



December 5th, 2007

Japanese Monthly Housing Starts Summary

October new housing results demonstrated a dramatic improvement for wood frame construction, indicating that builders, architects and local building officials are beginning to come to terms with the procedural complexities brought about by the BSL revisions. Finishing at 76,920 units, total housing starts were down 35% in October. However, total wooden housing starts declined only 5.5% over the same period last year thereby showing improvement in Post and Beam and 2x4 starts. Overall housing starts were hampered by a continued slowdown in high rise condominium starts: mansions were down a staggering 71.1% in October. Unlike most WFC, high rise construction is now subject to a peer review process under the new BSL legislation and much of what we have been hearing is that there are a "shortage of peers" to review this construction.

Post & Beam

October Post & Beam starts were 34,624 units: a 6.9% decrease over October 2006, but a substantive improvement over the -23.8% shortfall the month prior. Average floor area was 103.69m², roughly on par with the same results a year prior.

Pre-Fabricated Housing Starts

Pre-fab wooden housing starts were 1,585 units; down 7% over the same period last year.

2x4 Housing

2x4 housing starts showed their first year over year increase in 7 months, finishing at a healthy 9,721 units. Although overall 2x4 numbers were up 0.3% over the year prior, average floor area finished at 80.55m², pointing to a more pronounced recovery in multi-family housing as opposed to single family and spec housing.

By sector type results were as follows: single family 2,586 units (-6.6%), rental housing 5,546 (+16.2%), speculative housing 1,582 (-24.2%).

(Sources: MLIT, The Nikkei Weekly, Nikkan Mokuzaï Shimbun, Mokuzaï Kenzaï Weekly, The Japan Times)

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