Develop as “Developer Business”

Centralized the Real Estate Business in Parco

The Real Estate Business of the Group existed separately in the Department Store and Parco. However, when Parco became a wholly owned subsidiary, the Group has decided to centralize the Real Estate Business in Parco. As part of this centralization, 47 properties held by Daimaru Matsuzakaya Department Stores were transferred to Parco to intensify the Group resources and centralize the management and development functions. Thereby we got ready to further promote joint development of stores including large-scale complexes, which was difficult for the Department Store or Parco alone to implement.

To this end, the Group will promote real estate development as “Developer Business” through portfolio transformation to diversify revenue streams beyond the former Real Estate Business. Portfolio transformation to diversify revenue streams

- CRE strategy
- Use of transferred properties for mixed purposes
- Development of key urban areas
- Development of semi-urban locations
- Circular investment scheme

Particularly, the Nagoya Sakae area and the Osaka Shinsaibashi area have a great potential for growth in the Group at present. We think we will be able to create exclusive zones making full use of the Group’s management resources. One example is the redevelopment of the “Nishiki 3-chome District 25,” which will be completed in the Sakae area in 2026. It is a large-scale complex development project pursued through collaboration among three parties including Parco Co., Ltd. in the Group. Nagoya City and Mitsubishi Estate Co., Ltd. These parties organically combine introduced functions (a hotel, an innovation hub, offices and a theater), which will create good quality and high value commercial functions in the approximately 200-meter high mixed purposes property for development.

From the Real Estate Business to the “Developer Business”

- Exclusive zones making full use of the Group’s management resources
- Creation of new development opportunities

Basically, the main activity of the Real Estate Business in the Group was commercial development. As a matter of course, however, the functions required of communities are not only commercial ones. The Group’s key social role is to coexist and grow with communities. We need to continue to look for optimal solutions by staying with local communities and having a dialogue with them.

To this end, the Group will promote real estate development for not only commercial but mixed use such as offices, residences and hotels, and at the same time, implement CRE* strategies by selling and replacing assets to maximize real estate value. That is to say, we would like to pave the way for dramatic growth by developing into the Developer Business through portfolio transformation to diversify revenue streams beyond the former Real Estate Business.

CRE* stands for Corporate Real Estate.

Profitability by increasing the share of non-commercial use.

The Developer Business will not fully contribute to profits until after 2024 when the Group will alter its course to “regrow” after achieving “full recovery,” that is, the next Medium-term Business Plan. During the period of the current Medium-term Business Plan, we will steadily make preparations and upfront investment to ensure results.

Map of Nagoya Sakae area

Map of Osaka Shinsaibashi area

Medium-term pipeline

Interview > NOHIRA Tsutomu, Supervising Manager of Operations, Urban Development Department, Parco Co., Ltd.

Create Our Original Real Estate Portfolio

“The Real Estate Business of J. Front Retailing was centralized in Parco ahead of the social situation in which conventional values are rapidly changing.” Seeing this as the biggest opportunity, I would like to complete our real estate portfolio, which only Parco can achieve, in the new market in the with corona era. To this end, I think it is important to sprint from the start. The developer business strategy group is an agile organization whose members can work in cooperation with each other having an overview of the entrance/development, construction, design, leasing, operation and an exit strategy of real estate. Using human resources strengthened by this centralization, we will develop unique branding early in the “development of the Nishiki 3-chome District 25,” which is the first large-scale complex development after centralization, the members with different careers from different departments discuss vigorously to proceed with the project. I think the merit of centralization is reflected in a tangible manner immediately. Going forward, we would like to contribute to increasing the resilience of the business structure by having more and deeper discussions, realizing various ideas early, and completing our original real estate portfolio.