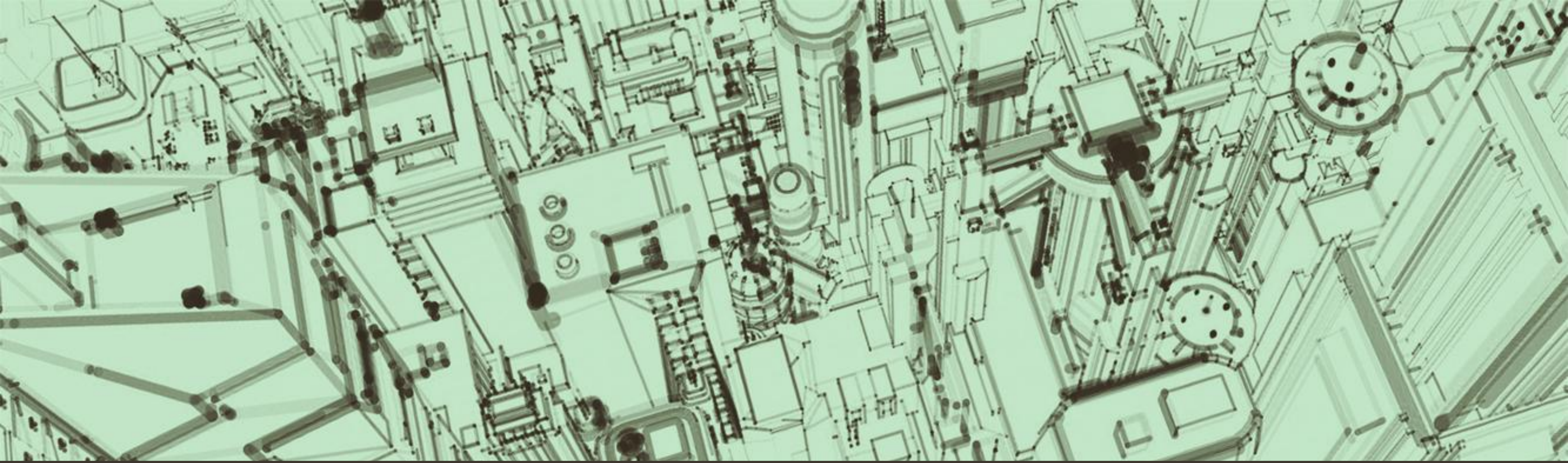
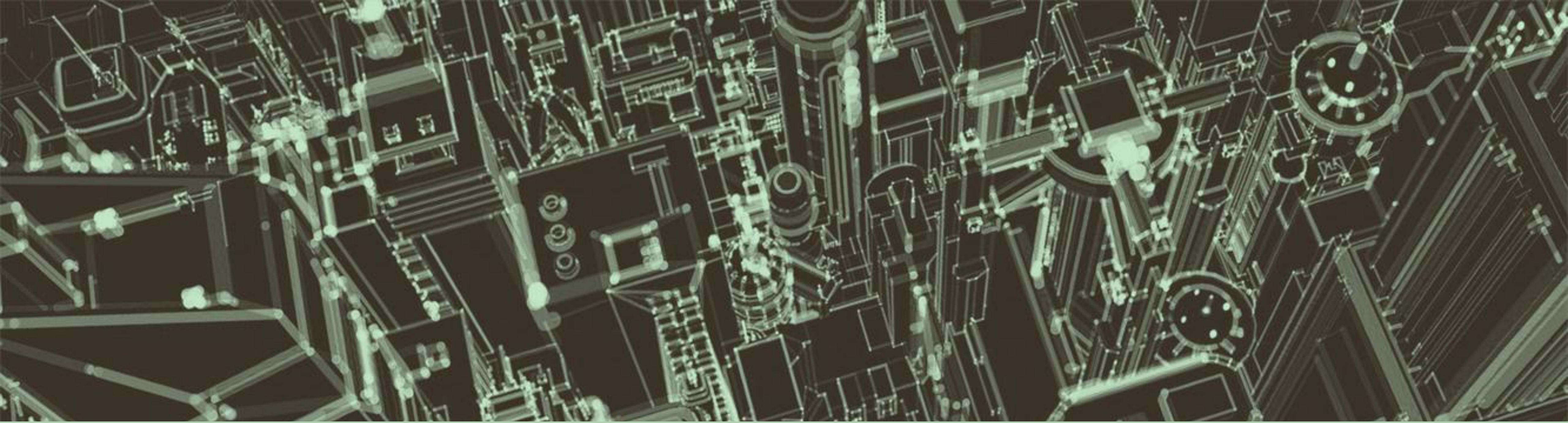


Housing in Japan

Jiro Yoshida (UTokyo and Penn State)

