Trends in the Real Estate Market and Land Use Change in FY2009

FY 2010 Basic Policies on Land Usage

Abstract

June 2010

Ministry of Land, Infrastructure, Transport and Tourism

Contents

Introduction

This is a summary of the main body of the “White Paper on Land and Real Property (2010)” by the Ministry of Land, Infrastructure, Transport and Tourism, of the Government of Japan

In this report, we use the term "real property," which indicates "real estate" and "property," so that this report will be easily understood by readers in the US, the UK and other parts of the world.

The real property system in Japan might be difficult for those who are not Japanese nationals to understand. Therefore, the followings are a few basic factors about the Japanese real property system which should be highlighted at the outset:

(1) In Japan, land is regarded as a separate asset from buildings. Therefore, the term “Land Price” is normally used instead of “Property Price,” not only for agricultural land but also for developed land. Also, the term “Land Market” is often used instead of “Real Property Market,” and “Land Market” refers to the market which determines the “Land Prices.”

(2) Freehold is the only type of property ownership in Japan. There is no equivalent system of leasehold property ownership but there is a property holding system called “land lease”: the building ownership excluding the land. A land lease is only granted under the provision that the building is owned by a different party from the actual landowner.

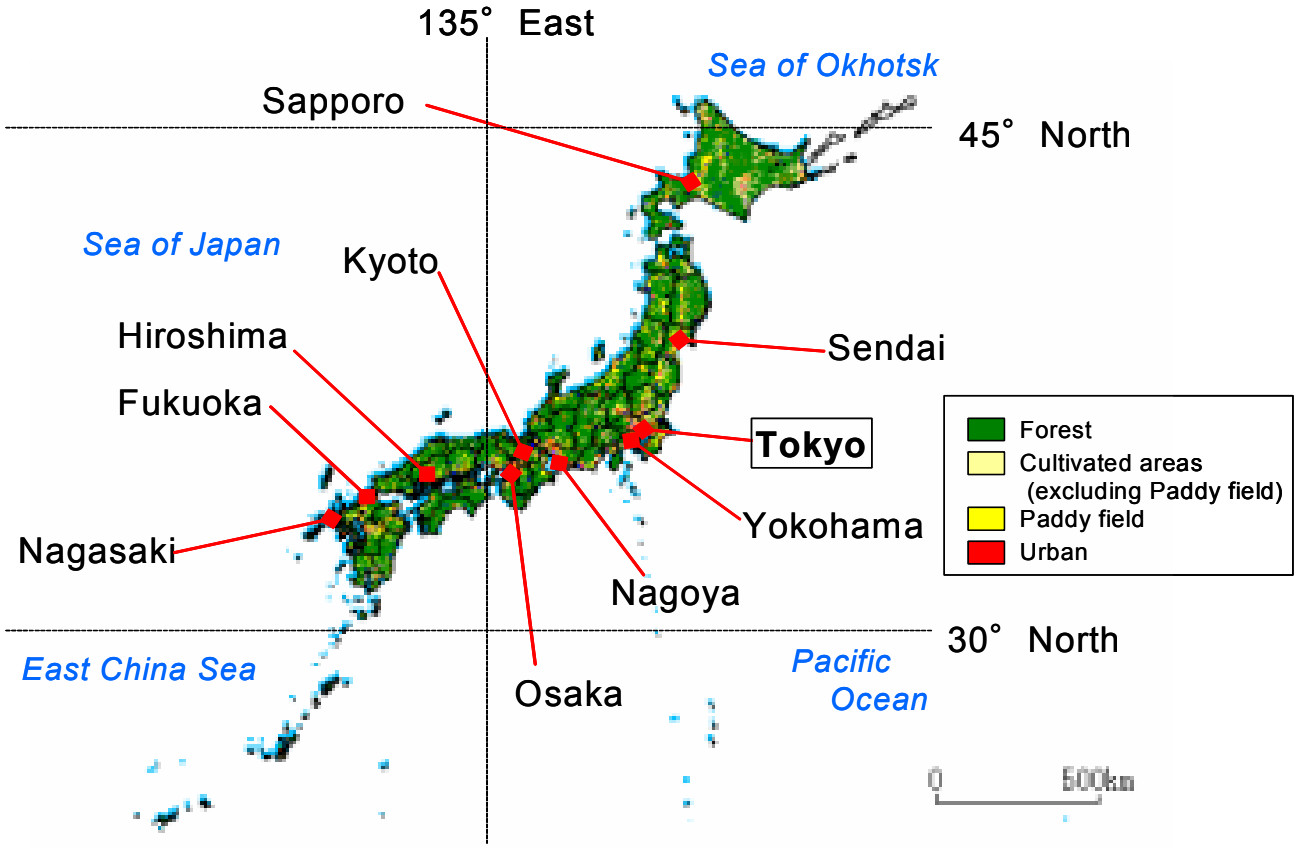
(3) In most other countries, land price is a residual of property price, calculated by the income approach: net income divided by yield, minus building cost. However, in Japan, property price, including that for income producing properties, usually comprises land price plus building price, which are calculated separately. Land prices are normally determined by market comparisons utilizing land price indices prepared by the Government, such as those within the “Land Price Publication” by the Ministry of Land, Infrastructure, Transport and Tourism, while building prices are normally determined in the market through the cost approach.

(4) Currently, due to the continued land price declines and the spread of real property securitization, property prices are beginning to be determined by reflecting the income from the subject properties, where real property assets are considered as a whole, using the income approach.

○ Country Data～Japan～

Population: 127.5 million
GDP (2009): 524 trillion Yen
Capital: Tokyo (12.7 million)
Other Major Cities: Yokohama (3.6 million), Osaka (2.5 million), Nagoya (2.1 million)
Area: 377,947 km²
Distribution of Land Use: Agriculture (12.5%), Forestry (66.4%), Urban (5.0%)

【Map】



(Data: 2000 Census, System of National Accounts, Ministry of Land, Infrastructure, Transport and Tourism)

Trends in the Real Estate Market and Land Use Change in FY2009

Part 1 Trends in the Real Estate Market and Land Use Change

Chapter 1 Trends in Land Prices and Transactions

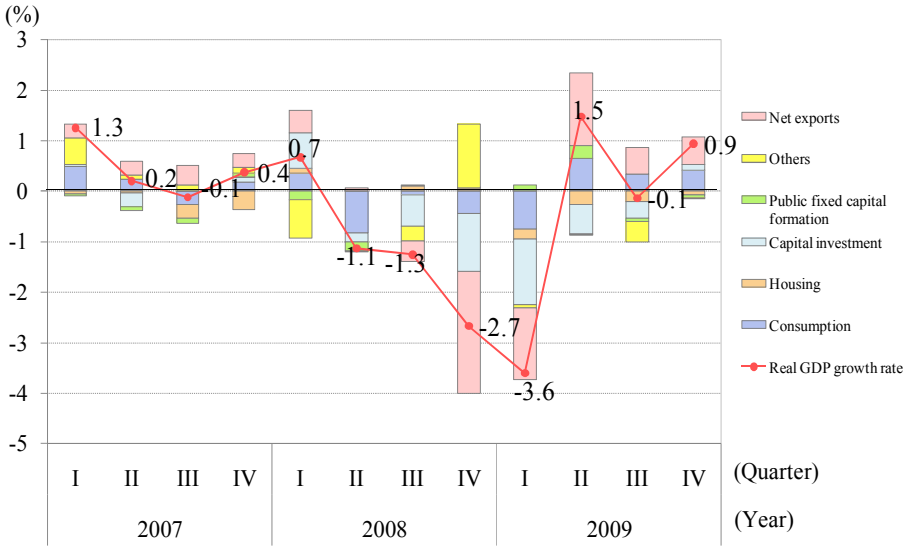
Trends in the real estate market are affected by short-term factors, such as economic conditions and corporate and household activities, in addition to structural changes in population, number of households and industrial structures. In fiscal 2009, the Japanese economy gradually recovered from the recession caused by the Lehman shock in September 2008 and the real estate market reflected such economic movements.

Section 1 The Japanese Economic Situation Surrounding the Real Estate Market

1. Changes in GDP

Following the Lehman shock in September 2008, the Japanese economy deteriorated sharply, with real GDP posting steep year-on-year declines of 2.7% in the October-December quarter of 2008 and 3.6% in the January-March quarter of 2009. However, real GDP showed positive growth of 1.5% in the April-June quarter of 2009 as the result of the increase in exports and private consumption due to the result of an economic stimulus package. Although real GDP posted negative growth of 0.1% in the July-September quarter due to slower growth in exports and consumption, it again grew 0.9% in the October-December quarter helped by an increased in capital investment. However, private housing investment has been on a declining trend since the January-March quarter of 2009.

Chart: Changes in Real GDP Growth Rates



Source: "Preliminary Reports on Quarterly GDP," Cabinet Office

2. Corporate and household trends

Although excessiveness in capital stock perceived by manufacturers rose sharply in the January-March quarter of 2008, it has been declining gradually since then. Household consumption, which has been declining since the April-June quarter of 2008, began to pick up in the following quarter.

Section 2 Trends in Land Prices

In 2009, land prices fell in almost all areas surveyed (27,302 of the 27,410 areas that are comparable with those in the public notice of land prices in 2009), as they did in the preceding year. The average annual volatility of land prices (simple arithmetic average of annual volatility of land prices) shows that the three largest metropolitan regions, non-metropolitan regions and residential and commercial lands revealed that land prices fall more sharply than in the preceding year. It also shows that land price declines in the three largest metropolitan regions were steeper than in non-metropolitan regions and that declines in commercial land prices were steeper than those in residential land prices. In particular, the land prices of commercial areas in the central parts of the three largest metropolitan regions, which posted a sharp rise from 2006 to 2007, fell sharply in 2009.

A comparison of the average percentage changes (declining rates) of land prices (in areas whose prices are available in public notices of land prices and prefectural governments' land price surveys on a quarterly basis) demonstrates that the land price declines in the three largest metropolitan regions in the second half of 2009 were slower than in the first half of the year, in particular in the Tokyo and Nagoya regions.

