

What This Guide Will Do for You

Every country has its own unique way of buying and selling real estate, and Japan is no different. If you are new to the Japanese market, the process can feel complex and fragmented. This guide is designed to:

- Explain each step of the property purchase process clearly and simply
- Highlight key checks and costs so you avoid unpleasant surprises
- Show where hidden challenges exist, like agent incentives and limited-access listings
- Introduce opportunities for buyers who may also want income potential, such as monthly rentals or two-family homes

By the end of this guide, you'll understand the buying journey from your first search to receiving the keys, and know when to reach out for expert help.

Step One: What Kind of Buyer Are You?

Before diving into the process, it's important to identify what type of buyer you are—because your goals affect how you should approach the market.

Common buyer types include:

- **Home Seekers** – Buying for personal use or family living
- **Lifestyle Investors** – Buying a property to enjoy yourself, with some potential for rental income
- **Income-Focused Buyers** – Looking for properties that can be rented as monthly mansions or have two-family layouts for extra cashflow

Why this matters:

- Your financing options can change depending on how you plan to use the property
- Certain property types and layouts are better suited for income opportunities
- Being clear about your goals upfront saves time and money

Understanding How Properties Are Marketed in Japan

One reason buying property in Japan can feel complicated is the way the real estate market is structured. Unlike some countries, there is no universal MLS (Multiple Listing Service). Instead, properties are marketed through a mix of:

1. Seller-Focused Agents (仲介業者)

- Hired by the seller to market and sell the property
- Duty: Maximize the result for the seller
- How they get paid: Commission from the seller (up to 3% of the property price + ¥60,000)

2. Buyer's Agents (バイヤーエージェント)

- Represent your interests—helping you search, compare, negotiate, and check for risks
- How they get paid: Commission from the buyer (same 3% + ¥60,000 standard), sometimes shared with the seller's agent if they bring the buyer

3. Dual Representation (両手取引)

- A single agent represents both buyer and seller
- How they get paid: Commission from both sides (potentially 6% + ¥120,000 in total)

About Discounts:

- Sometimes, if one agent represents both sides, it's possible to negotiate a small discount on the buyer's fee
- But beware: Accepting a discount can weaken your bargaining position
- It's usually smarter to negotiate a price reduction on the property itself of the same amount—or more—rather than cutting your fee and losing leverage

4. New Properties from Developers

- New-build condos and houses are often sold directly by developers or exclusive sales agents
- Their loyalty is to the developer, and they aim to sell at full price
- How they get paid: Commission or salary from the developer; the buyer does not pay a separate agent fee, but you have no advocate negotiating for you

Note on Sales/Consumption Tax (消費税): When you buy a new property in Japan, 10% consumption tax applies to the building portion only—land is tax-free. Most listings will show the total price with consumption tax already included.

Example: On a ¥100 million new home in Sangenjaya, roughly ¥5–6 million of the price is consumption tax included in the building cost.

Limited-Access Listings Some companies refuse to cooperate with outside agents and keep their listings behind a paywall or private network.

- For sellers, this reduces market exposure and can lead to lower offers.
- For buyers—especially foreigners—this can make it difficult to work with your preferred agent.

What to do:

- Unless you are confident in your Japanese, or the agent has a must-have property, it's usually best to avoid these companies.
- Alternatively, some buyers pay an extra consulting fee to have their chosen agent assist with the transaction.

Key Takeaway: Always understand who your agent is working for, how they are paid, and whether they can access the property you want. Transparency and representation are your best defenses in the Japanese market.

Step Two: Search & Compare Properties

Once you know your budget and loan eligibility, it's time to start searching for properties.

Where to Search

- Online property portals – Good for browsing, but often incomplete or outdated
- Direct listings from agents – Can include properties not listed publicly
- New-build developer websites – Mostly in Japanese and often require registration

Note: There is no single MLS in Japan. Some listings appear only on one portal, and certain companies do not share listings with outside agents.

The Problem with Searching Alone

- Time-consuming: Many listings are repeated or already sold
- Language barriers: Key details may only be in Japanese
- Risk of missing opportunities: Some properties never appear on public sites

Our Solution

- We create a curated list of properties that match your budget and goals
- We screen out problem listings before you waste time
- We deliver a fresh list every 1–2 weeks with real opportunities

Request your curated list: realestate-japan.com/curated-list

Shortlisting & Comparing Properties

When narrowing down your list, go beyond the photos and price tags.

