



Changes in the housing market in Tokyo: Residential preference and condominium supply

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Introduction

Since the late 1990s, condominium supply has been increasing rapidly in Tokyo and the residential structure of the city has changed dramatically. This study aims to assess the transformation of the housing market in Tokyo in terms of condominium supply and residential mobility, focusing on the diversification of homeowners and their housing preferences. The paper begins by focusing on two key themes: 1) the housing market and urban structure and 2) geographical studies concerning condominiums, especially within a Japanese context.

Japanese housing studies

Housing and urban structure

Residences serve a significant urban function, and the distribution of housing and residents has been used as an index to explain urban structure. As Yui (1999) noted, the urban structure model created in Western countries directly focuses on the residential structures of cities, and these models were constructed on the basis of residential segregation in terms of income, race, and class. Studies on residences and residents of cities are generally Western-focused (Johnston 1984), and many models of the distribution of housing and residents as well as residential mobility have been discussed in the literature (Robson 1975; Knox and Pinch 2000).

However, Yui (1991) notes that Western models are not applicable to Japanese cities due to differences in the Japanese housing market conditions. Unlike western settings, clear residential segregation and social classes are also not confirmed in Japan (Abe, 2003). Therefore, Japanese urban geographers cannot apply Western urban structure models to Japanese cities.

Condominiums in Japanese cities

Studies on condominiums in Japan illustrate that condominiums play a significant role in creating the urban residential structure in Japan, including condominium supply (e.g., Kagawa 1984), the relationship between condominium supply and transformation of residents (e.g., Kagawa 1988), and the relationship between condominium supply and residential mobility of condominium residents (e.g., Yui 1986). Studies on condominium supply and residential mobility were discussed in the 1990s, but little attention was paid to the characteristics of residents as demonstrated by their lifestyles or household structures, or on the locational decision-making of urban households. There was a strong tendency for the residential mobility or location decisions of condominium residents to be discussed as separate from the urban residential structure. However, drawing on literature on western cities, there could potentially be a close relationship between them. Condominiums are becoming increasingly important properties to owner-occupiers in the Japanese housing market, especially in cities. This chapter

focuses on the features of residents and home ownership of condominiums to explain changes in Tokyo's urban residential structure.

Methodology

A three-step methodology is adopted. First, the features of housing customs and the housing market of Japan will be described, in order to understand the differences between Japanese and Western cities. Second, the conditions of the housing market in Tokyo since the 1990s will be considered with regard to changes to the traditional Japanese housing market. Finally, the influence of the increasingly popular condominium lifestyle on the urban restructuring of Tokyo will be discussed.

Post-1950 Tokyo housing market

Housing and the family system in Japan

The Japanese civil law passed in the 1870s was based on *ie-seido* (family institution), which categorized people by the unit of family or parentage and allowed them to maintain property, such as houses and land. Following this enactment, the heads of household would transfer property ownership to their eldest sons, and the other sons and daughters would leave the family home and form their own family and property units. The younger sons (i.e., the newly formed families) needed to find employment, driving residential mobility from rural areas to densely populated areas. Based on the housing custom of the family institution, the ideology of home-ownership was intensified in Japan (Ronald 2004).

Although this institution was abolished in 1947, in many rural areas, patriarchal housing customs remained until recent years. As Kato (2003) pointed out, more than 30% of couples married for more than 10 years have moved to live together with their parents. In addition, this system strongly affected the residential mobility and housing purchase behavior of the Japanese; people tended to move to metropolitan centers in order to find jobs, wished to buy detached houses to remind them of their hometowns, and thus had a major influence on Japanese urban structure.

Suburbanization and home ownership

In the 1950s, as residential supply became very tight due to the shortage of building materials after the Second World War, legislation was implemented to improve the quality of housing. In 1950, the Japanese Housing Finance Agency began financing home ownership for high-income households. The Japan Housing Corporation (now the Urban Renaissance Agency) was established in 1955 to develop collective housing estates for middle-class households. Rented houses and public housing were provided for low-income households (Japan Federation of Housing Organizations 2002; Kageyama 2004). Non-nuclear households were marginalized in the owner-occupied market in Japan. Therefore, housing purchases by single or elderly households were fewer than in Western countries (Kageyama 2004; Tahara et al. 2003).

The ideology of homeownership has achieved increasingly greater currency (Hirayama and Ronald 2007), with the rate of private homeownership reaching 60% at the beginning of the 1960s (Ronald 2008). Since the 1960s, suburban housing estates have developed because high housing prices caused a lack of affordable housing in the city centers (Hasegawa 1997; Matsubara 1982). Detached houses in the suburbs have welcomed the increasingly large middle-class. Commuters to city centers have tended to move when life events occurred (e.g., marriage) and ended up in the suburbs when they purchased housing (Kawaguchi 1997). Householders who did not own properties in metropolitan areas and who moved from the countryside rushed to the suburbs, and drove rapid suburbanization in Japan (Tani 1997).