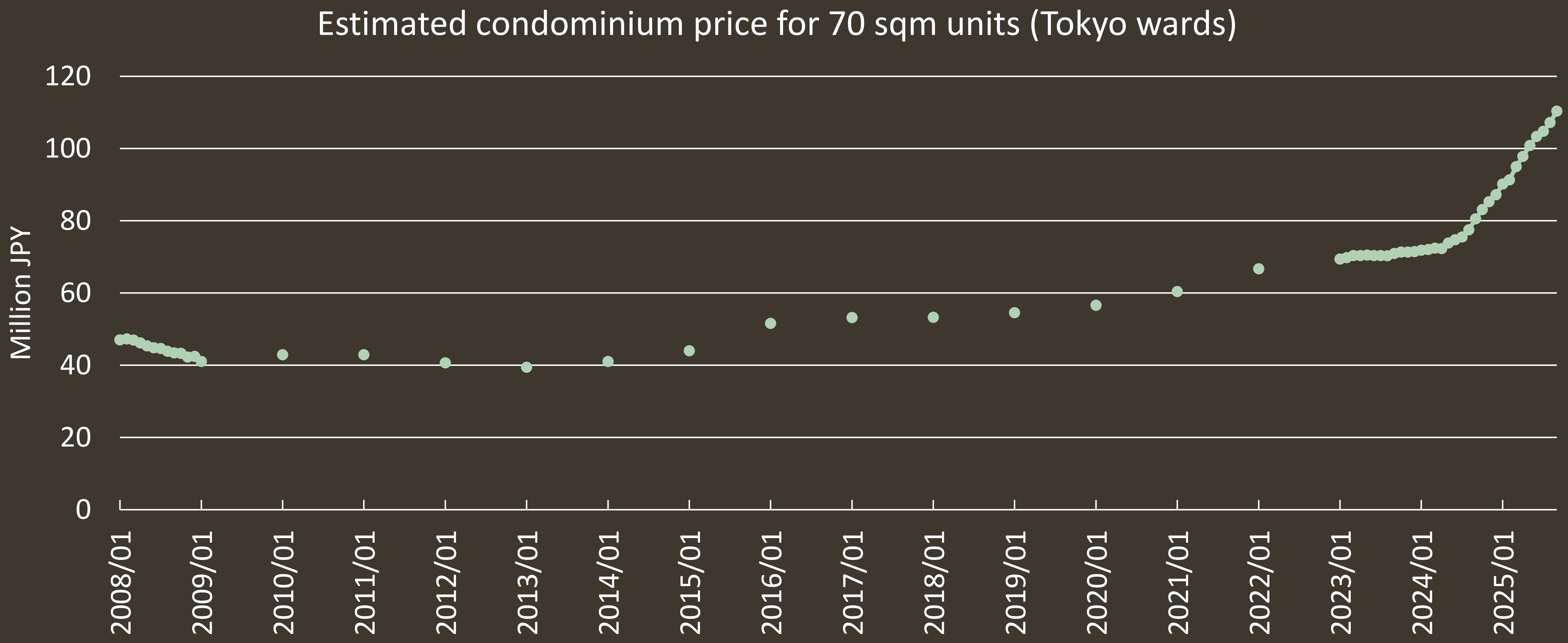
November 13, 2025

Contents



Affordability Debate in Japan

Media claim Tokyo condo prices are in a bubble



Source: Tokyo Kantei

My comments

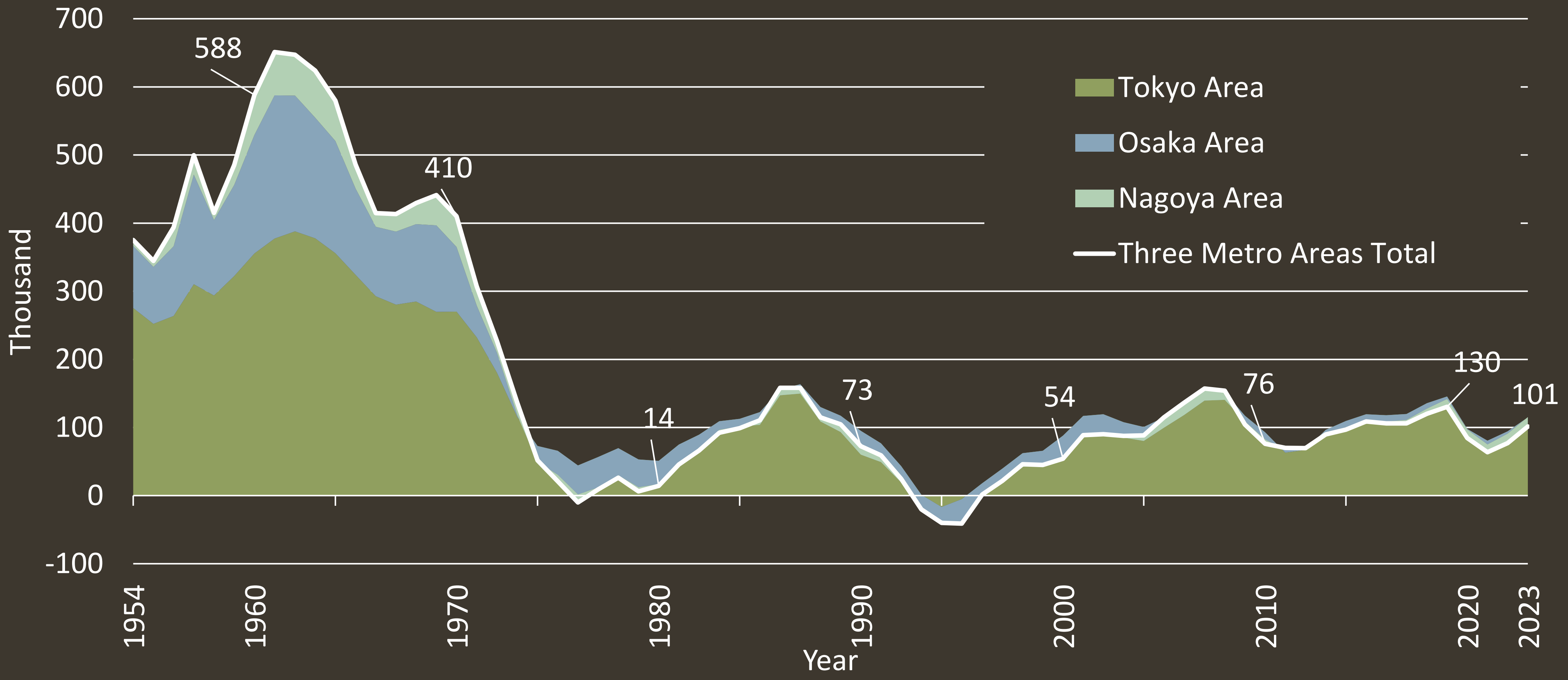
This observation is “partial” in several ways

