

The Business Environment in Okinawa

Competitive Advantage of Okinawa's Ideal Location

With major Asian cities within range of 4 hours, located in the heart of East Asia



Source: Okinawa Prefecture Asian Economic Strategy Initiative

2017 Ranking of freight volume by airport

Rank	Airport	Freight volume (t)	
		Annual	Daily average
1	Narita International Airport	2,299,537	6,301
2	Tokyo International Airport	1,284,681	3,520
3	Kansai International Airport	834,485	2,287
4	Naha Airport	420,837	1,153
5	Fukuoka Airport	260,069	713
6	New Chitose Airport	203,968	559
7	Chubu Centrair International Airport	200,513	550
8	Osaka International Airport	132,883	365
9	Kagoshima Airport	29,605	82
10	New Ishigaki Airport	19,773	55

Source: Ministry of Land, Infrastructure, Transport and Tourism, Report on Management Conditions at Airports

Profile of Okinawa Prefecture

Rate of change in population

Rank	Prefecture	Rate of change (%)
1	Tokyo	7.2
2	Okinawa	3.1
3	Saitama	2.8
4	Kanagawa	2.0
5	Aichi	1.6
6	Chiba	1.4
7	Fukuoka	0.1
8	Shiga	-0.1
9	Osaka	-1.2
10	Kyoto	-2.4
National average		-2.1

Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, Population Estimates

Youth population index

Rank	Prefecture	Index (%)
1	Okinawa	27.8
2	Miyazaki	24.4
3	Saga	24.1
4	Kagoshima	24.1
5	Kumamoto	23.9
6	Shiga	23.1
7	Nagasaki	23.0
8	Shimane	22.9
9	Tottori	22.7
10	Fukui	22.4
National average		20.4

Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, Population Estimates

Number of hotel rooms

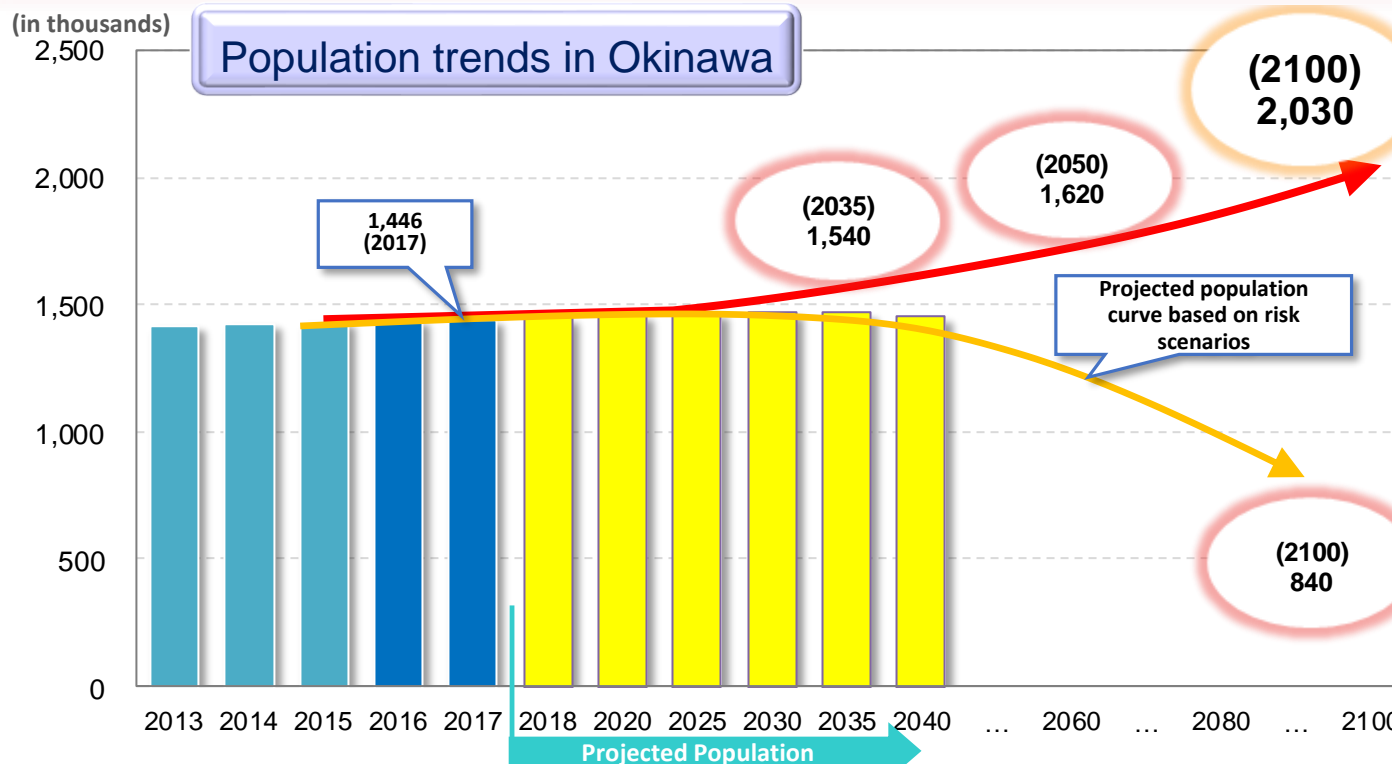
Rank	Prefecture	Number of hotel rooms (Number of rooms)
1	Tokyo	110,641
2	Osaka	71,193
3	Hokkaido	66,817
4	Fukuoka	42,470
5	Okinawa	35,823
6	Chiba	33,706
7	Kanagawa	32,600
8	Shizuoka	29,752
9	Hyogo	29,578
10	Aichi	28,769
Nationwide Total		907,500

