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CEO Insight: Shinzo Abe's legacy is an open, cosmopolitan Japan

Under the long-serving Prime Minister, Japan opened up widely to the world outside. Real estate investors are also benefiting from his legacy.

Whether Bridgestone, Canon, Sony, or Toyota - Japan's economy has shown great strength in the export of high-quality goods for decades. But it was Prime Minister Shinzo Abe who oriented his country's political and economic thinking thoroughly toward the world outside. In his nearly eight years in power, he opened Japan to foreign investors, workers, and tourists like nobody before. Abe also signaled to allies and partners in the West and Asia through intensive travel diplomacy that Japan wants to take on global political tasks and act as a responsible global player.

At the 2014 World Economic Forum in Davos, Abe, who died in an assassination attempt on July 8, announced to foreign countries a "new start for the entire country." "Japan's economic landscape will change dramatically," the then-prime minister [promised](#). Since his speech, Japan's officials and politicians in charge have been focusing their attention more on the world outside. Japanese representatives are consciously participating in international congresses and conferences. For example, the Ministry of Land, Infrastructure, Transport and Tourism reliably engages in my roundtable meetings of real estate professionals at MIPIM Cannes and Expo Real in Munich every year.

Abe's strategy is also having an impact on the real estate business. Since his Davos speech, institutional investors in Japan, including public pension funds, have been diversifying their capital investments more into foreign assets and acquiring more real estate in Japan and also abroad, including Europe. When I make appointments in Japan for our cooperation partners from Germany, the doors are open for me at many important addresses. Indeed, Japanese interest in traditional real estate assets in Germany and Europe is currently waning due to the energy crisis. But the Japanese are discovering investments in renewable energy assets as a lucrative alternative.

Foreign capital is also among the beneficiaries of the Abe years. Together with the Japan Exchange Group as the national stock exchange, his government introduced a corporate governance code in 2015 and an investors' stewardship code in 2014. Since then, institutional investors in Japan have been putting more pressure on companies to increase their return on equity by focusing on core businesses and selling assets. Real estate investors from abroad are also responding to this friendly business climate. Their share of annual new investments in residential real estate has been around 50 percent for the past three years - low interest rates, liquid banks, rising land prices, and stable rents help to achieve attractive returns.

A few days ago, French financial giant AXA made a new splash with two portfolio acquisitions, expanding its commitment to residential real estate in Japan to the equivalent of 423 million euros. Gaw Capital Partners, a Hong Kong-based private equity fund manager, plans to invest \$3.5 billion to \$4 billion in Japan over the next two years. Investment manager PAG, also from Hong Kong, has just acquired a majority stake in the Huis Ten Bosch theme park in Nagasaki for the equivalent of 480 million euros.

Since taking office just under a year ago, Prime Minister Kishida has remained true to the opening course of his predecessor Abe. His government is maintaining the three "arrows" of the Abenomics economic policy, consisting of monetary easing, fiscal policy, and growth strategy, in the current fiscal year until March 2023. According to its economic policy guideline, it intends to continue asking the Bank of Japan for loose monetary policy, maintain an expansionary fiscal policy and aim for growth through structural reforms, although Kishida is going a bit separate ways with his growth plan.

His decision to host a state funeral for Abe on Sept. 27 also comes in this context. Regardless of domestic criticism of the costs, Kishida's main intention in holding the funeral is to invite many foreign politicians and managers to Japan and to underscore the opening that has taken place under Abe. Kishida deserves respect for his willingness to stand up to some discontent. All one wishes for him now is to have the courage to lift the latest travel restrictions, because they are holding back international business and the Japanese economy. Kishida would be acting in Abe's interests if he were to reintroduce visa-free travel soon.

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