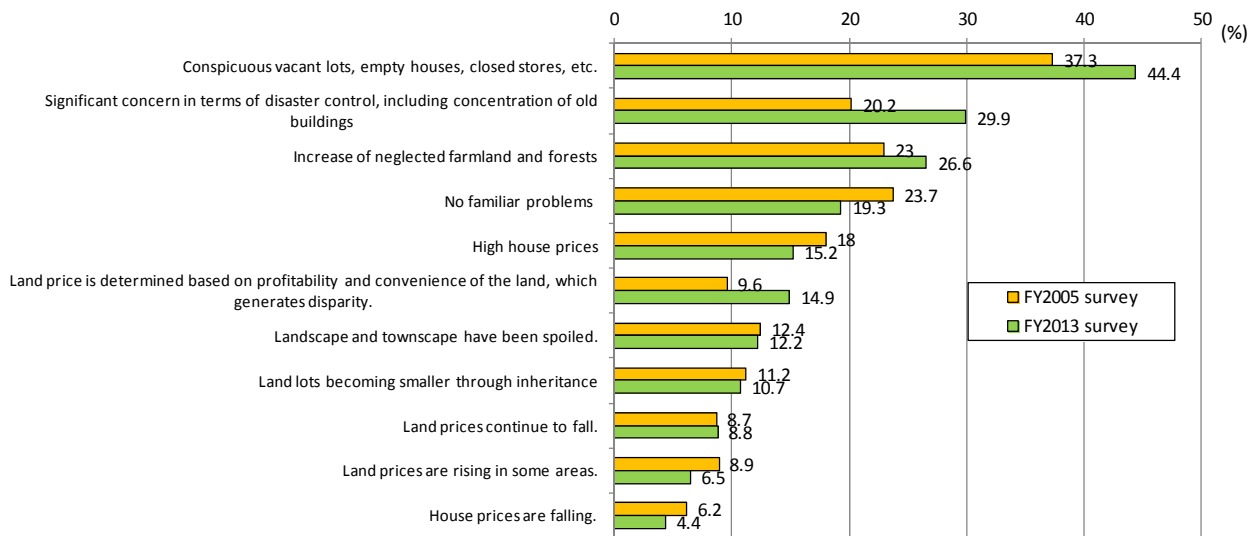
Houses for lease or sale: new or used houses that are empty because they are for lease or sale

Other houses: Other houses that are empty due to job transfers, hospitalization, houses that are to be demolished for rebuilding, etc.

(2) Public Perception of Underutilized/Unused Land

According to MLIT’s “Survey on the Public Attitude Toward Land Problems,” the most familiar land problem chosen by respondents is “conspicuous vacant lots, empty houses, closed stores, etc.” at 44.4%. The percentage of respondents choosing this answer increased by about 20%, from 37.3% in the 2005 Survey. The result shows that people perceive the increase of underutilized/unused land—including vacant lots—more strongly as a major problem of Japan.

Chart: Public awareness of “familiar land problems”



Source: Created based on “The Survey on the Public Attitude Toward Land Problems” by MLIT

Furthermore, according to the results of “The Survey on the Public Attitude toward Underutilized/Unused Land and Land Inheritance amid Population Decline,” which studied public perception on which problems were especially worsening with the increase of underutilized/unused land, the most frequently mentioned land problem is the hollowing out of existing commercial city centers: the total of respondents answering “further worsened” or “worsening” reached 44.3%. Among problems of vacant lots and empty houses, the hollowing out of commercial city centers is perceived as a major problem.

Chart: Public perception of the problem of unused land



Source: MLIT’s “Survey on the Public Attitude toward Underutilized/Unused Land and Land Inheritance amid Population Decline”

Section 2 Strategic Efforts to Link Effective Use of Underutilized/Unused Land to Enhancement of the Area Value

Linking effective use of underutilized/unused land to enhancement not only of the real estate value but also of the area value in general is a crucial perspective for invigorating local communities.

The section describes and analyzes the cases of Shiwagun Shiwacho of Iwate, Nagano City of Nagano and Kitakyushu City of Fukuoka as advanced efforts of effective utilization of unused/underutilized public land, empty houses, vacant lots, etc. for enhancement of the area value.

