



Fukuoka Growth

03 Structural Shift in Service Industry

(Version1.0)

Growth Potential of Fukuoka City

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As the population growth in Fukuoka city is nationally outstanding,
the number of businesses has steadily increased.

Businesses that are targeting on the increasing citizens such as retail and food services are
flourishing; however, services that create higher added values
are also increasing recently.

Not only in Fukuoka city, SMEs are supporting the local economy in most cities in Japan.

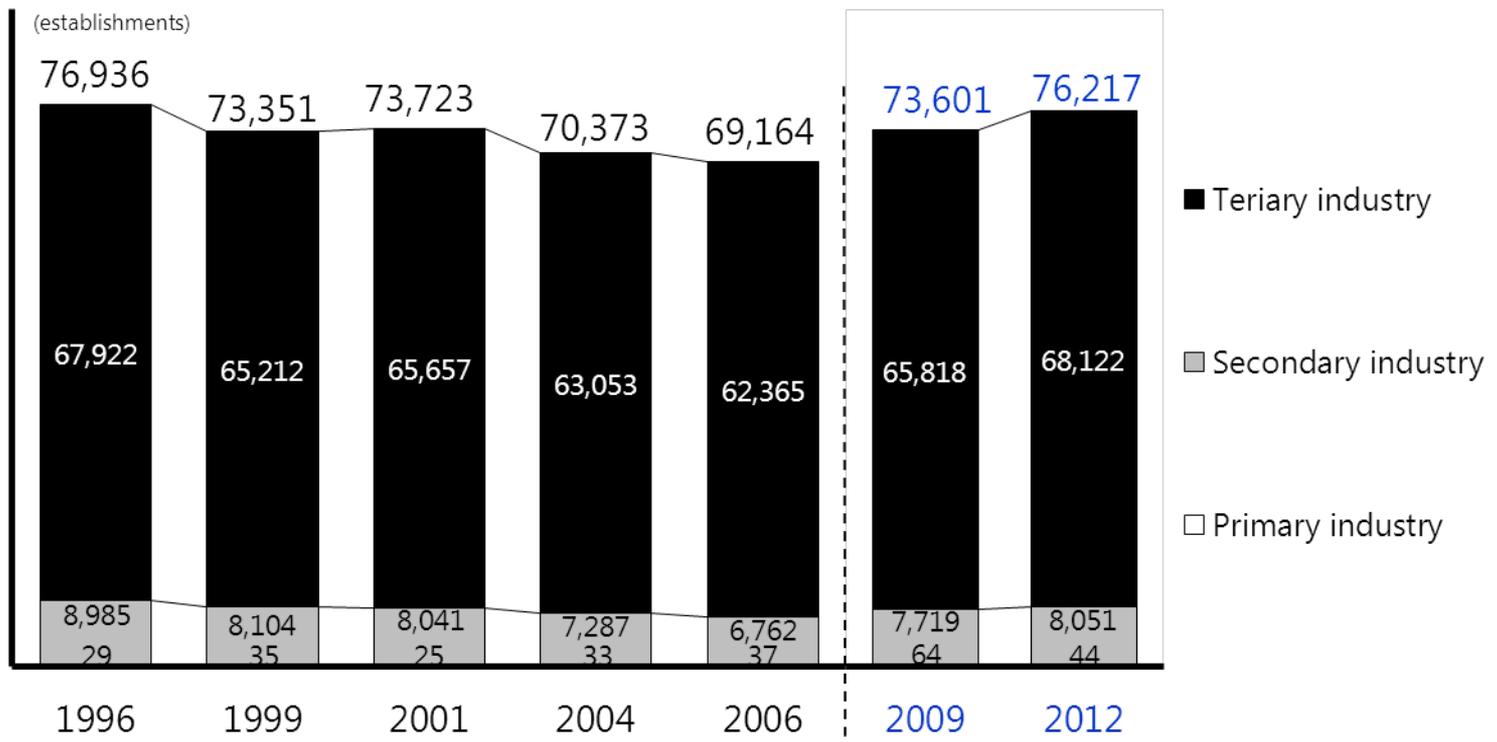
Besides the SMEs, many large enterprises have branch offices and branch stores
in Fukuoka city, which greatly contribute to the city in terms of employment.

Many enterprises recognize the advantage of having offices in Fukuoka city by its function
as a regional headquarter in Kyushu as well as an operational base in Asia.

Increasing number of businesses centering in the tertiary industry.

Number of Businesses (private)

Trend of number of privately-owned businesses in Fukuoka city



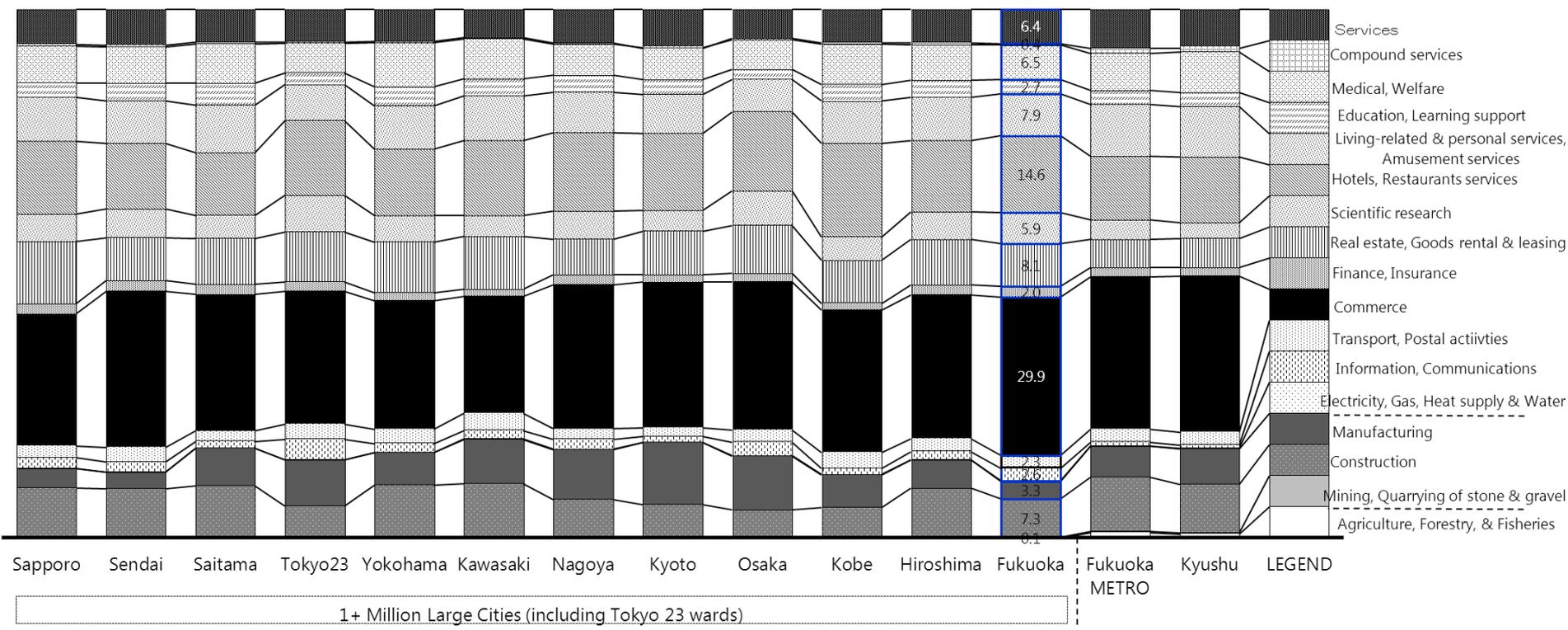
Number of privately-owned businesses has increased by almost 3,000 establishments since 2009, and approximately 90 % of them are in the tertiary industry lead by service industry.

