

Solar Power System Market in Japan: Key Findings 2009
~ Accelerated new market entries anticipating rapid market growth backed by
the buyback program of surplus electricity ~

➤ **Research Outline**

Yano Research Institute has conducted a study on the solar power system market in Japan based on the following research outline.

1. Research period: From May to October 2009
2. Research targets: Solar cell/ module manufacturers in Japan, housing manufacturers, dealers of solar power systems for residential use, public use and industrial use
3. Research methodologies:
Face-to-face and telephone interviews by our specialized researchers and literature research

<What is the solar power system market?>

In this study, the solar power system market in Japan covers "the residential solar power system market" and "the public and industrial solar power system market".

➤ **Key Findings**

- ◆ **The scale of the solar power system market in 2008 amounted to 164.3 billion yen, 109 % year-on-year**

The solar power system market in Japan turned upward again and amounted to 164.3 billion yen (109 % year-on-year, based on the amount of sales to end users) in 2008 after experiencing year-on-year decrease for two consecutive years from 2006. The breakdown of the market size in the year shows 131.7 billion yen (80.2 % of the total market, 107 % year-on-year) for "the residential solar power system market" and 32.6 billion yen (19.8 % of the total market, 119 % year-on-year) for "the public and industrial solar power system market".

The residential solar power system market, the category that had lead the total solar power system market, was on the downward trends in 2006 and 2007 after its peak of 2005 when the market size was 178.4 billion yen, but it turned to positive growth in 2008 for the first time after three years against the background of resumption of government subsidies to encourage introduction of solar power systems.

- ◆ **Participation in the Japanese market by oversea solar battery manufacturers and establishment of new sales channels have been accelerated.**

Oversea manufacturers mainly from China and South Korea, who had been targeting European market, started to focus on Japanese solar power system market and many of them have entered Japanese market one after another. There are some moves also in sales channels, and many businesses outside the industry including such retailers as electronics retail stores, home improvement stores and GMS (General Merchandise Stores) as well as gas supply companies and gas stations have now entered the solar power system market as dealers.

- ◆ **The market will sharply increase in around 2009 onward due to the improved support system for introduction of solar power systems, and is finally expected to become 1 trillion yen market by 2015.**

The solar power system market in Japan is expected to grow sharply in 2009 onward, mainly led by the residential solar power system market, due to the government subsidies resumed in January 2009 for supporting introduction of the solar power systems and the buyback program of surplus electricity started in November of the same year. In consequence, we forecast that the market grow to 282.9 billion yen (172 % of 2008) in 2009 and finally to 1,015.9 billion yen (618 % of 2008).

✦ Report format:

Published report: "Solar Power System Market 2009"

Issued in: October 2009

Language: Japanese

Format: 161 pages in A4 format

Price: 120,000 yen (6,000 yen of consumption tax will be additionally charged for sales in Japan.)

Contacts:

Public Relations

Yano Research Institute Ltd. (URL: <http://www.yanoresearch.com>)

Phone: +81-3-5371-6912

E-mail: press@yano.co.jp

✦ Research Summary

1. Overview of the market

The market size for the solar power systems in 2008 based on the sales amount to end users grew for the first time in three years and reached 164.3 billion yen, 109 % of the previous year. The breakdown of the market size in the same year shows 131.7 billion yen (80.2 % of the total market, 107 % year-on-year) for "the residential solar power system market" and 32.6 billion yen (19.8 % of the total market, 119 % year-on-year) for "the public and industrial solar power system market".

The residential solar power system market, the market that had led the total solar power system market, had continued to grow every year since 1994 when the government subsidies for supporting solar system introduction was created, and reached 178.4 billion yen in 2005. In 2006 and 2007, however, the market shrunk from the year before due to the abolishment of the subsidies for supporting solar system introduction and the shortage of solar battery panels. The market grew again in 2008 for the first time in three years backed by some factors including the resumption of the government's subsidies.

2. Noteworthy market trends

~ A wave of entries by oversea solar battery manufacturers and participation in selling business from other industries ~

The Japanese solar power system market is presumed to largely expand in also 2009 onward due to the government subsidies for supporting introduction of the residential solar power systems resumed in January 2009 and the buyback program of surplus electricity started in November of the same year in contrast to the European market mainly led by the German market and the Spanish market that slowed down in growth due to the impact of the financial crisis happened in fall 2008. Therefore, the manufacturers from overseas such as China and Korea, who had been targeting European market, started to focus on the Japanese market, the residential solar power system market in particular, as a new target market and many of them have already entered the market in Japan one after another.

The Japanese market has been active also in the aspect of sales business. Many businesses outside the industry including such retailers as electronics retail stores, home improvement stores and GMS (General Merchandise Stores) formed alliances with existing solar power system dealers to participate in the sales business of the solar power systems. In addition, gas supply companies and gas stations, the companies that deal with other energies than electricity, have aggressively entered the solar power system market as new sales channels.