Year-to-Year Percentage Changes in Average Land Prices by Region

(Unit: %)

	Year	2005	2006	2007	2008	2009	2010
	Period	Jan. 1, 2004 ~Jan. 1, 2005	Jan. 1, 2005~ Jan. 1, 2006	Jan. 1, 2006 ~Jan. 1, 2007	Jan. 1, 2007 ~Jan. 1, 2008	Jan. 1, 2008 ~Jan. 1, 2009	Jan. 1, 2009 ~Jan. 1, 2010
Residential land	Three largest metropolitan regions	Δ 3.7	Δ 1.2	2.8	4.3	Δ 3.5	Δ 4.5
	Tokyo region	Δ 3.2	Δ 0.9	3.6	5.5	Δ 4.4	Δ 4.9
	Osaka region	Δ 5.2	Δ 1.6	1.8	2.7	Δ 2.0	Δ 4.8
	Nagoya region	Δ 3.3	Δ 1.3	1.7	2.8	Δ 2.8	Δ 2.5
	Nonmetropolitan regions	Δ 5.4	Δ 4.2	Δ 2.7	Δ 1.8	Δ 2.8	Δ 3.8
	National	Δ 4.6	Δ 2.7	0.1	1.3	Δ 3.2	Δ 4.2
Commercial land	Three largest metropolitan regions	Δ 3.2	1.0	8.9	10.4	Δ 5.4	Δ 7.1
	Tokyo region	Δ 2.5	1.0	9.4	12.2	Δ 6.1	Δ 7.3
	Osaka region	Δ 5.0	0.8	8.3	7.2	Δ 3.3	Δ 7.4
	Nagoya region	Δ 3.3	0.9	7.8	8.4	Δ 5.9	Δ 6.1
	Nonmetropolitan regions	Δ 7.5	Δ 5.5	Δ 2.8	Δ 1.4	Δ 4.2	Δ 5.3
	National	Δ 5.6	Δ 2.7	2.3	3.8	Δ 4.7	Δ 6.1

Note) The three largest metropolitan regions are the Tokyo, Osaka and Nagoya regions.

Note) Tokyo region: cities, wards, towns and villages including existing built-up areas and suburban development and redevelopment areas based on the "National Capital Region Development Act."

Note) Osaka region: cities, towns, and villages including existing built-up areas and suburban development and redevelopment areas based on the "Kinki Region Development Act."

Note) Nagoya region: cities, towns, and villages including existing urban development areas based on the "Chubu Region Development Act"

Note) Other regions consist of all regions other than the three largest metropolitan regions.

Half-Yearly Percentage Change in 2009 (Declining rate)

(Unit: %)

	Period	First half of 2009 Jan. 1, 2009 ~July 1, 2009	Second half of 2009 July 1, 2009 ~Jan. 1, 2010
Residential land	Three largest metropolitan regions	Δ 2.9	→ Δ 2.0
	Tokyo region	Δ 3.2	→ Δ 2.0
	Osaka region	Δ 2.7	→ Δ 2.3
	Nagoya region	Δ 2.0	→ Δ 1.1
	Nonmetropolitan regions	Δ 1.9	↘ Δ 2.1
	National	Δ 2.4	→ Δ 2.0
Commercial land	Three largest metropolitan regions	Δ 4.4	→ Δ 3.1
	Tokyo region	Δ 4.5	→ Δ 3.0
	Osaka region	Δ 4.4	→ Δ 3.8
	Nagoya region	Δ 4.2	→ Δ 2.8
	Nonmetropolitan regions	Δ 2.9	→ Δ 2.9
	National	Δ 3.7	→ Δ 3.0

→ …Declining rate decreased in the second half
↘ …Declining rate remained unchanged
↘ …Declining rate increased in the second half

Section 3 Trends in Land Transactions

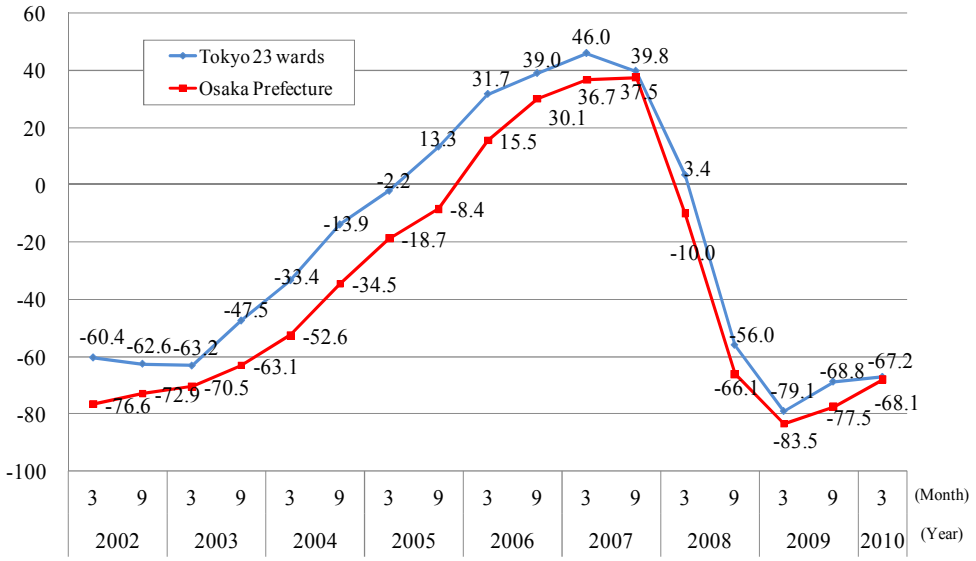
1. Changes in the number of land transactions

Land transactions, in terms of registration of ownership transfer due to sale, have been decreasing in the last several years on a national level, in the largest metropolitan regions and in non-metropolitan regions, with the number of land transactions in 2009 coming to 1,179,000 (down 8.6% from the preceding year). On a quarterly basis, land transactions on a national level, in large metropolitan regions and non-metropolitan regions, have all decreased in the last several years, but the declines in 2009 were smaller. In Tokyo, land transactions began to increase in the April-June quarter of 2009.

2. Enterprises' perceptions of land transactions

The diffusion index of enterprises' perceptions of land transactions of their head office location (the ratio of corporations responding transactions were "active" minus the ratio of corporations responding "sluggish") in Tokyo and in Osaka has been improving slightly since March 2009, with the DI for Tokyo standing at -67.2 and that for Osaka at -68.1.

Land Transaction Conditions DI

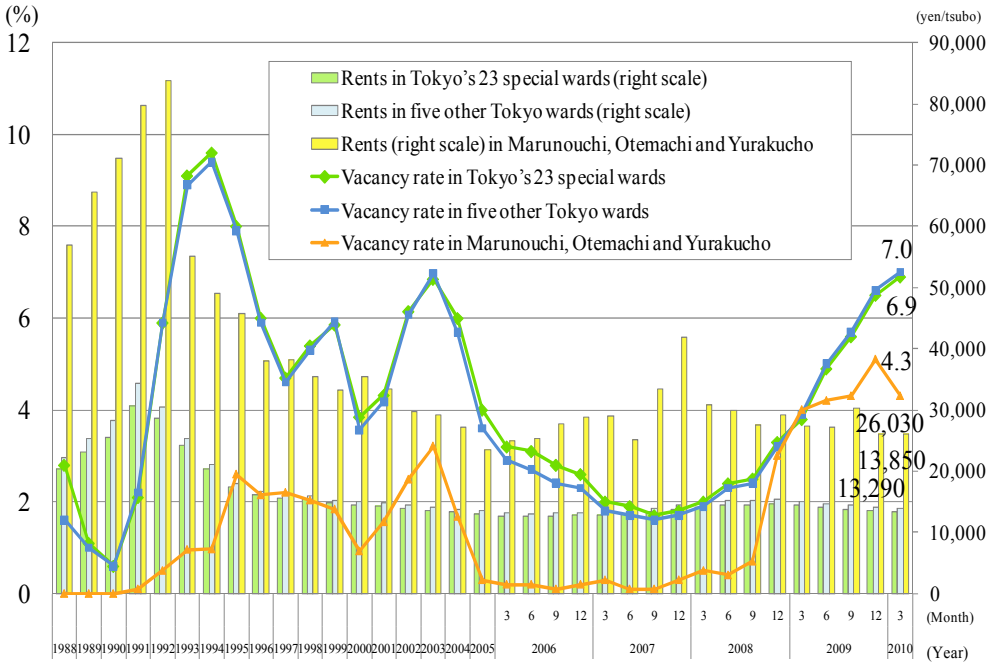


Source: "Land Investment Trend Survey," Ministry of Land, Infrastructure, Transport and Tourism
Note: DI = (Active ratio) - (Sluggish ratio). The unit is points.

3. Trends in office market

Demand for office continued to decline in 2009, as business tenants became increasingly aware of the need to slash office costs due to economic downturn, which led to ever more imbalance of supply demand in further disrupting the office supply/demand balance. The vacancy rate of rental offices in Tokyo's 23 wards kept rising throughout 2009, and this trend continued to the preceding year.

Changes in Office Building Rents and Vacancy Rates (Tokyo)

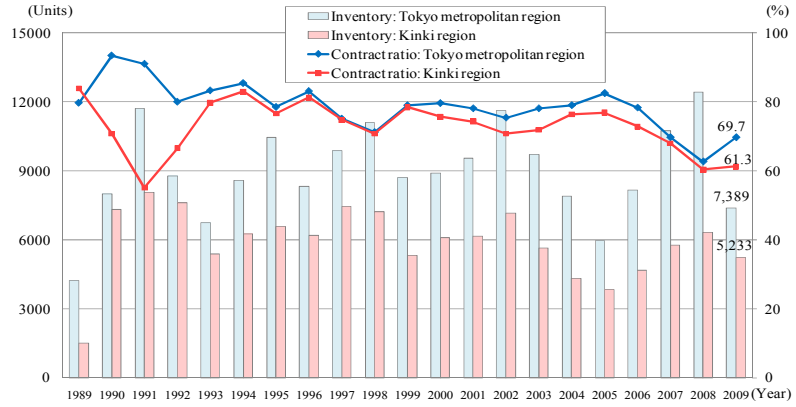


Source: CB Richard Ellis

4. Trends in residential market

In 2009, sales of new condominiums came to 36,376 units in the Tokyo region (down 16.8% from the preceding year) and to 19,784 units in the Kinki region (down 13.0%). The contract ratio of the new supply of condominiums increased sharply as a result of a decrease in the number of condominiums offered for sale and adjustment of prices, with the contract ratio in the Tokyo region rising to 69.7% (up 7% from the preceding year) and that in the Kinki region rising to 61.3% (up 0.9%).