Note: Data in and before 2006 are just for reference since the way of census was changed for data in and after 2009. Data in 2012 are the preliminary results, and data with unknown industry are divided equally and added to the data of each sector of industry.
 Sources: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009-2012); Establishment Census (1996-2006)

High volume in commerce and all sorts of services in Fukuoka city supports diversified industries in Kyushu.

Number of Businesses (private)

Component ratio of number of businesses, Major large cities and Region (2012)



Approximately 30% is in "Commerce" industry, and "Hotels, Restaurants services" cover significantly high ratio.

In comparison with other large cities, the ratio of the secondary industry in Fukuoka city is lower; however, Fukuoka Metropolitan area and Kyushu region have constant ratio, and the diversity of industrial infrastructure in surrounding area is supporting Fukuoka city to have prosperous service industry.

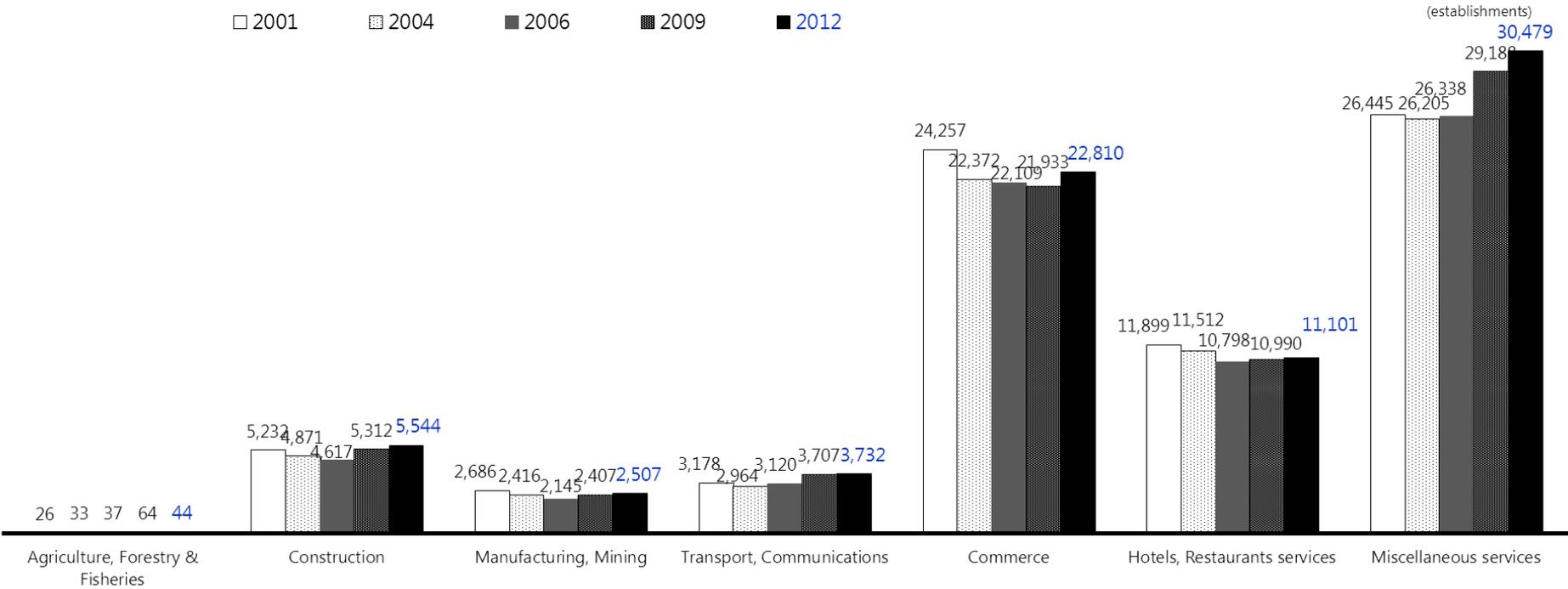
Fukuoka METRO=Fukuoka Metropolitan Area; Tokyo=Tokyo 23 wards. Kyushu=Kyushu region.
 Note: Major large cities are the cities with more than 1 million population.
 Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2012 preliminary results)

Service industry is growing.

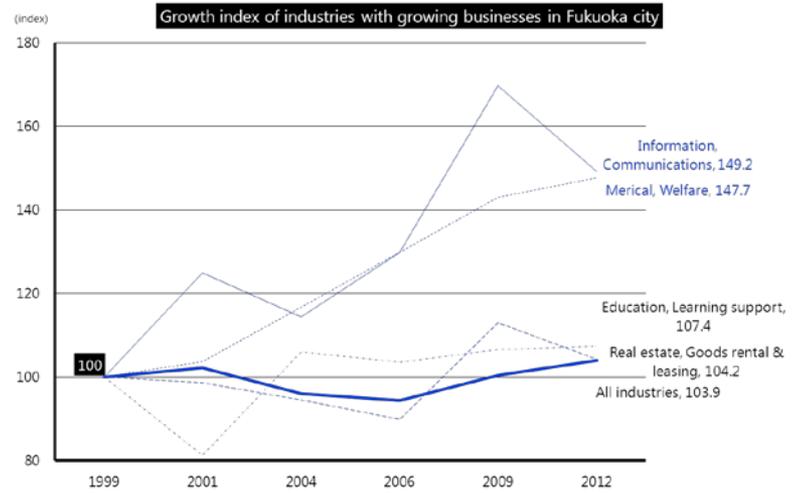
Number of Businesses (private)

Trend of number of businesses by industries in Fukuoka city

□ 2001 ▨ 2004 ■ 2006 ▩ 2009 ■ 2012



“Transport, Communications” and “Services” are growing. The significant increase is evident in “Information, Communications” and “Medical, Welfare”, which indicates accumulation of industries producing high added value in Fukuoka city.

