

## **Japan Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 92 pages | Mordor Intelligence

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### **Report description:**

The Japanese facility management market is expected to grow at a CAGR of 8.40% during the forecast period, 2022-2027. The growing emphasis on outsourcing of non-core operations and growth in the real estate sector is expected to drive the Japanese market for facility management services. Along with this, the government regulation on safety measures and environmental concerns to follow green practices is expected to drive the market.

? The increased spending on the infrastructural aspect in Japan can be cited as one of the major drivers of the growth of the FM market. Moreover, the increasing focus on optimization processes and energy efficiency improvements are the main driving forces for the development of the facility management market.

? Along with this, real estate, manufacturing, retail, and the public sector are a few industry verticals that have witnessed high infrastructural growth in the country. These verticals mentioned above constitute the primary end users of facility management solutions, owing to the growing need for integrating data from operational facilities into other business applications.

? The region's facility management industry operates with integrated contracts provided by significant vendors across continents and borders, and small local players focus on single contracts and single-service solutions. However, there are increasing opportunities to leverage facility management and corporate real estate in new ways, given the dynamics occurring across the region.

? Facility management (FM) includes management methods and techniques for building management, infrastructure management for an organization, and overall harmonization of the work environment in an organization. This system standardizes services and streamlines processes for an organization. Across the last decade, several service vendors operating in the region have been

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focused on expanding their presence to leverage the increasing demand for facility management, especially with the recent trend favoring the outsourcing of non-core operations. Further, Japan has been witnessing increased opportunities to leverage facility management and corporate real estate in innovative ways, given the dynamics across the country.

? Japan has adopted several efforts to attract investment and visitors to aid the country's recovery from the impacts of the Covid-19 epidemic. The International Monetary Fund upped the country's economic growth forecast for 2022 to 2.4%, citing Japan's reaction to the COVID-19 epidemic.

#### Japan Facility Management Market Trends

##### Integrated FM to exhibit a significant growth rate

? There is a paradigm shift in the market as multiple industries are transforming from utilizing a single FM outsourcing type of model to an integrated services model that can meet all customers' core needs on a large scale. In addition, with newer technology transforming the way organizations work, integrated facility management has become the key to smart buildings and work environments.?

? For Various Vendors, IFM has been away for streamlined and efficient work and task management. The concept has primarily resulted in fewer contracts, teams, and resources to juggle and a single integrated view of all the management-related tasks, in comparison with overseeing each independent stakeholder and every task multiple times.

? IFM offers increased visibility that leads to effective management of teams, reduced operation costs, quicker responses to requests, less downtime for employees, and a greater focus on the bigger picture. Implementing large changes across multiple sites and services is also much easier using an IFM service provider.?

? The trends in the Japanese market are for a progression from single services to bundled services and further toward the integrated facilities management approach. This offers a broad scope of services provided and longer-term contracts, which adds value and drives better quality and economies of scale. Also, this is increasing the demand for outsourced services, where specialist expertise is required.

? Moreover, various market vendors are expanding their business operations through various contracts. For instance, in April 2022, NIPPON KANZAI Co. entered into a share transfer agreement to acquire 40% of the shares of JTB Asset Management Co. Ltd.

##### Commercial End User Sector is expected to hold major share

? The commercial segment is one of the prominent segments that contributes a good share in the facility management market in Japan. Japan's resilient GDP growth after the COVID-19 pandemic is expected to positively influence the studied market. The growth of the commercial segment is attributed to the rapid infrastructural development and rising demand for hotels, retail outlets, malls, and office buildings in the country.

? The commercial sector covers office buildings occupied by business services, such as corporate offices of manufacturers, IT and telecommunication, finance and insurance, property, and other service providers. The rise in the IT sector across Japan will allow more expansion in the commercial sector along with facility management services.

? For instance, the telecom players are focusing on 5G deployments in Japan, which will create significant opportunities for the region's facilities management sector. For instance, in April 2022, Softbank borrowed around USD 282 million to develop 5G base stations, aiming to further strengthen its 5G network in Japan. As per Softbank, it will cover 90% of the Japanese population with a

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5G network at the end of March 2022.

? Moreover, Japan accounts for most of the development projects being undertaken in the country's commercial sector. Moreover, the Tokyo Olympics held in July 2021 saw a massive investment of 15.4 billion, making it the most expensive summer game ever, per a study from University of Oxford researchers.

? The construction industry benefitted from the Tokyo Olympics as many developments were made, including the 68,000-capacity national stadium and seven other venues for the Olympic, costing USD 3 billion, and 25 other facilities were renovated. Further, the country is rapidly recovering from the construction halt of the commercial sector during the COVID-19 pandemic driving the growth of the studied market.

#### Japan Facility Management Market Competitor Analysis

The Japanese Facility Management market is highly fragmented as it is a highly competitive market with the presence of several players of different sizes. This market is expected to experience a number of mergers, acquisitions, and partnerships as companies continue to invest in offsetting the present slowdowns that they are experiencing strategically.

? January 2022 - CBRE Group has strengthened its brokerage services for hotel-related assets. With expertise in hotels and ryokans, CBRE Hotels provides comprehensive solutions for selling and purchasing hospitality assets, strategy developments, and closing.

? September 2021 - Cushman and Wakefield introduced Matterport's 3D virtualization tools for first-class property evaluation and enhanced property marketing. This virtualization tool is based on a global contract that the company signed last year with Matterport, which gives the customer a turnkey solution for 3D scanning of the managed facilities.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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