The section also describes the case of Toyama City, Toyama, which successfully improved the area value by using a public space (municipal roads) as an attractive open space with high added value. There was no existing underutilized/unused land in this case, but the example offers many suggestions for efforts to effectively utilize underutilized/unused land as an open space.

(1) Developing a Regional Center Utilizing Underutilized/Unused Land (Shiwagun Shiwacho OGAL Project)

Shiwagun Shiwacho has land of about 10.7ha in front of Shwa Central Station, but it had not been used for more than 10 years due to changed social circumstances, aggravation of the town's financial situation and other reasons.

To address this issue, based on the study conducted by the town and a university, a basic public-private cooperation plan was developed in 2009, and it was decided that the public and private sectors would work together to develop a public-private complex that would serve as a regional center using the unused public land (OGAL Project). Its basic concept was to create a regional center by gathering facilities that could attract customers and improve the area value. In concrete terms, the publicly and privately funded OGAL Shiwa was established as the project operator. The company unitarily handled the design, development, management, etc. of the facilities. Meanwhile Shiwa Town held more than 100 briefing sessions for residents and made efforts to promote understanding of the project while eliciting proposals from town people, private businesses and others.

Separately from this urban development company, a special purpose company (SPC) was established to own the facilities. Separation of ownership and use was ensured through signing of a contract on a fixed-term land-lease right for business use between the SPC and Shiwacho, the owner of the land. Fund for the development was raised by obtaining loans from commercial banks on guarantee of the revenue from private tenant rents in addition to an investment from the Organization for Promoting Urban Development.

Through the public-private cooperation maximizing ingenuities in the private sector, a public-private complex, OGAL Plaza, gathered a library, a farmers' market, café and other facilities that could attract customers was completed in 2012.

Town office buildings, commercial and other facilities have been further developed in stages in the area in order to continuously improve the area value.

When implementing the OGAL Project, Shiwacho also worked to harmonize the buildings with public spaces (e.g., roads, open spaces) to create a beautiful townscape by developing design guidelines and revising the town planning and district planning, for example.

Chart: Large unused public land in front of Shiwa Central Station

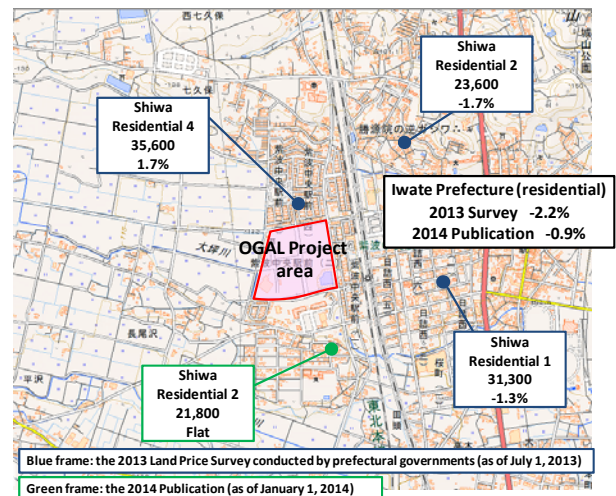


Chart: Public-private complex OGAL Plaza was created using the unused public land.



As a result of these efforts, OGAL Plaza attracted more than 700 thousand visitors in the one year after its 2012 completion. The project also contributes to local job creation by employing 105 people. Furthermore, the improved convenience and living environment that accompanied the development of OGAL Plaza has promoted construction of housing in the neighborhood. According to the 2013 Land Price Survey conducted by prefectural governments, the average fluctuation rate of residential land prices was -2.2% in Iwate Prefecture, while land price fluctuation rates around OGAL Plaza were as shown in the chart to the right. The site's price rose by 1.7% and it is one of two sites with increased prices in Iwate Prefecture (excluding municipalities on the coast).