- Geographical scope
- Time frame
- Housing type
- Other assets and inflation

Driving factors

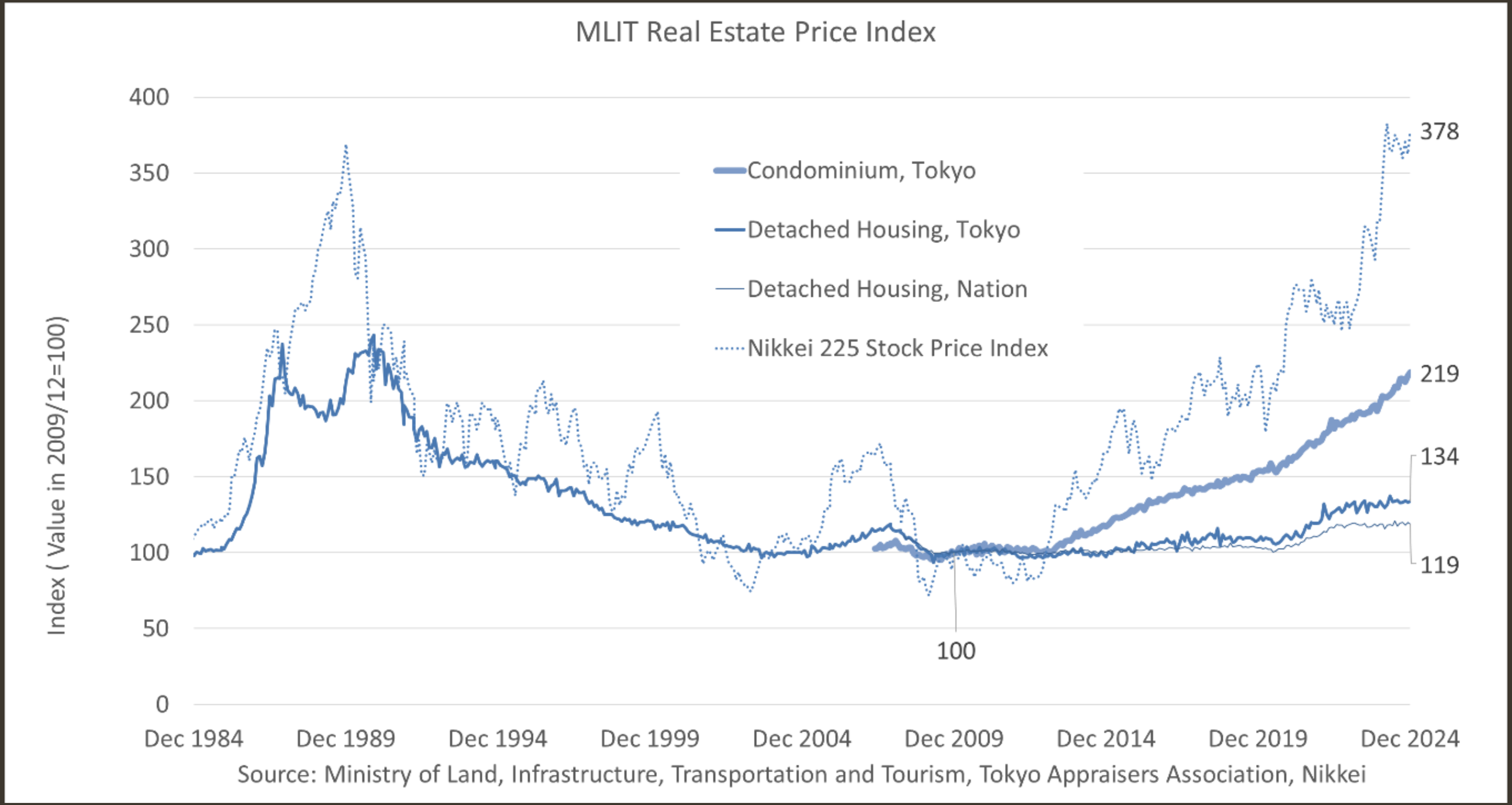
- Weak JPY
- High net worth individuals (HNWI)

