

Targeting the Commercial Construction Business with Outstanding Consulting Capabilities

Commercial construction is our second-largest business (accounting for 22.0% of overall sales) behind housing. While construction investment in Japan has fallen to two thirds of the peak level recorded in fiscal 1992, creating a difficult environment in which approximately 1% of industry players fail each year, our commercial construction business is widely respected for its state-of-the-art technology and for its consulting capabilities. This enabled us to post an 11.7% increase in sales on a consolidated basis in fiscal 2003, making a significant contribution of profits.

In the retail and wholesale facilities business, we have 22,000 constructed facilities, 3,160 companies opening outlets and approximately 5,000 land-owning members, based on our asset consulting services, which provide a link between land owners and companies seeking to open outlets. We are vigorously encouraging corporations to use their idle land and we are promoting the construction of large-scale commercial facilities, employing comprehensive support that starts with land inspection, and moves on through a business plan and the introduction of tenants, to the construction and management of facilities. We are also focusing on using the stock to generate new businesses, such as the renovation and reconstruction of retail outlets.

In the steel-pipe and general construction business, we have a strong track record in diverse buildings, including plants, retail outlets, office buildings, warehouses, schools and hospitals. As market needs have recently tended to focus more on areas requiring specialist expertise and technology, such as the consolidation of distribution facilities and the expansion of their functions, the renewal of office buildings, health and safety at food plants and the new opening of clinics, the number of business areas in which we excel has been rising. In addition, as nursing care and welfare related demand increases and diversifies in response to demographic change in Japan, our Silver Age Research Center finds increasing ways to taking advantage of its own specialty. We will enhance our competitiveness in this area even further, by improving our consulting capability, a strength that we have developed over many years.

The most valuable assets that we have are our employees. We will break down artificial boundaries set by age, sex and physical ability, and improve education and training. We will actively promote capable people to supervisory positions to develop a strong, highly regarded team of professionals. My aim is for our customers to feel attached to Daiwa House Industry, the core company of the group, and for our employees to be proud of working with us.



Kenji Murakami
President and COO

