

Fukuoka Growth

2014.10

“Upward Stream” of Fukuoka City, observed in data

Version1.1 (Preliminary Translation)



As announced by Cabinet Office in July, due to the “Abenomics” effect, Japan’s economy seems to be recovering, which is seen in a variety of matters such as GDP growth rate, overcoming deflation, and employment conditions.

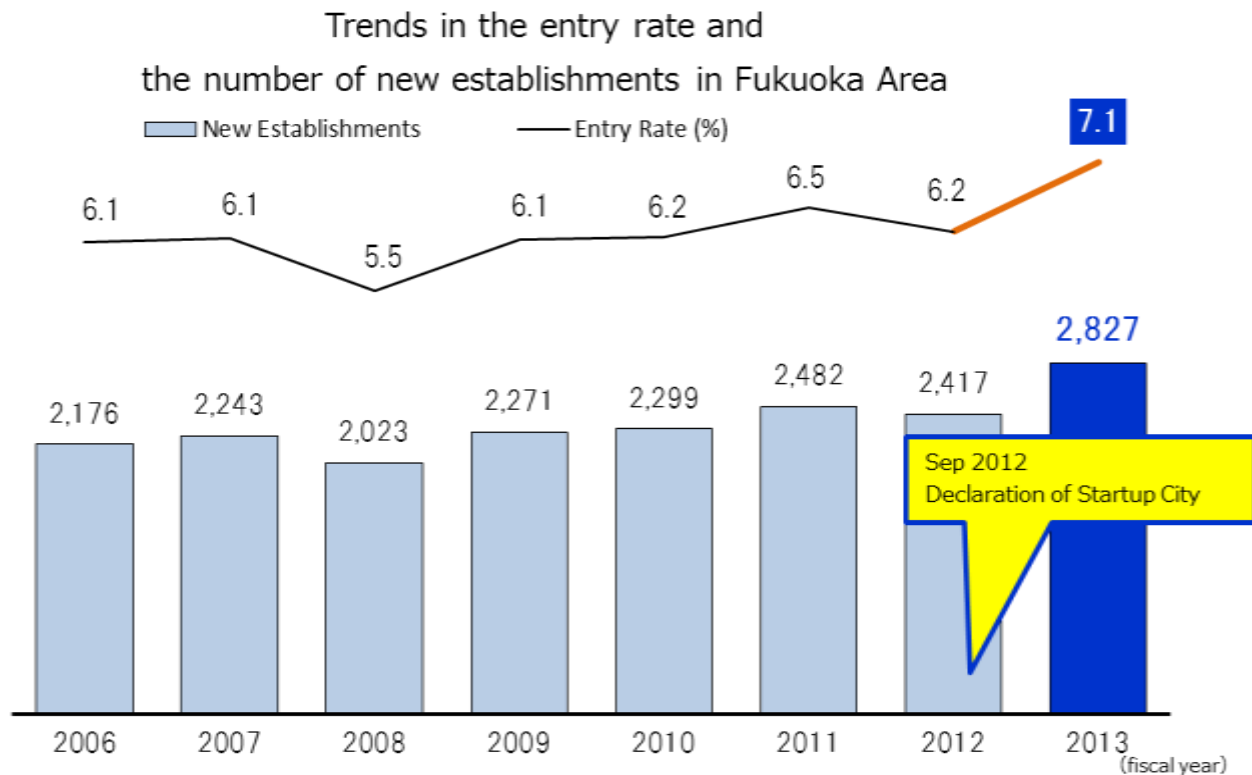
Especially in Fukuoka City, an increasing volume of data indicating “increase” or “uptrend” for a variety of index is found over these few years.

The number of new establishments was 2,827 in 2013, increasing from the closest average number of establishments by 428. It has become the largest number of business establishments over the past 10 years. Subsequently, the business entry rate was 7.1%, rising 0.9 points up over last year, and has become the 1st ranked city among major large cities in Japan. The economic ripple effect caused by this additional establishments (428 new establishments) has become approximately 42 billion YEN (estimated), which enables us to predict the stronger prospect of “Startup City”.

Additionally, a variety of promising signs in economic field such as increasing number of employment insurance certificate holders by more than 10 thousand people over last year, improvement in the vacancy rate of office complex and growth of the hotel occupancy rate, has started to be seen.

These upward streams are expected to bring synergetic effect by involving others around and utilizing the special zone scheme for global startup and employment generation, and also to lead the whole region to grow substantially.