Tokyo is a unique area experiencing in-migration



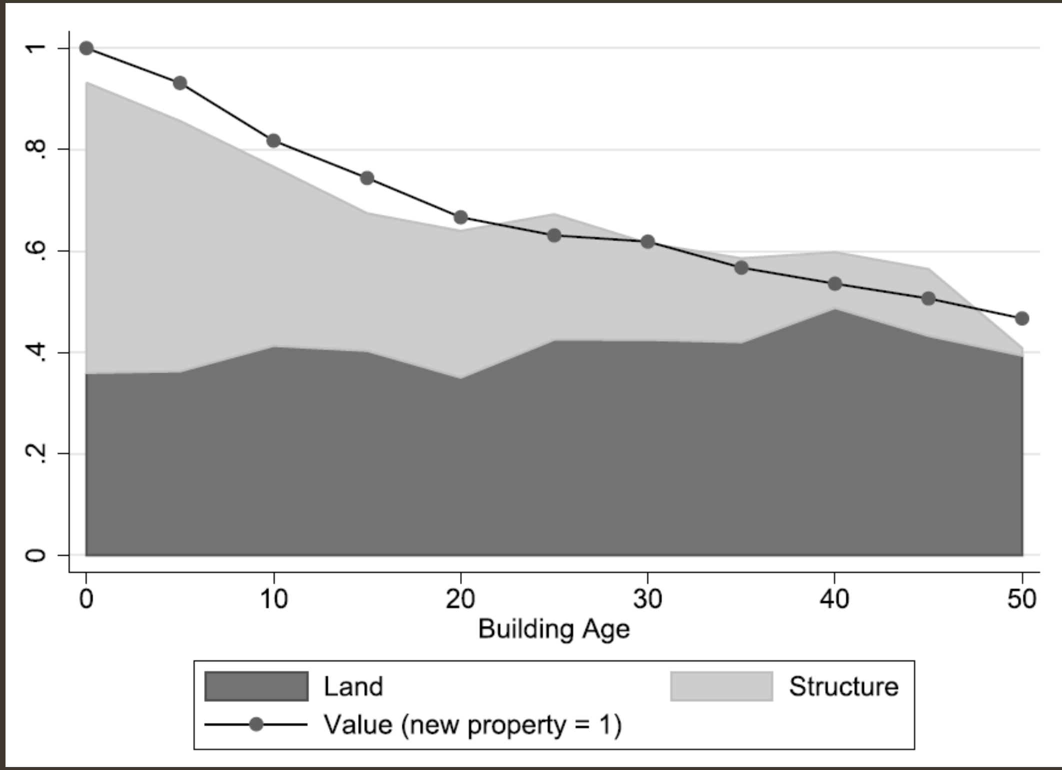
Annual report on the internal migration in Japan derived from the basic resident registers

Condo appreciation is largely in Tokyo, following two decades of deflation, and less than stock appreciation

