

SYNOPSIS OF THE FARMLAND VALUE AND RENT SURVEY

INTRODUCTION

The Japan Real Estate Institute (JREI), a non-profit organization, annually publishes the Survey of Farmland Value and Rent since its inception in March 1959. The Survey constitutes one of JREI's regular market research projects. The purpose of the Survey is twofold; i) to reveal the nationwide trend of farmland-related values and rents; and ii) to compile other farmland data. The Survey is a continuation of the Nippon Kangyo Bank's research and could be traced back to 1913 and 1921 for farmland values and farmland rents, respectively.

DEFINITION

Farmland Value

The price of owner-cultivated farmland per 10a (10 ares = 1,000 sq. meters = 10,760 sq. ft.) in a sale, in which the seller and the buyer would deem the value fair. Farmland excludes orchards, tea plantations, and mulberry fields.

Farmland Rent

The actual rent per 10a in a farmland lease, in which the lessor and the lessee would deem the rent fair. Orchard leases with fruit trees and one-season farmland leases are excluded from the survey.

SURVEY DATE

March 31, 2008

METHOD

A total of 1,507 questionnaires were sent out for the year 2008 survey to experts in the agricultural industry throughout Japan. Most of them are employed at municipal halls or belong to agricultural councils. There were 1,102 replies (response ratio of 73.1 percent). The questionnaire contained the following survey items:

(1) Farmland value and rent per 10a

- by product (rice and others)
- by productivity (superior, medium, and inferior)
- by location (urban, rural, and outside the City Planning Area)

- (2) Value and rent trends (increasing, stable, or decreasing) and reasons
- (3) Typical taxable value of farmland per 10a
- (4) Guideline rent per 10a provided by the agricultural council

TABULATION OF SURVEY RESULTS

- (1) Table 1: Average Land Value of Rice Field by Prefecture (Medium Grade, Yen per 10a)

Table 1 contains the average land value of medium-grade rice field by prefecture since 1945. It also includes nationwide average figures from 1913 to 1944. The statistics are not available for Okinawa Prefecture both during the period from 1945 to 1982 and after 1986. No data available for Tokyo, Kanagawa, and Osaka Prefectures after 1969. Data for Nara Prefecture is not included after 2002.

- (2) Table 2: Average Land Value of Other Field by Prefecture (Medium Grade, Yen per 10a)

Table 2 lays out the average land value of medium-grade other field by prefecture since 1945. It also includes nationwide average figures from 1913 to 1944. The statistics are not available for Okinawa Prefecture during the period from 1945 to 1982 and after 2007. No data available for Tokyo, Kanagawa, and Osaka Prefectures after 1969. Data for Nara Prefecture is not included after 2002. Tokushima and Kagawa are not included after 2007.

- (3) Table 3: Average Rent of Rice Field by Prefecture (Medium Grade, Yen per 10a)

Table 3 summarizes the average rent of medium-grade rice field by prefecture after 1945. It also includes nationwide average figures from 1921 to 1944. The statistics are not available for Okinawa Prefecture both during the period from 1945 to 1982 and after 1993. Data for Tokyo, Kanagawa, Osaka, and Nara are not included after 2002.

- (4) Table 4: Average Rent of Other Field by Prefecture (Medium Grade, Yen per 10a)

Table 4 lists the average rent of medium-grade other field by prefecture after 1945. It also includes nationwide average figures from 1921 to 1944. The statistics are not available for Okinawa Prefecture during the period from 1945 to 1982. Data for Tokyo, Kanagawa, Toyama, Ishikawa, Fukui, Osaka and Nara are not included after 2002. Tokushima, Kagawa and Okinawa are not included after 2007, either.

PREFECTURES EXCLUDED FROM AVERAGE CALCULATION

Tables 1 & 3 : Tokyo, Kanagawa, Osaka, Nara and Okinawa

Tables 2 : Tokyo, Kanagawa, Osaka, Nara, Tokushima, Kagawa and Okinawa

Tables 4: Tokyo, Kanagawa, Toyama, Ishikawa, Fukui, Osaka, Nara, Tokushima, Kagawa and Okinawa

NOTES

(1) Highly Urbanized Municipalities

In addition to municipalities located in the above prefectures, municipalities under excessive influence of urbanization are also excluded from average calculation.

(2) Municipalities with Unexpected Value Change Rate and/or Inconsistent Values

In arriving at the averages of farmland value and rent for each prefecture, the following data are excluded:

- responses with apparent wrong values due to misunderstanding survey questions; and
- new responses which could distort the average value for the prefecture.

Outliers were identified:

- by comparing the growth rate of value for each continuing municipality with those of concerns; and
- by analyzing the number of municipalities by value range.