Soaring land prices in the 1980s and the so-called myth of real property strengthened the preference for detached houses in suburbs (Van Vliet and Hirayama 1994), while condominiums were thought of as temporary residences rented before the purchase of detached houses. However, the role of condominiums in the Japanese housing market is changing such that they are now frequently owner occupied.

Alongside this major change in housing tenure and residential preference, the *Population Census of Japan* (2010) showed a surprising fact. In central Tokyo, the percentage of single person households reached almost 50% of all households; whereas, among nuclear families, the percentage of married couples with children decreased gradually. A diversification of household types linked to changing lifestyles has become increasingly apparent in

Tokyo with condominiums more suited to smaller families and singles. This paper thus hypothesises that owner-occupied condominiums have played an important role in the modern diversification.

Shrinking cities and changes in suburbs

In recent years, suburban housing estates have lost their appeal as potential homeowners demonstrate preferences for city-centre condominiums. Suburbanization slowed to a halt and the city began to shrink in response to changes in socioeconomic conditions, the housing market, and lifestyles. Now, suburban neighborhoods have become less popular as residential areas and are facing serious social problems, such as the aging of residents (Naganuma et al. 2006). The aging population phenomenon has also highlighted unique characteristics of the housing market in Japan. According to the Statistics Bureau of Japan's *Housing and Land Survey 2003*, more than 70% of home owners obtained their residences by building new houses or purchasing newly built houses from 1999 to 2003. The second-hand housing market is weak in Japan as a whole. Once people have purchased their houses, they tend to remain in the same house for decades and as they age, the aging rate of a housing district naturally increases (Yui 1999).

Tokyo's housing market after the late 1990s: Condominiums in Tokyo

Housing supply in Tokyo

From around 1995 onwards, people who could own homes began to move into central Tokyo (Figure 1). The children of baby boomers had different preferences in terms of life-styles and housing wishing to live in central Tokyo rather than detached houses in the suburbs. Changes in the housing market also facilitated the establishment of a new life-style trend in central Tokyo. For example, compact condominiums have been sold to single women aged in their 30s and 40s. In the 2000s, nuclear families, elderly couples, and single people displayed great interest in tower condominiums resulting in the formation of a new residential structure.

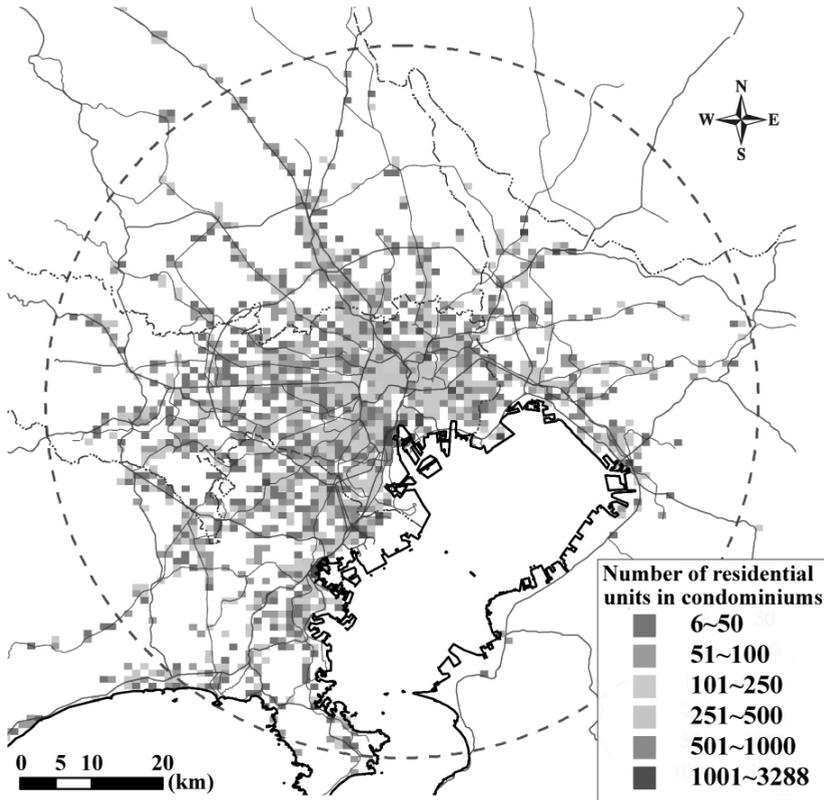


Fig. 1 Number of condominiums sold in Tokyo (2005~2009)

Source: Real estate economic institute, 'Condominium Market Trend Search 2005-2009' .

