

A street scene in Japan with traditional wooden buildings and a person walking. The street is paved with asphalt and has a yellow double line down the center. On the left, a person in a light blue shirt and pants is walking. On the right, a person in a white shirt and light blue pants is walking. There are several cars parked along the street. The buildings are traditional Japanese style with tiled roofs and wooden facades. The sky is overcast.

Vacant Housing in Japan How to solve and value

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Strategic Business Development Manager,
Tokyu Construction Co .,Ltd, Tokyo



LICENCE

Certified Real Estate Appraiser (2017)

MRICS (2018-2020)

Candidate for Designation, Appraisal Institute (2017-2020)

Registered Real Estate Broker (1994)

Legal Licensed Condominium Manager(2007)

Affiliated Financial Planner (2006)

EDUCATION

Meiji University 1988 - 1992 B.A. in Politics

EXPERIENCE

Tokyu Construction Co.,Ltd, Tokyo 2019-present

Manager of Strategic Business Development Group

Tokyo Association of Real Estate Appraisers 2017-2019

Member of the Public Relations Committee

Sanyu Appraisal Corporation, Tokyo 2015-2019

Associate Manager of Global Appraisal Dept.

Shinnihon Corporation, Inc. Chiba, Japan 2006 –2014

Manager of Condominium Sales Section

Manager of Development Section

Japan Real Estate, Inc., Tokyo 2004 - 2006

Director, Senior Manager of Sales Dept.

Mitsui Real Estate Sales Co., Ltd., Tokyo 1992 -2004

Section Chief of Sales Dept, Staff of Brokerage Dept.

My old company produced 3 FIABCI World President



Hideo EDO

World President 1982-1983
FIABCI-Japan



J. Hajime TSUBOI

World President 1991-1992
FIABCI-Japan



Jun-Ichiro TANAKA

World President 1999-2000
FIABCI-Japan

WORLD PRESIDENTS 1951 - 2022

 Pierre COLLEVILLE World President 1951-1955 FIABCI-France	 Horace JULLIARD World President 1955-1957 FIABCI-Suisse	 Leonard REAUME World President 1957-1959 FIABCI-USA	 Hans PLANK World President 1959-1961 FIABCI-Österreich	 Paul VIELHOMME World President 1961-1963 FIABCI-France	 Elie CORDIER World President 1963-1965 FIABCI-Belgique
 Edward E. SAUNDERS World President 1965-1967 FIABCI-United Kingdom	 Jean BAILLY World President 1967-1969 FIABCI-France	 John C. TYSEN World President 1969-1971 FIABCI-USA	 Willy V. EGELI World President 1971-1973 FIABCI-Suisse	 Geoffrey L. GAY World President 1973-1975 FIABCI-United Kingdom	 Philip D.P. HOLMES World President 1975-1977 FIABCI-Canada
 Woodrow WEIGHT World President 1977-1979 FIABCI-Australia	 Georges DE WANDELEER World President 1979-1980 FIABCI-Belgique	 Philip C. SMABY World President 1980-1981 FIABCI-USA	 Giovanni GABETTI World President 1981-1982 FIABCI-Italia	 Hideo EDO World President 1982-1983 FIABCI-Japan	 René-Fr. RICHARDIERE World President 1983-1984 FIABCI-France
 Clive H. LEWIS World President 1984-1985 FIABCI-United Kingdom	 Ralph PRITCHARD World President 1985-1986 FIABCI-USA	 Otto STÖBEN World President 1986-1987 FIABCI-Deutschland	 Albert FISH World President 1987-1988 FIABCI-Deutschland	 Glyn T.H. ING World President 1988-1989 FIABCI-Taiwan	 Ir. CIPUTRA World President 1989-1990 FIABCI-Indonesia
 Jean-Claude AMSELLE World President 1990-1991 FIABCI-France	 J. Hajime TSUBOI World President 1991-1992 FIABCI-Japan	 Alan HOOD World President 1992-1993 FIABCI-United Kingdom	 Luiz Carlos DE ALMEIDA World President 1993-1994 FIABCI-Brasil	 Willy EGELI World President 1994-1995 FIABCI-Suisse	 Ferry SONNEVILLE World President 1995-1996 FIABCI-Indonesia
 Sheldon GOOD World President 1996-1997 FIABCI-USA	 Alfons METZGER World President 1997-1998 FIABCI-Österreich	 Anthony P. GRANT World President 1998-1999 FIABCI-United Kingdom	 Jun-Ichiro TANAKA World President 1999-2000 FIABCI-Japan	 Laurence MCCABE World President 2000-2001 FIABCI-Ireland	 Nestor WEIGAND World President 2001-2002 FIABCI-USA

Company Name	TOKYU CONSTRUCTION CO., LTD.
Founded on	Tokyo Construction Industry Co., Ltd., was founded on March 12, 1946. (TOKYU CONSTRUCTION CO., LTD. Founded on November 11, 1959)
Date of Establishment	April 10, 2003
Main Business	General Contractor Construction Licence: (TOKU-29) No. 20220 by Minister of Land, Infrastructure, Transport and Tourism Building Lots and Buildings Transaction License: (4) No. 6474 by Minister of Land, Infrastructure, Transport and Tourism Lines of Business
Capital	JPY16,354 Million (as of March 31, 2023)
President	Mitsuhiro Terada
Number of Employees	2,628 (as of March 31, 2023)
Net Sales	JPY288,867 Million (Fiscal year ended March 2023)
Stock Exchange Listing	Prime of the Tokyo Stock Exchange



About Tokyu Construction

About Tokyu Group

Tokyu originated with the establishment of the Meguro-Kamata Electric Railway Company in 1922.

Tokyu Group has grown to consist of 224 companies and five corporations (five publicly listed companies) as of March 31, 2022.

The line of business consists of 4 major businesses, including real estate, hotel and resort, transportation, and life service.

Source: www.tokyu.co.jp

The Tokyu Group's Core Businesses



TOKYU LAND CORPORATION

Real Estate Business

TOKYU LAND CORPORATION (*2)
 TOKYU COMMUNITY CORP. (*2)
 Tokyu Property Management Co., Ltd. (*1)
 (Trade name changed on April 1, 2021)
 TOKYU LIVABLE, INC. (*2)
TOKYU CONSTRUCTION CO., LTD. (*2)
SEIKITOKYU KOGYO CO., LTD. (*2)
 Tokyu Fudosan Holdings Corporation (*2)
 TOKYU GEOX CO., LTD. (*1)



TOKYU RAILWAYS Co., Ltd.

Transportation Business

TOKYU RAILWAYS Co., Ltd. (*1)
 IZUKYU CORPORATION (*1)
 UEDA DENTETSU COMPANY (*1)
 TOKYU BUS CORPORATION (*1)
 JOTETSU CORPORATION (*1)
 Sendai International Airport Co., Ltd. (*1)
 TOKYU TECHNOSYSTEM CO., LTD. (*1)

Companies in bold are publicly listed companies
 *1: Subsidiary
 *2: Related companies and companies affiliated to them



TOKYU CORPORATION

Hotel and Resort Business

TOKYU HOTELS CO., LTD. (*1)
 THREE HUNDRED CLUB CO., LTD. (*1)
 Tokyu Resorts & Stays Co., Ltd. (*2)
 TOKYU RESORT CORPORATION (*2)
 Tokyu Sharing Co., LTD (*1)



TOKYU HOTELS CO., LTD.

