
Osaka Renaissance News

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Welcome to “Osaka Renaissance News” - the email newsletter of Osaka City Government’s “Urban Revitalization Task Force”.

The Osaka Urban Revitalization Task Force

We are the first *City Task Force* established in Japan to address urban regeneration and revitalization issues within a common framework. We also collaborate with the central government’s “Urban Renaissance Program”. The role of the task force is to coordinate and promote the set of initiatives that taken together form the Osaka Revitalization Plan.

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“Osaka Renaissance News” is distributed through multiple email channels to spread the word about important initiatives taking place in Osaka.

This Issue: New Midosuji - Boule Mido

Midosuji is the main arterial corridor of Osaka, carrying fashion, information, and business activity. In the last two years it has undergone a transformation – one that is still continuing.

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The Osaka City Blue Print for Urban Revitalization addresses:

- Urban Regeneration
 - Business stimulation (notably in knowledge-based industries)
 - Tourism and life-style
 - Education – especially professional and life-time learning
 - Foreign direct investment
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NEW MIDOSUJI – BOULE MIDO

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AUTHOR'S INTRODUCTION

Only five years ago, Midosuji Boulevard felt almost deserted in its northern reaches (Hommachi to Yodoyabashi) symbolized by the ubiquitous 24-hour parking lots on the empty building sites. Worse still, up to that time, Midosuji had never really seemed to fulfill its potential. As so often, it took a long recession and a sense of despair to create the conditions for an actual revival. It began organically in the late 1990's, as new tenants started looking for central locations with lower rental rates, especially to the areas behind Miodsuji. Then, trendier businesses started to revitalize the area. The local government took note and began organizing IT-related community projects. Next, local and central government began organizing building owners along Midosuji itself into Promotion Associations as part of even bigger revitalization plans.

The key is still the improving economy and real estate market. Midosuji is now

the best known real estate market outside the major Tokyo centres. It can continue to attract investment, due to the unrealized potential still of its wonderful vision – 4.4-km of 44-metre wide, tree-lined avenue, through the centre of the city.

If central government and other local agencies can agree on plans to re-organize its traffic flows, then the potential dreamed by its original architects – including the grandfather of the present Mayor, who was responsible for authorizing its construction - will be finally realized. The importance of this is that in a mobile age, where people and capital move quickly, cities have to capitalize on their own assets in order to distinguish themselves and attract visitors, business and capital. This is the final goal.

Alex Stewart

NEW MIDOSUJI – BOULE MIDO

Midosuji is the emblem of Osaka, which is enjoying reconstruction and revival.

(1) Importance to Osaka

The average short term visitor to Osaka is likely to have a memory of one of three things: the station area, called Umeda - where all railway and subway lines in Osaka meet; the castle park, Osaka's most visible tourist attraction; and thirdly, Midosuj Boulevard, the main arterial street and most impressive boulevard in Japan.

Midosuji Boulevard cuts through the centre of Osaka, defining its north-south axial structure. At the northern end is Umeda, the transport hub, and at the southern end, Namba also a transport hub, but more importantly the traditional entertainment centre, simply called Minami (meaning South in Japanese). The business zone starts at Yodoyabashi, the bridge which carries Midosuji over the Dojima River and then continues to Namba in a straight line, perfect for parades. The zone area continues for about two to three blocks on either side.

(2) Original vision

The Boulevard is 44 meters wide, making it a true European style boulevard, or as some call it, a Japanese Champs Elysees. It has similarities with Omote-Sando, Tokyo's fashion centre, but at 4.4-km, it is at least twice as long. Indeed the length of Midosuji makes it impressive even by world standards. It was completed in 1937, under the mayorship of Hajime Seki, the grandfather of the present Mayor, Dr. Jun-ichi Seki. As the City proudly notes, only 2% of total costs needed to

clear the area and build the boulevard were supplied by the central government, the bulk was paid for by Osaka City, and 20% by local land owners. Although it is a national highway now, the feeling is it belongs to Osaka's citizens.

The original architects had an international vision of a stroll boulevard, which could introduce some of the esprit of Paris, Berlin, or New York. This never really happened. First, the war made hopes of internationalization short-lived, then the desperate race for growth in the post-war period, quickly turned Midosuji into a strictly business centre for most of its length, with banking and financial institutions crowding especially into its northern end. Only the areas around the crossroads of Shinsaibashi and the last kilometer of the boulevard south preserved the feel of a citizen's street.

(3) Seeds of Revival

The lowest point for Midosuji's fortunes occurred at the turn of the twentieth century, when the drawn out Heisei Recession, through the 90s, seemed to have brought the economy almost to its knees. Several large corporations had shifted headquarters to Tokyo. Financial "Big Bang", which was at its height in 1999, had caused many financial institutions to close branches, or banking halls, in a wave of closures and consolidations. At one point much of the northern end of the street felt abandoned.