Inventory of Condominiums and Contract Ratio in the Tokyo Region and the Kinki Region



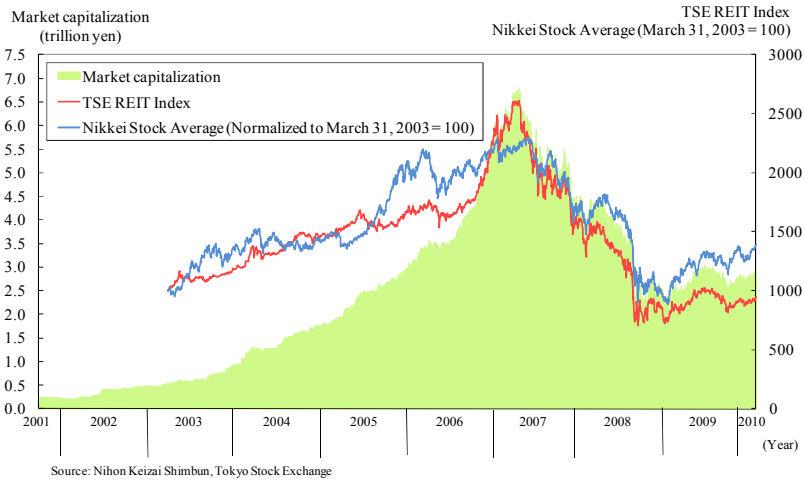
Source: "Japan's Condominium Market Trend, " Real Estate Economic Institute
Note: Tokyo metropolitan region: Tokyo, Kanagawa, Saitama and Chiba prefectures
Kinki region: Osaka, Hyogo, Kyoto, Shiga, Nara and Wakayama prefectures

Section 4 Trends in the Real Estate Investment Market

1. Trends in the J-REIT market

While there were no new issues listed in fiscal 2009, there were three cases of merger for the first time since the establishment of the J-REIT. As a result, the number of issues listed on the J-REIT market dropped to 38 as of the end of March 2010. As of the end of March 2010, a total of 9.72million REIT investment equity, worth about 2,951.4 billion yen, were in circulation. The Tokyo Stock Exchange REIT Index, which had kept declining sharply after hitting a peak of 2,612.98 in late May 2007, plunged to 704.46 on October 28, 2008 before rebounding to 948.9 at the end of March 2010.

Tokyo Stock Exchange REIT Index and Market Capitalization



Source: Nihon Keizai Shimbun, Tokyo Stock Exchange

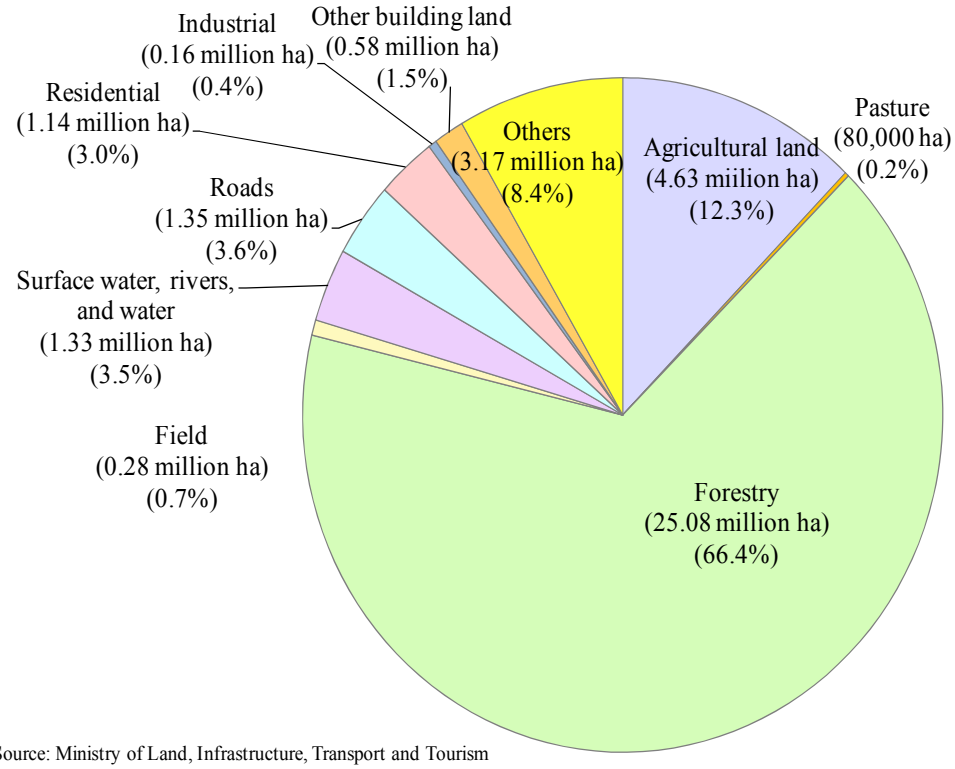
2. Sentiment of participants in the real estate investment market

In a FY2008 the questionnaire survey about the basic stance on real estate investment "over the next year," the ratio of domestic investors who responded that they intend to "expand real estate investment/financing" demonstrate that increased sharply to 12.7% from 4.2% in the preceding year.

Section 5 Land Use Change

In 2008, the total area of Japan was approximately 37.79 million ha (93.38 million acres). About 80% of this total area was comprised of forestry (25.08 million ha, 61.97 million acres) and agricultural land (4.71 million ha, 11.63 million acres) (down 0.4% from the preceding year). The remaining land was divided into developed land (residential, industrial and other land of 1.88 million ha (4.64 million acres), roads of 1.35 million ha (3.33 million acres), surface water, rivers, canals of 1.33 million ha (3.28 million acres), and fields of 0.28 million ha (0.69 million acre).

Distribution of Land Use in Japan



Source: Ministry of Land, Infrastructure, Transport and Tourism

As described above, the Japanese real estate market, though still remaining in a severe condition, showed signs of change in 2009.

Chapter 2 Trends in the Japanese Real Estate Market in 20 Years after the Collapse of the Bubble Economy

In the long term, the real estate market is also affected by such factors as population, number of households and industrial and other structures. Fiscal 2009 was the 20th year from fiscal 1989, when the asset-inflated bubble economy began to fall, including the plunge in stock prices. Chapter 2 analyzes the 20 years of the Japanese real estate market after the collapse of the bubble economy from three aspects.

Section 1 analyzes the impacts of the continued decline of stock prices on business capital spending and household consumption behavior in order to see if there are any changes in the impact of land prices on the macro economy after the collapse of the bubble economy.

Section 2 looks at changes in land demand from enterprises amid increasing tertiary industrialization. Specifically, it looks at changes in the ownership of land by type of business and in the location of land used for business purposes, such as offices, stores, and factories.

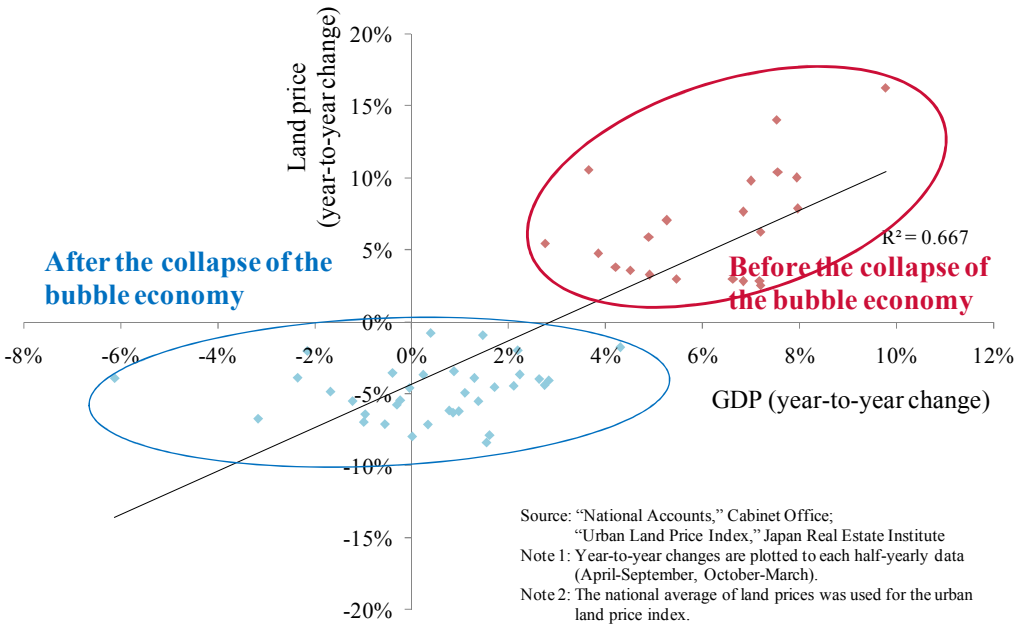
Sector 3, analyzes the relationships between the housing market and changes in demographic structure and the number of households and between economic trends, focusing on housing demand from households, such as households' perception of house and interest rates, and acquisition of houses.

Section 1 Changes in the Impacts of Land Prices on the Macro Economy

1. Correlation between land prices and GDP

A look at changes in land prices and GDP since 1980 reveals that they are positively correlated. However, if it is divided at year 1991, when land prices hit its peak, the correlation between them is not clear in the period after the collapse of the bubble economy. Although we cannot conclude from this fact alone that there is a change in the relationship between the two, the impact of land prices on GDP may have begun to change shortly before or after the collapse of the bubble economy.

Correlation Between GDP Percentage Changes and Land Price Percentage Changes



Source: "National Accounts," Cabinet Office;
"Urban Land Price Index," Japan Real Estate Institute
Note 1: Year-to-year changes are plotted to each half-yearly data (April-September, October-March).
Note 2: The national average of land prices was used for the urban land price index.

2. Impact of changes in land prices on corporate behavior

(1) Impacts on capital investment

It has been pointed out that the importance of land-collateral loans has decreased amid the long-term decline in land prices following the collapse of the bubble economy.

A study of the impacts of changes in land assets on business capital investment by using a capital investment function by size of enterprises shows that, after the collapse of the bubble economy, land assets have a statistically significant impact on capital investment by small and medium-sized enterprises, meaning an increase (decrease) of land assets increases (decreases) capital investment. On the other hand, changes in land assets do not have a statistically significant impact on big enterprise' capital investment. The study suggests that the role of land assets in capital investment has been changing.

Capital Investment Function Estimation (By enterprise size)

		Before the collapse of the bubble economy		After the collapse of the bubble economy	
		Coefficient	t-value	Coefficient	t-value
Big company	Constant term	0.134	2.891 ***	0.102	1.419
	Land asset	0.015	4.241 ***	0.010	0.450
	Borrowing interest rate	0.693	2.361 **	2.113	1.746 *
	Profit to sales ratio	-0.518	-2.891 ***	-0.263	-1.013
	Debt ratio	-0.001	-2.567 **	-0.001	-1.264
	Cash flow	0.326	3.173 ***	0.279	1.540
	Coefficient of determination adjusted for degree of freedom	0.590		0.405	
SME	Constant term	-0.333	-3.546 ***	0.133	6.255 ***
	Land asset	0.006	4.335 ***	0.014	4.224 ***
	Borrowing interest rate	0.075	0.535	0.136	0.255
	Profit to sales ratio	-0.196	-1.451	0.128	1.389
	Debt ratio	0.004	3.668 ***	-0.002	-6.122 ***
	Cash flow	0.214	4.264 ***	-0.048	-0.861
	Coefficient of determination adjusted for degree of freedom	0.555		0.678	

Source: "National Accounts," Cabinet Office; "Quarterly financial statements of corporations," Ministry of Finance

Note1: The estimation equation is as follows.

