

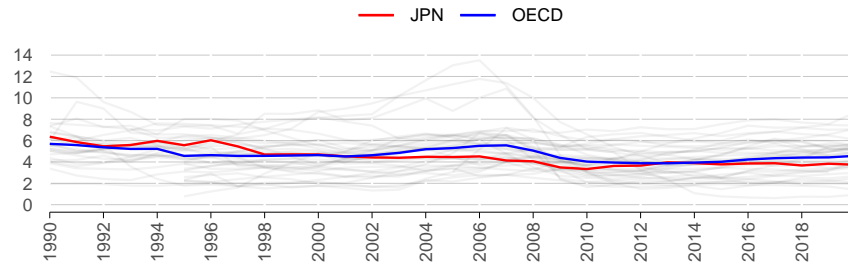
# JAPAN

Housing policies affect well-being through a wide range of channels including access to decent shelter, environmental quality, efficient use of scarce resources, type and extent of commuting, as well as its contribution to strong and resilient economic growth. This snapshot provides a cross-country perspective on Japan's housing-related indicators and policy settings. Households' tenure choices depend on demographics and/or socio-economic factors, as well as policies related to public promotion of housing, housing taxation and rental regulations. There are large differences in tenure structure across OECD and key partner countries: for Japan, there is no data available with regards to its housing tenure distribution. Real house prices have risen strongly in many countries since the 1990s. In Japan, real house prices have experienced a significant drop in the years 1990-2010, but then have picked up with the OECD average (Figure b). Japan's housing investment rate has moderately declined in a stable manner throughout the 1990s and 2000s and it is relatively low compared to other OECD countries (Figure c). Finally, mortgage markets play a crucial role in household finances since housing generally constitutes household's single largest financial asset. The ratio of outstanding household mortgage claims to GDP in Japan is close to average by international comparison (Figure d).

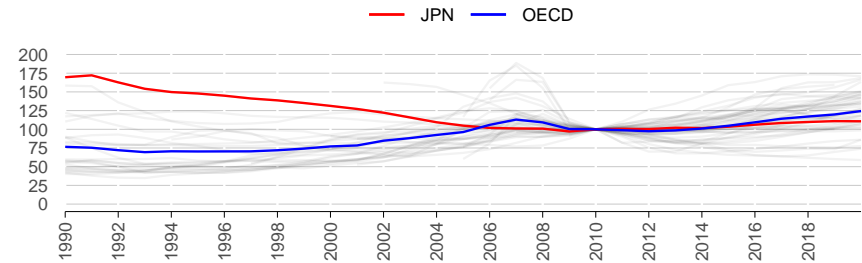
(a) Housing tenure distribution (percentage)

Not enough data are available to cover this dimension

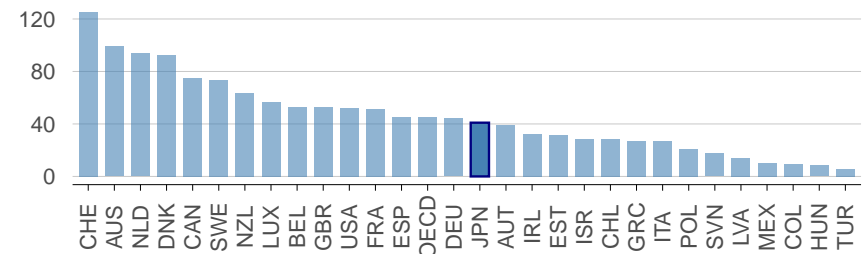
(c) Housing investment as share of GDP (percentage)



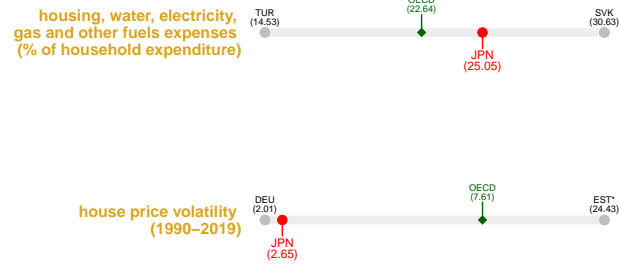
(b) Real house price index (2010=100)



(d) Housing finance: mortgage claims as a share of GDP (percentage)



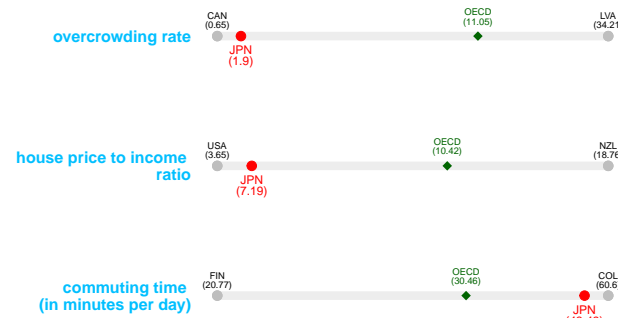
## Efficiency



\*House price volatility in Estonia refers to the 2005-2019 time period.

