

TOKYO PROPERTY INSIDER · BY HINOKI PROPERTY

The Foreigner's Guide to Buying Property in Japan

The financing, the taxes, and the step-by-step process — the parts the listings never explain. Written by a licensed Tokyo real estate professional (宅地建物取引士).

Tokyo Property Insider — Japanese real estate for foreigners.

2026 edition · Figures are directional and current as of writing. Not financial, tax, or legal advice.

01 Why now

A safe, open, rule-of-law market is selling a hard asset at a multi-decade currency discount, financed at some of the lowest rates in the developed world, into a demand boom that's still building. That lineup doesn't come around often.

Three things have lined up at the same time:

- **The yen.** Near a multi-decade low. For a buyer bringing in dollars, euros, Singapore dollars or dirhams, a ¥100M property costs far less in your home currency than it did a few years ago. You buy the building cheap and the currency cheap.
- **Financing.** While the rest of the developed world hiked rates hard, Japan kept borrowing costs near the floor. The spread between borrowing cost and rental income is one of the widest in any stable market.
- **Demand.** Record inbound tourism, fed by the weak yen, colliding with a structural shortage of clean, well-run accommodation.

The catch you must internalise: Japan's population is shrinking, but unevenly. People and money are draining out of the regions and concentrating into a few big metros — Tokyo above all. The country-level "decline" headline scares off lazy capital while central Tokyo land values and rents quietly do the opposite. Your whole job is to stand on the right side of that gap: **core metro, never rural.**

02 Can a foreigner actually buy?

Yes — and more freely than almost anywhere people usually park overseas money.

- No citizenship requirement. No residency requirement. No permit to apply for.
- You can own both the land and the building **freehold** — outright, in perpetuity — as a non-resident.
- No foreign-buyer surtax of the kind Australia, Canada, or Singapore impose.

Compare that to the markets foreign capital usually crowds into — leaseholds, condo quotas, nominee structures, foreign-buyer bans. Japan gives you emerging-market pricing inside a developed-market legal system. Most people assume a market this safe is already picked over. It isn't.

Myth to kill now: buying property does *not* grant you a visa or residency in Japan. Anyone selling you "buy property, get residency" is lying.

03 The buying process, start to finish

A typical purchase runs roughly like this. Cash deals move faster; financed deals add a few weeks.

Step	What happens
1. Search & shortlist	Define your budget band, area, and goal (live / yield / short-stay). A buyer's agent who represents <i>you</i> matters here.
2. Offer (買付証明書)	A written purchase application. Price is negotiable; this is not yet fully binding.
3. Important Matters (重要事項説明)	A licensed 宅建士 legally must walk you through every material fact before contract. The single most important 30–40 minutes of the whole purchase.
4. Contract (売買契約) + deposit (手付金)	You sign and pay an earnest-money deposit (often ~5–10%). Walking away after this usually forfeits it.
5. Financing finalised	If using a loan, a mortgage contingency (ローン特約) protects you if the loan falls through.
6. Settlement (決済) + registration (登記)	Balance paid, a judicial scrivener (司法書士) registers the title in your name the same day, keys handed over.

You can buy remotely from abroad using a power of attorney and an affidavit in lieu of a Japanese address — it's routine, but adds paperwork.

04 Financing as a foreigner

This is the single biggest dealbreaker, so be realistic early.

Your status	Realistic financing
Permanent resident / Japanese spouse	Close to citizen terms — the lowest rates, high loan-to-value.
Resident with visa + stable Japan income	Possible at several banks; rate and down payment depend on tenure and visa length.
Non-resident (living abroad)	A handful of specialist lenders only; expect roughly 50%+ down and meaningfully higher rates. Many non-residents simply buy in cash.

A weak yen lowers your entry price but raises your real cost of any yen debt when measured in your home currency. Borrow against the asset in yen, keep your conviction bets separate, and never over-leverage a cross-border purchase.

