

June 11, 2024

Sumitomo Realty & Development Co., Ltd.

**Receives Achievement Award of Japan Association for Real Estate Sciences,
 “Award of Minister of Land, Infrastructure, Transport and Tourism”
 Sumitomo Realty’s “Shinchiku Sokkurisan” Remodeling
 Advancing solutions to issues concerning the existing housing stock**

Sumitomo Realty & Development Co., Ltd. (Headquarters: Shinjuku-Ku, Tokyo; President: Kojun Nishima) is pleased to announce that our Shinchiku Sokkurisan remodeling business received the achievement award of Japan Association for Real Estate Sciences, “Award of Minister of Land, Infrastructure, Transport and Tourism.” We have been promoting Shinchiku Sokkurisan, which offers full remodeling of houses, improving seismic and thermal insulation performance, as well as updating the kitchen and bathroom areas, interior and exterior to meet the customers’ needs while utilizing the existing foundations and pillars.

This award is given to outstanding achievements that excel from the perspective of real estate studies, which is an interdisciplinary academic research field, and particularly contribute to the development of real estate policy. This is the second time we have received this award, following the 28th (2021) award for the Renewal of Shinjuku Sumitomo Building and the newly created “Sankaku Hiroba” (triangular plaza).



Award Ceremony

(Left) Mr. Rintaro Ishibashi, Parliamentary Vice-Minister of Land, Infrastructure, Transport and Tourism, and (right) Mr. Hiroshi Kato, Director and Senior Managing Executive Officer of Sumitomo Realty

Shinchiku Sokkurisan was launched in 1996 as a full remodeling service that renovates an entire house as if it was newly built, redefining the traditional concept of remodeling that primarily focused on partial renovations. It has expanded nationwide (to 46 prefectures, excluding Okinawa), offering safe and secure houses with seismic reinforcement as a standard feature at 50-70% of the cost of rebuilding, under a clear fixed-price system with no additional charges.

In 2021, we launched a high thermal insulation remodeling plan that enables existing houses with low insulation performance to achieve a level equivalent to the energy-saving standards for newly-built houses. We strive to improve house insulation to ensure energy-efficient, healthy, and comfortable living from the perspectives of decarbonization and addressing health concerns such as heat shock, thereby contributing to the longevity of houses and the realization of a stock-based society.

Award of Minister of Land, Infrastructure, Transport and Tourism

Initiatives of Shinchiku Sokkurisan, advancing solutions to issues concerning the existing housing stock

Sumitomo Realty & Development Co., Ltd.

[Reason for Award]

This business has contributed to the realization of a stock-based society by promoting the seismic reinforcement and longevity of existing houses through long-term efforts in renovation business. In recent years, it has actively offered renovation plans that meet the energy-saving standards for newly-built houses, thereby responding to contemporary needs. While housing-related transactions in general suffer from incomplete information regarding prices and quality, often causing consumer anxiety, this business offers a clear pricing system and ensures transparency in costs incurred before and after signing the contract. It alleviates consumer concerns, enabling secure transactions.

Furthermore, based on the data accumulated through the business, it has developed a method for measuring CO₂ emissions from renovations and rebuilding through collaborative research between industry and academia. The research results on environmental assessment methods for existing houses are publicly shared, and are expected to contribute to real estate policy development and the field of real estate studies.

Therefore, this business deserves the Achievement Award.

Japan Association for Real Estate Sciences (Public Interest Incorporated Foundation)

[Full Text]

~History of Shinchiku Sokkurisan Remodeling Business~

Jan 1995	The Great Hanshin-Awaji Earthquake Severe damage occurred to buildings designed under the seismic standards before 1981
Apr 1996	Commenced Shinchiku Sokkurisan remodeling business Launched operations in the three major cities of Tokyo, Osaka, and Nagoya
Sep 1998	Commenced Shinchiku Sokkurisan condominium remodeling business
Mar 2000	The Shinchiku Sokkurisan condominium remodeling business successfully developed a skeleton renovation method
Dec 2005	Expanded its operations nationwide to 46 prefectures (excluding Okinawa)
Sep 2015	Received the MLIT Minister's Award (the top prize) at the 32nd housing reform contest by the Center for Housing Renovation and Dispute Settlement Support
Apr 2018	Introduced proprietary seismic reinforcement method Established reinforced lineup of seismic and damping systems
Jun 2019	Enabled seismic and damping retrofits for nearly all wooden houses, including three-story and 2x4 houses
Feb 2020	Developed a renovation system for conversions to group homes and shared houses
Jun 2021	25th anniversary of Shinchiku Sokkurisan — Achieved cumulative total of 150,000 units contracted
Dec 2021	Launched High Thermal Insulation Remodeling Plan, which meets energy-saving standards for newly-built houses
Apr 2022	Launched "Shinchiku Sokkurisan and SUMIFU × ENEKARI," introducing solar panels and storage batteries at no initial cost together with seismic reinforcement
Jan 2024	Received the "Nikkei Business Daily Awards" at the "2023 Nikkei Excellent Products and Services Awards"

