



# Japan's land prices fell in three years in the middle of a pandemic for the first time!

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The average land price in Japan this year dropped 0.6 percent from last year for the first decline in three years, as land demand for commercial operations such as hotels and shops declined as a result of a coronavirus pandemic, government data showed on Tuesday.

According to data released by the Ministry of Land, Infrastructure, Transport and Tourism, 60,1 percent of 21,519 sites surveyed across the country had their prices dropped as from 1 July. Prices rose from 21,4 percent of total sites a year ago, but the Department said the prices of many of those sites represented pre-pandemic market conditions. Prices in 18.5% of the spots surveyed were unchanged.

The survey covered average prices for all land types, including commercial, residential and industrial land across the country.

Supported by the influx of foreign visitors and rises in rents and investment in tourism, such as hotel buildings, Japan's average land price had been recovering, first rising in 2018 over the past 27 years since the crash of the asset-inflated bubble economy in the early 1990s.

Uncertain recovery prospects in economic activities weigh on real estate investment in the region, and it is difficult to tell whether immobilization conditions will cease deteriorating in the near future, says the ministry.

If there is no change on economic conditions over the coming months, more areas will see a decline in land prices by the beginning of next year, as the value of property represents future demand, said Shigeo Hirayama, Director of Urban Research Institute's private think tank.

"Standard land prices are calculated not so much on the basis of the real transactions prices but rather on the basis of expectations that profitability would worsen, as a result of lower rents and other factors," Hirayama added.

The average price of industrial land fell by 0.3% for the first time in five years, while the price of residential land fell by 0.7%.

In the three main metropolitan areas of Japan — Tokyo, Osaka and Nagoya — residential prices decreased by 0,3% for the first time in seven years and industrial land by 0,7% for the first time.

In areas outside the three metropolitan areas, the average price of industrial land fell 0.6%, and residential land fell by 0.9%.

Among the sites surveyed, Miyakojima Island, Okinawa Prefecture, reported the highest increase in land prices, both commercial and residential, of 38.9% and 37.3% respectively, boosting resort hotel growth.

In the city of Takayama, Gifu Prefecture, popular for the thermal resorts of Takayama, prices for commercial land fell 9.3% because of a decline in the number of visitors.

Tokyo's Hino has seen the sharpest residential land price decline of 18.4% after the Metropolitan Government of Tokyo has declared parts of the city to be susceptible to natural disasters.

In Tokyo's shopping district of Ginza, Meidi-ya Ginza Commercial Building was the highest price per square meter in a 15th consecutive year of 41 million yen, down from 2.2 million yen 2019.