

CHAPTER 4

IV LAND CONVERSION PROCESS IN THE CENTRAL AREA OF MAEBASHI CITY

The central area of Maebashi city was selected as an example in which several urban functions and decision-agents were located. The area was in the final stage of development (Figure 15).

1. Land-use change in the central area of Maebashi city

Land-use in 1980 in the central area is shown in Figure 16. In 1980, both sides of the main-street (Route 50 and Maebashi station street) were dominated by financial and insurance companies and other offices (Todokoro, 1983). Food shops, book shops and boutiques were located on the north side of *Babakawa-dori* street, which runs parallel to and one block from the main street. Five small hotels and inns were located in front of Maebashi station. Many of the western blocks of Maebashi station street were residential. Land-use for the study area in 1980 was characterized into three major categories: office blocks (either side of the main street); shops (northern district); and residential (southern district). Along the main-street there was a cluster of parking lots with a capacity around 20-30 cars (Figure 17) ¹⁸.

In 1996, thirteen newly built high-rise buildings were distributed along the main street (Figure 18). The tallest building in Gunma prefecture (16 stories) was included in this newly-built group. Generally, both sides of the main street were renovated. In the commercial district (northern part of the study area), the tendency toward parking

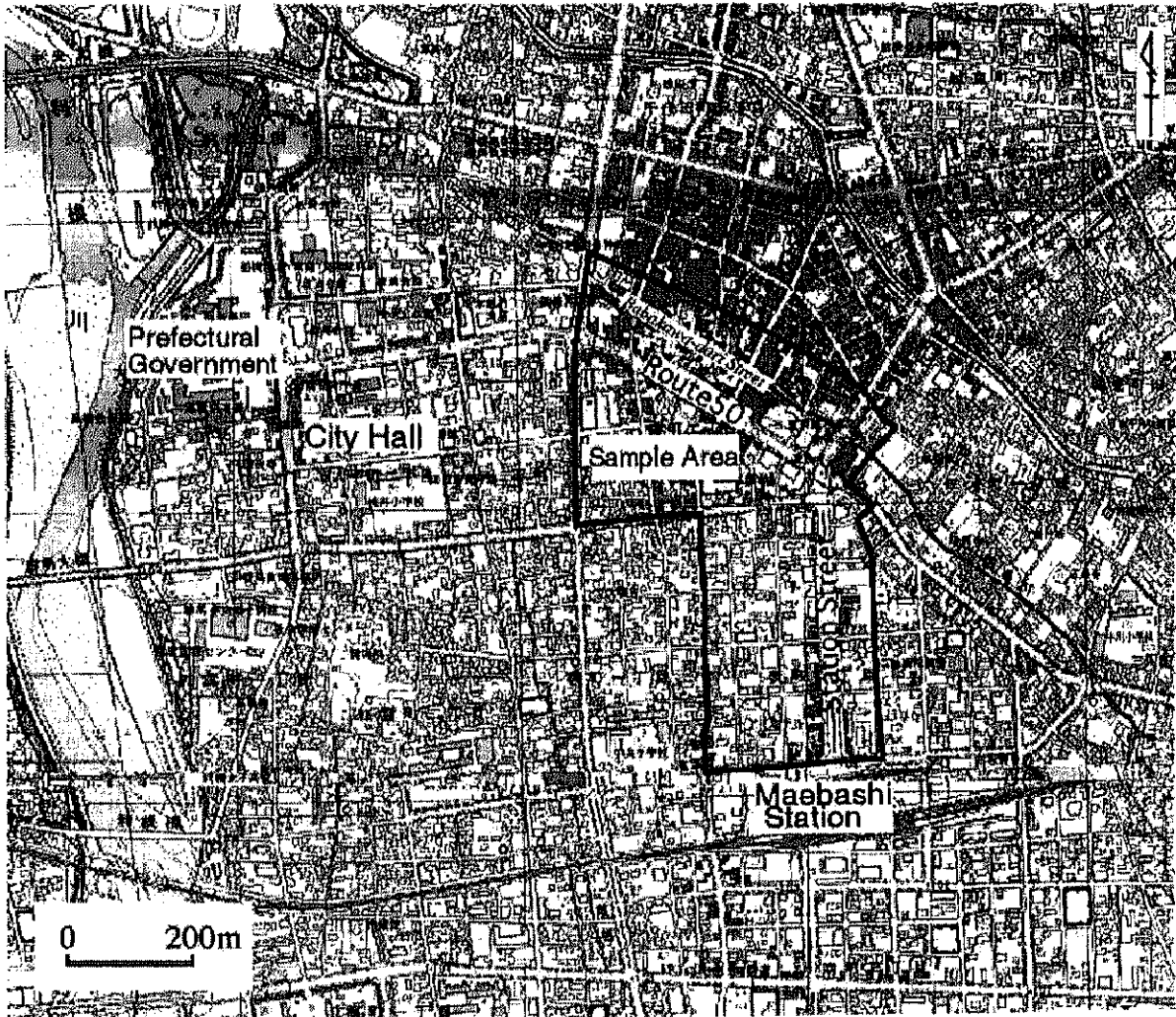


Figure15. Sample area in the central area of Maebashi city in 1997.

Source: Based on the topographic map (1:10,000, 1995) .



Figure 16. Land-use in the central area of Maebashi city in 1980.

Source: Aerial photo distributed by the Geographical Survey Institute.

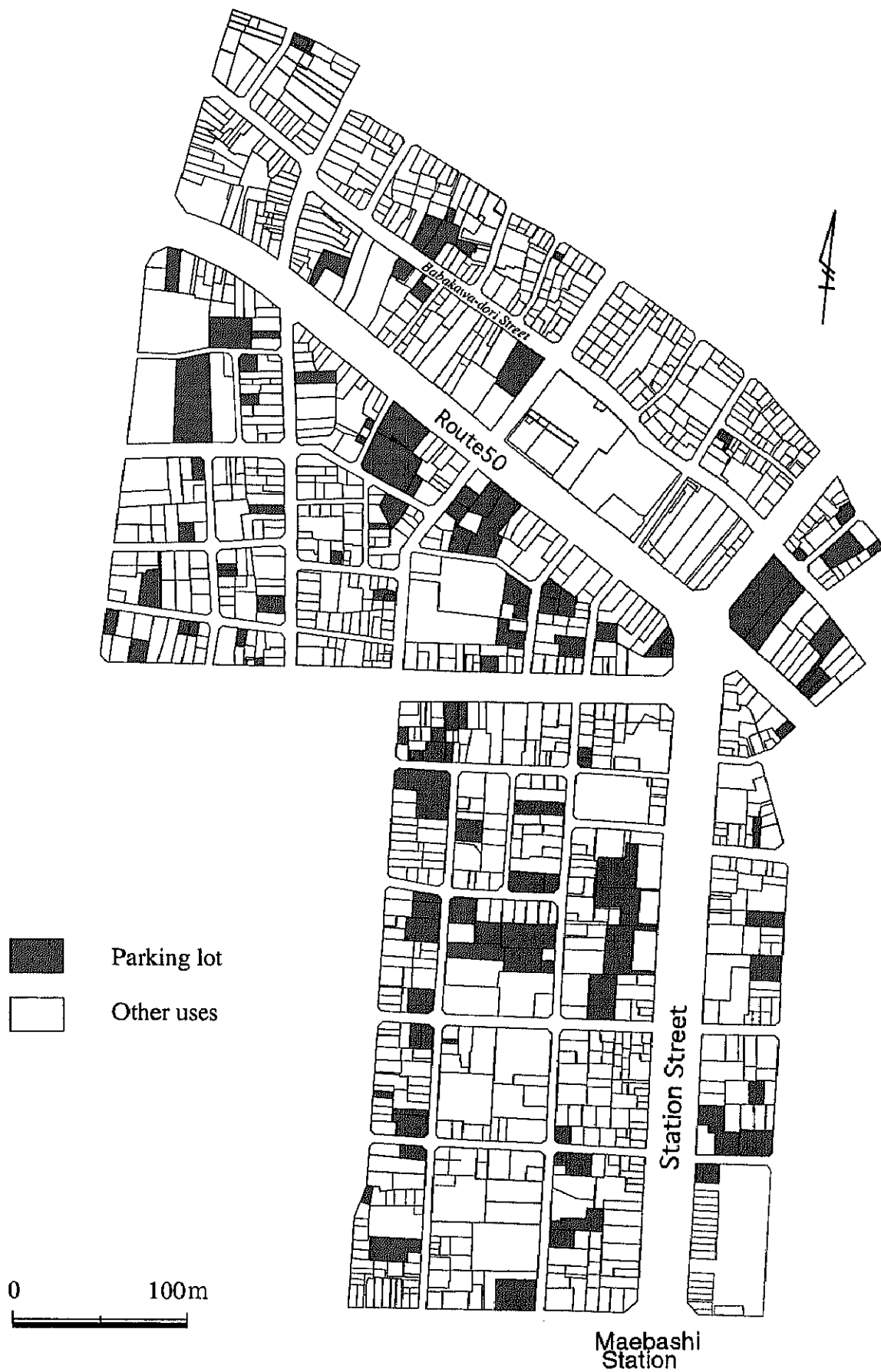


Figure 17. Distribution of parking lots in the central area of Maebashi city in 1980.
 Source: Aerial photo distributed by the Geographical Survey Institute.