Life Service Business

TOKYU DEPARTMENT STORE CO., LTD. (*1)
 NAGANO TOKYU DEPARTMENT STORE CO., LTD. (*1)
 TOKYU STORE CHAIN CO., LTD. (*1)
 Tokyu Malls Development Corporation (*1)
 TOKYU CARD, INC. (*1)
TOKYU RECREATION CO., LTD. (*1)
 its communications Inc. (*1)
 Tokyu Kidsbasecamp Co. Ltd. (*1)
 TOKYU SECURITY CO., LTD (*1)
 TOKYU AGENCY INC. (*1)



TOKYU DEPARTMENT STORE CO., LTD.

1. Vacant Housing Crisis in Japan

- In Japan vacant houses are increasing in rural area.
- Even in Tokyo vacant houses is estimated increase in 10years.
- Vacant house increase causes fire accident, security deterioration, and finally collapse of local community.



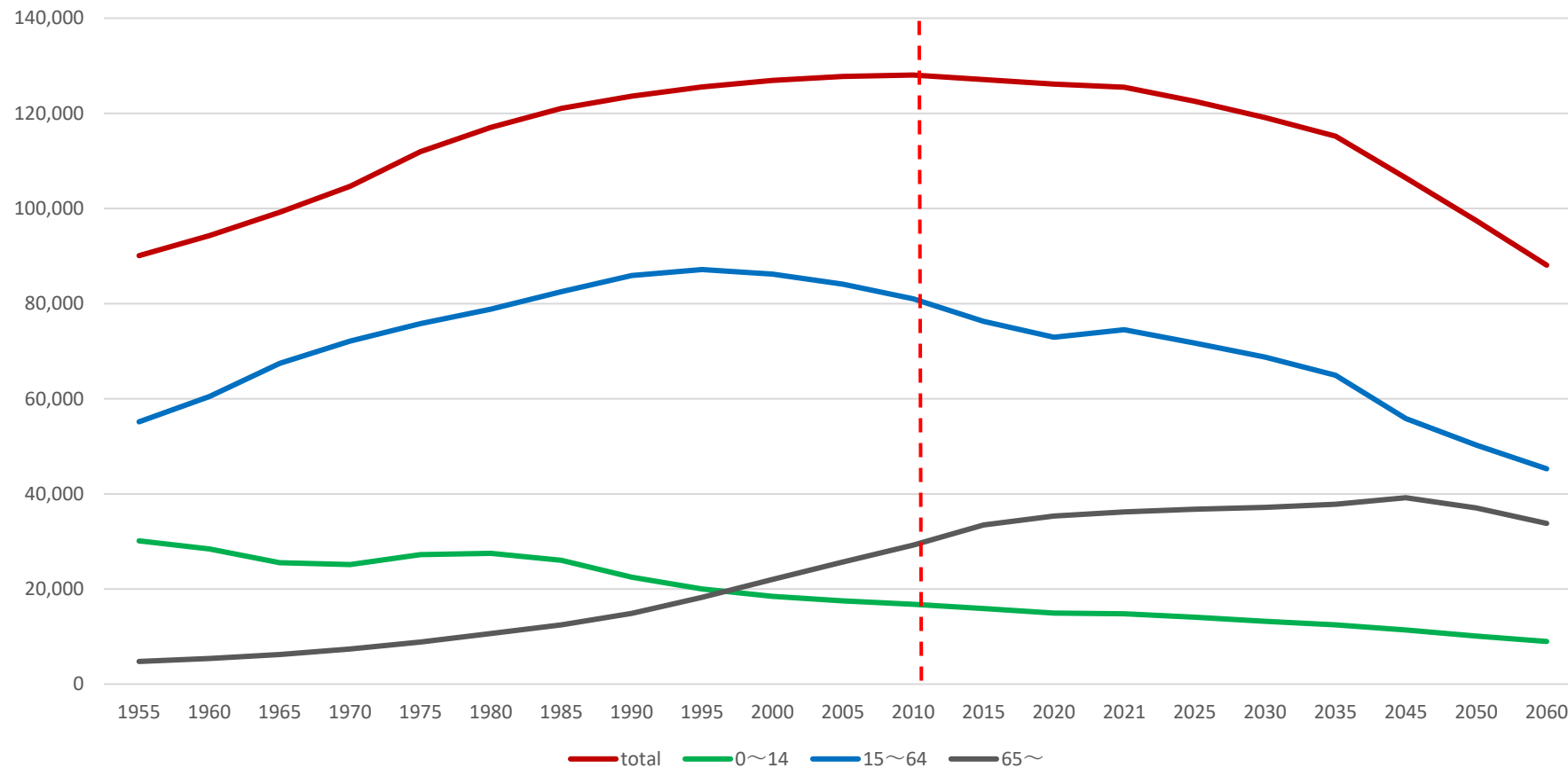
Pictures:Ministry of Land, Infrastructure, Transport and Tourism

2. Japan Population Change



Japan Population Turned to Decrease

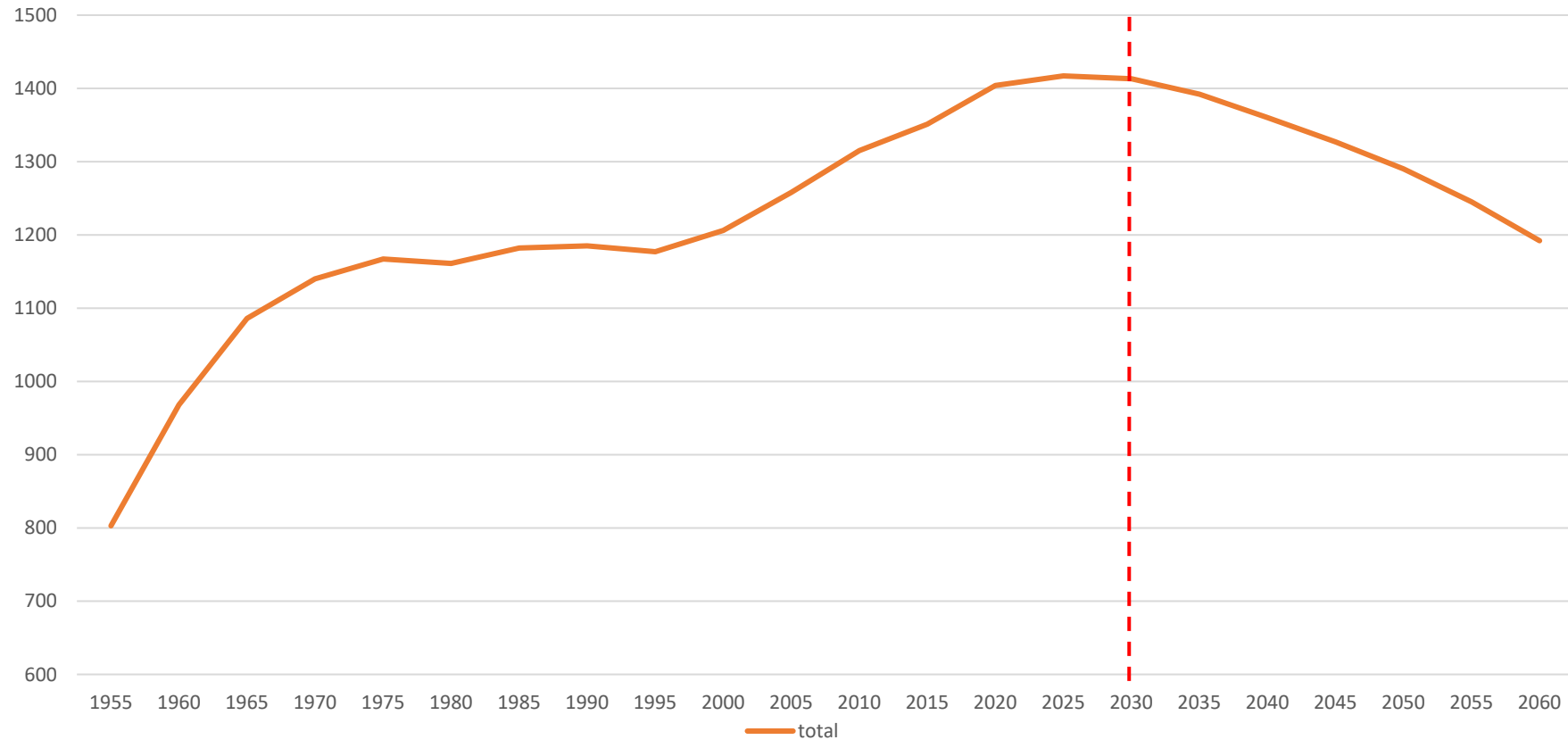
- Our country's population turned to decrease in 2010
- Only elderly population is still increasing