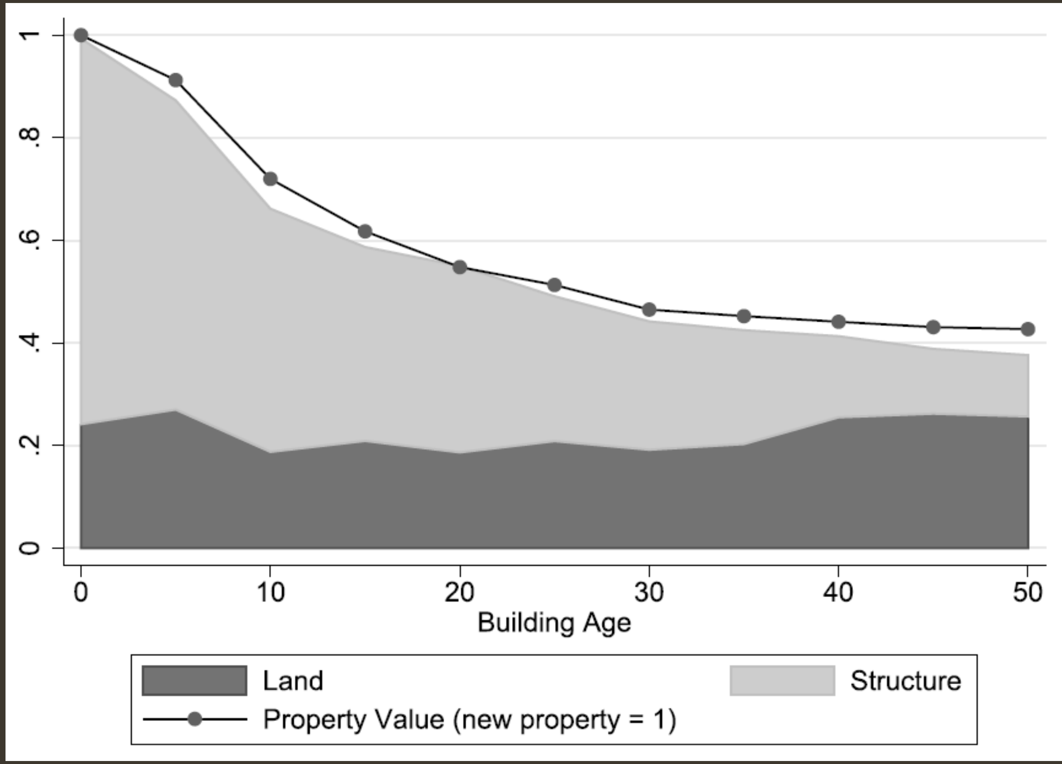


Fast depreciation (faster for condos) erodes gain

Detached Housing in Tokyo



Detached Housing outside Tokyo



Jiro Yoshida (2020), The economic depreciation of real estate: Cross-sectional variations and their return implications, Pacific-Basin Finance Journal 61

