

Local Report: Sendai City – Miyagi Prefecture (October 2014)

The city at a glance



Figure 1: The Location of Sendai (original image from Digipot)

Sendai is the capital of Miyagi Prefecture and the largest city in the Tohoku region, which consists of Akita, Aomori, Fukushima, Iwate, Miyagi, and Yamagata Prefectures. With a population of 1,073,242 (as of October 2014,) Sendai is the eleventh largest of 20 ordinance-designated cities, excluding Tokyo. Sendai has a humid subtropical (Cfa) climate with moderate summers (compared to Tokyo) and cold winters, although to a lesser extent than Hokkaido.

Sendai is relatively free from natural disasters such as floods and typhoons; however, the shocking earthquake and tsunami of 2011 hit the coastal parts of

the city, causing severe damage.

The rent for office space is relatively low compared to other major cities. The average price for 3.3 sqm in Sendai is JPY11709, as compared to JPY18400 in Tokyo.

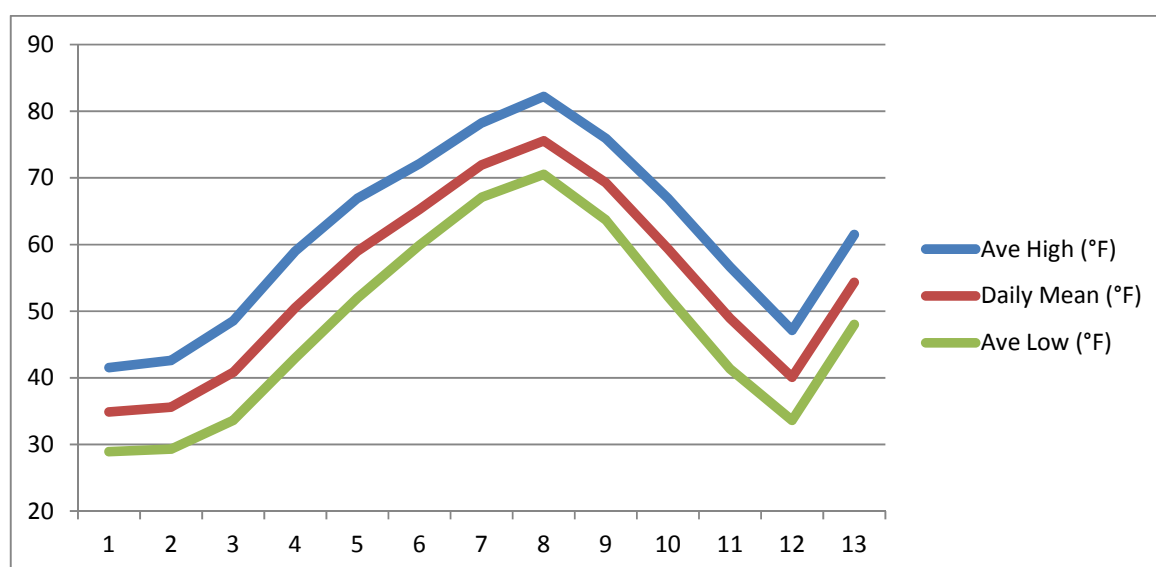


Figure 2: The Climate of Sapporo from 1981 - 2010 (source: time-j.net)

Transportation:

Sendai has an international airport with direct flights from Seoul, Beijing, Shanghai, Bangkok, Guam, and Honolulu. As for domestic flights, Sendai is connected with major cities such as Sapporo, Fukuoka, Osaka, Nagoya, Hiroshima, Komatsu, and Kobe. In 2013, the total number of passengers using Sendai Airport was 2,989,000 (of which 175,000 were international travelers.)

Sendai has a Shinkansen (a bullet train by Japan Rail) terminal on the Tohoku Line, which runs roughly 80 direct trains per day to, and 55 from, Tokyo. The estimated travel time for this distance is ₂ between 90 – 120 minutes, and the cost

is USD100. This makes the Shinkansen the preferred method of travel to and from the Tokyo metropolitan area.

Unlike other metropolitan cities, Sendai does not have a private rail system. The two rail companies there are Japan Rail (6 lines) and Sendai City Metro (2 lines), both of which center their services around Sendai Station. In addition, four bus companies operate throughout the city.

Seaports: Miyagi prefecture has 10 seaports, including Sendai Shiogama Port (a Specially Designated Major Port) and Ishinomaki Port (a Major Port), which play an important role in trading, manufacturing, food, and tourism industries.

Industrial structure

Sendai has a typical industrial structure.

