



JAPAN – July 2020

CONTENTS

JAPANESE LAND PRICES ROSE FOR 5TH STRAIGHT YEAR IN 2019.....1

Japanese land prices rose for 5th straight year in 2019

Japanese land prices climbed in 2019 for the fifth year in a row, a National Tax Agency survey showed on Wednesday, but the agency warned that streak was not certain to continue as the economy takes the strain of the coronavirus pandemic.

Average land prices increased 1.6% last year, accelerating from a 1.3% gain in 2018, driven by the then-booming tourism industry and urban redevelopment as the Olympic Games scheduled for Tokyo in 2020 approached, the tax agency said.

Japan, which struggled with years of land price deflation after its "bubble economy" burst in the early 1990s and after the 2007 financial crisis, has enjoyed steady rises in recent years amid government measures to boost asset values.

The tax agency assesses land prices as of Jan. 1 every year to calculate inheritance and gift taxes on properties.

But it is watching trends and may lower those tax rates for the first time ever, an agency official said, if a sharp drop in land prices occurs this year as the pandemic squeezes the economy with tourism decimated in 2020.

"The outlook for the social and economic environment is uncertain. That is the same for land prices," the official said.

A slump in land prices would add to evidence of damage the virus is inflicting on Japan's economy. The country is bracing for its worst post-World War II recession after lockdown measures kept businesses shut and depressed consumer spending.