Source: Ministry of Land, Infrastructure, Transport and Tourism

Tokyo Population Also will Decrease Soon

Tokyo population is still increasing,
but estimated to decrease in 2030



Source: Ministry of Land, Infrastructure, Transport and Tourism

3. Real Estate Policies in Japan



Tax Incentive on New Housing in Japan

- Too much emphasis on new housing had made renovated housing market too small

Tax benefit	New houses	Existing houses
Property tax	1.3% of assessed value (50% deduction for 3 or 5 years)	1.3% of assessed value (renovation over JPY 0.5million 1/3 deduction for 1 year)
Registration tax	0.15% of assessed value	0.3% 0.1% for renovated housing*
Income tax deduction	0.7% of loan amount (maximum JPY 30 to 50 million) for 13 years	0.7% of loan amount (maximum JPY 20 or 30 million) for 10 years*
Real estate Acquisition tax	3% of assessed value (JPY 12 or 13 million deduction)	3% of assessed value (JPY 1 to 12 Million deduction*)

*Only applicable for houses built with 1981 building standards (new earthquake resistant standards) or equivalent

Even Vacant Housing Has Tax Incentive in Japan

- Even old and vacant houses have left as is.
- Because land tax for Vacant housing site is 6times as expensive as that of housing sites



Stronger Policies Are Needed to Promote Existing House Transactions

- Japanese like clean and new houses and newer technology
- Government policy must place stronger emphasis on existing houses

