

The Marunouchi Building

Tokyo, Japan

Project Type:

Mixed-Use/Multi-Use

Case No: CO33015

Year: 2003



SUMMARY

Adaptive use of a landmark 1923 office building located at the heart of Tokyo's central business district, known as the Marunouchi District, facing the Imperial Palace. The redeveloped mixed-use building stands 37 stories (180 meters) high with total floor space of 1.7 million square feet (157,930 square meters). The project features more than 1.07 million square feet (99,960 square meters) of office space, 200,000 square feet (18,580 square meters) of retail space consisting of 100 shops and 40 restaurants, a multipurpose auditorium, six rental conference rooms, a business club, and 409 parking spaces. Owned and operated by Mitsubishi Estate Co., Ltd., the new Marunouchi Building has attracted over 13 million visitors to its shops and restaurants and generated ¥17 billion (US\$142 million) in revenue during the first six months of operation.

FEATURES

- Adaptive use of a historic 1923 office building
- Next-generation earthquake-resistant structure (1.5 times more resistant to vibration than conventional structures)
- First project in the redevelopment of the Marunouchi District

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SPECIAL FEATURES

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- First project in the redevelopment of the Marunouchi District

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GENERAL DESCRIPTION

Owned and managed by Mitsubishi Estate, the new Marunouchi Building is a multiuse facility with 37 stories above ground, including two penthouse stories, and four stories underground. It boasts a total floor area of approximately 1.72 million square feet (160,000 square meters)—approximately 2.5 times the size of the original Marunouchi Building. At approximately 591 feet (180 meters), the facility is the tallest structure in the area and is positioned immediately in front of Tokyo Station, which is visited by 1 million commuters every day. The Marunouchi Building is the flagship project of the redeveloping Marunouchi District.

THE SITE AND ITS HISTORY

The original Marunouchi Building was constructed as an office building in 1923, immediately before the Great Kanto Earthquake that almost leveled Tokyo. Located directly in front of Japan National Railway's (currently Japan Railways') Tokyo Station, it served as the "face" of Tokyo's business district for 74 years. The original Marunouchi Building was not just a structure; rather, it was a monument representing the growth and strength of the nation's economy and business.

Because of its reputation, the original nine-story, 102-foot (31-meter) Marunouchi Building was often used as a benchmark against which various projects were measured. The capacity of a large new oil tanker, for example, would be said to be x-times as large as the Marunouchi Building. (Recently, however, the Tokyo Dome indoor stadium became the standard). The original Marunouchi Building was the first office building in Japan to include retail uses, with stores located in its basement and on its first floor.

DEVELOPMENT PROCESS

There are three main reasons why the old Marunouchi Building had to be rebuilt. First, it was considered essential to construct a modern building that could appropriately respond to, and meet the growing needs of, an information-oriented, global society. Second, the Great Hanshin Earthquake on January 17, 1995, which devastated Kobe, provoked antiseismic worries everywhere; and resulting studies revealed that the original Marunouchi Building was not up to standard. Third, the Tokyo Metropolitan Government was in earnest discussions on repositioning the capital, particularly in the business arena, so the Marunouchi District was the major focus of transforming a central business district (CBD) to an amenity business core (ABC) area. An ABC is a concept created by the Tokyo Metropolitan Government to describe an area that not only is a CBD but also encompasses a mixed-use area including retail space, tourism amenities, and residential units.

Government officials, members of the private sector, and members of the community discussed the development possibilities and agreed to work toward increasing the potential of the Marunouchi District as a whole—to reposition it as a reinforced business base with more energy, charm, and attractiveness. The new Marunouchi Building has served as the starting point as well as the flagship of the development, and Mitsubishi Estate is currently responsible for several redevelopment plans within the overall Marunouchi District plan.

The entire project—from planning and leasing to management—was completed by a single developer and its subsidiary. The sole exception was the actual construction, which was performed by a joint venture among Obayashi Corporation and others. In addition, the development team collaborated with the University of Tokyo, the Harvard Business School, and the Stockholm School of Economics to establish "Marunouchi Academic Suites," a facility for business research and education, within the building.