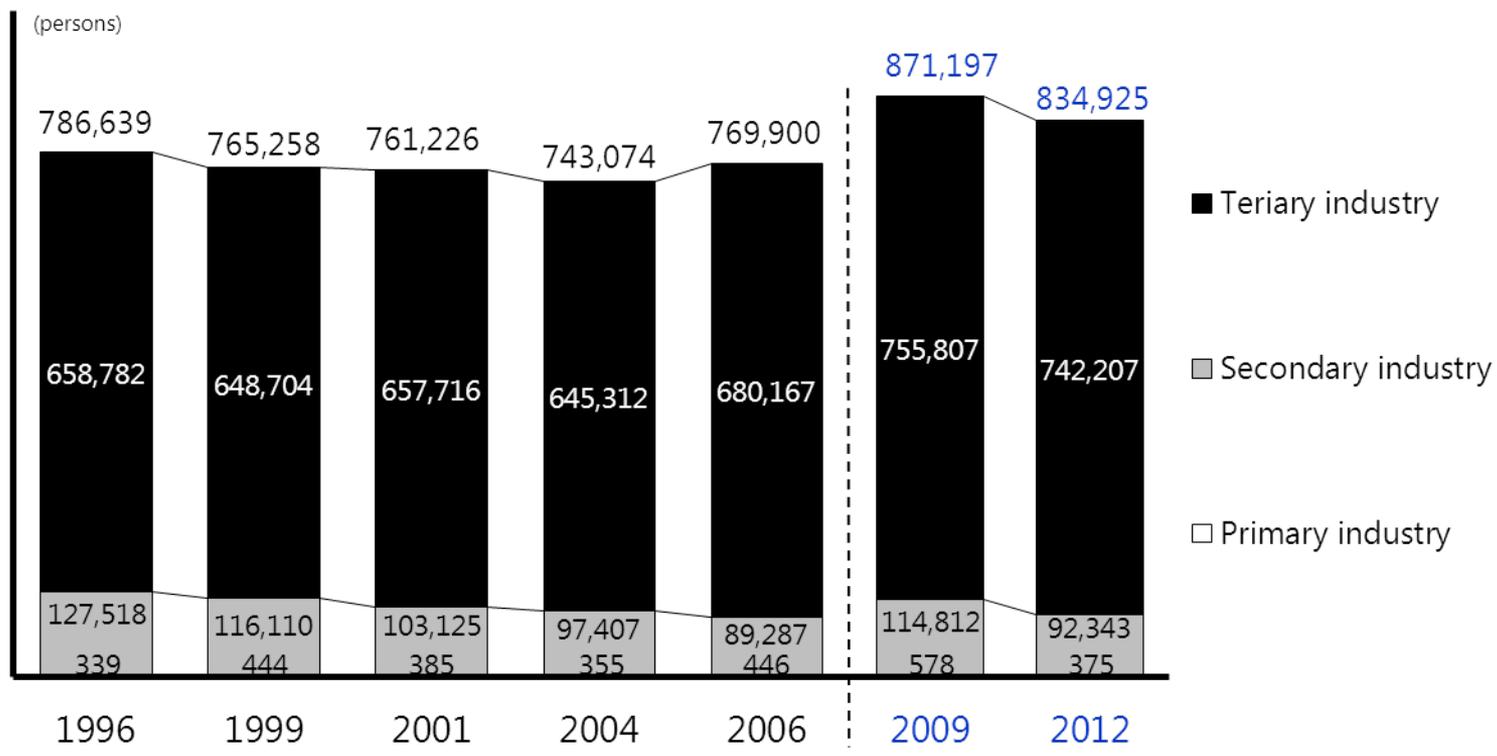


Note: Data in and before 2006 are just for reference since the way of census was changed for data in and after 2009. Data in 2012 are the preliminary results, and data with unknown industry are divided equally and added to the data of each sector of industry. Pre-updated categories of industry are re-combined to adjust to the updated categories. Miscellaneous services include Electricity, Gas, Heat supply and Water industry, Finance and Insurance industry, Real estate and goods rental and leasing industry, Living-related and personal services and amusement services industry, Education, learning support industry, Medical, health care and welfare industry, Compound services industry, and miscellaneous services industry. Sources: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009-2012); Establishment Census (2001-2006)

Almost 90% of employees are in the tertiary industry.

Number of Employees (private)

