

Roppongi Hills

Tokyo, Japan

Project Type:
Mixed-Use/Multi-Use

Case No:
C033017

Year:
2003



All photographs provided courtesy of Mori Building Company, Ltd.

SUMMARY

The ¥270 billion (US\$2.47 billion) Roppongi Hills project, also known as the Roppongi 6-chome Redevelopment project, is the largest private sector redevelopment ever completed in Japan. Covering approximately 11.6 hectares (28.7 acres) of prime real estate in the Minato Ward, Roppongi Hills integrates office, residential, and retail uses; a hotel; a TV broadcasting studio; and cultural functions, such as a museum, with parks and plazas that constitute the majority of open space. Jointly developed by Mori Building Company and the Roppongi 6-chome Redevelopment Association, this urban regeneration scheme aims to create a true cultural center.

FEATURES

- Large-scale adaptive use project located in the cultural heart of Tokyo.
- Mix of residential, office, retail, and entertainment uses.
- Mori Tower offers one of the largest column-free commercial spaces in Japan with floor plates of 4,500 square meters (48,440 square feet).
- The top floors of Mori Tower feature the Mori Arts Museum, the Roppongi Hills Club, educational and conference facilities, and a public observation deck.

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SPECIAL FEATURES

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Tokyo, Japan

GENERAL DESCRIPTION

Roppongi Hills is made up of four zones comprising 13 buildings that provide a total floor area of 759,000 square meters (8.171 million square feet) in more than 200 commercial facilities, including shops, cafés, and restaurants. The complex has been designed to serve as the cultural heart of Tokyo—to launch a modern and vibrant image for the capital city.

Zone A, consisting of 6,600 square meters (71,042 square feet) on the northern end of the complex facing Roppongi-dori, is the gateway to Roppongi Hills and is directly linked to the Roppongi subway station; its mixed-use building contains commercial as well as educational facilities. Zone B features 57,200 square meters (615,696 square feet) at the center of Roppongi Hills and includes the 54-story (238-meter/781-foot) Roppongi Hills Mori Tower mixed-use building, which houses the primary office and retail space for the project; the 390-room, five-star Grand Hyatt Tokyo Hotel; the 73,700-square-meter (793,326-square-foot) broadcasting center of Asahi National Broadcasting Company, Ltd. (TV Asahi); the 19,387-square-meter (208,686-square-foot) Virgin Cinema movie and retail complex; and a theater for the performing arts—all connected by public plazas and parks.

Zone C, with 21,000 square meters (266,042 square feet) on the southern side of the development, adjacent to the quiet residential area of Moto-Azabu, consists of four residential buildings. These structures, combined with Roppongi Hills Gate Tower, another Mori Building Company project in Zone D, within Roppongi Hills, offer 840 apartments designed to house 2,000 people, as well as a mid-rise office building and other practical amenities for daily living such as delicatessens, supermarkets, specialty stores, and postal and banking services.

DEVELOPMENT PROCESS

Redevelopment of Roppongi 6-chome and the surrounding districts in the Minato Ward was first initiated when the Tokyo Metropolitan Government designated it as a “priority redevelopment district” in November 1986. In contrast to its reputation as a nightlife district, the Roppongi area actually was densely packed with small homes and low-rise buildings, with streets so narrow that ambulances and utility vehicles could not enter. Concern about the feasibility of handling major disasters was great. The heavy flow of traffic through the area also was inconvenient, hindering the movement of buses and taxis along the main thoroughfares, the aforementioned Roppongi-dori and Gaien-Higashi Avenue (toward Tokyo Tower). These were the original considerations voiced by the local government in initiating the redevelopment.

At the same time, TV Asahi, which owns land in the area, was planning to rebuild its facilities. Mori Building Company, another major landowner, and TV Asahi instigated discussions with the local community regarding redevelopment plans.