Increasing "Startups": Rising Business Entry Rate and Increasing Number of New Establishments



Source: Fukuoka labor department

*Value includes the employment bureau including Fukuoka City, which includes some of other cities out of Fukuoka City.

Average number of new establishments between 2010 and 2012: 2,399 establishments

Number of establishments in 2013 fiscal year: **2,827 establishments (largest in the past 10 years*)**

→ **Growth of 428 establishments**

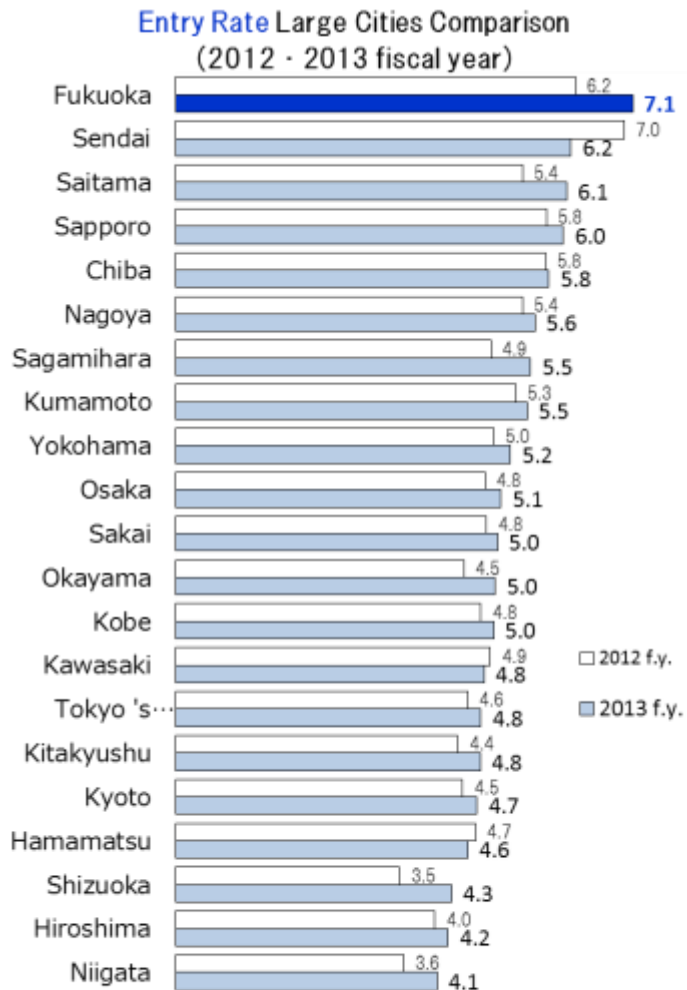
*Although it is not shown in the figure above, the number of establishments in 2013 fiscal year is the largest in the last 10 years including the values in 2004 and 2005.

Total Amount of Economic Ripple Effect due to the growth of 428 establishments : Approx. **42 billion YEN***

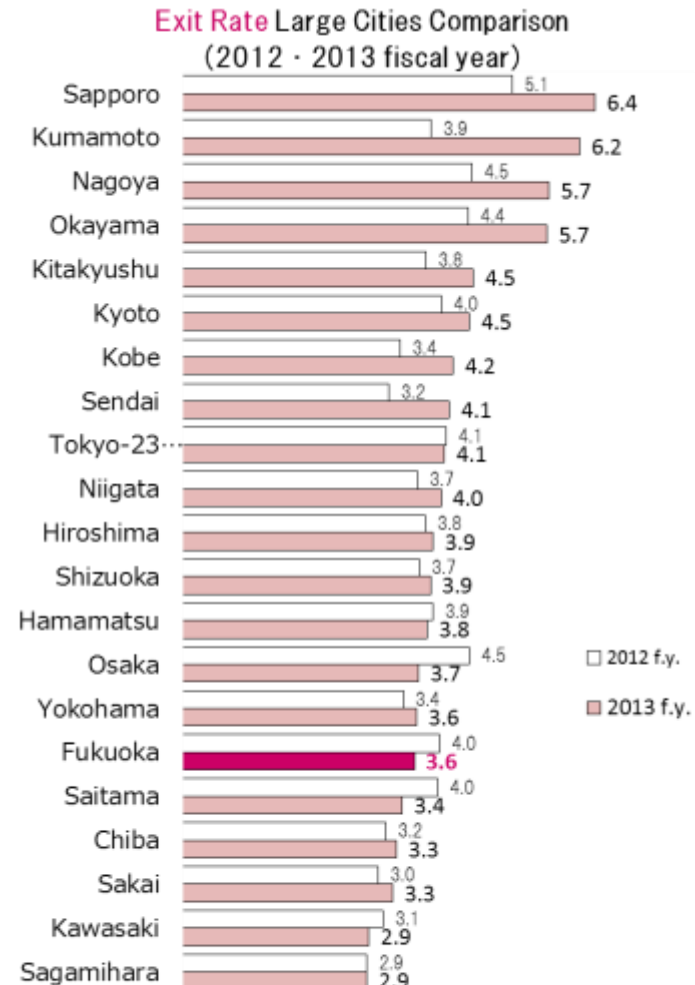
*Estimated by URC from Economic Census for Business Activity (2009, 2012), Fukuoka City Economic Calculation, and Fukuoka City Inter-industry Table.