Capital investment / Capital stock at the end of preceding year

$= \alpha_1 + \alpha_2$ x (Land asset at the end of preceding year / Capital stock at the end of preceding year)

$+ \alpha_3$ x borrowing interest rate $+ \alpha_4$ x profit-to-sales ratio

$+ \alpha_5$ x debt ratio at the end of preceding year

$+ \alpha_6$ x (Cash flow in the preceding year / Capital stock at the end of preceding year)

Note 2: The estimation period is as follows. (Least square equation)
Before the collapse of the bubble economy: 1st quarter of 1975~4th quarter of 1991
After the collapse of the bubble economy: 1st quarter of 1992~1st quarter of 2008

Note 3: Land assets are land holdings by the size of company that are estimated from "Quarterly financial statement statistics of corporations" and "National Accounts." The borrowing interest rates were calculated by dividing "interest costs" by the total of "short-term borrowings," "long-term borrowings" and "outstanding balance of corporate bonds" in the "Quarterly financial statement statistics of corporations." The cash flows were calculated from the total of "recurring profits" and "depreciation costs."

Note 4: *** denotes that the figure meets the level of significance at the 1% level, ** denotes that the figure meets the level of significance at the 5% level, and * at the 10% level.

Note 5: The estimated results should be interpreted with some latitude because, for instance, the coefficient of borrowing interest rates was positive, contrary to previously assumed results.

3. Impact of changes in land prices on household behavior

(1) Impact on household consumption

An analysis of the impacts of changes in asset prices of land, house, etc. on household consumption before and after the collapse of the bubble economy by using household consumption functions show that land assets, unlike stock and other financial assets, do not have a statistically significant impact on consumption. However, in a view of the progress in the securitization of real estate, a change in land price may affect household consumption through J-REITs.

Examination of Asset Effects on Household Consumption

	Before the collapse of the bubble economy		After the collapse of the bubble economy	
	Coefficient	t-value	Coefficient	t-value
Constant term	2.110	2.230 **	5.211	4.667 ***
Land asset	0.012	1.266	0.004	0.625
Net financial asset	0.093	1.980 **	0.053	4.034 ***
Disposable income	0.182	1.771 *	0.312	8.278 ***
Population ratio of people aged 65 or over	-5.100	-1.364	-1.944	-1.614
Inflation rate	0.016	0.960	-0.024	-2.364 **
Coefficient of determination adjusted for degree of freedom	0.298		0.621	

Source: "Prefectural Accounts" and "National Accounts," Cabinet Office; "National Survey of Family Income and Expenditure" and "household expenditure survey," Ministry of Economy, Trade and Industry

Note 1: The estimation equation is as follows.

$$\text{Consumption expenditure} = \alpha_1 + \alpha_2 \times \text{Land asset} + \alpha_3 \times \text{Net financial asset} + \alpha_4 \times \text{Disposable income} + \alpha_5 \times \text{Population ratio of people aged 65 or over} + \alpha_6 \times \text{Inflation rate}$$

Note 2: Prefecture-by-prefecture data for 1979, 1984 and 1989 were used to estimate the effects before the collapse of the bubble economy and those for 1994, 1999 and 2004 were used to estimate the effects after the collapse of the bubble economy. A least square equation was use for the estimation.

Note 3: The consumption expenditure, land asset, net financial asset and disposable income were adjusted by gross prefectural product deflators.

Note 4: *** denotes that the figure meets the level of significance at the 1% level, ** denotes that the figure meets the level of significance at the 5% level, and * at the 10% level.

Note 5: The estimated results should be interpreted with some latitude because household attributes were not taken into account due to data limitations.

(2) Impact on housing investment

An analysis of the impacts of changes in asset prices of land, house, etc. on housing investment, conducted in the same fashion, shows that land assets have a statistically significant impact on housing investment before and after the collapse of the bubble economy, suggesting that an increase (decrease) in land asset value increases (decreases) housing investment.

Results of Housing Investment Function Estimation

	Before the collapse of the bubble economy		After the collapse of the bubble economy	
	Coefficient	t-value	Coefficient	t-value
Constant term	0.288	5.585 ***	-0.109	-3.108 ***
Land asset	0.004	2.803 ***	0.006	6.095 ***
Net financial asset	0.003	0.392	-0.004	-1.977 **
Disposable income	0.032	2.252 **	0.087	13.823 ***
Housing stock	-0.012	-1.288	-0.004	-5.579 ***
Mortgage rate	-0.420	-3.375 ***	-0.963	-4.419 ***
Coefficient of determination adjusted for degree of freedom	0.255		0.821	

Source: "Prefectural Accounts," "National Accounts," Cabinet Office; "National Survey of Family Income and Expenditure," "Household Expenditure Survey," Ministry of Internal Affairs and Communications; "Posted Land Price," Ministry of Land, Infrastructure, Transport and Tourism; "Financial and Economic Statistics Month," Bank of Japan

Note 1: The estimation equation is as follows.

$$\text{Housing investment} = \alpha_1 + \alpha_2 \times \text{Land asset} + \alpha_3 \times \text{Net financial asset} + \alpha_4 \times \text{Disposable income} + \alpha_5 \times \text{Housing stock} + \alpha_6 \times \text{Mortgage rate}$$

Note 2: Prefecture-by-prefecture data for 1979, 1984 and 1989 were used to estimate the effects before the collapse of the bubble economy and those for 1994, 1999 and 2004 were used to estimate the effects after the collapse of the bubble economy. A least square equation was use for the estimation.

Note 3: The consumption expenditure, land asset, net financial asset and disposable income were adjusted by gross prefectural product deflators. The housing stock was compiled by using Ogawa/Kitasaka (1998). The housing loan interest rates were adjusted by weighted average of housing investment rising rate/land price rising rate. The weight for the weighted average was created by using the proportions of "house" and "land" in the "National Accounts."

Note 4: *** denotes that the figure meets the level of significance at the 1% level, ** denotes that the figure meets the level of significance at the 5% level, and * at the 10% level.

Note 5: The estimated results should be interpreted with some latitude because the contents of housing investment (distinction between owned houses and rented houses) and household attributes were not taken into account due to data limitations.

Needless to say, there is also a reverse causality between land price and macro economy, where macroeconomic trends have an impact on land prices. In order to properly deal with such points, it is necessary to conduct overall analysis by using, for instance, macro models with the real estate market taken into account.

Section 2 Changes in Land Demand from Enterprises

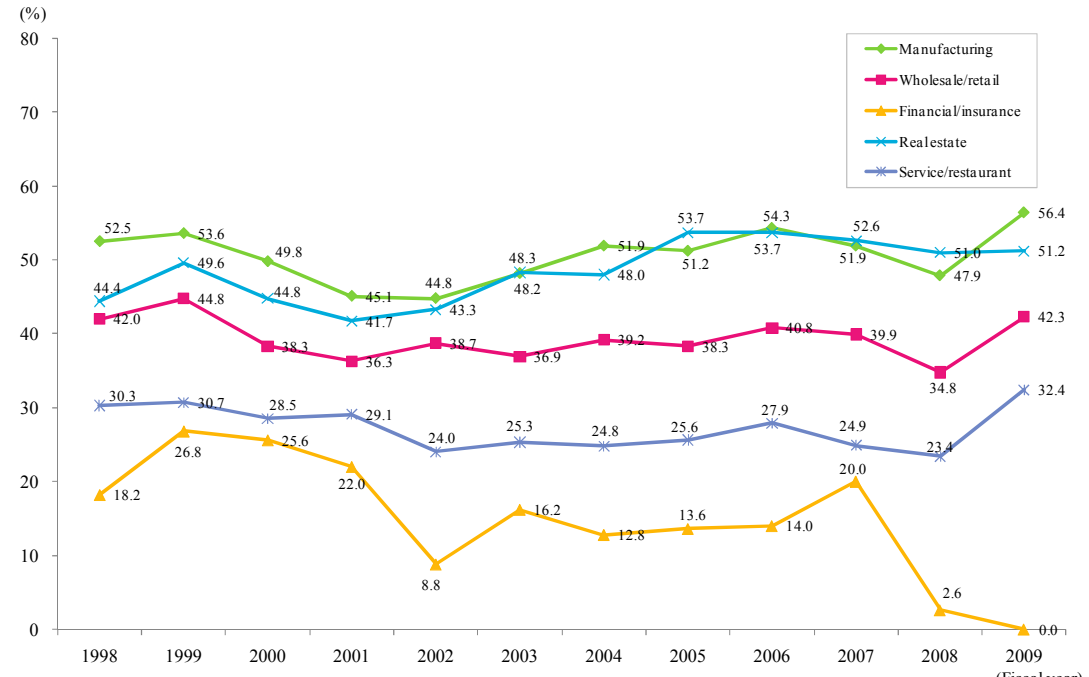
The Japanese industrial structure has been shifting to the tertiary industry, centering on the service industries, even after the collapse of the bubble economy. While the total output of the secondary industry has been on a decreasing trend since 1990, that of the tertiary industry has been increasing and the proportion of the tertiary industry in the country's GDP has been rising.

1. Change in enterprises' perception of land and their land ownership

(1) Enterprises' perception of land

Amid major changes in the environment surrounding corporate management, such as declines in land prices and a change in the accounting system after the collapse of the bubble economy, enterprises' cost-consciousness about their land holdings has increased. According to a type of business, such cost-consciousness is particularly strong in the service and other tertiary industries.

