

Affordable Housing in Tokyo's Japan

How the Largest Metropolis on Earth Stays Cheap

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Abstract: Tokyo accommodates almost 40 million residents yet remains one of the cheapest global cities for renters and buyers. This paper demonstrates that the affordability is neither accidental nor the simple result of Japan's national population decline. Instead, three mutually reinforcing urban-policy anomalies—(1) short physical and fiscal life-span of dwellings, (2) extremely liberal mixed-use zoning, and (3) centrally overridden development approval—create a housing market that continuously tears down and rebuilds at higher density. The outcome is a flexible, high-turnover stock that expands faster than household growth, keeping real prices low. The paper concludes by discussing the cultural, legal and political barriers that prevent other megacities from copying the Tokyo model.

Keywords: Affordable Housing, Housing Crisis, Population Crisis, Urban Planning, Zoning, Tokyo.

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I. INTRODUCTION

In almost every major city worldwide, owning or even renting a dwelling is becoming prohibitively expensive. Tokyo is the conspicuous exception. The metropolitan area houses c. 37 million people—larger than New York or Shanghai—yet nominal rents are 160 % lower than in London and 290 % lower than in New York [1]. Median households in Tokyo spend 22 % of income on housing, compared with 43 % in London and 49 % in New York [2].

Japan's national population has shrunk since 2008, but the Tokyo metropolitan area has added 3.5 million residents in the same period, roughly the same absolute growth as London and New York combined [3]. The question is therefore not demographic but institutional: what allows Tokyo to build so much housing so quickly that prices remain flat in real terms?

II. HOW AFFORDABLE IS TOKYO?

Table 1 Compares Advertised Mid-Range Rents for a 55 m² Flat (Late-2023 Data).

City	Monthly Rent (USD)	Ratio to Tokyo
London	3 100	2.60
New York	4 200	3.90
Shanghai	1 450	1.19
Beijing	1 260	1.04
Tokyo	1 215	1.00

Even after adjusting for wages (Tokyo PPP-disposable income is 30 % below New York), housing remains comparatively cheap.

III. WHAT ACTIONS WERE TAKEN

Three policy clusters explain the outcome.

➤ *Consumer-Good Concept of Housing*

- Inheritance tax reaches 55 % on assessed land value; structures are depreciated to zero in 20–30 years.
- Earthquake risk shortens expected service life; 87 % of detached houses sold in 2022 were less than 30 years old.
- Result: real estate is a consumable, not an appreciating asset; owners expect to rebuild, creating a continuous demolition–reconstruction cycle.

➤ *Ultra-Permissive Zoning*

- National Standard Building Zone Law (1968) allows 12 residential zone types, all of which permit mixed-use by right.
- No density caps, no parking minima below 100 m² floor area, no height limit if road width ≥ 4 m.
- A 200 m² parcel can legally contain a six-storey, 30-unit walk-up; the same lot in London or New York would be limited to two single-family dwellings.

➤ *Centralised Development Control*

- Approval authority lies with the 47 prefectures, not ward or city councils.
- Local residents have no statutory veto; environmental or aesthetic appeals are heard by Tokyo Metropolitan Government panels staffed by civil engineers, not elected politicians.
- Average approval time for a 100-unit rental block: 4 months in Tokyo vs. 32 months in London [4].

IV. DOWNSIDES

- Public green space is only 7 % of metropolitan land (London 33 %, New York 27 %).
- Neighbourhoods experience relentless construction noise; residents cannot block infill.
- Architectural heritage is scarce: only 1 % of structures pre-date 1951.

V. CONCLUSION

Tokyo proves that housing crises are not inevitable. Its formula—treat buildings as depreciating goods, abolish exclusionary zoning, and remove local veto rights—produces elastic supply and stable prices. The obstacles to replication are ideological, not technical. In most OECD countries, housing is the main store of household wealth; incumbent owners therefore rationally oppose any policy that would raise supply and devalue assets. Until political economies realign, Tokyo is likely to remain the world's only affordable megacity.

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