Source: Ministry of Health, Labour and Welfare, Report on Public Health Administration and Services

Population of Okinawa (Future Prospects)

The population of Okinawa is expected to take a downward turn in and after 2030

Population is on the increase at this stage, but active steps towards population growth are being taken now



Projected future population: National Institute of Population and Social Security Research

(in thousands)	2015	2020	2025	2030	2035	2040
Okinawa	1,434	1,460	1,468	1,470	1,466	1,452
Japan	127,095	125,325	122,544	119,125	115,216	110,919

Efforts to facilitate natural increase in population

Creation of a society that allows people to marry, give birth to and raise children without undue worries

- Elimination of childcare waiting list
- Promotion of "health and longevity in Okinawa" campaign

Efforts to enhance growth of society

Creation of a dynamic society that is open to society

- Job creation and securing diverse human resources
- Increasing tourists and visitors

Aims to revitalize isolated islands and depopulated regions

Creation of a society that delivers well-balanced and sustainable population growth

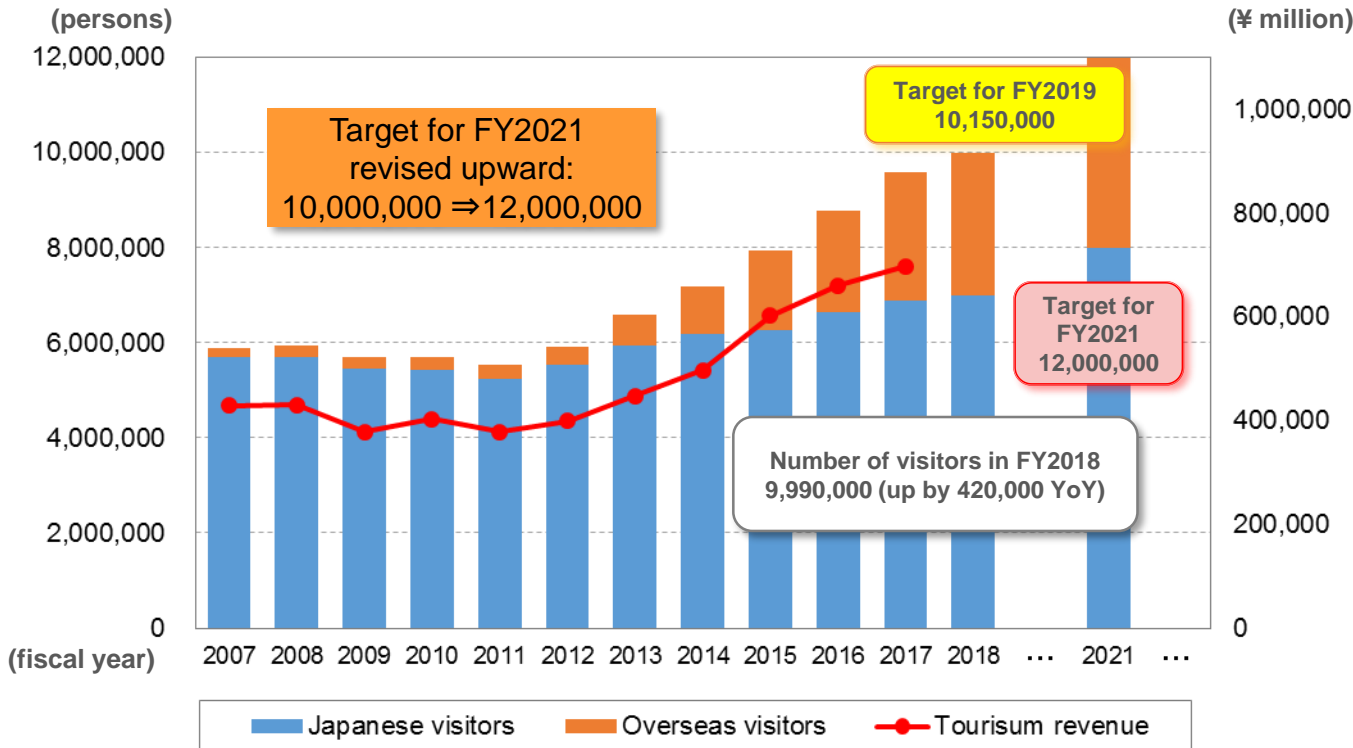
- Improvement of conditions for long-term residence
- Industrial development by demonstrating attractive regional characteristics