In December 1990, Mori Building and the existing landlords founded the Redevelopment Preparatory Association to facilitate dialogue on redevelopment and to work to gain consensus among 400-plus land-right holders, nearly 80 percent of which were individual households. The planning process took over 16 years, many of which were spent negotiating with the 400-plus land-right owners and securing government approval for the plans.

The local government set up plans for the area in 1995. In September 1998, the Redevelopment Preparatory Association became the Roppongi 6-chome Redevelopment Association and acted as the principal project leader. The association worked to distill the input of the more than 400 association members (original land-right holders) and handled issues such as the conversion of land-rights for rights within the project so that the property could be developed and the mixed-use content of the project realized. Mori Building Company served as the developer of and coordinator for the entire enterprise, bearing in mind the wishes of the association, and proposing and then sustaining the concept of creating Tokyo’s cultural center.

In February 2000, the governor of Tokyo authorized the conversion of rights as agreed upon by the association and Mori Building Company in the project. Construction began the following April and was completed in March 2003. The conversion of rights is a special characteristic of this project, as it is an overall joint venture between Mori Building and TV Asahi that integrates input from the association, rather than a development by a single property owner. Based on a fair and transparent real estate appraisal process, the land for the project is now jointly owned by some 400 of the original land-right holders who own shares of the Roppongi Hills project. Many of these land-right holders live in the newly constructed residential buildings within Roppongi Hills. Mori Building was in charge of financing the construction and other related expenses, including the residences for the land-right holders. In exchange, the company owns many of the other commercial and residential properties in the area.

With the goal of creating a true “city within a city,” Mori Building Company hopes Roppongi Hills will become a model for urban renewal and, ultimately, lead to a thriving, attractive, and internationally competitive capital city.

FINANCING

The Roppongi Hills project cost approximately ¥270 billion (US\$2.47 billion), including construction costs but excluding both the land costs and the costs associated with Roppongi Hills Gate Tower. Mori Building invested approximately ¥100 billion (US\$914 billion) in the project and financed the remaining ¥170 billion (US\$1.55 billion) via a long-term loan from the 100 percent publicly owned Development Bank of Japan (DBJ), along with loans from a syndicate of private sector financial institutions, including major Japanese banks. Mori Building Company set up a special purpose company (SPC), Roppongi Hills Financial Corporation, to serve as the vehicle through which to arrange financing.

What is unique about this financing scheme is the creation of a nonrecourse-based syndicate. During the construction period, when risk was still high, the Roppongi Hills Financial Corporation raised funds through a construction loan backed by Mori Building and a 20-year DBJ loan, which converted to nonrecourse after the project was completed. The Roppongi Hills Financial Corporation also has a nonrecourse-loan commitment via the above-referenced private sector permanent loan syndicate in which lenders put up funds against projected cash revenues of the project. The values and splits between DBJ and the commercial syndicate were not made available.

Mori Building Company transferred its trust beneficiary rights (as they relate to the 400-plus original land-right holders who own shares of the Roppongi Hills project) to the SPC, which endorsed the nonrecourse loan that does not affect the parent company. This financing scheme enables a stable, long-term structure to raise a great amount of funding; *Project Finance* magazine of the United Kingdom awarded Roppongi Hills the 2002 "Deal of the Year" award for real estate financing in the Asia-Pacific region.

The project achieved an 80 percent first-year occupancy rate for its office space¹, with monthly rents at ¥38,000 (US\$347) per tsubo (3.3 square meters/35.5 square feet). A little less than 90 percent of the rental office space is occupied on a contractual basis. A typical floor plan comprises approximately 4,500 square meters (49,000 square feet) of column-free space. Rental space per floor measures 4,568 square meters (49,169 square feet).