Migrating HNWI shifts Tokyo condo prices

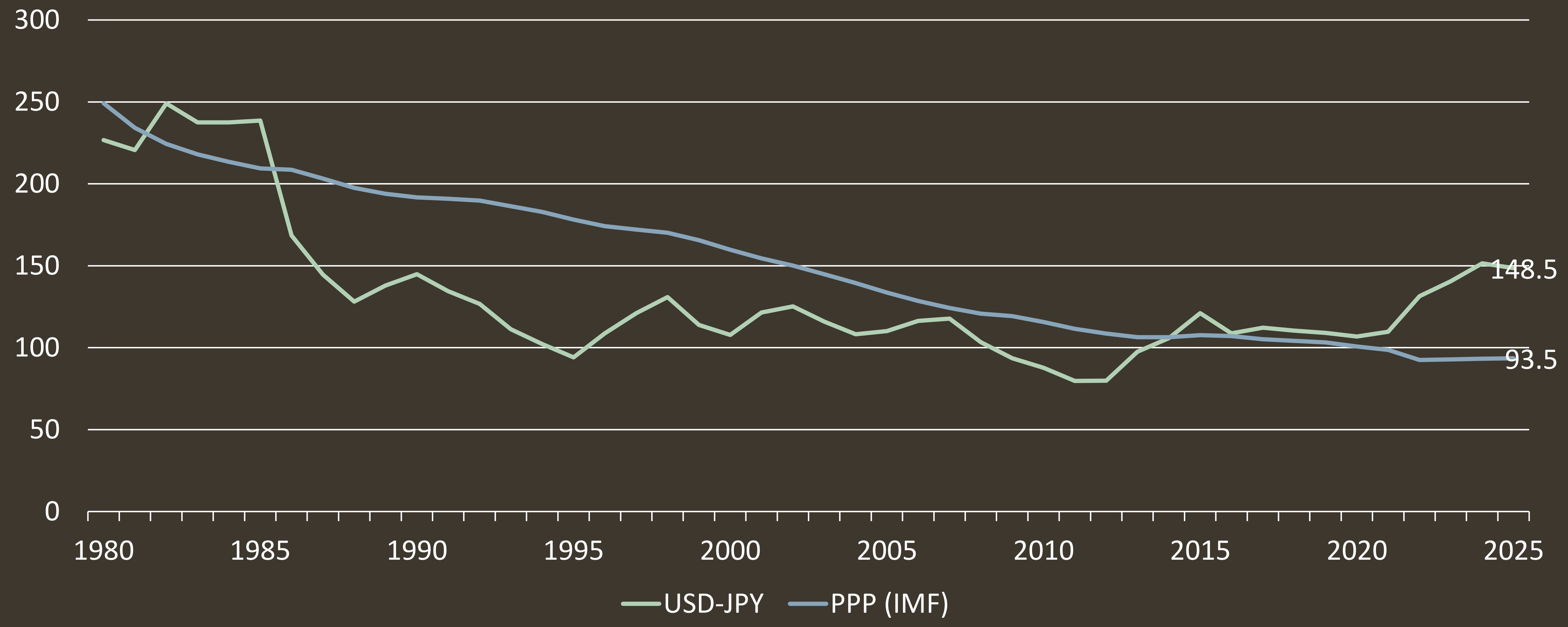
Demand curve by locals

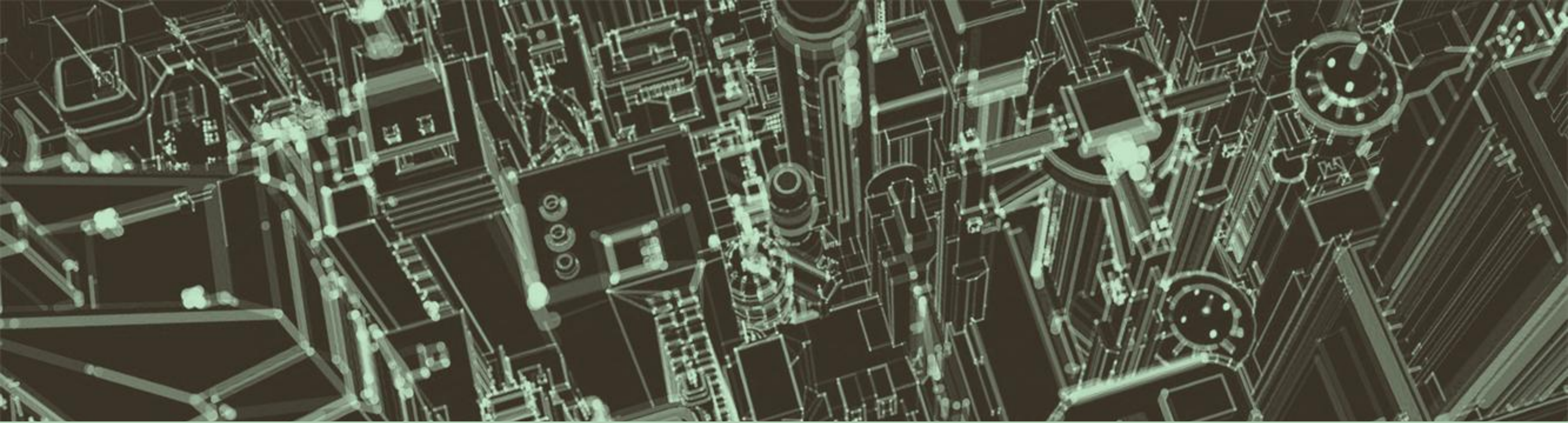
Price				
120				Supply
100				
80	(*_*)			
60		(*_*)		
40			**(*_*)**	
20				(*_*)
0				
	1	2	3	4Quantity

Demand with migrating HNWI

Price				
120	($_$)			Supply
100		(¥_¥)		
80			**(*_*)**	
60				(*_*)
40				
20				
0				
	1	2	3	4Quantity