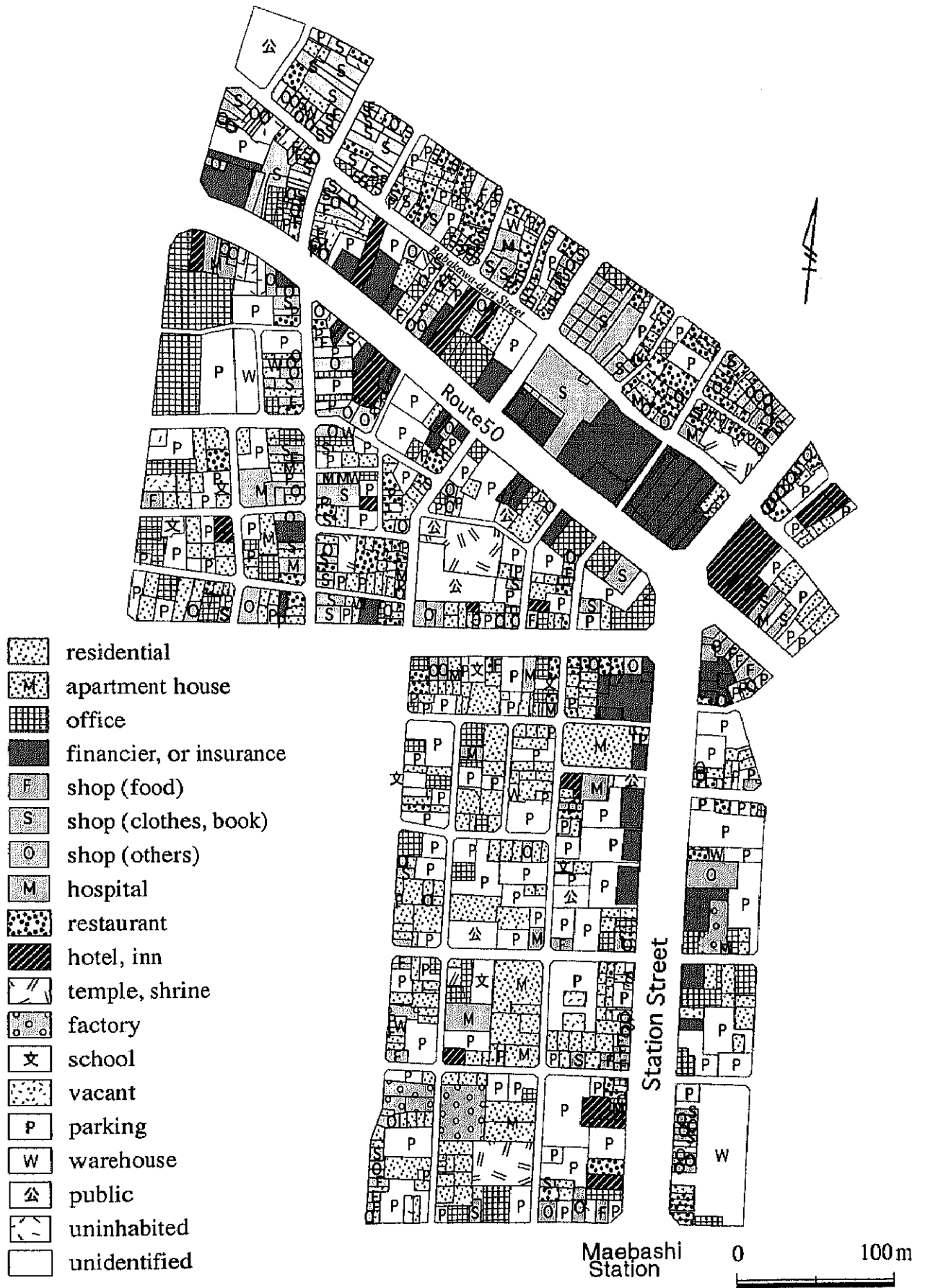


Figure 18. Land-use in the central area of Maebashi city in 1996.

Source: The author's field survey.

lots was identified, where almost all the blocks had several urban uses in 1980. Change to parking lots was more common in the residential district (southern part of the study area) (Figure 19). All the blocks in the residential district underwent such changes, although a few sites were renovated to high-rise apartment houses. For example, one block clustered by low-rise small houses was completely changed into large parking lots (2,014 m², with a capacity more than 50 cars) after the *Bubble economy*. In addition, several sites were also changed into parking lots where previously there were small retail shops and a woodworking plant. Parking lots also replaced a relocated private school and a closed large-scale electronic appliance shop on the eastern side of Maebashi station street.

Land-use categories in which there was a high increase during 1980-96 were public use (86% increase), parking (75%), high-rise apartment houses (58%), and hotels (35%). In addition, the area occupied by vacant houses in 1996 was more than 11 times that in 1980, although the absolute space was relatively small. Conversely, categories in which there was a large decrease were residencies (23% decrease), offices (18%), food shops (38%) and restaurants (25%). Moreover the total space for factories was almost halved during 1980-96. The data indicated that the space for offices decreased, because space was measured by the number of lots. Rather, when measured by floor area, the space for offices appears to have increased.

There were two general types of land-use change: 1) Old residences, low-rise offices, and food shops were replaced by parking lots, offices, hotels, and apartments. That is, change to more intensive use of land after renovation. This type of change is evidence for the increased significance of the central area functioning as a business district. 2) Changes to transitional land-use with no buildings (e.g., parking lots) were



Figure 19. Distribution of parking lots in the central area of Maebashi city in 1996.

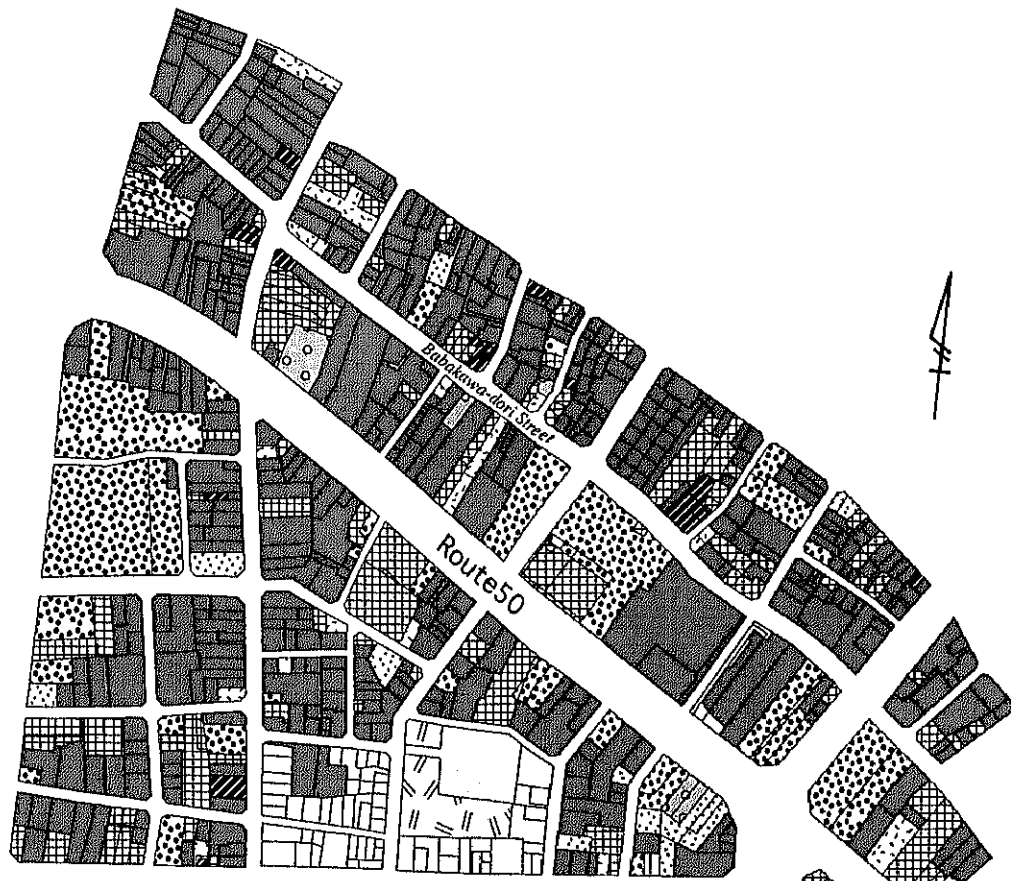
Source: The author's field survey.

seen in almost all the blocks in the area. This type of change is evidence for decline.










