

# Large-Scale Urban Redevelopment Projects— Prospects and Limitations for Reviving the Economy

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## 1. Assessing the Rush of Large-Scale Development Projects

Starting with the Marunouchi Building last September, a colony of new skyscrapers has sprouted up in central Tokyo, including the Izumi Garden Tower, Dentsu Building, Shiodome City Center, Shinagawa Grand Commons, and Roppongi Hills. Led by the Marunouchi Building and Roppongi Hills—now becoming Tokyo's newest tourist attractions—these architectural works feature a composite development plan consisting of state-of-the-art office buildings, fashionable restaurants and shops, and cultural facilities. The new buildings have attracted intense media coverage to an otherwise subdued real estate business.

But while playing up glamorous opening events and introducing new stores, restaurants and facilities, the media has also highlighted the so-called 2003 problem—the deleterious effect that the massive new supply of large office buildings is expected to have on the office lease market. After years of a sluggish economy and shrinking office demand, the rush of new buildings opening this year will only intensify competition in the office lease market. Moreover, as urban revitalization policies pursue deregulation, large-scale developments will continue to flood the market with new office buildings in 2004 and beyond, painting a bleak picture for building management.

For tenants, on the other hand, the development rush represents not a problem but an extraordinary opportunity. It allows them to increase business efficiency and boost employee morale by integrating offices scattered around Tokyo into a central office in a state-of-the-art building and prime location. Moreover, since the vacated buildings must compete vigorously for new tenants by refurbishing or reducing rents, other tenants can relocate under more favorable terms as well.

For tourists and local residents, the new buildings make Tokyo's office districts more attractive by turning the business district into glamorous sites offering more sophisticated consumption and leisure activities. Indeed, considering the present conditions of Tokyo's real estate stock—the large risk of disaster and earthquake risk, inefficient land use and environmental problems, and lack of consideration for physically challenged persons and the landscape—there is an immense social significance in using large-scale developments to

upgrade urban functions.

However, we must be careful not to pin too much hope on large-scale development projects in bringing about Japan's economic revival.

## **2. Expectations and Limitations of Large Developments**

There has been much talk about how urban revitalization of Tokyo can lead to the nation's economic recovery. However, this argument has its flaws.

Admittedly, urban development projects in Tokyo are creating enormous construction demand (Figure 1). However, considering that Japan's recession has been prolonged by economic and social systems premised on inflation, the real key to economic recovery lies in stimulating corporate vitality and growth through deregulatory measures and tax reforms for a deflationary era.

## **3. Need for Comprehensive Urban Management Technology**

While urban development can build the infrastructure for corporate and consumer activity, it cannot create growth by itself. Even if the new hi-tech buildings and leisure facilities are suited to making Tokyo an international city, whether Tokyo can actually resume its position as an international economic and financial center will be depend on the size and growth potential of Japan's financial and consumer markets, Japan's position as an economic center in Asia, and Japan's attractiveness to domestic and foreign companies.

Nonetheless, the new technologies adopted in the latest buildings are worthy of note. In particular, most of the technologies to enhance the longevity and energy conservation of skyscrapers, control environmental load, and provide comfort and efficiency are advanced and universal enough for export to other countries. In addition, the town management technology used to enhance the attractiveness of the Otemachi-Marunouchi-Yurakucho area and Roppongi Hills area has proven to be indispensable as software for redevelopment, and is expected to grow more advanced and sophisticated.

Thus instead of simply considering individual buildings and projects, we see an ideal opportunity for government, business and academia to collaborate in aggressively developing a comprehensive urban management technology, one aimed at enhancing Tokyo's attractiveness as an international city and controlling the so-called "heat island phenomenon" affecting the thermal environment of urban areas.

**Figure 1 Designated Priority Redevelopment Areas and Major Projects in Tokyo**

Area		Development objectives	Major projects
① Area around Tokyo & Yurakucho Stns.	[Otemachi, Marunouchi, Yurakucho]	<ul style="list-style-type: none"> <li>• An international hub for business and interaction</li> <li>• An excursionary urban space with multiple purposes such as commerce, culture and interaction</li> </ul>	<ul style="list-style-type: none"> <li>• Marunouchi 1-chome Yaesu project</li> <li>• Marunouchi 1-chome block 1</li> <li>• Meiji Life bldg. block redevelopment</li> <li>• Yurakucho stn. district redevelopment</li> <li>• Yaesu Twin Tower, etc.</li> </ul>
	[Nihombashi, Yaesu, Ginza]	<ul style="list-style-type: none"> <li>• An integrated area with historical and cultural roots that harmonizes business and commerce</li> <li>• Intl. hub for commerce &amp; tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Nihombashi 1-chome project</li> <li>• Mitsui main bldg. block redevelopment</li> <li>• Nihombashi Hamacho 3-chome Nishi develop.</li> <li>• Ginza Daiichi Hotel vacant lot development, etc.</li> </ul>
② Kanjo no. 2 loop road in Shimbashi, Akasaka, and Roppongi areas		<ul style="list-style-type: none"> <li>• A bustling international and interactive zone</li> </ul>	<ul style="list-style-type: none"> <li>• Shiodome vacant lot redevelopment</li> <li>• Roppongi Hills</li> <li>• Roppongi Defense Agency vacant lot redevelopment.</li> <li>• TBS Akasaka phase II redevelopment, etc.</li> </ul>
③ Akihabara, Kanda area		<ul style="list-style-type: none"> <li>• A global center for IT industries</li> <li>• A bustling yet safe and comfortable composite urban district</li> </ul>	<ul style="list-style-type: none"> <li>• Akihabara IT Center</li> <li>• Chiyoda First bldg. II</li> <li>• Fuji Soft ABC bldg., etc.</li> </ul>
④ Tokyo coastal area	[Harumi, Toyosu, Ariake Kita, Ariake Minami, Daiba, Aomi, Shinonome]	<ul style="list-style-type: none"> <li>• A composite urban district with work, residential, school, and recreational functions</li> </ul>	<ul style="list-style-type: none"> <li>• Toyosu 2, 3-chome redevelopment</li> <li>• Ariake Minami LM zone</li> <li>• Harumi 3-chome Nishi area redevelopment</li> </ul>
	[Tsukuda, Tsukushima, Kachidoki, Toyomi, Minato, Irifune, Shintomi, Akashicho, Tsukiji]	<ul style="list-style-type: none"> <li>• A composite urban district that enhances residential functions and introduces business, commercial, cultural &amp; interactive functions</li> </ul>	
⑤ Area around Shinjuku Station		<ul style="list-style-type: none"> <li>• An international business hub, and diverse and attractive center for tourism and interaction</li> </ul>	<ul style="list-style-type: none"> <li>• Nishi Shinjuku 8-chome Naruko district</li> <li>• Nishi Shinjuku 3-chome Nishi development</li> <li>• Kita Shinjuku district urban redevelopment</li> </ul>
⑥ Kanjo no. 4 loop road in Shinjuku Tomihisa area		<ul style="list-style-type: none"> <li>• A composite urban district with residential functions</li> </ul>	<ul style="list-style-type: none"> <li>• Nishi Tomihisa district redevelopment</li> </ul>
⑦ Area around Osaki Station		<ul style="list-style-type: none"> <li>• A new center of industry and business for Tokyo's manufacturing industries</li> </ul>	<ul style="list-style-type: none"> <li>• Osaki Stn. east side district no. 3 redevelopment.</li> <li>• Higashi Gotanda 2-chome district no. 2</li> </ul>

Source: Compiled from public documents.