Trend of number of employees at privately-owned businesses in Fukuoka city



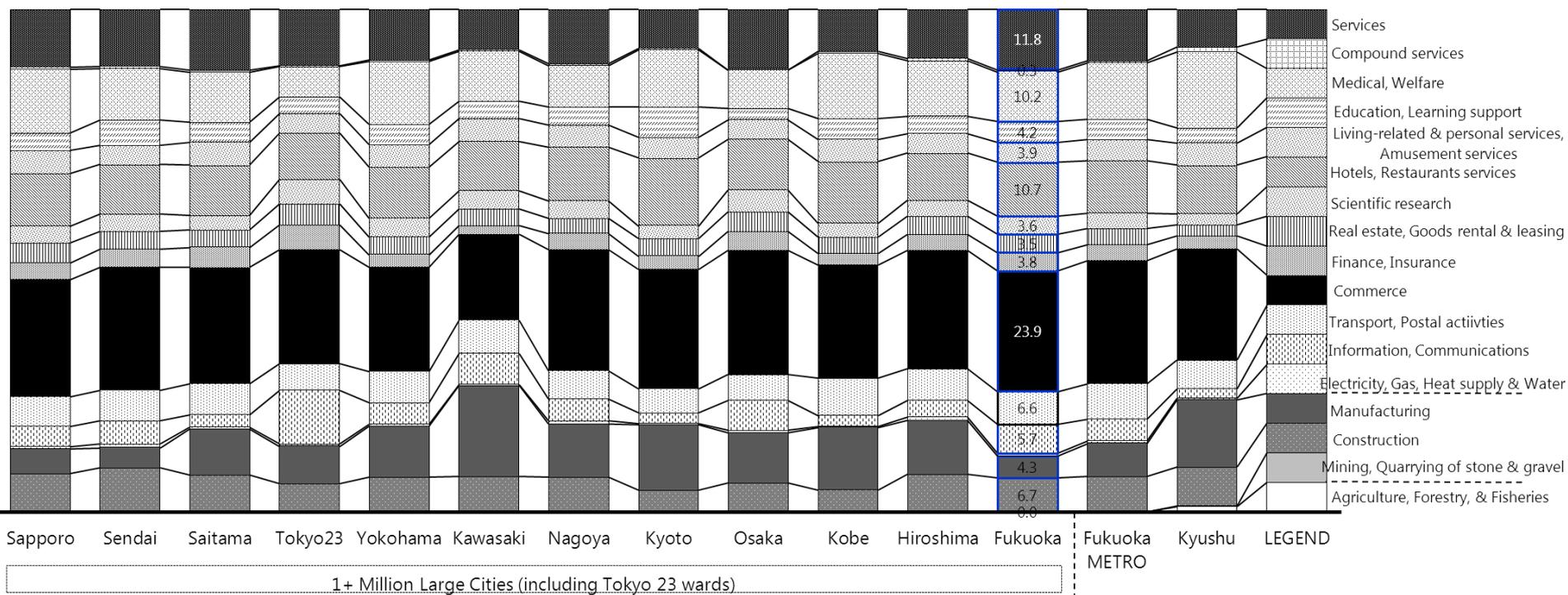
Number of employees at privately-owned businesses has slightly decreased since 2009 according to the preliminary results which exclude the number in unidentified industry, but it keeps the level of 0.8 million.

Note: Data in and before 2006 are just for reference since the way of census was changed for data in and after 2009. Data in 2012 are the preliminary results. Sources: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009-2012); Establishment Census (1996-2006)

Many employees engaged not only in commerce but also in diversified services.

Number of Employees (private)

Component ratio of number of employees, Major large cities (2012)



Approximately 20% is in "Commerce" industry, and "Hotels, Restaurants Services" and "Medical, Welfare" cover significantly high ratio.

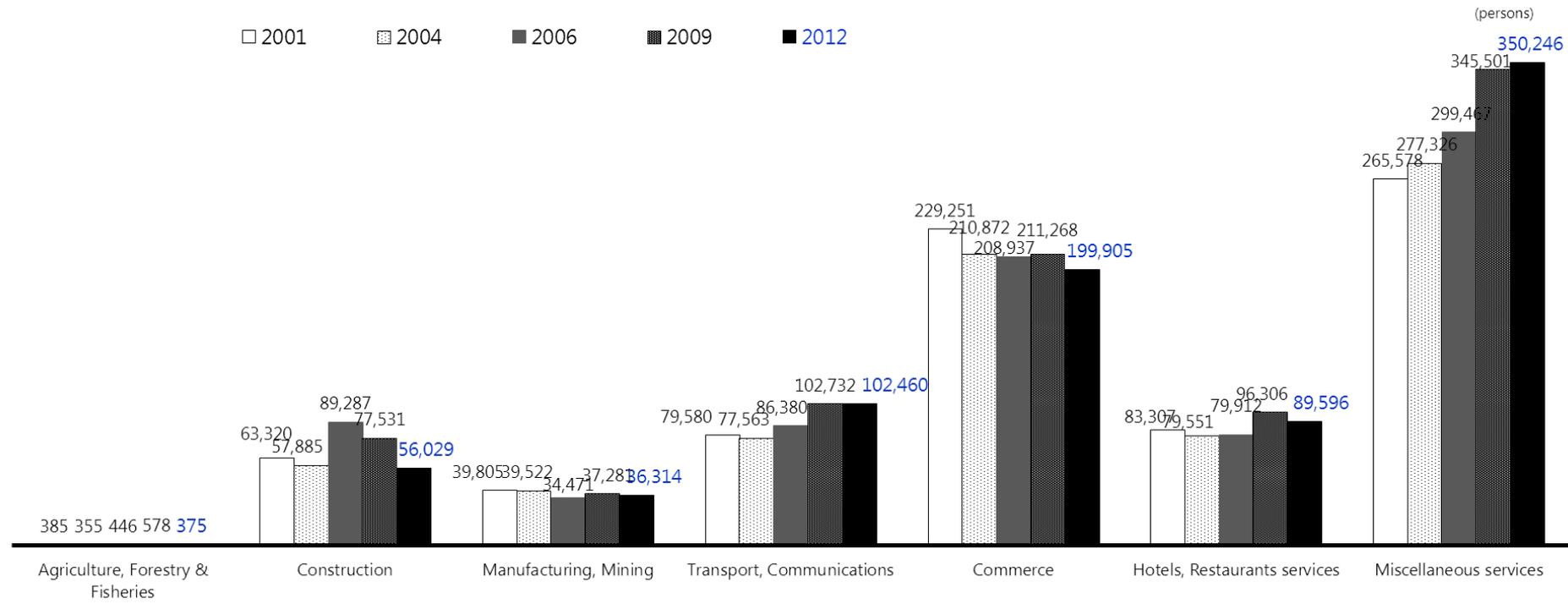
In comparison with other large cities, the ratio of the secondary industry in Fukuoka city is lower.

Fukuoka METRO=Fukuoka Metropolitan Area; Tokyo=Tokyo 23 wards. Kyushu=Kyushu region.
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 Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2012 preliminary results)

Service industry is growing.