Number of Visitors to Okinawa

FY2018 marked a record 9.99 million tourists visiting Okinawa

The number of overseas tourists was 3.00 million (up 11.5% YoY), renewing a record high

Trends in the number of visitors and tourism revenues



Source: "Tourism Overview," Okinawa Prefecture



Number of visitors to Ocean Expo Park
5 million



Number of visitors to Shurijo Castle Park
2.85 million

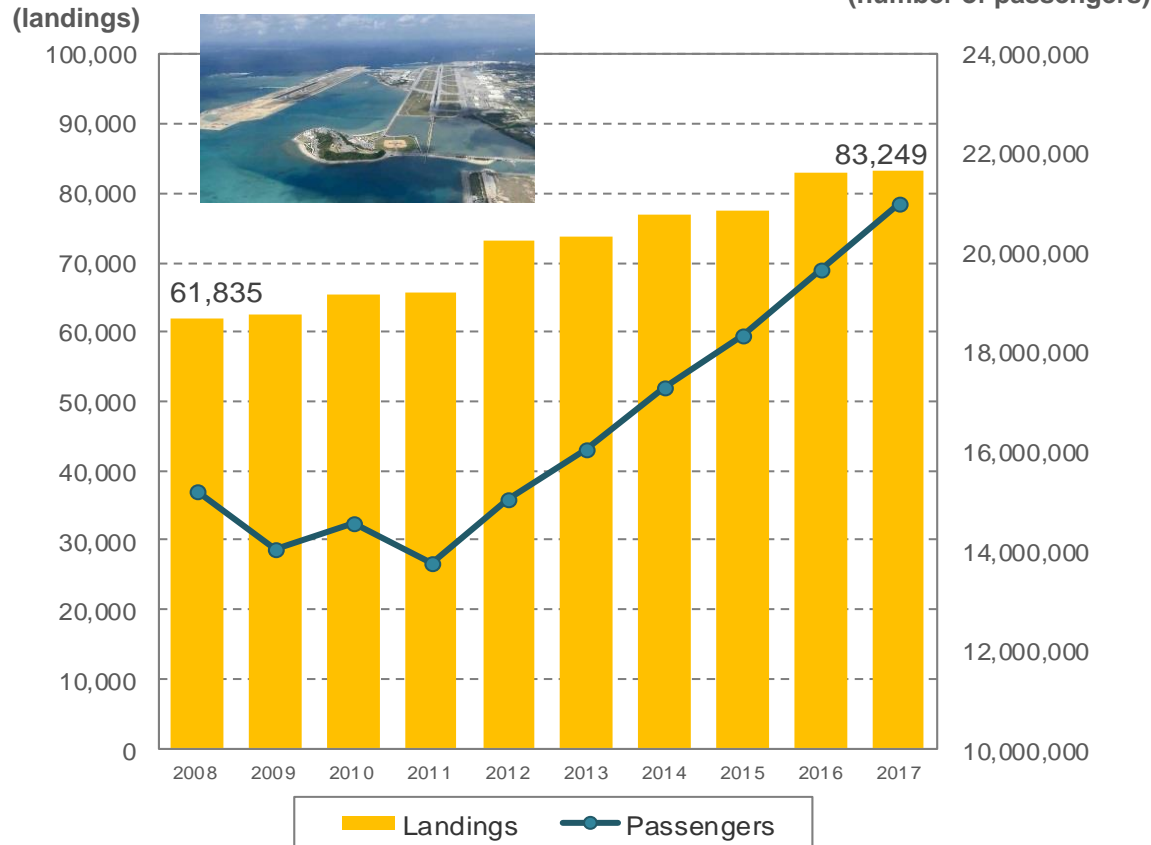
Number of Visitors to Okinawa (Airport)