Highest Business Entry Rate among Japan's Large 21 Cities

(Tokyo-23 wards and Cities designated by government ordinance of Japan)



Source: Labor departments in each cities.
 *Value does not match with the administrative area due to the data collected from the are of labor departments.

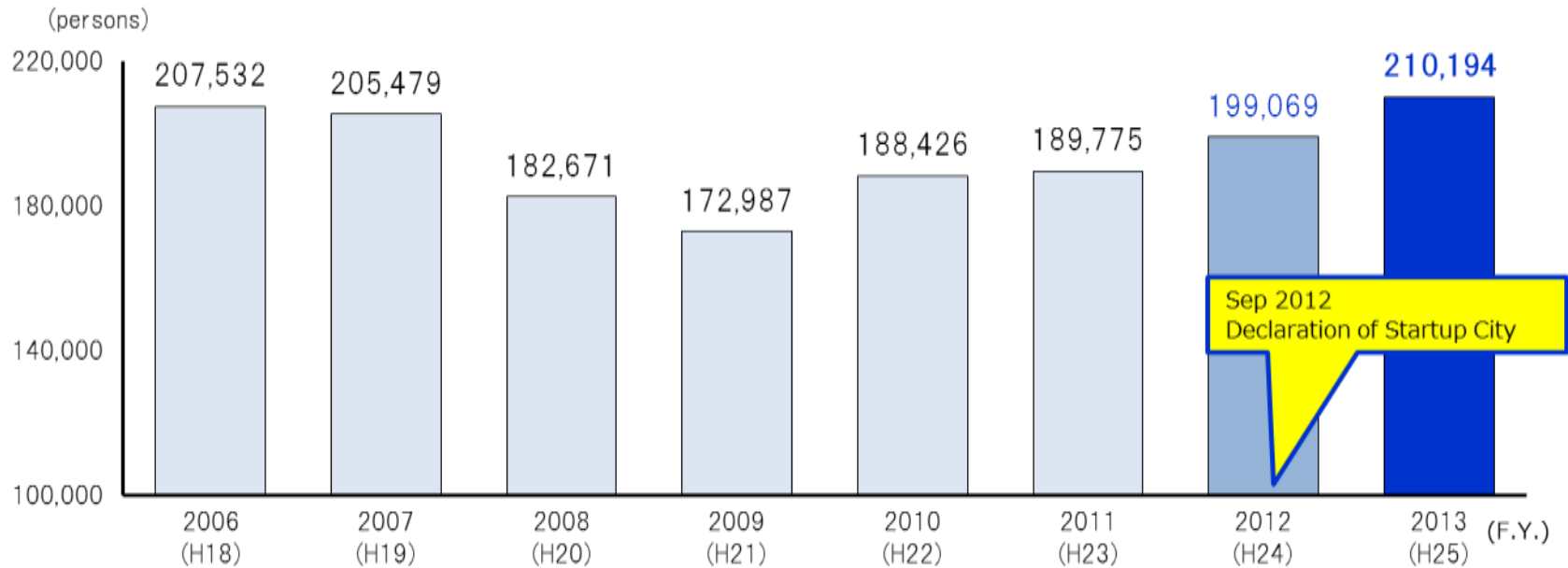


Source: Labor departments in each cities.
 *Value does not match with the administrative area due to the data collected from the are of labor departments.

While business entry rate in other cities grows only about 0.2 points over last year, the rate in Fukuoka City grows 0.9 points which is the biggest growth.