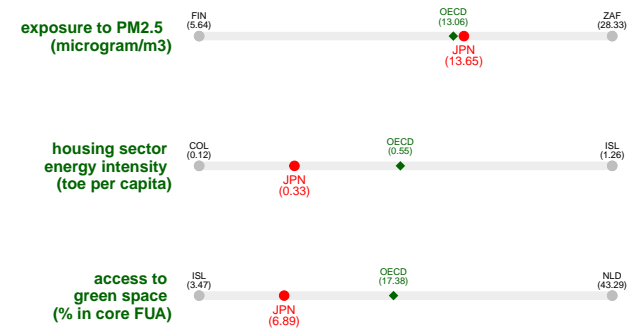
Efficiency measures the economy's capacity to align housing supply with demand, thereby limiting excessive price and rent increases, contributing to macroeconomic stability and facilitating residential mobility. In Japan, housing costs, comprising actual and imputed rents, maintenance and repair of dwellings as well as water, electricity and gas, make up a relatively high share of overall household expenditure compared with the average OECD country. On the other hand, Japan displays relatively low house price volatility, which can be an indicator of vulnerability in the housing sector when elevated. House price developments in Japan are influenced by an ageing and shrinking population and movement of people from the countryside to the major cities. In addition, the legacy of the housing bubble in the 1980s plays a role.

## Inclusiveness



Inclusiveness refers to the housing sector's capacity to deliver adequate and affordable homes across the income distribution while limiting residential segregation. Japan displays among the lowest overcrowding rate. Similarly, it is among the countries with the lowest level of house price to income ratios, measured by the years of disposable income equal to the price of a 100 square metres dwelling. On the other hand, average commuting time is among the highest by international comparison, which suggests that relatively few people can afford living close enough to their workplace. Factors contributing to these outcomes include increasing concentration of economic activity in the largest metropolitan areas and significant geographical size of the major urban conurbations. However, cities, through their use of sensible approaches to land use, have been able to expand the number of housing units more easily than many other major cities around the world.

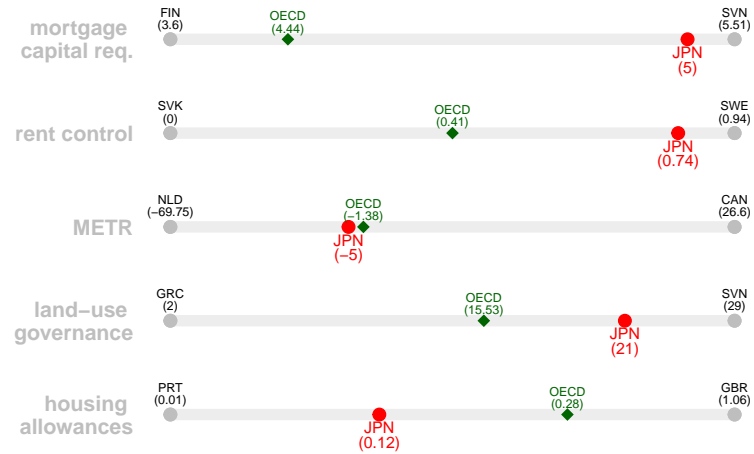
## Sustainability



Sustainability assesses the housing sector's readiness for the transition to a low-carbon economy and its capacity to attenuate pressures on the ecosystem by preserving biodiversity and residents' health. Residential activities are responsible of 44 percent fine particulate matter (PM2.5) emissions on average across OECD countries, which is the air pollutant that poses the greatest risk to health globally. Japan's exposure to PM2.5, is in line with the OECD average. Similarly, Japan ranks relatively low in terms of housing-related energy intensity. However, the requirement for heating and cooling over the year tends to push up residential energy consumption, which after the Fukushima accident has been supplied by a more carbon-intensive fuel mix. Furthermore, in Japan, the average access to green space in urban areas, which is linked to a variety of health and well-being benefits, is relatively low by international comparison. The historical development of the cities has indeed often given less weight to green spaces over the provision of other amenities.

## Policy Profile

Housing policies shape the efficiency, inclusiveness and sustainability of the housing sector. The chart below shows the principal indicators capturing the policy profile for Japan.



Requiring lenders to use more capital when funding risky mortgage loans has been found to result in lower crisis risk and stronger recoveries. More stringent rent control, which reduces the profitability of housing investment, is empirically associated with a weaker response of housing supply to change in demand. Higher marginal effective tax rates (METR) on housing property help containing house price dynamics, thereby contributing to housing affordability over the long run. Higher values of the land-use governance indicators reflect more decentralisation to the municipalities and/or more overlap across government levels; they have been empirically linked to housing supply that is less responsive to changes in demand. More spending on housing allowances typically facilitates residential mobility in some countries, which is often a condition for labour mobility. Higher rent subsidies can however inflate rents and prices where supply fails to respond flexibly to demand.