05 The real cost: it's not just the price

Budget for closing costs of roughly **6–10%** on top of the purchase price. The main lines:

- Agent commission (typically 3% + ¥60,000 + tax)
- Acquisition tax (不動産取得税) — arrives months later
- Registration & license tax (登録免許税) + judicial scrivener fee
- Stamp duty (印紙税) on the contract
- Fire/earthquake insurance
- For condos: ongoing monthly management (管理費) + repair reserve (修繕積立金)

Then annual holding costs: fixed-asset tax (固定資産税) + city-planning tax (都市計画税).

06 Taxes you must plan for

- **Rental income** is taxable; non-residents face withholding (commonly 20.42%) and usually need a Japanese tax agent (納税管理人).
- **Depreciation (減価償却)** can shelter a surprising amount of rental income — older wooden buildings depreciate fastest.
- **Capital gains** on sale are taxed far more heavily if you sell within ~5 years. Hold past the line and the rate roughly halves.
- **Inheritance tax** in Japan is real and can reach foreign residents' worldwide assets — plan early if you'll hold long term.
- **2026 reporting:** new FEFTA rules require non-resident buyers to file after acquisition. Don't skip it.

This is the area where foreign owners most often get surprised. A good bilingual tax accountant (税理士) pays for itself.

07 The akiya trap

You've seen the videos: a ¥3 million Japanese house. They're real. The house is the cheap part.

A genuinely livable renovation of a cheap rural house routinely runs many times the purchase price once you add roof, structure, insulation, plumbing, and wiring. And the land underneath sits in a town losing people every year, so your exit is the real problem.

Rule: buy a cheap house only if you want *that* home in *that* place enough to spend the renovation, treat it as a lifestyle purchase not an investment, and never expect to sell it to anyone but the next dreamer. As an investment, core metro only.

08 Short-stay (minpaku) basics

Running a legal short-term rental in Japan is a business, not a side hobby, and the rules cap the upside:

- Standard minpaku (民泊) is limited to **180 operating days a year** — model your numbers around that ceiling.
- A full hotel/ryokan licence (旅館業) lifts the cap but raises requirements.
- Many condo buildings ban short-stay in their bylaws (管理規約) regardless of the law — check before you buy.
- The metric that matters is RevPAR, not occupancy or nightly rate alone.

09 Where to buy

Match the area to your goal:

Goal	Where it tends to live
Capital appreciation / prestige	Central Tokyo (Minato, Chiyoda, Chuo, Shibuya) — lower yields, strongest demand and liquidity.
Rental yield / cash flow	Eastern & outer wards, and secondary cities (Osaka, Fukuoka) — higher gross yields, more vacancy risk.
Short-stay income	Tourist-dense, minpaku-friendly pockets — but verify the building and ward rules first.
Living as a family	West-side lifestyle wards (Setagaya, Meguro, Bunkyo) near the right school district.

Avoid: rural akiya as investments, leasehold (借地権) bargains that cap resale, and "cannot be rebuilt" (再建築不可) lots.

10 Due-diligence checklist

Before you sign anything, confirm:

- Earthquake code: built under the post-1981 standard (新耐震)?
- Title clean — no liens (抵当権), boundaries (公図) and private-road (私道) issues clear?
- For condos: healthy repair reserve and a credible long-term repair plan?
- Hazard maps checked — flood, liquefaction, slope?
- Can it be legally rebuilt? (not 再建築不可)
- If renting/short-stay: do the building bylaws allow it?
- The 重要事項説明 read in full, with anything unclear questioned in writing?
- Total cost (price + 6–10% + annual holding) modelled, not just the headline price?

11 Work with someone who represents you

In Japan it's common for one agent to represent both sides of a deal (両手). As a foreign buyer in a foreign legal system, in a language you may not read, you want a licensed 宅建士 who is clearly on *your* side, shows their licence number, and tells you when *not* to buy.

Ready to talk specifics?

We're a licensed Tokyo real estate practice that represents foreign buyers end to end — search, financing, the 2026 paperwork, purchase, and management after the keys.

Book a free 15-minute strategy call, or just reply to the email this guide came in.

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