Over 10 Thousand Increase of Employment Insurance Certificate Holders over Last Year

Trends in the Number of Employment Insurance Holders in Fukuoka Area



Source: created by URC with data from Fukuoka Labor Department

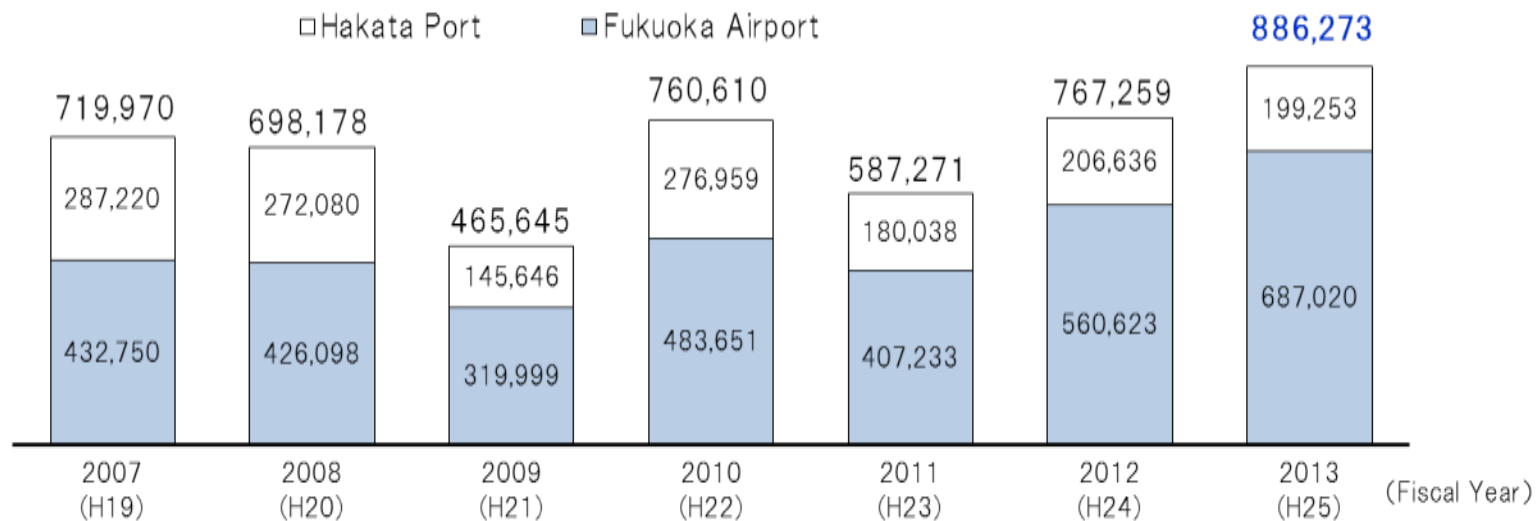
**Value includes the employment bureau including Fukuoka City, which includes some of other cities out of Fukuoka City.

※An employment insurance certificate holder is a person who obtained a certificate of employment insurance by being newly employed in the year in most cases. The value enables us to estimate the trend in employment growth of the year.

Growing Number of Foreign Visitors as an International City

Trends in the Number of Foreign Visitors to Fukuoka City

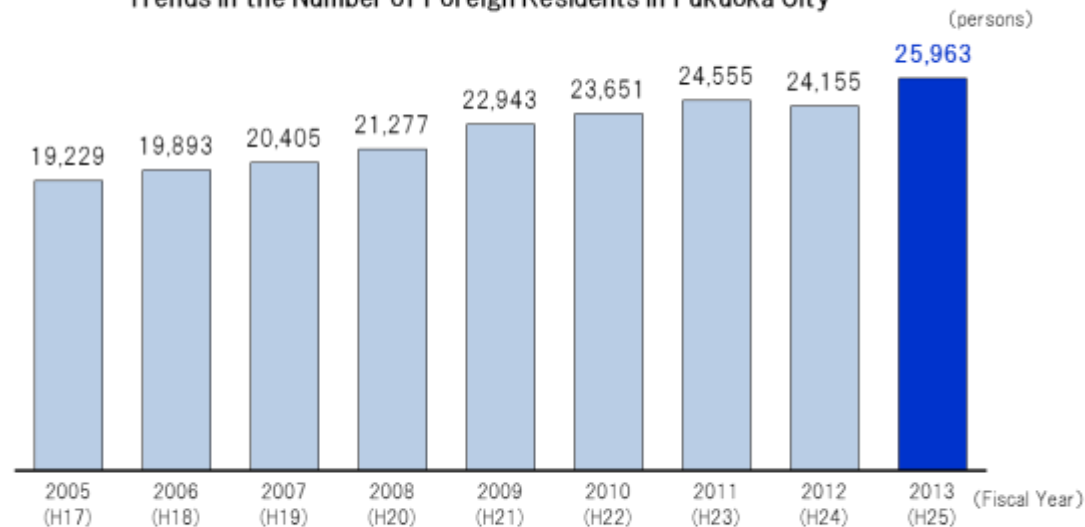
(persons)



