



# Japanese Real Estate Investment

The Impact of Exiting Deflation  
on the Japanese Real Estate Market

MCP Asset Management (Japan), Inc.

# End of deflation

Japan is out of deflation and land prices are rising. According to the prefectural land price survey released by the Ministry of Land, Infrastructure, Transport and Tourism in September 2024, both residential and commercial land prices have risen significantly.

## Percentage increase in commercial land prices

Ranking by Prefecture			Ranking by City		
1	Tokyo	8.4%	1	Fukuoka City	13.2%
2	Osaka	7.3%	2	Osaka City	10.6%
3	Fukuoka	6.7%	3	23 Wards of Tokyo	9.7%
4	Kanagawa	6.2%	4	Kyoto City	8.9%
5	Okinawa	6.1%	5	Yokohama City	7.4%

# Locations with particular land price fluctuations

In areas where major semiconductor manufacturers' factories are located, there is strong demand for housing for employees, including those of affiliated companies, as well as for factory sites and stores for affiliated companies, resulting in high increases in both residential, commercial, and industrial land. On the other hand, land prices have fallen sharply in areas severely damaged by disasters, including areas hit by the 2024 Noto Peninsula earthquake.

**Top-ranking table of fluctuation rates**

Order of increasing range			Order of descending range		
1	Muro, Otsu Town, Kumamoto	33.3%	1	Shinbashi, Wajima City, Ishikawa	▲17.1%
2	Otsu, Otsu Town, Kumamoto	33.3%	2	Monzen, Wajima City, Ishikawa	▲16.3%
3	Kikuyo Town, Kumamoto	32.5%	3	Matsunami, Noto Town, Ishikawa	▲14.7%
4	Hakuba Village, Nagano	30.2%	4	Iida, Suzu City, Ishikawa	▲14.2%
5	Hikimizu, Otsu Town, Kumamoto	28.0%	5	Udetsu, Noto Town, Ishikawa	▲12.5%

# Points to keep in mind when investing in Japan

## 1) Yield and Size Gap:

Investors who want to invest large sums of money in Japanese real estate are offered large properties in prime areas of Tokyo (such as Ginza and Omotesando). However, cap rates for these properties are generally in the 2% range.

When trying to find high-yielding properties, properties outside of Tokyo are suggested. In this case, the yield will be in line with the investor's intention, but the investment amount will be smaller.

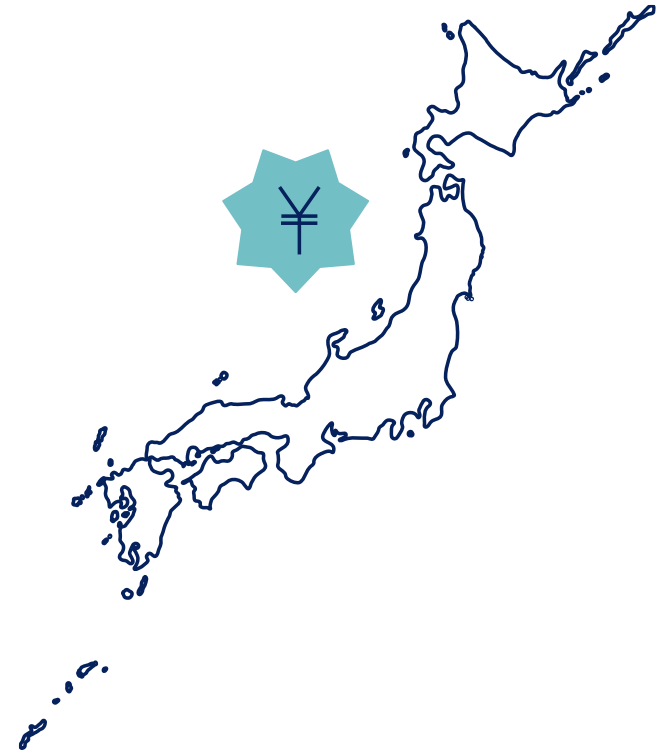
## 2) Choice of investment approach:

Japanese real estate holders are frequently hesitant to sell to non-residents. For this reason, when investing in real estate in Japan, it is better to establish a PE firm in Japan or invest through a fund established in Japan.

MCP Group has many years of experience in structuring financial instruments. We can propose the most suitable investment scheme (including fund structure) for non-resident investors.

## 3) Natural Disaster :

It is necessary to consider the risk of earthquakes, tsunamis, torrential rains, and typhoons, and take countermeasures against them.