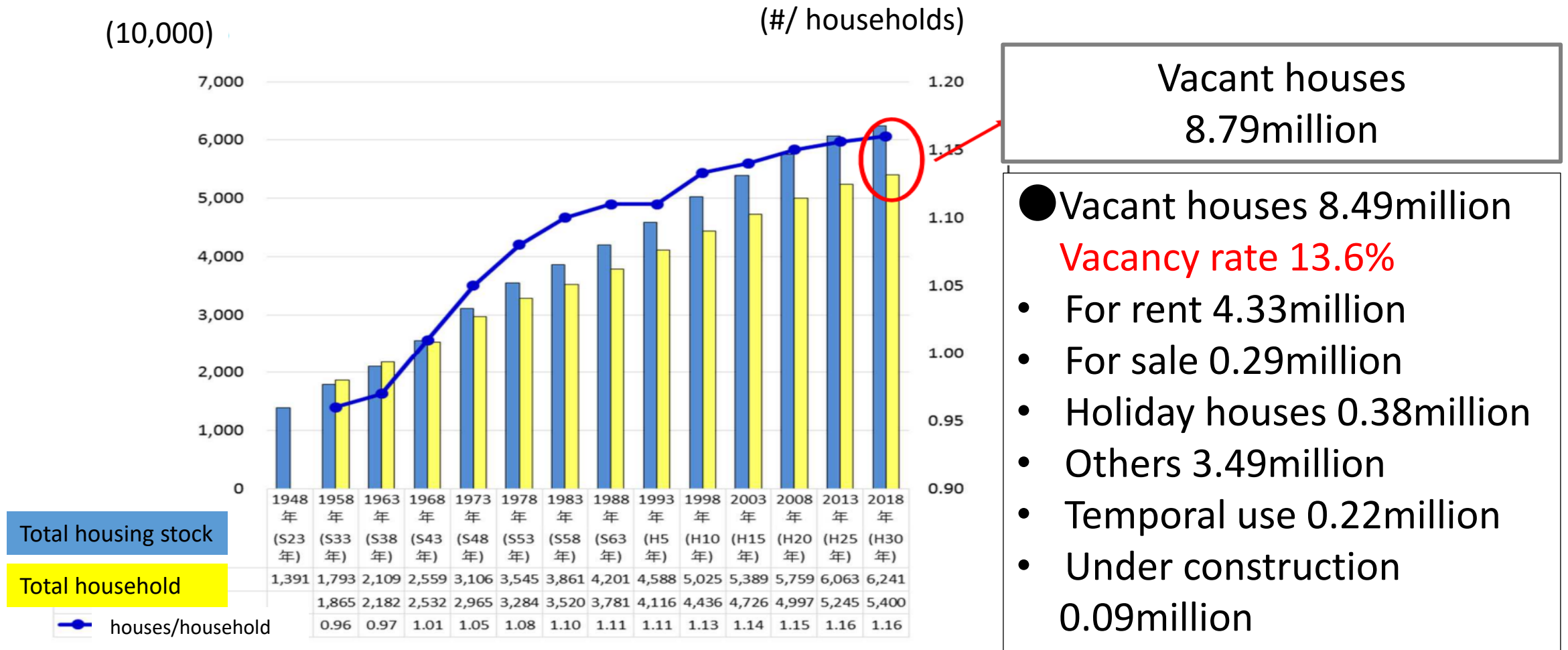


4. Real Estate Market in Japan



Too Many Housing Starts Caused Vacant Houses

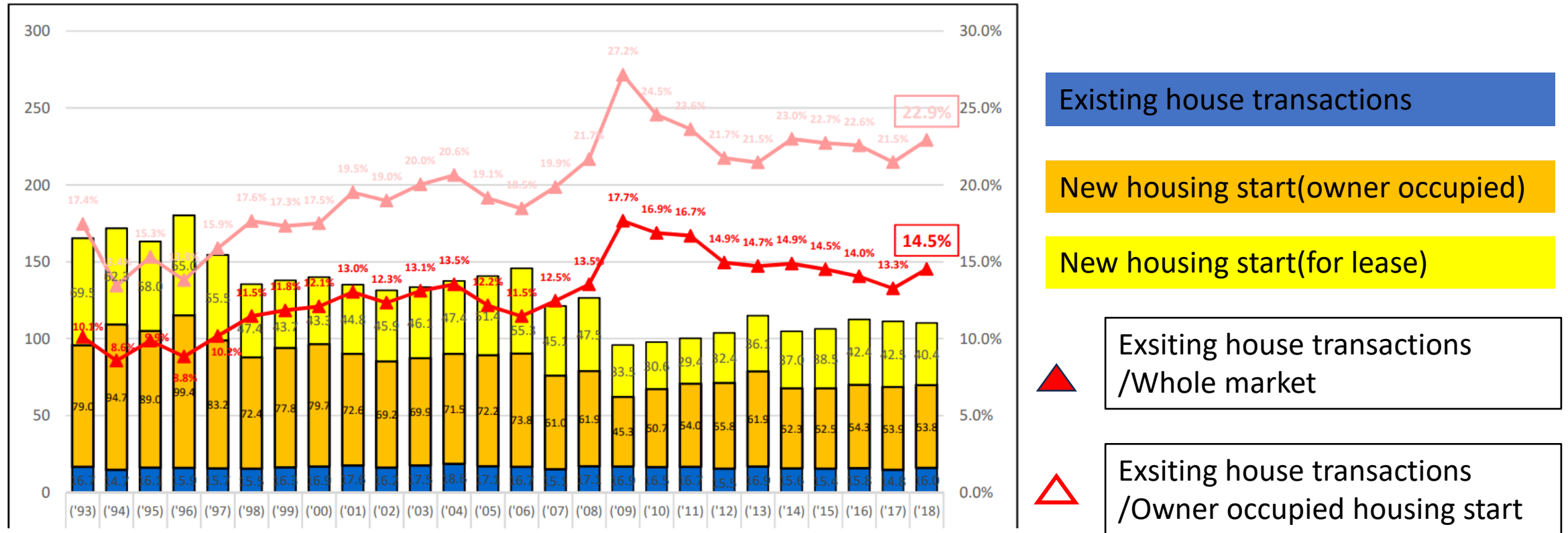
- Too many housing stock caused vacant house to increase



Source: Ministry of Land, Infrastructure, Transport and Tourism

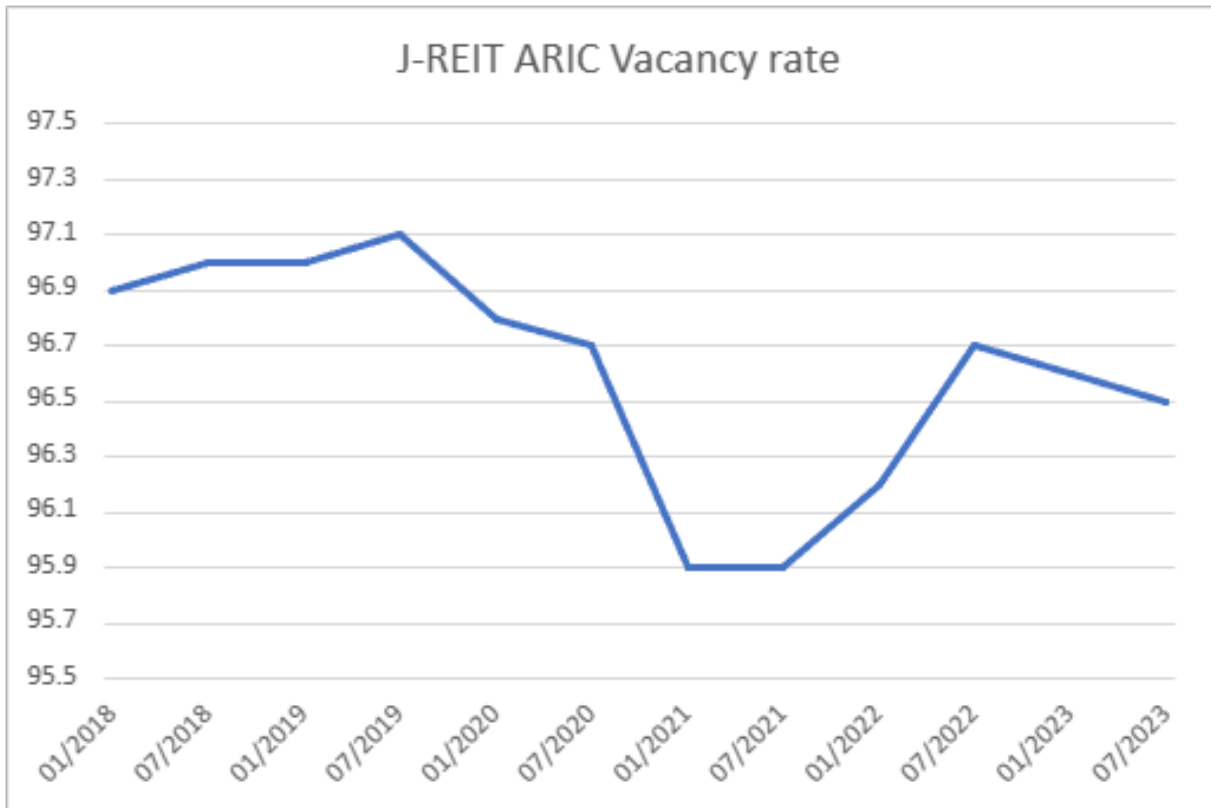
Existing housing Transactions Are Too Low

