

Intelligent Investment

Japan rental housing:

# Investment fundamentals remain strong despite country's aging population

**1** Advancing urbanization, changing demographics,  
and evolving household structure

REPORT

CBRE RESEARCH  
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CBRE



# Introduction:

## Factors driving rental housing demand despite Japan's aging and declining population

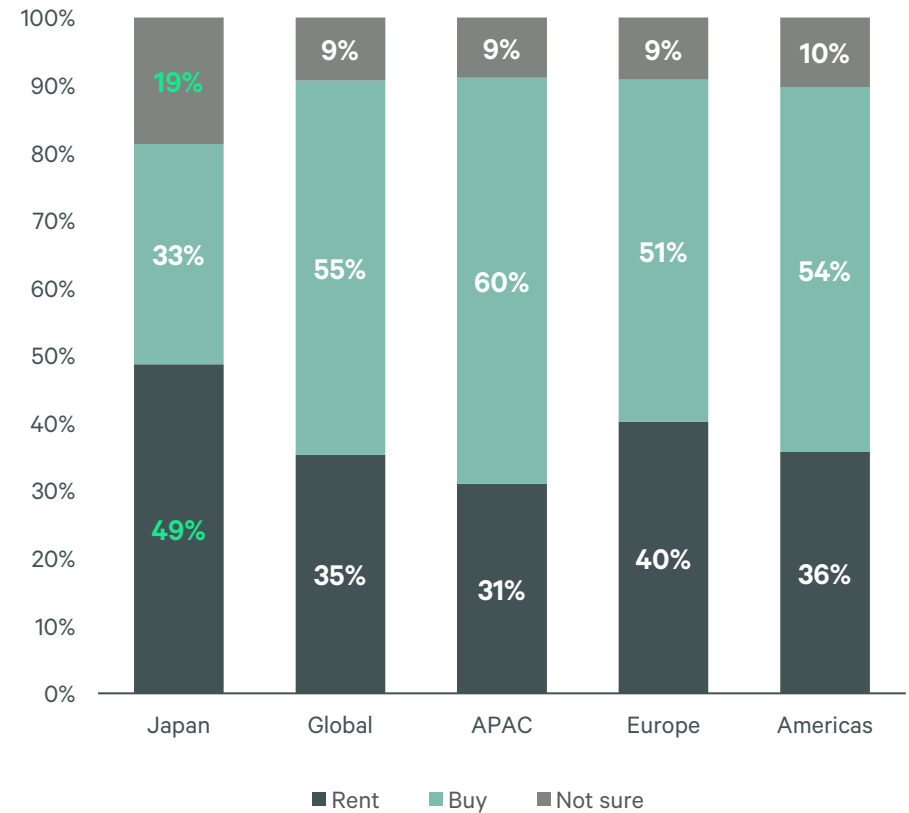
Approximately 30% of Japan's population is concentrated in the major 21 cities. With inward-migration to urban areas with plentiful job opportunities expected to continue in the coming years, urbanization is set to intensify.

When asked by CBRE's Global Consumer Survey whether they plan to rent or buy property in future, 49% of Japanese respondents indicated their intention to rent. This is a level well above other regions (Figure 0) and indicates a relatively strong preference for rental housing. The proportion of respondents answering "not sure" was also higher than in other markets, suggesting that Japanese consumers tend to adopt a flexible attitude on whether to rent or buy based on economic circumstances. Factors influencing their decisions at present include rising property prices, particularly in urban areas. In addition, the burden of mortgage interest payments is increasing on the back of policy rate hikes since 2024. Against this backdrop of declining housing affordability, more consumers are likely to choose the rental option over purchasing a home.

\* For more details, please refer to ["Voices from Japan: How will people live, work and shop in the future?"](#), January 2023.



Figure 0: Respondents planning to buy/rent property when moving in future



n=6,420 (Japan n=316) Source: CBRE, January 2023.