<Condominium Remodeling>



After



Skelton

<Detached House Remodeling>



Before



After

[Reference]

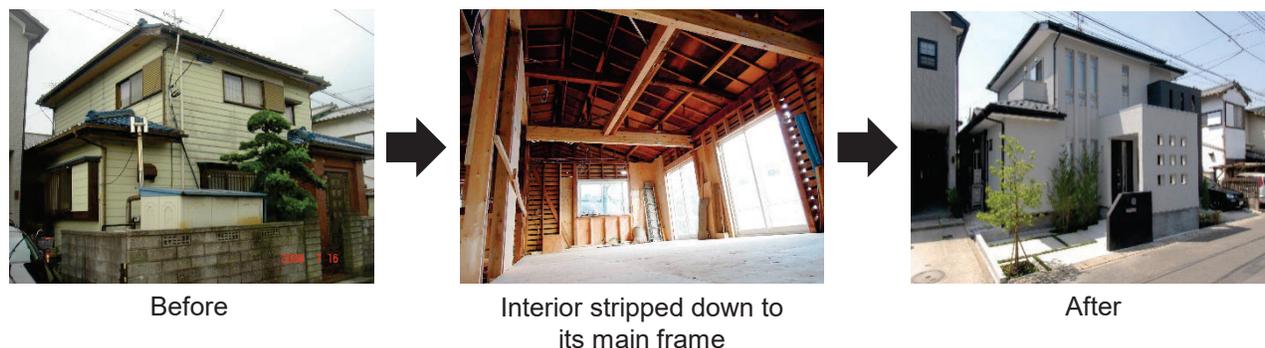
■ About “Shinchiku Sokkurisan” remodeling

The Shinchiku Sokkurisan remodeling business was launched after the Great Hanshin-Awaji Earthquake with the desire to renovate existing houses to make them earthquake resistant without incurring the high cost of rebuilding. Since its launch in 1996, the cumulative total of units contracted has exceeded 170,000 units* over the last 28 years. It has become so popular that it is now a brand synonymous with full remodeling across 46 prefectures throughout Japan (excluding Okinawa), offering 50-70% of the cost of rebuilding, a clear fixed price system, and seismic reinforcement.

It extends the life of existing houses through seismic reinforcement and thermal performance improvement while retaining the main structural elements, thereby reducing industrial waste and curbing CO₂ emissions and resource waste compared with rebuilding.

* As of the end of January 2024

[Shinchiku Sokkurisan Example]



In addition to remodeling for detached houses, we offer wide-ranging renovation services tailored to meet the diverse needs and conditions of our customers through a custom-made approach. For condominiums, we offer skeleton renovations that renew everything from facilities, interiors, and substrates to wiring, plumbing, and layouts, making private areas equivalent to new ones. We also focus on the renovation of traditional Japanese houses across the country to preserve their historic character. For partial renovations, it is possible to renovate just one part of the house, such as updating just kitchen or bathroom.

* The initiatives related to this release contribute to the following SDGs objectives:

SUSTAINABLE DEVELOPMENT GOALS



Goal 3: Good health and well-being
Goal 7: Affordable and clean energy
Goal 9: Industry, innovation and infrastructure
Goal 11: Sustainable cities and communities
Goal 12: Responsible consumption and production
Goal 13: Climate action
Goal 15: Life on land

Sumitomo Realty has been working to solve social issues through its business activities under its fundamental mission to “Create even better social assets for the next generation.” Going forward, the Company will further contribute to realizing a sustainable society by creating high-value social assets with environment and social awareness.

<Sumitomo Realty’s initiatives on ESG and SDGs>

<https://www.sumitomo-rd.co.jp/en/sustainability/>

[Reference] Initiatives of the “Shinchiku Sokkurisan” Business

Social issues concerning houses in Japan

- 1 Insufficient earthquake resistance and low thermal insulation
- 2 Low thermal insulation causing increased energy consumption
- 3 Environmental impact from waste generated when rebuilding

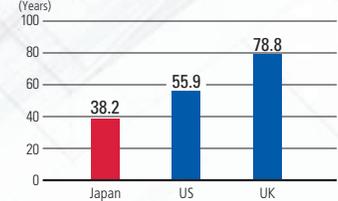
Through the Shinchiku Sokkurisan remodeling

- 1 Realizing extended useful life
Earthquake-proofing and seismic retrofitting
Revised floor plans to suit lifestyles
- 2 Reducing energy consumption by installation of solar power generator and improvement of thermal insulation performance
- 3 Reducing environmental impact
Reduction of materials used and waste generated

Although the ratio of earthquake resistant houses in Japan is increasing every year, there are still many houses with low earthquake resistance. In addition, the rebuilding cycle of houses in Japan is short compared with that in Europe and the U.S., and waste from the demolition of houses accounts for a large share of waste discharged by the construction industry. There are growing calls for shifting to a stock-type society by extending the useful life of housing.