2. Land-ownership change in the central area of Maebashi city

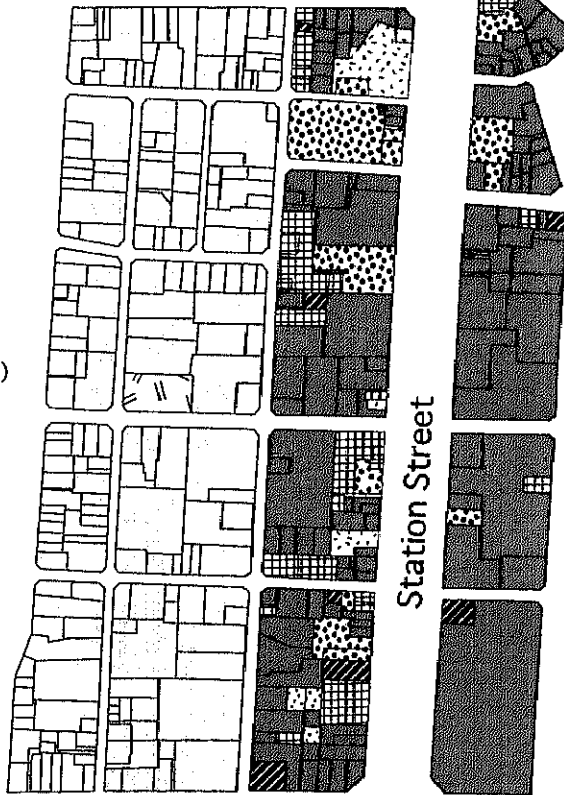
The distribution of addresses of landowners in the sample area is shown in Figure 20 (for 1980) and Figure 21 (for 1993) using the same data from Maebashi City Hall as for the Rokku area. In 1980, most major landowners were those who lived in the sample area. They accounted for 66.0% of the total sample area, while the area of land owned by those who lived in other areas was relatively smaller. In particular, the distribution of lots owned by corporations in the Kanto region (e.g., Tokyo) was limited to both sides of Route 50. All these lots were more than 1,000 square meters in area. Relatively larger lots in the city center were owned by these corporations that had already opened branch offices in Maebashi city by 1980. They include a major department store; banks; the public corporation on telegraph and telephone (now called NTT); an electronic power company; among others. Lots owned by individuals, including large-scale landowners, clustered along both sides of Maebashi station street.

Land-ownership in the central area of Maebashi city changed drastically over 1993. The rate of land owned by those in the sample area dropped to 54.8%, while the rate for agents in other areas increased during the same period. Several major insurance companies with head offices in Tokyo and Osaka purchased larger lots around the crossing point of Route 50 and Maebashi station street, in one of the highest land priced areas in Maebashi city. Some of these lots were renovated to high-rise office buildings, while several other lots remained as parking. Takahashi, N. *et al.* (1986) stated that such insurance companies tended to purchase several small neighbouring



Addresses of Landowners

-  Within the sample area (city centre)
-  Maebashi city
(Rokku area is excluded)
-  Takasaki city
-  Gunma Prefecture
(Maebashi and Takasaki cities are excluded)
-  Tokyo Metropolis
-  Kanto Region
(Gunma Pref. is excluded)
-  Others
-  Maebashi Municipal Office
-  No data



Maebashi Station

Figure 20. Addresses of landowners in the central area of Maebashi city in 1980.

Sources: Based on data from the Property Tax Division of Maebashi City Hall.

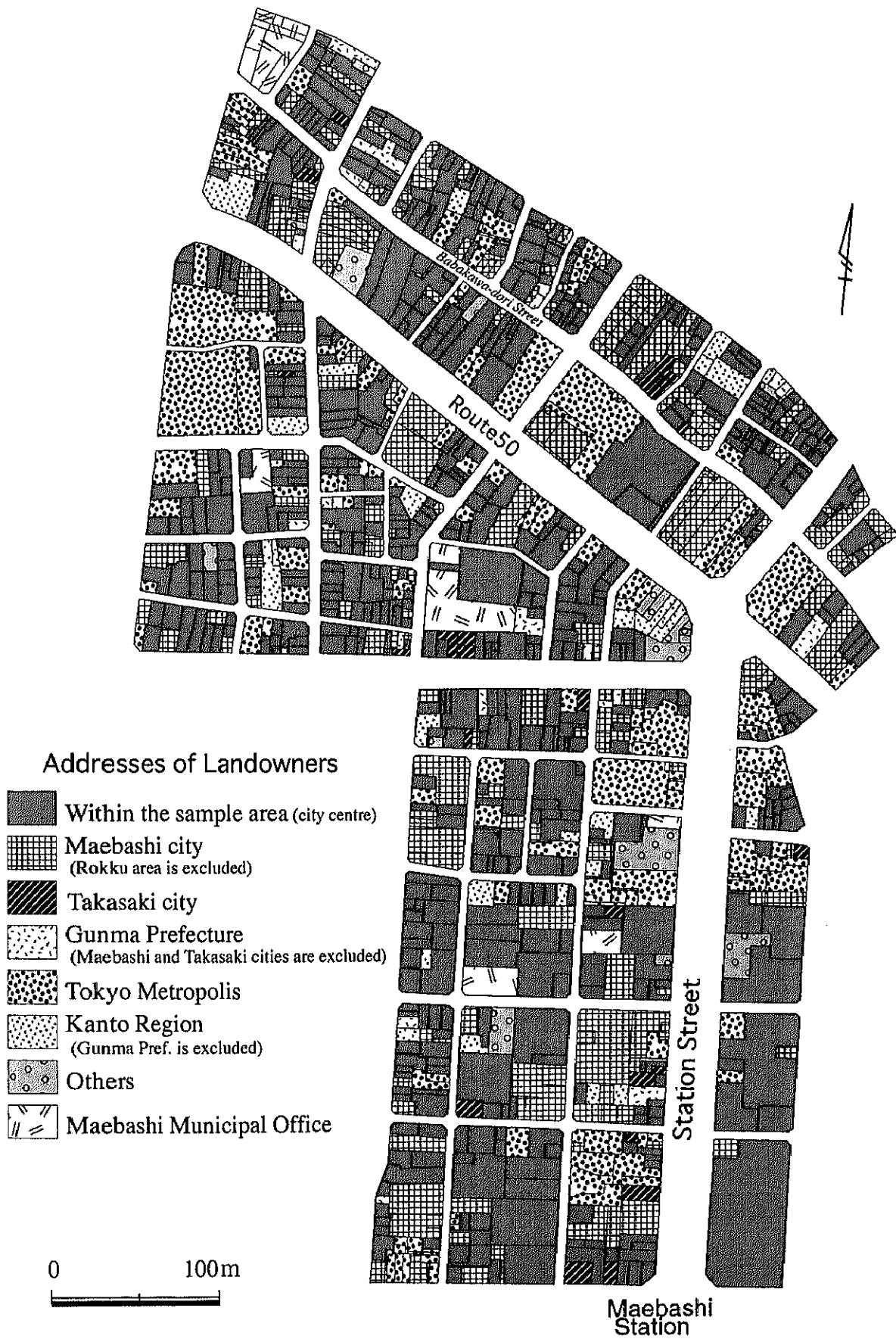


Figure 21. Addresses of landowners in the central area of Maebashi city in 1993.
 Sources: Based on data from the Property Tax Division of Maebashi City Hall.

lots at once so that they could get a large amount of land on which they could construct a high-rise office building. This kind of behaviour conducted by large-scale companies can be thought as a good predictor of urban growth. Seeing such kind of behaviour, as mentioned above, enhances the centrality of Maebashi city.

Another characteristic of land-ownership change in 1993 was identified. Landowners in Tokyo and other locations in the Kanto region came to own land located off the main street (back blocks). Moreover land owned by those in Maebashi city (excluding the sample area) increased due to: land-transactions; landowners' changes of address to suburban residences; and land inherited by the successors who lived in the suburbs of Maebashi.

Figure 22 shows the number of land-transactions in the central area of Maebashi for 1982 to 1993. There were three peaks in the number of transactions. The first peak occurred between 1984 to 1985. Several factors contributed to this peak in land-transactions. They were: an easy money lending policy after the second oil crisis; the opening of the Kan-Etsu expressway (which leads to Tokyo); a national athletic meet held in Maebashi in 1983; and high-tech prosperity (1983-1985). During this peak period, large companies based in big cities tended to buy blocks with easy access to the main street. The second and third peaks occurred in 1988 and 1990, respectively. The peak in land-transactions is attributed to the *Bubble economy*. During these two periods, smaller companies (as well as larger companies) and private investors bought blocks in the study area. These purchases were not limited to the area running along the main street.

The relationship between land-ownership and land-use changes in the sample area is illustrated in Figure 23. Corporations and individuals in Tokyo made a tremendous

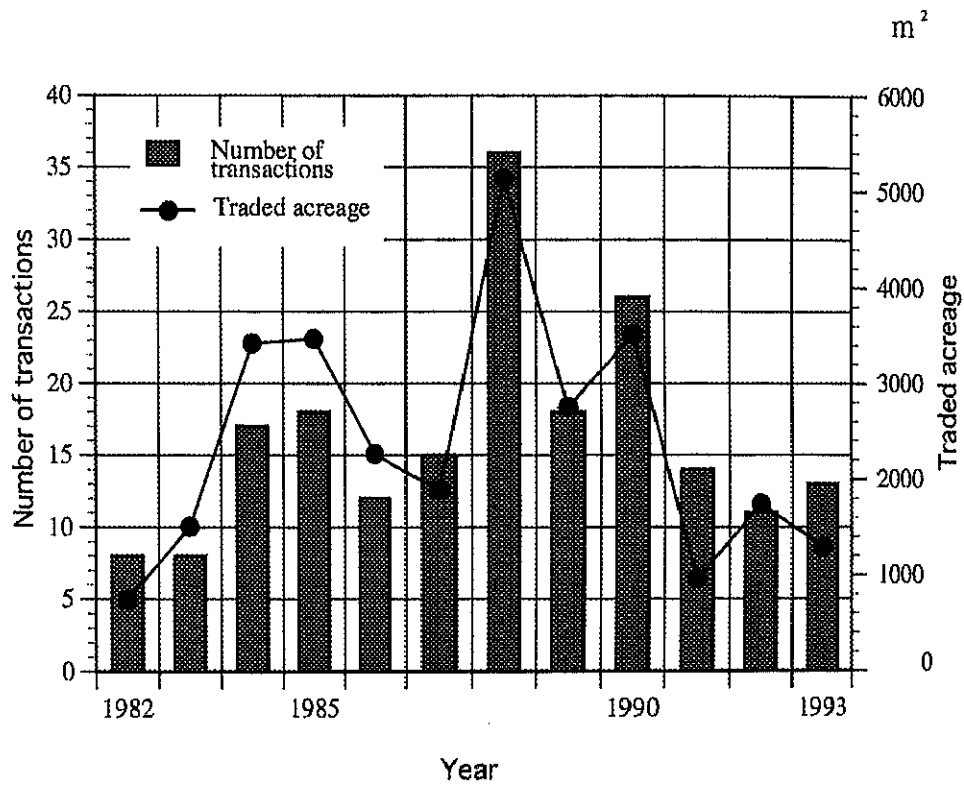


Figure 22. Number of land-transactions in the central area of Maebashi city during 1980 to 1993.