# Introduction:

## Factors driving rental housing demand despite Japan's aging and declining population

Consequently, even with Japan's aging and declining population, demand for rental housing in the major metropolitan areas is likely to remain strong. CBRE expects the following demographic segments to drive this demand:

- ① **Dual-income households:** While the number of dual-income households in Japan is increasing due to the rise in female labor force participation, working hours for married females have also been on an upward trend in recent years. As a result, the number of households with high rental affordability is increasing. Such households tend to prioritize convenience, such as access to workplaces and child-raising environments, and show a strong tendency to reside in urban areas. However, there is a lack of family-type units in major cities' current rental housing stock to accommodate these demographics.
- ② **Single senior households:** Due to the aging population, it is projected that by 2045, one in five Japanese households will consist of single senior citizens. At the same time, however, labor force participation rates among those aged 60 and over have been rising since the mid-2010s. Such active seniors will likely prefer locations with good access to workplaces and robust lifestyle infrastructure, in relatively spacious dwellings, as they seek to maintain their current lifestyles.
- ③ **Foreign households:** Foreign inflows to Japan have been rising since 2022. Approximately 40% of foreign households in Japan have moved into the major 21 cities, with a particular concentration in cities hosting many universities and corporations. About 60% of foreign residents in Japan are aged 15 to 39, and since many arrive for stays of several years for education or skill acquisition, their renter rate is high, exceeding 50%. Even under the Takaichi administration that advocates "realizing an orderly, multicultural society," the general policy to attract more foreign talent should remain intact on the back of the serious labor shortage. As the stay of skilled foreign individuals is expected to become more long-term, rental housing demand from foreign resident households should continue to expand.

Japan's rental housing sector is one of the few mature residential investment markets in Asia Pacific, with properties being traded by both domestic and foreign investors. In the recent inflationary environment and increasing wages, rental growth in the housing sector is also accelerating. Scale, liquidity, and cash flow growth potential are some of the reasons that make Japan's rental housing sector an attractive proposition to investors. To support the contention that Japanese rental housing will remain a promising sector, this report assesses Japan's rental housing market from the perspectives of demographics, household structure, income, and housing situation.

# Contents

This report is the first in a three-part series; this issue is the bold in the Table of Contents

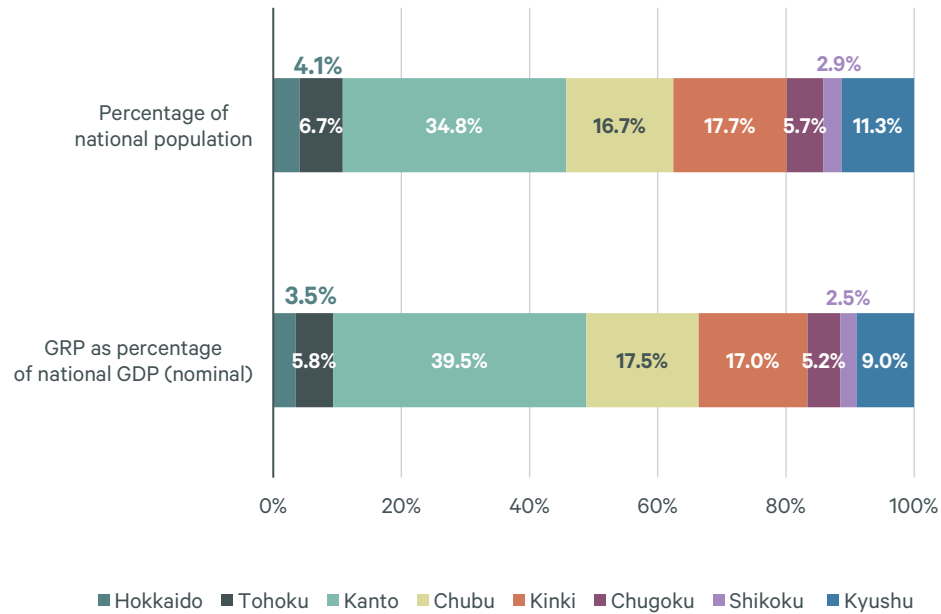
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# Part 1: Summary

