

Fiscal Year 2021

Trends Concerning Land

Fiscal Year 2022

Basic Measures Concerning Land

Abstract

June 2022

Ministry of Land, Infrastructure, Transport and Tourism

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Trends Concerning Land in FY 2021 and Basic Measures in Relation to Land in FY 2022 are created based on the provisions of Article 11, paragraphs (1) and (2), of the Basic Act for Land (Act No. 84 of 1989).

Part 1: Trends concerning Land

Chapter 1: Trends in Real Estate Market, etc. in FY 2021

The FY 2021 Real Estate Market shows signs of recovery, with the national average for all uses in Land Market Value Publication turning upward for the first time in two years, and the aggregate market value of the J-REIT market reaching a record high.

This Chapter discusses trends in land prices, land transactions, land use, the real estate market, and the real estate investment market, etc. in FY 2021.

Section 1: Trends in Land Prices

(Trends in land prices in 2021)

According to the Land Market Value Publication by Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as the “MLIT”), with regard to trends in land prices as of January 1, 2022, land prices for each of the average for all uses, residential land and commercial land turned upward for the first time in two years.

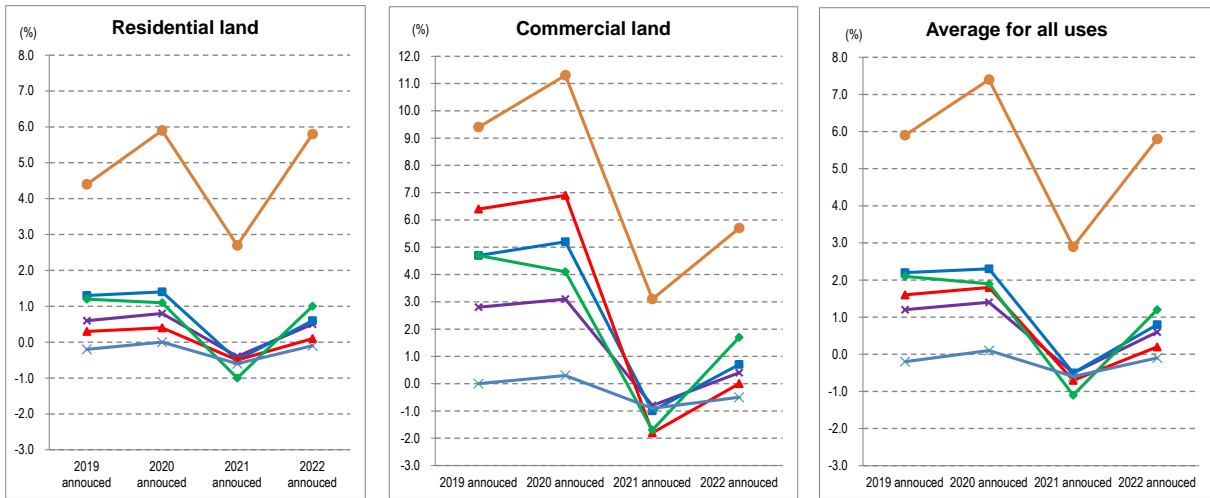
Concerning the land prices of three major metropolitan areas (Tokyo, Osaka, and Nagoya), the average volatility for all uses and residential land turned upward for the first time in two years, while that for commercial land increased in the Tokyo and Nagoya areas and flattened in the Osaka area.

In regional areas, the values for each of the average for all uses, residential land and commercial land turned upward for the first time in two years. In four major cities of the regional areas (Sapporo, Sendai, Hiroshima, and Fukuoka), values continued to rise for each of the average for all uses, residential land, and commercial land, and the growth rates expanded. As for the rest of the country, excluding the four major cities in the rural areas, the average volatility rate for each of the average for all uses, residential land, and commercial land continued to decline, although the rate of decline narrowed.

With the impact of the COVID-19 pandemic gradually waning, there is an overall recovery trend from last year. As for residential land, the number of transactions increased compared to last year thanks to the supportive effect of improved business confidence, demand generated by the continuation of low-interest rates and measures for supporting housing acquisition. Demand for residential land is recovering nationwide as land prices increase. In addition, land prices continue to rise in residential areas due to limited availability in urban centers, convenience for commuters, and excellent living spaces. With changing lifestyles that have led to diversification of consumers’ needs, the scope of land price increases is expanding to areas covered by bus routes as well as relatively low-priced suburban areas. Improved business confidence has boosted demand for land for stores and condominiums in suburban areas within city centers, leading to an upturn in commercial land prices in many locations. Another factor behind the rise in land prices includes an increase in locations with high demand for shopping and other necessities for daily life, such as bustling commercial downtown areas within walking distance of train stations or commercial centers in regional areas. The rise in land prices was also due to an increase in locations with expectations of progress in redevelopment projects, etc., and in areas where there is competition for condominium sites.

Figure: Changes in Land Price Volatility (annual)

	Residential zones				Commercial zones				All intended uses			
	2019 announced	2020 announced	2021 announced	2022 announced	2019 announced	2020 announced	2021 announced	2022 announced	2019 announced	2020 announced	2021 announced	2022 announced
Nationwide	0.6	0.8	▲ 0.4	0.5	2.8	3.1	▲ 0.8	0.4	1.2	1.4	▲ 0.5	0.6
Three major met. areas	1.0	1.1	▲ 0.6	0.5	5.1	5.4	▲ 1.3	0.7	2.0	2.1	▲ 0.7	0.7
Tokyo area	1.3	1.4	▲ 0.5	0.6	4.7	5.2	▲ 1.0	0.7	2.2	2.3	▲ 0.5	0.8
Osaka area	0.3	0.4	▲ 0.5	0.1	6.4	6.9	▲ 1.8	0.0	1.6	1.8	▲ 0.7	0.2
Nagoya area	1.2	1.1	▲ 1.0	1.0	4.7	4.1	▲ 1.7	1.7	2.1	1.9	▲ 1.1	1.2
Regional areas	0.2	0.5	▲ 0.3	0.5	1.0	1.5	▲ 0.5	0.2	0.4	0.8	▲ 0.3	0.5
Sapporo, Sendai, Hiroshima, Fukuoka	4.4	5.9	2.7	5.8	9.4	11.3	3.1	5.7	5.9	7.4	2.9	5.8
Others	▲ 0.2	0.0	▲ 0.6	▲ 0.1	0.0	0.3	▲ 0.9	▲ 0.5	▲ 0.2	0.1	▲ 0.6	▲ 0.1



Data: MLIT "Land Market Value Publication"

Note 1: Region Classifications are as follows:

Three major metropolitan areas: Tokyo, Osaka, and Nagoya

Tokyo area: Cities including existing cities and suburb improvement zones based on Metropolitan Region Development Law

Osaka area: Cities including existing cities and suburb improvement zones based on Kinki Region Improvement Law

Nagoya area: Cities including urban improvement areas based on Chubu Region Development Improvement Law

Regional area: Regions besides the three major metropolitan areas

Other: City areas besides Sapporo, Sendai, Hiroshima, and Fukuoka among rural districts

Note 2: FY 2019 Publish FY 2019 Land Market Value Publication (Jan. 1, 2018–Jan. 1, 2019)

FY 2020 Publish FY 2020 Land Market Value Publication (Jan. 1, 2019–Jan. 1, 2020)

FY 2021 Publish FY 2021 Land Market Value Publication (Jan. 1, 2020–Jan. 1, 2021)

FY 2022 Publish FY 2022 Land Market Value Publication (Jan. 1, 2021–Jan. 1, 2022)

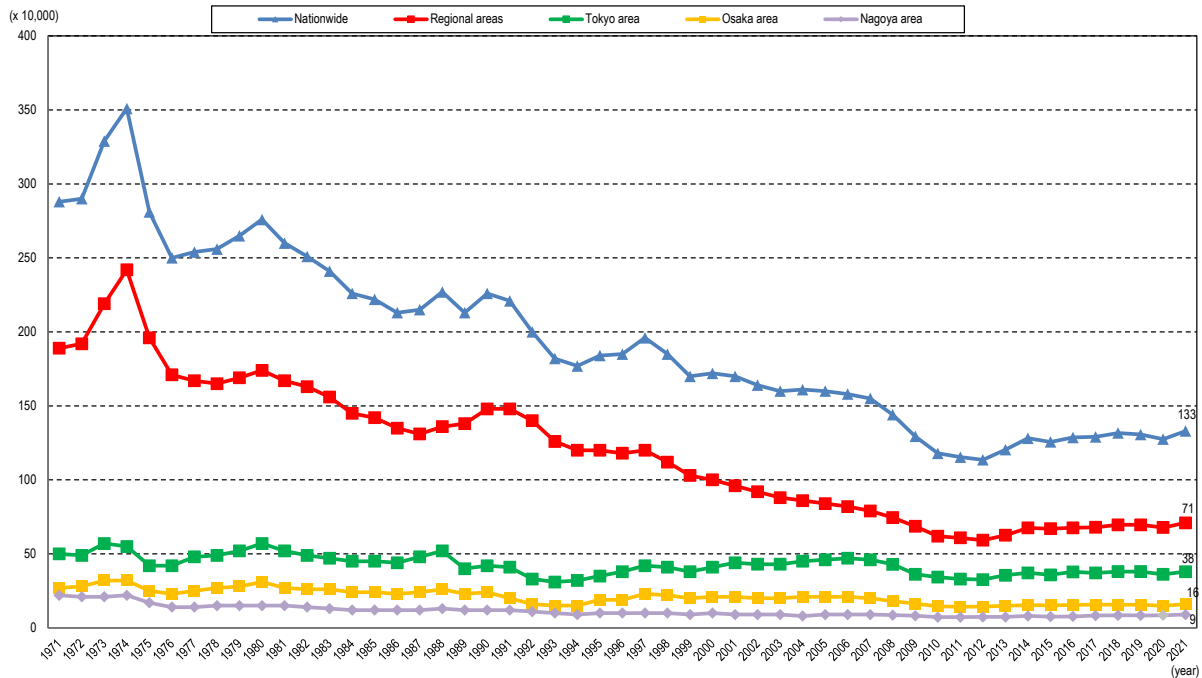
Note 3: Decrease rate reduced from a year earlier, increase rate expanded from a year earlier Decrease rate expanded from a year earlier, increase rate reduced from a year earlier Unchanged from a year earlier

Section 2 Trends in Land Transactions

(Changes in the number of land transactions)

The trends in land transactions are followed by the number of transfers of ownership registered through buying and selling according to "Ministry of Justice Statistics Monthly" by the Ministry of Justice. The number of land transactions across the nation totaled 1.33 million in 2021, remaining almost unchanged.

Figure: Changes in the number of land transactions of buying and selling



Data: Prepared by MLIT based on “Ministry of Justice Statistics Monthly” by the Ministry of Justice

Note 1: Area divisions are as follows:

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

Nagoya area: Aichi and Mie prefectures

Osaka area: Osaka, Kyoto, and Hyogo prefectures

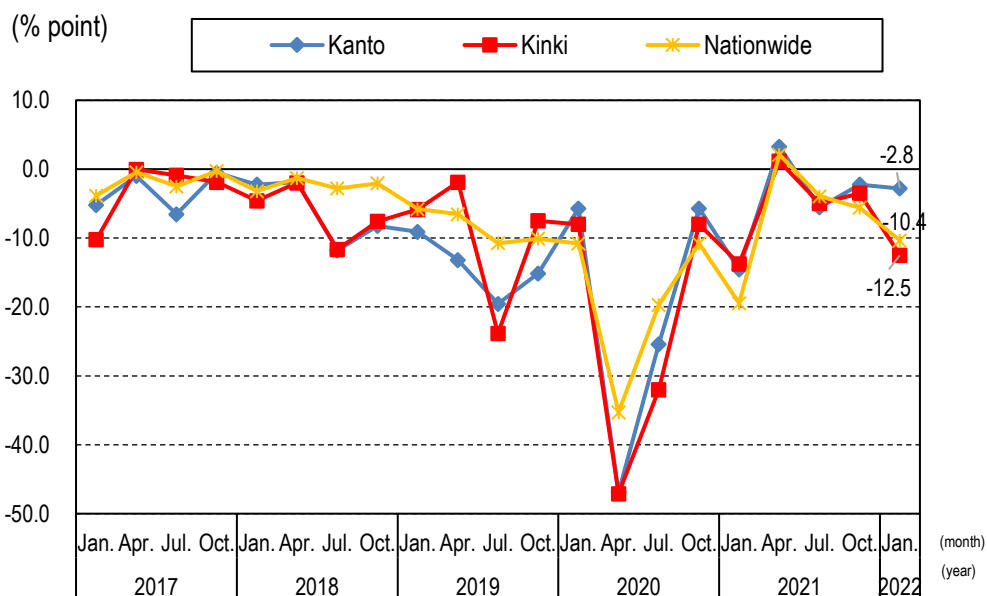
Regional areas: Regions not coming under the above areas

Note 2: Rounded to the nearest thousand. Due to rounding, the sum of the four areas may not equal the national value.

(Perception of land transactions by corporations)

According to the “DI Survey of Real Estate Market Conditions” conducted by Real Estate Institute, National Federation of Real Estate Transaction Associations, the diffusion index (DI: As for the number of land transactions at the time of the survey compared to three months earlier, this index is calculated by subtracting the sum of [the percentage of companies that responded “Significantly decreased” and the percentage of companies that responded “Slightly decreased”] multiplied by 1/2 , from the sum of [the percentage of companies that responded “Significantly increased” and the percentage of companies that responded “Slightly increased”] multiplied by 1/2) the DI for current land transactions turned positive in April 2021, but turned negative for all regions in January 2022, reaching - 2.8 points in the Kanto region, -12.5 points in the Kinki region, and -10.4 points in the nation as a whole.

Figure: DI on perceived state of current land transactions



Source: Prepared by MLIT on "DI Survey of Real Estate Market Conditions," by Real Estate Institute, National Federation of Real Estate Transaction Associations.

Note 1: $DI = ("Significantly\ increased" * 2 + "Slightly\ increased," - "Slightly\ decreased," - "Significantly\ decreased" * 2) / 2$

Note 2: Figures for "Significantly decreased," "Slightly decreased," "Slightly decreased," and "Significantly decreased" are percentages of valid responses for "Significantly increased," "Slightly increased," "Slightly decreased," and "Significantly decreased," respectively.

Note3: Target areas includes the following

Kanto region: Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Tokyo, and Kanagawa Prefecture

Kinki region: Shiga Prefecture, Kyoto Prefecture, Osaka Prefecture, Hyogo Prefecture, Nara Prefecture, Wakayama Prefecture

Section 3: Trends in Land Use

(Overview of land use, etc.)

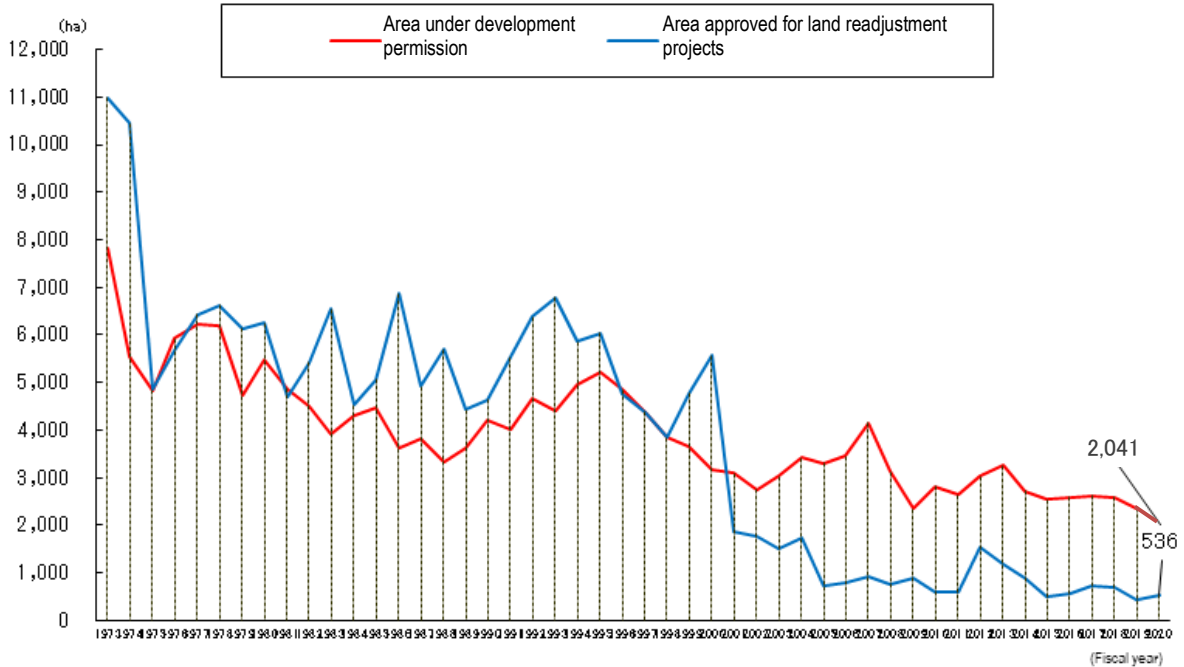
As of 2020, the total area of Japan was approximately 37.80 million hectares. Forestland accounts for the largest portion (25.03 million hectares), followed by farmland (4.37 million hectares). When combined, forestland and farmland account for about 80% of the national land area. In addition, developed land, such as residential and industrial land, amounts to 1.97 million hectares, roads occupy 1.42 million hectares, surface water, rivers, and canals cover 1.35 million hectares, and fields total 0.31 million hectares.

The area of land use change in 2019 was around 22,800 ha, increasing from the year before. It is roughly broken down into around 17,300 ha of the area changed from forest or farmland and reclaimed land for urban land use (residential, industrial, and public land, an increase of around 1,100 ha from the year before (y/y)) and around 3,100 ha of the area changed from farmland to forestland for land use for agriculture and forestry (a decrease of around 300 ha from the year before (y/y)).

(Changes in land use)

FY 2020, the area with development permission was 2,041 ha and the area with land readjustment projects approval was 536 ha, both of which showed a decrease.

Figure: Changes in the area under development permission and the area approved for land readjustment projects



Data: MLIT

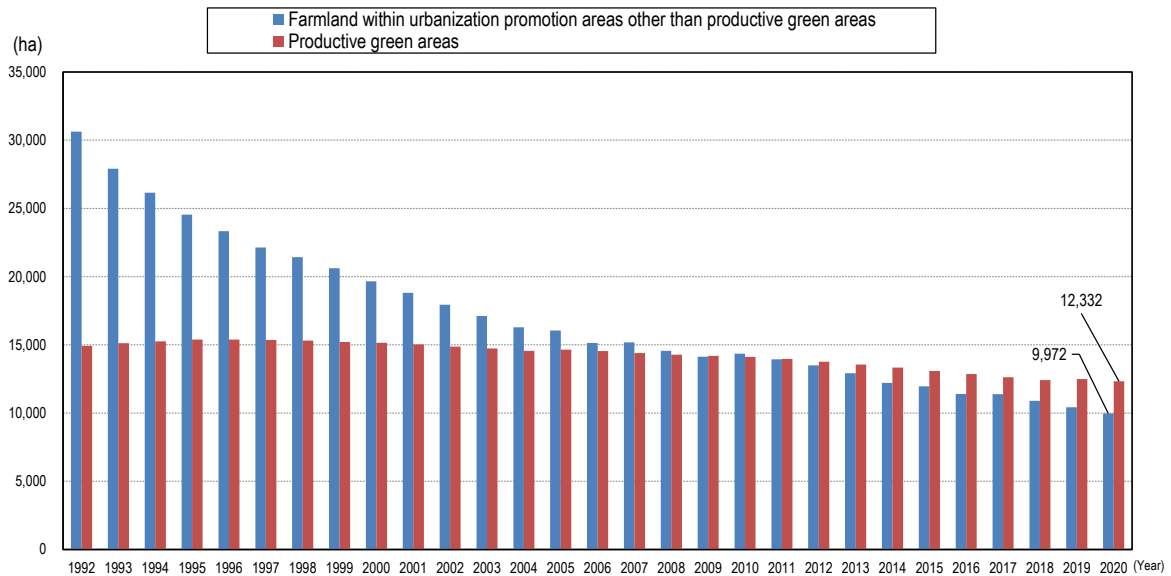
Note 1: "Development permission" refers to projects permitted under the City Planning Act for development activities, mainly for the purpose of residential construction.

Note 2: The 1973 and 1974 figures for development permission areas are those added to those permitted under the former Act on the Development of Housing Land.

Note 3: The approved areas for land readjustment projects are the sum of those carried out by individuals/joint corporations, associations, public bodies, administrative agencies, the Urban Renaissance Agency, and the Local Housing Corporation (LHC).

The productive green areas in FY 2020 were 12,332 ha (down 1.3% y/y), and have remained virtually unchanged over the past few years. The farmland in urbanization promotion areas (other than productive green areas) continued to decrease over the long term to 9,972 ha (down 4.4% y/y).

Figure: Changes in productive green areas and farmland in urbanization promotion areas (other than productive green areas)



Data: Farmland within specific urbanization promotion areas other than productive green areas: MIC Summary Protocol of Fixed Asset Price, Productive green areas: MLIT Annual Report on City Planning

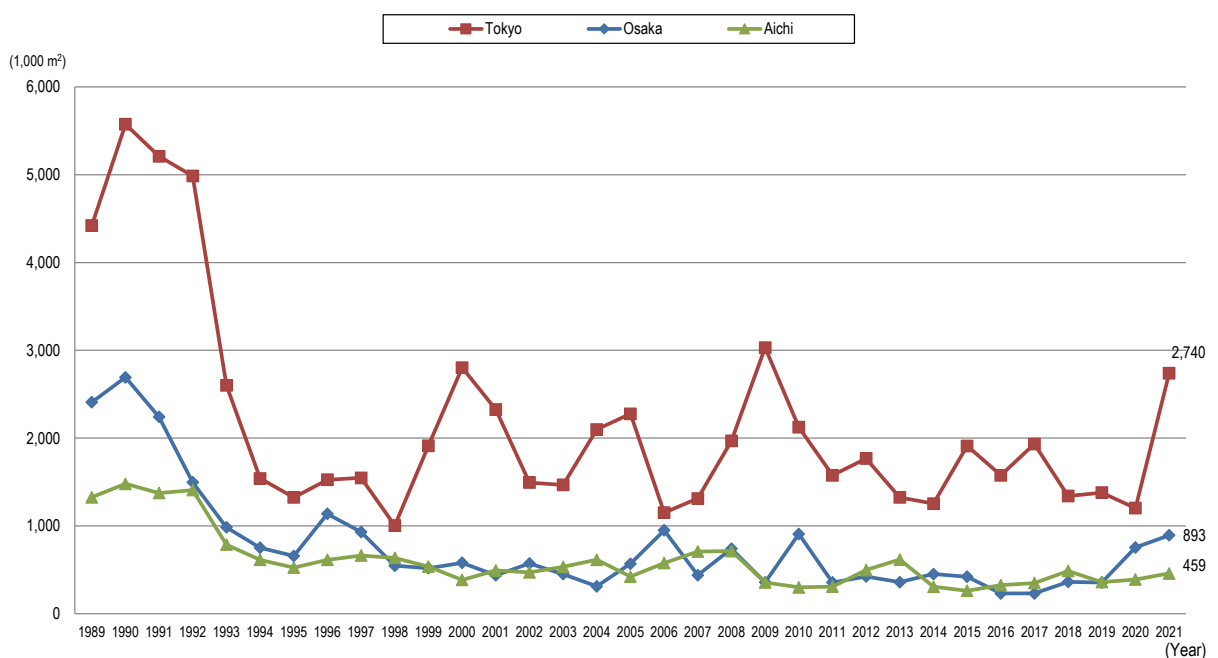
Note 1: The data on farmland within specific urbanization promotion areas other than productive green areas are as of January 1 of each fiscal year and those on productive green areas are as of March 31 of each fiscal year.

Note 2: Farmland within specific urbanization promotion areas other than productive green areas refers to farmland within the urbanization promotion areas of the specific cities in the three major metropolitan areas.

(Changes in real estate availability, etc.)

In terms of gross office floor areas of building starts by city in 2021, Tokyo saw a significant increase of approximately 2,740,000 m² (up 127.8% y/y), Osaka and Aichi prefectures both saw increases of approximately 893,000 m² (up 18.4% y/y) and 459,000 m² (up 17.7% y/y), respectively as well.