In its 2002 annual report, Mitsubishi Estate writes: "With the redevelopment of the Marunouchi District, Mitsubishi Estate aims to increase the added value of the city by strengthening its services not just in the construction of buildings, but also in the support and service functions for tenants." The company came up with the concept for Marunouchi to be "a district thriving with more interaction than anyplace in the world." In other words, it intends to create a new "Marunouchi lifestyle."

FINANCING

As the landlord and owner of the new Marunouchi Building, the Mitsubishi Estate paid ¥63 billion (US\$525 million) for the development of the structure, including the cost for design, demolition, environmental assessment, environmental measures, underground passages, and construction. As mentioned previously, the main contractor for the construction was Obayashi Corporation.

In 1998, the Mitsubishi Estate began work on the Marunouchi Redevelopment Project, in which it will invest ¥500 billion (US\$4.167 million) over a span of ten years to rebuild six buildings and renovate other structures in the Marunouchi District.

PLANNING

The reconstruction of the Marunouchi Building was announced in November 1995. Transfer of the 257 tenants was completed by March 1997 and the demolition of the former building started the following month. During this period, the parties involved held comprehensive discussions about city planning and "town creation," including the purpose of reconstruction and how the district should be transformed. In April 1998, environmental assessments started—in accordance with the guidelines set by the Tokyo Metropolitan Government—between Mitsubishi Estate and the ten wards (out of Tokyo's 23) that had the potential to be affected by the reconstruction. Subsequently, the Tokyo Metropolitan Government decided on a plan for the area. A year later, the environmental assessment was completed; and in April 1999, the municipal government gave permission for construction, which commenced on April 26 and was completed in 39 months.

The goal of the city plan was to create an area, rather than a single point, where people could enjoy not just the new Marunouchi Building, but also its environs. As such, the project was positioned as the starting point for the reconstruction of the entire Marunouchi District. Although the Mitsubishi Estate—which owns 30 of the 98 buildings in the district—has taken the lead, the project was a joint effort of the company and the other building owners, governmental bodies, and community. Based on the consensus reached regarding town development, these entities cooperated in creating the redevelopment concept, project objectives, urban design, improvement of the fundamental infrastructure, and so forth. They then came up with guidelines for the town development and the procedural policies. During construction and the implementation of the other arrangements, these guidelines were adhered to in every aspect, including the design.

The project has efficiently utilized the transfer of development rights from the adjacent building, resulting in an overall increase in the floor/area ratio from 1,000 to 1,437 percent. By utilizing the transfer of development rights, the building stands at 590 feet (180 meters)—the tallest in the area. The edifice stands over a podium of 102 feet (31 meters), a restricted height instituted during the 1960s still seen with the adjacent buildings. In addition, the new plan has enhanced the building's overall value and utilization by connecting below-grade floors to the underground pedestrian walkways of Tokyo Station and the parking lot beneath the adjacent street. This subterranean network is expanding as the redevelopment area progresses, increasing the convenience of visitors and workers.

Several joint public/private partnerships were necessary for the development of the new Marunouchi Building. First, the momentum of joint venture public works to link the building's underground levels with Tokyo Station, involving gas and electric companies and the East Japan Railways. Second, the developer and other local land and building owners absorbing the financial burden of altering a major public street adjacent to the project in order to improve the area's image and vitality. Third, securing a certain amount of space for public use (such as sidewalks and underground pedestrian walkways) within the project as a legal requirement under the transfer of the development rights.

The development of nearby shopping areas coincided with the building's construction and was completed during the same relatively short time span. Marunouchi-Nakadori Avenue, which runs behind the new Marunouchi Building through Yurakucho (where many companies are headquartered), was redeveloped to create new value for businesspeople, shoppers, and tourists. The sidewalk was widened and laid with stone, and trees were replanted. Shops selling elegant, high-quality goods, including many famous European brands, and well as restaurants and cafés now line the avenue.

DESIGN AND CONSTRUCTION

Three key words describe the construction and concept of the new Marunouchi Building—open, interactive, and networked. It has been designed according to the following themes: being open to the wide variety of people attracted to the Marunouchi District, enabling them to interact by promoting contact, and establishing personal and corporate networks.

