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# ADVANCED INDUSTRY REPORT ON JAPANESE REAL ESTATE INVESTMENT

Moore Global's Real Estate  
& Japan Desk



# Introduction

Japan's real estate market is a compelling destination for international investors due to its economic resilience, regulatory transparency, and potential for long-term appreciation. However, strategic investment requires a sophisticated understanding of taxation, legal frameworks, and financial structuring. This report provides an analytical perspective on Japanese real estate investment, integrating macroeconomic insights, comparative market analysis, and expert commentary from Moore Global's Real Estate Tax Services and Japan Desk.



# 1. Macroeconomic Landscape and Real Estate Trends

Japan's real estate sector is shaped by several economic and policy-driven factors that impact both domestic and foreign investors.

## Key Market Trends:

- **Demographic Shifts & Urbanization** – Aging population and concentrated urban migration are reshaping demand for residential and commercial properties.
- **Monetary Policy & Interest Rates** – Bank of Japan's prolonged low-interest rate environment influences real estate financing and investment strategies.
- **Foreign Direct Investment (FDI) Inflows** – Japan remains an attractive market due to its strong property rights and investor-friendly policies.

**Infrastructure Expansion** – Government-led projects in Tokyo, Osaka, and other metropolitan hubs enhance real estate values.



## 2. Comparative Analysis: Japan vs. Global Real Estate Markets

To evaluate Japan’s competitive positioning, we compare its investment landscape with major international markets.

Factor	Japan	United States	United Kingdom	China
Rental Yield	4-6%	3-5%	3-4%	2-4%
Property Taxes	1.4%	1.1%-2.2%	2-3%	Variable
Market Stability	High	Moderate	High	Volatile
Foreign Ownership	Unrestricted	Some restrictions	Some restrictions	Highly restricted

Japan’s stable regulatory environment and unrestricted ownership make it an advantageous choice for international investors seeking long-term growth and security.

## 3. Key Taxation Considerations for Real Estate Investors

### Stamp Duty & Registration Fees

- **Stamp Tax** – A sliding scale tax based on property transaction value, with a rate of 20,000 yen for sales between 10 million and 50 million yen.
- **Registration & License Tax** – Ownership preservation taxed at 4% of assessed value; mortgage registration at 0.4% of the loan amount.

### Real Estate Acquisition Tax

- Residential properties: 3%
- Commercial properties: 4%
- One-time tax calculated on the official government valuation.

### Annual Property Tax & Fiscal Compliance

- **Property Tax:** Fixed at 1.4% of the assessed value.
- **Tax Representation for Non-Residents:** Foreign investors must appoint a certified tax agent to ensure compliance with annual tax filings.

## 4. The Regulatory Framework: Legal Compliance & Investment Structuring

Investors must adhere to Japan's real estate ownership and financial regulations to optimize tax efficiency and legal security.

### Ownership Structures & Investment Vehicles

- **Direct Ownership:** Ideal for individual investors but subject to full tax liabilities.
- **Corporate Structures & REITs:** Often used by institutional investors for optimized tax treatment and asset management flexibility.
- **Trust Arrangements:** A preferred model for cross-border investors to simplify estate planning and tax compliance.

### Regulatory Compliance & Reporting Obligations

- **Foreign Exchange and Foreign Trade Act (FEFTA):** Investors acquiring real estate in sensitive areas must notify authorities.
- **Ministry of Finance Reporting:** A mandatory declaration within 20 days of property acquisition to ensure fiscal compliance.

## 5. Moore Global's Strategic Role in Investment Advisory

Moore Global's Japan Desk provides international investors with tailored advisory services covering taxation, legal structuring, and market entry strategies.

### Key Services:

- **Tax-Efficient Investment Structuring** – Optimizing tax exposure for cross-border investors.
- **Regulatory & Compliance Solutions** – Navigating Japan's complex legal environment.
- **Market Entry & Due Diligence** – Conducting feasibility studies and risk assessments.
- **Multilingual Support** – Expert advisory services in Japanese, Chinese, and English.

Schedule a consultation with Moore Global's Japan Desk to enhance your investment strategy.



# Conclusion

Japan's real estate market offers a unique balance of stability, tax efficiency, and long-term investment potential. However, successful entry requires expertise in financial structuring, regulatory compliance, and macroeconomic trend analysis. Moore Global empowers investors with data-driven strategies, expert advisory services, and tailored tax solutions to maximize returns in the Japanese property market.

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