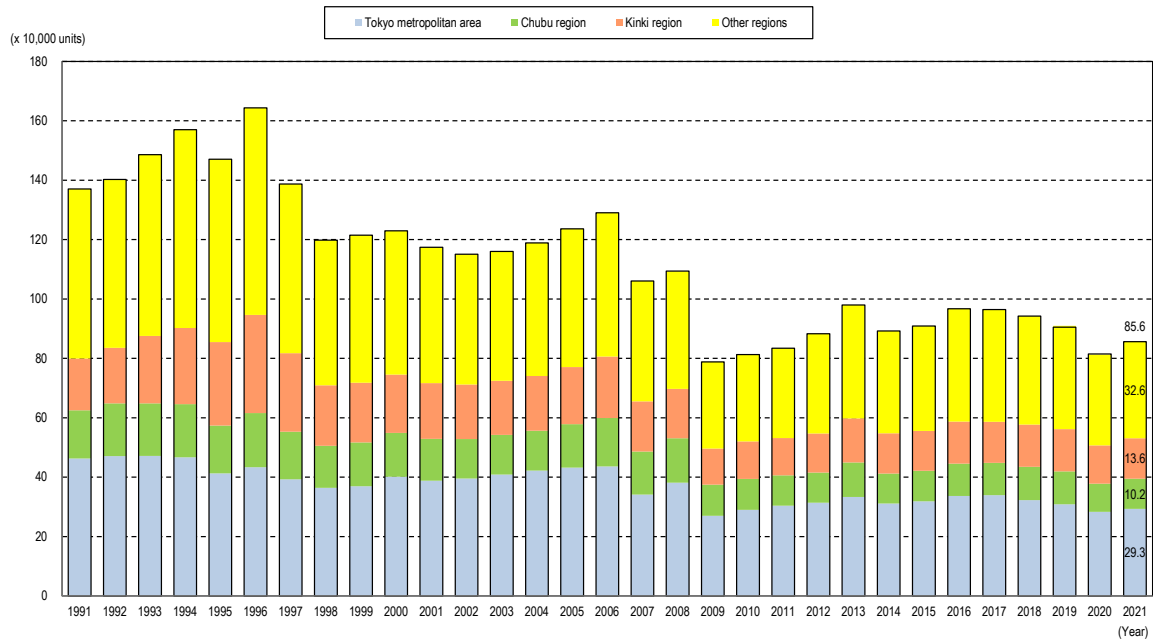
Figure: Changes in gross office floor area of building starts by city



Data: MLIT "Building Starts Statistics"

The total number of new housing starts in 2021 was approximately 856,000 units, up 5.0% from the previous year; all metropolitan areas saw an increase.

Figure: Changes in the total number of new housing starts by area by metropolitan area



Data: MLIT "Building Starts Statistics" (year)

Note 1: Metropolitan area classifications are as follows:

Tokyo metropolitan area: Saitama Prefecture, Chiba Prefecture, Tokyo, and Kanagawa Prefecture

Chubu region: Gifu Prefecture, Shizuoka Prefecture, Aichi Prefecture, Mie Prefecture

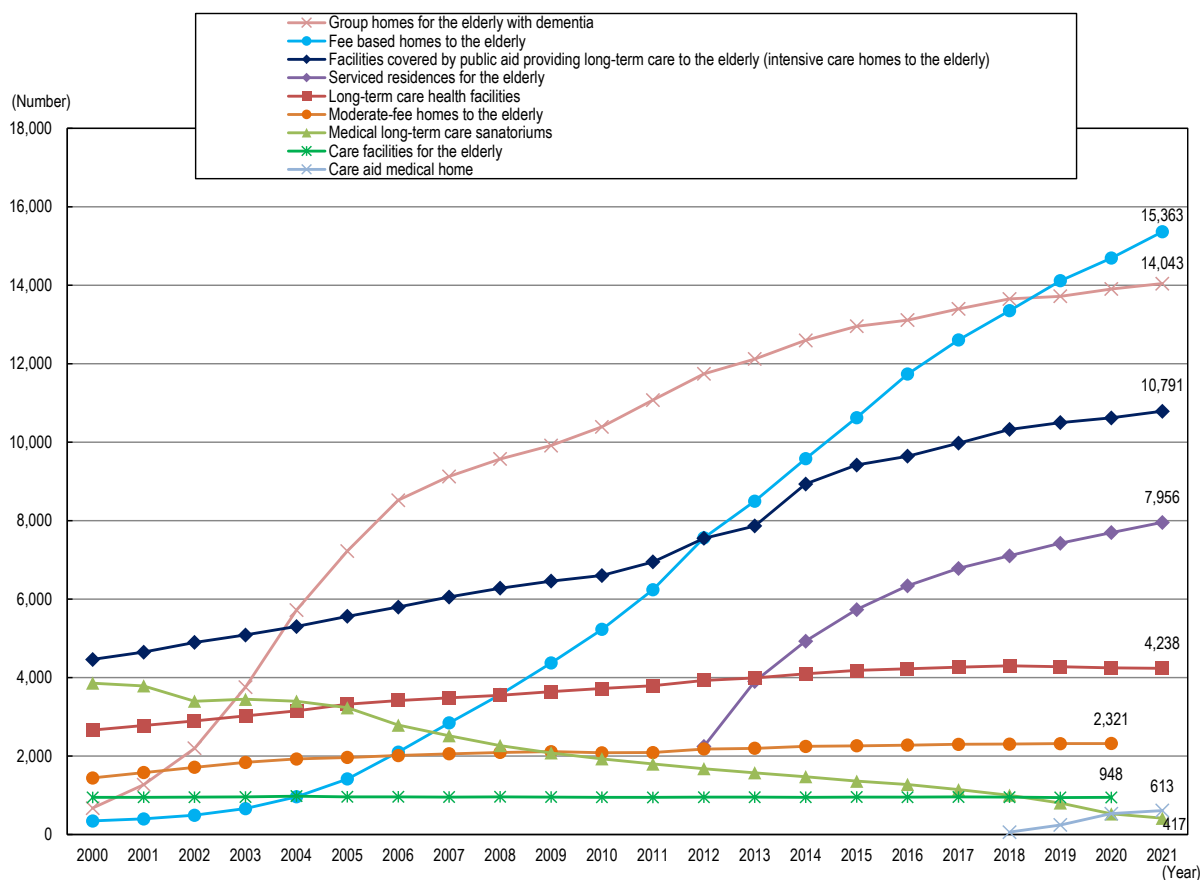
Kinki region: Shiga Prefecture, Kyoto Prefecture, Osaka Prefecture, Hyogo Prefecture, Nara Prefecture, Wakayama Prefecture

Other region: Areas other than the above

Note 2: Totals may not match due to rounding

Among the facilities for the elderly, there has been a growing trend in the number of group homes for the elderly with dementia, fee-based homes for the elderly, facilities covered by public aid and providing long-term care for the elderly, and serviced residences for the elderly. In particular, fee-based homes for the elderly have increased significantly.

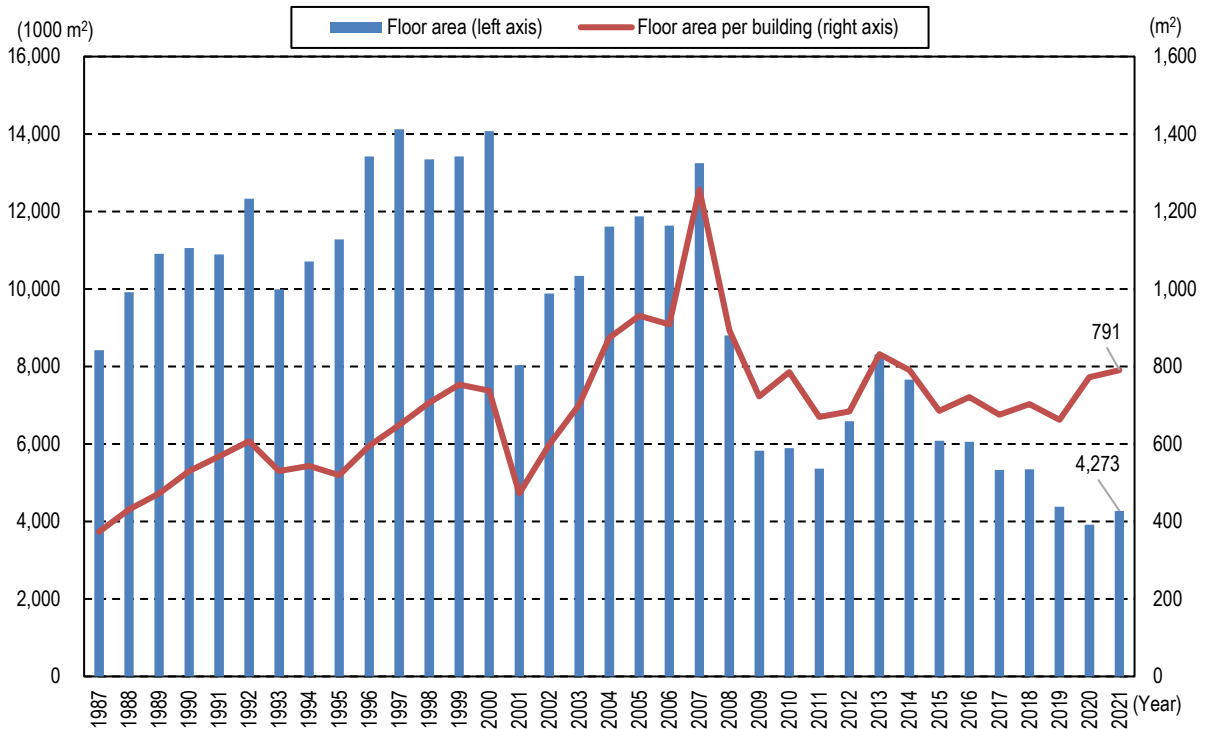
Figure: Changes in the numbers of facilities for the elderly / serviced residences for the elderly



- *1: Data on the three facilities where nursing care insurance is accepted and group homes for the elderly with dementia are from MHLW Survey of Nursing Care Service Facilities/Service Providers (as of October 1) (2000–2001), Survey of the Cost of Nursing Care Benefits (reviewed in October) (2002–2017), and Statistics on the Actual Cost of Nursing Care Benefits (reviewed in October) (2018-2021).
- *2: The number of facilities covered by public aid providing long-term care to the elderly is the total of providers that requested an allowance for facility service for long-term care covered by public aid and community-based facility service for long-term care covered by public aid.
- *3: Data on group homes for the elderly with dementia is indicated as those for communal daily long-term care for mental deterioration between 2000 and 2004 and as those for communal daily long-term care for a dementia patient in and after 2005. (Short-term use is excluded.)
- *4: Data on care facilities for the elderly/moderate-fee homes for the elderly are from MHLW Survey of Social Welfare Institutions (as of October 1). However, the numbers between 2009 and 2011 are based on the numbers of facilities relevant to the survey and those between 2012 and 2017 are based on the basic survey form.
- *5: Data on fee-based homes for the elderly are based on the result of the survey conducted by the Health and Welfare Bureau for the Elderly of MHLW.
- *6: Data on serviced residences for the elderly are from the Delivery System for Information on Serviced Residences (as of September 30).

In 2021, the gross floor area of stores starts and floor area per building was approximately 4,273,000 m² (up 9.0% y/y), the first significant increase since 2013. In addition, floor area per building was 791 m² (up 2.3% y/y), an increase y/y.

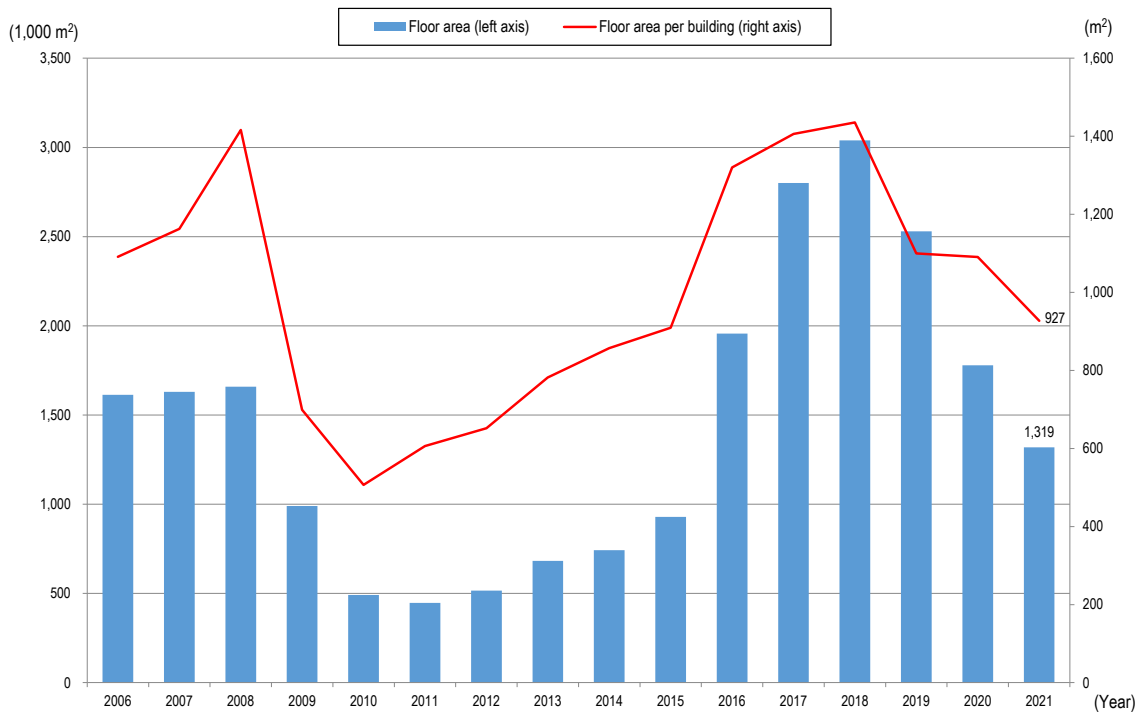
Figure: Changes in floor area of store starts



Data: MLIT "Building Starts Statistics"

The gross floor area of building starts for lodging and the floor area per building continued to decline since 2020, with starts at approximately 1,319,000 m² (down 25.9 % y/y) and the floor area per building at 927 m² (down 15.0 % y/y).

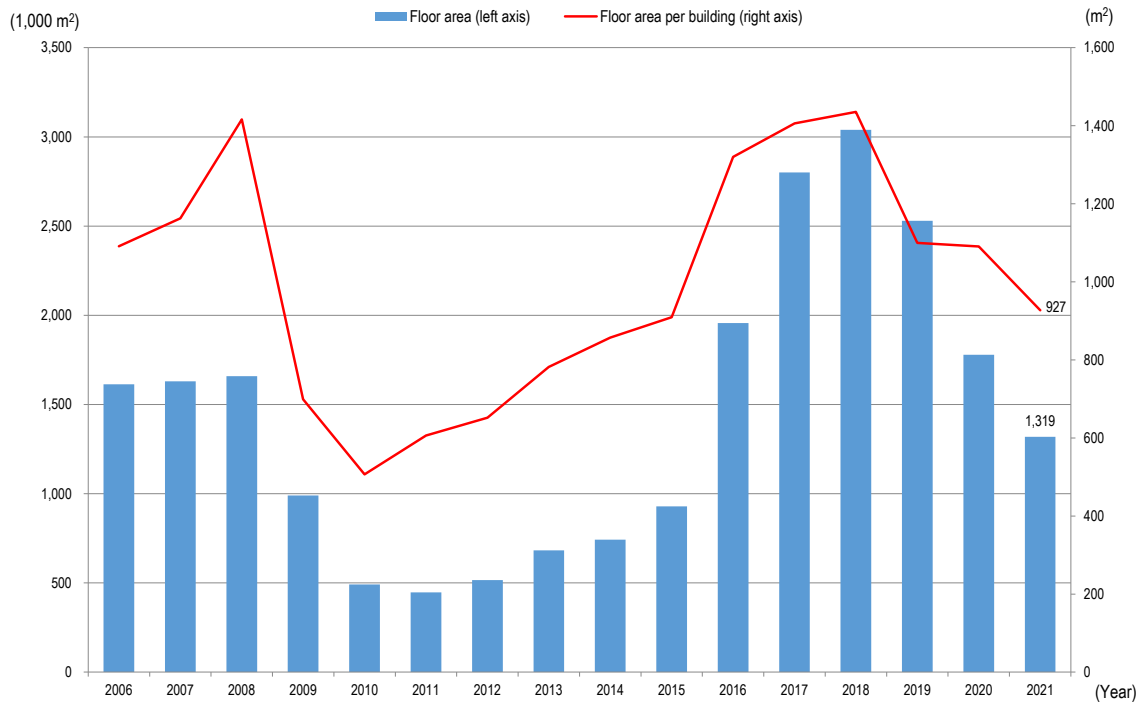
Figure: Changes in floor area of building starts for lodging



Data: MLIT "Building Starts Statistics"

Both the floor area of warehouse starts and the floor area per building increased, with starts at approximately 13,157,000 m² (up 14.8% y/y) and floor area per building at 952 m² (up 24.4% y/y).

Figure: Changes in floor area of warehouse starts



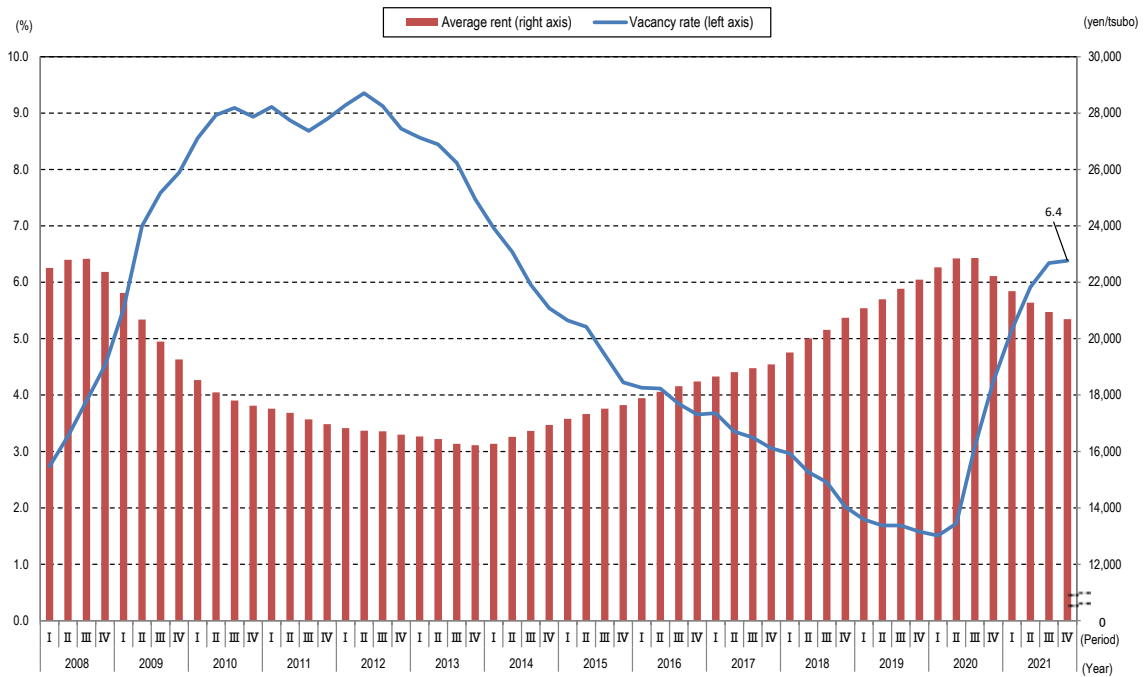
Data: MLIT "Building Starts Statistics"

Section 4 Trends in the Real Estate Market

(Trends in the office market)

The gross office building vacancy rate in the five inner-city wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya), which had been rising since FY2020, was 6.3% in the July-September 2021 period, exceeding 6.0% for the first time in 7 years since the October-December period 2014. However, the rate for the October-December 2021 period was 6.4%, virtually unchanged from the previous period. The average rent has continued to decline since peaking in the July-September 2020 period.

Figure: Changes in rental price of office rooms and vacancy rate (the five inner-city wards of Tokyo)



Data: Prepared by MLIT based on “MIKI OFFICE REPORT TOKYO” by Miki Shoji Co., Ltd.

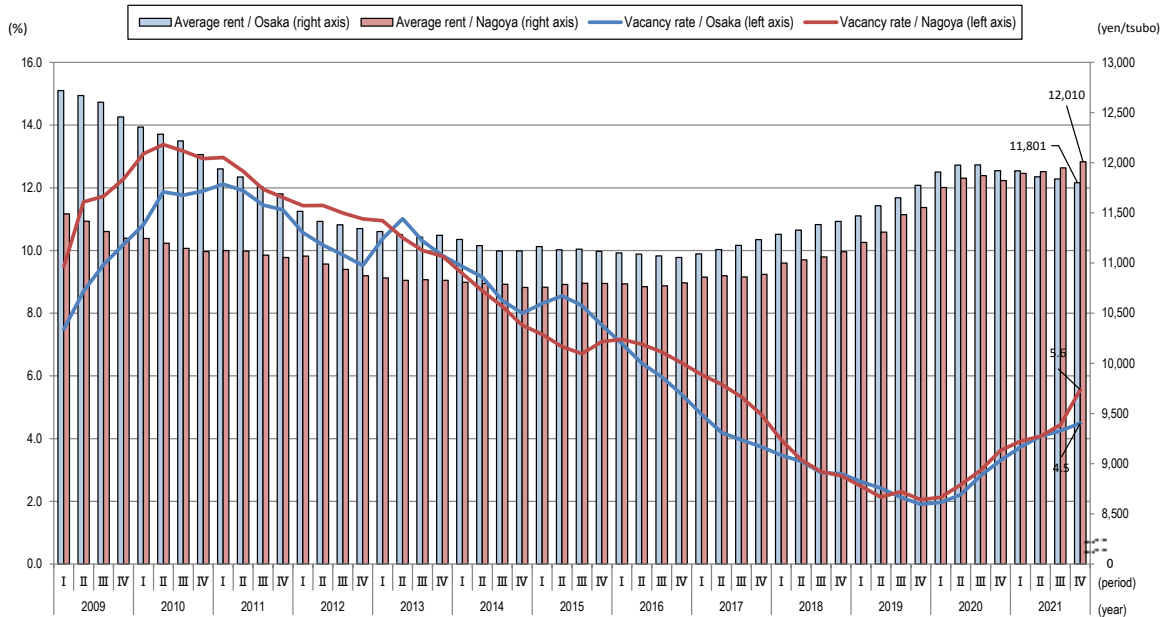
Note 1: Values for quarters I through IV are values obtained by averaging values for the months within each quarter.

Note 2: Target areas include Chiyoda, Chuo, Minato, Shinjuku, and Shibuya wards.

Note 3: Target buildings include major rental office buildings with a standard floor area of 100 *tsubo* (330.579 m²) or more (Total sum of new buildings that are less than one year old and existing buildings that are more than one year old, including the month of the survey)

In cities other than Tokyo, the gross vacancy rate in Osaka and Nagoya Cities has increased since 2020. While average rental rates in Osaka continued to decline, they rose in Nagoya in 2021.

Figure: Changes in rental price of office rooms and vacancy rate (Osaka and Nagoya)



Data: Prepared by MLIT based on “MIKI OFFICE REPORT OSAKA” and “MIKI OFFICE REPORT NAGOYA” by Miki Shoji Co., Ltd.

Note 1: Values for quarters I through IV are values obtained by averaging values for the months within each quarter.

Note 2: Target areas include the following.

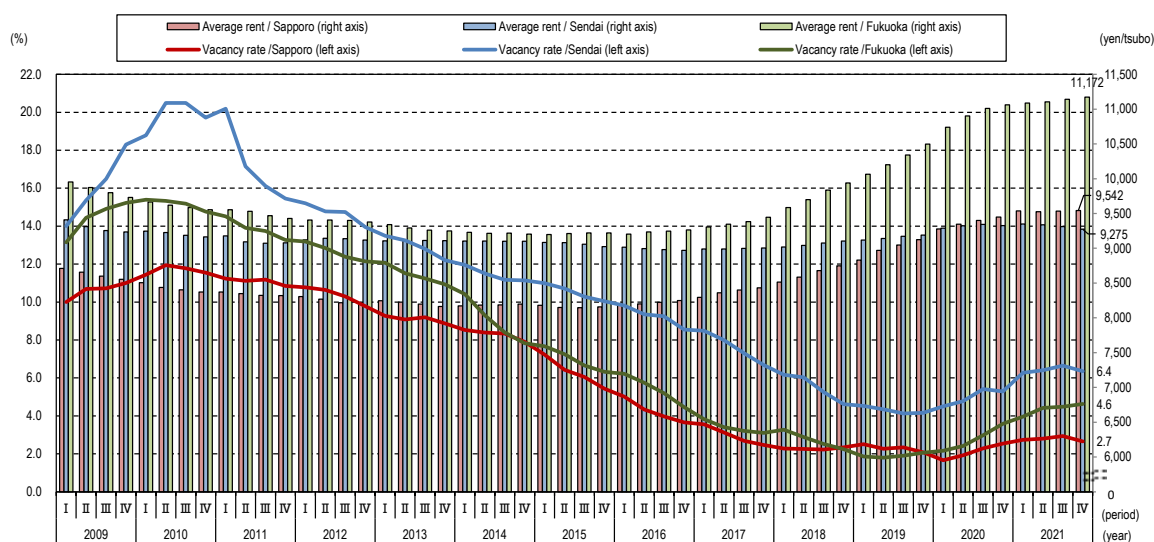
Osaka: Umeda, Minamimorimachi, Yodoyabashi/Honmachi, Semba, Shinsaibashi/Namba, Shin-Osaka Districts
Nagoya: Meieki, Fushimi, Sakae, Marunouchi districts

Note 3: Target buildings include the following.