Sources: Based on data from the Property Tax Division of Maebashi City Hall.

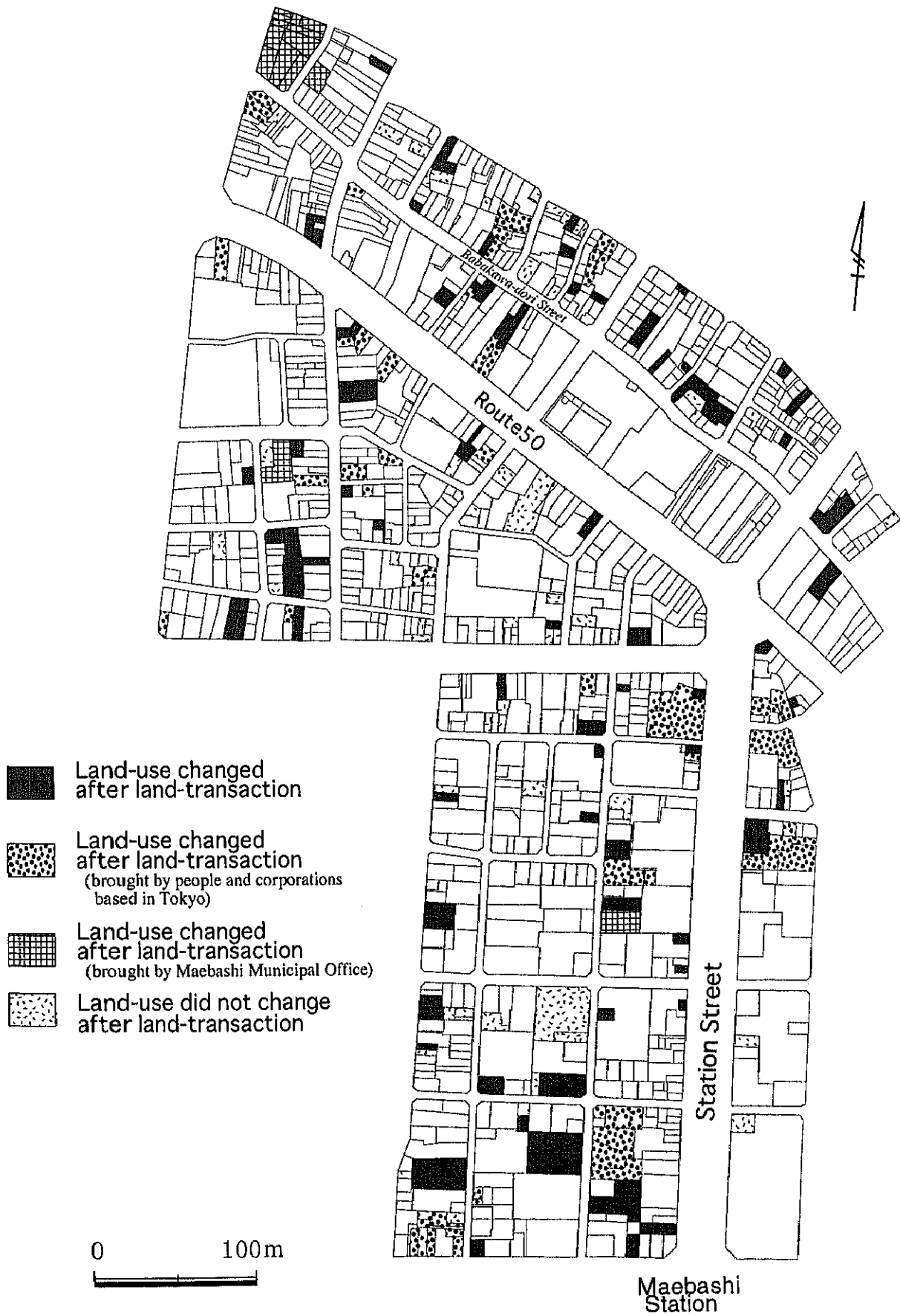


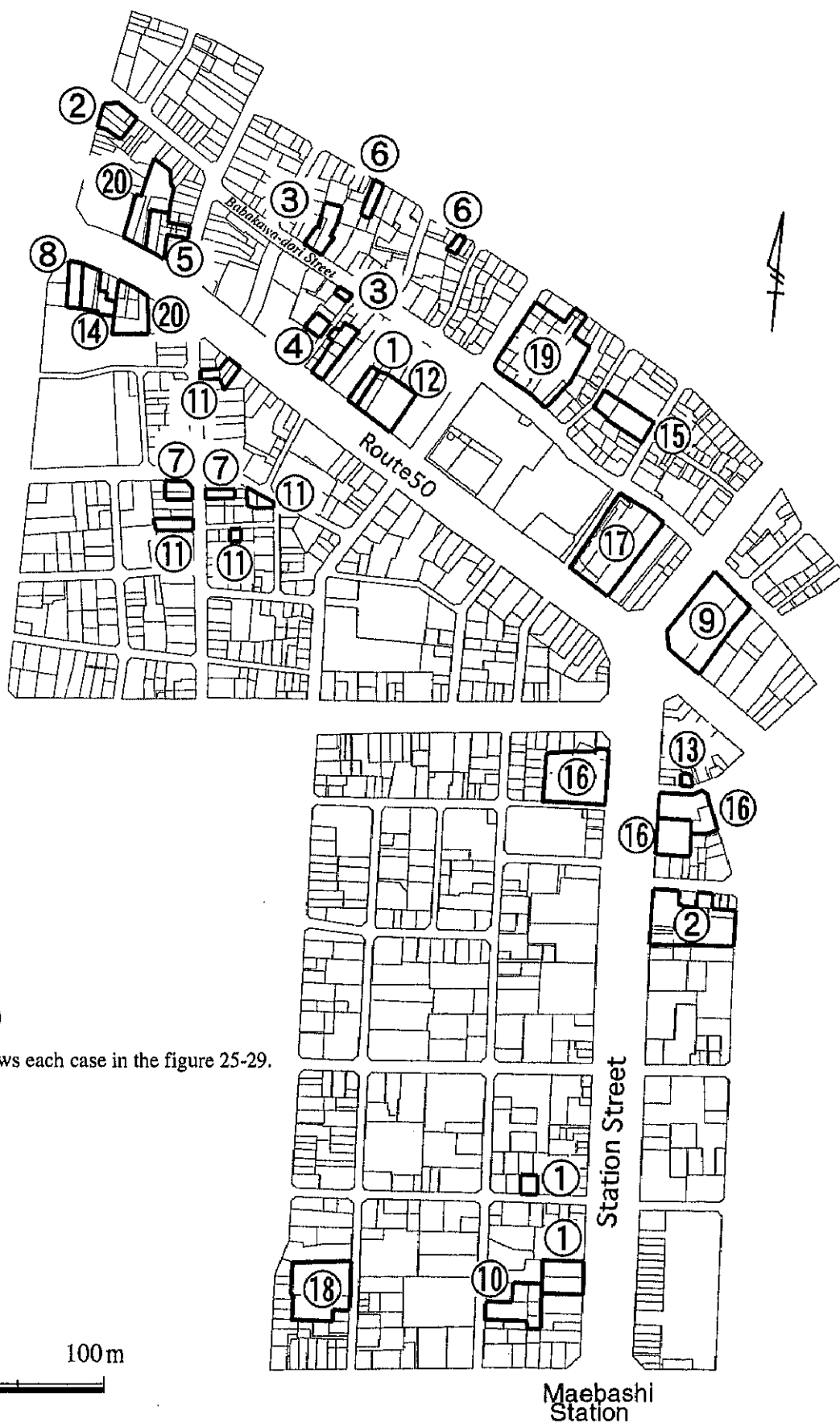
Figure 23. Distribution of traded land in the central area of Maebashi city during 1980 to 1993.
 Sources: Based on data from the Property Tax Division of Maebashi City Hall and the author's field survey.

impact on the area. Along the main street, relatively larger lots were renovated to high-rise buildings by insurance companies that had ample funds, while other kinds of corporations and individuals constructed middle-rise buildings in the back blocks. At the same time, many original dwellers in the sample area sold land which was changed into parking lots. In general, there seems to be a close relationship between land-transactions and land-use change.

