

The Changing Context of Home Ownership in Japan

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The housing system in Japan after the Second World War has been focused on the expansion of home ownership, which has reflected and reinforced a clear social direction. The economy developed at a striking pace, resulting in an increase in middle-class families. Since land and housing prices rapidly and continuously rose, owning a house, which was accompanied by a capital gain, became an effective means of acquiring an asset. The rising proportion of families on middle incomes who lived in their own houses was considered a key factor in stabilising society. The central government took the initiative in establishing a system which aimed at promoting home ownership.

Over the past two decades, however, the traditional framework of the housing system has lost its effectiveness with a set of drastic shifts from a robust economy to economic uncertainty, from capital gains to capital losses, from a cohesive society to social fragmentation, and also from state intervention to a deregulated market. The bubble economy, which started with an abnormal rise in land and housing prices in the latter half of the 1980s, collapsed at the beginning of the 1990s. Since the bubble burst, a deep and prolonged recession has been experienced. Land and housing prices have dropped sharply for the first time since the end of the war. Owner-occupied housing has come to generate capital losses and the security of real estate assets has been undermined. Employment and income have been destabilised and the position of the middle-class, the core of society, has weakened. The government has begun to retreat from housing policy and to entrust housing and its related financing to an increasingly deregulated market. The direction of the housing system has become less and less transparent under the fast moving conditions. This paper illustrates an empirical picture of the changing context of home ownership in present-day Japan.

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