Number of landings at Naha Airport: 83,249

Ranked 5th among airports nationwide

Landings are expected to increase with the opening of the second runway at Naha Airport

Statistics of Naha Airport



Number of landings (international and domestic)

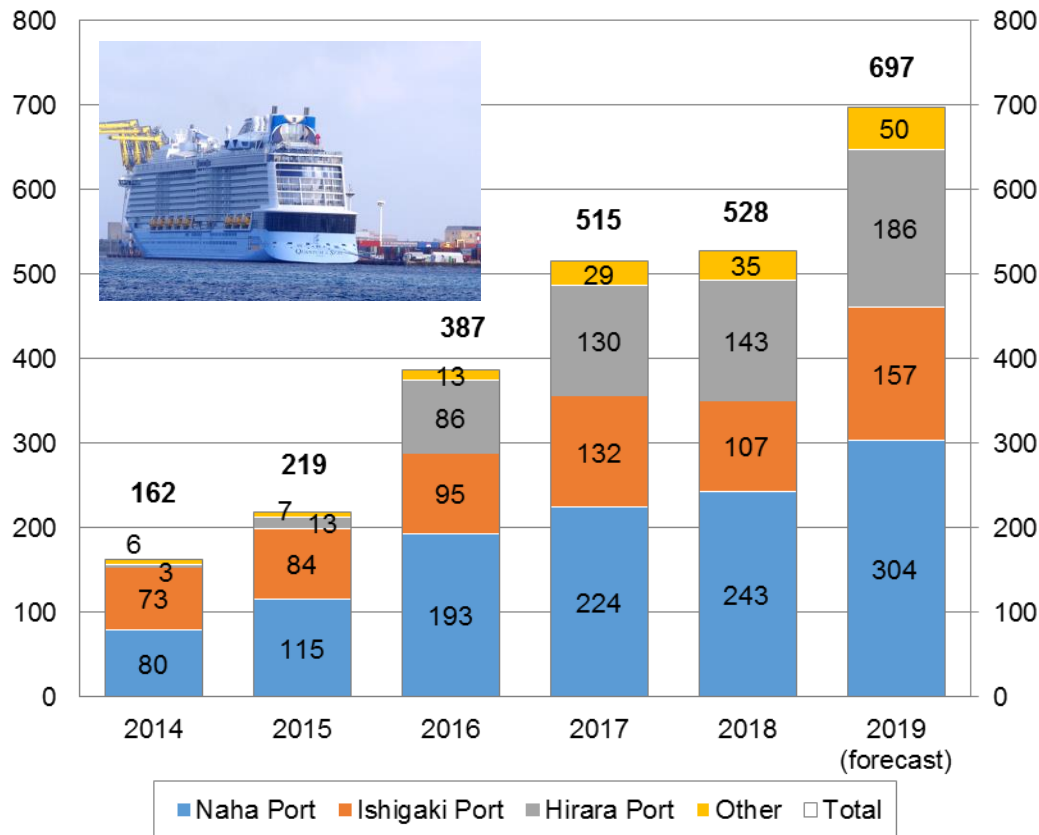
Rank	Airport	Number of landings
1	Tokyo International Airport	226,563
2	Narita International Airport	126,470
3	Kansai International Airport	92,588
4	Fukuoka Airport	89,094
5	Naha Airport	83,249
6	New Chitose Airport	75,310
7	Osaka International Airport	69,228
8	Chubu Centrair International Airport	50,646
9	Kagoshima Airport	33,421
10	Sendai Airport	25,768