Osaka: Major rental office buildings with a total floor area of 1,000 tsubo (3305.79 m²) or more
Nagoya: Major rental office buildings with a total floor area of 500 tsubo (1652.89 m²) or more (Total sum of new buildings that are less than one year old and existing buildings that are more than one year old, including the month of the survey).

The gross vacancy rate in Fukuoka City increased throughout 2021, but increased during the July-September 2021 period in Sapporo and Sendai Cities, turning downward during the September-December period. Average rental rates rose throughout the year in Fukuoka City, while remaining virtually unchanged in Sapporo and Sendai.

Figure: Changes in rental prices of office rooms and vacancy rate (Sapporo, Sendai, and Fukuoka)



Data: Prepared by MLIT based on “MIKI OFFICE REPORT SAPPORO,” “MIKI OFFICE REPORT SENDAI” and “MIKI OFFICE REPORT FUKUOKA” by Miki.com Co., Ltd.

Note 1: Values for quarters I through IV are values obtained by averaging values for the months within each quarter.

Note 2: The value for the first quarter of 2011 is an average value that excludes the value for March since data tabulation for Sendai in March 2011 was suspended due to the Great East Japan .

Note 3: Target areas include the following.

Sapporo: Ekimae-Dori and Odori-Koen, Ekimae-Tozai, Minami 1-jo Inan, Soseigawa River Higashi / Nishi 11-chome, Kitaguchi Districts

Sendai: Ekimae, Ichibancho, Prefectural Government and City Hall, Eki-Higashi, Office Districts

Fukuoka: Akasaka / Daimyo, Tenjin, Yakuin / Watanabe Dori, Gion / Gofukumachi, Hakata-Ekimae, Hakata Eki-Higashi / Eki-Minami Districts

Note 4: Target buildings include the following.

Sapporo: Major rental office buildings with a total floor area of 100 tsubo (330.579 m²) or more

Sendai: Major rental office buildings with a total floor area of 300 tsubo (991.73 m²) or more

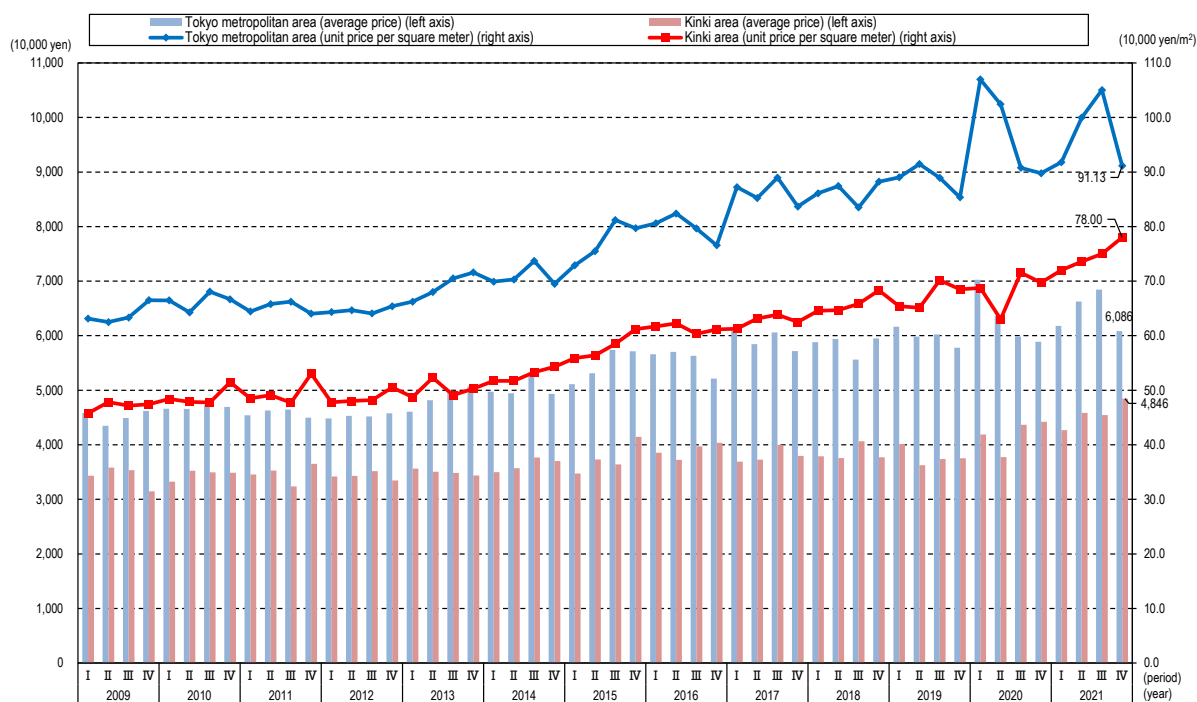
Fukuoka: Major rental office buildings with a total floor area of 100 tsubo (330.579 m²) or more

(Total sum of new buildings that are less than one year old and existing buildings that are more than one year old, including the month of the survey).

(Trends in the residential market)

Prices of newly built condominiums in the Tokyo metropolitan area exceeded 1 million yen per square meter in the April-June 2021 period; however, have since fallen to the 900,000 yen level. On the other hand, the prices in the Kinki region rose throughout the year. The average price in the Tokyo metropolitan area showed the same trend as the unit price per square meter, rising during the July-September 2021 period but falling sharply during the October-December 2021 period. The Kinki region has generally seen an increase, although there have been some fluctuations.

Figure: Changes in newly built condominiums in the Tokyo metropolitan area and the Kinki region



Data: Prepared Data: Prepared by MLIT based on “Trends in Condominium Market in the country” by Real Estate Economic Institute Co., Ltd.

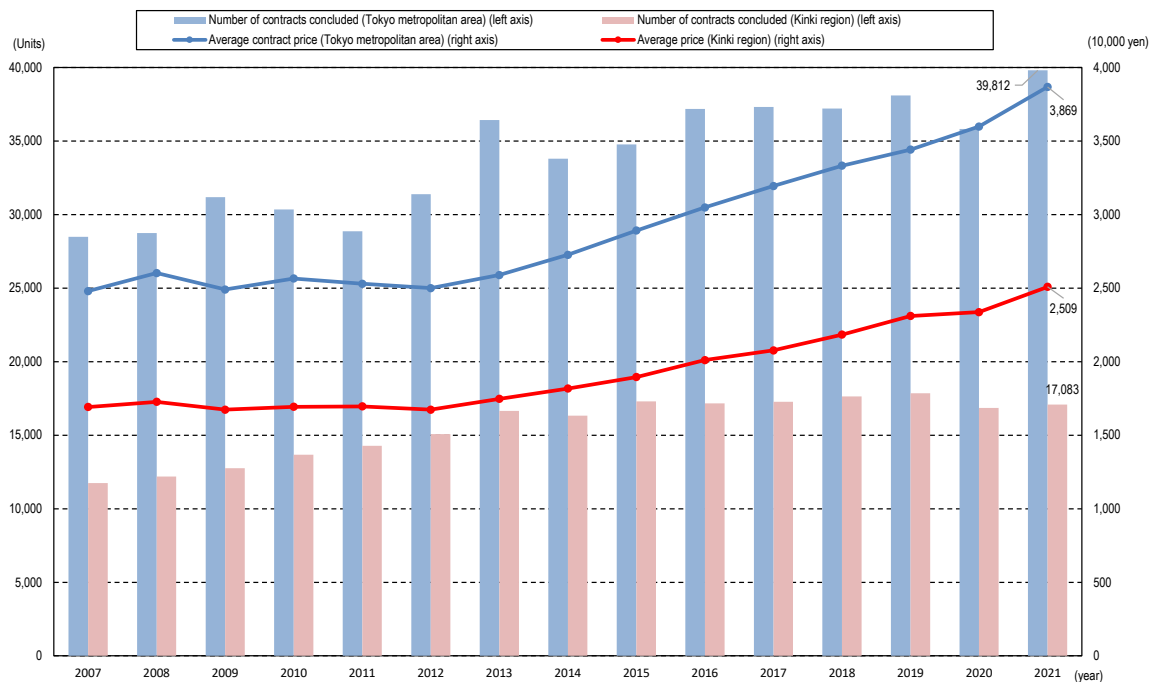
Note: Metropolitan area classifications are as follows:

 Tokyo metropolitan area: Saitama Prefecture, Chiba Prefecture, Tokyo, and Kanagawa Prefecture

 Kinki region: Shiga Prefecture, Kyoto Prefecture, Osaka Prefecture, Hyogo Prefecture, Nara Prefecture, Wakayama Prefecture

Trends in the market for pre-owned condominiums indicate that in 2021, the average price of contracts concluded was 38.69 million yen (up 7.5% y/y) in the Tokyo metropolitan and 25.09 million yen (up 7.4% y/y) in the Kinki region, showing a continuing upward trend. The number of contracts concluded was 39,812 in the Tokyo metropolitan area (up 11.1% y/y) and 17,083 in the Kinki region (up 1.3% y/y), a turnaround from the previous year and an increase for both areas.

Figure: Changes in the number of contracts concluded and the average price of pre-owned condominiums in the Tokyo metropolitan area and the Kinki region



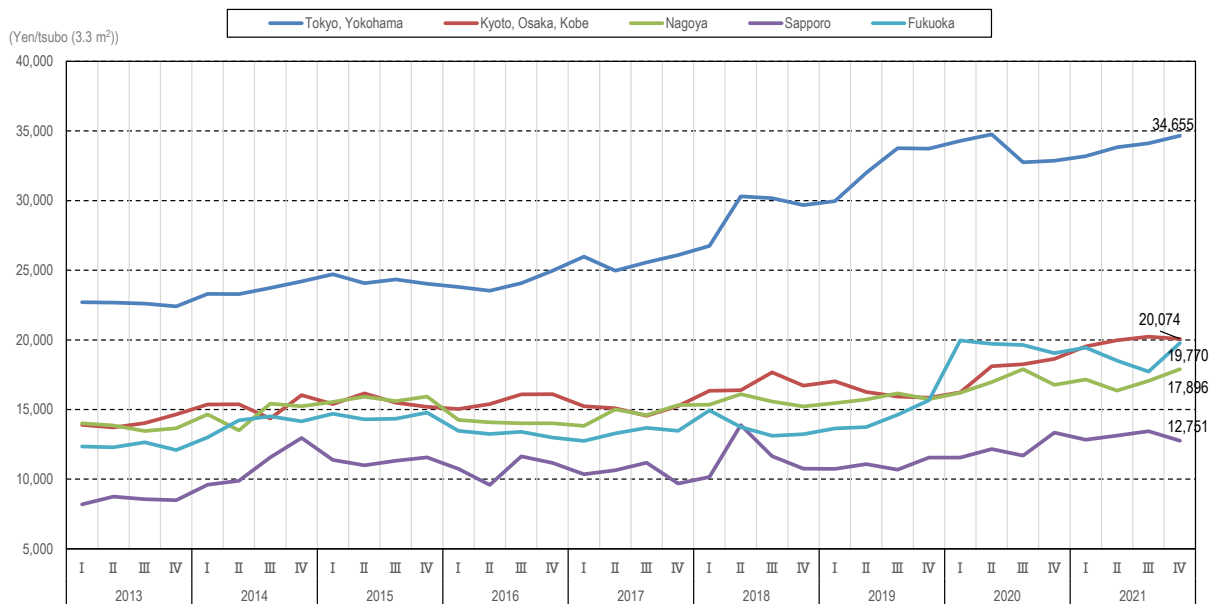
Source: Prepared by MLIT based on data published by the Real Estate Information Network for East Japan and the Real Estate Information Network for Kinki.

Note: Metropolitan area classifications are same as Figure 1-4-4.

(Trends in the markets for stores, lodging and logistics facilities)

Changes in store rents in major cities during the October-December 2021 period (34,655 yen/tsubo (1 tsubo = 3.3 m²) (up 5.4% y/y) in Tokyo and Yokohama, 20,074 yen/tsubo (up 7.7% y/y) in Kyoto, Osaka and Kobe, 17,896 yen/tsubo (up 6.7% y/y) in Nagoya, 12,751 yen/tsubo (down 4.4% y/y) in Sapporo, and 19,770 yen/tsubo (up 3.8% y/y) in Fukuoka) are indicative of increases in all cities except Sapporo.

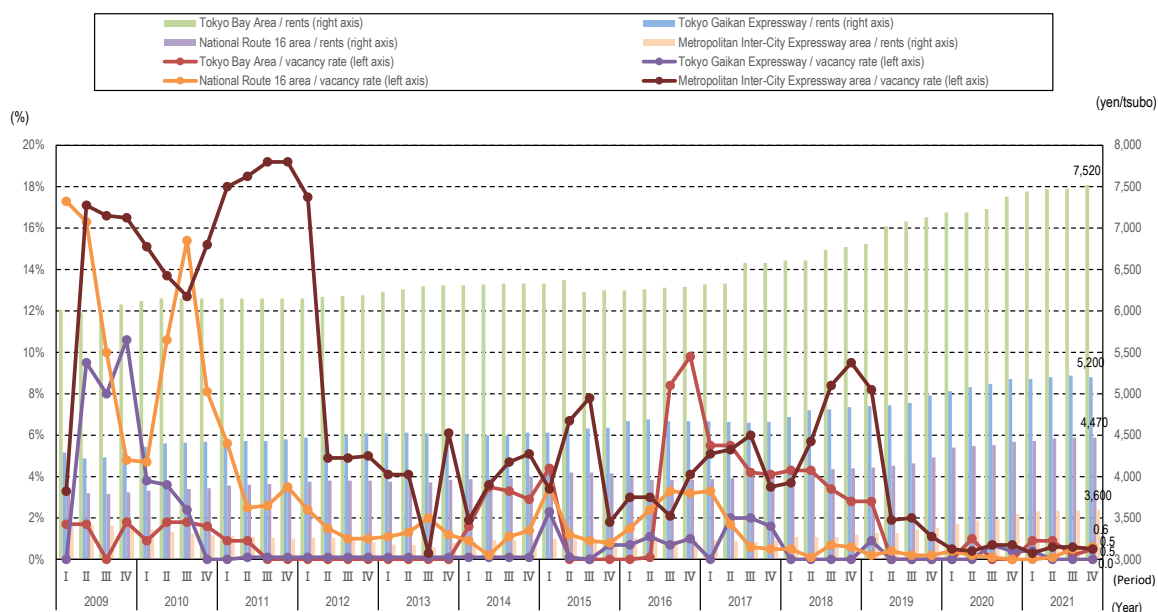
Figure: Trends in store rents in major cities



Data: Prepared by MLIT based on Japan Real Estate Institute (JREI), BAC Urban Project's "Store rents Trends" (data provided by Style Act Co., Ltd.)

As for the market conditions of logistics facilities in the Tokyo metropolitan area in 2021, rents remain high and unchanged in all four areas of the Tokyo metropolitan area, and vacancy rates remain low since FY 2020.

Figure: Rents and vacancy rates of logistics facilities in the Tokyo metropolitan area



Data: Prepared by MLIT based on data released by CBRE K.K.

Note 1: Vacancy rates are based on logistics facilities that have been completed more than one year.

Note 2: Tokyo Bay Area: Core area along the coast of Tokyo Bay.

Tokyo Gaikan Expressway area: Area surrounded by the Tokyo Outer Ring Road, excluding the Tokyo Bay Area.

National Route 16 area: Semi-donut-shaped area from outside the Tokyo Outer Ring Road to the area along the ring road and National Route 16

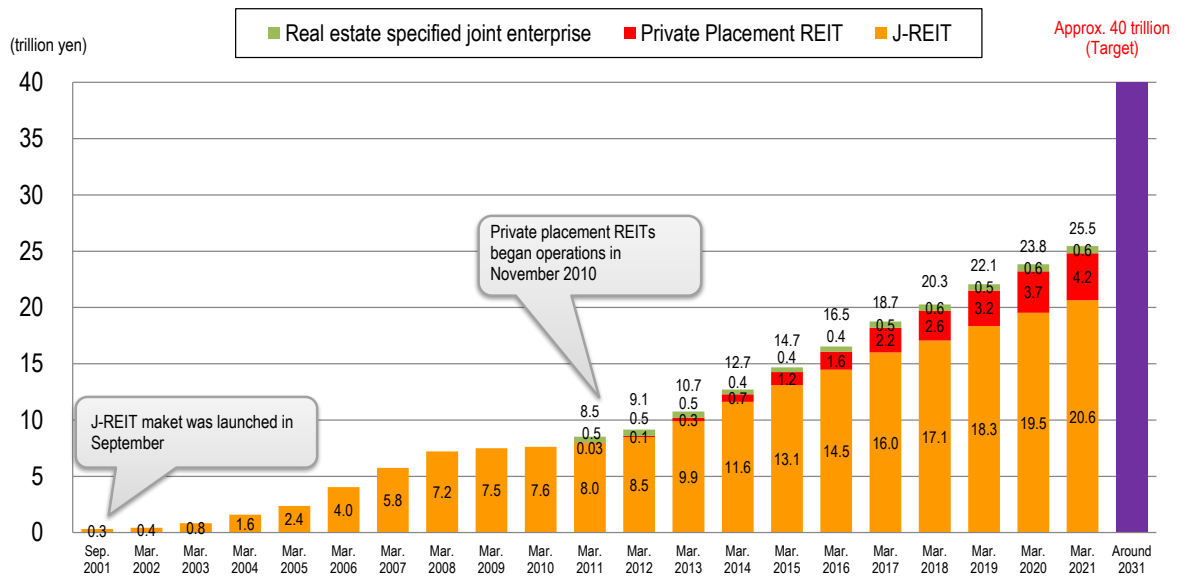
Metropolitan Inter-City Expressway area: Area outside the National Route 16 line. (The Tokyo Gaikan Expressway and Metropolitan Inter-City Expressway, which run through Tokyo, Saitama, Ibaraki, and Chiba prefectures, are at the center of this area)

Section 5 Trends in the Real Estate Investment Market

(Trends in the real estate securitization market)

MLIT has set a new target of increasing the total assets, including REIT, to approximately 40 trillion yen by around 2030. The total assets of the real estate investment market were around 25.5 trillion yen as of the end of March 2021.

Figure: Changes in the total assets of REIT (Trends in the J-REIT market)



<Specified joint real estate ventures>

Source: Fact-Finding Study on Real Estate Securitization, MLIT

Note: No data up to fiscal year 2010 since this survey item had not been established prior to that point in time.

<Private placement REITs>

Source: Prepared by MLIT based on the Private Placement REITs Quarterly by the Association for Real Estate Securitization (end of March 2021)

Note 1: Figures for 2011 and 2012 are estimated intermediate figures for the period between December of the preceding year and June of the current year.

Note 2: Based on acquisition price.

<J-REITs>

Source: Prepared by MLIT based on "ARES J-REIT Databook," by the Association for Real Estate Securitization.

Note 1: *Figures for September 2001 and March 2002 are estimates provided by the Association for Real Estate Securitization.

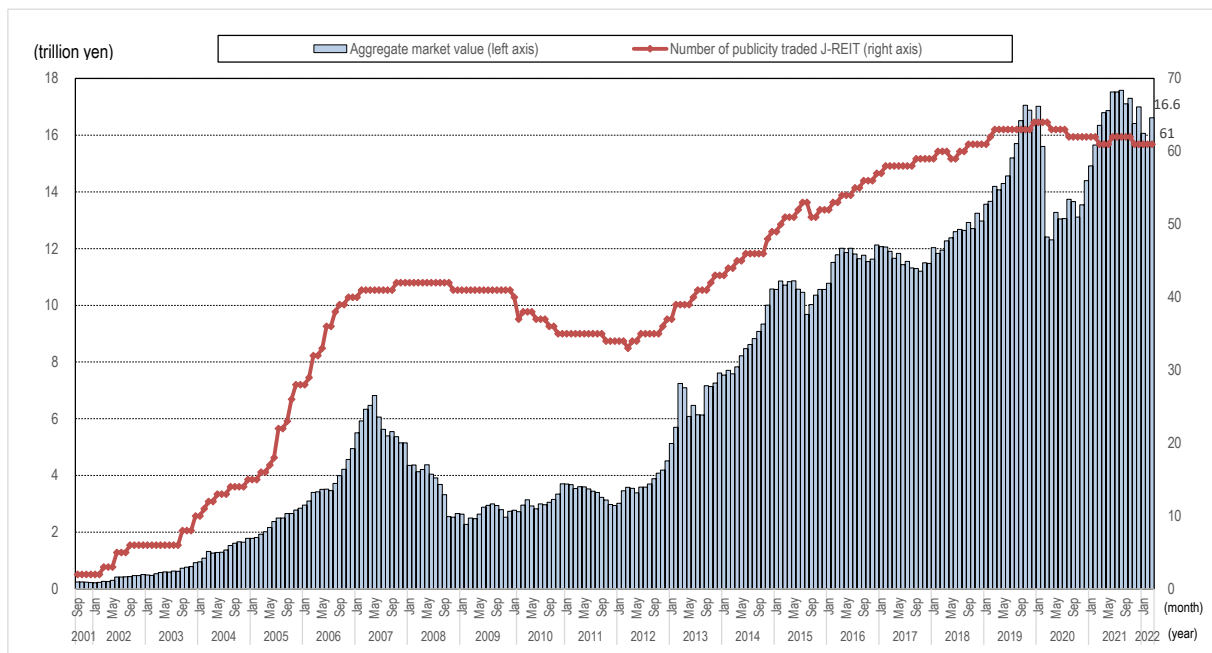
Note 2: Based on acquisition price.

Note: Due to rounding, the sum of the breakdown may not equal the total.

(Trends in the J-REIT market)

As of the end of March, 2022, 61 various stocks for J-REIT were listed on the Tokyo Stock Exchange, and the current aggregate market value of real estate investment trusts was about 16.6 trillion yen.

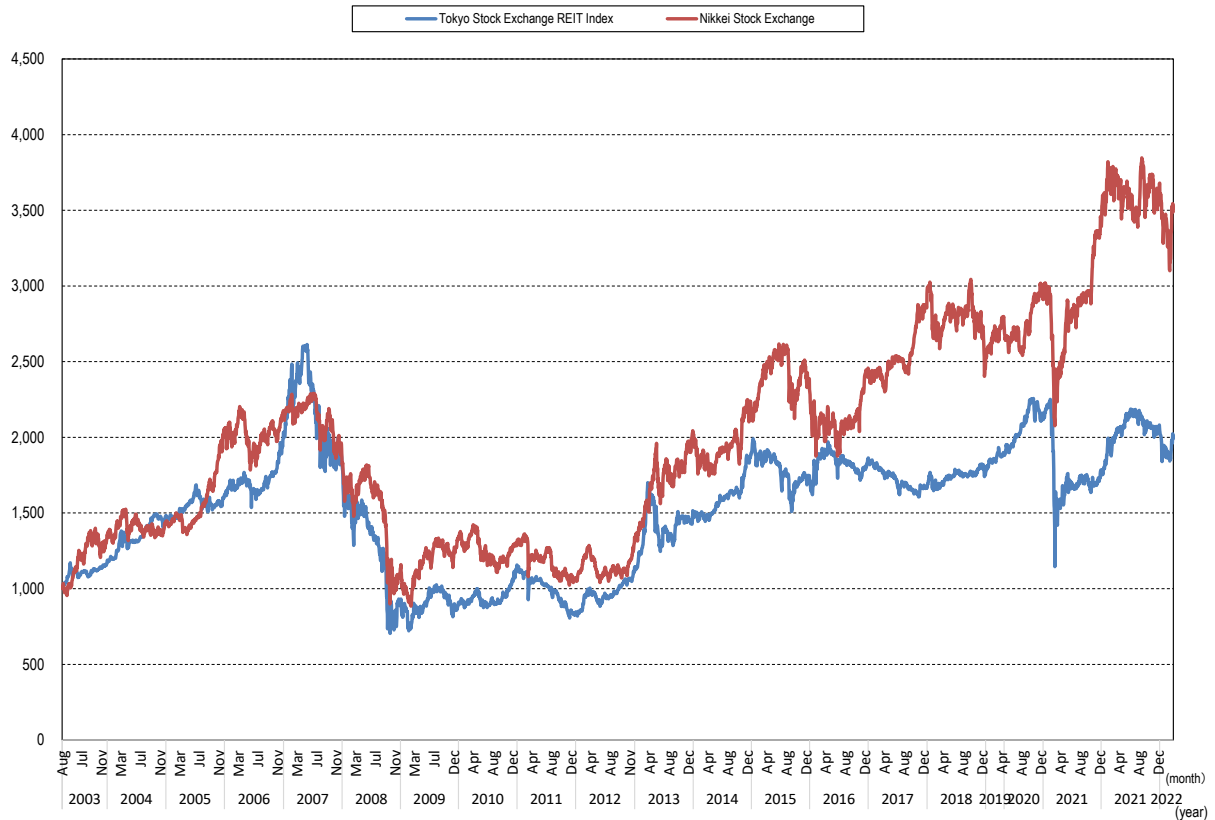
Figure: Changes in the number of J-REIT listed issues and market capitalization



Source: Prepared by MLIT based on "ARES J-REIT Databook," by the Association for Real Estate Securitization

The Tokyo Stock Exchange REIT Index, which indicates the value movement of the whole JREIT market, rose to 2,100 points in June 2021. However, with the deterioration of investor sentiment due to the concerns about rising U.S. interest rates and the reemergence of the COVID-19 pandemic and Russian aggression into The Ukraine, the index fell to the 1,800-point level at the end of February 2022. Subsequently, it recovered to the 2,000-point level by the end of March of the same year due to expectations of an improvement to the situation in The Ukraine and diminishing concerns about U.S. monetary policy.