Chart: Changes in residential land prices in Shiwacho, Iwate



(2) Revitalization of Commercial Area Utilizing Underutilized/Unused Empty Houses and Warehouses (Patio Daimon Kuraniwa, Nagano City, Nagano)

Nagano City has flourished as the temple town of Zenkoji Temple. Its center is formed around the 1.8km-long Zenkoji Omotesando, running from JR Nagano Station to the Temple. In Daimon Town near the temple, however, an increasing number of vacant stores and warehouses were hollowing out its commercial function.

Alarmed by the situation, the community established Machizukuri Nagano K.K.², with the investment of the chamber of commerce and industry, the local shopping street and Nagano City. The company worked on commercialization based on the ideas of local residents and played a central role in revitalizing the commercial area by refurbishing traditional warehouses, for example. Their efforts bore fruit as Patio Daimon Kuraniwa, a commercial complex consisting of stores, cafes and other facilities, in 2005.

Chart: Patio Daimon Kuraniwa



Machizukuri Nagano K.K. developed Patio Daimon Kuraniwa using the subsidy for general support of SME commerce revitalization, loans, etc. It also manages and maintains the facilities using store rents, etc. and is working on invigoration of local communities through events and other activities. The company has signed contracts on a fixed term land lease right with multiple land owners to ensure separation of ownership and use.

The City of Nagano developed a landscape plan for conservation of the temple town and is

² Town Management Organization (TMO) certified by the Minister of Economy, Trade and Industry based on the Act on the Integrated Promotion of the Development and Improvement of City Centers and Revitalization of Commerce

implementing townscape improvement projects, including laying electric lines underground, to spread the effect of Patio Daimon Kuraniwa to the entire region.

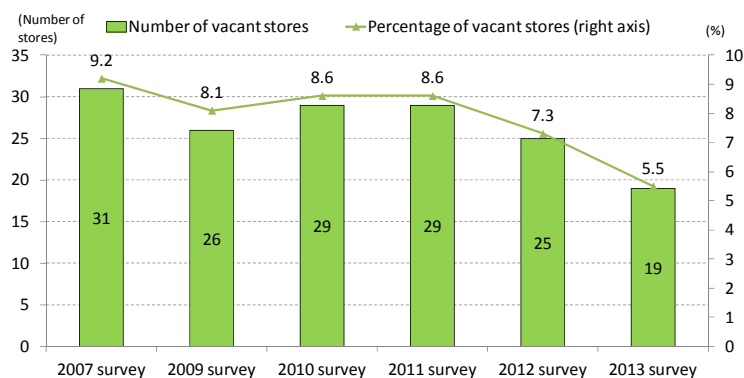
Still attracting about a half million customers in fiscal 2012 seven years after its completion, Patio Daimon Kuraniwa halted the slide of the entire commercial area of the temple town while creating new values, including lively streets and greater tourists' migration to adjacent areas.

In recent years, young people who were drawn to the temple town by its old-town features preserved by the project, etc. are renovating empty houses, stores and other structures to use them as shared offices and stores and for other purposes.

As a result, there have been about 50 renewals of empty houses, etc. in the 10 years or so since 2003. The movement has further spread in recent years, realizing about 30 renewals in the three years since 2011.

It is believed that the initiative by the young people is an evolution-and-ripple effect of the Patio Daimon Kuraniwa and other projects. Thanks in part to the initiative, the ratio of vacant stores in the commercial center of Nagano City fell from 9.2% in 2007 to 5.5%, indicating the progress in the revitalization of the entire commercial area.

Chart: Vacant stores in the commercial center of Nagano City



Source: Created by MLIT based on the data provided by Nagano City
 Note: Number and percentage of vacant stores on the 1st floor level of the central street

Chart: Vacant stores renewed as shared office, café, etc.



(3) Summary

Factors of these initiatives' success have their own characteristics, but what they have in common is that the public-private cooperation with proper role sharing worked effectively. It is believed that the cooperation's focus on utilization of the ingenuity and vitality of the private sector is especially important for generating results.

In order to further promote efforts to enhance the area value by effective utilization of underutilized/unused land across the country, it is thought to be important to make bases that enable utilization of the vitality in the private sector. In concrete terms, it requires establishment of institutional and financial methods for public-private cooperation, enhancement of measures to develop local human resources who will lead such initiatives and utilize external talents, and development of land and real estate information that everyone can easily grasp, for example.