Perception of Advantage of Owning Land (By type of business)



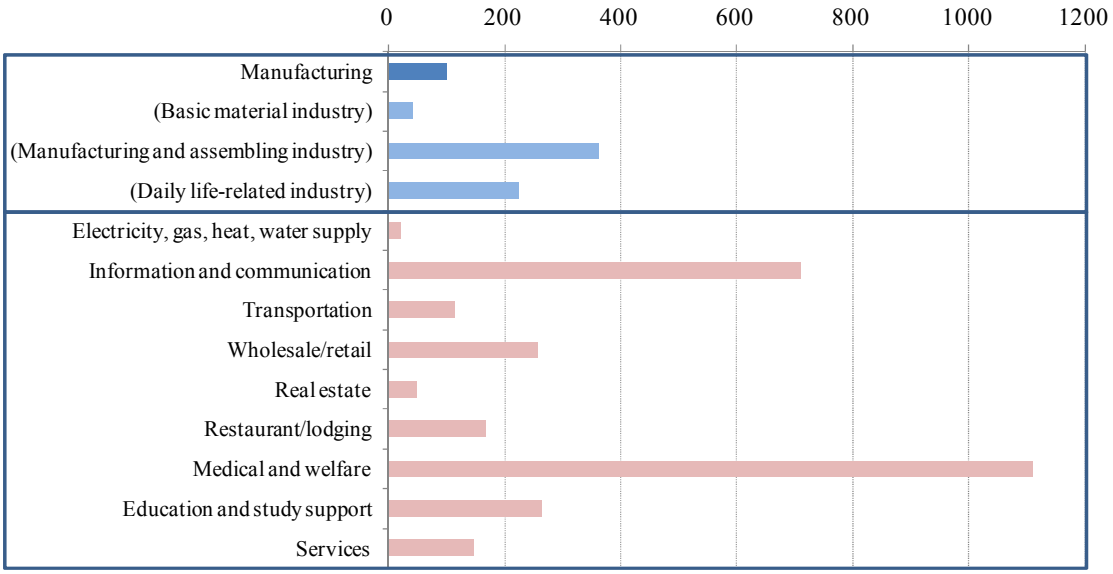
Source: "Survey on Enterprise Conduct in Land Ownership Utilization," Ministry of Land, Infrastructure, Transport and Tourism

(2) Land productivity by type of business

A calculation of the ratio of added value to each company's commercial land area according to a type of business reveals that the ratio of the added value produced by the medical and welfare industry and information and communication industry, as well as other tertiary industries, such as the education and study support industry, wholesale and retainers, and restaurant and lodging industry, is higher than that of produced by the manufacturing industry, indicating that land productivity (productivity per unit area of land) of the tertiary industry is relatively high.

Under such circumstances, if the shift to the tertiary industry increases further, with a production by the entire industry being at the same level, it may decrease its demand for land from the entire industry, as they need less land for their business operations. The future demand for land is likely to change depending on what type of business will develop and how the tertiary industry will develop as a whole.

Added Value Per Unit Area by Type of Business



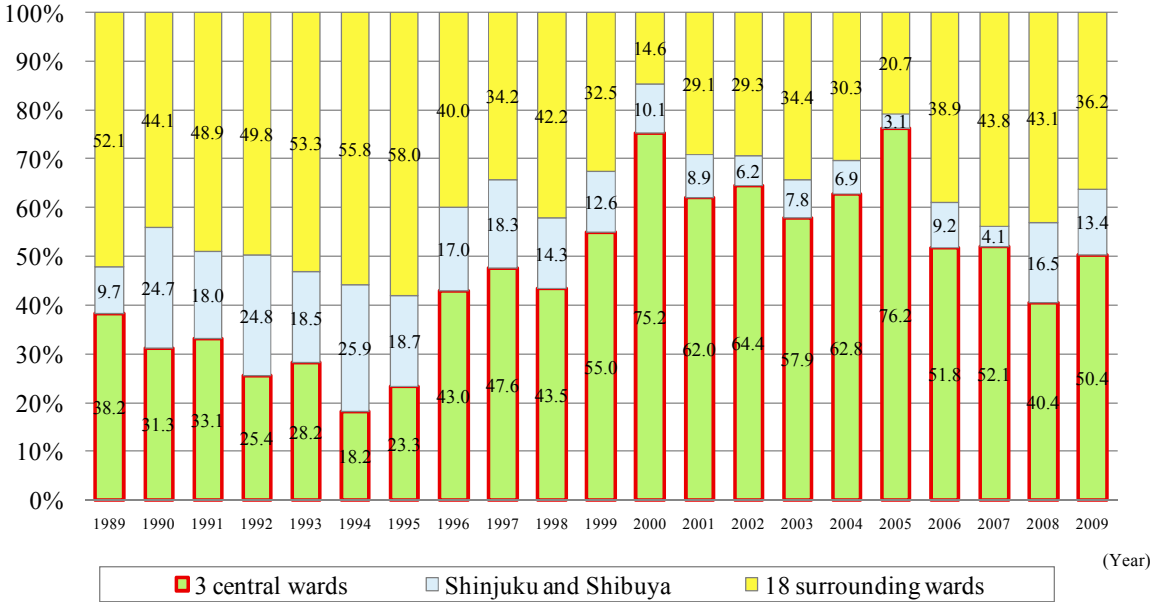
Source: "Family Income and Expenditure Survey," "Family Saving Survey," Ministry of Internal Affairs and Communications; "Long-term Prime Rate," Bank of Japan; Tokyo Kantei
Note 1: Housing acquisition capacity index is a value obtained by dividing procurable amount by the average condominium price (70m^2) in metropolitan regions, with the value for 1990 being 100.
Note 2: Procurable amount is savings (savings minus life insurance) calculated from the Ministry of Internal Affairs and Communications' "Family Income and Expenditure Survey" and "Family Saving Survey" plus 25% of disposable income that can be used for repayment of a 30-year loan. The long-term prime rate is used for the loan.

2. Changes in location of offices, stores, factories, etc. after the collapse of the bubble economy

(1) Changes in office location

The salient features of the supply of office buildings in the 23 wards of Tokyo after the collapse of the bubble economy were that the supply has been concentrated in the three central wards (Chiyoda, Chuo and Minato) and that the supply of large office buildings has increased.

Changes in the Ratio of Floor Space of Office Building Construction Starts in 23 Tokyo Wards

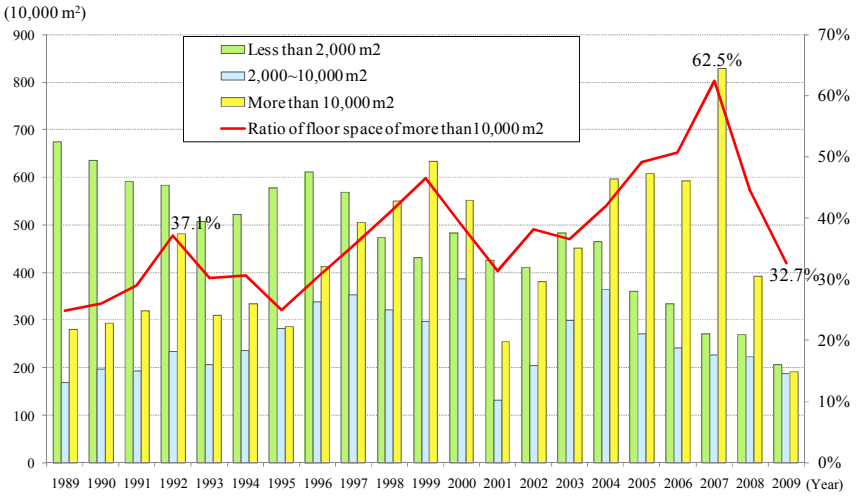


Source: "Annual report on construction statistics," Ministry of Land, Infrastructure, Transport and Tourism
Note: The 3 central wards are Chiyoda, Chuo and Minato wards.

(2) Changes in store location

After the collapse of the bubble economy, construction of large stores has increased on a whole, although the ratio of the construction of extra large stores with floor space of 10,000 m^2 or more decreased in 2008 and 2009. The number of stores in suburban areas has increased.

Changes in the Ratio of Floor Space of Construction Starts by Store Size

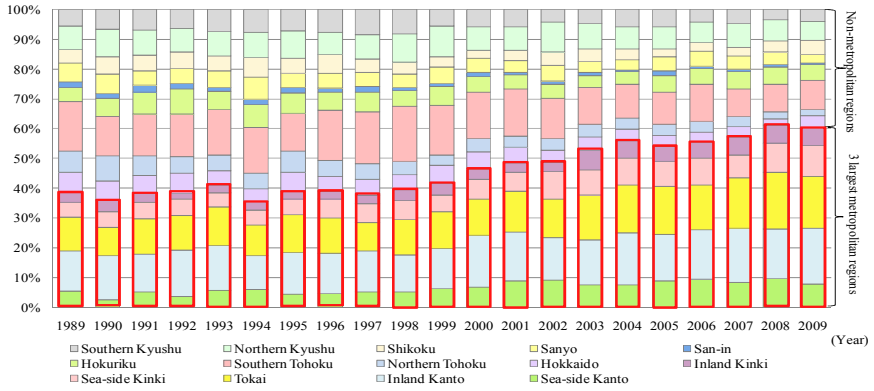


Source: "Annual report on construction statistics," Ministry of Land, Infrastructure, Transport and Tourism

(3) Changes in factory/warehouse location

The number of factory locations increased in the three largest metropolitan regions. Construction of highly-functional plants, such as headquarter plants and manufacturing hubs, has also increased. As for warehouses, large-scale warehouses are increasing.

Changes in the Ratio of Factory/Warehouse Location by Region



Source: "Trend Survey on Factory Locations," Ministry of Economy, Trade and Industry
Note 1: The regions are as follows:
Three largest metropolitan regions
Sea-side Kanto: Saitama, Chiba, Tokyo, Kanagawa; **Inland Kanto**: Ibaraki, Tochigi, Gunma, Yamanashi, Nagano
Tokai: Shizuoka, Aichi, Gifu, Mie; **Sea-side Kinki**: Osaka, Hyogo, Wakayama; **Inland Kinki**: Shiga, Kyoto, Nara
Non-metropolitan regions
Hokkaido; Northern Tohoku: Aomori, Iwate, Akita; **Southern Tohoku**: Miyagi, Yamagata, Fukushima, Niigata
Hokuriku: Toyama, Ishikawa, Fukui; **San-in**: Tottori, Shimane; **Sanyo**: Okayama, Hiroshima, Yamaguchi
Shikoku: Tokushima, Kagawa, Ehime, Kochi; **Northern Kyushu:** Fukuoka, Saga, Nagasaki, Oita
Southern Kyushu: Kumamoto, Miyazaki, Kagoshima, Okinawa
Note 2: The figures for 2009 are preliminary estimates.

Office buildings, stores and factories/warehouses are getting bigger and highly functionalized. Since the concentration of office locations in city centers and the trend in store locations shifting to suburban areas may have increased the vacancy rates of small and medium-sized office buildings in peripheral areas and hollowed-out shopping centers in urban areas, it is also necessary to promote regional revitalization.