At the same time, in the late 1990s, lower property prices in the downtown area started to attract new kinds of business entrepreneurs, spawned by the can-do spirit of the Internet Age. Other small businesses, especially SOHO offices – then still a new phenomenon - also began to move in. Next, an inspirational restaurant or café would open and make a special impact, attracting others. Soon, some areas adjacent to Midosuji were morphing into “urban villages” – a name used to describe how an existing community can be revived and revitalized by the fusion of fashion and smart money coming from outside. In the Midosuji area, the best examples are Minami Semba and Horie, on the east and west side of Midosuji respectively. Both are now lifestyle habitats, transforming the area and pushing the urban village effect out into adjacent neighbourhoods as new businesses continue to look for cheaper space.

(4) Government action

Government agencies started to take notice of the trend, and in around 2001 projects were initiated to facilitate and encourage the concentration, especially of media, internet, and IT companies in the area. Two community-wide projects in particular - Semba Digital Town and Digital City respectively – were established with the participation of several hundred small companies to test new kinds of information service, notably ubiquitous IT, using mobile phones to demonstrate ways to provide information about things happening in the community, including live video relayed to phones to show locations, or real-time information about seating availability in participating restaurants.

At the same time, the City and other agencies started encouraging the first major initiatives to revitalize the

boulevard itself. The “Council for Creating a New Era in Midosuji” was officially launched in April 2001. Soon other groups were formed with the same goal to make use of the vacant land and office spaces on street level to attract other kinds of investment and entertainment, which would revitalize Midosuji. The central government Ministry of Land, Transport and Infrastructure, also became involved by establishing a committee to study and promote “Tomorrow’s Midosuji”.

(5) Deregulation

The key however to any sustainable improvement in the area was investment. Recognising this, the central government enacted its Urban Renewal Law in 2002. This provided basic funds to qualifying urban revitalization projects for key infrastructure, like access roads and public spaces. Around the same time, the central government introduced a policy of land use deregulation to stimulate local economies by allowing high floor-to-area ratios, paving the way for taller buildings, and cutting planning approval processes for specific projects in order to stimulate new business activity.

Under the “special deregulated zone” scheme, the City applied to have the whole Midosuji area classified as a deregulated zone for higher floor-to-area ratios. This was tied in with a new system of voluntary planning control, introduced by the City in April 2002, to encourage developers to create more public space by setting back their buildings from the pavement, or incorporating more public space within the building design. In return, the City offers an increased volume-to-lot ratio, providing the additional floors are set back in a tiered fashion, in order not to rise directly above the street.

The combination of these various measures, assisted by the general upturn in the economy and property prices, had the desired effect of stimulating investment. By 2005, Midosuji had become the hottest real estate area outside central Tokyo, with buyers queuing for land.

(6) Brand retailing

The first area where real estate prices turned positive was Shinsaibashi – a major intersection on the Midosuji – where first Daimaru and then Sogo Department Store established their original stores. By the mid-1990s, however, this area too had become relatively depressed. Sogo was reeling from debt and the store looked half vacated. In 2000, the store closed after filing for bankruptcy. Five years later, in the Fall of 2005, a brand new Sogo store opened on the same site, a symbol of the area's complete reconstruction and regeneration. The new Sogo is the first building to take advantage of the deregulated height limit, and enjoys a 1,300% area to building capacity ratio, 30% more than the previous limit. The economic impact of the new store has also been dramatic, with visitor numbers to the area running much higher based on subway station passenger figures, and helping to boost sales in neighbouring stores, including Daimaru.

On the other side of the new Sogo Store, the LVMH Group has built its flagship brand centre. In Sogo itself, Asprey of London has opened its first store in Asia, ahead of the opening in Tokyo. Overall, Shinsaibashi has established itself as the brand capital of the Kansai region.

This revival of Midosuji is quite remarkable bearing in mind that not long before Sogo was the typical symbol of the area – with many

buildings either vacated or looking drab. Today, there is no part of Midosuji which is not under redevelopment. Indeed, there is talk of a property bubble, although that will be determined elsewhere, according to whether there is a bubble in Tokyo, which seems unlikely, unless first the national economy is negatively impacted by outside events in the global economy. Otherwise, what is more likely to sustain property prices is the return of confidence in the potential of the Midosuji Boulevard's peerless location and asset quality.

(7) Showcase for Japan

Meanwhile, various government agencies, including the City and Central Government are looking for ways to make the appearance of the boulevard more exciting still, by redirecting traffic, widening the pavement area, introducing water, and eventually changing the laws, so that restaurants and sidewalk cafes can extend their custom on to the pavements. The fact of it is, the asset is so desirable, that there is still huge potential to make Midosuji the lifestyle highway, not simply of Osaka, but Kansai, and perhaps even a showcase for Japan.

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