Number of Visitors to Okinawa (Port)

The number of cruise ships making port calls renewed a record high, and is expected to exceed past records again this year with 697 port calls scheduled

Ranked No. 1 among prefectures nationwide

Cruise ships making port calls in Okinawa



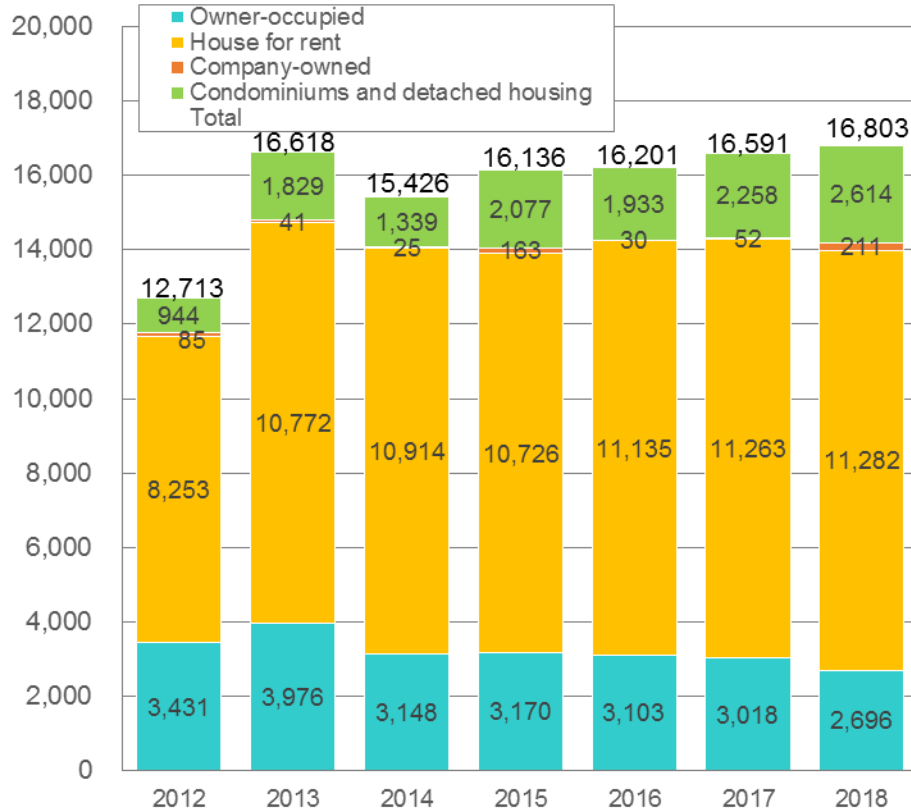
Number of port calls by cruise ships

Rank	Port	Port calls
1	Hakata Port	279
2	Naha Port	243
3	Nagasaki Port	220
4	Yokohama Port	168
5	Hirara Port	143
6	Kobe Port	135
7	Bella Vista Marina (Hiroshima)	122
8	Sasebo Port	108
9	Ishigaki Port	107
10	Kagoshima Port	100