Part 2 Basic Measures in Relation to Land in FY2013 (Omitted)

Basic Measures in Relation to Land in FY2014 (excerpt)

Chapter 1 Dissemination of Basic Philosophy on Land

During the “Land Month” of October (October 1 is “Land Day”), the government will work to disseminate the basic philosophies on land and introduce various measures and systems concerning land in collaboration with relevant organizations.

Chapter 2 Enhancement of Information on Land

Section 1 Systematic Maintenance of Land Information

In order to systematically maintain information on land ownership, utilization, transactions, prices and so forth, the government will conduct publication of value of standard sites and cadastral surveys, as well as provide real estate transaction prices. The government will also prepare and organize statistical documents, such as results of “Corporation Survey of Land and Buildings,” to clarify the actual status of land transactions.

Section 2 Promotion of National Land Survey

The government promotes cadastral surveys based on the 6th 10-Year National Land Survey Plan (fiscal years 2010 to 2019), land classification surveys (including a land-use history survey), and water surveys.

Section 3 Promotion of Enhancement of National Land Information

As for digital national land information, the government will revise publication of values of standard sites and publication of values of standard sites by prefectural government. Concerning geospatial information, the government will prepare and update map information and geospatial information (i.e., social foundation) based on the basic plan for advancing the use of geospatial information that was decided by the Cabinet in March 2012. The administration of land surveys will be also promoted.

Section 4 Enrichment of the Land Registration System

The government will focus on the intensive mapping of urban areas whose lot numbers are not adequately registered based on Article 14, paragraph 1 of the Real Property Registration Act.

Chapter 3 Accurate Understanding of Land Prices Trends

Section 1 Promotion of the Publication of Values of Standard Sites

The government will make publication of values of standard sites at 23,380 standard sites in 2015. The government will also publish the results of analyses of trends in land price based on publication of values of standard sites by prefectural government in 2014.

Section 2 Provision of Real Estate Transaction Prices

The government will continue to conduct surveys on real estate transaction prices nationwide and publish the information on transaction prices obtained in the surveys on the Internet on a quarterly basis.

Section 3 Development of Property Price Indices

The government will work on improving the speed and accuracy of residential property price indices while considering the development of commercial property price indices based on the development status of international guidelines for their development.

Section 4 Enhancement of Real Property Appraisal

In order to raise the credibility of real property appraisal, the government will engage in appraisal monitoring, including on-site inspection concerning the real property appraisal firm. The government will also revise the real property appraisal standards, etc. in order to address internationalization of the real estate market and diverse appraisal needs, including the progress of a stock-type society and the development of the real estate securitization market.

Section 5 Balanced and Proper Land Appraisal by the Public Sector

In order to promote proper land-price formation and taxation, the government will continue to strive for balance and reasonableness in public land appraisals relative to the prices that are used in assessing fixed property tax and inheritance tax.

Chapter 4 Improvement of Real Estate Market

Section 1 Improvement of Real Estate Transaction Market

In addition to improving and revitalizing the real estate transaction market with a focus on the used house market, the government will ensure proper application of the Building Lots and Buildings Transaction Business Act and the land transaction control systems. It will also spread and promote a supply of green buildings and provide contaminated-land information, which is useful for land transactions, for example.

Section 2 Improvement of Real Estate Investment Market

In order to revitalize the real estate investment market, the government will take necessary measures based on the supplementary resolution relating to the Act to Partially Amend the Real Estate Specified Joint Enterprises Act, which was enacted at the 183rd ordinary Diet session, while working on an environmental arrangement for utilization of the healthcare REIT.

Section 3 Land Tax Measures

In view of the energization of land transactions and the promotion of land use, the government will continue to implement tax measures for the acquisition, possession and transfer of land at each step.

Section 4 Support for Global Business Development in Real Estate Markets

The government will continue to support the development of legal systems in the construction and real estate fields of emerging Asian countries, while promoting strategic dissemination of information related to Japan's real estate market.