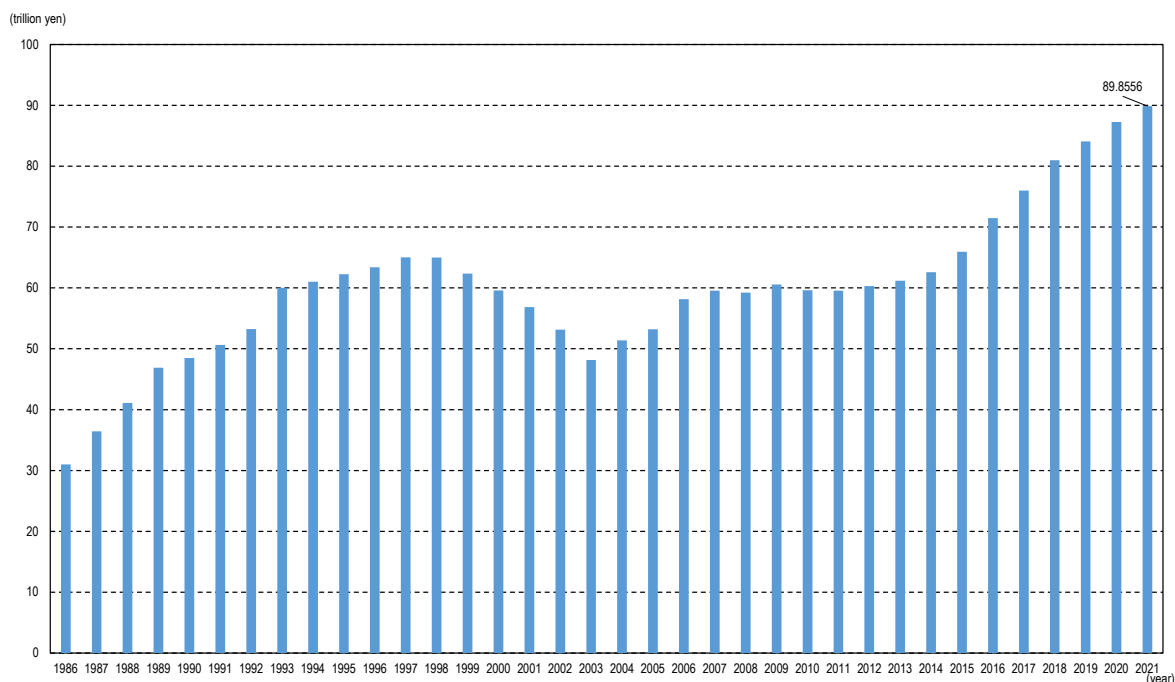
Figure: Changes in the Tokyo Stock Exchange REIT Index and the Nikkei Average Stock Index



Source: Source: Prepared by MLIT based on data by Nikkei, Inc., Tokyo Stock Exchange, Inc.
 Note: In both cases, index values are set to 1000 on March 31, 2003

The amounts outstanding of loans and bills discounted from banks to the real estate industry, according to the Loans and Bills Discounted by Sector compiled by the Bank of Japan, continued to show a marked upward trend, reaching a record high of 89,855.6 billion yen in 2021, the highest level since 1986.

Figure: Changes in the amounts outstanding of loans and bills discounted to the real estate industry



Data: Prepared by MLIT based on the “Loans and Bills Discounted by Sector” compiled by the Bank of Japan

Section 6 Perception of Ownership, Use and Management of Land and Real Estate

(Public awareness toward land and real estate)

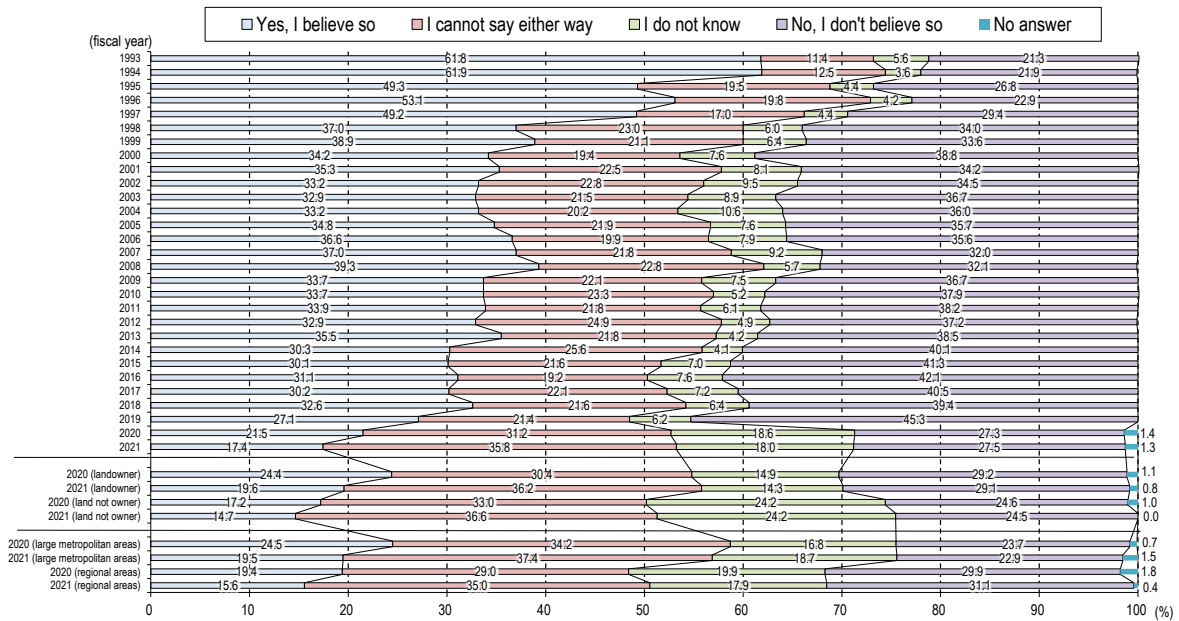
For people, owning land is not only for the purpose of residential land, etc., which is the foundation of their lives, but also as an asset.

The Public Awareness Survey on Land Issues (hereinafter referred to as the “Survey”) is conducted by MLIT every year. Due to the impact of the COVID-19 pandemic, the 2020 survey was conducted using the postal method instead of the interview method that had been employed in the past. In the 2021 survey, online responses were accepted in addition to the postal method used in the previous year.

According to the FY 2021 Survey, in response to the question "Do you think land is a profitable asset compared with deposits/savings or stocks?", 17.4% of respondents answered "Yes", 27.5% of those answered "No", and 35.8% of those answered "No opinion." In the past, the percentage of "No" answers continued to exceed the percentage of "Yes" answers from the FY 2009 to FY 2020 Survey. In this Survey, the percentage of "No" again exceeded "Yes."

Of these responses, 19.6% of respondents who owned land answered "Yes," while 14.7% of those who did not own land answered "Yes," showing that the percentage of respondents who answered "Yes" was higher among landowners. By metropolitan area, 19.5% of respondents living in metropolitan areas answered "Yes," while 15.6% of those living in regional areas answered so, showing that the percentage is higher in metropolitan areas than in regional areas.

Figure: Is land a profitable asset compared with deposits/savings?



Source: Public Awareness Survey on Land Issues, MLIT (FY 2021)

Note: Metropolitan areas: Tokyo, Osaka, Nagoya

Tokyo area: Municipalities inclusive of established urban zones and suburban developed zones under the Capital Regional Improvement Act

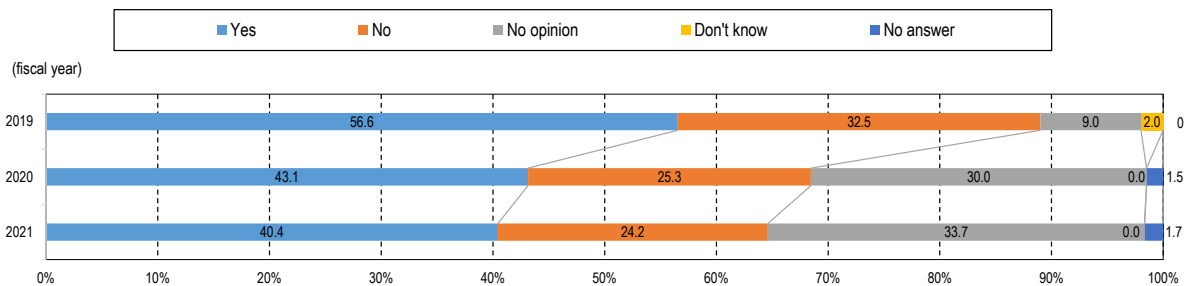
Osaka area: Municipalities inclusive of established urban zones and suburban developed zones under the Kinki Region Improvement Act

Nagoya area: Municipalities inclusive of urban development zones under the Chubu Region Development and Improvement Act

Regional area: Municipalities other than those in metropolitan areas

In response to the question "Do you want to own land?" 40.4% of respondents answered "Yes," while 24.2% answered "No." Also, 33.7% answered "No Opinion."

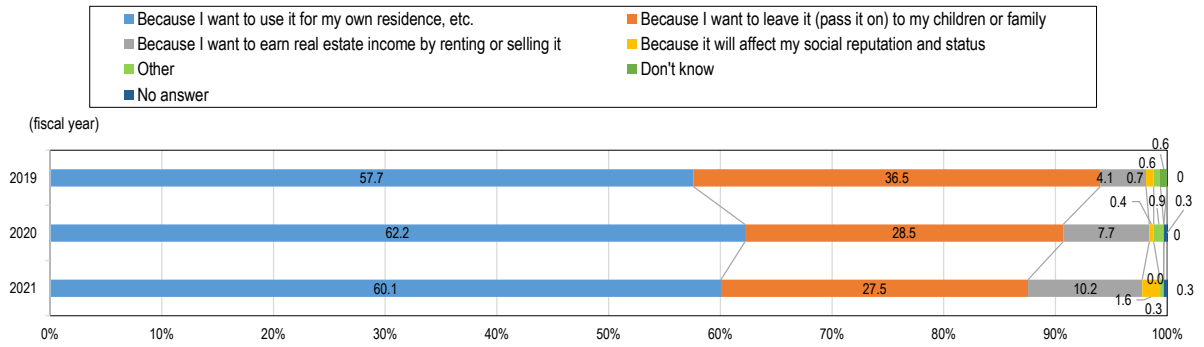
Figure: Do you want to own land?



Source: Public Awareness Survey on Land Issues, MLIT (FY 2021)

Asked why "I want to own land," the highest percentage of respondents (60.1%) answered "I want to use it for my own residence, etc.," followed by "I want to leave it (pass it on) to my children or family (27.5%)."

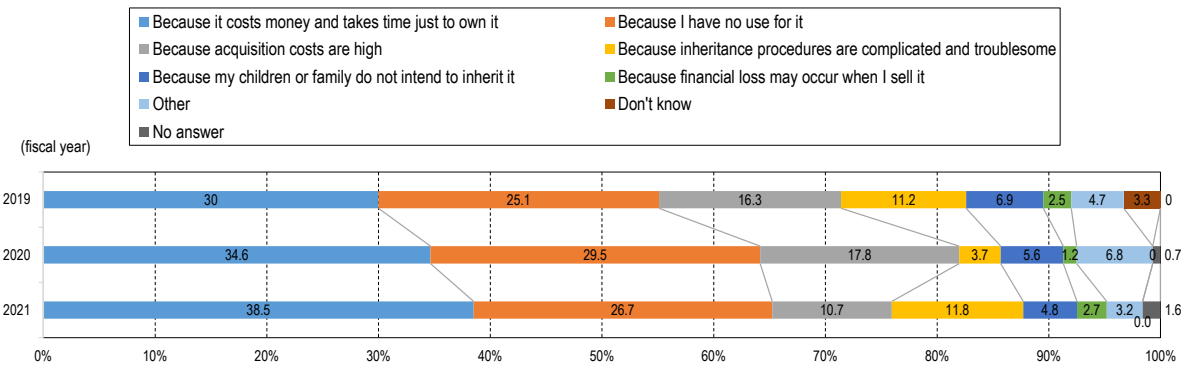
Figure: Reasons for wanting to own land



Source: Public Awareness Survey on Land Issues, MLIT (FY 2021)

In addition, asked why "I don't want to own land," the highest percentage of respondents (38.5%) answered "Because it costs money and takes time just to own it," followed by "Because I have no use for it"(26.7%).

Figure: Reasons for not wanting to own land



Source: Public Awareness Survey on Land Issues, MLIT (FY 2021)

Chapter 2: Measures against Owner-unknown Land in the Depopulating Society and Trends in Related Policies

In the past, land policy has undergone significant changes against the backdrop of the economic situation of the time.

During the so-called "bubble economy" period that began in the late 1980s, there was an urgent need to curb the rapid rise in land prices and ensure appropriate land use. For this reason, the "Basic Act for Land" (Act No. 84 of 1989) was enacted in 1989. The law stipulated the basic principles of land and the responsibilities of national and local governments, and aimed to curb speculative land transactions and encourage appropriate land use according to plan. Subsequently, the collapse of the bubble economy caused land prices to slump sharply, leading to a shift in land policy from the grip of soaring land prices to effective usage of underutilized/unused land, including land held in escrow due to bad debt. In addition, new areas of the use of land/real estate using a variety of financial methods were created, including the development of the real estate securitization method and the establishment of the J-REIT market.

Japan's population peaked at 128.08 million in 2008, began trending downward, and is now expected to continue to decline in the future. Entering this era of declining population, Japan's economy and society reveals new challenges in various parts of the country.

With a declining population, falling birthrate, and aging population, inheritance issues limited. In real estate registry (RER), there is concern that the increase in the number of lands whose owners' names and whereabouts are unknown. In addition to causing various external diseconomies in the surrounding area, these lands present obstacles to public works and private economic activities, making the creation of countermeasures against them an urgent issue. In response, the government established the "Ministerial Conference with Related Cabinet Ministers to Promote Measures against Owner-unknown land" (presided over by the Chief Cabinet Secretary) in 2018, and the related ministries and agencies have worked together to address these issues. In 2018, the Act on Special Measures in Relation to Easement of Use of Owner-unknown Land (Act No. 49 of 2018, hereinafter referred to as the "Act for Owner-unknown Land ") was enacted, introducing a mechanism to facilitate the use of owner-unknown land and a mechanism to streamline the search for landowners, etc.

In 2020, the "Basic Act for Land" was partially revised for the first time in approximately 30 years since its enactment in 1989. The revision stipulated the "responsibilities" of landowners for proper "management" of land as a basic principle concerning land, and also added a provision for ensuring smooth use and management of owner-unknown land.

In 2021, the fundamental civil laws were comprehensively revised to prevent the occurrence of and facilitate the use of owner-unknown land. Under the revision, it became mandatory to apply for inheritance registration, etc., and a system was established with which a person who has acquired land through inheritance, etc. may vest ownership of the land in the national treasury, subject to certain requirements. Another systems were also established (management systems for owner-unknown, undermanaged land, etc.) whereby a court can appoint an administrator to manage owner-unknown or undermanaged land at the request of an interested party.

To promote smooth use and proper management of owner-unknown lands, the "Partial Amendment to the Act on Special Measures in Relation to Easement of Use of Owner-unknown Land " (Act No. 38 of 2022, hereinafter referred to as the "Partial Amendment of the Act for Owner-unknown Land ") was enacted on April 27, 2022, and promulgated on May 9 of the same year.

With a declining population, falling birthrate, and aging population, the government is steadily taking measures to address the new issue of "owner-unknown land". In addition, for sustainable growth, the use of digital technology to

improve efficiency and convenience is expected. In fields related to land policy, studies are underway to create new national land planning systems and initiatives to facilitate land use based on digital technology.

This chapter discusses the following new trends in the field of land policy in the future, as measures against owner-unknown lands and other related policies in a depopulating society:

Section 1 discusses the various efforts being made to implement measures against owner-unknown lands;

Section 2 discusses the history, background, and contents of the revised Act for Owner-unknown Land, and;

Section 3 discusses new trends in areas related to future land policy, such as new national land planning and efforts to facilitate land use using digital technology.

Section 1 Status of Measures for Owner-unknown Land, etc.

1. Status of Utilization of the Act for Owner-unknown Land

The Act for Owner-unknown Land, enacted in 2018, provides for (1) a mechanism to facilitate the use of owner-unknown land, (2) a mechanism to streamline the search for landowners, and (3) a mechanism to properly manage owner-unknown land.

(1) Mechanism to facilitate the use of owner-unknown land

As a mechanism to facilitate the use of owner-unknown land, the government established a system that allows owner-unknown land that meet certain conditions, such as no opposing rights holders, no buildings (except for simple structures and small-scale ones), for public use (Community Welfare Promotion Project), and a system that omits the hearing procedure of the Expropriation Committee when expropriating owner-unknown land in public projects (special exception to the Expropriation of Land Act), etc.

[1] Establishment of Community Welfare Promotion Project

The Community Welfare Promotion Project is a system that allows owner-unknown land to be used for projects for the benefit of the community, such as the development of open spaces. Under this system, after receiving an application from a person who intends to implement the Project, the prefectural governor is to award rights to use owner-unknown land for a period of up to 10 years.

Until now, preparations have been made by local governments and general incorporated associations to search for owners for use of the Community Welfare Promotion Project. In September 2021, Awashimaura Village in Niigata Prefecture applied for an award for the Community Welfare Promotion Project, and in April 2022, the governor of Niigata Prefecture issued the country's first public notice of this award.

The following are examples of efforts to use/utilize owner-unknown land.

○ Development of safe evacuation sites (Disaster-prevention vacant land) (Awashimaura Village, Iwafune County, Niigata Prefecture)

Awashimaura Village, Iwafune County, Niigata Prefecture, is a small isolated island with a population of 340 (according to the Basic Resident Ledger as of November 30, 2021). In June 2019, an earthquake occurred off the coast of Yamagata Prefecture, and the residents of the village evacuated to a shrine on high ground that had been designated as an emergency evacuation site. However, due to concerns about secondary damage caused by the collapse of aging shrine

buildings, etc., it became desirable to develop safe evacuation sites (disaster-prevention vacant land) from the perspective of disaster prevention and disaster mitigation.

Awashimaura Village formulated a plan to develop land in the assumed project area adjacent to the emergency evacuation site (a total of 10 parcels of residential land, fields, and wilderness) as a new evacuation site. Of the 10 parcels targeted, 4 parcels were not registered in the rights section, and were found to contain land whose owners were thought to be unknown within the project's assumed area.

In addition, 3 of the 10 lots have buildings remaining on them, and the land with buildings (over 20m²) does not fall under the category of "owner-unknown land" (refers to owner-unknown land with no buildings except small-scale buildings of simple structure not used for business or other special purposes) stipulated under the Act for Owner-unknown Land, which can be used as a project area for the Community Welfare Promotion Project. Therefore, Awashimaura Village decided to exclude these 3 parcels from the project area and conducted a search for the owner(s) of the remaining 7 parcels (653 m²). Of the 7 parcels, the owners of 4 parcels could be identified; however, for the remaining 3 parcels, neither the rights section nor the inheritance were registered, and the owners could not be identified in the land registration records.

Thus, Awashimaura Village assigned a judicial scrivener to search for the owners, and found that there were 61 heirs to the 3 parcels. The village also established a consultation service for owner-unknown land and continued to search for the owners, but was eventually unsuccessful in identifying some of the owners of the 3 parcels.

Figure: Situation at the site



Source: Awashimaura Village

Due to these circumstances, on September 14, 2021, Awashimaura Village applied for an award for a Community Welfare Promotion Project to develop an open space (disaster-prevention vacant land) in accordance with the Act for Owner-unknown Land. On the 24th of the same month, the governor of Niigata Prefecture publicly announced the application therefor, and after a six-month period of public inspection, the same governor issued public notice of the award rewarding on April 1, 2022.

In the future, Awashimaura Village plans to develop these lands as disaster-prevention vacant land and designate them as new evacuation sites at the Awashimaura Village Disaster Prevention Council.

[2] Streamlining and facilitating expropriation procedures for public works projects (Special provisions of the Expropriation of Land Act)

When using owner-unknown land for public works projects, the Expropriation of Land Act (Act No. 219 of 1951) and the property management system are used to acquire the land. If owner-unknown land is included in the project area, in more than a few cases, it causes significant obstacles to the smooth implementation of the project due to the time, cost, and effort required to search for the owner of the land. For example, not only will there be a significant delay in the overall progress of the project, but the project area may have to be changed or the project itself may have to be cancelled.

Under these circumstances, special provisions of the Act for Owner-unknown Land were established to provide that an expropriation-eligible project approved in accordance with the Expropriation of Land Act may be exempt from the hearing procedures of the Expropriation Committee. Furthermore, by unifying the determination of the acquisition of rights and the administrative determination to vacate, that owner-unknown land may be expropriated as an award rewarded by the prefectural governor in the expropriation process (similar special provisions were also established for city planning projects).

The above special provisions of the Expropriation of Land Act are stipulated in Article 27 of the Act for Owner-unknown Land (Article 37 for city planning projects), and six administrative awards have been granted as of March 31, 2022.

○ New construction of Mito Line, Higashi-Kanto Expressway (Itako City, Ibaraki Prefecture)

After the Act for Owner-unknown Land came into effect, the first project, for which an application for an administrative determination utilizing the special provisions of the Expropriation of Land Act was filed, was the "New Construction Project of Mito Line, Higashi-Kanto Expressway," executed by the Minister of Land, Infrastructure, Transport and Tourism (Kanto Regional Development Bureau, MLIT) and East Nippon Expressway Co., Ltd. (hereinafter referred to as "the Promoter").

The land on which the application for administrative determination was filed was a forested area in Itako City, Ibaraki Prefecture, and was a co-owned land with only "A and 2 others" recorded in the heading-section of the real estate registry (RER) book. The Promoter searched for the owner of the land but was unable to locate the owner. Therefore, in accordance with the provisions of the Act for Owner-unknown Land, the Promoter applied for an award to the governor of Ibaraki Prefecture on March 9, 2020, and same governor granted the award on August 20, 2020.

The period from application to award was 164 days (about 5 months). Compared to the average time (about 9 months) required for the expropriation process from application to award rewarding in cases expropriated under the Expropriation of Land Act for owner-unknown land in FY 2018, the average time was shortened by about 4 months.

Figure: Target site and local conditions



Source: MLIT

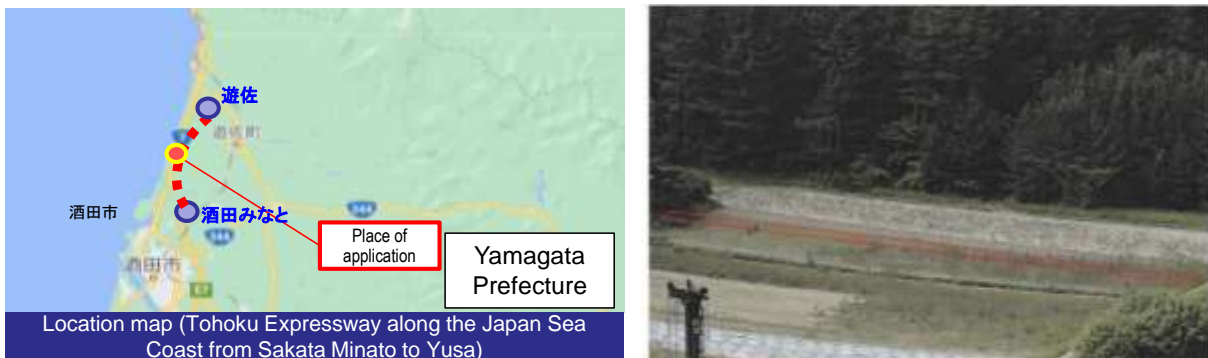
○ New construction of the Japan Sea Coast Tohoku Expressway (Yuza Town, Akumi County, Yamagata Prefecture)

For the "New Construction Project of Japan Coastal Tohoku Expressway" executed by the Minister of Land, Infrastructure, Transport and Tourism (Tohoku Regional Development Bureau, MLIT) (hereinafter referred to as "the Promoter"), two awards were granted.