3.Land-use decisions of agents

In the analysis taken so far, it has been identified that some lots along the main street tended to be renovated to high-rise office buildings by insurance companies in Tokyo and Osaka, and that a large amount of lots in the southern residential district were converted into parking. Thirty-three cases of such land-use change were identified as having great impact on the urban landscape. In this section, the author focused on the agents' land-use decisions which laid behind each land-use change. Fifty-four agents (twenty cases) with which the author could make contact were selected for interview. For each agent, the causes, conditions and behaviour of their land-use decisions were closely examined (Figure 24).

During the interview each agent was asked about their reasons for disposing of landholdings. The agents were questioned on the number of agents and their roles in the land conversion process; the reason for land-use change; and so on. All twenty cases can be categorized into the following two groups based on whether or not there were intermediators in the process. The group in which there were no intermediators (i.e., agents made their own decisions) can be subdivided into types 1, 2 and 3. The other group are cases in which there was at least one intermedicator who played an



① ~ ②①
 The number shows each case in the figure 25-29.

Figure 24. Distribution of land that underwent land-use change related to the interviewees during 1980 to 1997.

Sources: Based on data from the Property Tax Division of Maebashi City Hall and the author's field survey.

important role in the process. This group is subdivided into types 4 and 5. The following analysis on the land conversion process in the sample area is examined for the five types mentioned above.

1) Agents living in Maebashi city

The seven cases categorized as either type 1 or type 2 are characterized by agents who originally lived in Maebashi city and played important roles in the process.

Type 1 includes two cases in which large scale landowners who owned more than 10,000 square meters of urban land in 1980 (Figure 25). In case-1, the main agent was a manager of a warehouse company (agent-1). He sold portions of his land several times between 1980-96. The landbuyers in this case were all office workers who rented the lots agent-1 decided to sell. It was more advantageous for agent-1 to sell land to the leaseholders, rather than redeeming land ownership. In case-2, a manager of an electronic appliance shop was the main agent (agent-2). Agent-2 kept two shops in the sample area until 1988. A slump in business followed by land inheritance caused the surviving family member to close both shops and sell most of the land to pay for debts and inheritance tax. There was no renovation for any of the buildings on the remaining land. Almost all of the land sold was converted into parking lots having no buildings. The behaviour of the main agent in the two cases in type 1 can be considered risk minimization by reducing land size. This is because leaseholders' rights, which were not sufficiently protected by Civil Law, were secured by the new 'Land and Building Lease Act', and so offer less advantages to owners (Kumada, 1993; Satoh, 1993). Because the large scale landowners prefer to preserve land as much as possible. The more land acquired through inheritance, the less likely is the option to renovate.

Type 2 includes five cases in which individual shopkeepers and some corporations

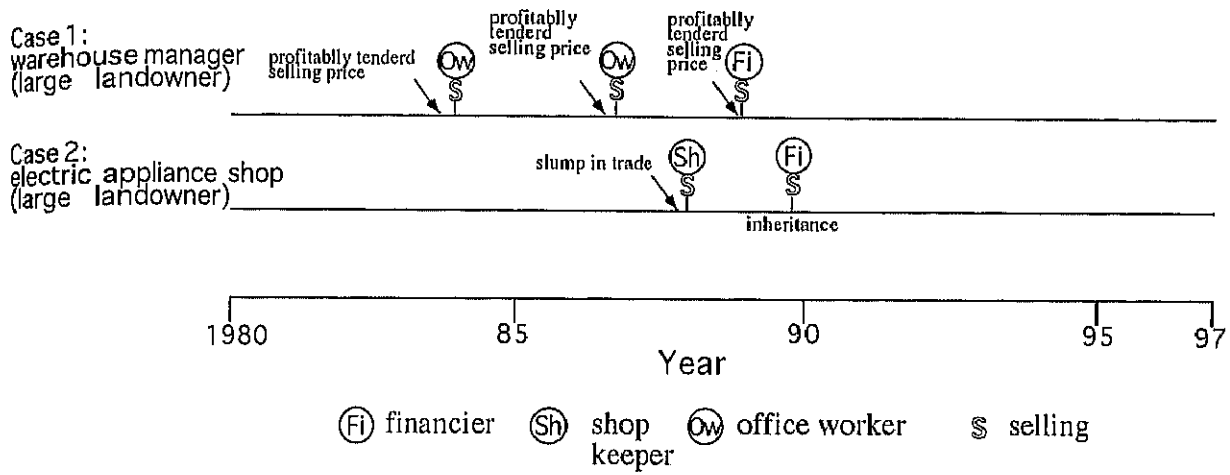


Figure 25. Land-transfer time for decision agents in the central area of Maebashi city during 1980 to 1997 (Type 1).

Sources: The author's field survey.

that opened their offices in the central area of Maebashi by 1980 (Figure 26). In these five cases, the behaviour of the main agent in each case can be divided into two categories: utilizing (renovation) and active buying of land. Original old low-rise buildings were renovated to high-rise buildings in some lots, with the agent deciding to buy a neighbouring lot for the construction of a new building. Shortage of space for shops, offices and parking lots were the common important causes of their decisions. In addition, the following individual reasons also factors in their decisions. In case-3, the shopkeeper recognized a need for renovation of his own residence due to parental care before he finally decided to construct the present combination shop-residence building. In case-7, a business take-over in conjunction with a profitable offer of financing from a local bank were the determining factors in the present owner's decision to renovate the new office building on his own.

2) New agents in Maebashi city

Type 3 includes five cases in which individual shopkeepers and some corporations new to the central area of Maebashi after 1980 (Figure 27). In case-8, the clothing company based in Tokyo (agent-8) decided to diversify management after the former president died. Agent-8 chose hotel management as its new branch of management. One reason why the company decided to start hotel management was that they could easily make use of their knowledge of the clothing industry for the choice of furniture for the new hotel. In case-9, the lot was already owned by an insurance company in Tokyo (agent-9) in 1980, and was being used as a parking lot for about ten years before it was converted to a high-rise building. The insurance company started hotel management in Maebashi city by renting most part of the new building to a hotel chain. Agent-8 (in 1989) and agent-9 (in 1990) commenced operations in Maebashi city at

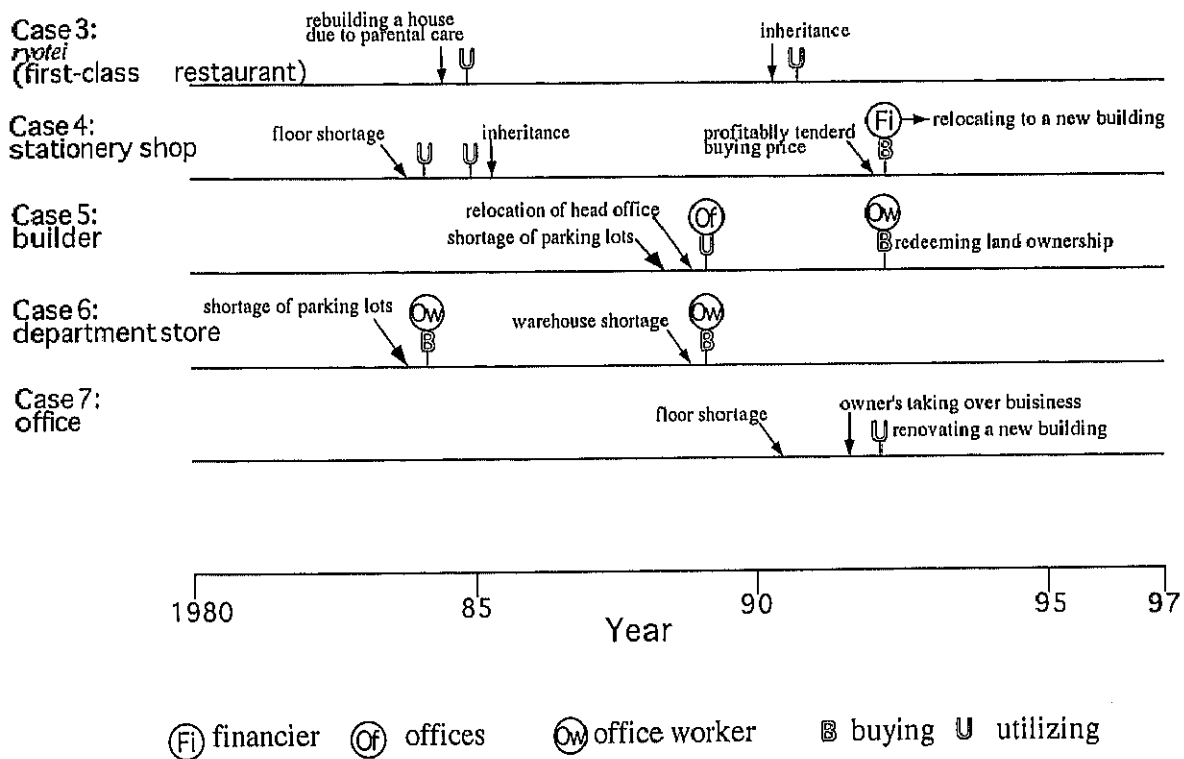


Figure 26. Land-transfer time for decision agents in the central area of Maebashi city during 1980 to 1997 (Type 2).