Number of Employees (private)

Trend of number of employees by industries in Fukuoka city



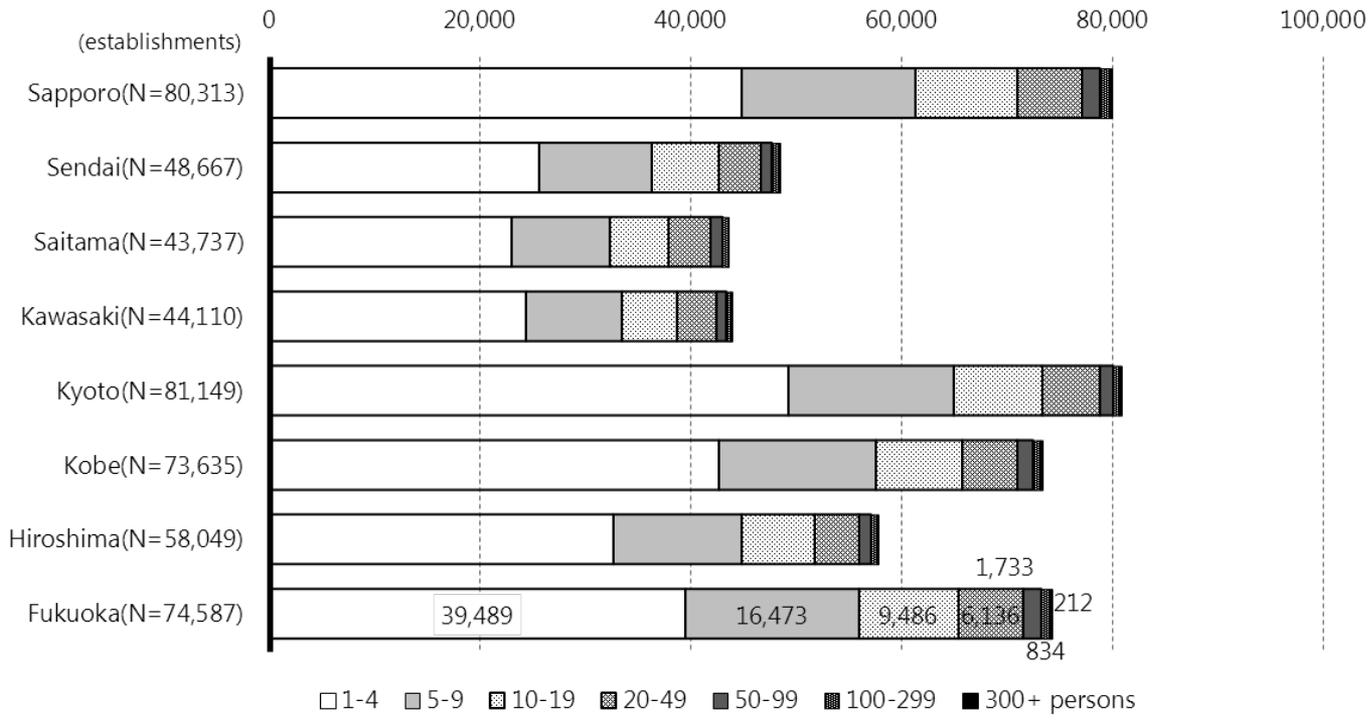
“Commerce” industry is shrinking while “Transport, Communications” and “Services” are increasing.

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Sources: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009-2012); Establishment Census (2001-2006)

More than 70% are small-size businesses with less than 10 employees.

Number of Businesses (all businesses)

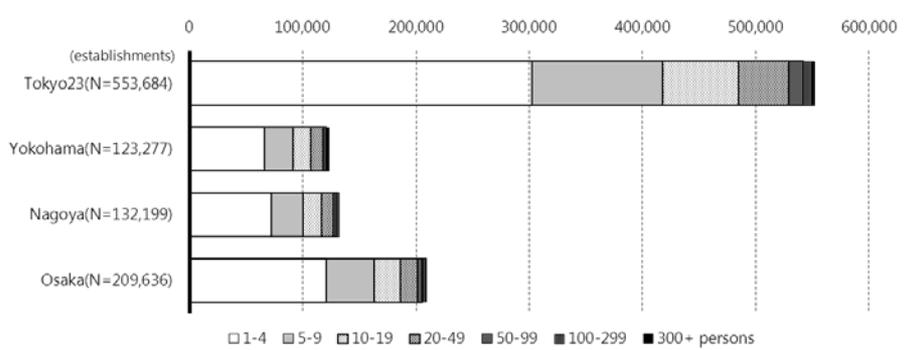
Number of businesses by business size with employees, Major large cities (2009)



Businesses with less than 5 employees are the largest, and more than 70% of all businesses are with less than 10 employees.

Similar trend can be seen in other large cities, and the majority is in small-size businesses.

Number of businesses by business size with employees, Extra large cities with 2+ million population (2009)



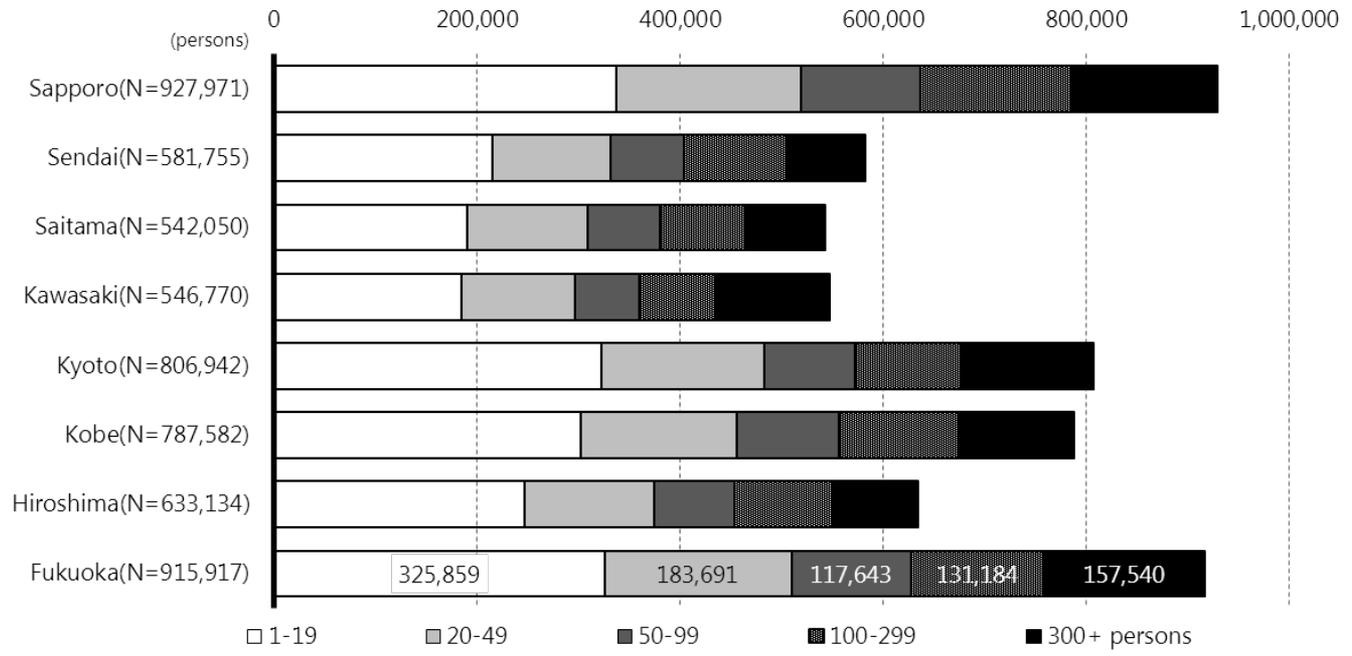
Note: Major large cities are the cities with more than 1 million population. Extra large cities are the cities with more than 2 million population. Data excludes businesses consisting of only dispatched Employees.

Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009)

Many employees work at the middle and large-size businesses with 50+ employees.

Number of Employees (all businesses)

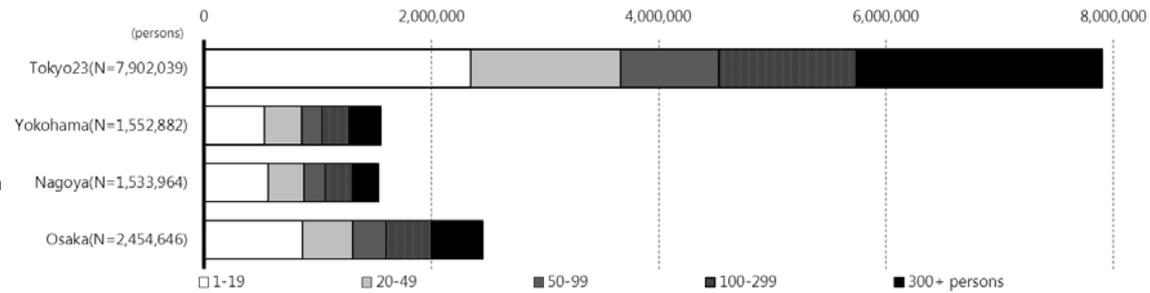
Number of employees by business size with employees, Major large cities (2009)



Number of employees at middle and small-size businesses with less than 20 employees is the largest, but more than 40% of employees work at the middle and larger offices with 50 or more employees.

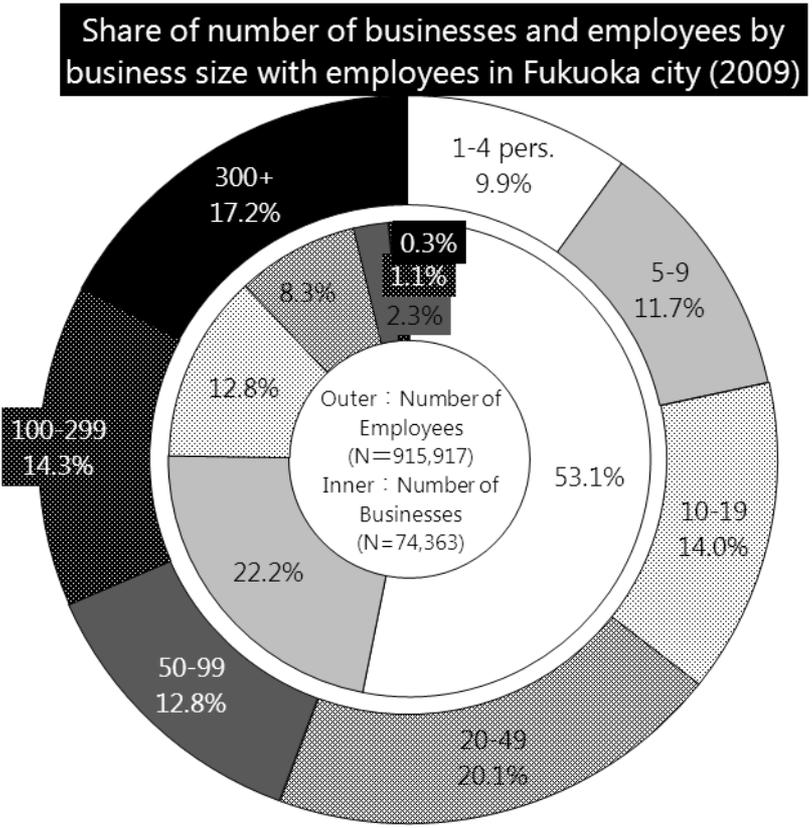
It is the second largest following Sapporo city in major cities except for the extra large cities.

Number of businesses by business size with employees, Extra large cities with 2+ million population (2009)



Note: Major large cities are the cities with more than 1 million population. Extra large cities are the cities with more than 2 million population. Data excludes businesses consisting of only dispatched Employees. Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009)

Half of businesses are small, but more than half of employees work at larger businesses.

