

JAPAN

Organisation: Japanese Tenant Association, JTA

日本借地借家人連合

Rapporteur: Kazuo Takashima, President

E-mail: ttn78es27i@mx8.ttcn.ne.jp

Tenure structure, in % of total stock, 2013/2014

Owner occupied housing: 61.7 %

Rental housing: 35.6%

(i) social rental: 5.4%

(ii) private rental: 28.0%

(iii) others: 4.9%

Initial rent – free or regulated?

Rents are freely negotiated in Japan.

If the landlord is a good and honest person, a tenant will be able to negotiate the initial rent.

How often can the landlord increase the rent?

Normally once every two years, in writing.

Legally speaking, the landlord can increase the rent as long as there is a just reason to increase it.

Does the landlord need any motives for increasing the rent?

Legally, the landlord needs a motive to increase the rent, like when the present rent seems, to the landlord, to be lower compared with rent levels in the neighbourhood.

Increases also occur because of e.g. rises of a property tax, or renovation work by the landlord.

Challenge rent increases?

Yes, a sitting tenant can first negotiate with the landlord, or his/her agent, about rent increases. If this is not successful, the tenant can apply to an arbitration committee in a summary court or a district court.

The point is to determine if the reasons to increase is right or not, and what is the appropriate increased rent.

If the landlord refuses to accept the rent, the tenant must deposit it to the Regional Legal Affairs Bureau.

Duration of leases

Ordinary lease: Minimum of 1 year, although most leases are for 2 years. As a rule, these leases are automatically renewable. If the term of a contract is less than one year, its term will be indefinite.

Fixed term lease: Can be for any period of time, but most leases are around 3 to 5 years. The lease is terminated at the end of the period, but a new lease can be entered into if both tenant and landlord agree.

If the tenant intends to renew the contract, the necessary procedures must be completed by the tenant a month before the expiration of the contract. The landlord might ask for an increase before the contract is renewed. Some agents ask for a renewal fee equivalent to about 1 month's rent for the new contract.

Notice periods

The landlord must also provide 6 -12-months' notice to the tenant before the end of the lease to inform the tenant that the lease will end as planned.

The landlord can cancel the contract for any violation of the contract. Usual grounds for cancellation are non-payment of rent and other fees, alterations in the house, and excessive noise. Because of space limitations, subleasing is almost always prohibited.

Deposits and other fees

About 5-7 months of rent is standard.

The deposit and other fees are composed of the following:

- Reservation fee (*tetsukekin*): 1 month's rent paid when the tenant applies for an apartment and before the contract is signed. After the contract is signed, the money is included as part of the deposit.
- Security Deposit (*shikikin*): 2 to 3 months' rent used to cover eventual damage to the apartment or unpaid rents and fees. It is seldom that this is refunded in full (alterations to the property are one of the thorniest issues between landlords and tenants). It is refunded without interest.
- Key money (*reikin*): 1 to 2 months' rent - a "gift" to the house owner when making a contract and is not refundable.
- Advance rent – 1 month's rent - the rent should be paid before the start of the month.

There are often problems involved in the return of deposits. About 84,300 cases related to the clearance of deposits occurred from 2002 to 2007 in Japan. The city of Tokyo has established an "Ordinance for Preventing Troubles Related to Rented Housing" in order to make the real estate agents give applicants detailed explanations about repairs. And now these kind of troubles have reduced drastically.

Other information

Typically, a renter cannot rent an apartment on her or his own, but is required to have a guarantor who promises to pay the rent if problems arise.