The shopping zone, stretching from the basement level (B1) to the fourth floor, houses nearly 100 shops selling merchandise ranging from accessories, shoes, bags, jewelry, cosmetics, books, and CDs/DVDs. The fifth, sixth, 35th, and 36th floors are dedicated to some 40 restaurants. With a total seating capacity of 3,000, the Marunouchi Building is the largest restaurant facility in the area.

The ninth through 34th floors are devoted to offices, which currently boast a 100 percent occupancy rate, covering a wide range of professional fields such as finance, law, accounting, consulting, and information technology and services. Each standard floor offers columnless space totaling approximately 21,500 square feet (2,000 square meters). The floors are 52.5 feet (16 meters) deep and can be split into modular units measuring 11.8 by 11.8 feet (3.6 by 3.6 meters). The ceiling is 9.2 feet (2.8 meters) high and the floor is raised 3.9 inches (ten centimeters) for computing/communication wiring purposes.

Marunouchi Direct Access Co., Ltd., is preparing a fiber-optic network system for the Marunouchi District so that the tenants of the new Marunouchi Building will have access to high-speed data communication. The conference rooms on the seventh and eighth floors are equipped with 100-Mbps high-speed Internet connections. The entire building has

also been made mobile phone compatible.

A special feature of the new Marunouchi Building is the "MARUCUBE," a 950,000-cubic-foot (27,000-cubic-meter) plaza. Glassed in and built in an open atrium style, it is an open space used for promotional, cultural, and business events, such as announcements of new car models.

Furthermore, the building employs a next-generation earthquake-resistant structure that utilizes the energy-absorbing effects of the central columns used in the pagoda at the Horyuji Temple in Nara. It is able to deliver 1.5 times more resistance to vibration than normally required.

From the standpoint of energy conservation, the building comprises an "ice thermal storage system" to make efficient use of nighttime power as a source of heat. Cogeneration equipment also has been installed that produces electricity from the waste heat of gas turbines. This can also be used as a supply source for emergency power. The air-conditioning system introduces fresh air into the building at a rate 2.5 times that of conventional systems, lessening the energy requirements for cooling during periods of moderate weather. The building's energy and natural resource efficiency saves up to 32 percent of energy, 30 percent of water, and 45 percent of sewage compared with standard buildings.

Tremendous efforts were made to preserve and enhance the environmental resources of the new Marunouchi Building. Old building materials were successfully recycled either for use within the building or in other creative ways. For example, 100 percent of the pine piles (5,443 in total, each 46 feet/14 meters long) upon which the original building was situated was recycled into paper, toy building blocks, and street benches. One pine pile was preserved and turned into artwork to represent the history of the building. The triple arch that adorned the original edifice has been resurrected along with the stained glass. The walls of the lower portion of the new building—the same height (102 feet/31 meters) as in the original structure—have incorporated the design of the 1923 building. It was not for mere nostalgia, however: the Marunouchi Building was reborn, on the same premise as before, to become a showcase for the revamped Marunouchi District—with heightened significance, a renewed and more innovative message, and an architectural design that merges tradition with the future.

EXPERIENCE GAINED

In spite of the current economic environment in Japan, office and retail spaces at the new Marunouchi Building are 100 percent leased, with each achieving target rent levels—the highest in Japan. Despite its ideal location between Tokyo Station and the Imperial Palace, the need for a large-scale commercial facility was not fulfilled in the Marunouchi District prior to this development project. With its commercial facility comprising the aforementioned 100 specialty shops and 40 major restaurants, the new Marunouchi Building has successfully met those requirements.

The workforce in the Marunouchi District is said to total 240,000 people. The new Marunouchi Building not only offers services for these people, but also has attracted many from outside the area. In the six months since opening, 13.2 million people have visited its shops, restaurants, and other facilities, spending a total of ¥17 billion (US\$142 million). While the initial sightseeing frenzy seems to have subsided, sales in the shops and restaurants remain strong. The establishment of the "Tokyo 21st Club," a club for business professionals, and the previously referenced Marunouchi Academic Suites has met the demand for a suitable environment in which to network, exchange information, and conduct research.