Due to weak JPY, foreign buyers feel 35% cheaper than domestic buyers





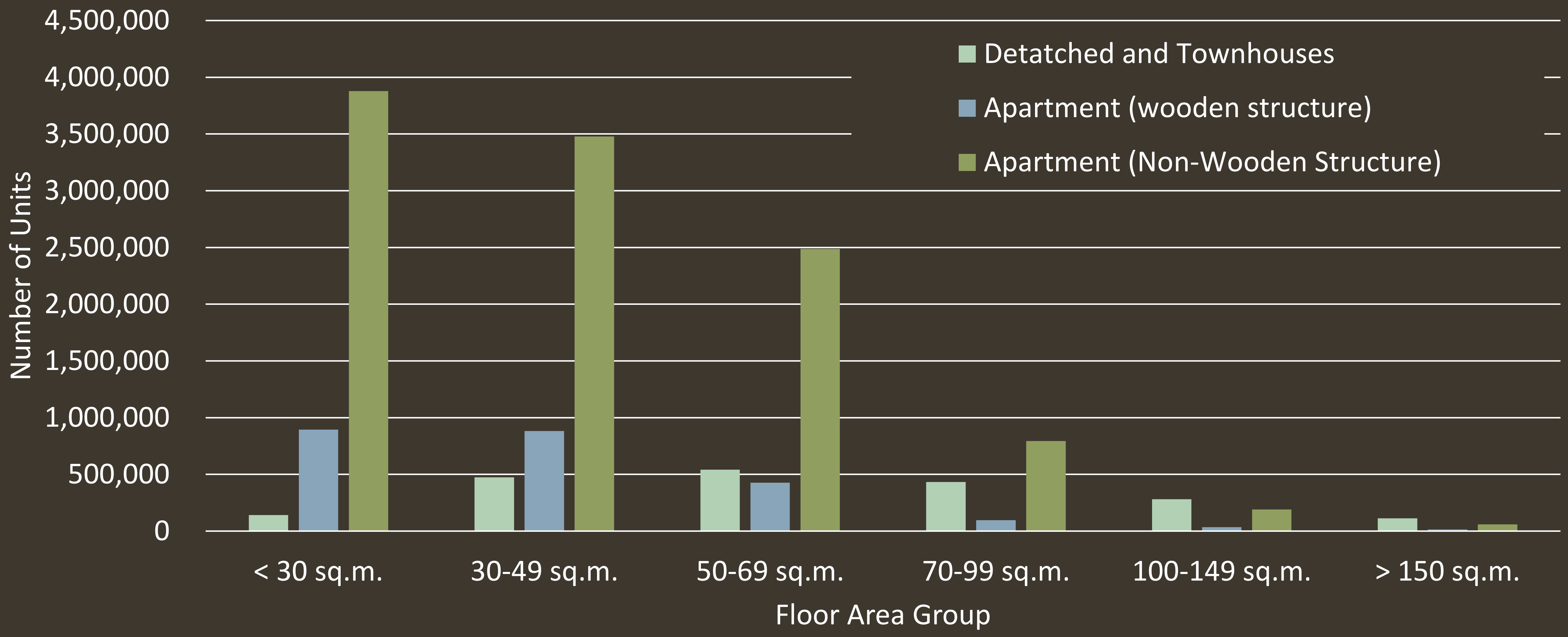
Abundant Housing Stock

Building Stock in Japan

Use	Structure	Type	Floor area (ha)	Share
Residential	Wooden	Single-Family	378,781	49.0%
		Multifamily	13,004	1.7%
		Others	613	0.1%
	Non-Wooden	Single-Family	39,034	5.0%
		Multifamily	142,451	18.4%
		Others	1,000	0.1%
	Total		574,882	74.3%
Non-Residential	Wooden	Office and Retail	2,577	0.3%
		Industrial	2,569	0.3%
		Others	5,788	0.7%
	Non-wooden	Office and Retail	62,836	8.1%
		Industrial	81,272	10.5%
		Others	41,565	5.4%
	Unspecified	Office and Retail	851	0.1%
		Industrial	1043	0.1%
		Others	152	0.0%
	Total		198,653	25.7%
Total			773,535	100.0%

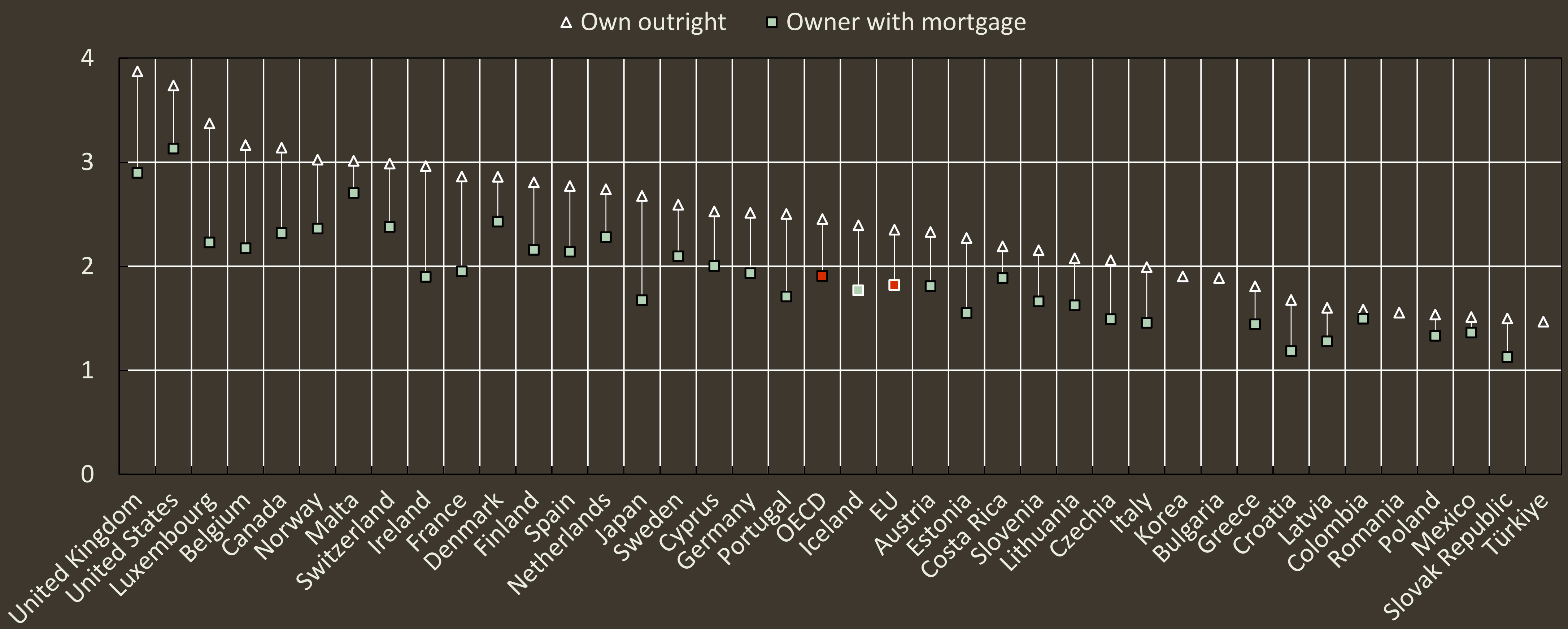
The 2022 Release of Building Stock Statistics (as of January 1, 2018), Ministry of Land, Infrastructure, Transport and Tourism.