資料：法務省「出入国管理統計」

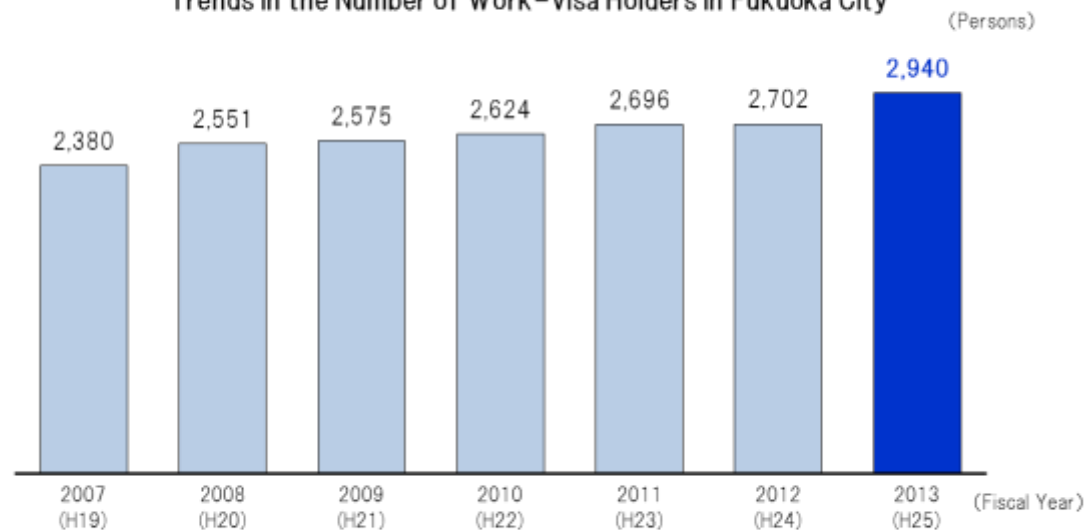
Increasing Foreign Human Resources

Trends in the Number of Foreign Residents in Fukuoka City



資料：2011年以前は「外国人登録台帳」、2012年以降は「住民基本台帳」

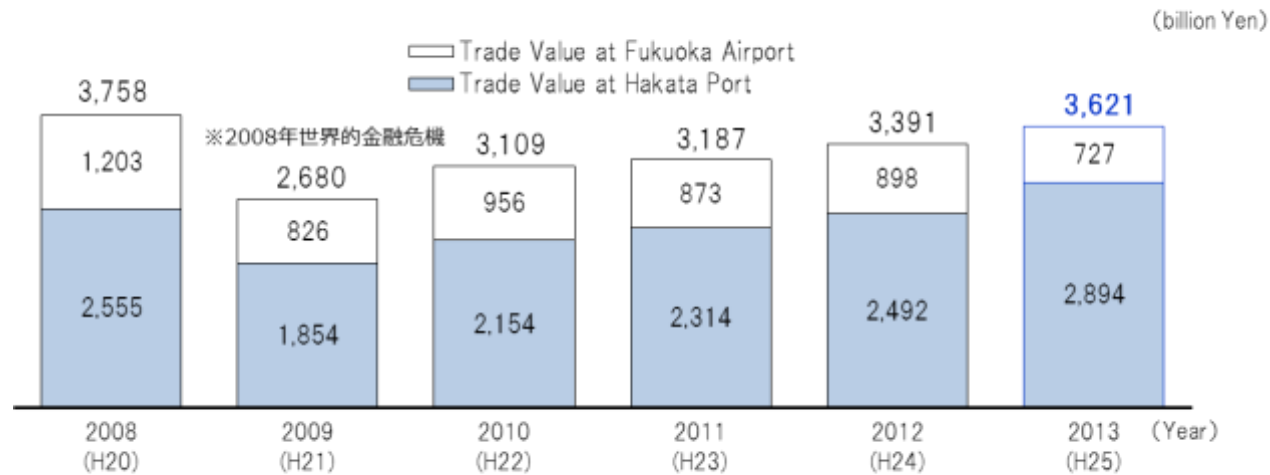
Trends in the Number of Work-Visa Holders in Fukuoka City