PLANNING

For Minoru Mori, president and CEO of Mori Building, the goal for the Roppongi Hills project is to make the area the "cultural center in midtown Tokyo." He states, "It is no longer possible to maintain an international status solely based on economic strength. Attractiveness is what draws people, goods, money, and information from other cities. Looking at Tokyo from that perspective, we have to admit that the city does not necessarily offer an attractive urban environment—not only for the non-Japanese, but even for native Japanese who live and work in Tokyo." While Tokyo is comparable to New York, London, and Paris in being perceived as an international city, it lags far behind the others in the degree of maturity of its urban culture. Accordingly, Roppongi Hills is intended to be a symbol of contemporary Japan and to showcase a new city model for the rest of the world.

To bring this planning concept to fruition, Roppongi Hills comprises building complexes that address the business, commercial, cultural, and leisure needs of the community at large as well as provide residential towers in which people can move about and interact freely, share information, and enjoy a culturally rich environment. As competition within the office building industry intensifies, Mori Building Company is focusing on what it calls a "broad-area management strategy." This strategy sets forth the means for enhancing the area's appeal as a whole, such as more convenient access to public transportation, easier road access, restaurants and luxury brand retailers to attract both consumers and office workers, state-of-the-art office space, residential high rises with numerous amenities, parks and greenery, open spaces designed for both leisure and function, an art museum, a major hotel, and meeting, seminar, and event spaces. The inclusion of such a wide array of amenities increases the likelihood that consumers will choose to live or go there, which, in turn, will both ensure and increase rent and other retail-related income for the company. In essence, Roppongi Hills is a city within a city. And since culture (i.e., the arts, haute couture, lifestyle) is becoming a commodity in Japan, consumers and companies at Roppongi Hills are willing to purchase and invest in it.

The three luxury apartment buildings in Roppongi Hills (Residences A, B, and C) feature several amenities, such as concierge services and rooftop gardens. Residents have access to the 1,800-square-meter (19,375-square-foot) Roppongi Hills Spa, located on floors three through five of Residence C. The spa includes a gym, a pool, a whirlpool, saunas, a beauty salon, and a restaurant. In addition, the Sky Lounge, which is on floors 42 and 43 of Residence B, offers a view of Tokyo. Designed for the exclusive use of Roppongi Hills residences (via reservation), this 365-square-meter (3,929-square-foot) lounge features a catering kitchen, a roof terrace, private guest rooms, and a main dining area that seats up to 30 guests.

At the official Completion Ceremony of Roppongi Hills, held on April 7, 2003, Tamotsu Hara, president of the Roppongi 6-chome Redevelopment Association, said: "This redevelopment project enabled wide streets, parks, and open spaces to be built, [while] ensuring the rights of existing residents. Our area has now reached an outstandingly higher level of safety compared to [that which existed] before redevelopment."

As part of the redevelopment process, a new direct junction was constructed that considerably enhanced traffic access, and the flow of traffic through the entire surrounding area was greatly improved with the opening of the newly constructed main street, which goes through the core of the complex from east to west.

ROPPONGI HILLS MORI TOWER

Soaring 238 meters (780 feet) above ground, the 54-story Roppongi Hills Mori Tower has become the new landmark of Roppongi. The architecture firm of Kohn Pederson Fox Associates PC, renowned worldwide for its high rises, was commissioned to design the tower's exterior.

The business/commercial complex contains approximately 380,000 square meters (4.09 million square feet) of total floor space, with shops, restaurants, and service facilities on the ground through sixth floors for visitors and people working in the building.

Floors seven through 48 are dedicated to office use. The standard, column-free floors each feature approximately 4,500 square meters (48,440 square feet) of rental space, which may be the largest available in Japan, according to Mori Building Company. At present, a little less than 90 percent of the rental space is occupied on a contractual basis, and interior construction has been carried out for many tenants that began their occupancy in autumn 2003. Tenants include Goldman Sachs, Lehman Brothers, TMI Associates, Yahoo Japan, Konami, and Rakuten, a leading Japanese online shopping mall operator.