- The number of Existing housing transactions keep around only 15%



Urban Apartments Have Only 3–4% Vacancy

- Japan keeps low vacancy rate in urban apartments by 3–4%



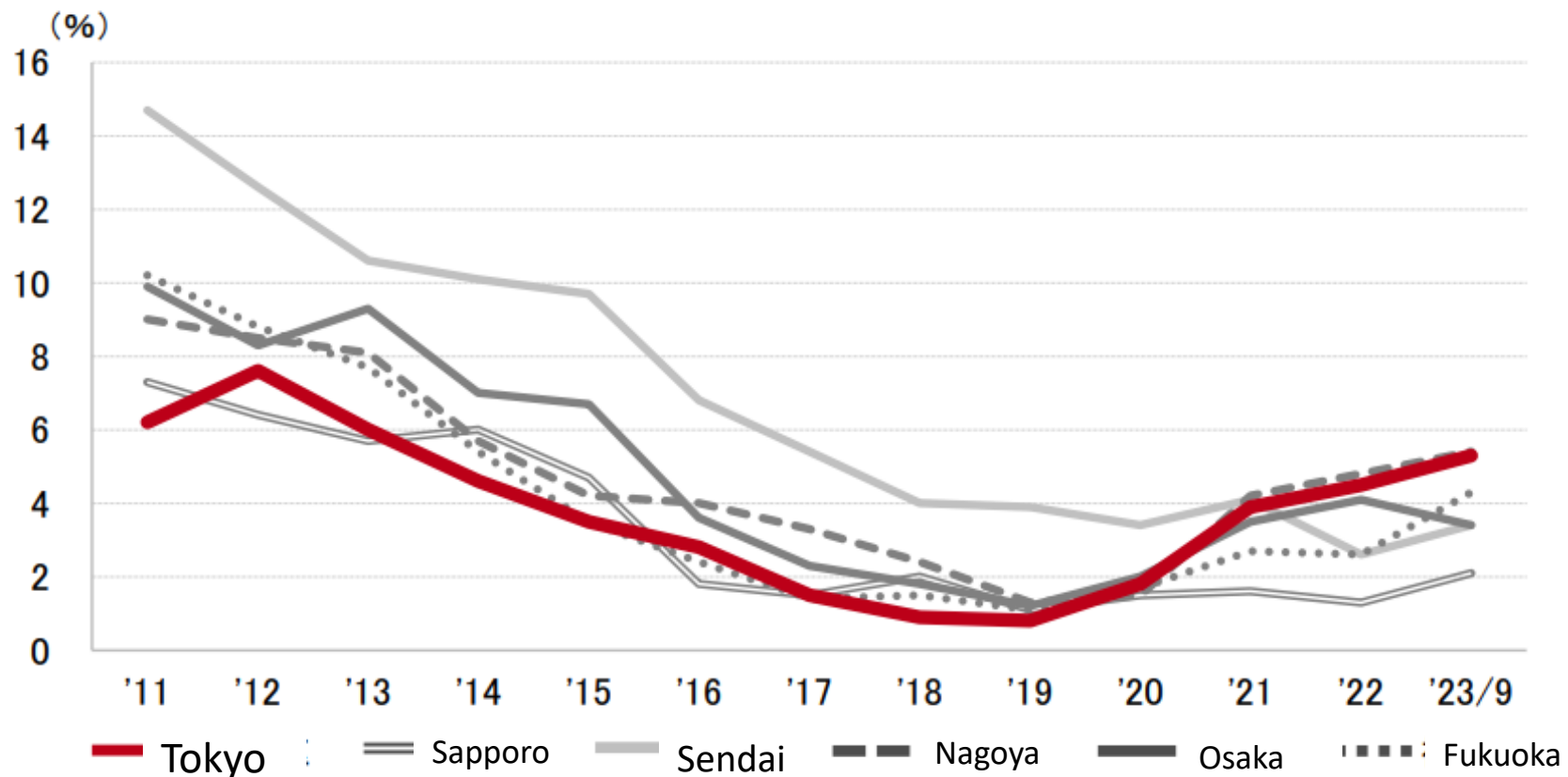
The portfolio of the largest residential J-REIT, Advance Residence Investment Corporation

Investment area	Aquisition price (million yen)	# of properties	# of rentable units	Investment rate
23wards of Tokyo	339,735	182	12,747	70.5%
Metropolitan area	41,672	25	2,199	8.6%
Major Cities	100,583	76	7,466	20.9%
	481,991	283	22,392	100%

Office Vacancy Keeps Only 2–5%

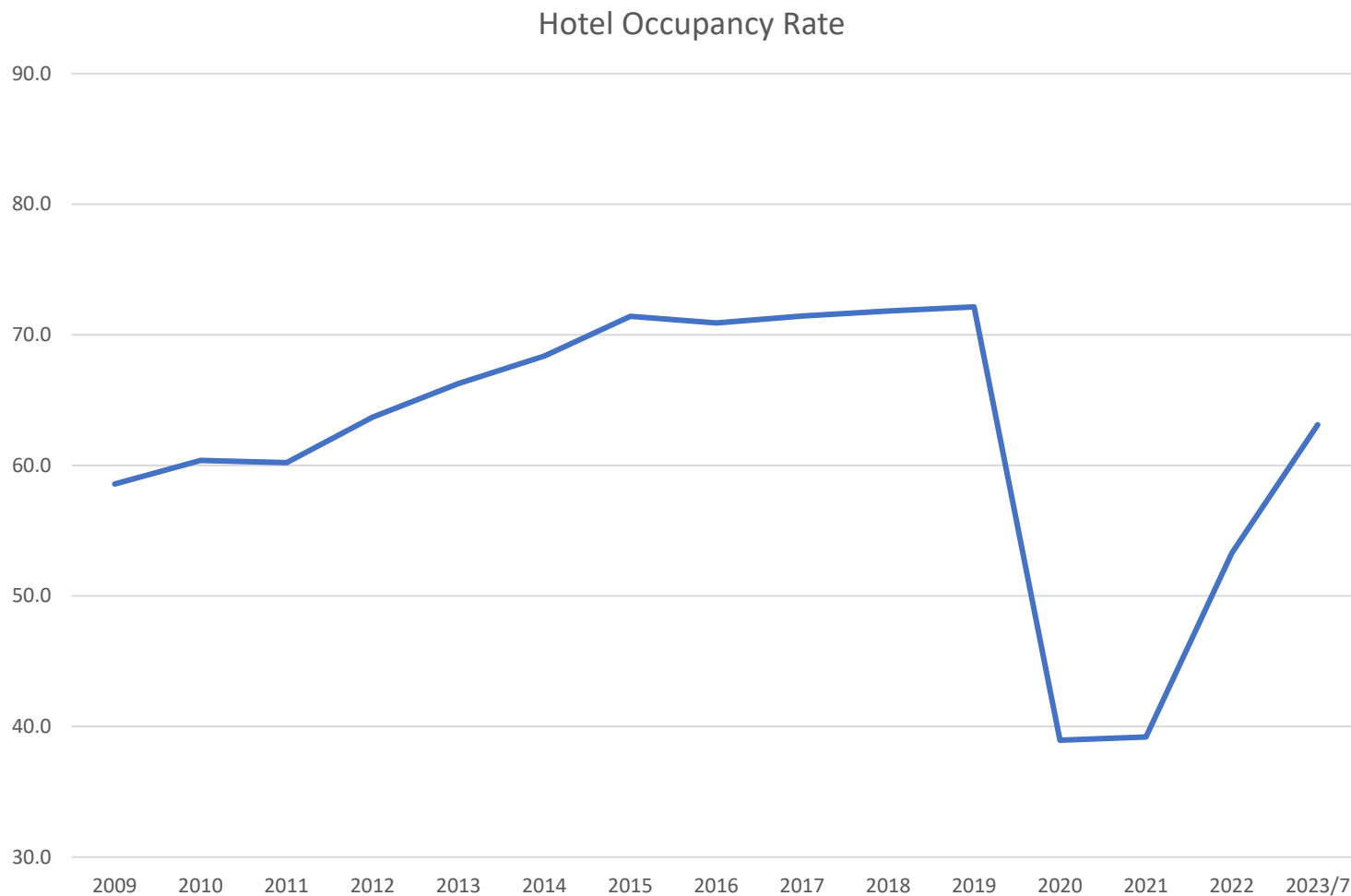
- Japan keeps low vacancy rate in offices by 2–5%