資料：2011年以前は「外国人登録台帳」、2012年以降は「住民基本台帳」

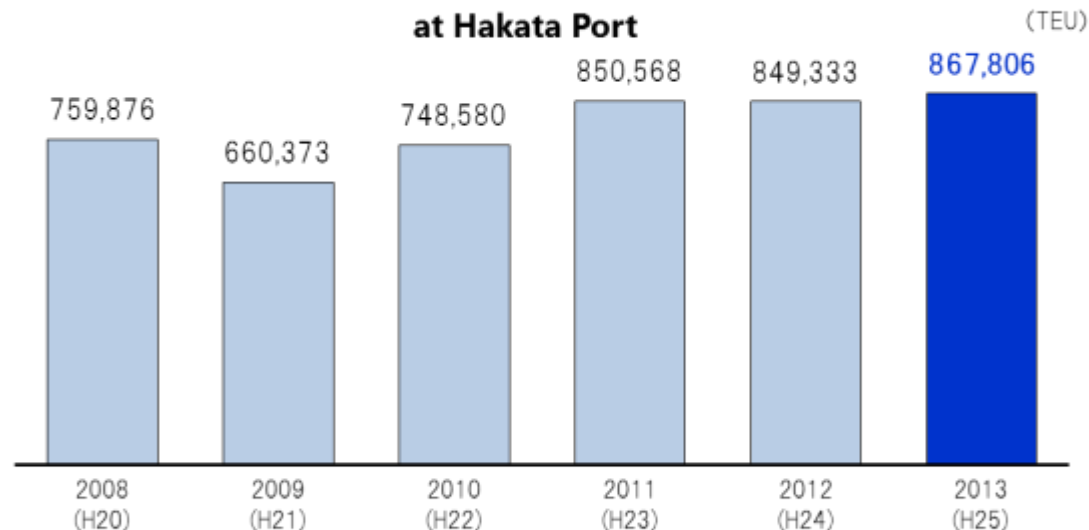
Expanding International Trade

Value of Trade in Fukuoka City (Hakata Port and Fukuoka Airport)



資料：門司税関「全国港別輸出入額」

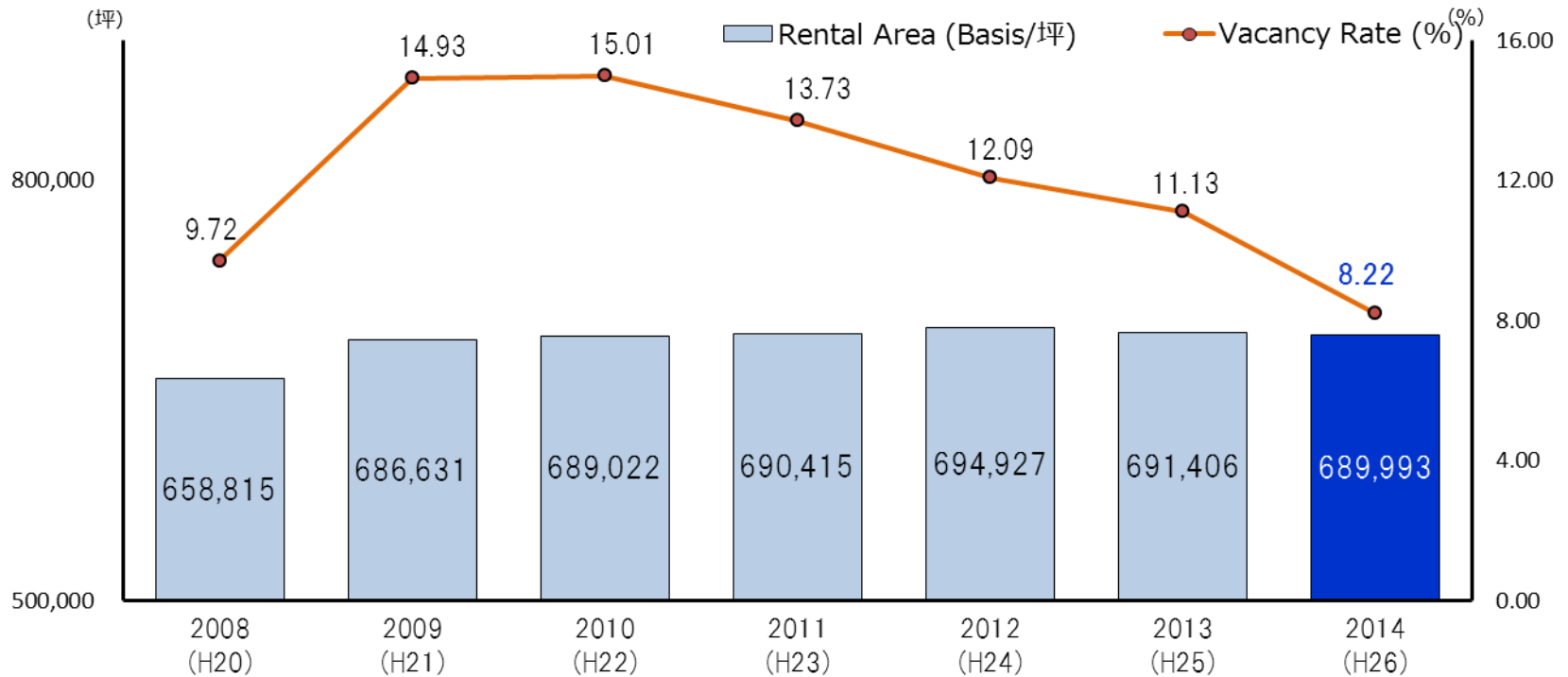
Trends in the Number of International Marine Container at Hakata Port