Layout & Livability

- Ceiling height, bedroom size, multiple toilets, balconies, parking

Light & Orientation

- South- and east-facing rooms get better sunlight

Lifestyle & Convenience

- Check noise levels, distance to shops and stations

Build Quality & Longevity

- Look for post-1981 or post-2000 earthquake code compliance
- Good materials and insulation

Pro Tip: Bring a tape measure and take photos during visits. Balconies often look larger online than in reality.

Step Three: Offer & Negotiation

Once you find a property that fits, it's time to make an offer.

Making an Offer (買付申込書)

- Offers are made using a Letter of Intent
- Includes proposed price, handover date, conditions (like financing approval)
- Sellers expect loan pre-approval in advance

Important: In Japan, it is considered extremely bad form to submit multiple offers on different properties at the same time with the intent of choosing later. This behavior is seen as dishonest and disrespectful. If agents or sellers discover this, you risk being blacklisted and losing access to future opportunities. Always focus on one property at a time, and only submit an offer if you are genuinely prepared to proceed.

- Offers are made using a Letter of Intent
- Includes proposed price, handover date, conditions (like financing approval)
- Sellers expect loan pre-approval in advance

Earnest Money & Deposits (手付金)

- 5-10% deposit paid at contract signing

- Counts toward the price
- Usually forfeited if you cancel without cause after signing

Cancelling After Contract Signing (Civil Code Article 557)

- Buyer: Can cancel within the agreed period by forfeiting deposit
- Seller: Can cancel by returning double the deposit
- After the cancellation period, penalties of 20–30% may apply

Negotiation in Japan

- Modest discounts: 1–5%
 - New builds often have no discounts
 - More room for negotiation on handover date, furniture, etc.
-

Step Four: Contract & Due Diligence

Signing the contract is your formal commitment. Do all necessary checks before this stage.

Key Documents

1. **Sales Contract** – Covers price, deposit, schedule, handover
2. **Important Matters Explanation (重要事項説明)** – Covers ownership, title, zoning, earthquake compliance, restrictions, etc.

What to Check Before Signing

1. **Resale & Rental Potential** – Is short-term rental allowed? Is there income potential?
2. **Rebuild & Zoning** – Is it rebuildable? Are there floor area ratio (FAR) issues?
3. **Boundaries & Access** – Confirm legal road access and avoid 42-2/private road complications
4. **Condo-Specific Issues** – Repair fund, upcoming renovations, management fees
5. **Taxes & Liens** – Check for outstanding obligations or legal issues

Pro Tip: A buyer's agent can help explain the Important Matters Explanation and request documents from the seller.

Step Five: Final Checks & Prepare for Settlement

Once the contract is signed, you must prepare for settlement.

Deadlines to Track

- **Loan approval deadline (融資特約期日)** – usually 10–14 days after signing
- **Settlement date (決済予定日)** – typically 3–4 weeks post-signing
- **Document prep deadline** – coordinate with judicial scrivener (seal, ID, etc.)

Checklist

- Confirm mortgage approval
- Transfer deposit (if not already done)
- Arrange fire insurance
- Schedule a final property inspection
- Double-check all details with your scrivener

Loan Approval Clause

If your mortgage is denied, notify the seller before the clause deadline to cancel without penalty. If you miss it, cancellation may result in forfeiture of deposit.

Step Six: Settlement & Handover (決済・引き渡し)

This is when you pay the balance, register ownership, and receive the keys.

What Happens at Settlement

1. Meet at buyer's bank with seller, agents, scrivener

2. Verify all documents
3. Transfer funds (price balance, taxes, commissions, etc.)
4. Scrivener registers ownership
5. Keys handed over

Note: There is no escrow system in Japan. You pay upfront; ownership is registered immediately.

Prepare Before Handover

Logistics:

- Arrange movers or rental truck
- Clean the property
- Confirm furniture/appliance inclusion

Utilities:

- Apply for electricity, gas, water
- Schedule internet/fiber setup
- Arrange for air conditioning installation if needed

Residency Change:

- File juminhyo (住民票) within 14 days
- Update banks, My Number, licenses

Final Tip: At handover, check:

- All keys work (consider changing locks)
- Fire alarms/extinguishers
- Local garbage rules

Time to Celebrate

Buying property in Japan is a journey filled with paperwork and decision-making. But once it's done, take a moment to celebrate. Whether you're moving in, renovating, or renting it out — enjoy the moment.

You've earned it.