Tokyo	Sapporo	Sendai	Nagoya	Osakao	Fukuoka
5.3 %	2.1 %	3.4 %	5.4 %	3.4 %	4.3 %



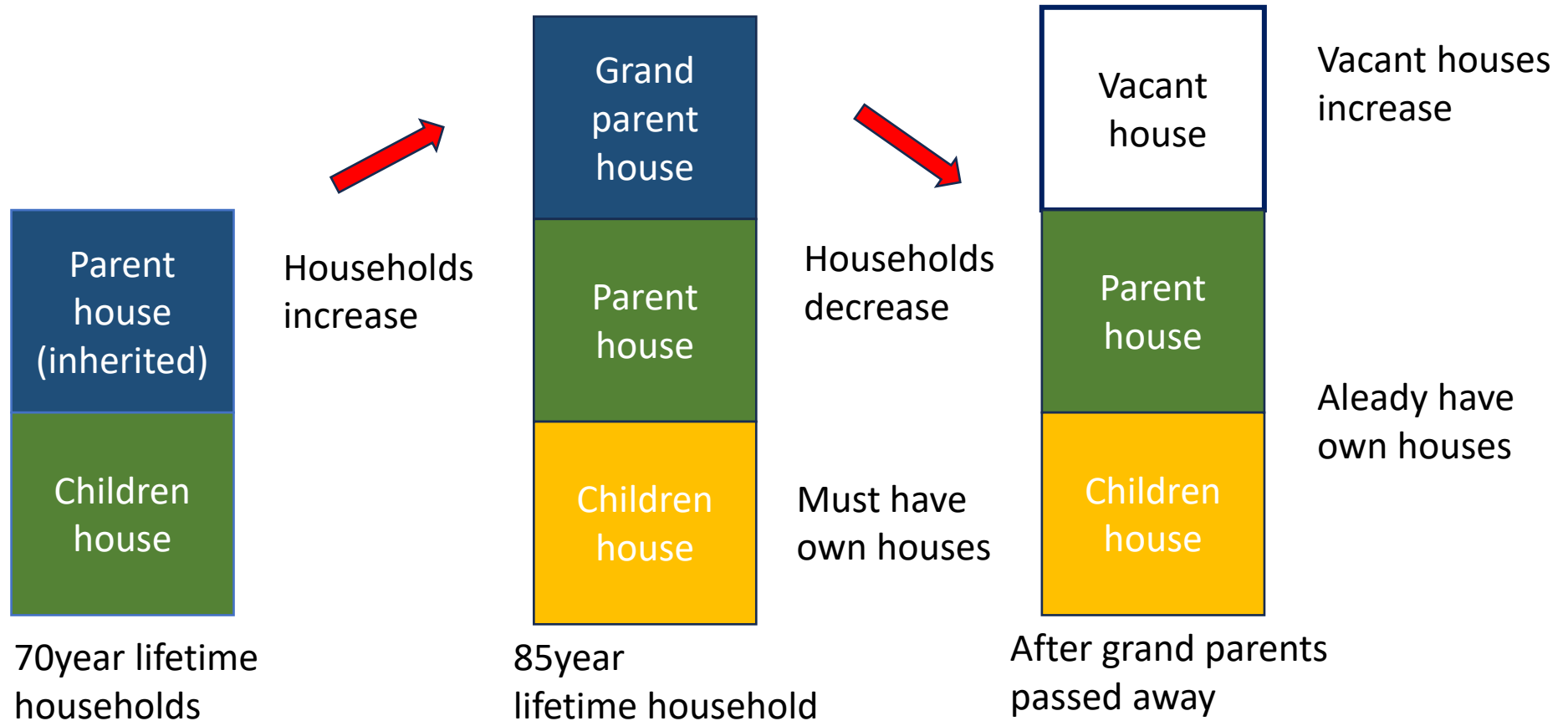
Hotel Market Is Recovering to Before-Covid19

- Hotel occupancy rate is recovering to before covid-19 level



How vacant houses increased

- Investment market is steady but owner occupied properties are in suffer
- Longer life had expanded households, but when the households turn to decrease, the expanded households make vacant houses