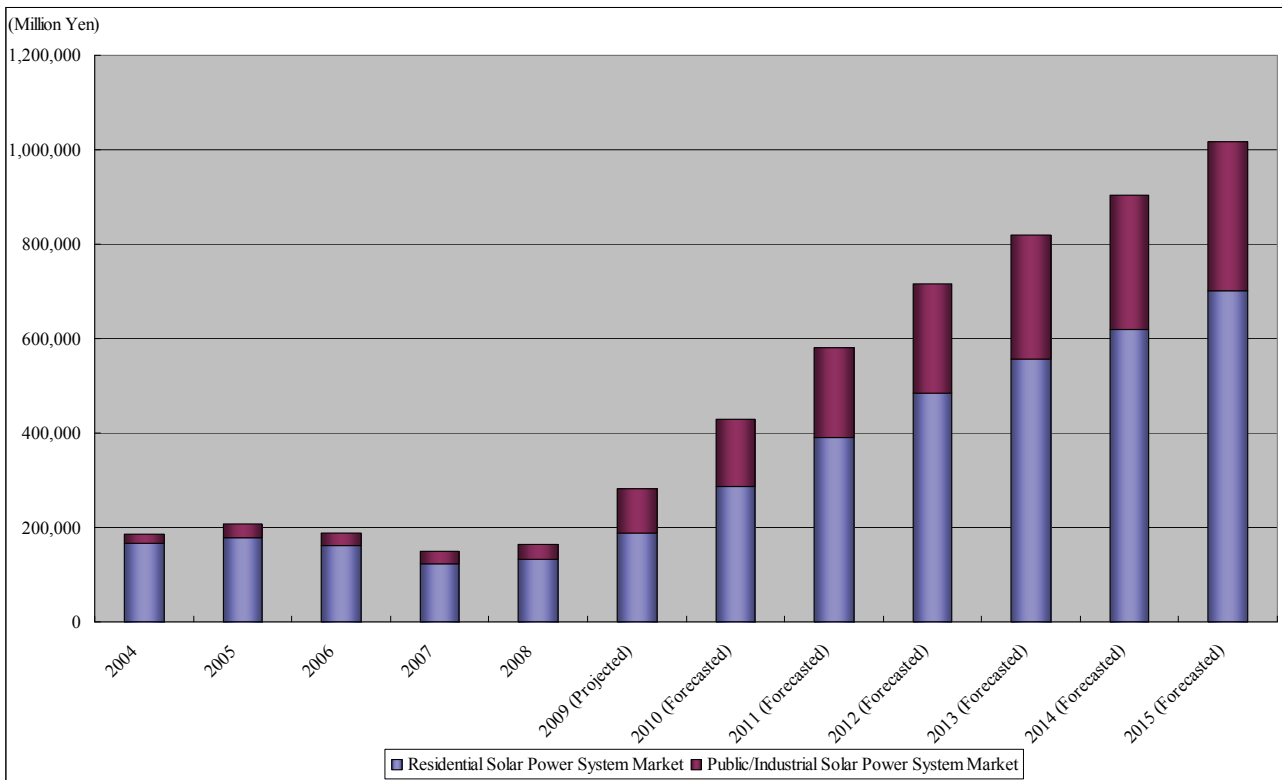
3. Forecast of future market

The residential solar power system market has significantly enhanced especially for newly-build houses, and we forecast that the market size grow from 187.4 billion yen in 2009 (142 % of 2008) to 700.7 billion yen in 2015 (532 % of 2008) aided by such government support systems for introduction as the buyback program of surplus electricity started in November 2009.

It is also expected that some strong support systems be implemented by government as for the public and industrial solar power system market as well in order to achieve the government's target of introduction of solar power systems, and we forecast that the market grow as sharply as the market for residential use will from 95.5 billion yen in 2009 (293 % of 2008) to 315.1 billion yen in 2015 (967 % of 2008).

As a consequence, the solar power system market in Japan will largely grow both for residential use and public and industrial use, and we forecast the market size to be 282.9 billion yen in 2009 (172 % of 2008) and finally to reach 1,015.9 billion yen in 2015 (618 % of 2008).

Table & Figure 1. Solar Power Systems in Japan: Historical Transition and Forecast of the Market Size



Estimated by Yano Research Institute Ltd.

(Million Yen)

	2004	2005	2006	2007	2008	2009 (Projected)	2010 (Forecasted)	2011 (Forecasted)	2012 (Forecasted)	2013 (Forecasted)	2014 (Forecasted)	2015 (Forecasted)
Solar Power System Market in Japan	184,670	206,239	187,839	150,354	164,327	282,872	429,808	581,661	715,200	819,030	902,898	1,015,869
Residential Solar Power System Market	166,280	178,395	160,735	122,879	131,747	187,379	286,707	390,684	483,652	557,589	618,758	700,724
Public/Industrial Solar Power System Market	18,390	27,844	27,104	27,475	32,580	95,493	143,101	190,977	231,548	261,441	284,140	315,145

NOTE: The market size was estimated based on the sales amount to end users, and includes costs for installation of the systems.