Shiten Keizai (branch economy): Sendai is a typical Shiten Keizai toshi (a city which is developed due to a concentration of branch offices of major companies.)

Strong distribution sector: In addition, Sendai has strong distribution (retail and wholesale) and service sectors, employing more than 35% of the labor force within the region. Stated from a different angle, the labor force allocation for first, second and third industries is 4.8%, 14.6% and 81.2%, respectively.

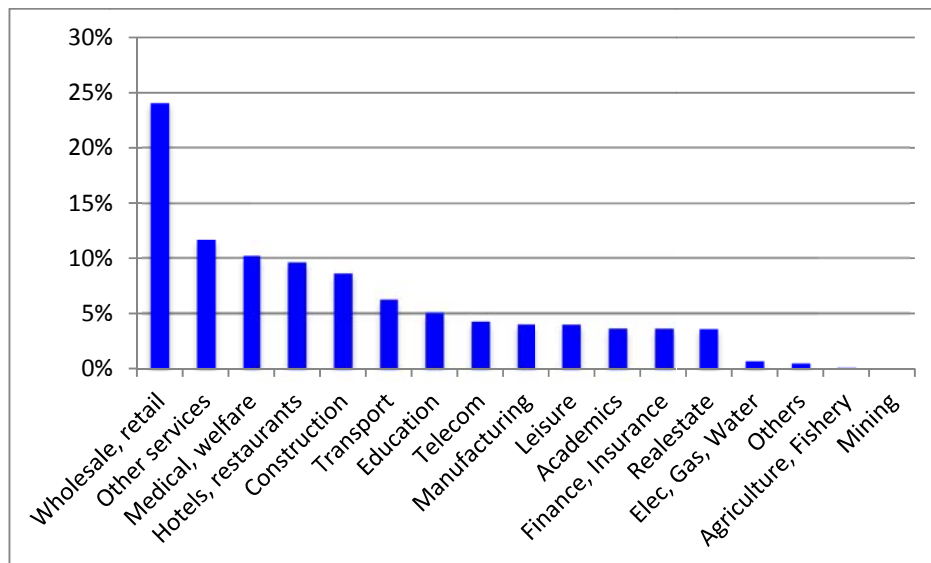


Figure 3: Percentage of labor force by sector in 2012 (original source: Economic Census)

However, this does not necessarily mean there is a lack of strong locally-headquartered companies in Sendai. Here are the names of some such companies:

- **Iris Ohyama:** a major manufacturer of daily commodities. The company's main product is plastic containers, as found in major home goods stores throughout the country. The turnover of the group in 2013 was JPY2.67 billion.
- **NEC Tokin:** a manufacturer of electronics components. The turnover of the company in 2013 was JPY508 million.
- **Jellice:** has the top market share in edible gelatin. The company also applies its technology to industrial uses in the fields of photography and medicine.

Business attraction measures:

Efforts to attract foreign businesses are made at a prefectural level:

- **Special Zones for Reconstruction:** this is part of the

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recovery plan for the area in the wake of the March 2011 earthquake. The North Eastern region of Japan, including Miyagi, has been designated as a special zone for reconstruction, offering tax breaks to new businesses, as well as reduced regulations and procedures. Target industries include the auto industry, clean energy, high tech electronics, medical equipment/life science, aerospace, shipping, food, lumber, and ICT.

- **New business ventures outside the reconstruction zone:** businesses building new manufacturing facilities outside the special construction zone may qualify for tax exemption for three years.

At the municipal level

As a city, Sendai is the subject of an economic expansion plan lasting until 2017, the goal of which is to spur expansion of the local economy around the Sendai area. Statistical goals include:

- Increasing the rate of entry of new businesses
- Increasing the number of visitors to the area to 23 million (from 18 million in 2013)
- Creating an additional 100,000 jobs
- Increasing the sales of agricultural products to JPY100 million (from JPY65.6 million in 2013)

The city is running 9 strategic projects to achieve these goals. Among them is “Welcome! Sendai/Tohoku”, through which the city is trying to attract both domestic and foreign businesses in order to stimulate wholesale, retail, and food manufacturing industries.

Sources/References:

City at a glance

- [Sendai City](#) (Japanese)
- [Time J](#) (Japanese)
- [Sendai Airport](#) (Japanese)
- [Sanko Estate \(rent as of 31 Aus, 2014\)](#) (Japanese)

Industry structure

- [Sendai City](#) (Japanese)
- [Sendai City](#) (Japanese)
- [Iris Ohyama](#)
- [NEC Tokin](#)
- [Jellice](#)

Business Attraction Measurements

- [Miyagi Prefectural Government](#)
- [Sendai City](#) (Japanese)