Housing Market Trends in Okinawa

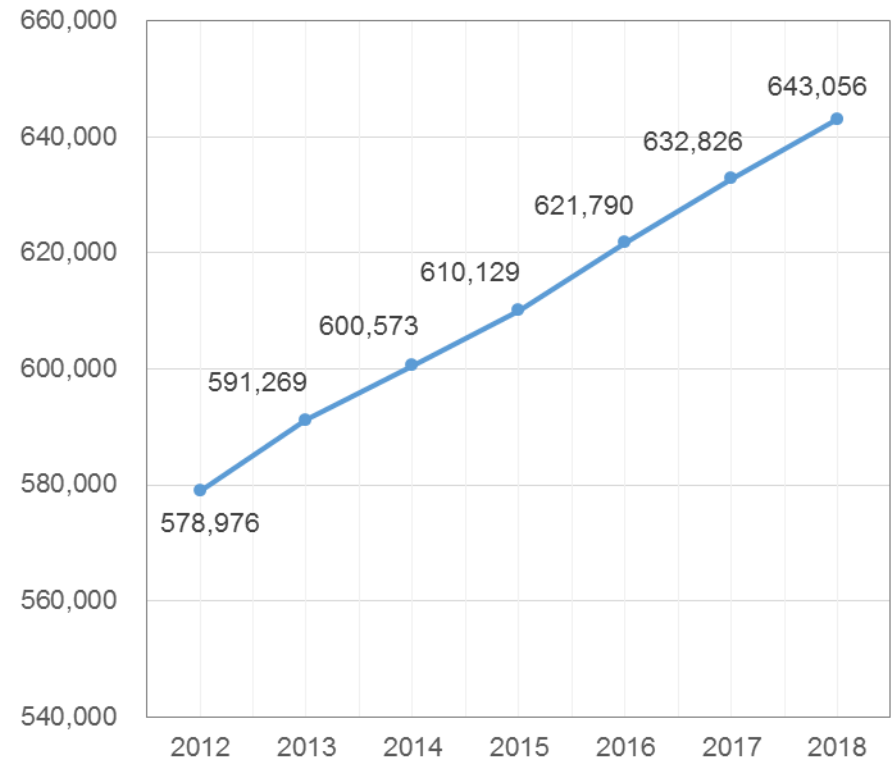
- Housing market in Okinawa remains strong
- According to the national census 2015, growth rate of population and number of households are both the highest in Japan

Number of new housing starts by housing type



Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistics of Housing Starts

Total number of households in Okinawa

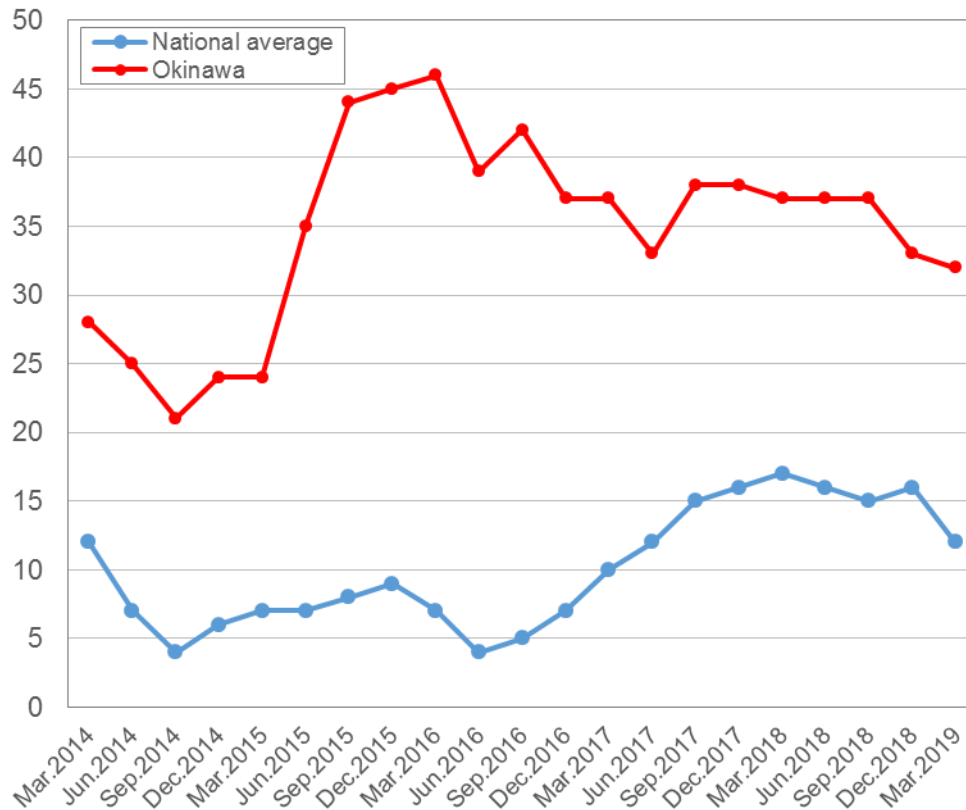


Source: Okinawa Prefectural Government, Department of Planning, Municipal Administration Division