資料：福岡市港湾局「博多港統計年報」

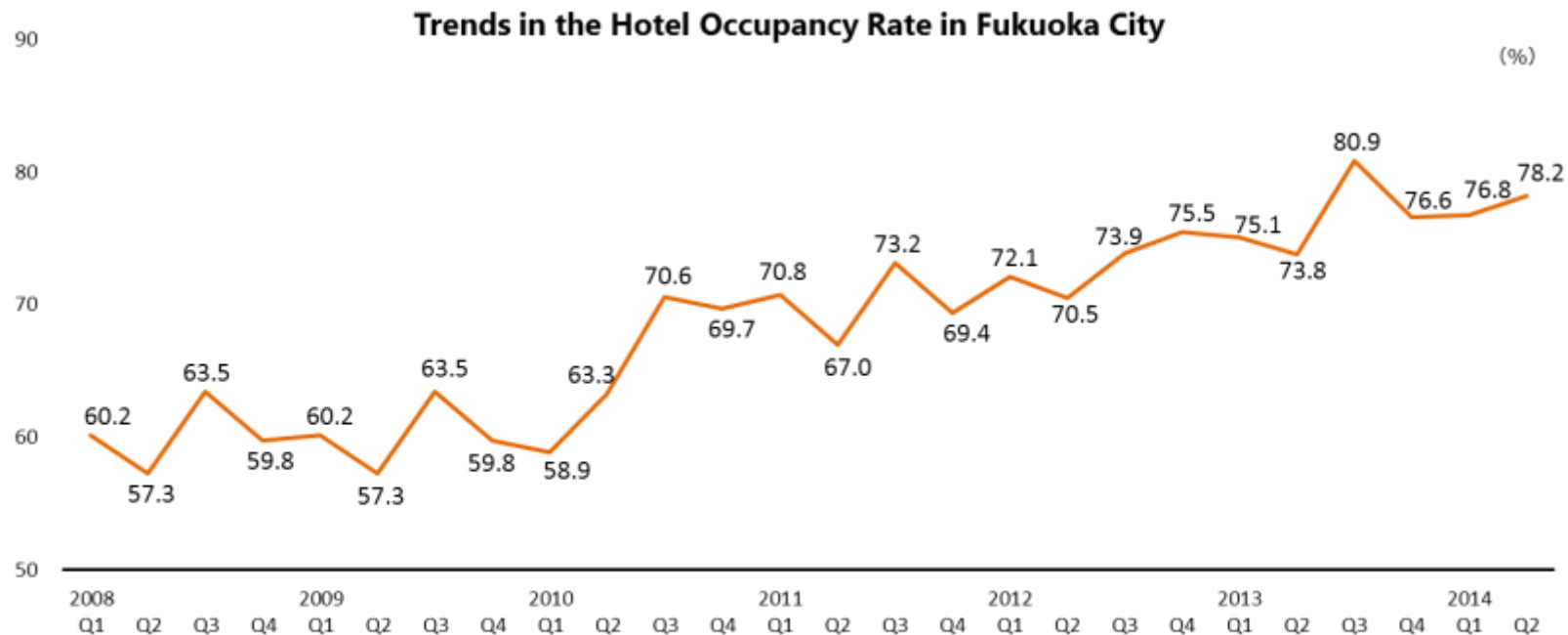
Continuing Trend toward Improvement in the Vacancy Rate of Office Complex in the Central Part of the City