## Definitions\*

Structural indicators	
Housing tenure	Arrangement under which the household occupies all or part of a housing unit. 2018 or latest year available. Source: OECD Affordable Housing database and Adva Center (2017); Gran Encuesta Integrada de Hogares (DANE, 2020) for Colombia; *Public Housing Option: Adva Center's Response to the Housing Crisis in Israel* for Israel. Notice that tenants renting at subsidized rent are lumped together with tenants renting at private rent in Australia, Canada, Chile, Denmark, Mexico, the Netherlands and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations. For Colombia, data on subsidized rents are missing, and the category "Other" includes usufruct, de facto occupancy and collective property. In the case of Israel over outright and owner with mortgage are displayed together.
Real house price index	Real house (hedonic) prices evolution (100=2010). Source: OECD House Price Analytical Database
Housing finance	Loans for house purchasing, in percent of GDP (in %). 2020 or latest year available. Source: OECD Resilience database, National Bank of Belgium, Central Bank of Chile, DANE for Colombia, Central Bank of Ireland
Housing investment	Housing investment as share of GDP (%) (1990-2019). Source: OECD National accounts data, and Cuenta Nacionales Anuales (DANE) for Colombia
Efficiency	
Housing, water, electricity, gas and other fuels expenses (% of household expenditure)	Housing consumption as a share of total household expenditure (in %). The indicator includes expenditure for actual and imputed rents, maintenance and repair of the dwelling, water, electricity, gas and other fuels. 2019 or latest year available. Source: OECD National accounts data
House price volatility (1990-2019)	Standard deviation of (de-trended) real house prices (1990-2019). Source: OECD calculations based on OECD Analytical House Price Database
Inclusiveness	
Overcrowding rate	Share of household that does not have at its disposal a minimum number of rooms relative to their household size and composition (in %). 2018 or latest year available. The minimum number of rooms is equal to: one room for the household; one room per adult couple in the household; one room for each single person aged 18 and over; one room per pair of single persons of the same sex between 12 and 17 years of age; one room for each single person between 12 and 17 years of age and not included in the previous category; one room per pair of children under 12 years of age. Source: OECD Affordable Housing database. Data for Colombia comes from Censo Nacional de Población y Vivienda 2018 - Metodología Deficit Habitacional 2020
House price to income ratio	Years of disposable income equal to the price of a 100 square meter dwelling. 2016 or latest year available. The concept of income used is per capita gross disposable income of households. Source: HouseLev Dataset of Price Level Estimates, 2019 ranging from 1999 (Portugal) to 2019 (USA). Source: OECD Family Database; Casen 2017 for Chile and DANE (Encuesta Nacional de Calidad de Vida) 2019 for Colombia
Commuting time (in minutes per day)	Average time spent travelling to and from work or study for all 15-to-64-year-olds (in minutes per day). Latest available year, ranging from 1999 (Portugal) to 2019 (USA). Source: OECD Family Database; Casen 2017 for Chile and DANE (Encuesta Nacional de Calidad de Vida) 2019 for Colombia
Sustainability	
Exposure to PM2.5 (microgram/m3)	Mean annual outdoor PM2.5 concentration weighted by population living in the relevant area, that is, the concentration level, expressed in microgram/m3, to which a typical resident is exposed throughout a year. 2019. Source: OECD Environment database
Housing sector energy intensity (toe per capita)	Residential energy consumption (in tonnes of oil equivalent per capita). 2019. Source: CO2 emissions from fuel combustion database, IEA (2020) and World energy balance, IEA (2020)
Access to green space (% in core fua)	Share of green space area in core functional urban areas (in %). 2020. (The indicator is computed at FUA level and aggregated using the weighted average by FUA population in 2015). Source: OpenStreetMap and OECD calculations
Policy indicators	
Mortgage capital req.	Minimum regulatory Tier 1 ratio multiplied by unweighted average of risk weights for mortgage loans with an LTV ranging from 50 to 130. 2018 or latest year available. Source: ECB's Macroprudential Policies Evaluation Database (MaPPED) complemented by OECD own research
Rent control	Indicator reflecting on the number of regulations that restrict rent levels and rent increases. The indicator ranges between 0 and 1, with a higher number indicating greater stringency. 2019. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH)
METR	The indicator combines information on property taxes and housing-related provisions of income taxes. It is computed as the difference between the pre and post-tax rates of return of a marginal investment divided by the pre-tax rate of return of that investment where post-tax real rate is the minimum rate of return necessary to make the investment worthwhile (in %). 2016. Source: Preliminary illustrative estimates pending the publication of the final estimates of the forthcoming OECD Tax Policy Studies
Land-use governance	Indicator of restrictiveness of the land use regulation. It comprises two components: decentralisation and overlap of government levels in land planning decisions. The indicator ranges between 2 and 30 with a higher number indicating greater stringency. 2019. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH, 2019)
Housing allowances	Public spending on means- and/or income-tested housing allowances and transfers to households (in % of GDP). 2018 or latest year available. Source: OECD Affordable Housing database

\*The choice of indicators may vary by country depending on data availability.