The first case involved a field in Yuza Town, Akumi County, Yamagata Prefecture, where only "B" was recorded in the owner's column of the heading-section of RER book. The Promoter searched for the landowner, but was unable to identify the owner. Therefore, the Promoter applied for an award to the governor of Yamagata Prefecture on October 20, 2020, and the same governor granted the award on March 19, 2021. The period from application to award was 150 days (about 5 months), shortening the time required for the expropriation process.

The second case related to a field in the same town, where the owner "C" in the heading-section of RER had passed away resulting in an inheritance. As a result of the investigation, some of the heirs could not be identified. Thus, the Promoter applied for an award for ownership to be recorded in the heading-section of RER on February 16, 2021, and the award was granted on June 11, 2021. The period from application to award was further shortened to 115 days (about 4 months).

Figure: Target site and local conditions (Award granted on March 19, 2021)



Source: MLIT

(2) Mechanism to streamline the search for landowners

The Act for Owner-unknown Land clarified the scope of a search for landowners by requiring, in principle, the search of official documents such as residence certificates and family registers. It also allowed for the internal use by government agencies of information such as fixed asset tax rolls, which can be useful in a search for landowners. In addition, the Act allowed a person who intends to implement a Community Welfare Promotion Project to request the municipal head, etc. to provide information related thereto.

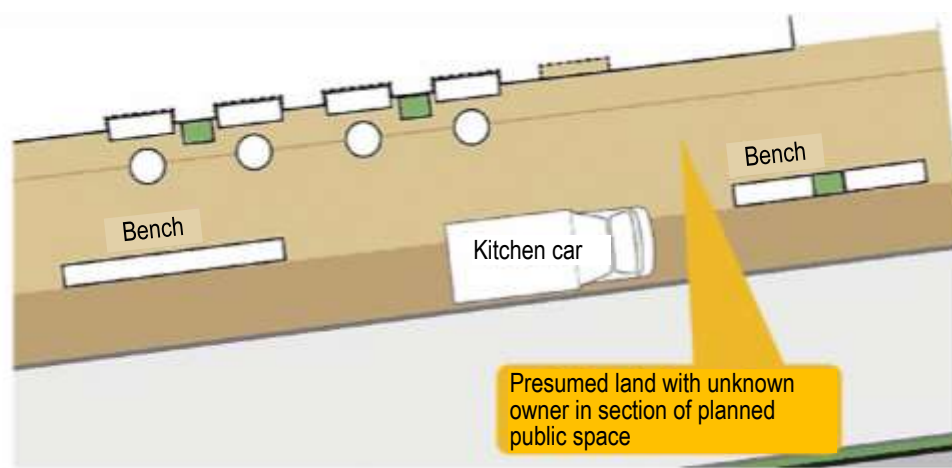
According to the Survey on the Enforcement Status of the Act for Owner-unknown Land by MLIT, more than 780 fixed asset tax rolls and other information on landowners had been provided as of the end of December 2021, indicating that the system for streamlining searches for landowners is widely used.

○ Utilization of the owner search system in the project review process (Yamaguchi City, Yamaguchi Prefecture)

There are many sites with roads confined or with contact failures around the central shopping area of Yamaguchi City. Yamaguchi City has initiated the Comprehensive Development Project in High-Density Residential Area (hereinafter referred to as the "Residential Area Project") to widen roads and develop open spaces, while reducing road contact failures, improving the living environment and disaster preparedness, creating a lively atmosphere, etc. However, there are several areas where inheritance has not been completed or owner-unknown land in the planned Residential Area Project area, posing a major obstacle to the implementation of the Residential Area Project.

In the planned area of the public facility (open space) to be developed by Yamaguchi City, there was a piece of land whose owner was seemingly unknown and whose inheritance procedures had not been completed since the Meiji Era. As a result of the family register search conducted within the scope of the ex officio search, the existence of 26 legal heirs was revealed. Since it was anticipated that it would take considerable time to search for all rights holders and negotiate for land acquisition, Yamaguchi City has decided to prepare for the use of the Community Welfare Promotion Project to steadily promote the project and start using the land as soon as possible.

Figure: Image of the target site being developed



Source: Yamaguchi City

In the search for an owner for the Community Welfare Promotion Project, based on the Guidelines for Community Welfare Promotion Project set forth by MLIT, a Written Confirmation/Response of Landownership was sent to the 26

legal heirs, and responses were received from all of them. As it was found that the land was not owner-unknown land, the project method was changed from granting of usage rights to land acquisition (acquisition of ownership). By utilizing a streamlining mechanism for a search for landowners for the Community Welfare Promotion Project, a search for landowners in the project review process was facilitated.

The above Written Confirmation was used to clarify whether or not the legal heirs were aware of their ownership of the said land, and 18 of the 26 heirs responded that they were unaware of their ownership. Therefore, Yamaguchi City has been calling for the legal heirs' understanding of the open space development project and for their donation of said land, and as of March 2022, the city has acquired approximately 95% of the co-ownership interest in said land.

(3) Mechanism to properly manage owner-unknown land

Some owner-unknown land may adversely affect the surrounding area due to illegal dumping of garbage, green waste, etc. Therefore, the Act for Owner-unknown Land allows the head of a local government, etc. to request the family court to appoint an administrator of the property in accordance with the provisions of the Civil Code (Act No. 89 of 1896) when it is particularly necessary for the proper management of owner-unknown land, and enables the appointed administrator of the property to properly manage owner-unknown land that has a negative impact on the surrounding area. As of the end of December 2021, 101 applications were received under this mechanism.

(4) Efforts to disseminate the system of the Act for Owner-unknown Land

In order to promote and establish the system of the Act for Owner-unknown Land, MLIT provides support as follows to approved corporations engaging in specified nonprofit activities, local community associations, private businesses, local governments, etc. that intend to implement Community Welfare Promotion Projects, etc. for land including owner-unknown land. MLIT supports a portion of the expenses for model initiatives leading up to project implementation, including the selection of the target project area, search for rights holders, formulation of the project plan, consensus building in the community, and application for awards, and collects and analyzes know-how for the implementation of the Community Welfare Promotion Project. So far, 6 organizations have been adopted in FY 2019, 7 in FY 2020, and 7 in FY 2021. The efforts of Awashimaura Village in Niigata Prefecture, which was the subject of a model study in FY 2019, were the first case of an award granted in Japan for a Community Welfare Promotion Project.

In response to owner-unknown land, municipal officials and others who are familiar with local situations will play a central role. However, municipal officials and others may not necessarily have accumulated or shared enough know-how related to a search for landowners of owner-unknown land, or practical experience in expropriation procedures, property management systems, and other related systems based on the Expropriation of Land Act, making it difficult to respond to them.

Considering these circumstances, to promote the use of mechanisms facilitating the smooth use of owner-unknown, and to streamline the search for landowners, etc., an Owner-unknown Land Coordinating Council was established in each of the blocks (10 districts nationwide) of Regional Development Bureaus, MLIT. Council members are Regional Development Bureaus, etc., prefectures, government ordinance-designated cities, municipalities, and administrative agencies of the Legal Affairs Bureau. The Council provides local government officials (mainly from municipalities) with information, including know-how on land use operations such as searching for landowners, etc., advanced examples of using/utilizing owner-unknown land, and methods of utilizing the expertise of qualified professional associations, etc.

2. Response to owner-unknown farmland

In recent years, there has been an increase in the number of inherited and unregistered farmland, etc., where the transfer of ownership is not registered by the heirs after the death of the farmland owner. In August 2016, all farmland was surveyed, and the result showed that such inherited and unregistered farmland amount to 934,000 hectares, or 20% of the total farmland area. Of the above total, idle farmland accounts for only 6%, or 54,000 ha, and most farmland is in cultivation. However, when farmers attempt to lease farmland due to retirement, it is necessary to search for the heirs and obtain the consent of those who hold the majority interest in the farmland. Given the large amount of effort required, some farmers give up on leasing such land, which suggests that the existence of such inherited and unregistered farmland is one of the impediments to promoting the integration and intensification of farmland to farmers.

In order to enable an heir to establish the right of use to Cropland Intermediary Management Institutions (hereinafter referred to as "farmland banks") through a simple procedure, the Act on Reinforcement of the Agricultural Management Framework (Act No. 65 of 1980) was partially revised in 2018. This revision increased the maximum duration of the right of lease, etc. to 20 years, which is considered sufficient for the establishment of the right of use with the consent of the holders of a majority of the co-ownership interests, and established special provisions for consent procedures pertaining to a "plan for use and integration of agricultural land" for the farmland in which the co-owners are unknown (refers to farmland in co-ownership where it is not possible to ascertain who owns one-half or more of the co-ownership interest).

In addition, the partial revision of the "Cropland Act" (Act No. 229 of 1952) was revised in 2018 to provide that, when the agricultural commission makes a public notice that the owner cannot be ascertained and searches for the owner of idle farmland, the method thereof shall be clarified by a Cabinet Order, and that the term of the intermediary management right for the farmland bank, as award rewarded by the prefectural governor, was raised to 20 years.

As a result of these partial revisions to the Acts, the areas of owner-unknown farmland with the right of use established for the farmland bank amounted to 58.4 ha at the end of FY 2020.

In the future, the operation of the farmland bank will be reviewed so that they can take on a wide range of farmland, including idle farmland and owner-unknown farmland.

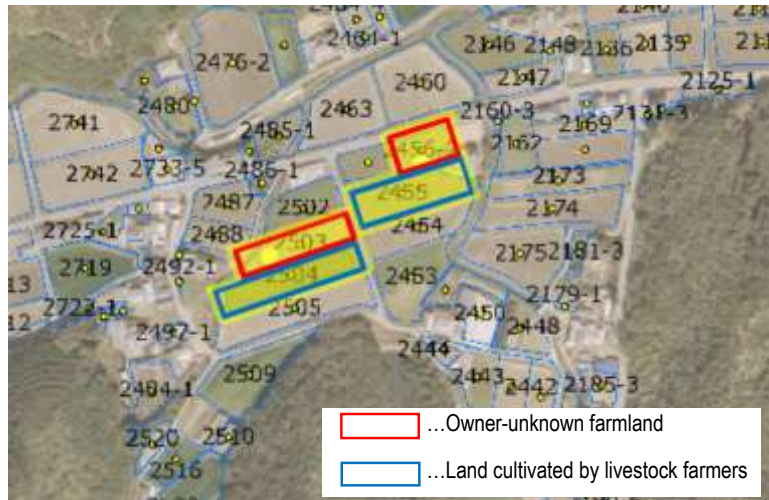
In addition, to meet the needs for long-term use of farmland, a bill to partially revise the Act on Reinforcement of the Agricultural Management Framework, etc. was submitted to the Diet in March 2022. This bill provides for an increase in the maximum duration of intermediary management rights, etc., established the farmland bank as an award by the prefectural governor from 20 years to 40 years. Efforts to enact the legislation will continue.

○ Case study: Consolidating owner-unknown farmland to cultivators (Oumi District, Higashikagawa City, Kagawa Prefecture)

Livestock farmers in Higashikagawa City, Kagawa Prefecture, consulted the agricultural commission about their request to use 24 a of owner-unknown farmland next to their own cultivated land to grow fodder crops. Utilizing the public notice system for idle farmland of unknown ownership under the Cropland Act, the agricultural commission conducted a search for landowners and public notice of owner-unknown farmland for 6 months, and then notified the farmland bank that the owner did not submit a claim.

Accordingly, the farmland bank applied to the governor of Kagawa Prefecture for an award to establish the right of use. After a 20-year right of use award was granted to the farmland bank by the governor of Kagawa Prefecture, the farmland bank loaned the right of use for 20 years to livestock farmers, resulting in the consolidation of farmland to cultivators.

Figure: Case study: Consolidating owner-unknown farmland to cultivators



Source: Ministry of Agriculture, Forestry and Fisheries (MAFF)

3. Response to Owner-unknown Forests

Japan's forests, mainly planted forests created after World War II, are entering a period of full scale utilization. On the other hand, there are forest that are not fully utilized or well cared for due to the existence of many small and micro forest owners and a lack of interest on the part of forest owners owing to low timber prices and other factors. In addition, the existence of forests of unknown ownership or with ill-defined forest boundaries also poses a challenge.

Under these circumstances, the Forest Act (Act No. 249 of 1951) has been revised several times, to include the establishment of a notification system for new forest landowners, a system that allows for logging and afforestation even if the whereabouts of some owners of common forests are unknown, through certain procedures such as an awarding and a forest land registry system that consolidates information on forest land ownership, etc. Thus, accurate identification of forest owners and response to owner-unknown forests have been promoted. In April 2019, the Forest Management and Administration Act (Act No. 35 of 2018) came into effect. The Act clarified the responsibilities of forest owners with regard to the proper management and administration of forests, and established a forest management/administration system under which municipalities are entrusted with the management of forests that are not being managed.

Under the forest management/administration system, municipalities will confirm the intentions of forest owners regarding forests that are not well cared for (intention survey), and if deemed necessary and appropriate by municipalities, the management and administration of the forests will be entrusted (through establishment of management and administration rights) with the consent of all rights holders concerned. Forests suitable for forestry management will be re-entrusted to local forestry operators, while those not suitable will be publicly managed by the municipalities. In addition, even in cases where some or all forest owners are unknown, a special provision has been established that allows municipalities to establish management and administration rights after certain procedures, i.e., a search for landowners and public notice issuance. It is expected that appropriate maintenance will be carried out even for owner-unknown forests.

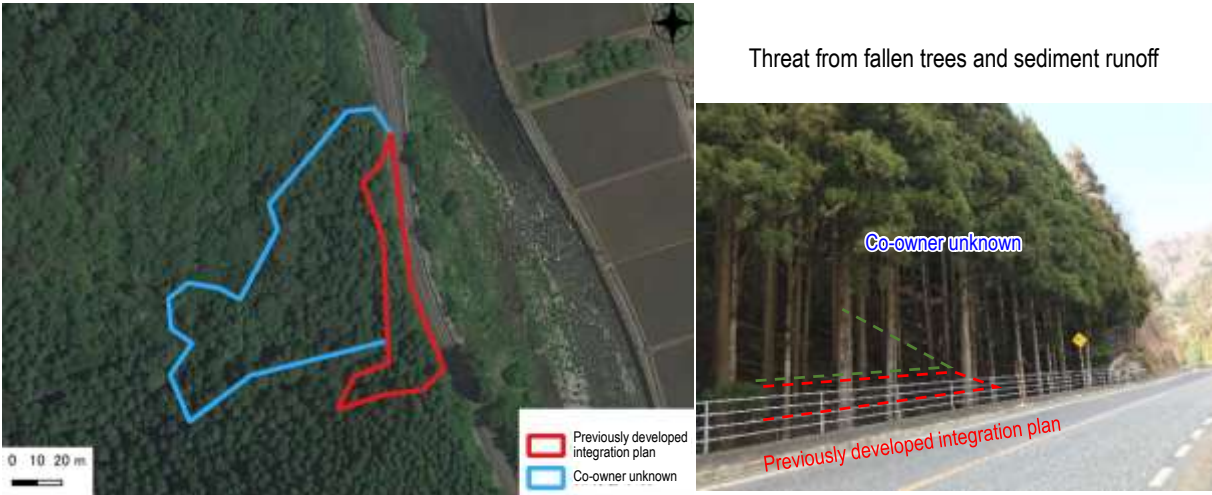
By the end of FY 2020, about 80% of the municipalities where private forest plantations are located have implemented efforts related to the forest management/administration system, including preparation of intention surveys. In addition, about 50% of the municipalities have conducted an intention survey on about 400,000 hectares, promoting efforts to

integrate and intensify management/administration. Also, regarding special measures for forests where the owner (or co-owner) is unknown, 51 municipalities are implementing search efforts in FY 2020, and there are certain cases in which special measures for forests with unknown co-ownerships are being used in FY 2021. The following are some specific examples.

○ Status of utilization of special measures for forests with unknown co-ownership (Wakasa Town, Yazu County, Tottori Prefecture)

Wakasa Town, Yazu County, Tottori Prefecture announced a six-month public notice from March 2021, utilizing special measures for forests on the upper slope bordering a forest for which an integration plan for the management and administration rights had already been formulated. Since no objections were received during this period, the plan was made public again, management and administration rights were established, and Wakasa Town was to conduct thinning operations. This was the first case in Japan where special measures were utilized.

Figure: Status of forests utilizing special measures for unknown co-owner forests



Source: MAFF

4. Promotion of Cadastral Surveys

Since the enactment of the National Land Survey Act (Act No. 180 of 1951), cadastral surveys have been conducted throughout Japan for over 70 years, with the results contributing to smooth land transactions, usage/utilization, rapid recovery and reconstruction in the event of disasters, and smooth implementation of social infrastructure development. Also, clarification of land boundaries through cadastral surveys is expected to contribute to the development of basic data for appropriate land use and administration, and to reduce occurrences of owner-unknown.

On the other hand, as of the end of FY 2019, the progress rate of the cadastral survey was only 52% in all surveyed areas and 78% in priority surveyed areas. To speed up the process of cadastral surveys, the National Land Survey Act was partially revised as the Act for Partial Revision of the Basic Act for Land (Act No. 12 of 2020) in the ordinary session of the Diet in 2020, and new survey procedures were introduced to facilitate and speed up cadastral surveys.

In May 2020, the Cabinet approved the new "Seventh Ten-year Plan for the National Land Survey Project" starting from FY 2020, which aims to conduct 15,000 km² (which is equivalent to 1.5 times the number of areas surveyed during the "Sixth Ten-year Plan for the National Land Survey Project. The progress rate is 57% for all surveyed areas and 87% for priority surveyed areas) of cadastral surveys in the 10 years through FY 2029, while promoting the use of new survey

procedures introduced by the revised law and the introduction of efficient survey methods suited to regional characteristics. As of the end of 2020, the progress rate was 52% for all surveyed areas and 79% for priority surveyed areas.

The National Land Survey Act was partially revised in 2020 with the following measures.

(1) Use of fixed asset tax rolls, etc.

In the search for landowners, etc., it is time-consuming and labor-intensive to conduct follow-up investigations when the whereabouts of landowners cannot be determined from the land registry alone. In light of this, it is now possible to use information recorded in fixed asset tax rolls.

Of the 1,593 cadastral survey districts where owner searches were conducted in FY 2020, 1,365 (about 86%) utilized fixed asset tax rolls, etc.

(2) Survey by public notice of proposed parcel boundary when the whereabouts of the landowner, etc. are unknown

In the parcel boundary survey, when the whereabouts of the landowner, etc. are still unknown after a search, the parcel boundary survey may proceed with a public notice of the proposed parcel boundary.

Specifically, a proposed parcel boundary shall be prepared and public notice thereof shall be given for 20 days after each of the following, and if no comments are received, the survey may proceed without obtaining confirmation of owners whose whereabouts are unknown:

1) If some of the owners are unknown, the parcel boundary survey shall be conducted after obtaining confirmation from the owners whose whereabouts are known; or

2) If none of the owners are known, after consulting with the relevant administrative agencies using objective data such as parcel area survey maps.

In the cadastral survey, a search for owners was conducted in FY 2020 (559,100 parcels). Of the 1,574 parcels of land that were searched but the whereabouts of the owners were unknown in whole or in part, 629 parcels were surveyed by utilizing the public notice procedure.

(3) Surveys by sending proposed parcel boundary and surveys at a meeting place, etc.

The provision was established to request landowners to report on necessary matters, etc., and thus, instead of on-site visit, it became possible to obtain confirmation of the proposed parcel boundary by sending materials or by meeting at a meeting place, etc.

In FY 2020, 236 cities, towns, and villages confirmed parcel boundaries by sending materials by mail, and 19 cities, towns, and villages confirmed parcel boundaries at a meeting place, etc.

(4) Application for parcel boundary identification by local governments

Until now, the utilization of the parcel boundary identification system has been limited to applications by landowners. However, when a parcel boundary cannot be confirmed, it is now possible for local governments to apply for parcel boundary identifications with the consent of one of the landowners of the subject land. In FY 2020, local governments applied for parcel boundary identification for 4 parcels using this system.

(5) Preliminary survey of public-private boundaries in urban areas (town block boundary survey)

As a cadastral survey method, a town block boundary survey has been institutionalized, in which boundaries between roads, etc. and private (public-private boundaries) are preliminarily surveyed and the results are certified and made public. This survey method is expected to be applied by many local governments, especially in urban areas, as the results of cadastral surveys can be utilized for disaster recovery and urban planning in a relatively short period of time.

In 2020, the number of cities to which the town block boundary survey was applied was 6.

(6) Cadastral survey utilizing remote sensing data in mountainous areas

During cadastral surveys in mountainous areas, it is a heavy burden to confirm parcel boundaries by on-site visits due to the aging of landowners and steep topographical conditions. In addition, because of the vast area, topography, trees, etc., on-site surveying work requires a great deal of time, causing concerns about accidents such as slips and falls.

For this reason, microtopographic and tree height distribution maps are prepared using remote sensing data obtained from aerial laser surveys, etc. It is expected that the efficiency of parcel boundary confirmation and surveying will be improved by having landowners confirm the proposed parcel boundary at a meeting place, etc., based on these materials.

This survey method, which utilizes remote sensing data, was applied to land cadastral surveys in 13 municipalities in FY 2020. As described below, Ohtawara City in Tochigi Prefecture became the first city in Japan to register land based on the results of a cadastral survey using this method.

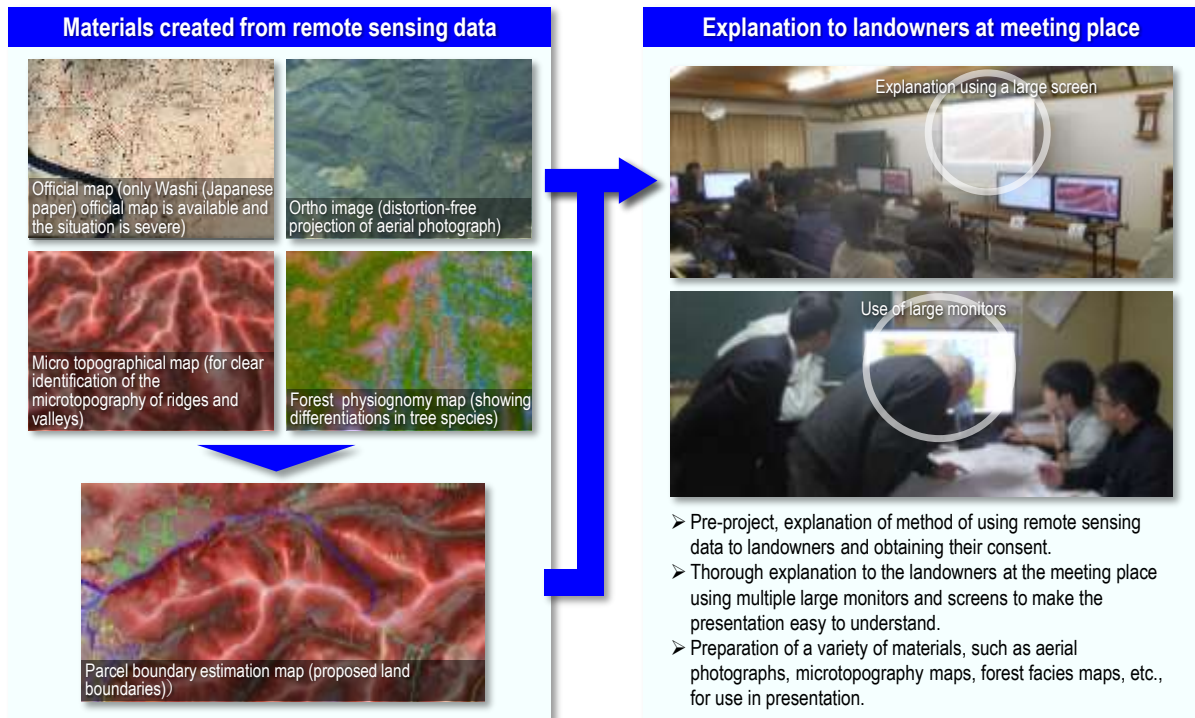
○ Case study: Using remote sensing data (Ohtawara City, Tochigi Prefecture)

Tochigi Prefecture has many small mountain forests that lack topographical cohesion, and the number of landowners whose whereabouts are unknown has increased due to depopulation and the aging of the population, which poses difficulties in forest maintenance and threatens to reduce the public benefit function. Under these circumstances, cadastral surveys utilizing remote sensing data were introduced to promote efficient surveys by eliminating the need for on-site presence, shortening survey periods, reducing costs, etc.

In the Sukagawa District of Ohtawara City, the official map was old with few existing reference materials. In conducting the cadastral survey using this method, aerial laser surveying from light aircraft and helicopters was conducted by private companies.

With the cooperation of the forestry cooperative, the landowners are given detailed explanations using large monitors and screens at meeting places, whereby the proposed parcel boundaries are confirmed and approved. This was still an unprecedented method in the field of cadastral surveying and encountered some difficulties. However, under the guidance and advice of Tochigi Prefecture and a cadastral advisor with expertise in aerial laser surveying, in February 2021, it was approved for the first time in Japan as the result of a cadastral survey using remote sensing data, and in June of the same year, the land was registered based on the results of the survey.