Sources: The author's field survey.

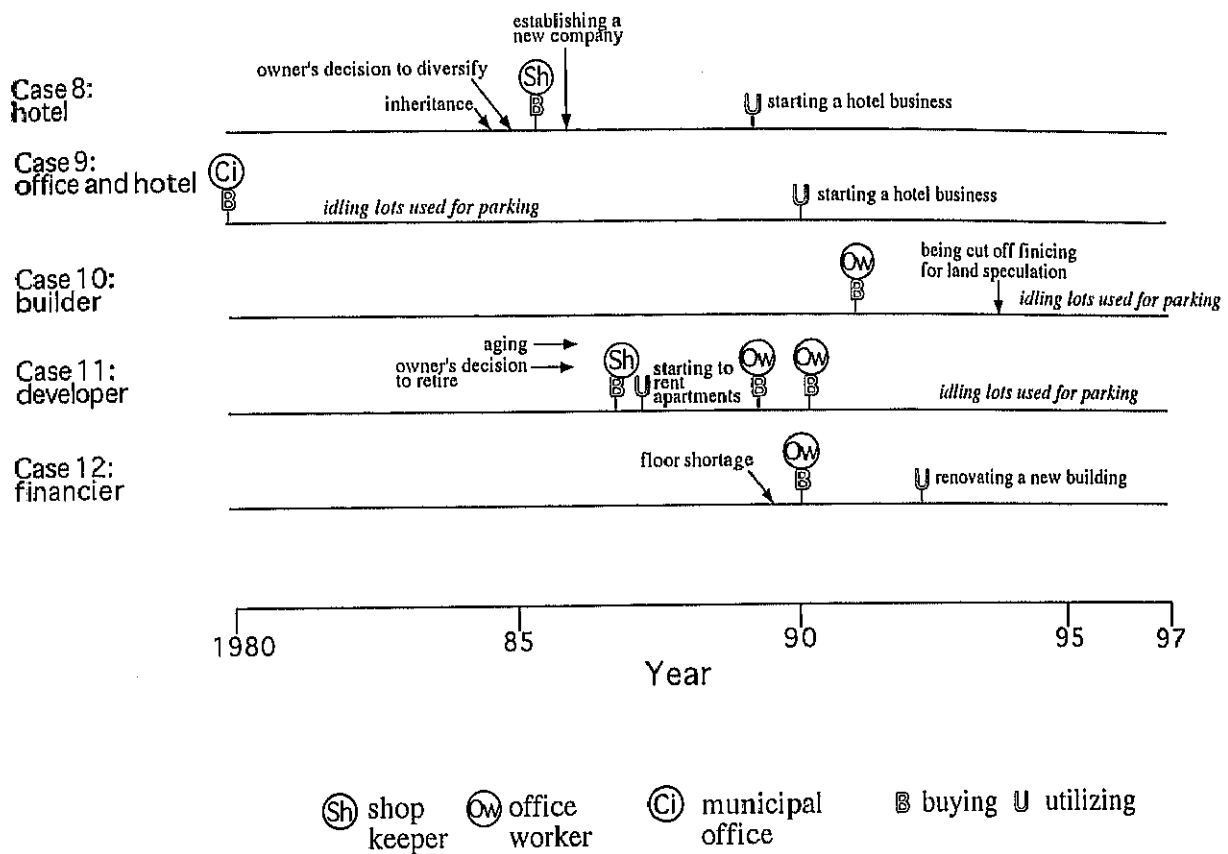


Figure 27. Land-transfer time for decision agents in the central area of Maebashi city during 1980 to 1997 (Type 3).

Sources: The author's field survey.

about the same time. Before these hotels were open in there were no hotels with the capacity to hold weddings, or other large functions. Even though, there were a number of inns and simple hotels in front of Maebashi station. Since the central area of a city usually forms its business district, there was demand for hotels to some extent (Ishizawa and Kobayashi, 1991; Matsumura, 1994; 1996). The opening of these urban-oriented hotels can be considered as increasing the centrality of Maebashi city. Moreover, the release of financial criteria for real-estate taken during the late 1980s and the early 1990s also had an influence on the agents' decisions in these cases.

In the central area of Maebashi city, was also the center for new locations of high-rise apartment houses. Case 10, whose main agent (agent-10) was a construction company in Tamamura town situated next to Maebashi, and case-11, whose main agent (agent-11) was a developer in Tokyo were good examples. These agents actively purchased pieces of land to construct apartment houses in the central area of Maebashi during the late 1980s and the early 1990s. As a result, three apartment houses appeared on the purchased land. Besides construction of apartment houses, an old low-rise office building was renovated to a high-rise building along Route 50, around the highest priced area in Maebashi city. Both old and new buildings were owned by the same insurance company (agent-12) in Tokyo (case-12). The old building stood on land about two-thirds the present size. During the *Bubble economy*, the land price in Maebashi city, especially this lot, increased dramatically. According to one land-price assessment (*chika-koji*) in 1991, the price of the lot was 2,650,000 yen per square meter, which was the highest price ever in Maebashi. In accordance with the rapid increase in land price, agent-12 renovated a nine-story office building in 1992. The influence of agent-12, however, was not limited to case-12. For example, before the

company decided to construct a new building, the company had bought up several neighbouring lots. The company purchased one lot from a large-scale landowner (agent-1). Furthermore, the company attracted many shopkeepers and offices by leasing space in the new building. Among these offices was one local insurance company whose decision to move caused another shopkeeper (agent-4) to renovate a new building of his own.

3) Agents and intermediators

As mentioned above, for types 1, 2 and 3, decisions were made by the main agent by themselves subject to a variety of causes and conditions. However more complicated decision-making was identified in the following cases in which involved not only the sellers and buyers but also a third-party of agents who played important roles in the conversion process.

Type 4 includes four cases in which individual shopkeepers and corporations that opened their offices in the central area of Maebashi by 1980 (Figure 28). In cases-13, 14 and 15, the main agents made the similar kinds of decisions: they all have renovated the original old buildings (mostly low-rise single use residencies) to five or six-storied building, for which some floors were leased. The main agents in these three cases were around 60 years old, which means that their decisions to renovate can be considered as a countermeasure against payment for inheritance tax in the future. This decision was taken because part of inheritance tax is waived should a landowner incur a large debt due to construction costs. During this kind of decision-making, intermediators played an important role in advising the main agent to construct buildings taller than the original ones, or to start leasing. In these three cases, the intermediators were shopkeepers and office workers living out of Maebashi. They referred to successful

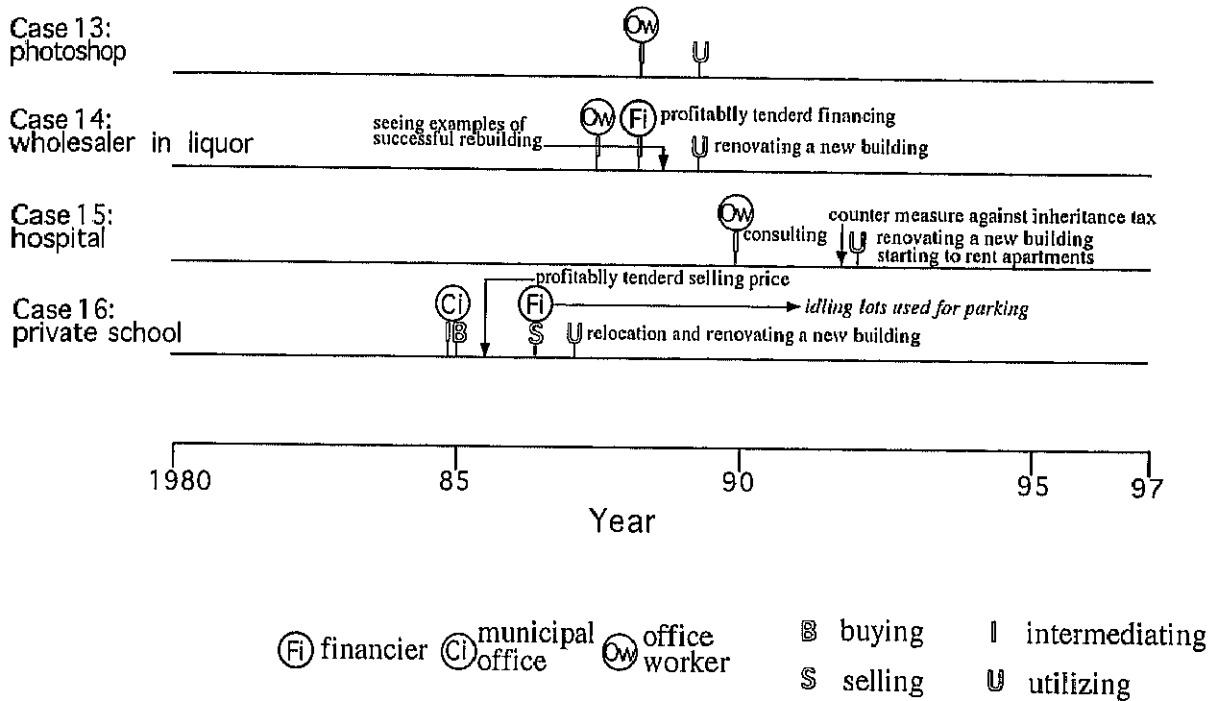


Figure 28. Land-transfer time for decision agents in the central area of Maebashi city during 1980 to 1997 (Type 4).