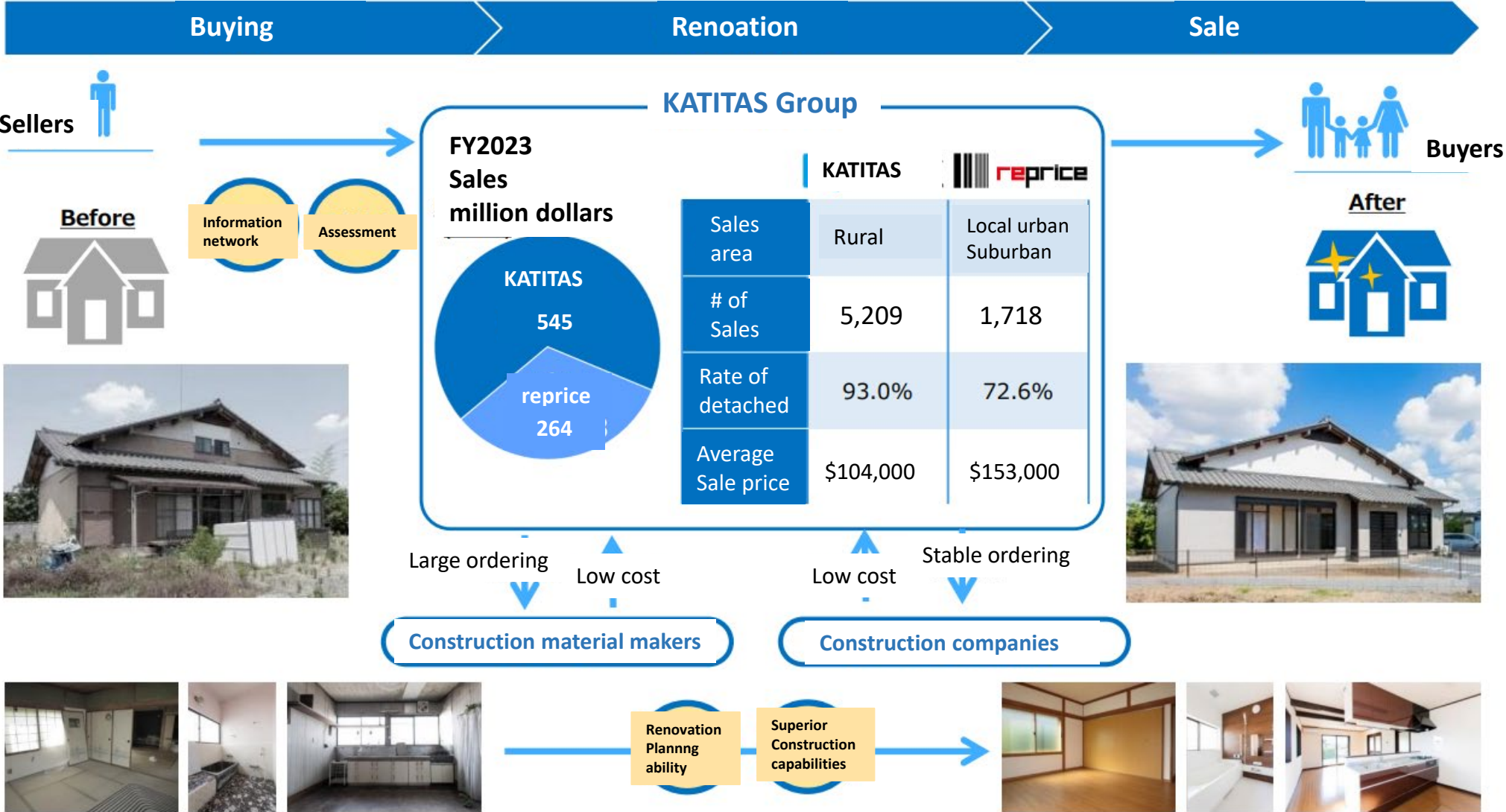


5. Solution companies for Vacant Housing



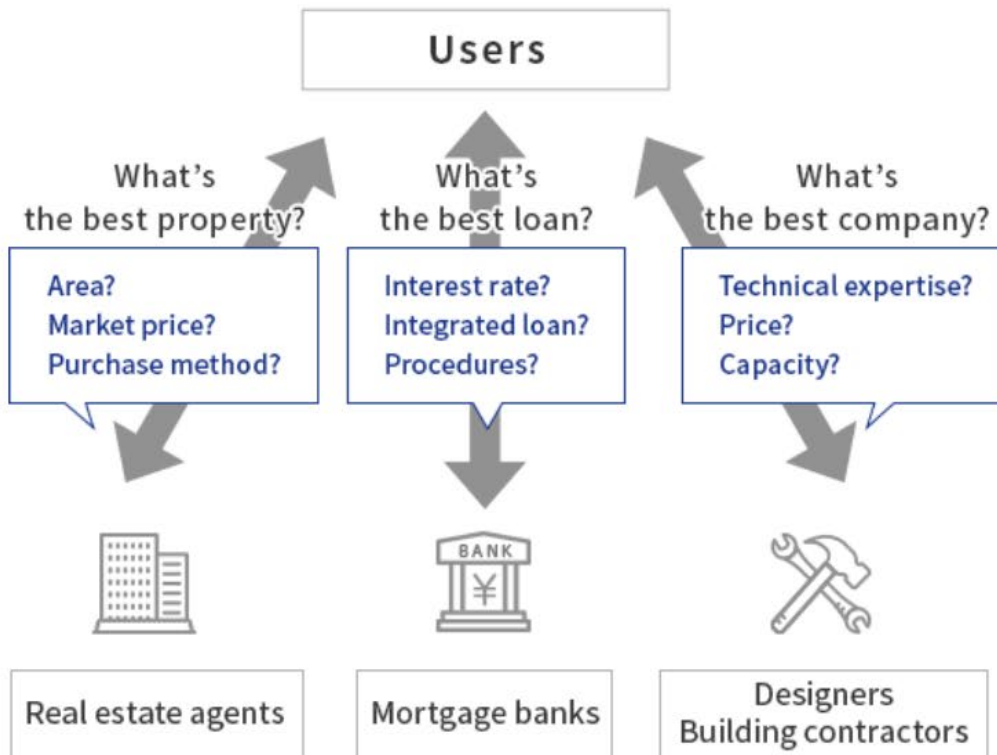
Renovated House Provider KATITAS

- KATITAS Co.,Ltd. is a company which provides renovated houses in budget price.

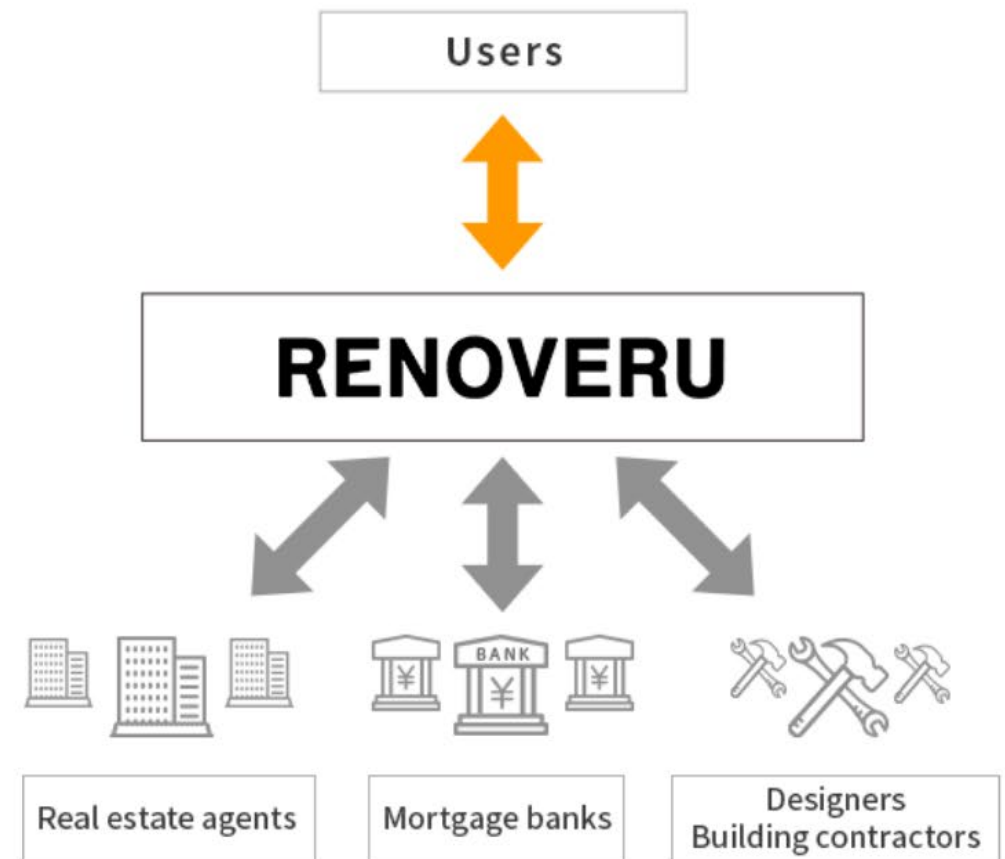


RENOVERU Is Renovation Platforms to Customers

- Renoveru ,Inc. is a company providing platform to endusers who look for renovated houses.



The Best Matching a Project Manager Can Offer



ADDress is a subscription service company of housing

- Members can live in any house registered in ADDress from USD 32 for 2 nights per month. .
- Home owners keep the registered home ready by themselves.

Average income : USD280/month

Average initial investment: USD500

Applied properties: 1,174

Registered properties: 218

Member annual increase: 172.5%



Monooq Mediates between Owners and Storage Customers

- Monooq provides a platform mediating between home owners and customers needing storage..
- Japanese small houses needs storage space but storage fee is not so cheap.