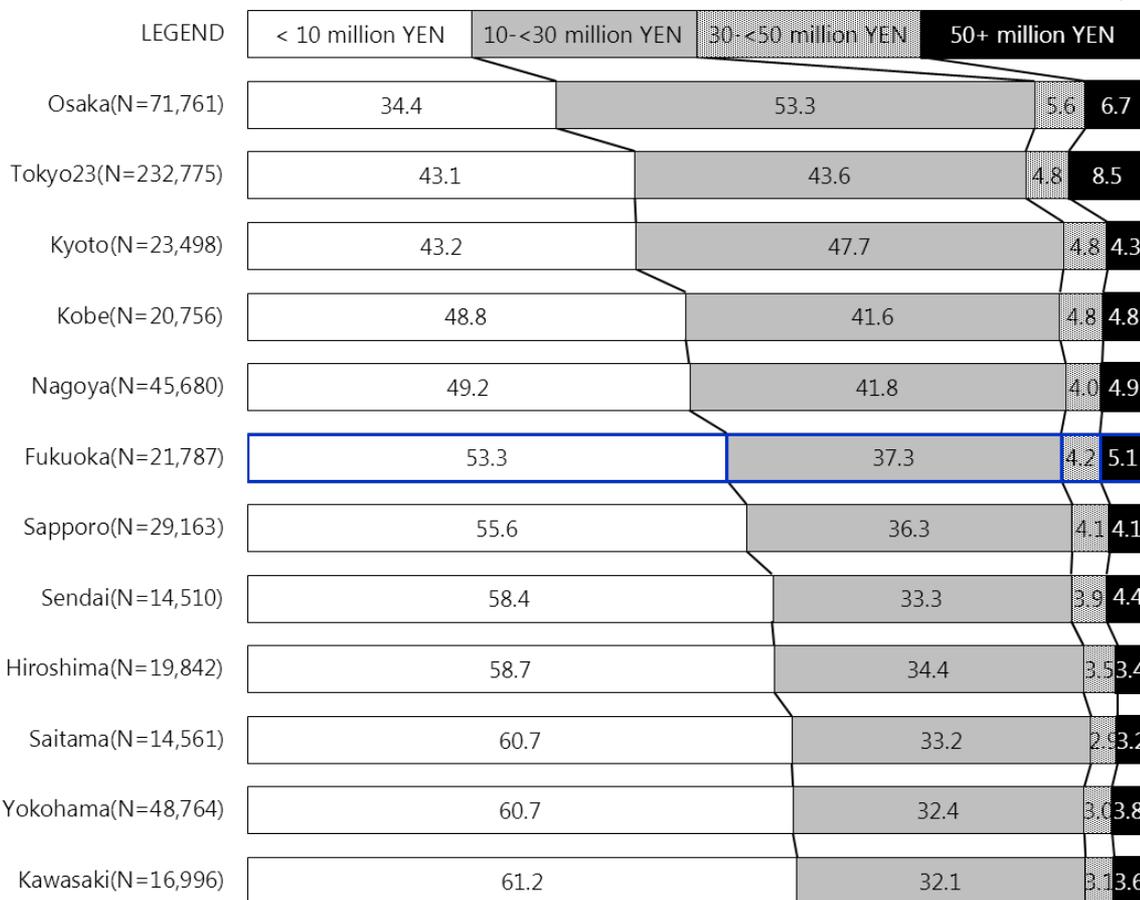


The number of businesses with less than 5 employees are more than half of all businesses while more than half of employees work at businesses with 20 or more employees in Fukuoka city.

Note: Data excludes businesses consisting of only dispatched Employees.
 Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009)

More than half of businesses are with less than 10 million YEN capital, and relatively many businesses with more than 30 million YEN capital.

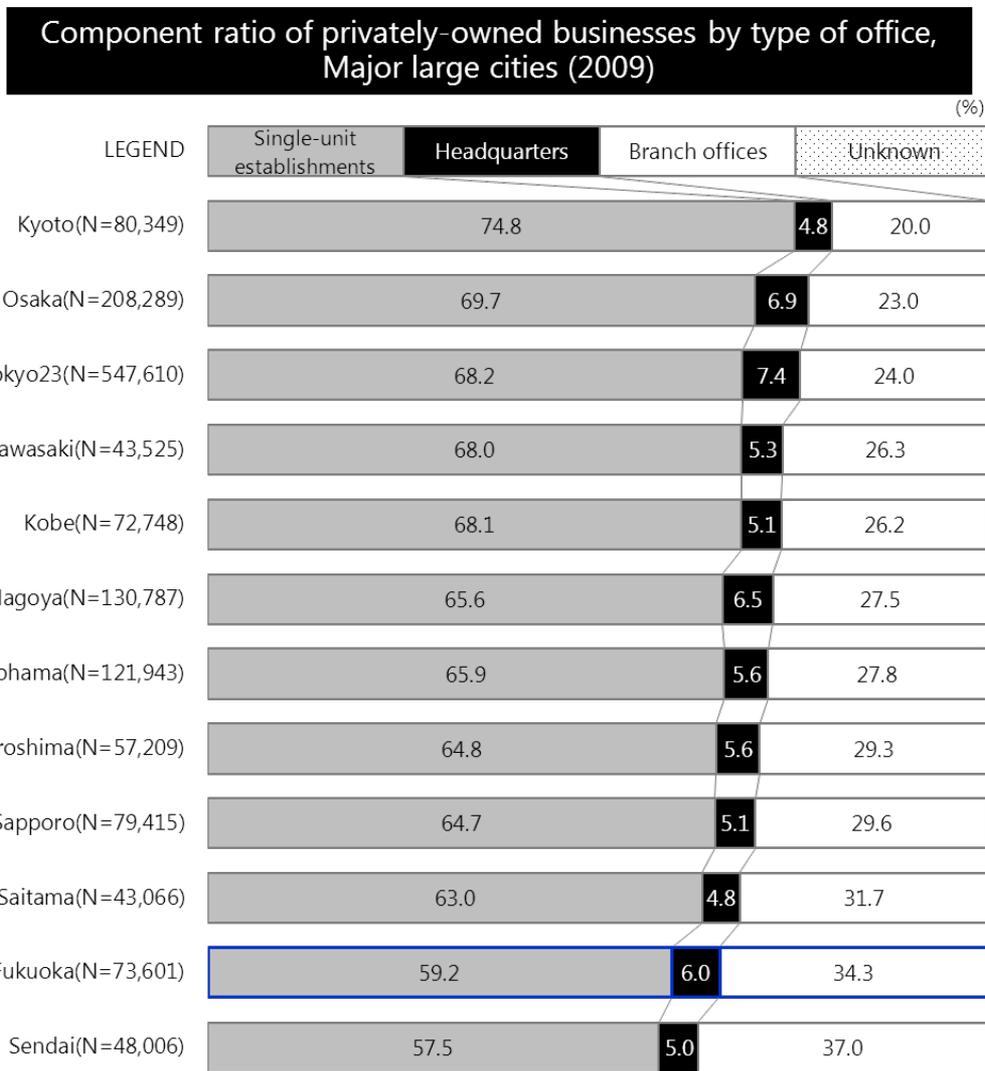
**Share of privately-owned businesses by capital class,
Single-unit establishments and Headquarters in Major large cities (2009)** (%)



More than half of privately-owned businesses have less than 10 million YEN; however, the number of businesses with more than 50 million YEN capital is relatively large following Tokyo 23 wards and Osaka city. The structure shows high ratios in both ends and slightly low ratio in the middle tier.

Tokyo23=Tokyo 23 wards.
 Note: Major large cities are the cities with more than 1 million population.
 Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009)

High concentration of branch offices and stores which serves for provincial area.