Sources: The author's field survey.

cases of renovation in other cities.

Maebashi Municipal Office has acted as an intermediary in the conversion process in the case of moving a private school which was located along Maebashi station street (case-16). Before moving, the school had problems of a shortage of space for parking, rundown buildings, and so on. In addition, the school manager had to provide a concrete plan for the rapid increase in students. Maebashi Municipal Office had an urban re-development plan for the city centre at the same time. Finally, Maebashi city secured enough space for the school in another project, and acted as an intermediary between the school and an insurance company in Tokyo that was to buy the lot where the school was located.

The behaviour of type 4 agents differed from type 2 in the use of intermediators who could arbitrate differences between sellers and buyers. Real-estate firms considered as intermediators were not rare in the type 4 cases. However, an office worker, a financier and the municipal office also acted as intermediators in the conversion process.

The last four cases were classified as type 5 (Figure 29). In case-17, some old low-rise buildings were renovated into a new 16-story integrated building which was the highest building in Gunma prefecture¹⁴. Before renovation, there were three rundown buildings owned by two insurance companies in Tokyo, and one branch company of a local bank. The branch company had been established by the bank for the purpose of appraising and managing properties (corporation-G). Because all lots was owned by corporations, negotiations ran smoothly regarding renovation. In the process of renovation, a developer in Tokyo joined the group to co-ordinate differences of opinions between these three corporations. In addition, the Planning Division and the

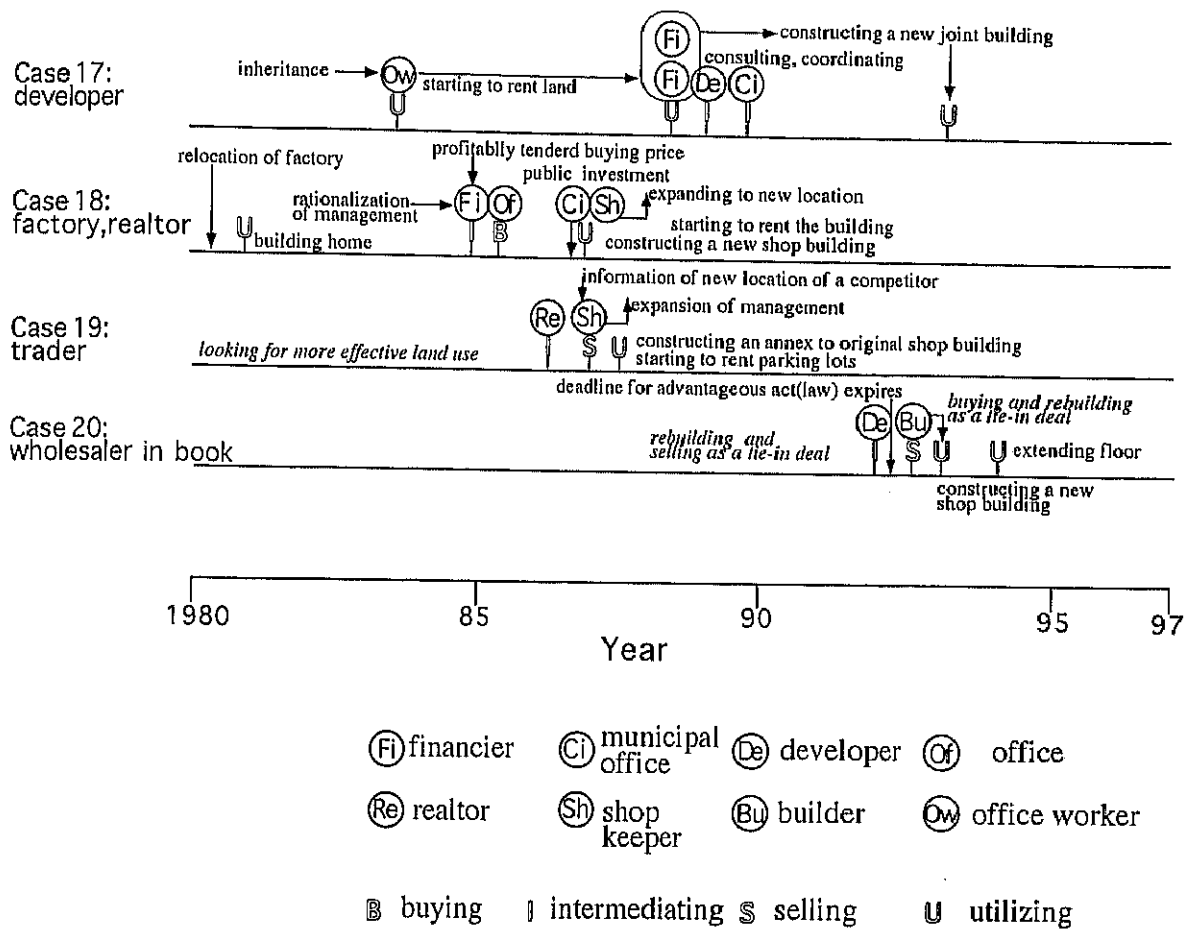


Figure 29. Land-transfer time for decision agents in the central area of Maebashi city during 1980 to 1997 (Type 5).

Sources: The author's field survey.

Urban Redevelopment Division of Maebashi City Hall decided to apply the urban reorganization project in this case. The roles of the developer and Maebashi Municipal Office as intermediators in this case can be considered very important.

There was one example of a bank (financier) who indirectly influenced an agent's decision to renovate a new building. When the railway and Maebashi station were elevated and the related redeveloping project for Maebashi station square was undertaken in 1987, a large commercial facility was constructed on the best lot where a flour mill factory was located (case-18). I-company, one of the largest commercial distribution chains, decided to sign a lease for this new building. In this case, local banks played important roles in the conversion process as intermediators by selling lots at reasonable prices, and promoting to use of lots where the factory was located.

In the central area of Maebashi city, another large-scale department store was also constructed (case-19). Before renovation, there had been a parking building which was converted from a bowling alley in 1975. This lot was about 2,600 square meters in area, which is one of the lots with best accessibility in Maebashi. The landowner of the lot (agent-19) had changed its use many times after World War II. Originally, a small inn was managed in the lot just after the war, and a Japanese first-class restaurant (*ryotei*) followed soon after. After the restaurant was closed in 1967, he renovated some parts of the original building and started to rent parking spaces. The main occupation of agent-19 was trader of imported furniture and antiques. His trading business in Takasaki city was thriving. However, although he search for better alternatives, he could not make effective use of the property. In the neighbouring lot on the southern side of his property, a large-scale department store stood along both Route 50 and *Babakawa-dori* street. It was decided to increase the number of floors in this

department store in reaction to the development of a rival department store (case-18). As a result, the original parking building was renovated to the new annex commercial building which was joined by a corridor to the existing department store. In this conversion process, one real-estate firm in Isesaki city, next to Maebashi city, played a very important role as an intermediary. The real-estate firm had previous experience in co-ordinating a transaction for agent-19 in another city.

Finally, case-20 is an example of renovating a book shop owned by a wholesaler in books (agent-20). In 1980, agent-20 owned two shop buildings in the study area. But the shop buildings did not have enough space for the increase in books. Agent-20 decided to sell one building to renovate the other to a new high-rise integrated building of its own. In this case, a local general construction company (builder) purchased one building on the condition that the builder received the contract for constructing the new building (purchasing and constructing was a package deal). The contract was conducted through corporation-G, acting as the intermediary (which was also the intermediary in case-17). In addition, it was more advantageous for agent-20 to renovate before the profitable act (law) expired at the end of 1992.

According to these findings for the type 4 and type 5 agents, it was revealed that some intermediators played very important roles in the processes of renovating high-rise buildings in the central area of the city. Moreover, the roles of intermediators in type 5 agents were more important than those of type 4 because their roles included coordination as well as just mediation.

4.Land conversion due to land-use decisions

The agents in the sample area made land-use decisions and chose different

categories of behaviour (Figure 30). The major causes for their decisions were shortages of space for shops, warehouses, residences and parking lots, which were the causes in the nearly the half (nine in twenty) cases. In addition, other causes for land-use decisions were identified: looking for more effective land-use (eight cases); profitable tendering of new business (three); profitable bank finance (three); land inheritance (three); desire to rent apartment houses and offices (two); slump or failure in business (two); request to sell property, and others.

The conditions motivating such decisions were: funds for paying for inheritance tax or purchasing land; desire to diversify management; sufficient space to renovate own land; the possibility of purchasing or lending neighbouring lots; and securable bank finance. Above all, the desire to diversify and secure finance effectively influenced their behaviour.

Their behaviour can be divided into six categories: 1) 'renovating (utilizing)'; 2) 'renting'; 3) 'buying or lending land'; 4) 'idling lots used for parking'; 5) 'selling'; and 6) 'relocation of head office to suburbs' (the original building is vacated so that they can rent it). Categories 1-3 were brought about by more positive decisions; on the other hand categories 4 and 5 were brought about by negative decisions. Finally, category 6 was somewhere between a negative and positive decision. A notable feature of decisions in the city centre, where most of the land was in demand, was that behaviour in one case affected others. For example, when some agents decided to renovate their own land or to buy other pieces of land, these behaviour generated new demands for parking lots, apartment houses and offices. In other words, one decision affected another in a network of causal relationships.