Economic Trends in Okinawa (1)

BOJ Tankan

BOJ Tankan Business Confidence DI



Source: BOJ Naha Branch

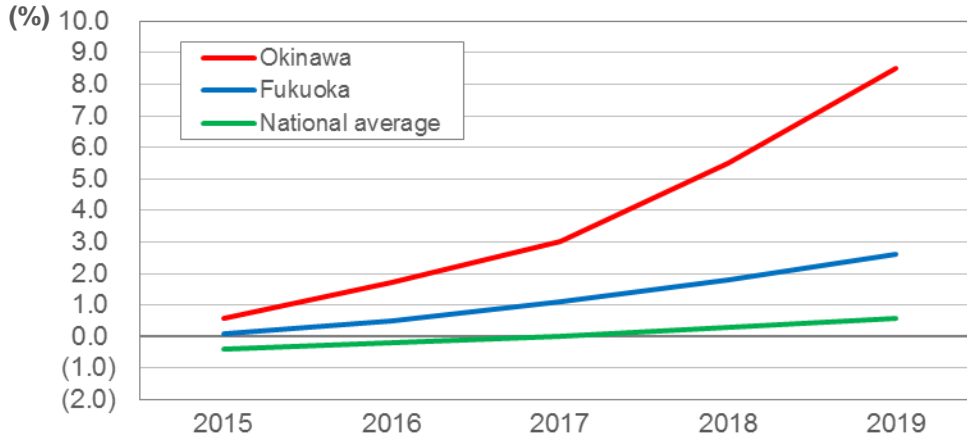
Overview

- ◆ The prefectural economy is **expanding overall**.
- ◆ In terms of **personal consumption**, trends are strong against a backdrop of an increase in the prefecture's population, tourism demand, and an improved employment and earnings environment within the prefecture.
- ◆ In terms of **tourism**, performance is favorable, and the number of both foreign and domestic visitors has increased year on year.
- ◆ In **construction-related terms**, performance is solid. Capital investment is increasing and residential investment is trending at high levels.
- ◆ In terms of **employment and earnings trends**, there is improvement.

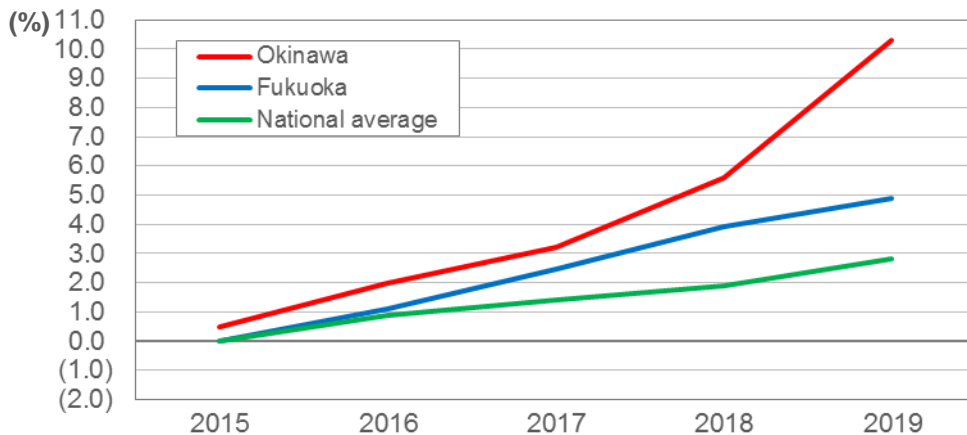
Economic Trends in Okinawa (2)

