

JFE Urban Development†

Abstract:

JFE Urban Development is positioned in the JFE Group as the company responsible for urban development. The company develops large tracts of idle land held by the group and promotes effective use of the group's real estate. To accumulate expertise on large-scale development, as well as building up a solid base of earnings, the company also promotes condominium development centering on the Tokyo metropolitan area.

1. Introduction

JFE Urban Development was formed by consolidating the urban development operations of NKK and Kawasaki Steel. The reason for forming a separate company specializing in urban development as part of the consolidation of the operations of the two companies as the JFE Group is to further enhance the business expertise and technical capability accumulated to date by the two companies in the field of urban development. In addition, another purpose is to steadily expand the business in this field mainly using large tracts of land held by the group. Through these activities, there are high expectations that JFE Urban Development will make a large contribution to the prosperity of the JFE Group which has steel and engineering as its core businesses.

2. Outline of Large-scale Urban Development Projects

JFE Urban Development is responsible for developing large tracts of land held by the JFE Group that have become idle.

Specifically, the following three large-scale urban development projects are currently under way:

(1) Yokohama Yamanouchi District Development Project

This is a project to develop a tract of land located in the Yamanouchi-Hashimoto area in Kanagawa Ward, City of Yokohama, (formerly NKK's Asano Dockyard). It aims to redevelop the district by building residential, business and commercial facilities. In October 2002, Urban Renaissance Headquarters of Cabinet Office, Government of Japan designated this district as a Priority Urban Redevelopment



Photo 1 Port of Yokohama and planned site for Yamanouchi District Development Project

Area. It has excellent development potential due to its location, neighboring Minato Mirai 21 District and Portside District and its proximity to the Port of Yokohama (**Photo 1**).

The total land area to be developed is approximately 70 000 m². The 1st phase is establishing the foundation for future development, centering on land readjustment, which is being conducted based on the property right holders' union system. A land readjustment union was formed in April 2003 by various entities that hold property rights in the area surrounding Yamanouchi Pier to re-draw property boundaries and jointly develop the infrastructure. The construction will be completed in about two years. Parallel with the construction of roads and residential infrastructure under the 1st phase is the design of buildings and other facilities to be constructed in the 2nd phase. Based on the concept of large-scale, environment-creating development, residential-business-commercial complexes will be built centering on high-rise residential buildings of more than 1 000 units.

(2) Kawasaki North Watarida District Development Project

Development of North Watarida District of former NKK's Keihin Works as a new industrial research

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Fig.1 Techno Hub Innovation Kawasaki (THINK)



Photo2 CW Park Front (Completed)

and development base is being planned under the name of Techno Hub Innovation Kawasaki (THINK, shown in **Fig. 1**). This district, with a land area of 90 000 m², was also designated as a Priority Urban Redevelopment Area in October 2002 along with Yokohama Yamanouchi District. Current issues to be resolved before starting the development include matters such as re-zoning as it is currently designated as an industry-only zone, as well as separation from the steel works' compound which is nearby.

The current development concept is to utilize the existing facilities by renting them out to outside research organizations, while steadily constructing the required infrastructure. On the mid- to long-term basis, new facilities will be constructed in part of the district once a sufficient number of research organizations have been established.

(3) Kobe Fukiai District Condominium Project

A large (264 000 m²) tract of land where the former Kawasaki Steel's Fukiai Works was located is being developed as a new town. It is composed of business-commercial-residential districts to be developed by the private sector, and rental housing districts to be developed by the public sector. JFE Urban Development is handling the condominium development in the residential district.

The Kobe Coastal Street Harbor Flats condominium complex is being developed jointly with another large developer. It is a large-scale development project near the center of the city. In total, 691 residential units will be built in four phases from the 1st phase which started in March 2000 to the 4th phase to be completed in November 2003.

3. Outline of Condominium Business

JFE Urban Development intends to further expand its condominium business by fusing the development expertise nurtured through the two companies' twenty-year histories in urban development (**Photo 2**).

A new brand name, "Grand Scena" was introduced for the condominiums to be developed by JFE

Urban Development at the start of the new company. Under this name, a series of new condominiums is being developed centering on the Tokyo metropolitan area. The Grand Scena condominiums are characterized by their reliability as a product of the JFE Group that positions steel and engineering as the core businesses, as well as by their high quality realized by JFE Group's advanced technical expertise. The company's basic business strategies are to effectively utilize these strengths to appeal to customers, to focus on target customers (specifically, families), and to concentrate on specific locations (Tokyo's south and west sides, Yokohama, and Kawasaki). Based on these strategies, the company aims to achieve steady and continuous sales of 700 residential units per year.

4. Outline of Business for Effective Use of Properties

4.1 Facility Rental Business

Orto Yokohama is a new residential-business-commercial complex located in front of Shinkoyasu Station on the JR Keihin-Tohoku Line. To develop it, the former NKK organized a redevelopment union with other businesses and individuals who hold property rights in the area, and it was completed as an urban redevelopment project as designated under the Urban Redevelopment Law. The total land area is 42 000 m². JFE Urban Development owns approximately 40% of the business floor area (approximately 20 000 m² in total) and commercial floor area (approximately 6 600 m² in total), and operates rental business on these floor areas (**Photo 3**).

4.2 Proposal-oriented Construction Business "Behalf"

Proposal-oriented construction business is being promoted under the brand name of Behalf. In this business, proposals are made to individuals and other entities that own land to help them to use the properties they own more effectively. Full support is provided to



Photo3 Orto Yokohama

clients in every stage from business planning to tenant searching.

4.3 Real Estate Agency Business

JFE Urban Development is also engaged in real estate agency business, effectively utilizing the business expertise, information and networks built up through supporting the sales of idle land in the Keihin coastal area. In this business, the diverse needs of clients who are dealing with idle land which is generated by asset squeezing by companies in the JFE Group.

4.4 Facility Management Business

Two high-quality apartment houses are being operated for single persons employed by companies located

in the Tokyo metropolitan area. One in Yokohama has 100 rooms while the other in Shinjuku has 94 rooms. The serviced apartment facilities provide tenants with accommodation, food, gyms and other services that match those of high-grade hotels. JFE Urban Residence, a subsidiary company of JFE Urban Development, manages their operation.

5. Summary

Major urban development business lines of JFE Urban Development are threefold. The first is large-scale urban development projects using idle land held by the JFE Group. The second is condominium business that has the dual roles of accumulation of expertise in large-scale development and building up of a solid base of earnings. The third is business for effective use of properties centering on the rental business of residential-business-commercial facilities created by large-scale urban development. These three business lines are closely related to each other through the common axis of urban development. As a company in the JFE Group that specializes in urban development, JFE Urban Development intends to steadily expand its activities by fully utilizing its wide-ranging capabilities.