The distribution of each agent's behaviour is illustrated in Figure 31 based on the

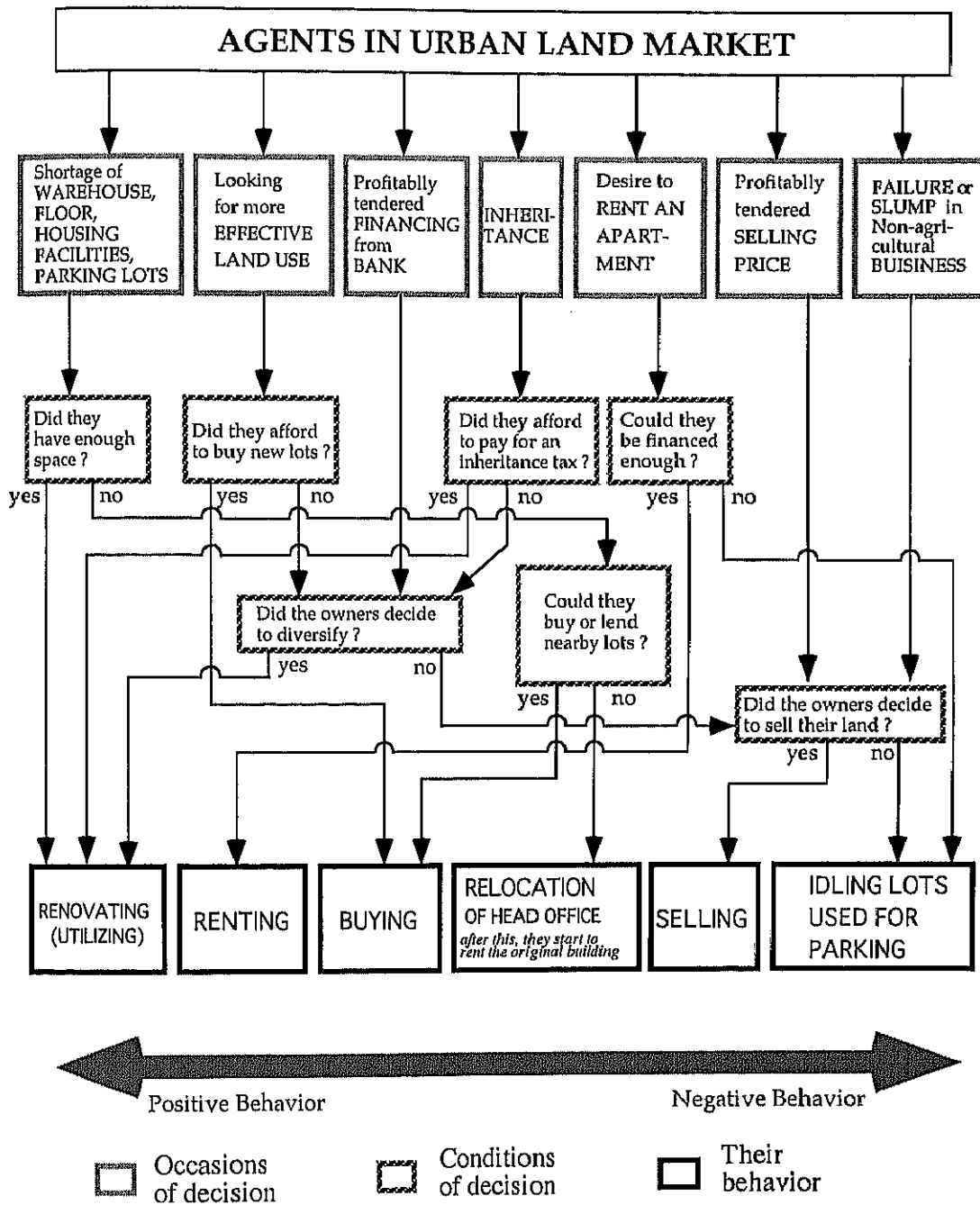


Figure 30. Land-use decision making processes of agents in the central area of Maebashi city during 1980 to 1997.

Sources: The author's field survey (interview).

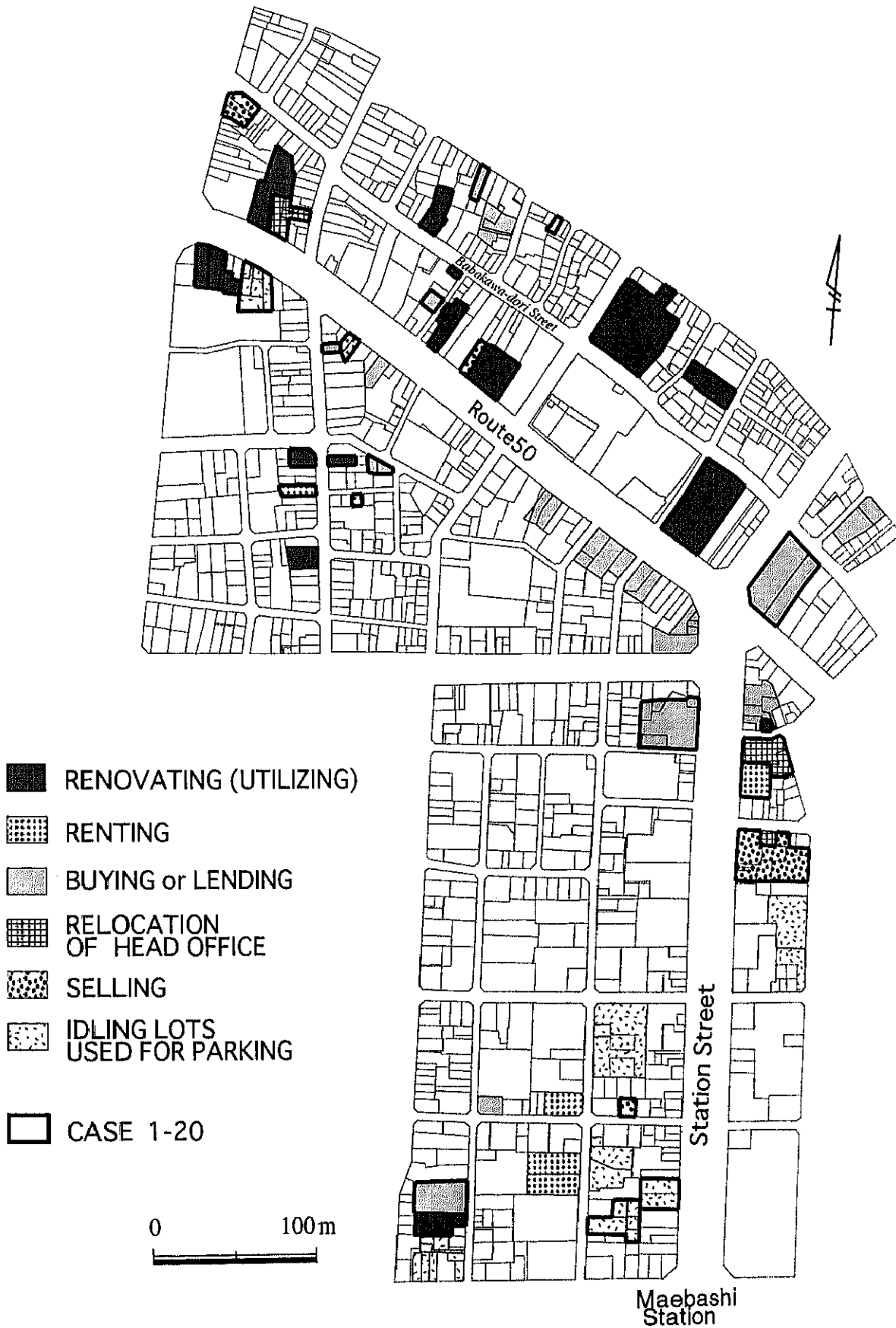


Figure 31. Distribution of converted land in the central area of Maebashi city during 1980 to 1997.

Sources: Based on data from the Property Tax Division of Maebashi City Hall and the author's field survey.

six categories. The major behaviour was 'renovating'. The location of the renovated land was centred along Route 50. The second major behaviour was 'buying or lending land', and its location was also centred along Route 50. The distribution of these two categories was quite similar because they involved the similar kinds of agents — those with ample funds like financiers and builders. The difference between these two categories was whether the agent owned land before the decision or not. The increased demand for office buildings due to the growth of Maebashi city was satisfied by agents who renovated new buildings on their own land (renovating) and agents who actively purchased or lent land on which they constructed new buildings (buying or lending).

On the other hand, changes to parking lots, most of which were mainly brought about by agents with relatively smaller funds, were centred in front of Maebashi station. At the beginning, large-scale apartment houses with a capacity of more than 100 households were planned. But, in fact, only a few middle-rised apartment houses with a capacity of only 20-30 households were constructed. Except for lots undergoing new construction for such apartment houses, most of the purchased land remained as parking lots, which have no buildings. This was because raising funds turned out to be more difficult for relatively smaller corporations due to the collapse of the *Bubble economy*.