The top floors (49 and above) house the Mori Arts Center, which comprises the Mori Art Museum; the private membership Roppongi Hills Club; educational and conference facilities associated with the Roppongi Academy Hills (which is intended "to stimulate the intellectual curiosity of Tokyo's urban population"); and a public observation deck. Although a popular source of rent, these floors are meant to embody the aforementioned concept of a "cultural center in midtown Tokyo," upon which the development was implemented.

Safety was an important aspect of the entire project. Mori Tower has its own onsite combined cycle power plant to furnish electricity to most of the facilities in the Roppongi Hills complex (except for TV Asahi), supplementing services from Tokyo Electric Power (TEPCO). Mori Tower's own power generation, using gas supplied by Tokyo Gas, continues even if the power supply from TEPCO is cut off. Should the gas supply be cut off, power can be generated for three days using oil reserves, thus serving as a secondary backup. Mori Building says that the reliability of the power supply was a major factor for Goldman Sachs in selecting Mori Tower for its office location. The gas used to generate electricity also provides heat for the complex.

Moreover, an antiseismic system consisting of unbound bracings and oil dampers protects against damage from major earthquakes and mitigates vibrations from medium-intensity tremors and strong winds.

The telecommunications service is another added value. Roppongi Hills Mori Tower is linked to Mori Building Company's proprietary fiber-optic information network, which connects the company's 50-plus properties in Tokyo. Tenants have access to a comprehensive telecommunications environment, as well as to high-speed Internet and data-center services.

EXPERIENCE GAINED

On June 19, 2003, Mori Building announced that in less than two months, the number of visitors to Roppongi Hills had surpassed 10 million. The company estimates an average of 100,000 visitors per day, with some 20,000 people working and about 2,000 people living in the complex.

While admitting that it is too early to make a complete assessment, Mori Building Company believes the project has enjoyed a good start and has exceeded expectations. All commercial space is occupied and recording higher sales than initially projected. With rent growing as sales increase, the company expects to gain revenues of ¥40 billion (US\$365 million) per year once all operations are in full swing.

In addition, the Mori Art Museum opened on October 18, 2003, and full-on entry of Mori Tower tenants was realized in autumn 2003. The creators of Roppongi Hills view this as further proof of its significance to the urban renewal scene.

Nonetheless, the project's role in the future of the capital city and the country has yet to be fully realized. The complex's application of space will be tested through time. If its start is any indication, Roppongi Hills's place in modern urban redevelopment is being positively assessed today and should bode well for the future of both Tokyo and Japan.

PROJECT DATA		
LAND USE INFORMATION		
Site area (hectares/acres): 11.6/28.6*		
Residential units: 840*		
Hotel rooms: 390		
*Including Roppongi Hills Gate Tower.		
GROSS BUILDING AREA		
Use	Square Meters/Square Feet	
Office/primary retail (Mori Tower)	379,451/4,084,510	
Residential	149,800/1,612,486	
Hotel	54,619/587,933	
Cinema*/retail (Zone B)	19,387/208,686	
TV broadcasting center	73,700/793,326	
Zone C office/retail	6,855/74,112	
*Nine-screen cinema complex.		
LEASABLE AREA		
Use	Square Meters/Square Feet	
Office net rentable area	182,444/1,963,875	
RESIDENTIAL UNIT INFORMATION		
Residences A and B		
Units	Square Meters/Square Feet*	Monthly Rent
One bedroom	47.58–65.29/512–702	¥280,000–500,000/US\$2,559–4,569
Two bedrooms	59.17–132.24/637–1,423	¥340,000–1,050,000/US\$3,107–9,591
Three bedrooms	89.45–180.05/962–1,943	¥550,000–1,300,000/US\$5,023–11,873
Four bedrooms	113.74–365.42/1,224–3,933	¥700,000–3,900,000/US\$6,393–35,617
*Balcony not included (floor area or floor plans may have changed slightly during construction, in which case as-built dimensions will take precedence).		
Residence C		
Units	Square Meters/Square Feet*	Monthly Rent
One bedroom	78.26–94.09/842–1,012	¥600,000–660,000/US\$5,479–6,026
Two bedrooms	94.09–184.09/1,013–1,981	¥660,000–1,610,000/US\$6,026–14,702
Two bedrooms + study	164.45–166.62/1,770–1,793	¥1,350,000–1,510,000/US\$12,327–13,788
Three bedrooms	151.50–270.08/1,630–2,907	¥1,100,000–2,500,000/US\$10,135–22,828
Four bedrooms	238.71–263.68/2,569–2,838	¥1,770,000–2,350,000/US\$16,162–21,459
Four bedrooms + family room	289.77–296.62/3,119–3,192	¥2,570,000–2,730,000/US\$23,467–24,930
Four bedrooms + study	363.81–364.03/3,916–3,918	¥3,900,000–4,500,000/US\$35,612–41,090
Five bedrooms + study	421.22/4,534	¥4,350,000/US\$39,720
*Balcony not included (floor area or floor plans may have changed slightly during construction, in which case as-built dimensions will take precedence).		
RETAIL INFORMATION		
Tenant Classification	Number of Stores	
Restaurants	71	
Interior home furnishings	6	
Jewelry	17	
Other	106+	
DEVELOPMENT COST INFORMATION		
Total development cost: ¥270 billion (US\$2.47 billion)		
DEVELOPMENT SCHEDULE		