Official land prices

Residential land prices



Commercial land prices



Overview

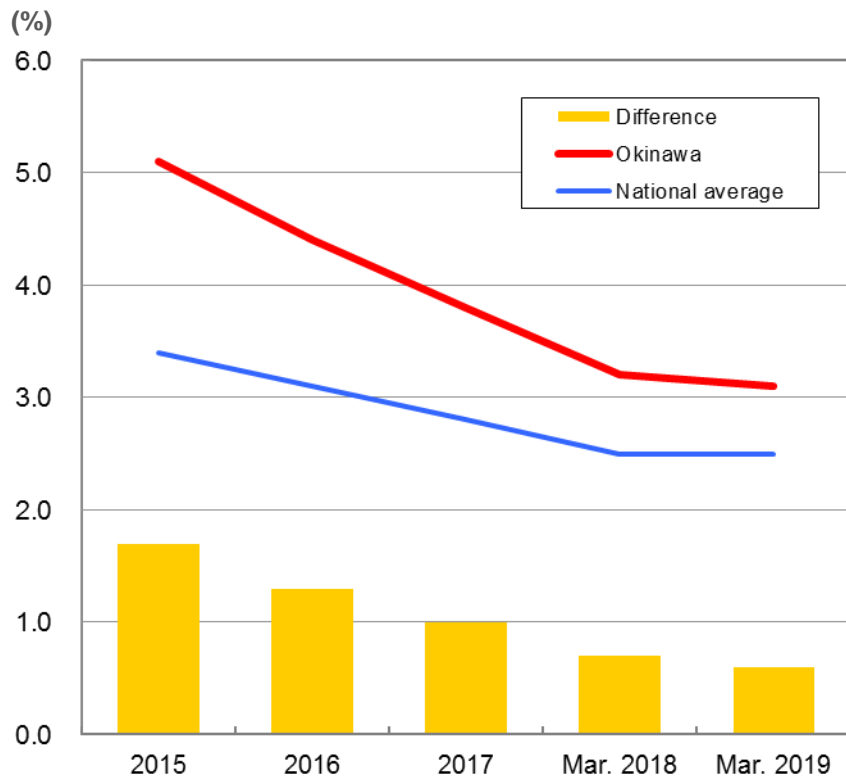
◆ **Average residential land prices in Okinawa increased by 8.5%, after increasing 5.5% in the previous year** and continue to trend upward. Demand for residential land is rising due to an increasing population and economic expansion in the prefecture. In particular, in Naha, the Shintoshin area, the adjacent Makabi area, and other land under land readjustment programs are becoming high in rarity as they are very popular and there is little vacant land owing to its convenience and good environmental conditions.

◆ **Average commercial land prices in Okinawa increased by 10.3%, after increasing 5.6% in the previous year** and continue to trend upward. The main reason for rising land prices is increasing demand in urban areas in central Naha, including new hotel openings and new redevelopments resulting from an increase in the number of visitors to Okinawa.

Economic Trends in Okinawa (3)

Employment situation

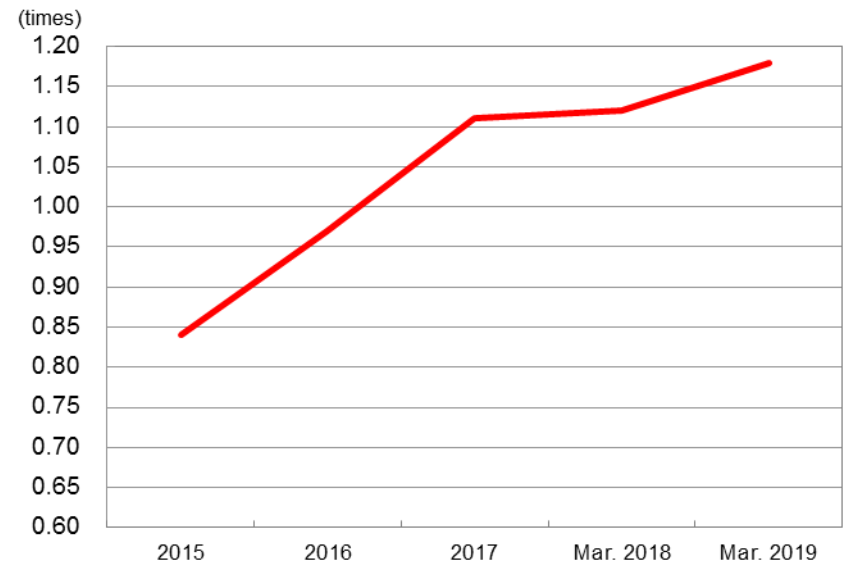
Trends in unemployment rates



Overview

- ◆ In the past, Okinawa suffered nearly twice the unemployment rate of the national average, but the rates have steadily fallen, becoming closer to the national level.

Active opening ratio



Source: Ministry of Health, Labour and Welfare, Okinawa Labour Bureau