# Projects currently being worked on



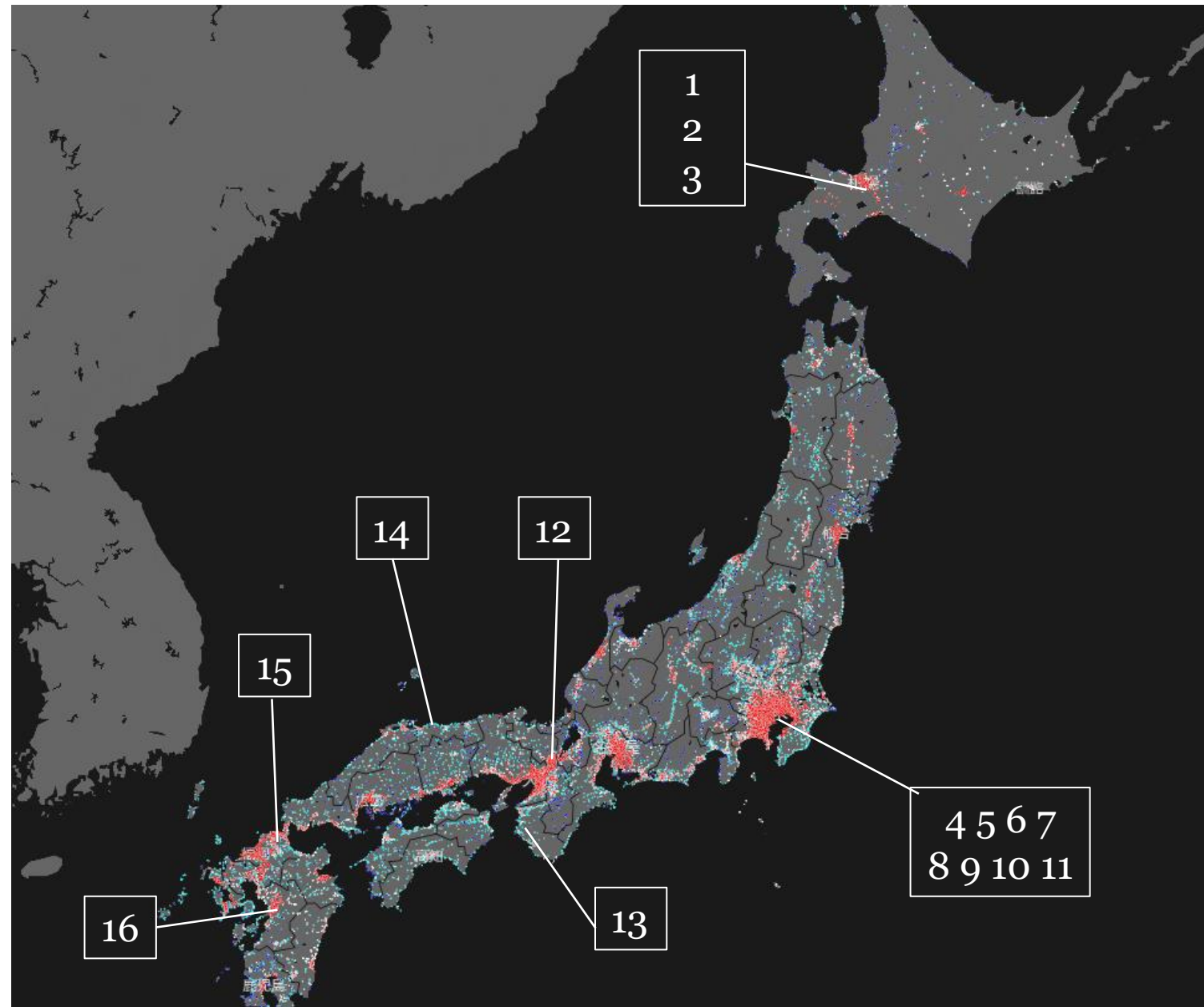
	Location	Type	Size	Remark	Confidentiality
1	Sapporo, Hokkaido	Hotel	US\$ 8M	In operation	Disclosed to several vendors
2	Sapporo, Hokkaido	Hotel	US\$ 52M	In operation	Disclosed only to 2,3 companies
3	Niseko, Hokkaido	Commercial Land	TBA	Development Project	Disclosed only to 2,3 companies
4	Ginza, Tokyo	Hotel Development	US\$ 440-475M	Development Project	Disclosed only to us
5	Ginza, Tokyo	Hotel	US\$ 155M	In operation	Disclosed only to 2,3 companies
6	Minami-Aoyama, Tokyo	Urban redevelopment Sites	US\$ 485M	Development Project	Disclosed only to us
7	Minami-Aoyama, Tokyo	Office Building	US\$ 615M	In operation	Disclosed to several vendors
8	Minami-Aoyama, Tokyo	Office Building	US\$ 90M	Operations to begin soon	Disclosed only to 2,3 companies
9	Meguro, Tokyo	Commercial Complex	US\$ 1.3B	In operation	Disclosed to several vendors
10	Meguro, Tokyo	Hotel Site	US\$ 125M	Development Project	Disclosed to several vendors
11	Minato, Tokyo	Hotel	US\$ 545M	In operation	Disclosed only to 2,3 companies
12	Kyoto, Kyoto	Commercial Building	US\$ 15M	Opening Operations to begin soon	Widely known in the market
13	Wakayama	Hotel with Marina	US\$ 85M	In operation	Disclosed only to 2,3 companies
14	Tottori	Hotel Development	US\$ 170M	Development Project	Disclosed only to 2,3 companies
15	Kita-Kyushu, Fukuoka	Port Warehouse	US\$ 55M	In operation	Disclosed only to 2,3 companies
16	Kumamoto	Factory Site	US\$ 135M	Development Project	Disclosed only to us

**The map on the right shows commercial land prices in 2024:**

Red dots indicate a higher rate of increase. There are points of significant land price appreciation not only in metropolitan areas but also in rural areas.

**The numbers in the figure on the right correspond to the table on the previous page:**

If you are interested in any of the deals listed on the previous page, please let our sales representative know.



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