Chapter 5 Improvement and Enhancement of the Land Use Plan

Section 1 Promotion of the Land Use Plan

Based on the "4th National Land Use Plan (National Plan)," the government will take measures

necessary for promoting overall management of national land use and will also promote proper and reasonable land use by properly implementing the general plan of land use.

Section 2 Ensuring Proper Use of Land in City Planning

The government will promote the appropriate implementation of the “Policy for Improvement, Development and Preservation of City Planning Areas” (master plan), which is laid out in each city planning area, and formulation of the “Basic Policy Concerning Municipal City Planning” (municipal master plan). The government will also promote appropriate utilization of city planning systems to meet various policy challenges.

Section 3 Coordination with National Land Policy

The government will implement monitoring of the National Spatial Strategies (National Plan)—a policy guideline for the comprehensive formation of national land—and advance the study for the compilation of a new “Grand Design” for the medium and longer term (around 2050.) The government will also examine how the progress of the projects included in the Regional Plans is inspected and how their problems are addressed. Moreover, the government will promote the formation of regional centers and industrial location policies.

Chapter 6 Promotion of Housing Measures

Section 1 Promotion of Housing Measures

In order to improve the overall quality of housing stock, the government will provide support for the renovation to long-life quality housing where deterioration measures, energy-saving renovations, etc. are taken in a comprehensive manner

The government will also promote securitization support businesses (buyout type and guarantee type) through the Japan Housing Finance Agency in order to support the provision of long-term and fixed-rate housing loans provided by private financial institutions. The government will also lower interest rates on loans under the FLAT 35S, utilizing the framework of the securitization support businesses.

In addition, the government will take special measures to promote expansion and vitalization of the used-house transaction and renovation markets, rebuilding of decrepit condominiums, etc. when revising the tax system in 2014.

Section 2 Creation of Favorable Living Environment by Promoting the Provision and Management of Good Residential Land

The government will support efforts to revitalize new towns where residents are aging and buildings and facilities have become decrepit as safe and comfortable residential areas, by redeveloping houses and dwelling environments, including through the introduction of barrier-free design, and by attracting welfare facilities.

Chapter 7 Promotion of Effective Land Use

Section 1 Promotion of Local Community Invigoration and Urban Renewal

Under the Regional Invigoration Headquarters, the government as a whole will promote efforts to achieve integrated and effective local revitalization, including comprehensive special zones, future cities, urban renewal, designated structural reform districts, local regeneration, and city center vitalization.

It will also promote city regeneration in areas designated for Emergency City Regeneration as well as city regeneration nationwide, while at the same time promoting development of super blocks based on the Super Block Guidelines.

Section 2 Promotion of Urban Infrastructural Development and Disaster-resistant Urban Planning

In order to promote urban infrastructure development, the government will promote the utilization of civilian capabilities as well as utilization of space in the air and underground, and the development of disaster countermeasures in towns by enhancing the disaster prevention in urban housing areas, preventive measures for roads and sewage systems, preventive measures against tsunamis, cadastral surveys and development of a system to promote smooth reconstruction.

Section 3 Promotion, etc. of Use of Underutilized/unused Land

Through various projects, the government will promote redevelopment, etc. of underutilized/unused land, such as former factory sites, and reclaimed land. In order to invigorate city centers, the government will also provide intensive support to the areas designated as eligible for the basic plan for city center vitalization.

Section 4 Development of Comfortable Residential Environment by Utilizing Farmland

The government will promote the provision of residential land with a good living environment by utilizing farmland through the farming and residence association system.

Section 5 Utilization of Land Owned by the Public Sector

The government will promote optimization of government buildings and lodgings and the effective utilization of unused national land, while supporting systematic acquisition of land owned by the public sector

Section 6 Facilitation of Public Land Acquisition

In order to generate the effects of public work projects at an early stage, the government will promote land acquisition in line with the “Land Acquisition Management,” under which bottlenecks in land acquisition are examined and analyzed with careful preparations being made regarding all stages from the planning of projects to their future use, along with ensured schedule control.