Planning started: November 1986
Construction started: April 2000
Project completed: March 2003

DIRECTIONS

From the New Tokyo International Airport (Narita) via public transportation: Take Keio Skyliner to Nippori, transfer to the Yamanote Line to Yurakucho Station, and then transfer to the Hibiya Subway Line to Roppongi Hills.

Alternatively, take the Keio Skyliner to Nippori and transfer to the Yamanote Line to Yurakucho Station. Take a taxi from the station to Roppongi Hills.

Travel time: Roppongi Hills is 90 minutes away by taxi/airport limousine bus. It is approximately one hour 46 minutes away by train.

¹Twaronite, Lisa. "Beacon of Future in Tokyo Faces Gloomy Present," *Wall Street Journal*, May 7, 2003.

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Mori Tower, the new landmark of Roppongi, stands among TV Asahi's new broadcasting center (left) and the other retail, entertainment, and residential facilities that make up the Roppongi Hills complex—the center of Tokyo's designated "priority redevelopment district."



All photographs provided courtesy of Mori Building Company, Ltd.

With Tokyo Tower, an enduring urban icon, providing the backdrop, Mouri Teien, a Japanese-style garden that belonged to one of the *daimyo* lords of the Edo period (1603?1868), exemplifies the many beautifully landscaped open spaces of Roppongi Hills.



All photographs provided courtesy of Mori Building Company, Ltd.

From amid the greenery of one of many parks in the complex can be seen the two 43-story residential buildings, standing in tandem, on the southern side of Roppongi Hills.



The compact, vertical urban landscape of central Tokyo (model scale 1:1,000) is on display as part of the Roppongi Hills's opening exhibition, titled "The Global City? a New Vertical Landscape," on the 52nd floor of Mori Tower. Roppongi Hills lies under the spotlight, just above photo center.

FACILITY LAYOUT

六本木ヒルズは約11.6ha、国内外著名建築家と共同開発しました。また都心という立地に重なり、世界的な建築家や、世界の有名建築家を誘致しています。施設内には、4棟建てのオフィスビルを中心に、住居、ショッピングモール、レストラン、美術館、劇場、映画センターなどがあります。

At 11.6 hectares, Roppongi Hills is one of the largest redevelopment projects in Japan. With its focus on urban culture, the innovative project will help Tokyo present a new face to the world. The development features around a history office tower and includes residential accommodations and restaurants, as well as a shopping mall, hotel, art museum, theater, and broadcasting center.



The site plan of the 11.6 hectares (about 28.7 acres) of Roppongi Hills, with its landmark Mori Tower and abundant greenery, illustrates how the developer also made access to and through this popular urban district more convenient and less congested.