Figure: Flow of cadastral survey in Ohtawara City, Tochigi Prefecture



Source: MLIT

5. Efforts to use/utilize underutilized and unused land

○ Efforts to use/utilize underutilized and unused land

Land that is significantly underutilized and unused compared to its surroundings is likely to become owner-unknown land in the future, thus it is necessary to ensure appropriate use and management of such land.

However, municipalities, especially in rural areas, are under severe financial constraints, which makes it difficult for them to comprehensively deal with the increasing amount of underutilized and unused land. On the other hand, an increasing number of public-private partnerships have been formed to address local land issues in recent years, and these organizations are expected to play a more active role as a complement to municipalities.

This section introduces examples of activities by such organizations, particularly those that are engaged in using/utilizing underutilized and unused.

(1) Collaborative land bank project between the government and local residents utilizing private housing providers (Mihara City, Hiroshima Prefecture)

In Hiroshima Prefecture, the porosity of urban cities is becoming a problem, as vacant lots and houses are increasing, even in the central city areas.

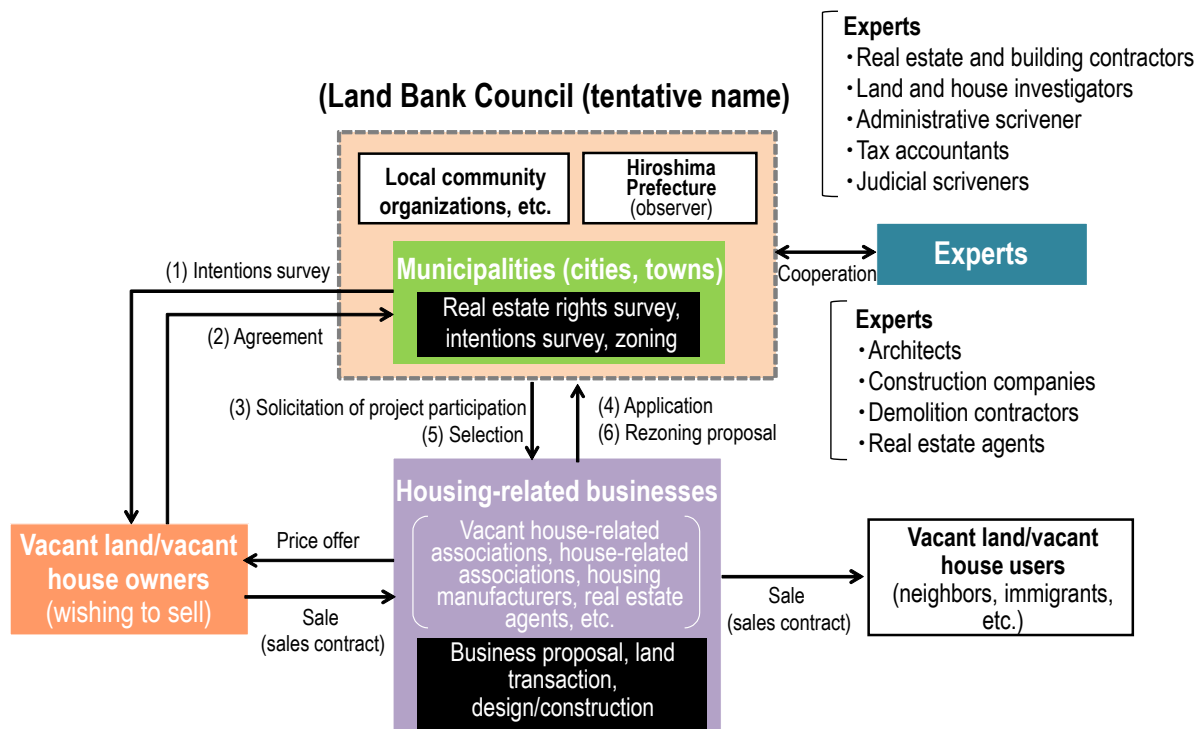
In light of this situation, Hiroshima Prefecture will implement a project where underutilized/unused land, such as vacant houses and lots, will be rezoned to improve road contact conditions and land shape by small-scale rezoning in combination with adjacent land and front roads (land bank project) to create a favorable residential environment. It will thereby induce people to live in the central city area and aim to create a highly convenient and intensive urban structure.

Although the area is conveniently located adjacent to Mihara Station, vacant houses and land increased in FY 2021 due to the many confined roads. The Honmachi District of Mihara City, where the local population is aging, was selected as a model district, where a land bank project is underway.

In the future, it is planned to use this model project to build up practical cases, prepare a manual by FY 2024 and expand the project to other municipalities in Hiroshima Prefecture.

In implementing the land bank project, the local community organization (Nishikuni Kaido and Honmachi Area Machizukuri Council) and the local governments (Hiroshima Prefecture and Mihara City) work together to establish the rezoning area for the project, determine the development policy, coordinate the parties involved, select the housing developer, etc., and establish a business scheme in which the selected housing-related business operator (private sector) will acquire land in the rezoning area, carry out construction, and sell the land after the rezoning. Thus, the effectiveness of the project has been verified through implementation. In 2021, the project area to be rezoned was selected and a schematic design was provided, and in 2022, the recruitment of housing developers and rezoning work are scheduled to be implemented.

Figure: Schematic diagram of the land bank council and its activities



Workshops for local residents, etc.



Seminar



Individual consultations



Underutilized vacant land (image)

Source: Hiroshima Prefecture

○ Tax measures for utilization of underutilized and unused land

To promote appropriate use and administration of underutilized and unused land, when an individual transfers certain underutilized and unused land in an urban planning area with a transfer price of 5 million yen or less, a special measure to deduct 1 million yen from long-term transfer income has been in effect since July 1, 2020.

Between July and December 2020, 2,060 written confirmations were issued by municipalities¹, 60% of which were for land that had been held for 30 years or more.

6. Review of fundamental civil laws to eliminate owner-unknown land

It is an urgent issue in civil law as well to eliminate owner-unknown land. A comprehensive review of fundamental civil laws was conducted from the perspective of both "preventing the occurrence" of owner-unknown land and "facilitating the use" of owner-unknown land that has already occurred. As a result, on April 21, 2021, the Act Partially Amending the Civil Code and Related Acts (Act No. 24 of 2021), which partially amends the Civil Code and the Real Property Registration Act (Act No. 123 of 2004), and a new law, the Act on the Vesting of Land Ownership Acquired Through Inheritance, etc. in the National Treasury (Act No. 25 of 2021; hereinafter referred to as Act on Vesting Inherited Land in the National Treasury), were enacted.

(1) Partial Amendment to the Real Property Registration Act

From the perspective of "preventing the occurrence" of owner-unknown lands, etc., to address cases where the registration of inheritance or change of address, etc., which are the main causes of such occurrences, has not yet been completed, the partial amendment to the Real Property Registration Act requires the registration of inheritance and change of address, etc. (previously voluntary) and introduces measures to improve the environment to ensure the effectiveness of these registration requirements.

The Act requires an heir who has acquired ownership of real estate by inheritance, etc., to apply for inheritance registration, etc., within 3 years of the date of knowledge of such acquisition, etc., and if the heir fails to make such an application without justifiable reason, he/she shall be punished by a non-criminal fine.

In addition, as a measure to improve the environment to ensure the effectiveness of the mandatory application, from the perspective of simplifying the mandatory application for inheritance registration, the Act provides for the introduction of a new registration system, called declaration-by-the-heir registration. Declaration-by-the-heir registration refers to a person who is obliged to apply for inheritance registration, etc. notifies the registrar of (1) the fact that inheritance has commenced with respect to the registered owner of the title, and (2) in the case wherein the person declares that he/she is the heir, the registrar registers the name, address, etc. of the heir who submitted the request ex officio after necessary examination by the registrar. A person who has made such declaration within the period of mandatory application for inheritance registration, etc., shall be deemed to have performed the said mandatory application. In this declaration-by-the-heir registration, the names and addresses of the other legal heirs and the interests of each legal heir are not registered, thus simplifying the information required for the application, and reducing the procedural burden of mandatory application on the heirs for inheritance registration.

Furthermore, under the Real Property Registration Act prior to the amendment, the death of the registered owner of title to a particular real estate was not publicly notified in the real estate registry (RER) unless an inheritance registration was made based on an application for registration. Therefore, it was not possible to confirm from the registration records whether or not the registered owner of the title had died. However, it is pointed out that, in the planning stages of private and public projects, etc., if such confirmation becomes possible, it will be possible to avoid lands and areas that require

¹ After a written confirmation is issued, it is possible that tax measures may not be applied due to other requirements not being met. Therefore, the actual number of written confirmations may not be equal to the number of tax measures applied.

considerable effort and cost to identify the owner of that potential project site and subsequent negotiations, thereby facilitating the selection of the project site more smoothly. Therefore, as one of the measures to update RER information on the inheritance of the registered owner of the title and to improve the public notice function of RER, a new system is to be established whereby the registrar indicates the fact of death by a code in RER based on information on the death of the registered owner of the title obtained from another public institution.

Additionally, in relation to the registration of change of address, etc. (in case there is a change in the name or address of the registered owner of title), an application for registration of the change within two years from the date of the change is required, and a non-criminal fine shall be imposed if the registered holder of title fails to apply for registration of the change without justifiable reason.

Moreover, as a measure to improve the environment to ensure the effectiveness of the mandatory application (from the perspective of reducing the burden on the registered owner of title), the registrar shall establish an information linkage mechanism to obtain information on transfer of the registered owner of title's address, etc. from other public institutions, the registrar shall, when finding that there has been a change in the name or address of the registered owner of title, register a change of address, etc., ex officio.

In addition to these system revisions, to reduce the cost burden of registration procedures and promote inheritance registration, an exemption measure from registration and license tax was introduced for certain inheritance registrations from FY 2018. In FY 2022, the period of exemption will be extended by 3 years, and the scope of applicable inheritance registrations will be expanded.

(2) Establishment of system of vesting inherited land in the National Treasury

With the population shifting to urban areas, and the decline and aging of the population, etc., it is noted that the awareness of land ownership diminishes, especially in rural areas, and that the need to use land tends to wane as well. Under these circumstances, owners who acquired unwanted land through inheritance feel an increased burden, and a growing number of them want to relinquish it. It has been pointed out that this may be causing owner-unknown land and, in turn, leading to land mismanagement.

To prevent the occurrence of owner-unknown and mismanaged land, a new act was enacted to establish a system (of vesting inherited in the National Treasury) that allows land acquired by inheritance or bequest (only to the heirs) to be given up and vested in the National Treasury.

Under the system of vesting inherited land in the National Treasury, in order to prevent the transfer of management costs associated with land ownership to the government and the occurrence of a moral hazard in which owners do not properly manage their land with the intention of having their land ownership vest in the National Treasury in the future, the land subject to this system shall be limited to land acquired by inheritance, etc. that meets certain requirements, and ownership of the land shall be vested in the National Treasury after the Minister of Justice confirms the existence of the requirements and gives approval.

(3) Partial Amendment to the Civil Code

From the perspective of "facilitating the use" of owner-unknown land, various amendments have been made to the Civil Code.

Under the current absentee and inheritance property management system, it is necessary to manage the subject's property in general on a person-by-person basis, which tends to be inefficient from the perspective of managing individual lands and buildings. Even if the owner is known, land and buildings may be at risk due to lack of management.

Therefore, the property management system was reviewed and a system of owner-unknown land and building management was established to ensure efficient and proper management of land and buildings, with a special focus on the management of individual owner-unknown land and buildings. In addition, a system was established to allow the appointment of an administrator when there is a risk that the rights of others may be infringed due to inadequate management of land and buildings by the owner, and to allow an administrator to properly manage land and buildings that have become mismanaged.

Also, in cases where there were unknown co-owners, it was difficult for the co-owners to make decisions regarding the use of the co-owned land and to integrate their interests therein.

Therefore, the co-ownership system was reviewed to facilitate the use and disposition of co-owned property even if there are unknown co-owners, by establishing a system that enables acts of change and management of co-owned property with the consent of the remaining co-owners under the involvement of the court, and a mechanism to terminate the co-ownership relationship of real estate by acquiring the interests of unknown co-owners.

(4) Effective Date

The Act Partially Amending the Civil Code and Related Acts and the Act on Vesting Inherited Land in the National Treasury were promulgated on April 28, 2021. Of these, the part concerning partial amendment of the Civil Code is to come into effect on April 1, 2023, and that of the Act on Vesting Inherited Land in the National Treasury is to come into effect on April 27, of the same year.

The partial amendments to the Real Property Registration Act are to be implemented in phases. Specifically, these include the following: (1) The provisions for mandatory application for inheritance registration and declaration-by-the-heir registration shall come into effect on April 1, 2024; and (2) The mandatory application for registration of change of address, etc., registration of change of address, etc., ex officio, and the code indication system, etc., shall come into effect as of the date specified by a Cabinet Order within a period not exceeding 5 years from the date of promulgation (the Cabinet Order is not yet enacted). Revised provisions other than (1) and (2) shall come into effect as from April 1, 2023.

Currently, the government is making preparations for the implementation thereof, including the development of government ordinances.

Section 2: Partial Amendment of the Act for Owner-unknown Land

1. History and Background of Amendment

As discussed in Section 1, the government has been making concerted efforts to address owner-unknown land. However, as the owner-unknown land is expected to continue to increase, there are growing calls for facilitating its use and concerns about the negative impact of unmanaged owner-unknown land.

As mentioned above, the Act for Owner-unknown Land was enacted to facilitate the use of owner-unknown land, and special provisions of the Community Welfare Promotion Project and the Expropriation of Land Act (hereinafter referred to as the Community Welfare Promotion Project, etc.) have been established, paving the way for the project to some extent. However, in principle, it includes the following challenges: the land subject to Community Welfare Promotion Projects are limited to land without buildings; projects eligible for the Community Welfare Promotion Project are limited

and insufficient to cope with severe and frequent natural disasters; the project period for the Community Welfare Promotion Project scheme is short, while the period of public inspection of the project plan is long.

In addition, owner-unknown land that has not been managed is expected to continue to be unmanaged in the future unless the owner's unknown status is resolved, and if left unmanaged may cause disasters or significant environmental degradation, which may have a negative impact on surrounding areas. Also, some municipalities are taking measures to ensure proper management based on their ordinances. However, the system of administrative subrogation is based on the assumption that the owner of the land is known, which makes it difficult to enforce against owner-unknown land.

Furthermore, the problem of owner-unknown land cannot be solved overnight. It is necessary that the entire community make steady efforts to address this issue, and therefore, a mechanism to establish a system for this purpose should be created. In addition, there are growing expectations that approved corporations engaging in specified nonprofit activities and general incorporated associations at local communities working on utilization of owner-unknown land, underutilized/unused land, etc. will play an even more active role as complementary entities to municipalities that are under pressure in terms of staffing.

2. Contents of Amendment

The Supplementary Provisions of the Act for Owner-unknown Land provide that after 3 years have passed since its enactment, the status of its enforcement shall be reviewed and revised as necessary.

Based on the background and circumstances described above, the Subcommittee Planning Group for Land Policy of National Land Development Council reviewed the status from October 2020 to December 2021 and summarized the contents of its review in the "Summary of Directions for Review of the Act for Owner-unknown Land." In light of this, to promote the facilitation of use and proper management of owner-unknown land, which is an urgent issue, the "Partial Amendment of the Act for Owner-unknown Land" was enacted and promulgated on April 27, 2022, to enhance the measures taken by municipalities and other concerned parties.

The specific amendments are as follows.

(1) Facilitation of use

○ Expansion of land eligible for Community Welfare Promotion Project, etc.

Under the system prior to the amendment, the land eligible for the Community Welfare Promotion Project, etc. was limited to owner-unknown land which is vacant, or owner-unknown land with a simple structure such as a garage. The purpose of this provision is to cover only land and buildings that do not require complicated calculations involving specialized knowledge, since the prefectural governor is responsible for the calculation of compensation when awarding a Community Welfare Promotion Project.

Under the recent amendment, in consideration of the needs of the sites where Community Welfare Promotion Project, etc. are to be implemented, owner-unknown land with buildings that are difficult to use due to damage, corrosion, etc. and are not expected to continue to be used, for which compensation can be calculated as easily as for buildings with simple structures that are already covered, will be added as an eligible property for Community Welfare Promotion Project.

○ Expansion of projects eligible for Community Welfare Promotion Project

In recent years, natural disasters have become increasingly severe and frequent due to climate change. In addition, large-scale disasters such as the Nankai Trough Earthquake and an earthquake directly under the Tokyo metropolitan area, which are predicted to cause extensive damage, are imminent.

In light of these circumstances, projects to improve local disaster preparedness, such as warehouses to store disaster prevention materials and food, etc., and emergency power supply facilities to supply electricity or heat in case of emergency, have been newly added to the Community Welfare Promotion Project list.

In addition, there is a growing need for renewable energy power generation facilities to supply electricity that can be utilized in the community. Such renewable energy power generation facilities are also expected to function as backup power sources in the event of power outages in the region during a disaster.

Considering these expectations, a project to develop renewable energy power generation facilities that contribute to the common welfare and convenience of local residents, for example, by supplying a certain amount of electricity generated to local dwellings and public facilities, is also to be newly positioned as a Community Welfare Promotion Project.

○ Extension of the project period of Community Welfare Promotion Project, etc.

Under the system prior to the amendment, the maximum term of land use rights for Community Welfare Promotion Project was limited to 10 years; however, the maximum term of 10 years was a disincentive for businesses to carry out Community Welfare Promotion Project. In light of these criticisms in the field, the maximum term of land use rights is to be extended from 10 to 20 years when purchasing facilities and renewable energy generation facilities are developed by private businesses.

In addition, under the system prior to the amendment, it was necessary to conduct a 6-month inspection of the project plan, etc. to confirm whether the land subject to the project was owner-unknown land and whether there were any right holders who were opposed to the project. However, to implement the project promptly, the period is to be shortened to 2 months.

Furthermore, compensation that is to be deposited for unknown owners, etc., had to be deposited in a lump sum under the system before amendment. However, it is now possible to deposit it in installments by the time of payment determined by the prefectural governor.

(2) Proper management to prevent disasters, etc.

The responsibility for proper management of land lies primarily with the owner, and this principle was clearly stipulated in the law with the amendment of the Basic Act for Land of 2020.

However, as described in 1. History and Background of Amendment, owner-unknown land cannot be expected to be voluntarily managed by the owner, thus there is a risk that management may not be undertaken in the future. Thus, to ensure the proper management of such land, it is important for entities other than the owner to take action, while it is difficult for owner-unknown land to be dealt with through administrative subrogation based on municipal ordinances.

In addition, in the owner-unknown land on higher ground mentioned in Section 1, houses destroyed by fire are left as rubble, posing a great danger to residents in the adjacent lowland, since it is feared that the rubble and remaining fences may fall into the adjacent lowland during strong winds and torrential rain. In such urgent cases for disaster prevention,

many local governments require a system that enables the government to deal directly with owner-unknown land. Thus, it has been a challenge to create a means of responding to owner-unknown land that has not been properly managed.

In light of these challenges, the Act for Owner-unknown Land, which at the time of its enactment stipulated "facilitation of use" and "effective search for landowners" of owner-unknown land, newly added "proper management" to its objectives.

In addition, the Act also aims to enhance both administrative and civil measures available to support municipalities in their efforts to deal with undermanaged land.

First, regarding administrative measures, the mayor of the municipality may take measures to eliminate the state of inadequate management (administrative subrogation) for land that is not being managed by the owner and is expected to remain unmanaged by the owner due to the owner being unknown, among owner-unknown land that is difficult to deal with by administrative subrogation, etc., by himself/herself to prevent landslides, collapses, and significant environmental degradation in the surrounding area.

As for civil measures, the management system for undermanaged land, which was established in 2021, stipulates that the entity that can request the appointment of an administrator to the district court under the Civil Code was limited to interested persons. To prevent the occurrence of disasters and significant environmental degradation, a special exception was established to allow the mayor of a municipality to request the appointment of an administrator for owner-unknown land in a state of mismanagement.

In addition, to facilitate a search for landowners in preparation for these measures to deal with undermanaged land, it was allowed to use and provide public information (fixed asset tax rolls, cadastral survey forms, etc.) as well as the provisions for the preparation of Community Welfare Promotion Project.

(3) Reinforcement of the system for promoting measures against owner-unknown land

As mentioned in "1. History and Background of Amendment," To address the issue of owner-unknown land, it is necessary for the local community to work together and make steady efforts in cooperation not only with municipalities, but also with private businesses such as approved corporations engaging in specified nonprofit activities and general incorporated associations, and professionals in related fields such as Real Estate Brokers and judicial scriveners.

Until now, approved corporations engaging in specified nonprofit activities and general incorporated associations, etc. have been responsible for the smooth use and proper management of underutilized/unused land in the region, including providing support to related parties, conducting management on behalf of owners, mediating information, and supporting transactions when necessary. Such corporations can play a complementary role to municipalities by developing initiatives in close cooperation with municipalities, experts, etc., and can themselves be players in the use and management of the land. To effectively promote efforts in the community, it is also important to support and encourage the activities of such corporations.

Based on the above, a mechanism was established to strengthen the regional coordination system so that municipalities and other concerned parties in the region can work together to systematically address owner-unknown land under close coordination.

Specifically, a system has been established under which the mayor of a municipality may designate a corporation that is engaged in the utilization of owner-unknown land or underutilized/unused land in the region. It is expected that by designating a corporation, the municipality will provide it with public credit and encourage its efforts, and that it will play a complementary role to the municipality as a new player in regional development.

In addition, a council system consisting of municipalities and other local stakeholders was established to discuss the details of measures for owner-unknown land that are necessary (according to the actual conditions of each region for the municipality to consult with corporations working on the usage and utilization of owner-unknown land and underutilized/unused land, etc., as well as related national and prefectural organizations, academic experts, specialists in related fields, etc.) to develop a plan that provides clear direction while reflecting their expertise. In addition, a subsidy system has been established to help local governments implement effective measures based on the plan to address owner-unknown land.

Furthermore, a system has been established under which the mayor of a municipality can request the dispatch of MLIT staff to assist the municipality in preparing a plan in consultation with relevant parties and effectively promote measures based on the plan.

In the future, the national government is expected to support the efforts of municipalities and other concerned parties in the region based on the revised Act for Owner-unknown Land, and to steadily develop safe, secure, and vibrant communities.

Section 3. Trends in Related Policies

In a time of rapid developments in digital technologies such as robots, AI, and IoT affecting the state of society, Japan also faces a declining birthrate, aging population, and depopulation, and needs to aim for sustainable growth by utilizing digital technologies.

By utilizing digital technology to improve efficiency and convenience, it will be possible to sustainably provide urban functions, etc., even with a shrinking population. Thus, the government is considering a new national land plan based on digital technology.

Also required is the facilitation of land use through the digital technology by promoting the coordination, accumulation, and utilization of land and real estate-related information held by the public and private sectors.

1. Long-term Outlook on National Land and Formulation of New National Land Plan

The Long-term Outlook on the National Land Committee of the National Land Development Council's Planning and Promotion Subcommittee studied the future direction of national land development with an eye toward the year 2050, and in June 2021, compiled the final report entitled "Long-term Outlook on National Land."

The final report of the "Long-term Outlook on National Land" sets the goal of national land creation on which people can experience "true prosperity" and includes three perspectives for realizing this goal.

(1) Local Perspective

Toward the "formation of diverse regional living blocs," by focusing on regional living zones, which are the areas where people live (commute to work, school, etc.), and by utilizing digital technologies such as telemedicine and teleworking, it is possible to maintain an area even with a population size of around 100,000 (which is less than before), and it is necessary to enable the majority of citizens to be included within the area and to continue to live in the region.

(2) Global Perspective

Toward the maintenance and improvement of "earning power," it is necessary to innovate in large cities by promoting innovation centered on universities, etc., securing human resources for this purpose, transforming the structure of the

industrial base by fostering global industries originating from the region (e.g., global niche and agriculture, etc.), promoting digitalization of Tokyo and other large cities experiencing sluggish growth rates, and revitalizing knowledge-intensive industries by promoting agglomeration of such industries, etc.

