SCOTTS INTERNATIONAL

Japan Transportation Infrastructure Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The Japan Transportation Infrastructure Construction Market size is estimated at USD 116.25 billion in 2024, and is expected to reach USD 149.76 billion by 2029, growing at a CAGR of 5.20% during the forecast period (2024-2029).

The pandemic led the Japanese economy to contract by 29 percent on an annualized basis in the year 2020. In December 2020, real wages fell for the tenth consecutive month, reaching their worst level since 2014. Exports dropped 11.1 percent, their lowest since 2012. the central government produced stimulus packages that totaled roughly two-thirds of Japan's economy. These covered direct funding to individuals along with initiatives such as digital infrastructure and carbon-reducing technology, both with an eye to the shape of Japan's post-COVID economy, as well as financing and loan guarantees for small- and medium-sized enterprises impacted by the pandemic.

Japan's roads are getting old, so much so that certain parts are dangerous. A survey by the Land, Infrastructure, Transport, and Tourism Ministry shows that 45,000 bridges and tunnels are waiting for repairs. The figure represents 60% of the structures cited nationwide for restoration. In the post-war years, Japan pressed ahead with infrastructure projects to support a growing population. Officials in Toyama Prefecture, on the Sea of Japan coast, are struggling with a budget shortfall for bridge maintenance.

Japan is not only committed to the development of hardware but also to human resources for sophisticated operation and maintenance of the infrastructure. The technological transfer is also conducted to support the local people in developing their infrastructure. As reported in May 2022, TOKYO: Japan, the United States, India, and Australia plan to invest at least USD 50 billion into infrastructure projects in the Asia-Pacific region over the next five years to assist projects in the Indo-Pacific region.

In Japan, which is prone to natural disasters, the construction sector is also of great importance for reconstruction and disaster prevention. As natural catastrophes such as floods have caused increasing damage in recent years, affecting annual budgets for reconstruction and disaster prevention, they will likely continue to create demand for infrastructure work.

As of March 2022, the Canadian Solar Infrastructure Fund was the leading infrastructure fund listed on the Tokyo Stock Exchange (TSE), with a market capitalization of 47.02 billion Japanese yen. The infrastructure fund market on the Tokyo Stock Exchange was established in 2015 and is based on the regulatory framework of the real estate investment trust (REIT) market. Infrastructure funds listed on the TSE invest primarily in renewable energy facilities, such as solar farms.

Japan Transportation Infrastructure Construction Market Trends

Growth in e-vehicle transportation

Japan's electric vehicle sales are expanding rapidly, led by more affordable kei minicars. But EVs still accounted for just 2.1% of new passenger car sales here in fiscal 2022, compared with nearly 20% in China and Europe.

Electric passenger car sales in Japan reached a record 77,238 units in the year ended March, 3.1 times the year-earlier tally, according to data released Thursday by the Japan Automobile Dealers Association and the Japan Light Motor Vehicle and Motorcycle Association.

EVs are gaining a presence in the market for imported cars. Sales of electric passenger cars from abroad surged 64% to 16,430 in fiscal 2022, for a share of 6% in the imports market -- up 2.6 percentage points on the year. While electric lineups under Japanese brands are limited, centering on minicars, such foreign players as Tesla, BYD Auto and Audi offer luxury options.

Japan is bolstering support to develop battery-charging infrastructure. It will also continue offering up to 850,000 yen in subsidies for buyers of qualified vehicles. In comparison, the U.S. plans under new legislation to give a tax credit of up to USD 7,500 to buyers of newly qualified vehicles made in North America. China scrapped EV sales subsidies at the end of 2022.

Airports Infrastructure Driving the Market

Successful infrastructure planning will play a key role in the continued growth of tourism in Japan. The association cites the development of Tokyo-Haneda's international network, the privatization of Sendai and Osaka's Kansai and Itami Airports, and continuous efforts to improve competitiveness by reducing costs and optimizing infrastructure as positive developments. While Japan is a leader in self-service technology for domestic operations, many features are not available for international travelers.

On May 8, 2022, the new Palau International Airport Terminal, constructed through the "Renovation, Expansion, and Management of Palau International Airport Project" (Private Sector Investment Finance), was fully opened in Koror City, Republic of Palau. The existing terminal building at Palau International Airport was constructed in 2003 with grant aid from JICA and has been in use for about 20 years. Still, with the increase in the number of tourists, there was a need to overhaul the airport's facilities and functions.

To address these issues, this project saw the construction of a new departure terminal building and renovation of the existing terminal building, now to be used exclusively for arrivals, while introducing Japan's excellent airport operation and maintenance management technologies. This is the largest infrastructure development project in Palau and the first public-private partnership (PPP) project in a Pacific Island country, ever supported by Japan.

On 29th March 2022, Hokkaido Airports (HAP, Chitose City, Hokkaido) announced the 2022 business plan for the seven Hokkaido airports it operates. The investment amount will be JPY 11,230 million, which is almost double the plan for FY2009 (JPY 5.82

billion). It also announced a policy to set up a loan facility of JPY 9 billion for financial institutions in preparation for the downturn in aviation demand due to the new coronavirus. Eighty percent of the investment, or JPY 8.99 billion, will be used for operations related to repairs of airport facilities.

Japan Transportation Infrastructure Construction Industry Overview

The Japanese transportation infrastructure construction market is fragmented, owing to the presence of major local and international players. Tekken Corporation, TOA CORPORATION, Penta-Ocean Construction, Wakachiku Construction, and Yahagi Construction are among the major players in the market. In the transportation infrastructure market, demand for sustainability and technical developments has increased, and companies are investing to stay competitive.

The market is expected to grow during the forecast period due to the increase in construction investments and upcoming major projects in the country, and other factors are driving the market. The market opens opportunities for upcoming players due to increasing govt investments in the sector.

Additional Benefits:

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

Table of Contents:

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