Trends in Rental Office Area and the Vacancy Rate in the Business District in Fukuoka City

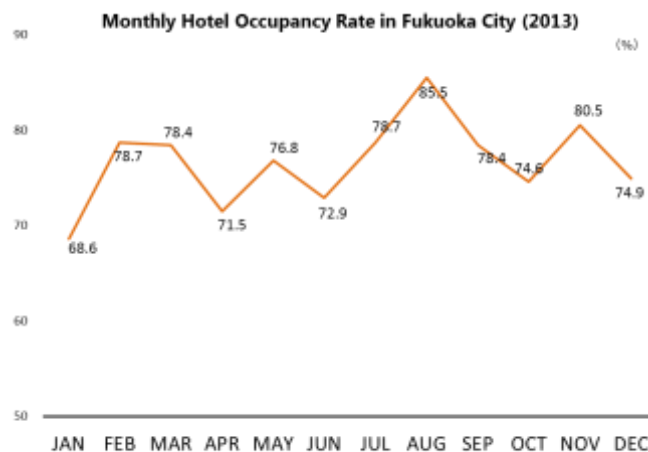


資料：三鬼商事株式会社オフィスデータ（各年9月時点）
 *福岡ビジネス地区内にある延床面積が100坪以上の主要貸事務所ビル

Upswing of Hotel Occupancy Rate to Approximately 80%



資料：宿泊旅行統計調査（観光庁）*従業者数10名以上ホテル
*Q1：1-3月、Q2：4-6月、Q3：7-9月、Q4：10-12月



資料：宿泊旅行統計調査（観光庁）*従業者数10名以上ホテル

Background of “Upward Stream”

Advantages of Fukuoka City Give a Boost to Startups and Economic Activities

Human capital accumulation in Fukuoka City
(Top population growth rate among cities designated by government ordinance of Japan)

Large number of young people
(Top youth population rate among cities designated by government ordinance of Japan)

High evaluation of disaster defense in Fukuoka City
(Lower risk of catastrophe compared to Tokyo, Nagoya and Osaka)

Platform and support services for Start-up companies

Recognition and pervasion of Quality of Life in Fukuoka City
(e.g. 10th in Monocle's liveable cities)

Expanding market scale (Advantage of hinterland, Kyushu Region with 13 million population)
Blooming service industry (Easiness of establishing small start-ups)

Advantage of securing human resources for startup companies (growth prospect after establishment)
Increasing options for young people (options such as getting employed at startups with purpose of job placement, startup, preparation for startup)
Young people have long period of receiving benefit of Innovation (by being an innovator himself/herself)

Increasing attention on BCP (Business Continuity Plan) since 2011
Re-examination of domestic hub functions→Relative advantage of Fukuoka City

"Declaration of Startup City" (promoted in 2012 toward citizen and outward city)
To feel familiar to "startup" will generate the next "startup"
Citizen's "willing to start-up in the future *1" = 19.5%→People who have entrepreneurs in their immediate circle = 38.4%
Citizen's "willing to support entrepreneurs*2" = 53.5%→ People who have entrepreneurs in their immediate circle = 75.0%
Fukuoka Citizen Survey (2013)
*1=total number of answers "willing to start a business" and "willing to start a business if condition permits"
*2=total number of answers "willing to support" and "if anything, willing to support"
Case study of collaboration between local companies and startup companies
The local enterprise made a mobile application developed by small startup company published as their official application

Attracting creative class to move-in
Enabling of business operations effectively in compact city, and Easiness of forming a community

Continued flow-in of people and capitals from outside of Fukuoka City (and from overseas), which indicates that internal factors have started to be recognized domestically and internationally.

Improving presence as an international city
(Increasing foreign visitors and residents)
(International logistics hub)

Expanding new value generation due to the concentration of people or companies from outside of the city
Growing business chance
Sharing of leading-edge information and value at MICE opportunities

Current condition of creating upward stream of Fukuoka City Economy by synergetic effect caused by advantages and flow of human resources and capital from outside of city · Increase of Startups · Boosting economic activities

Japan's Economy
Effects of Abenomics



Next wave caused by upward stream: opportunity to evolve to the virtuous circle of economy

In order to secure this upward stream and connect it up to the virtuous circle of economy, it is important to have a long-term strategy considering this trend and also to continue carrying out policy measures that steadily lead to the medium and short-term results by utilizing the special zone scheme.