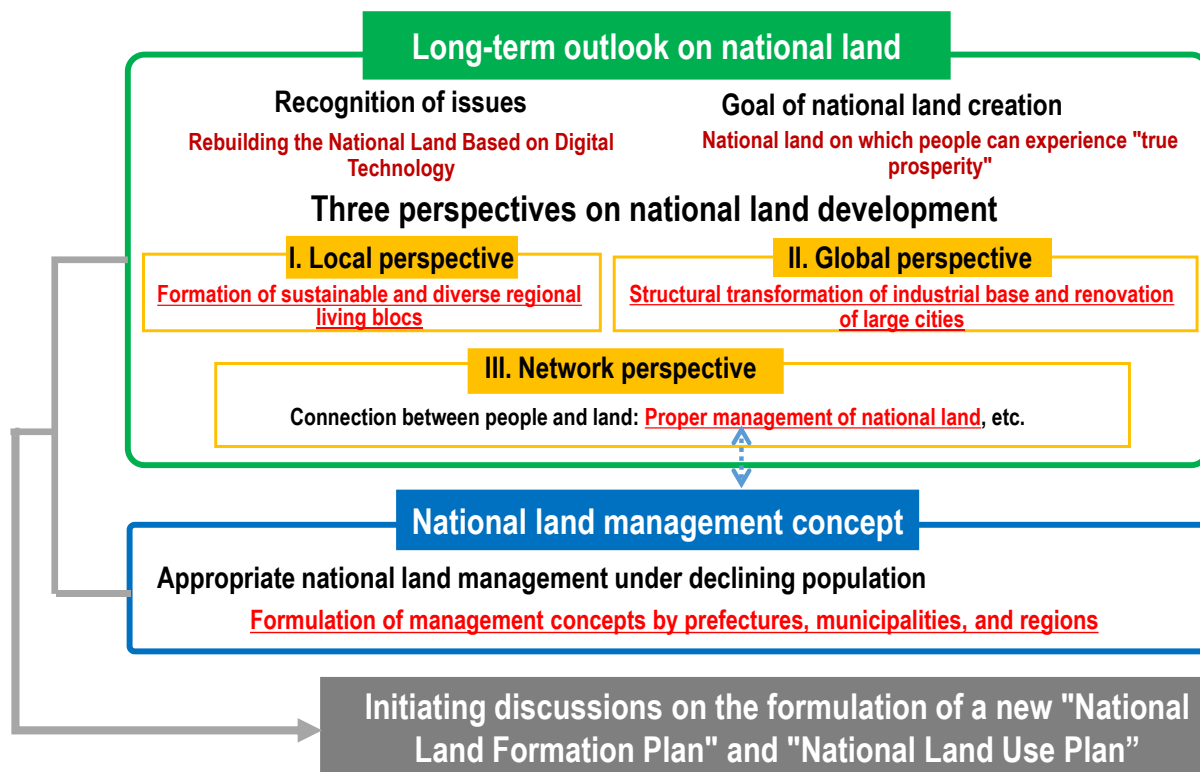
(3) Network Perspective

Toward "information and transportation, and the connections between people, the land, nature, and society," it is necessary to enhance information communication and transportation networks (i.e., the prerequisites for national land reconstruction), promote proper self-management of national land by local residents through the formulation of "regional management concepts," etc., realize a safe and secure national land through disaster prevention/mitigation and national land resiliency, establish a national land structure that contributes to "carbon neutrality by 2050," and construct a symbiotic society where people support and empathize with each other while respecting each person's sense of values.

In September 2021, the Planning Promotion Subcommittee of the National Land Development Council began deliberations on the formulation of a new National Land Formation Plan and National Land Use Plan. An interim report is scheduled to be compiled in the summer of 2022, based on the discussions in the "Vision for a Digital Garden City Nation." As for the Greater Regional Plans, it is planned to proceed with discussions toward the compilation of a framework.

The subcommittee discusses the concept and necessity of developing a new "National Land Formation Plan," including in-depth discussions on the basic concept of regional living areas, issues and directions for addressing each of the necessary functions and spatial coverage. In addition, the subcommittee will also deepen discussions on other common themes that span national land, such as women's activities in cooperation with related populations, carbon neutrality, transportation networks, disaster prevention and mitigation, national land resilience, land use and management under population decline, and internationally competitive metropolitan areas, among other policy areas.

Figure: Long-term outlook on national land and formulation of new national land plan (image)



Source: MLIT

2. National Land Management Concept

As Japan faces a depopulating society, there are concerns about the decline in the level of national land management and the increase in inefficient land use due to the decrease in land demand. Toward the formation of sustainable national land, there is an urgent need to establish an appropriate way to manage national lands through a declining population, and promote efforts to prevent their devastation.

Therefore, MLIT compiled the "National Land Management Concept" in June 2021, based on discussions at the Expert Committee on Land Management, Planning and Promotion Subcommittee, National Land Development Council.

The National Land Management Concept is based on the policy presented in the current National Land Use Plan (approved by the Cabinet on August 14, 2015), indicating guidelines for appropriate national land management in a time of declining population. It also presents the way national land should be managed as a whole in a cross-sectoral and integrated manner and serves as a guideline for national land management also at the prefectural, municipal, and regional levels. Based on this guideline, it is expected that practical efforts will be made by municipalities and regions, especially in mountainous areas.

At the prefectural, municipal, and regional levels, the government will promote the formulation of a management concept that indicates the future image to be pursued and the way land should be managed, based on an understanding of the current situation and future projections regarding population and land management status, etc. In the process, municipalities and regions map this as a management concept.

In addition, the management concept integrates regional issues such as maintenance of the living environment and regional revitalization with land use and management as the basis for daily life. In particular, it is important for local residents themselves to discuss, consider, and share local resources, issues, future vision, and specific efforts.

In particular, it is difficult to invest the same amount of effort and expense in managing all land as in the past, especially under a declining population. Thus, it is important to clarify which lands are prioritized for maintenance and promote efforts to maintain them. It is also necessary to consider a shift in management methods or a management reduction (in some cases, replace physical management with monitoring only).

While complying with the directions provided by individual laws, etc., the municipal/regional management concept shall be formulated from the perspective of cross-sectoral cooperation and coordination. In addition, elements are included if necessary, even those formulated as other plans shall be treated as municipal/regional management concepts.

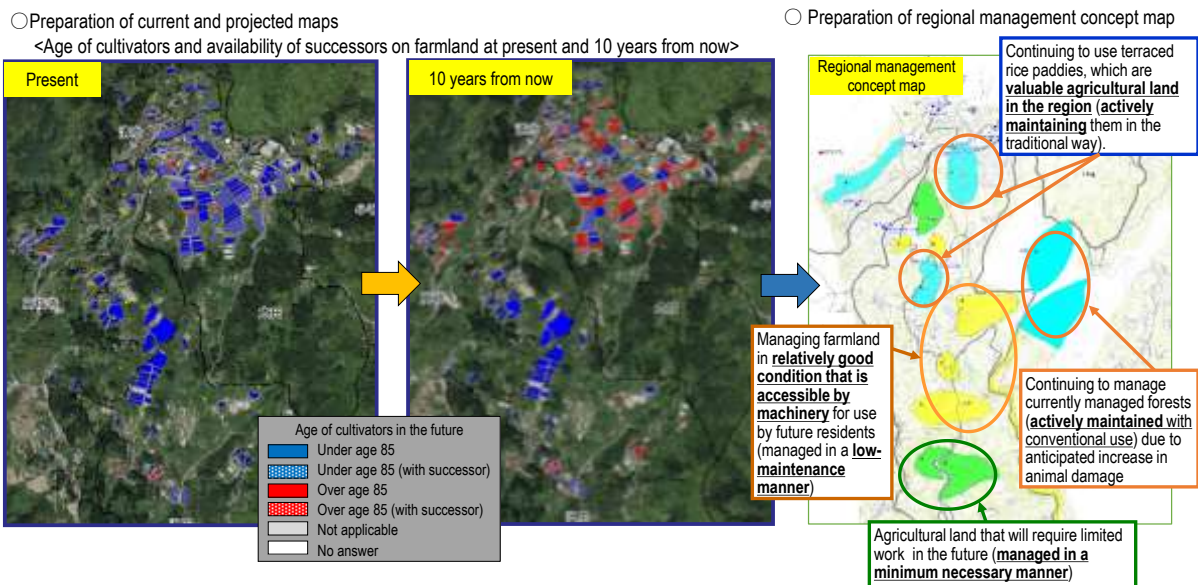
The government will reflect the "National Land Management Concept" in the new National Land Use Plan and National Land Formation Plan and promote the efforts of the management concept at the prefectural, municipal, and regional levels. The following are some specific examples.

○ Case study: Regional management concept (former Nakajo Village, Nagano City, Nagano Prefecture, Japan)

As a case study of the regional management concept, a workshop was held throughout the Iori Ward, which is an administrative liaison ward (autonomous community) of the former Nakajo Village, Nagano City, Nagano Prefecture. At the workshop, local residents confirmed and shared information on the cultivation status of farmland and the location and management status of vacant houses, discussed which farmland should be actively maintained (and which should be managed in a less-intrusive manner) and organized the direction of management. In particular, for the valuable terraced rice paddies that symbolize the local landscape, an action plan for conservation was created to promote efforts with an eye toward community farming.

Workshops by local residents and others were held a total six times, and compiled into a regional management concept, "a Future Strategy for Regional Development of Iori" Through these efforts, an endeavor to conserve and manage terraced rice paddies in collaboration with local residents has begun (which includes the establishment of a new organization under the direct payment system for mountainous areas) which provides support for agricultural production activities in areas with unfavorable agricultural production conditions.

Figure: Case study: Regional management concept in the former Nakajo Village, Nagano City, Nagano Prefecture



Source: MLIT

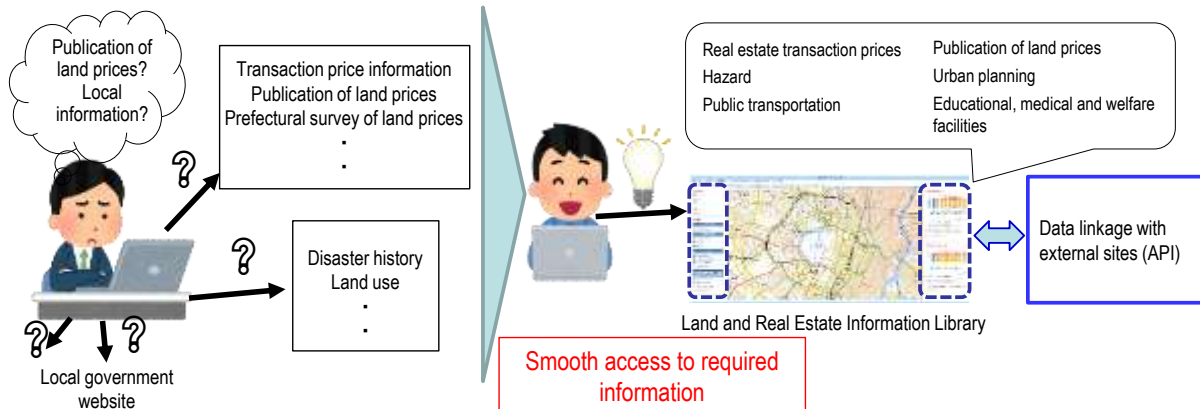
3. Construction of Land and Real Estate Information Library

A wide variety of relevant land and real estate information exists in both public and private sectors. Not only does this require redundant costs in terms of system development and operation, but it also increases the cost of accessing necessary information, which poses a barrier to revitalizing real estate distribution and promoting DX in the land and real estate field. For this reason, MLIT is studying the construction and operation of a "Land and Real Estate Information Library" that would visualize land and real estate related information as a web system that anyone can easily use and link data with external sites.

The purpose of the "Land and Real Estate Information Library" is to allow all people involved in real estate (including individuals and businesses) to smoothly access information, promote the elimination of asymmetry in real estate transaction information, improve transparency in the real estate market, activate real estate transactions and reduce the cost of searching for information scattered throughout the country.

For the time being, setting its main target toward individuals, the government is currently in the process of preparing a web system to display information on public land prices, real estate transaction prices, hazards, urban planning, public transportation, and educational, medical, and welfare facilities on a superimposed map from FY 2022 to FY 2023 with the aim of starting operation of these in FY 2024.

Figure: Land and Real Estate Information Library (Image)



Source: MLIT

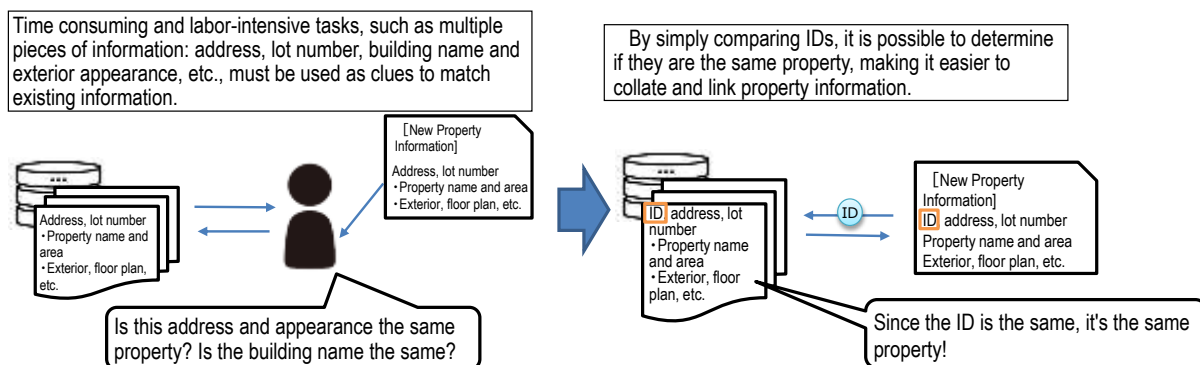
4. Development of Rules for Real Estate IDs

Currently, there is no ID number commonly used by a wide range of entities for real estate in Japan for both land and buildings, and it is not immediately clear whether or not they reside on the same property due to the difference in notation of addresses and lot numbers. As a result, it takes time and effort to collect and collate information held by various entities in real estate brokerage and development, etc., and to disseminate accurate information to consumers, which constitutes a challenge for information coordination in the real estate field.

Considering these circumstances, the government intends to promote the coordination, accumulation, and utilization of real estate-related information held by public and private entities to improve general productivity in the real estate industry, as well as to revitalize the market and make it more transparent. As part of the information infrastructure development for promoting real estate DX in the coming full-fledged digital society, the government also plans to establish rules for a Real Estate ID in FY 2021 (using a common code that uniquely identifies each property) and to begin its operations in FY 2022.

In the future, the government plans to promote the linkage of Real Estate IDs and real estate-related information and study how to improve the environment for their utilization in a wide range of fields, such as urban development.

Figure: Utilization of Real Estate IDs (Image) (Facilitating the collation and linking of information)



Source: MLIT

Part 2 Basic Measures in Relation to Land in FY 2021

(omitted)

Part 3 Basic Measures in Relation to Land in FY 2022

Chapter 1 Plan Development for Land Use, Management, etc.

Section 1 Promotion of Proper Use of Land under Land Planning

Based on the Fifth National Land Use Plan (National Plan) decided by the Cabinet Meeting in August 2015, the government will continue to implement necessary studies on the use and management of land, and effectively promote these plans while utilizing various indicators according to the three basic policies that follow: (i) national land use to realize proper land management; (ii) land use to preserve, restore, and utilize the natural environment and beautiful landscapes; and (iii) land use that ensures safety and security. In addition, based on the Vision for a Digital Garden City Nation, the government will proceed with studies at the Planning Promotion Subcommittee of the National Land Development Council toward the formulation of a new national land development plan that aims to create a national land utilizing digital technology, and will release an interim report in the summer of 2022. The government will proceed with discussions to compile the framework of the Greater Regional Plans.

In addition, the government will take necessary measures, such as surveys and provision of information, to smoothly modify and promote prefectural and municipal plans based on the National Plan.

Moreover, based on the fact that the decline in the level of national land management under a declining population is positioned in the National Land Use Plan (National Plan) as a major issue to be addressed in the future, the government will promote efforts in municipalities and regions through model projects in accordance with the National Land Management Concept (June 2021), which indicates how to appropriately manage national land under a declining population.

Section 2 Promoting the Proper Use of Land in City Planning

The government will promote appropriate implementations of the Policy for Improvement, Development and Preservation of City Planning Areas (city planning master plan) in response to changes in social conditions, etc., that are laid out in each city planning area. In order to realize healthy and comfortable living for residents and sustainable urban management amidst a declining population and an aging society with fewer children, the government will also support municipalities in developing location optimization plans based on the Act on Special Measures concerning Urban Renaissance (Act No. 22 of 2002) to promote the formation of compact cities.

In accordance with the "Act on Partial Revision of the Act on Special Measures concerning Urban Renaissance, etc." (Act No. 43 of 2020), to cope with natural disasters that are becoming more severe and more frequent, the government will promote appropriate land use in cooperation with disaster prevention measures by: (i) reducing the number of new locations in disaster-prone areas, (ii) promoting relocation from disaster-prone areas, and (iii) promoting disaster prevention measures in the Habitation Encouragement Zones of the Location Optimization Plan.

In addition, the government will formulate a regional public transportation plan in conjunction with the Location Optimization Plan, implement projects related to the plan, promote the formation of a regional public transportation network led by local governments, and encourage proper land use guidance in conjunction with the compact cities policy.

Section 3 Promotion of Securing and Effectively Using Good Farmland through the Agricultural Promotion Area Development Plans, etc.

To secure and promote the effective use of good farmland, the government will systematically promote measures related to agriculture (by designating agricultural promotion areas to be promoted and developing the Agricultural Promotion Area Development Plans etc.) in accordance with the Act Concerning Establishment of Agricultural Promotion Regions (Act No.58 of 1969). In addition, in accordance with the Act on Reinforcement of the Agricultural Management Framework (Act No. 65 of 1980) and the Act on Promotion of the Cropland Intermediary Management Program (Act No. 101 of 2013), etc., the government will promote the integration and intensification of farmlands through human resources and agriculture planning along with appropriate, efficient use of farmlands for agriculture.

Section 4 Promotion of Appropriate Utilization and Management through Forest Planning, etc.

In terms of the appropriate use and management of forests, the government will promote appropriate afforestation, thinning, etc., to ensure the full exercise of the multifunctional nature of forests through forest planning systems, etc., based on the Forest Act (Act No. 249 of 1951). Government will also promote the integration and intensification of forest management based on the Act on Forest Management (Act No. 35 of 2018).

Chapter 2 Measures to Ensure Appropriate Use and Management of Land

Section 1 Promotion of Regional Development, Urban Renewal, etc.

1 Promotion of Regional Development

The Vision for a Digital Garden City Nation is to revitalize rural areas and realize a sustainable economy and society by utilizing digital technology and making the most of regional individuality. In order to realize this Vision, the government will intensively discuss measures to be taken in the mid- to long-term at the Council for the Realization of the Vision for a Digital Garden City Nation, and compile a concrete concept to be implemented, while focusing on the future vision of the National Concept of Digital Rural City. In addition, the government will implement measures from the following four perspectives: "Building digital infrastructure," "Developing and securing human resources with digital skills," "Implementing digital services to solve rural issues," and "Initiatives to leave no one behind."

With the aim of promoting regional development efforts involving the national and local governments, comprehensive and effective efforts will be made to implement a variety of measures, including national strategic zones, special zones for structural reform, SDGs Future City, "Environmental Future City" concept, urban renewal, regional revitalization, and central city revitalization. Furthermore, toward the realization of the Vision for a Digital Garden City Nation, the government will, in order to promote solutions to regional issues through data linkage and cutting-edge services, strongly promote regulatory reforms in Super City Initiative and Digitized Rural Healthcare Initiative.

2 Promotion of Urban Renewal

For the Areas for Emergency City Regeneration designated (51 regions as of March 31, 2022) under the Act on Special Measures concerning Urban Renaissance, the government will utilize support measures, in such areas as taxation, special provisions for urban planning, as well as mezzanine support operations that help the Organization for Promoting Urban Development (hereinafter referred to as "MINTO") raise middle-risk funds.

In addition, the government will promote the decarbonization of cities by enhancing support for environmentally friendly private urban development projects from FY 2022.

3 Promotion of Utilization of the Know-how of Private Corporations, etc.

As for the system to prioritize the introduction of PPP/PFI methods, the government will continue to visualize the formulation and operation of the priority review guidelines, and through follow-up, etc., identify issues and extract know-how according to population size and deploy them laterally (to ensure the accurate operation of the guidelines by organizations that have already formulated them) and promptly create guidelines by local governments with populations of 200,000 or more. In addition, based on local conditions, operational status, and precedent cases, the system will be expanded to apply to local governments with populations of less than 200,000.

Section 2 Promotion of Town Development and Enhancement of Disaster Resistance

The government will ensure safety by subjecting all acts such as land fill that could cause damage to people's homes to the approval of prefectural governors, etc., based on a uniform nationwide standard, regardless of the land use. In addition, the "Partial Revision of the Act on the Regulation of Residential Land Development" (Act No. 55 of 2022), which clarified the responsibilities of landowners and land fill developers and strengthened penalties, was promulgated in May 2022. The government will continue to formulate and disseminate operational guidelines and provide advice to prefectures, etc. to ensure smooth implementation.

Section 3 Promotion of Use of Underused or Unused Land

Including corporations for facilitating the use of owner-unknown land, which were designated under the Partial Amendment to the Act on Special Measures in Relation to Easement of Use of Owner-unknown Land (Act No. 38 of 2022) enacted on April 27, 2022, and promulgated on May 9, 2022, the government will establish a local consulting system consisting of government and private experts to share information on vacant lands and houses and promote appropriate land use by matching and coordinating its appropriate use and management, promoting entities as substitutes for landowners in terms of management and other functions, and promote nationwide efforts to revitalize underused or unused real estate through renovation of vacant houses, etc.

Section 4 Utilization of Land Owned by the Public Sector

1 Promotion of Optimal Use of National Property

With the "reform time schedule for the New Plan to Advance Economic and Fiscal Revitalization" (decided by the Council on Economic and Fiscal Policy in December 2021) calling for promoting the optimal use of national and public properties, the government will optimize the use of national and public properties in cooperation with local governments by sharing information on national and public properties in certain areas and establishing coordination for optimal use of such properties while respecting the opinions of local governments.

To reduce the cost of managing underused or unused national lands, the government will diversify management and disposal methods by actively disseminating information to prospective buyers, utilizing temporary loans and other tentative measures, and applying preferential treatment to properties that have not yet been sold.

Based on the "Economic Measures to Overcome COVID-19 and Pioneer a New Era" (determined by the Cabinet on November 19, 2021), the government will provide state-owned property, such as government office buildings, etc., free of charge to local governments for use as COVID-19 vaccination venues to prevent the spread of the disease. To achieve carbon neutrality by 2050, the government will also work on new measures to utilize state-owned property, such as

providing government office buildings and the like for use as locations for private businesses to install solar power generating facilities, charging facilities for electric vehicles, and other equipment.

2 Systematic Acquisition of Land Owned by the Public Sector

To accelerate the acquisition of public land owned by local governments, the government will continue to support such activities as the provision of information on land use operations. In addition, the government will continue to take necessary tax measures for land transfers, etc. related to the acquisition of land for public use.

Section 5 Promotion of Housing Measures

1 Promotion of the Basic Plan for Housing

The "Basic Plan for Housing (national plan)" (decided by the Cabinet in March 19, 2021) defines the following eight targets from three perspectives of "changes in the social environment," "residents and communities," and "housing stock and industry": (1) Realizing a new living style in response to the "New Normal" and the progress of DX, (2) Creating safe housing and residential areas and securing housing for victims of emerging disasters (which are becoming more frequent and severe), (3) Creating housing environments where it is easy to raise children, (4) Creating a community and planning a city where various generations can support each other and the elderly can live a healthy and secure life, (5) Developing safety net functions that allow people who need to secure housing to live in peace, (6) Building a housing circulation system and creating high-quality housing stock for a decarbonized society, (7) Promoting appropriate management, removal, and utilization of vacant houses in an integrated manner according to their conditions; and (8) Developing a housing industry that improves the convenience and affluence of residents. Based on the above, the government will promote the necessary measures.

2 Promotion of the Supply of Public Rental Housing, etc.

The government will promote the supply of high-quality rental housing, including public housing, high-quality regional rental housing, Urban Renaissance Agency rental housing, and service residences for the elderly, for households that require special consideration for stability in each area, such as households with elderly, disabled, and child-rearing families. In particular, the government will promote efficient supply chains by focusing on existing stock and private sector vitality. Additionally, the government will continue to promote the registration of safety-net housing, which utilizes private rental housing, and provides support for renovation of registered houses and reduction of tenant burdens.

3 Proactive Promotion of the Urban Housing Supply, Especially in Large Cities

Through the urban housing areas infrastructure development project, the government will promote the development of roads, parks, sewage systems, rivers, and other necessary public facilities in connection with housing construction and residential land development in a comprehensive manner.

4 Formation of Good Living Environment by Redevelopment of Existing Urban Areas

The government will promote projects for the comprehensive development of urban housing areas and high-quality buildings in existing urban areas to create a comfortable living environment, renewing urban functions, developing and improving densely populated urban areas, and promoting life in the city by supplying housing with close proximity between residential and work activities.

5 Creation of High-Quality Housing Stock and Effective Use of Housing Stock, etc.

Additionally, to ensure the smooth operation of the new system following full enforcement (April 2022) of the "Act on Advancement of Proper Condominium Management and the Partial Revision of the Act on Facilitation of Reconstruction of Condominiums" (Act No. 62 of 2020), the government will continuously promote the preparation of plans to promote appropriate condominium management by prefectures, etc. and work on publicizing the basic national policy on appropriate management of condominiums, certification system for the condominium management plan, certification system for the disposition of condominiums and the site division system, etc.