Rental market is dominated by small studios



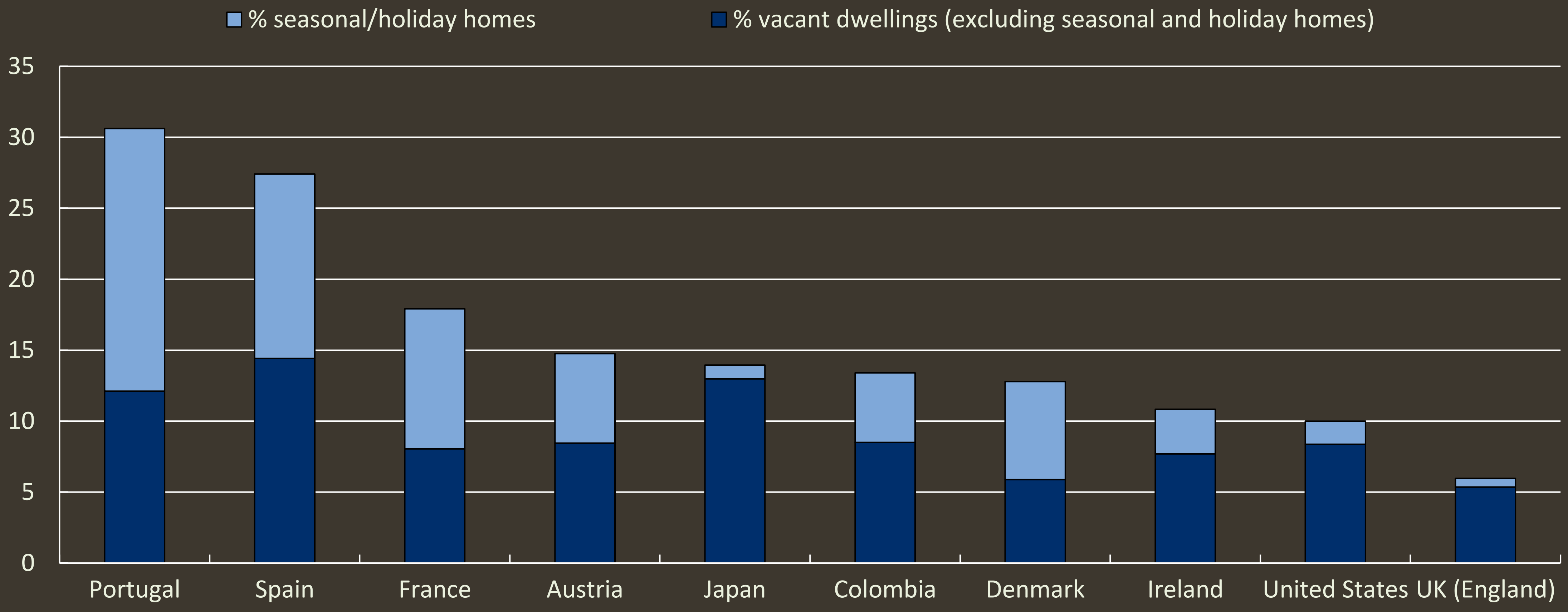
2018 Housing and Land Survey

Owner-occupied housing is large enough



https://webfs.oecd.org/Els-com/Affordable_Housing_Database/HC2-1-Living-space.xlsx

Housing stock is already abundant



https://webfs.oecd.org/Els-com/Affordable_Housing_Database/HM1-1-Housing-stock-and-construction.xlsx

Pro-Supply Policy

Zoning permits houses to be built almost anywhere

Examples of buildings	Category I residential zone	Category II residential zone	Countryside Residential Zone	Category I mid/high rise-oriented residential zone	Category II mid/high rise-oriented residential zone	Category I residential zone	Category II residential zone	Quasi-residential zone	Neighborhood commercial zone	Commercial zone	Quasi-industrial zone	Industrial zone	Exclusively industrial zone	Areas with no land-use zone designation (Urbanization Control Areas are excluded)
Shrines, Temples, Churches, Clinics, Publich Baths, Childcare														
Houses, apartment buildings, and dual-use residences with minor non-residential area is less than 50 m2														
Schools (K-12)														
Stores, etc., with a floor area of 150 m2 or less														
Stores, etc., with a floor area of more than 150 m2 but less than 500 m2														
Hospitals, Universities														
Stores, etc., with a floor area of more than 500 m2 but less than 1,500 m2														
Offices, etc. with floor space of 1,500 m2 or less														
Private warehouses														
Stores with floor space exceeding 1,500 m2 but not exceeding 3,000 m2														
Offices, etc. with floor space exceeding 1,500 m2 but not exceeding 3,000 m2.														
Factories where there is very little risk of danger or environmental degradation														
Automobile repair shops														
Bowling alleys, swimming pools, golf driving ranges, batting practice ranges, etc.														
Hotels, Inns														
Karaoke boxes, etc.														
Stores, etc., with floor space exceeding 3,000 m2														
Offices, etc., with floor space exceeding 3,000 m2.														
Mah-jongg parlors, pachinko parlors, betting parlors, off-track car ticket offices, etc.														
Warehouses														
Theaters, movie theaters, theaters, theaters, nightclubs, etc.														
Stores, etc., with floor space exceeding 10,000 m2														
Factories with little risk of danger or environmental degradation														
Cabarets, restaurants, bathhouses with private rooms, etc.														
Factories with some risk of hazard or environmental degradation														
Factories with high hazard or significant risk of environmental degradation														

Transportation reduces central rent premiums

30 minutes to Yamanote Line

30 minutes to Manhattan Island

Barrier to commuting creates a rent premium in NYC