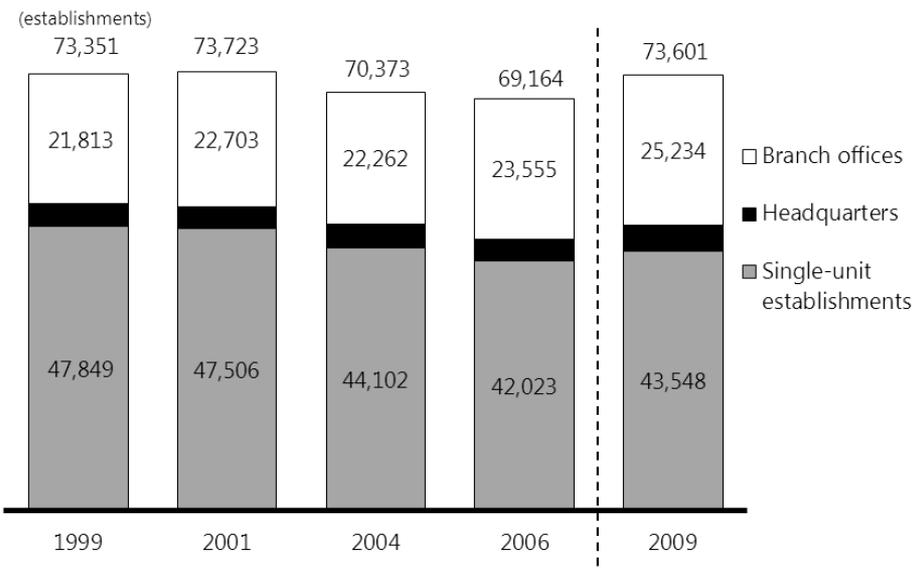


In Fukuoka city, the ratio of branch offices and branch stores are notably high. Fukuoka city is evaluated as a operational base in Kyushu and Western Japan which are far from the three major metropolitan areas of Japan.

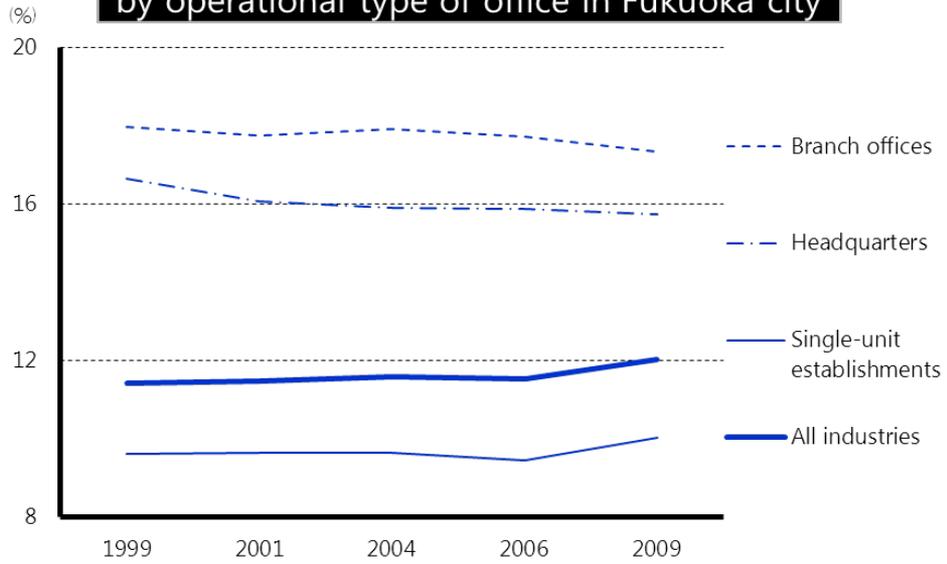
Tokyo23=Tokyo 23 wards.
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 Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009)

Single-unit establishments are growing as well as their share in Kyushu.

Trend of number of businesses by operational type of office in Fukuoka city



Trend of Kyushu region share of businesses by operational type of office in Fukuoka city



In Fukuoka city, number of Single-unit establishments is increasing, and their share in Kyushu region is growing as well.

Note: Headquarters include head stores and head shops. Branch offices include branch stores and branch shops. Data in and before 2006 are just for reference since the way of census was changed for data in and after 2009.
 Source: Statistic Bureau, Ministry of Internal Affairs and Communications. Economic Census (2009); Establishment Census (1999-2006)

Highly evaluated with its potential as a operational base aiming for business growth in Asia.

TOPICS "LINE" to build "Branch Office" in Fukuoka city.

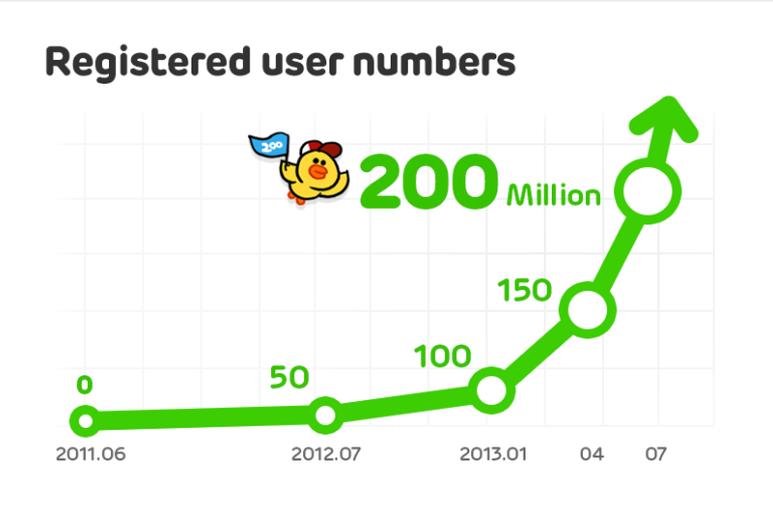
(URC translated article by the Nikkei, leading economic newspaper, on July 17, 2013)

Free-messaging and free-calling app on smartphones "LINE" (Shibuya, Tokyo, CEO-Akira Morikawa) announced on July 17 to have a plan to build its own office building in Hakata ward, Fukuoka city. The building would be the company's second after their headquarters in Tokyo, and would operate as a base for approximately 1,000 sales and development staffs focusing on growth markets in Asia. Lower level of the building will have a library open to the citizens.

The new building would have 11 stories above ground and 2 below, with total floor space of 13,000 m². Its construction work is expected to start in January 2014, completing in October 2015. The building will have a library on the 2 stories below ground. The detail of the library will be discussed, with a plan to have IT related books.

At the press interview in Fukuoka city hall, LINE CEO Akira Morikawa explained the cause of the new establishment as, "Fukuoka city has many excellent engineers and has a geographical advantage of business growth in Asia."

●Trend of registered user numbers



"LINE" passes 200 million users!
 ※Duration to have 100 million registered users
 LINE ; 19 months
 Twitter ; 49 months
 Facebook ; 54 months

●Area plan for new building



The planned location is in between the two biggest CBDs in Fukuoka city.

●Floor plan for new building