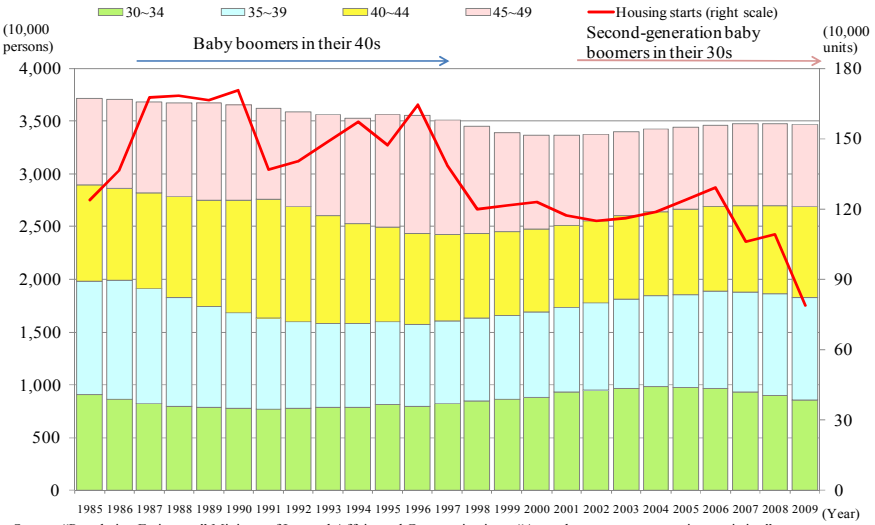
Section 3 Changes in Land Demand from Household

1. Population and Household Trends and Housing Market

(1) Changes in housing market

The household market after the collapse of the bubble economy was, by and large, firm, with housing starts standing at around 1.2 million units a year until 2006, supported by an increase in the number of households, in particular, because baby boomers and second-generation baby boomers reached the age of household formation or housing acquisition.

Changes in the Ratios of Population Aged 30~49 and Housing Starts



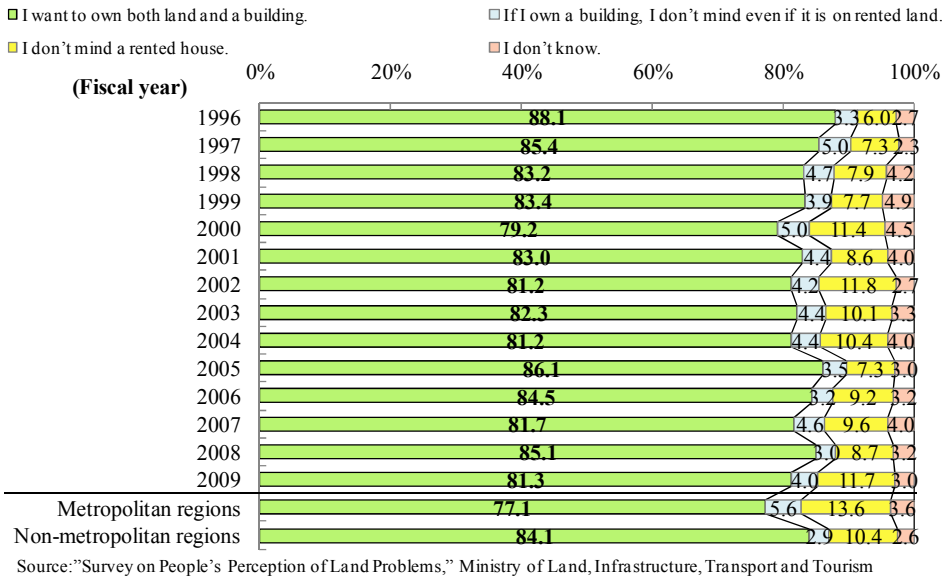
Source: "Population Estimates," Ministry of Internal Affairs and Communications; "Annual report on construction statistics," Ministry of Land, Infrastructure, Transport and Tourism

2. Households' Perceptions of Land and Houses

(1) Households' perception of land

Although the ratio of people who think it is advantageous to have land as an asset has decreased, many people still want to have their own house as a place of residence.

Privately-Owned House or Rented House



Source:"Survey on People's Perception of Land Problems," Ministry of Land, Infrastructure, Transport and Tourism

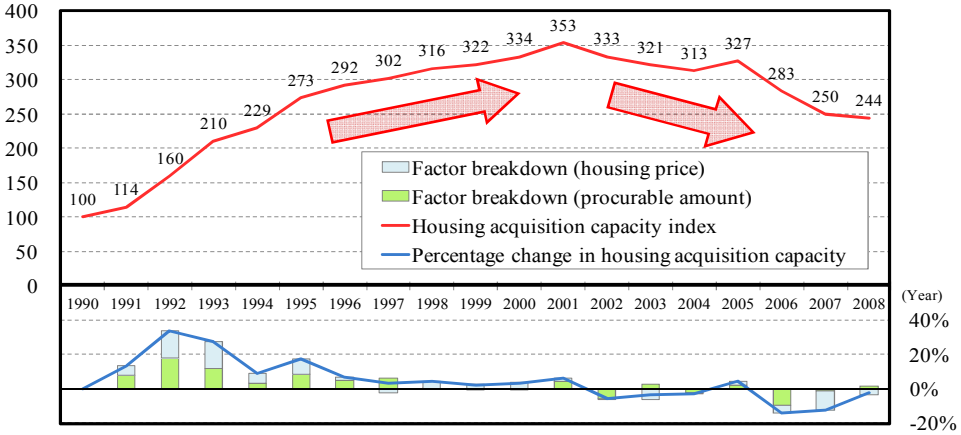
3. Housing Acquisition and Changes in Housing Acquisition Environment

(1) Changes in housing acquisition environment and homeownership rate

Acquiring a house is greatly affected by housing price factors and fund-raising factors, such as income level and interest rates. A study of changes in housing acquisition capacity by using a composite index that takes such factors into account shows that although the capacity was rising until 2001 due to a decline in housing prices and lower interest rates, it has been on a declining trend since 2002, moving largely in tandem with changes in the homeownership rate. It can be said that following the bursting of the economic bubbles, people have acquired houses in line with a rise in their housing acquisition capacity.

If households continue to acquire houses in accordance with their housing acquisition capacity, the housing market may be greatly affected by such factors as housing price trends, income level and interest rates. Moreover, since the market structure may change depending on a slowdown in the growth of the number of households, progress in aging, rising need for global environmental protection and diversification of people's perception of houses, it is necessary to closely monitor their developments.

Changes in Housing Acquisition Capacity Index

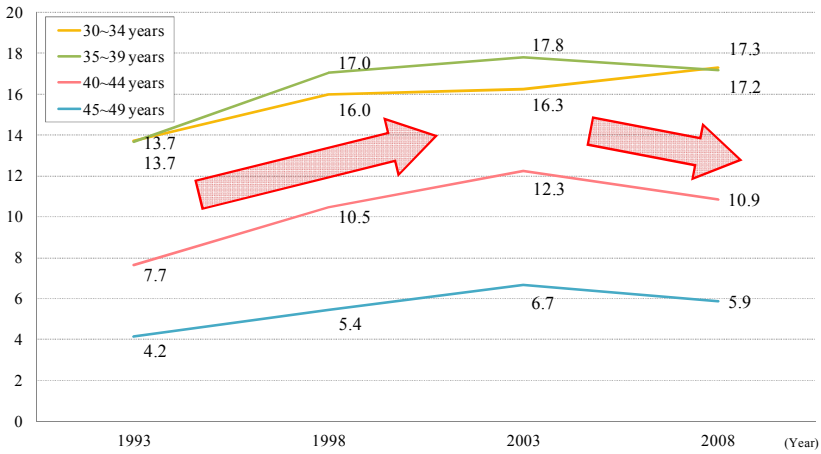


Source: "Family Income and Expenditure Survey," "Family Saving Survey," Ministry of Internal Affairs and Communications; "Long-term Prime Rate," Bank of Japan; Tokyo Kantei

Note 1: Housing acquisition capacity index is a value obtained by dividing procurable amount by the average condominium price (70m^2) in metropolitan regions, with the value for 1990 being 100.

Note 2: Procurable amount is savings (savings minus life insurance) calculated from the Ministry of Internal Affairs and Communications' "Family Income and Expenditure Survey" and "Family Saving Survey" plus 25% of disposable income that can be used for repayment of a 30-year loan. The long-term prime rate is used for the loan.

Changes in 5-Year Increases of Homeownership Rate by Generation and Time



Source: "House/Land Statistical Survey," Ministry of Internal Affairs and Communications

Note: The chart shows rises in homeownership rate by age group in each survey period (5 years). The figure of "13.7" for the 35~39 age group in 1993 shows the difference between the homeownership rate of 35~39 age group in 1993 and that of 30~34 age group in 1988.

Chapter 3 Current Status of Land Use Conversion with the Changes in Socioeconomic Conditions

This chapter describes the current situations of problems caused by land utilization conversion resulting from socioeconomic conditions and introduces progressive approaches to the problems and unique examples.

Section 1 Withdrawal of Large-Scale Stores and Conditions of Vacant Lots

While many large stores have been built in suburban areas, there are also many cases where large stores have withdrawn, leaving the buildings and sites not being effectively utilized mainly in local regions.

A study of store locations and withdrawals and the conditions of land utilization after the withdrawal in two local cities shows many cases where 1) large stores have decreased in central part of local cities, such as areas in front of stations and shopping streets, but increased in suburban areas, 2) withdrawal of large stores has occurred in both central and suburban areas, 3) some vacant lots have been effectively utilized for other purposes but many others have remained idle.

Since such situations are seen in many other local cities as well, it is necessary to monitor the trend of the use of the land left vacant after the withdrawal of large stores.

Number of Stores by Type of Location in City A

<Example of effective utilization of commercial facility left vacant after withdrawal of large-scale store>

○New Ishinomaki city government office (Ishinomaki city, Miyagi Prefecture)

Utilizing a commercial facility left vacant after withdrawal of a large-scale retail store as a new city government office

Exterior appearance of new Ishinomaki city government office

Interior of new Ishinomaki city government office

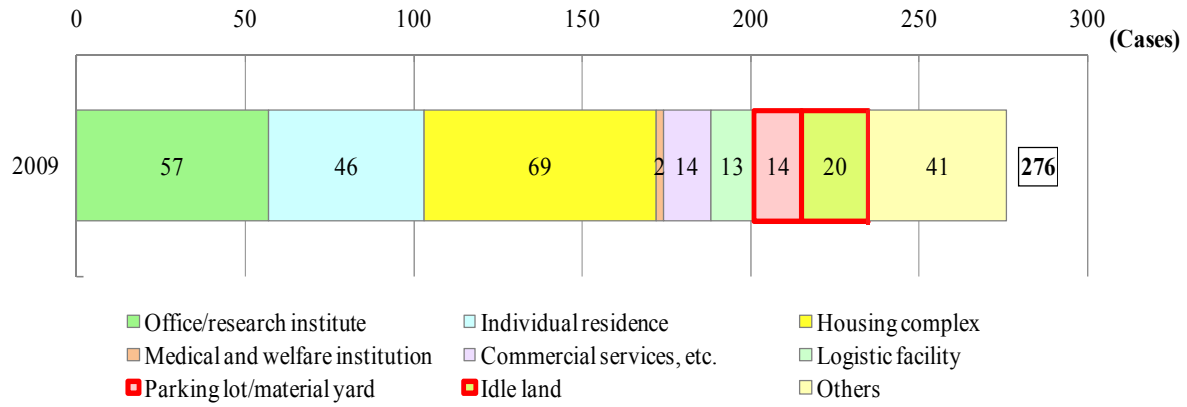
Section 2 Relocation/Withdrawal of Factories and Conditions of Vacant Lots

Amid changing trends in industrial location, there are many factories that have been relocated or withdrawn. As for the land left vacant as a result of the relocation or withdrawal, some of them have been effectively utilized as sites for condominiums etc. but there are also many plots of land that have remained idle for a long time.