6. Valuation of Old Houses



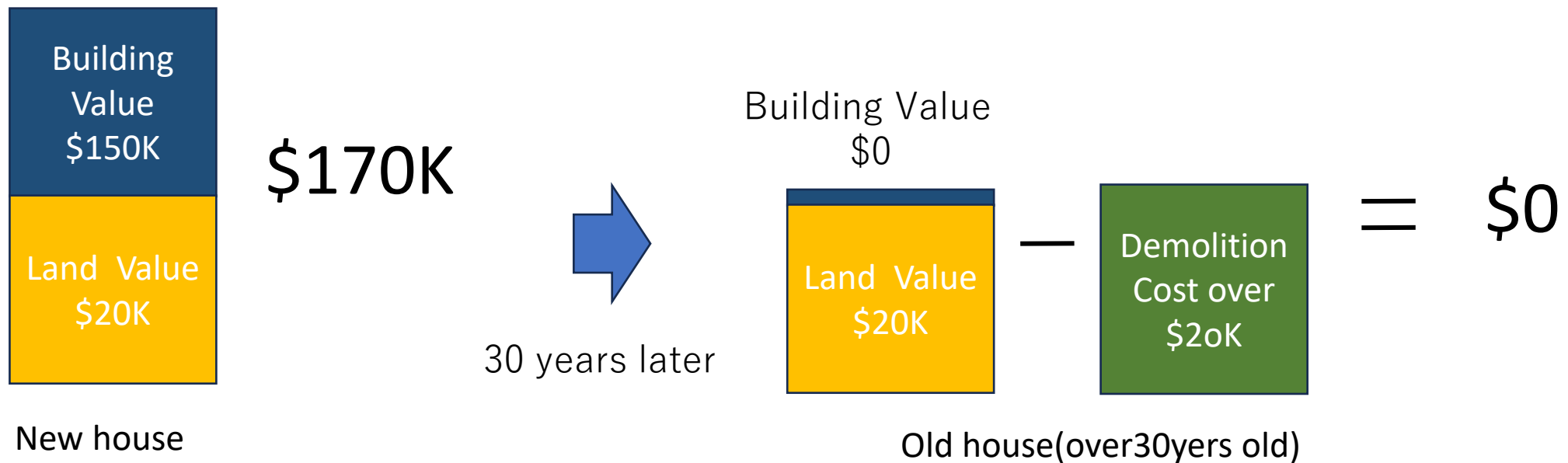
Detached Houses Have Only 30year Lifetime

- In Japan, detached houses are valued by cost approach.
- Although Horyuji Temple is 1300 years old, detached house lifetime is only 30years in valuation.
- This is because people prefer new houses to renovated houses.
- In US, over 50 years old houses with renovation are sold and valued by sales comparison approach using effective age like 10years.



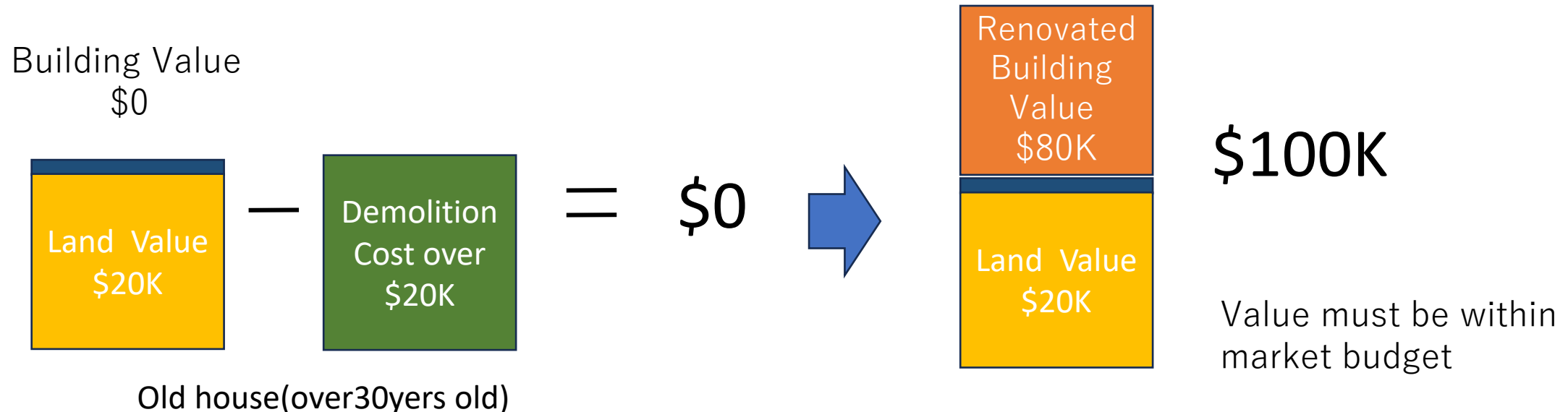
Old Properties Sometimes Have No Value

- In rural areas, land value is much smaller than building value.
- If demolition cost surpasses land value, the property value is zero.



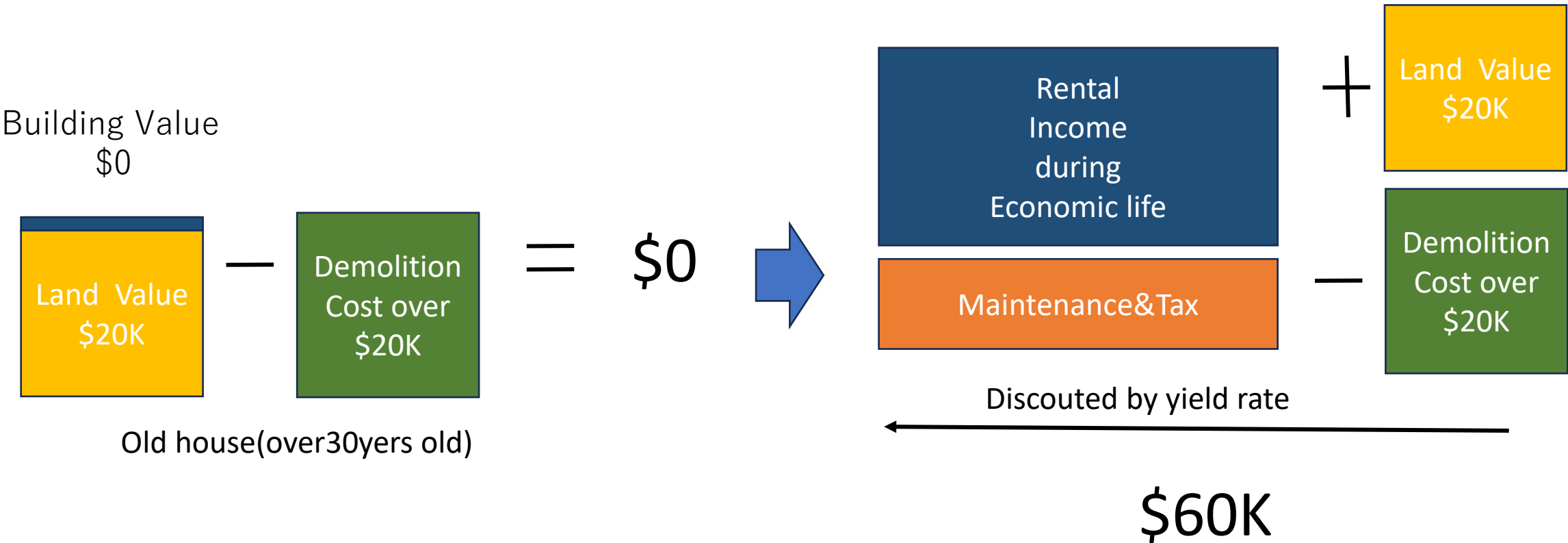
Renovation Make Property Value Increase

- If old building value is recognized, the property comes to have value.
- The renovation is effective only when it is done considering the market.



Renovation Change a House into Income Producing Property

- If an old house with no value converted into storage, the house get value.
- But the income producing term must be within its economic life.



Thank you