The new Marunouchi Building, together with the development of the shopping avenue, appears to have succeeded in rejuvenating the area, previously a ghost town on weekends. It has created a fresh appeal that has attracted foot traffic from Tokyo Station.

On one Sunday afternoon nine months after its opening, the new Marunouchi Building was crowded with young couples, middle-aged women shopping, and those just taking in and appreciating the views of Tokyo Station and the business district. In the MARUCUBE open plaza, two youths were playing their shamisen, a traditional Japanese "guitar" that has recently become popular again—a true symbol of history and modernity being blended with renewed value at the Marunouchi Building.

The Nihon Keizai Shimbun, a Japanese economic daily newspaper, selected the new Marunouchi Building and mobile phones equipped with cameras as the two greatest "best-sellers" of 2002. In the paper's opinion, the new Marunouchi Building had successfully branded the entire district and was creating new added value. The neighboring structures due to come online in the upcoming years will only add to this phenomenal presence in Japan's capital city.

There were some obstacles during development, however. The building not only suffered the loss of significant rental revenue during construction, but also was faced with having to persuade citizen groups concerned with how Mitsubishi Estate planned to honor the building's importance and preserve the historic elements of its original form. The developer also made an effort to build consensus among local land and building owners to create a mixed-use facility in an area that specialized in business for nearly a century.

The redeveloped building has achieved outstanding economic success by exceeding its expected results. The

Marunouchi Building has served as a leadoff project in the redevelopment of Tokyo's CBD (Marunouchi), due to its renowned presence. The result of the project clearly represents the district's potential to become the true center of Tokyo's urban activities (in addition to business) and is setting the standard of excellence against which the projects that follow will be measured.

PROJECT DATA

LAND USE INFORMATION

Site area (square feet/square meters): 80,700/7,497

Parking: 409 spaces

| GROSS BUILDING AREA | | | |
|---------------------|--|--|--|
| | | | |
| | | | |

| Use | Square Feet/Square Meters | | |
|--------|---------------------------|--|--|
| Office | 1,076,000/99,960 | | |
| Retail | 200,000/18,580 | | |
| Total | 1,276,000/118,540 | | |

DEVELOPMENT COST INFORMATION

Total development cost at completion: ¥63 billion (US\$525 million)

DEVELOPMENT SCHEDULE

Reconstruction announced: November 1995

Planning started: April 1998 Constructed started: April 1999 Project completed: April 2002

DIRECTIONS

From Narita Airport (50 miles/80 kilometers northwest of Marunouchi area):

- By rail: Take the JR Narita Express train to Tokyo Station (runs approximately every 30 minutes).
- By bus: Take the Airport Limousine Bus to Tokyo Station (runs every 15 to 30 minutes).
- By car: Take the Higashi Kanto Tollway to the Wangan Expressway, then the Shuto Expressway and get off at the Ginza Exit.

From Haneda Airport (13 miles/20 kilometers north of Marunouchi area):

- By rail: Take Tokyo Monorail from Haneda Airport to Hamamatsu-cho Station, transfer either to the Yamanote or Keihin-Tohoku line to get to Tokyo Station (approximately 40 minutes).
- By bus: Take the Airport Limousine Bus to Tokyo Station (approximately 40 minutes).
- By car: Take the Wangan Expressway to Hamasaki Junction via the Rainbow Bridge, then the Shuto Expressway and get off at the Ginza Exit (about 40 minutes).

The Marunouchi Building is located at the Kajibashi Intersection adjacent to Tokyo Station (about five minutes by car from the Ginza exit and a two-minute walk from Tokyo Station).

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI-the Urban Land Institute.

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Looking out over the platforms at Tokyo Station, the new Marunouchi Building sets the architectural standard for its neighborhood.



The new Marunouchi Building stands on the premises of its predecessor, the original landmark Marunouchi Building built in 1923, whose historic features have been incorporated into the new design.



The MARUCUBE is a vital part of a rejuvenated nightlife scene.



Inside the MARUCUBE, office workers, shoppers, and event-seekers alike feel a sense of being a part of what is happening on different levels.



An indoor caf? takes advantage of the MARUCUBE's design.