A study of the situation of the Keihin coastal area reveals that of the 733 factories that were confirmed to be in existence as of 1990, 276 ceased to be factories as of 2009. Of them, 69 were converted to housing complexes, 57 to office buildings or research institutes, 46 to individual residences and 34 to parking lots/material yards or remain underutilized or unused.

Among factors that keep former factory sites underutilized or unused is that they are contaminated, small-scale and dilapidated, in addition to cost factors such as “land prices are high” and “the dismantlement costs of factory buildings and equipment are high.”

Utilization Situation of Former Factory Sites (Keihin coastal area)



Source; Ministry of Land, Infrastructure, Transport and Tourism

<Example of effective utilization of former factory site>

○Remodeling of elementary and junior high school buildings in city center (Hofu city, Hiroshima Prefecture)

Construction of elementary and junior high school in the former site of a large factory in the city center, by integrating four elementary schools and one junior high school in the peripheral areas

Fuchu Gakuen

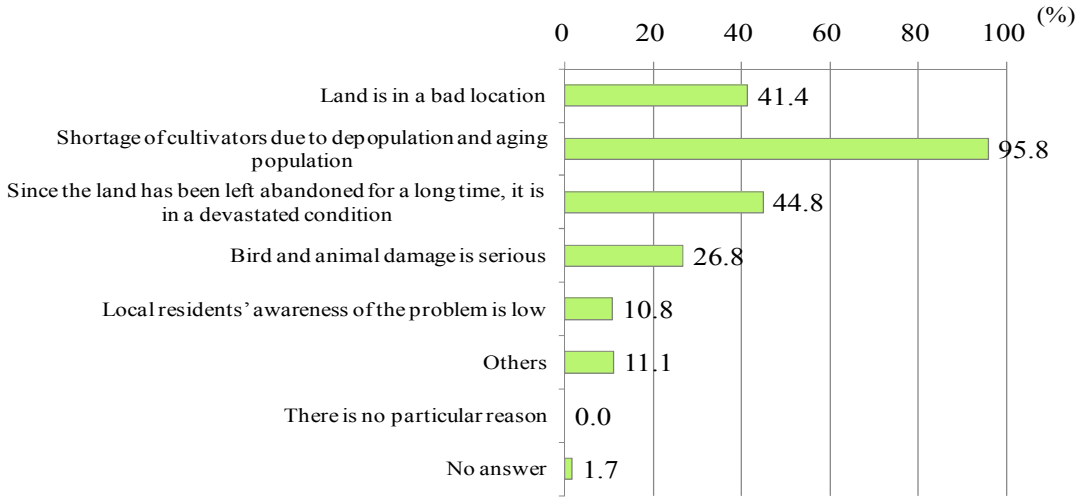
Aerial photo of Fuchu Gakuen

Section 3 Conditions of Abandoned Agricultural Land

The abandoned agricultural land area in Japan has been consistently increasing and the abandoned agricultural land rate (abandoned agricultural land area / (agricultural land area + abandoned agricultural land area) rose to about 10% in 2005.

According to a questionnaire survey conducted on local government, most of the respondents cited "shortage of cultivators due to depopulation and aging population" as a main reason for abandoned agricultural land remaining unresolved, and many of them also cited that "the land is in a bad location" and that "since the land has been left abandoned for a long time, it is in a devastated condition." The survey results suggest that it is necessary to bring abandoned agricultural land back into cultivable land, in addition to securing farms.

Reasons for Abandoned Agricultural Land Remaining Unresolved



Source: "Questionnaire survey on the current status and future measures concerning land utilization" (FY2009), Ministry of Land, Infrastructure, Transport and Tourism
Note 1: The survey was conducted on 807 municipalities across the country in January 2010 (number of responses: 628; response rate: 77.8%).
Note 2: The municipalities responding that they are aware that abandoned cultivation land remaining unresolved is "a big problem" or "a big of a problem" were used as the parameter.
Note 3: Composition ratios of responses to multiple-answer questions

<Example of effective utilization of abandoned agricultural land>

○New business model utilizing abandoned agricultural land (Ageo city, Saitama Prefecture)

Agriculture production corporation A has revitalized abandoned agricultural land and is engaged in large-scale open culture of komatsuna (leaf vegetable).

Abandoned agricultural land before utilization

Open culture of komatsuna after revitalization of abandoned agricultural land

Part 2 FY2009 Basic Land Use Policies (Omitted)

FY2010 Basic Policies Concerning Land

Chapter 1 Dissemination of Basic Philosophy on Land

During the "Land Month" of October (October 1 is "Land Day"), the Ministry will actively work to disseminate the basic principles 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 Ministry will conduct public notice of land prices and land register surveys and provide real estate transaction prices. The Ministry will also publish the final report on the "Basic Survey on Land," which is conducted every five years as part of organizing statistical data.

Section 2 Promotion of National Land Survey

The Ministry will develop the 6th 10-Year National Land Survey Plan (fiscal year 2010 to 2019) pursuant to "the Act on the Partial Revision of the Act on Special Measures concerning Promotion of the National Land Survey and the National Land Survey Act," which was passed and enacted in March 2010. The Ministry will also promote land register surveys, land classification surveys, and water surveys.

Section 3 Promotion of Enhancement of National Land Information

As for digital national land information, the Ministry will revise posted public notices of land prices and prefectural land price surveys, and will continue to organize information on advanced land utilization by means of more detailed land use classifications, which was launched in fiscal 2009. The Ministry will also promote advanced utilization of geospatial information and land survey administration.

Section 4 Enrichment of Land Registration System

The Ministry will further promote the use of computers in registration procedures and will intensively continue to map urban areas whose lot numbers are not registered in accordance with Article 14, paragraph 1 of the Real Property Registration Act.

Chapter 3 Accurate Understanding of Land Price Trends

Section 1 Promotion of Public Notice of Land Prices

The Ministry will make public notice of land prices at 26,000 sites in FY2011. The Ministry will also continue to publish the results of analyses of land price trends based on land price surveys conducted by prefectural governments in FY2010.

Section 2 Provision of Real-Estate Transaction Prices

The Ministry will continue to conduct surveys on real-estate transaction prices across the country and publish information on transaction prices obtained in the surveys on the Internet on a quarterly basis. The Ministry will collect information on revenues and expenses, such as NOI (net operating income) of rental offices, houses, and stores and their maintenance and operation costs and publish them as a real-estate market database. In addition, the Ministry will improve information content by further studying information delivery methods.

Section 3 Enhancement of Real-Estate Appraisal

Since calls for the establishment of an international standard for real-estate appraisal are expected to increase in line with the international unification of accounting standards, the Ministry will study ways to

conform Japan's real-estate appraisal standard to international valuation standards.

Section 4 Balanced and Proper Land Appraisal by the Public Sector

In order to promote proper land-price formation and taxation, the Ministry will continue to strive for balanced and proper appraisal of land 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

Since real estate has a major role to play in dealing with global environmental issues, the Ministry will study ways to promote formation of a real estate market focused on environmental values, in addition to promoting proper application of the Building Lots and Buildings Transaction Business Act and improvement of the real estate trading market utilizing the Real Estate Information Network System. The Ministry will also create a database of contaminated land information in order to facilitate transactions of soil contaminated land.

Section 2 Improvement of Real Estate Investment Market

In order to revitalize the Japanese real estate investment market, the Ministry will promote efforts such as developing a housing price index on the basis of discussions at "forums to establish a reliable real estate investment market," which were participated in by representatives from related industries and administrations and intellectuals, and promote stabilization of the real estate investment market by making use of "real estate market stabilization funds."

Section 3 Land Tax Measures

With regard to the reduction of the registration license tax rate on the transfer of land ownership, which is applied when a special purpose company purchases specified real estate based on an asset liquidation plan, the Ministry will take measures such as extending the reduction for 3 years, after reviewing the real estate and the tax rate in question in the FY2010 tax revision.

Chapter 5 Improvement of Land Utilization Plan

Section 1 Promotion of Land Utilization Plan

Based on the 4th National Land Use Planning, the Ministry will take measures necessary for promotion of overall management of national land utilization and will also promote proper and reasonable land utilization by appropriately employing the general plan of land use.

Section 2 Ensuring Proper Utilization of Land in City Planning

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

Section 3 Coordination with National Land Policy

The Ministry will promote efforts for "creating national land to enable diverse wide-area blocs to develop independently and forming beautiful national land comfortable to live in," which is called for in the National Land Sustainability Plan (national plan), a policy guideline for the comprehensive formation of national land. The Ministry will also promote formation of regional centers and industrial location policies.

Chapter 6 Promotion of Housing Measures

Section 1 Promotion of Housing Measures

The Ministry will continue to promote diffusion of environment-friendly houses through the housing-version eco-point system, under which points will be issued for construction of eco-houses and

reform of houses (for insulation of windows, exterior walls, roofs and ceilings).

The Ministry will also continue to promote securitization support businesses (buyout type and guarantee type) through the Japan Housing Finance Agency in order to support provision of long-term, fixed-rate housing loans by private financial institutions and will lower interest rates on loans under the good-house acquisition support system.

Furthermore, with regard to tax-exemption measures on housing fund donation to lineal ascendants, the Ministry will take measures to increase the tax exemption to ¥15 million in fiscal 2010 and to ¥10 million in fiscal 2011, after setting an income limitation (less than ¥20 million in total income in the year when the donation was received) in the FY2010 tax revision.

Section 2 Creation of Favorable Living Environment through Provision and Management of Good Residential Land

The Ministry will support efforts to recreate new towns, where residents are aging and buildings and facilities have become decrepit, as safe and comfortable residential areas by developing barrier-free houses and dwelling environment and inviting welfare facilities.

