

Market Report / Land Market in Japan

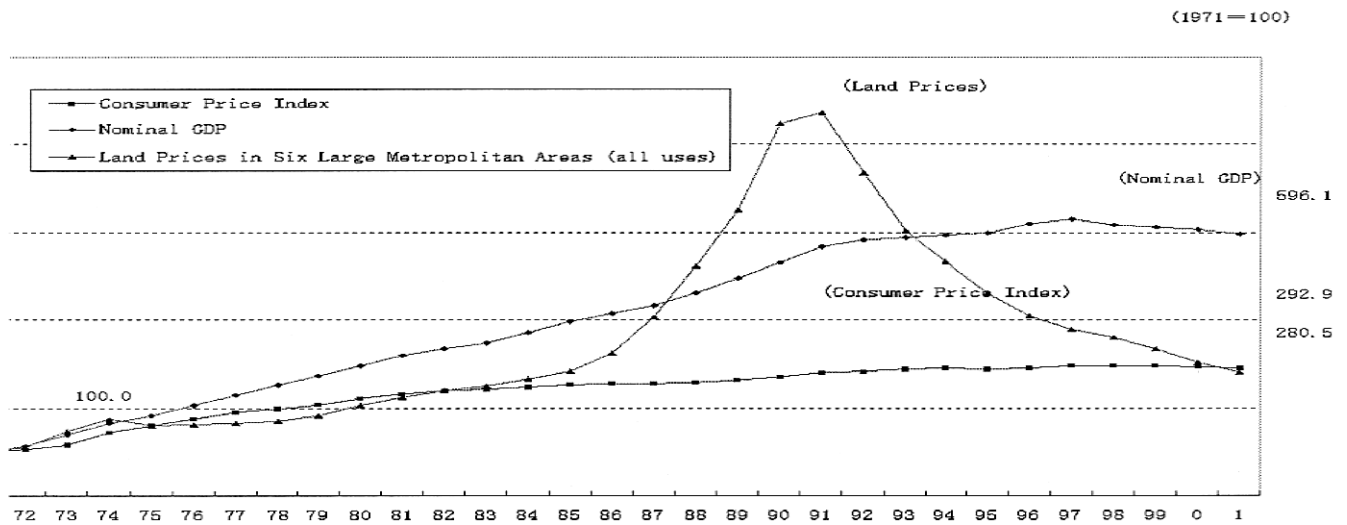
Structural Changes in the Land Market in Japan

Movement towards a Land Market in line with Actual Demand

Until the bursting of Japan's bubble economy, there was a tendency to invest in land from the point of view of building up assets. This was on the premise that land prices would continuously rise. However, as a result of falling land prices - a trend that has extended for a long period beyond the bursting of the bubble - profits nowadays cannot be made by simply owning land, and in fact can only be made by making effective use of it.

For example, compared to land purchased in 1971 (just before the boom associated with the "Plan for Remodeling the Japanese Archipelago") average land prices in recent years have increased much less than nominal GDP growth, and also less than increases in the Consumer Price Index.

Trends in Nominal GDP, the Consumer Price Index and Land Prices in Six Large Metropolitan Areas of Japan



Sources: "Annual Report on National Accounts" by Cabinet Office, "Annual Report on the Consumer Price Index" by Ministry of Public Management, Home Affairs, Posts and Telecommunications, and "Land Price Index for Urban Areas" by Japan Real Estate Institute