


Approval Rating of the “Land Myth”

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Prime Minister Junichiro Koizumi’s approval rating is growing to a record high, reaching 85% according to a public opinion poll conducted by Nihon Kezai Shimbun.

The approval rating of the Cabinet has been dropping since the Hashimoto presidential, and went near-bottom level during the tenure of former Prime Minister Mori (which was quite shameful). I hope the Koizumi presidential can be our turning point.

The approval rating of “land”, which has been decreasing for the past few years, is also experiencing a turning point. It seems like Japan has finally recognized that the “land myth” ^{note)} was only a myth after all.

The draft of “FY2001 Land White Paper” of the Ministry of Land, Infrastructure and Transport shows very interesting findings. (Source: “National Attitude Survey Concerning Land” and “Corporate Trend Survey Concerning Ownership and Use of Land”)

National Attitude Survey

Concerning the question “Is land more valuable asset compared to stocks and savings?”, more people answered no for the first time since the survey started.

Corporate Trend Survey

Concerning the question “Is it more profitable to lease a land or own a land?”, more corporations chose leasing for the first time since the survey started.

In Japan, there is a saying that “a decade past is an era past”, meaning it requires a decade for something to be considered as a thing of the past and to change people’s way of thinking.

“It is not post-war any more” was the phrase stated in the “Economic White Paper” of 1955, a decade from the WWII.

It has been 11 years since the burst of bubble economy, and it seems like Japan has finally been freed from the “land myth”. Land ownership structure is also changing with owners favouring an ownership of land over a leasehold.

The Land White Paper indicates that current structural changes are based on the “negative attitude towards the ownership of land”. I believe that this “negative attitude” is not merely a trend but becoming a consensus. When we look at the Japanese real estate market, the amount of properties in the market since this April is about same as the year before with more varieties.

I believe that another “Hot summer” is waiting for the sophisticated and intelligent investors.

Note:

Japan held a “land myth” that “since land is scarce, its price will rise more than stocks and savings as long as economy keeps on growing” for a long time until the burst of bubble economy. Land, a “raw asset”, was valued more than the stocks, a “fruit” of corporate effort. Land price continued to rise (compared to a book value) creating latent gain, which led the financial institute to believe that land is safe collateral.