Chapter 7 Promotion of Effective Utilization of Land

Section 1 Promotion of Local Community Invigoration and Urban Renewal

In order to create vibrant regional communities and promote regional sovereignty under the Regional Invigoration Headquarters, the government as a whole will promote efforts to achieve integrated and effective local revitalization, including urban renewal, designated structural reform districts, and downtown areas.

The Ministry will continue to promote the "Urban Renewal Project," which was decided by the Urban Regeneration Headquarters, and private-sector investment in urban development by utilizing the Act on Special Measures concerning Urban Regeneration.

Section 2 Promotion of Development of Urban Infrastructure and Disaster Countermeasures in cities

In order to promote urban infrastructure development, the Ministry will promote the utilization of aerial regions and underground and will also promote development of disaster countermeasures in towns by enhancing the disaster prevention in urban housing areas, roads and sewage systems.

Section 3 Promotion of Utilization of underutilized/Unused Land

With regard to the underutilized/unused former factory sites and reclaimed land, the Ministry will promote their redevelopment through various projects. In order to revitalize city centers, the Ministry will also provide intensive support to the areas designated as eligible for the basic plan for city center revitalization.

Section 4 Development of Comfortable Residential Environment by Utilizing Farm Land

The Ministry will promote provision of good residential land by utilizing farm land through the agricultural housing cooperative system.

Section 5 Utilization of Land Owned by the Public Sector

The Ministry will promote effective/advance utilization of land owned by the public sector by promoting efficient use of the current government buildings and development of joint government buildings.

Section 6 Facilitation of Public Land Acquisition

In order to produce effects of public work projects at an early stage, the Ministry will promote land acquisition in line with the "Land Acquisition Management," under which bottlenecks in land acquisition are examined and analyzed before the start of public projects and careful preparations are made from the planning stage of projects for their future use.

Chapter 8 Promotion of Environmental Conservation

Section 1 Promotion of Measures Concerning Environment Conservation

The Ministry will take measures necessary to promote the formation of local communities conducive to the prevention of global warming and revise guidelines in order to appropriately and smoothly enforce the revised Soil Contamination Countermeasures Act. The Ministry will also promote land-related measures for environment conservation and give due consideration to environment conservation in various land-related policies and when selecting and implementing projects.

Section 2 Conservation of Farm Land and Development of Attractive Farming and Mountain Villages

In order to prevent and resolve abandoned agricultural land, the Ministry will promote improvement of land conditions and integrated use of farm land through management fostering infrastructure development projects and mountainous area development projects. The Ministry will also promote measures to implement a direct payment system to support community-wide farm land conservation activities, and to compensate for disadvantageous production conditions in mountainous areas.

Section 3 Ensuring Appropriate Conservation and Utilization of Forests

In order to maximize the multi-functionality of forests, the Ministry will provide guidance and advice to local governments and forest owners in systematic improvement of forests based on the forest planning system provided by the Forest Act and implement measures necessary for the promotion of the use of domestic lumbers in public buildings.

Section 4 Proper Conservation of River Basins

In special river basins for flood control measures, the Ministry will establish river basin conferences made up of the river divisions of the national, prefectural and municipal governments and other divisions related to city, housing and land and create river basin improvement plans to promote proper land use in river basins and to control rainwater runoff. The Ministry will also promote comprehensive sediment disaster prevention measures and flood control measures for cities.

Section 5 Proper Protection of Cultural Assets and Promotion of Favorable Landscape Creation

As for historic villages and streetscapes, the Ministry will provide guidance and advice to municipalities regarding preservation and utilization of traditional building preservation areas and select important traditional building preservation areas. The Ministry will also promote the creation of favorable landscapes.

Basic Act for Land

(Act No. 84 of December 22, 1989)

Chapter 1 General Provisions

(Purpose)

Article 1 The purpose of this Act is, by way of providing for the basic principles on land, clarifying the responsibilities of the State, local public entities, business operators and citizens with regard to the basic principles on land, and providing for the basic matters on measures concerning land, to comprehensively promote land measures for forming normal supply-and-demand relationships and reasonable land prices while securing proper land use, thereby contributing to improved stability in citizens' lives and the sound development of the national economy.

(Precedence of public welfare with regard to land)

Article 2 Considering that land has the characteristics of being related to public interest, such as the fact that it is a finite, precious resource for citizens both at present and in the future, that it is an indispensable basis for citizens' activities, that the use of a certain piece of land is closely linked with the use of other pieces of land, and that the value of land fluctuates mainly based on the trends of population and industry, trends of land use, the state of development of social infrastructure, and other social and economic conditions, public welfare shall take precedence with regard to land.

(Proper use and use in accordance with the plan)

Article 3 (1) Land shall be properly used according to the natural, social, economic and cultural conditions of its area.

(2) Land shall be used in accordance with the plan on land use, which has been formulated to achieve proper and reasonable land use.

(Restraint of speculative transactions)

Article 4 Land shall not be made subject to speculative transactions.

(Reasonable burden based on the profits pertaining to the increase in value)

Article 5 When the value of land increases due to changes in its area's social and economic conditions as prescribed in Article 2, the person entitled to the land shall be required to bear reasonable burden based on the profits pertaining to such increase in value.

(Responsibilities of the State and local public entities)

Article 6 (1) The State and local public entities shall be responsible for comprehensively formulating and implementing measures on land in conformity to the basic principles on land set forth from Article 2 to the preceding article inclusive (hereinafter referred to as the "Basic Principles on Land").

(2) The State and local public entities shall take appropriate measures to deepen citizens' understanding of the Basic Principles on Land through public relations and other activities.

(Responsibilities of business operators)

Article 7 (1) Business operators shall comply with the Basic Principles on Land when using and transacting in land (including acts that support such use or transactions).
(2) Business operators shall cooperate with the measures on land implemented by the State and local public entities.

(Responsibilities of citizens)
Article 8 (1) Citizens shall respect the Basic Principles on Land when using and transacting in land.
(2) Citizens shall endeavor to cooperate with the measures on land implemented by the State and local public entities.

(Legislative measures, etc.)
Article 9 The government shall take necessary legislative, fiscal and financial arrangements for implementing measures on land.

(Annual report, etc.)
Article 10 (1) Every year, the government shall submit to the Diet a report on the trends concerning land, including land prices, land uses and land transactions, and the basic measures it has implemented in relation to land.
(2) Every year, the government shall create a document clarifying the basic measures it intends to implement in consideration of the trends of land as it pertains to the report prescribed in the preceding paragraph, and submit this document to the Diet.
(3) When creating the document clarifying the basic measures it intends to implement prescribed in the preceding paragraph the government shall hear the opinions of the National Land Council.

Chapter 2 Basic Measures on Land

(Formulation, etc. of Land Use Plans)
Article 11 (1) In order to achieve proper and reasonable land use, the State and local public entities shall formulate necessary plans on land use (hereinafter referred to as "Land Use Plans") by taking into consideration natural, social, economic and cultural conditions including the future outlook of population and industry and trends of land use.
(2) In the case referred to in the preceding paragraph, the State and local public entities shall formulate the Land Use Plans in detail if they find it particularly necessary for an intensive use of land that attends to a favorable environment, proper conversion of land use, or formation or preservation of a favorable environment in consideration of the characteristics of the area, and they shall formulate the Land Use Plans by taking a wide area into view if they find it particularly necessary in consideration of a wide-area development of the social and economic activities in the area.
(3) In the case referred to in paragraph 1, the State and local public entities shall incorporate the opinions of the residents and other relevant persons.
(4) The State and local public entities shall change the Land Use Plans if they find it necessary in consideration of changes in the conditions prescribed in paragraph 1.

(Measures for ensuring proper land use)
Article 12 (1) In order to ensure an intensive use of land that attends to a favorable environment, proper

changeover of land use, formation or preservation of a favorable environment, or other proper land use conducted in accordance with the Land Use Plans, the State and local public entities shall take appropriate measures to control land use as well as implement projects pertaining to the Land Use Plans and take other necessary measures.

(2) For taking the measures set forth in the preceding paragraph, the State and local public entities shall endeavor to secure land for public use, such as promoting the expansion of necessary public land.

(3) When taking the measures set forth in paragraph 1, the State and local public entities shall endeavor to achieve promotion of the supply of residential land in response to demand.

(Measures to control land transactions, etc.)

Article 13 In order to eliminate the adverse effects that speculative land transactions and steep rises in land prices have on citizens' lives and to contribute to the formation of reasonable land prices, the State and local public entities shall take measures to control land transactions and other necessary measures.

(Reasonable burden based on the profits associated with development of social infrastructure)

Article 14 Where a person entitled to land will enjoy extremely large profits in association with development of social infrastructure, if it is found appropriate in consideration of the characteristics of the area and other factors, the State and local public entities shall take necessary measures to impose a reasonable burden on such person with regard to the development of the social infrastructure, as based on the profits.

(Taxation measures)

Article 15 The State and local public entities shall, in conformity to the Basic Principles on Land and based on the measures on land, take reasonable taxation measures with regard to land while ensuring fair tax burden.

(Achieving reasonableness in public land appraisals, etc.)

Article 16 In order to contribute to the formation of reasonable land prices and achieve fairness in taxation, the State shall publicly notify the normal prices of land and endeavor to achieve balance and reasonableness in public land appraisals.

(Implementation of investigation, etc.)

Article 17 (1) In order to achieve comprehensive and efficient implementation of measures on land, the State and local public entities shall take necessary measures such as conducting investigations and collecting materials on the state of ownership and use of land, trends of land prices, and other matters.

(2) In order to contribute to the smooth implementation of measures on land, the State and local public entities shall endeavor to provide citizens with information on land, such as the state of ownership and use of land, trends of land prices and other matters, while giving consideration to the protection of rights and interests of individuals.

(Ensuring consistency in measures and adjustment of the administrative organization, etc.)

Article 18 (1) The State and local public entities shall cooperate with each other in taking measures on land and endeavor to ensure consistency in the measures.

(2) The State and local public entities shall endeavor to adjust the administrative organization and improve the administrative management from a comprehensive viewpoint in taking measures on land.

Chapter 3 Study and Deliberation, etc. by the National Land Council

(Study and deliberation, etc. by the National Land Council)

Article 19 (1) The National Land Council shall study and deliberate matters concerning comprehensive and basic measures on land and basic matters on use of national land in response to the consultation of the Minister of Land, Infrastructure, Transport and Tourism.

(2) The National Land Council may offer opinions on the matters prescribed in the preceding paragraph to the Minister of Land, Infrastructure, Transport and Tourism and to the head of any relevant administrative organ through the Minister of Land, Infrastructure, Transport and Tourism.

(3) The head of a relevant administrative organ may seek the opinions of the National Land Council with regard to matters concerning comprehensive and basic measures on land that are under his or her jurisdiction and basic matters on use of national land that are under his or her jurisdiction.