Chapter 8 Promotion of Environmental Conservation

Section 1 Promotion of Measures Concerning Environment Conservation

The government will promote land-related measures for environmental conservation and give consideration to environmental conservation in various land-related policies and when selecting and implementing projects, based on the “fourth Basic Environment Plan.” The government will also promote initiatives such as concentration of city functions, utilization of public transportation and low carbonization of building based on the “Act on the Promotion of the Low-Carbonization of Cities.”

Section 2 Appropriate Conservation of Farmland

The government will promote improvement of land conditions through infrastructure-development projects for enhancing agricultural competitiveness, etc., while providing support to young new farmers, farming successors and farmland accumulation based on the “local master plans.” These plans were developed to resolve such problems as the aging population, a dwindling population of young farmers and an increase in abandoned agricultural land. In addition, the government will establish farmland intermediary management institutions and construct a mechanism for optimal use of local farmland so as to further accelerate farmland accumulation and concentration by successors.

Section 3 Ensuring Appropriate Conservation and Utilization of Forests

In order to maximize the multi-functionality of forests, the government will provide guidance and advice to local governments and forest owners on the systematic development of forests based on the forest planning system provided by the Forest Act. The government will implement measures necessary for promoting the use of lumber in public buildings, etc.

Section 4 Proper Conservation of River Basins

In special river basins for comprehensive flood control measures, the government will establish river basin conferences consisting of the river divisions of the national, prefectural and municipal governments, and other divisions related to city, housing and land, as well as create river basin improvement plans to encourage proper land use in river basins and the control of rainwater runoff. The government will also promote comprehensive and flood control measures for cities.

Section 5 Promotion of Proper Protection of Cultural Property and Creation of Favorable Landscapes Taking Advantage of Local History, Culture, etc.

As for historic villages and streetscapes, the government will provide guidance and advice to municipalities regarding the preservation and utilization of conservation zones for clusters of traditional structures as well as select important conservation zones for clusters of traditional structures and promote the preservation and utilization thereof. The government will also promote the creation of favorable landscapes.

Chapter 9 Measures for Recovery/Reconstruction from the Great East Japan Earthquake

Section 1 Measure in Relation to Land Use

As measures concerning residential land, the government will promote measures against tsunami disasters, such as projects for promoting mass relocation for disaster prevention, projects to develop post-tsunami restoration centers and projects to enhance disaster prevention functions in fishery settlements and also support measures to prevent sediment disasters and liquefaction.

As measures concerning agricultural land, the government will implement projects to recover farmland and agricultural facilities from the disaster, and remove salt elements, etc.

Moreover, for land use reconstructing, the government will promote utilizing various special provisions of land use based on land plan system prescribed by the law for special zones for

reconstruction and support the smooth and prompt implementation of projects to develop urban areas and agricultural production bases.

Section 2 Measures in Relation to Housing

The government will support the provision of public housing for disaster victims. It will also support disaster victims in rebuilding their residences by providing housing loans for disaster reconstruction and application of a special provision for disaster victims taking loans from the Japan Housing Finance Agency, as well as preferential measures on loaning for promotion of workers' property accumulation.

Section 3 Efforts for acceleration of residence rebuilding and urban renovation

In order to ensure smooth construction processes, including bidding contracts, procurement of personnel and materials and inter-project coordination, the government will steadily implement the existing measures to accelerate residence rebuilding and urban renovation. At the same time, it will work to hammer out new acceleration measures using "Taskforce for Acceleration of Residence Rebuilding and Urban Renovation" and others in a timely manner in response to new challenges accompanying the progress of the projects and changes in social conditions so as to ensure further acceleration of recovery.

Section 4 Measures in Relation to Land Information

The government will promote the development and provision of land information by promoting the clarification of demarcation on lands. This will be accomplished by conducting national demarcation surveys on public/private land and providing land transaction information so as to ensure appropriate transactions.

Section 5 Tax Measures

The government will continue the tax measures at each stage of land acquisition, holding and transfer, as they are necessary to promote the reduction of burdens on victims of the Great East Japan Earthquake as well as efforts toward recovery and reconstruction.