Moreover, although discussions have been carried out on various topics for newly constructed detached houses, such as improving their environmental performance toward the realization of carbon neutrality in 2050, little progress has been made toward promoting energy savings or decarbonization for existing houses, which far outnumber new houses (there are currently roughly 50 million existing houses). As such, dealing with existing detached houses is essential for Japan’s decarbonization.

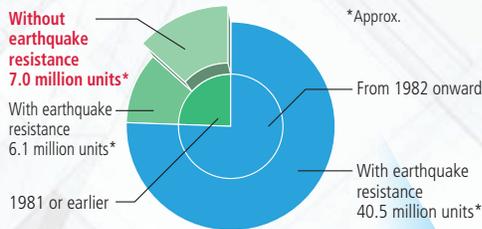
International comparison of the average age of houses (Years)



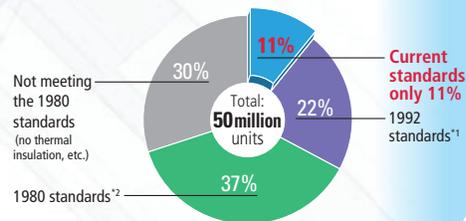
Source: Housing Economics Data: International Comparison of Average Age of Houses Deregistered (2021), Ministry of Land, Infrastructure, Transport and Tourism.

Social issues concerning houses in Japan

1 Earthquake-resistance of housing stock



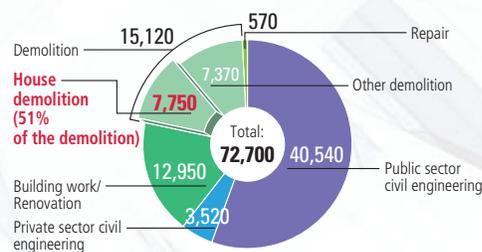
2 Energy-saving standards (thermal insulation performance) of housing stock (about 50 million units)



*1: Standard established in 1992, pursuant to the Act on Rationalizing Energy Use

*2: Standard established in 1980, pursuant to the Act on Rationalizing Energy Use

3 Breakdown of construction waste (Thousand tons)



Shinchiku Sokkurisan initiatives

1 Extending the useful lives of houses through seismic reinforcement and revision of floor plans

Shinchiku Sokkurisan offers proposals mainly for seismic reinforcement work that meets the government’s safety standards, based on earthquake resistance diagnosis. Moreover, in preparation for increasingly severe earthquakes, we have developed a new proprietary method and provide optimal seismic reinforcement and damping plans for houses of all ages.

In addition to functional enhancement, we offer solutions reflecting customers’ lifestyles such as changes in family structure and aging by layout changes, extensions, downsizing and transforming the house into a two-family house. In this way, we are promoting extended useful lives of houses without rebuilding.

2 Enhancing thermal insulation of existing houses and promoting installation of solar power generation systems

Shinchiku Sokkurisan’s high thermal insulation remodeling plan enables existing houses with low thermal insulation performance to achieve a thermal insulation performance equivalent to the energy conservation standards for newly-built houses. This plan is available to the entire house or even to just individual rooms, enabling an increase in the thermal insulation performance only where it is necessary. In addition, “SUMIFU × ENEKARI” enables customers to install solar power generation equipment at net zero cost, together with seismic reinforcement. Through these new services, we will further contribute to the realization of a carbon neutral society by reducing CO₂ emissions from housing.

3 Reduction of environmental load through waste reduction

Shinchiku Sokkurisan remodeling contributes to the reduction of the environmental burden through seismic reinforcement while the principal structural elements of the house are retained, thus minimizing industrial waste discharge, CO₂ emission, and waste of resources, compared to demolition involved in building a new house.

Released the results of joint research on the decarbonization effect of building renovation

Part II Verifying the adoption of ZEH and achievement of life cycle carbon minus through renovations



With the aim of establishing a new environmental evaluation method for building renovation, we started joint research with The University of Tokyo and Musashino University in December 2021. Following last year’s announcement, we confirmed that through renovation, the adoption of ZEH and life cycle carbon minus could be achieved without the need for special construction work, and that life cycle carbon minus could be achieved more rapidly than through new construction. (➡ Refer to page 66 for details.)

Sources: 1. Progress of Earthquake Proofing of Houses (2018), Ministry of Land, Infrastructure, Transport and Tourism.

2. Housing Economics Data: Performance of Housing Stock (Barrier-Free and Energy-Saving) (2021), Ministry of Land, Infrastructure, Transport and Tourism.

3. Status of Industrial Waste Associated with Demolition of Houses (36th Meeting of the Housing and Building Land Committee of the Panel on Infrastructure Development), Ministry of Land, Infrastructure, Transport and Tourism.