In addition, in order to promote "co-creation" initiatives in the real estate and management industries, the government will seek to raise awareness of precedents and promote efforts to create best practices, including the development of an environment for new entrants.

Furthermore, in order to accelerate energy-saving measures in the building sector and promote the use of wood, the government has submitted to the ordinary session of the Diet in 2022 a draft law of Partial Revision of the Act on the Improvement of Energy Consumption Performance of Buildings, etc. to Contribute to the Realization of Decarbonized Society (approved by the Cabinet on April 22, 2010), and will continue to work toward the enactment of the Act.

6 Enhancement of Housing Acquisition Measures, etc.

The 2022 Tax Reform will include the following measures:

[1] The housing loan tax reduction will be extended for four years until December 31, 2025, after taking the following measures:

- Setting the deduction rate at 0.7% and the deduction period at 13 years, etc.

Increasing the maximum borrowing limit in accordance with environmental performance, etc.

- Easing the age requirement for existing houses (fireproof houses within 25 years, non-fireproof houses within 20 years) to "houses built in 1982 or later" (houses compliant with the new earthquake resistance standards)
- Easing the floor area requirement to 40 m² or more for newly constructed residences that received building permits before 2023, limited to those with a total income of 10 million yen or less.

[2] Regarding the gift tax exemption for funds for home acquisition, etc., the tax exemption limit is set at 10 million yen for high-quality housing, and the deadline for application will be extended for two years, to December 31, 2023.

* The age requirement for existing homes will be relaxed in the same manner as for the mortgage tax reduction.

[3] Regarding the investment-type tax reduction for certified housing, ZEH level energy-saving housing will be added to the list of eligible tax reductions, and the application period of the tax will be extended for two years until December 31, 2023.

[4] In order to promote the spread of housing with excellent energy-saving performance, etc., the application period of the special measures for registration tax, real estate acquisition tax, and fixed asset tax on certified houses (certified excellent long-term housing and certified low-carbon housing) will be extended for two years until March 31, 2024, as follows:

- Registration tax

Registration of preservation of ownership (0.15% → 0.1% for ordinary housing), registration of transfer of ownership (certified excellent long-term housing: 0.3% for ordinary housing → 0.2% for detached houses, 0.1% for condominiums; certified low-carbon housing: 0.3% → 0.1% for ordinary housing)

• Real estate acquisition tax (*)

Special provisions for the amount of deduction from the tax base (ordinary housing: ¥12,000,000 → ¥13,000,000)

• Fixed asset tax (*): Special provisions (1/2 reduction) for newly built houses will be extended (detached houses: 3 years → 5 years, condominiums: 5 years → 7 years).

(*): Special provisions for (*) are only for certified excellent long-term housing.

[5] The period of application for the reduction of fixed asset tax on new housing (1/2 reduction for 3 years for detached houses and for 5 years for condominiums) will be extended for 2 years until March 31, 2024.

[6] The application period of special measures for registration of preservation of residential house ownership (registration of preservation of ownership: 0.4% → 0.15% for main provisions, registration of transfer of ownership: 2% → 0.3% for main provisions, registration of settlement of mortgage: 0.4% → 0.1% for main provisions) will be extended for two years until March 31, 2024.

* The age requirement for existing homes will be relaxed in the same manner as for the mortgage tax reduction.

[7] The application period of special measures for income tax, etc. (tax deferral for gains on transfer, profit/loss aggregation for losses on transfer, and credit carryforwards) for the replacement of residential property will be extended for two years, until December 31, 2023.

[8] The application period of the special measures for registration tax in the case where an individual acquires an existing house that has been renovated for a certain quality improvement by a purchase and resale business operator (registration of transfer of ownership: 0.3% → 0.1% for ordinary housing) will be extended for two years until March 31, 2024.

* The age requirement for existing homes will be relaxed in the same manner as for the mortgage tax reduction.

[9] The application period for special measures for home renovation (earthquake-proof, barrier-free, energy-saving, three-generation cohabitation, and certified excellence long-term housing) will be extended for two years to December 31, 2023, and the requirement for all windows for energy-saving renovation will be relaxed.

[10] With regard to the special provisions such as extension of transfer deadline for disaster-stricken residential property, the requirement for the due date of transfer will be extended by five years.

[11] The application period of the tax exemption for registration of commencement of rights conversion procedures, etc. to which an executor, etc. of a condominium reconstruction project is entitled, will be extended for two years to March 31, 2024.

[12] In accordance with the Act on Facilitation of Reconstruction of Condominiums (Act No. 78 of 2002), in the case where an executor or the condominium site sale association acquires a condominium or the site thereof certified as requiring specific removal, the application period for the tax exemption will be extended for two years.

[13] The application period of special measures for the acquisition date of new housing acquired by Real Estate Brokers (main provisions: 6 months → 1 year) and special measures to relax the period requirement for tax reduction for certain residential land (main provisions: 2 years → 3 years, etc.) will be extended for 2 years until March 31, 2024.

7 Formation of High-Quality Living Environment, etc.

The government will promote the reduction and appropriate use of underused or unused land by introducing regional housing complex revitalization projects (one-stop services that ease use restrictions and required licensing procedures

for the introduction of community buses, etc.) and a variety of building uses, and revitalizing residential complexes by improving the convenience of local public transportation. In addition, hands-on support for the revitalization of housing complexes, which started in FY 2020, will provide technical advice, etc. for initiatives related to the revitalization of housing complexes, including regional housing complex revitalization projects.

Section 6 Promotion of Town Development for Coexistence of City, Greening, and Agriculture

While enhancing the activities of the "Green Infrastructure Public-Private Partnership Platform," the government will promote the implementation of green infrastructure through public-private partnerships and cross-sectoral cooperation, and encourage the appropriate use of land and real estate. In addition, the government will formulate and disseminate a guide for local government officials that provides technical information on preparations for an "ecosystem functions potential maps" and utilization measures for the implementation of disaster prevention and mitigation through the utilization of ecosystems.

Section 7 Appropriate Conservation of Farmland

Amidst the expected acceleration of the decline in the number of farmers, the government has submitted a Draft for Partial Amendment of the Act on Reinforcement of the Agricultural Management Framework" (approved by the Cabinet on March 8, 2022) to the ordinary session of the Diet in 2022, to take measures to eliminate the situation of dispersed and complicated plots, promote the consolidation of farmland, and secure and develop human resources, make agriculture a growth industry and continue to work toward its enactment into law.

In addition, the government has submitted a Draft for Partial Amendment of the Act on Promotion of Settlement and Interregional Exchange for Vitalizing Rural Areas (approved by the Cabinet on March 8, 2022), which provides that the government will take measures to systematically promote revitalization efforts in agricultural, mountainous and fishing villages with declining and aging populations, while preventing devastation through the preservation of agricultural land, to the ordinary session of the Diet in 2022, and will continue to work toward the enactment of the Act.

Section 8 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 (Act No. 249 of 1951).

In addition, in accordance with Forest Management and Administration Act (Act No. 35 of 2018), the government promotes a forest management and administration system whereby forests that are not properly managed and administered are integrated and intensified with municipalities and forestry operators.

Section 9 Promotion of Measures Concerning Environment Conservation

In order to promote low-carbon city planning to reduce greenhouse gas emissions in the mid- to long-term, considering the contents of the 2nd Term Comprehensive Strategy for Town / People / Job Creation (2020 revised version) as well, the government will promote the formulation and implementation of local government action plans based on the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998); promote the "Low Carbon Town Development Plan" based on the Low Carbon City Development Act (Act No. 84 of 2012); and support the preparation of "Location Optimization Plans" based on the Act on Special Measures concerning Urban Renaissance and efforts based thereon.

Specifically, based on the "Revised Act on Promotion of Global Warming Countermeasures (Act No. 54 of 2021), the government will promote the decarbonization of the region; develop information infrastructure to support the formulation and implementation of local government action plans; promote the transformation to a disaster-resistant and environmentally-friendly urban structure through the use of renewable energy and natural capital; use financial measures such as the "Low Carbon Urban Development Plan" and the "Location Optimization Plan," as well as various taxation systems; promote integrated use of public transportation systems in conjunction with the centralization of urban functions; promote low-carbon energy by improving the efficiency of energy systems in cities, and measures to mitigate urban heat island effects, and urban greening.

Section 10 Promotion of Proper Protection of Cultural Property and Creation of Favorable Landscapes

As for historic villages and townscapes, the government will provide guidance and advice to municipalities regarding the preservation and utilization of conservation zones for clusters of traditional structures and will carry out selection of conservation zones for clusters of important traditional structures, as well as promoting the preservation and utilization of such structures.

Aiming to promote town development that makes the most of the historical atmosphere and sentiment of the region, based on the "Act on Maintenance and Improvement of Traditional Scenery in Certain Districts" (Act No. 40 of 2008), the government will promote the approval of plans for the maintenance and improvement of historic landscapes and provide support for initiatives based on those plans. In addition, support will be provided for the renovation of buildings that serve as scenic and historical resources to promote the formation of a favorable landscape and the maintenance and improvement of historic districts.

Section 11 Promotion of Measures to Ensure Appropriate Land Management

1 Measures against Insufficiently Managed Land that Adversely Affects the Surrounding Area

In accordance with the Act on Special Measures in Relation to Easement of Use of Owner-unknown Land (hereinafter referred to as the Act for Owner-unknown Land), as amended by the Partial Amendment to the Act on Special Measures in Relation to Easement of Use of Owner-unknown Land (Act No. 49 of 2018), in order to prevent the occurrence of disasters and significant deterioration of the environment in the surrounding area with respect to land with unknown owners that is not properly managed, the government will steadily prepare for the enforcement of the new system, which will allow for vicarious execution by mayors of municipalities, by preparing guidelines and promoting public awareness, etc., and provide support for the smooth operation of the system after it comes into effect.

2 Ensure Appropriate Land Management for Private Sector (Review of fundamental civil laws)

The "Act Partially Amending the Civil Code and Related Acts" (Act No. 24 of 2021) was enacted on April 21 and promulgated on April 28, 2021, which includes the following: Establishment of the owner-unknown land management system, specializing in the management of owner-unknown land; establishment of management system for insufficiently managed land in order to cope with increasing insufficient management of land; review of fundamental civil laws, including review of the provisions on the relationship between adjacent lands for the smooth and proper use of adjacent lands, etc. The effective date of these regulations is April 1, 2023, and the government will now proceed with preparations for the implementation of the new system, including informing the public of the details.

Section 12 Promotion of Measures for the Owner-unknown Land

In accordance with the Act for Owner-unknown Land as amended by the Partial Amendment to the Act on Special Measures in Relation to Easement of Use of Owner-unknown Land, the government will steadily make preparations for enforcement, including revision and preparation of guidelines and dissemination and awareness-raising activities, to promote facilitation of owner-unknown land and appropriate management by supporting the efforts of municipalities and other concerned parties in the region, and provide support to ensure the smooth operation of the system after its enforcement. In addition, to enhance support for local governments and to further deepen understanding of the Act for Owner-unknown Land, the government will expand the activities of the Coordination Council, which consists of regional development bureaus, Legal Affairs Bureaus, local governments, and qualified professional associations.

The "Act Partially Amending the Civil Code and Related Acts" was enacted on April 21 and promulgated on April 28, 2021. This Act includes a review of fundamental civil laws, such as a mechanism for the smooth and appropriate use of co-owners-unknown land, and a system that allows the use of other people's land for the installation of lifeline conduits, etc. The effective date of these regulations is set for April 1, 2023, and the government will prepare for the enforcement of the new system by informing the public of its contents. Also, "Guidelines for Private Roads with Unknown Owners" compiled in January 2008 will be revised to reflect the new system then disseminated.

The application for inheritance registration is not mandatory, and those who have inherited low-value land may feel burdened by the inheritance registration procedure. This has led to occurrences of owner-unknown land left without inheritance registration. Due to these circumstances, the "Real Property Registration Act" (Act No. 24 of 1899) was partially amended by the "Act Partially Amending the Civil Code and Related Acts" (Act No. 24 of 2021), creating a new system that makes it obligatory to apply for inheritance registration and reduces the burden of registration procedures. The amendment to the mandatory application of inheritance registration is scheduled to go into effect on April 1, 2024, and the government will prepare for its implementation by informing the public of the contents of the new system.

In addition, the "Act on the Vesting of Land Ownership Acquired Through Inheritance, etc. in the National Treasury" (Act No. 25 of 2021) was enacted on April 21 and promulgated on April 28, 2021. This Act includes the establishment of a system under which those who have acquired land through inheritance, etc. will be able to relinquish ownership of the land and vest the land with the government under certain requirements. The law is scheduled to take effect on April 27, 2023, and the government will proceed with preparations for its implementation, including informing the public of the contents of the new system in the future.

Section 13 Survey of Land Use and Regulation from the Perspective of National Security, etc.

The government will proceed with preparations for the enforcement of the "Act on the Survey of Land Use and Regulation of Land Use in the Vicinity of Defense-Related Facilities and Other Important Facilities and in Remote Border Islands" (Act No. 84 of 2021) and steadily carry out measures such as land use surveys, etc. after the enforcement of the said law.

Chapter 3 Measures for Land Transactions

Section 1 Improvement of Real Estate Transaction Market

To comprehensively promote measures to develop and revitalize the real estate distribution market, the government will take the following measures:

- [1] In May 2022, the Real Estate Brokerage Act was partially amended in accordance with the Act on the arrangement of related acts for the formation of a digital society (Act No. 37 of 2021). In light of the fact that the law now allows for the delivery, etc. of documents as electromagnetic records for the explanation of important matters, etc., the government will disseminate relevant laws, regulations, and manuals to promote the development of an environment that enables real estate transactions to be completed online.
- [2] To promote the coordination, accumulation, and utilization of real estate-related information through the utilization of Real Estate IDs, the government will publicize the Real Estate ID system and research the development of an environment to promote the usage and utilization of the IDs.
- [3] The government will promote transactions by matching supply with demand through the promotion of utilization of the "National Vacant Homes/Vacant Land Bank," which allows for easy cross-search of information on vacant land and houses identified and provided by local governments.
- [4] The government will promote the distribution of existing houses by creating a market environment in which sellers and buyers can do business with confidence through the promotion of the utilization of inspections and the Safe R-Housing System, which indicates that the house is an existing house that has been inspected, etc.

Section 2 Improvement of Real Estate Investment Market

The government will disseminate the "Handbook for the Promotion of Usage and Utilization of Specified Joint Real Estate Ventures (FTK)" (which outlines the significance of specified joint real estate ventures, advantages of utilization, good examples and key points for success), and promote the formation of specified joint real estate ventures (FTK) that utilize crowdfunding, which contribute to the revitalization of idle real estate markets through the dispatch of experts, etc.

The government will also conduct surveys and studies on the ideal system for equity participation in specified joint real estate ventures through the utilization of digital technology.

Section 3 Land Tax Measures

From the perspective of realizing an early recovery of the Japanese economy hit by COVID-19 and promoting the effective use of land, the government will take measures in the tax system.

The main measures taken in the FY 2022 Tax Reform are as follows:

- (1) To take all possible measures to ensure economic recovery, the government will, from the viewpoint of easing drastic changes in the burden adjustment measures for fixed asset tax and city planning tax on land, set the range of increase in the tax base amount for commercial land, etc. to 2.5% of the assessed value (current 5%) only in FY 2022.
- (2) The government will expand the number of projects eligible for the special income tax rates for Community Welfare Promotion Projects under the Act for Owner-unknown Land .
- (3) By reducing the cost of construction work and real estate distribution and easing the consumer burden, the government aims to promote construction investment and revitalize real estate transactions. To this end, the government will extend the existing reduction measures for the stamp tax on construction contracts and real estate transfer contracts.

Section 4 Support for Global Business Development in Real Estate Markets

Through training programs for government officials of ASEAN (Association of Southeast Asian Nations) countries, etc., the government will support the development and dissemination of systems that contribute to the improvement of the business environment in the countries where Japanese real estate companies operate. In addition, the business environment will be improved by utilizing bilateral frameworks and international negotiations to ensure legal stability and improve systems and operations for local business implementation.

Section 5 Proper Operation of Land Transaction System

In order to eliminate the adverse effects of speculative land transactions and soaring land prices on the lives of the people, and to ensure proper and reasonable land use, the government will continue to implement basic land transaction regulation surveys to collect information on land transactions, etc., and strive for the proper operation of the land transaction regulation system, etc., based on the National Land Use Planning Act (Act No. 92 of 1974).

Chapter 4 Measures for Implementing Surveys and Providing Information, etc. on Land

Section 1 Promotion of National Land Surveys

Based on the Seventh Ten-Year Plan for the National Land Survey Project starting in FY 2020, as for cadastral surveys conducted by municipalities, the government will promote the introduction of procedures to facilitate smooth surveying (even in cases where the owner of the land is unknown), and efficient survey methodology according to the regional characteristics. Cadastral surveys will also be promoted by providing priority support for those surveys conducted in areas with high policy impact, such as areas where social infrastructure development is planned, etc.

Also, the national government will develop basic information on efficient cadastral survey methods according to regional characteristics, such as the use of remote sensing data including aerial laser surveying in mountainous areas and the utilization of measurement data from mobile mapping systems (MMS) in urban areas. The government will then accumulate and disseminate such application methods, etc., to promote their introduction in municipalities, etc.

In addition, the government will support the utilization of survey results other than cadastral surveys prepared by private businesses and public works departments of local governments for cadastral development, assuming that the survey results are as accurate as or more accurate than cadastral surveys.

Furthermore, to promote smooth cadastral surveys, the government will disseminate the new system and methods, and provide support to municipalities by dispatching experienced experts to provide them with advice on how to overcome survey-related challenges.

The government will also consider measures to promote smoother and faster cadastral surveys and take the necessary measures.

Section 2 Promotion of Development of National Land Information

Toward the realization of a society that can highly utilize geospatial information (i.e., fundamental geospatial data, thematic maps, ledger information, statistical information, and aerial photographs), based on the Basic Plan for the Advancement of Utilizing Geospatial Information (approved by the Cabinet on March 18, 2022), the government will develop and update geospatial information that serves as the foundation of society (including fundamental geospatial data), promote the distribution and utilization of geospatial information centered on the G-spatial Information Center, and promote G-spatial projects to implement technologies that utilize geospatial information in society. Also, through

collaboration between industry, academia and government, the Geospatial EXPO will be held to promote the dissemination of knowledge and the development of human resources.

In addition, the government will promote the project "PLATEAU" to develop, utilize, and open data in 3D urban models that will serve as digital infrastructure for urban development DX, including "smart cities," develop a 3D city model, convert it to open data, and develop advanced use cases.

Section 3 Development of the Land Registration System

The government will focus on the intensive mapping of urban areas for which lot numbers are not adequately registered and other areas requiring urgent mapping across the nation (i.e., major cities, key areas of regional hub cities, etc.) in order to provide them at registries.

Section 4 Promotion of Information on Real Estate Transactions, etc.

The FY 2023 Land Market Value Publication will be released based on the results of the analysis of land price trends for 26,000 standard locations throughout the nation, in order to fulfill its role as a system infrastructure. Also, the 2022 prefectural land price survey will be published based on the results of the analysis of land price trends conducted by each prefectural governor. For major cities (i.e., the three major metropolitan areas), which tend to indicate land price trends in advance, quarterly land price trends for 80 intensively used land areas will be published in the "Land Price LOOK Report." The government will also review its land price publication and other survey methods to respond to the increasingly individualized and multi-polar nature of land prices, and will monitor and disseminate land price trends in a more detailed manner.

Section 5 Promotion of Provision of Information on Disaster Risk, etc.

The government will promote the maintenance, disclosure, and utilization of information in order to make it available in geospatial areas, and the smooth implementation of measures related to land use, management, and transaction through the development of technology for "i-Urban Revitalization," which visualizes urban information through three-dimensionalization, etc. This information includes the following: disaster risk information, such as areas estimated to be inundated, and disaster history of the land in the area, which contributes to disaster management and damage reduction according to the needs of society, real estate price information, and information on the "Vacant Homes/Vacant Land Bank."

Chapter 5 Comprehensive Promotion of Land-related Policies

Section 1 Collaboration and Cooperation between National and Local Governments

Regional platforms will be disseminated nationwide to promote the development of concrete PPP/PFI projects. In this process, the government will encourage local governments, local companies, and regional financial institutions nationwide to participate in the regional platform so that local governments with smaller populations can also develop projects and promote the participation of local companies in projects. Also, the government will hold opinion-exchange meetings with mayors of municipalities to encourage the development of PPP/PFI projects in local governments, in addition to developing human resources and creating opportunities for public-private dialogue by dispatching experts and holding training and seminars for local government officials and local businesses.

Section 2 Collaboration and Cooperation with Experts in Related Fields

The Urban Renaissance Agency will utilize its know-how and technology to provide technical assistance in the development of concepts and plans for town development projects.

Section 3 Dissemination of Basic Philosophy on Land

During the Land Month of October (October 1 is Land Day), the government works to publish the White Paper on Land, holds a poster contest, etc., to disseminate the basic philosophies on land while introducing various measures and systems in collaboration with relevant organizations. In light of the changes in the system related to land due to the revision of the fundamental civil laws and the Act for Owner-unknown Land, the government will strengthen its public relations activities.

Section 4 Securing of Funds and Farmers

The government will continue to promote the support services of the MINTO Organization in order to promote good urban development while actively utilizing the ingenuity and business ambition of the private sector. Specifically, the government will set up a community development fund jointly with regional financial institutions to provide area management and promote multiple renovation projects, etc. one by one. The government will also support and promote community development projects that utilize crowdfunding and the Furusato (hometown) Tax Payment program through community development funds of local governments, etc. Considering the COVID-19 pandemic as an opportunity, the government will promote flexible work styles through community development funds that invest in companies that develop teleworking bases, etc. using old stock, etc.

Furthermore, starting in FY 2022, the government will promote the decarbonization of cities by adding the construction of facilities that contribute to the improvement of environmental performance to the scope of support.

Chapter 6 Measures for Recovery/Reconstruction from the Great East Japan Earthquake

Section 1 Measure in Relation to Land Use

1 Measures concerning residential land

The government will provide support for the development of land and communal facilities through urban redevelopment projects in order to develop housing for disaster victims, welfare facilities, and commercial facilities in an integrated manner.

2 Measures concerning agricultural land

Based on the "Basic Policy on Reconstruction from the Great East Japan Earthquake after the end of the Reconstruction and Revitalization Period" (decided by the Cabinet in March 9, 2021), the government will implement projects for disaster recovery of agricultural land and facilities and land readjustment in conjunction with these projects. It will also develop an agricultural infrastructure improvement plan and support investigation/coordination activities conducted by farmers' organizations for farmland integration through land readjustment and replotting.

3 Efforts for realignment of land use, etc.

In accordance with the Reconstruction Improvement Plan System of the Act on Special Zones for Reconstruction in Response to the Great East Japan Earthquake (Act No. 122 of 2011), the government will promote the smooth and rapid

implementation of various projects, including the development of urban areas and agricultural production infrastructures (which are necessary to promote town/regional development for reconstruction), by utilizing special provisions, such as one-stop processing of procedures related to licensing and zoning, and relaxation of standards for such licensing.

Section 2 Measures in Relation to Housing

1 Support for public housing, etc. for disaster victims

Local governments provide public housing for disaster victims who are unable to reconstruct or acquire housing on their own, and will continue to implement special measures to support costs related to rent reduction and transfer, etc.

2 Support for reconstruction of individual residences, etc.

The government will continue to reduce interest rates and extend the principal deferment periods for housing loans for disaster reconstruction by the Japan Housing Finance Agency in order to support the reconstruction of residences of disaster victims and also provide loans for building lots for disaster reconstruction in order to support cases where housing lots have been damaged.

Section 3 Promotion of Land Utilization Efforts by Disaster-Affected Municipalities

The government will respond to individual local issues in detail through hands-on support, from the planning stage to the land utilization stage, etc., for the utilization of developed residential land by land readjustment projects and other projects for promoting mass relocation for disaster prevention. While coordinating reconstruction measures with general measures and making comprehensive use of government-wide measures, it will also continue to support the efforts of affected local governments.

Section 4 Measures in Relation to Land Information

1 Promotion of clarification of land boundaries

In order to contribute to the further promotion of recovery/reconstruction in the areas affected by the Great East Japan Earthquake and the Kumamoto Earthquake of 2016 (Iwate, Miyagi, Fukushima, and Kumamoto Prefectures), the government will work to create maps to be kept at registries.

2 Provision of information on land transactions to ensure appropriate transactions

To ensure appropriate land transactions in the disaster area, the government will provide, upon request from Miyagi Prefecture, Fukushima Prefecture and Sendai City, registration information on land transactions to Fukushima Prefecture and Sendai City and transaction price information to Miyagi Prefecture, Fukushima Prefecture and Sendai City.

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.