Changing families and residential preferences: A case study of near suburb

The characteristics of condominiums residents in Makuhari Bay Town, which was developed on land reclaimed from Tokyo Bay in the beginning of the 1990s, has been the subject of previous discussion (Kubo, 2010). Makuhari Bay Town and the surrounding areas were developed by the Chiba Prefecture for the purpose of creating Makuhari New City, which includes both business and residential districts, and which had a total population of 18,427 residents in 2005 (6,526 households) (Statistics Bureau *Population Census of Japan 2005*). All of the housing buildings in Makuhari Bay Town are rental apartments or condominiums owned by households. Developments located on reclaimed land became a destination of choice for those who had

lived in the suburbs. In addition, the high housing prices in the region contributed to the image of the town as a luxury residential area. Expensive and well-designed condominiums or condominium towers were regarded as a symbol of a “successful life.”

Most of the current residents have grown up in metropolitan suburbs: their parents were the first generation that moved into suburban housing estates during the suburbanization trend in Japan. Parents of the residents tended to live close to their sons and daughters, and some moved to Makuhari Bay Town or neighboring areas. The need for elderly parents to live close to their sons and daughters generated a demand for second-hand residences and rented condominiums in the area. During the suburbanization period, parents purchased residences in suburbs with which they had no acquaintance simply because of their convenience for commuting. They had little attachment to their land or houses. Thus, they could easily move to the areas in which their grown sons and daughters lived.

To summarize the case study, sons or daughters of both baby boomers and following generations who tended to moved from non-metropolitan areas into metropolitan areas showed quite different residential preferences: They select condominiums rather than detached houses. The condominium lifestyle now has a symbolic meaning; hence, young families wish to select luxurious condominiums. Another change is that they wished to live close (not together with) to their relatives in newly developed areas.

Changing lifestyle: The case of home ownership by single-persons

A second major demographic and residential changes has also become apparent in Tokyo in recent years, condominium-purchases by single women in central Tokyo (Kubo and Yui 2011b). Since the late 1990s, and aligned with the diversification of household structure in central Tokyo, various types of condominiums have been supplied. In particular, the supply of “compact” condominiums - comprising small-sized living spaces, such as studios and/or small-sized, owner-occupied units - has increased. Originally, compact condominiums were supplied for single women in their 30s or 40s, who had been marginalized in the housing market in Japan in earlier decades. Since the late 1990s, studio-type condominiums were marketed by

middle-sized condominium suppliers specifically at single-person households, and approximately 70% of them were purchased by single women (Yui 2000). Single women who purchased the condominiums were not necessarily rich and professional workers. They chose owner-occupied residences because the monthly rent of their previous residences was so high that often the monthly mortgage payment was less than, or equal to, the rent. Moreover, facilities available in condominiums as compared to those of rental apartments were considered better (Yui 2003).

In Japan, there have been a limited number of residences suitable for the housing needs of single-person households since the 1950s; therefore, condominiums fulfilled a latent demand promoting security and facilitating commuting (Kamiya et al. 2002). Wakabayashi et al. (2002) considered the residential choices of single women in their 30s in the Tokyo metropolitan area and found that they purchased condominiums for the purpose of asset formation and retirement preparation and their annual income ranged from five to seven million yen (Yui, 2003). They saved approximately 20% of their income, enabling them to purchase their own condominiums (Kubo and Yui 2011a). High rent in central Tokyo also stimulated the move to increasing homeownership by single women in their 30s or 40s.

Conclusions

In this section, we discuss the role that condominiums have played in Tokyo's restructuring. The results show that a complementary relationship between metropolitan centers and the suburbs has been maintained since the period of suburbanization, but the commuter suburbs have gotten progressively closer to the city centers. In addition, new residential careers and housing purchase behaviors are also apparent with a second generation now at the housing purchase age. They have grown up in the metropolitan suburbs, and residential preferences, household structure, and income rather than traditional notions of inheriting property or living with their parents drives their housing choices. The lifestyle of purchasing condominiums has thereby been generated, and a large number of residents regard condominiums as permanent residential housing forms, a major shift from previous desires to privately own land.

Tokyo offers many opportunities for working and living that has facilitated diversification of the housing market, and resulted in changes in the urban residential structure in Tokyo. The case studies have uncovered some important perspectives that explain residential segregation in terms of household structures, life stages, residential preferences, and incomes in the Tokyo metropolitan area.

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