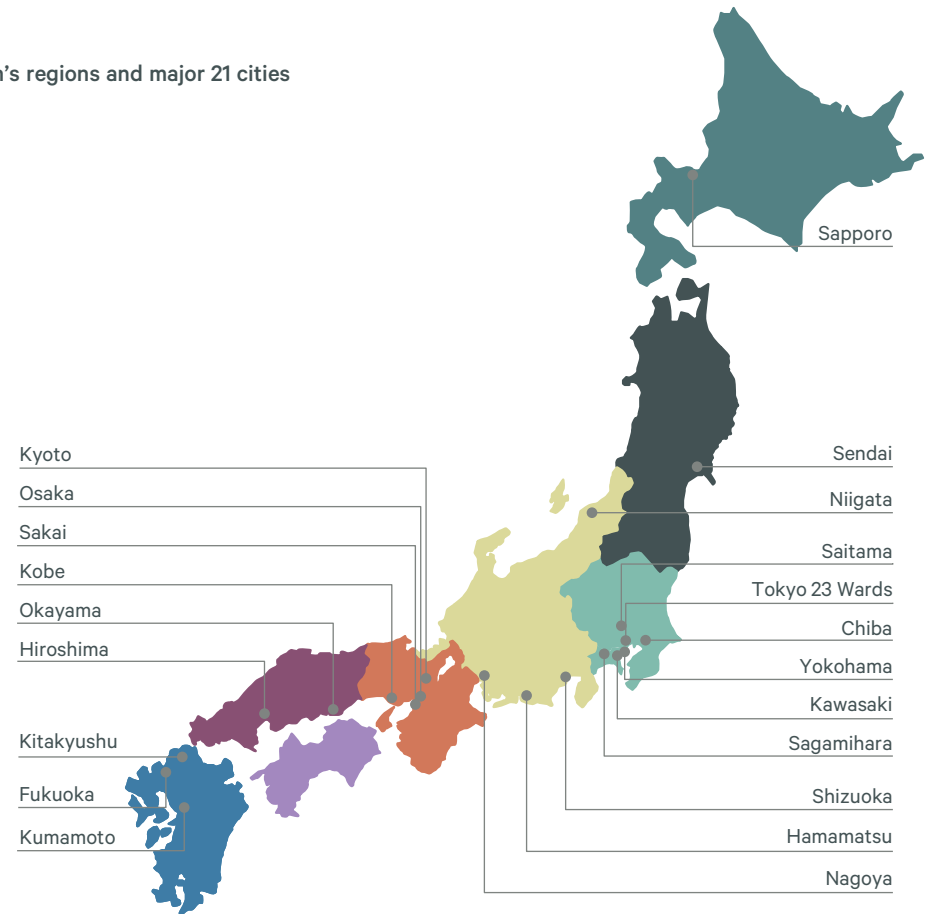
- Japan's total population has been on a downward trend since peaking at 128.06 million in 2010. Government projections suggest that the total population will decrease by 20 million from its peak by 2050, falling below 100 million in 2056. At the same time, Japan's labor force continues to expand on the back of active participation by the senior generation and women. Currently, 30% of the population is concentrated in the 21 major cities. As inward-migration to urban areas with plentiful job opportunities continues, the urbanization trend is set to intensify. Even in a society with a declining birth rate and an aging population, stable demand for rental housing is expected to persist in urban areas.
- In major cities, single-person households account for a high proportion of the total, representing approximately one half of the total number of households in Tokyo 23 wards, Osaka, and Fukuoka. In addition to students and young workers migrating for education or employment, the number of single senior citizens remaining in urban areas to maintain their employment or lifestyle is also expected to rise. It is projected that by 2045, one in five Japanese households will consist of single senior citizens. While the younger working generation has a strong tendency to rent, active single senior citizens will also likely become a primary target demographic for single-person rental housing.
- The expansion of female labor force participation has led to a rise in dual-income households. The number reached 13.33 million in 2025, increasing by more than 20% over the past decade. Furthermore, the trend toward longer working hours by married females is considered a factor driving the increase in household income, particularly in urban areas. While households where married females work within their husband's tax dependency still account for nearly 50% of dual-income households, so-called "power couples" (defined as both partners earning JPY 7 million or more) account for about one-fourth of the total and are steadily increasing. Data also suggest that dual-income households, which possess financial security capacity, are more likely to have children and tend to have a larger number of children compared to single-income households. Consequently, the rent affordability of dual-income households in urban areas is rising, meaning that demand for rental housing from such families should have further potential for growth.

# Reference

Breakdown of GDP and population by region



Japan's regions and major 21 cities



Note: Regional divisions are based on those established by the Japan Agency for Local Authority Information Systems.  
 Source: CAO "Prefectural Accounts (FY2022)", December 2025

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# Demographics and urbanization

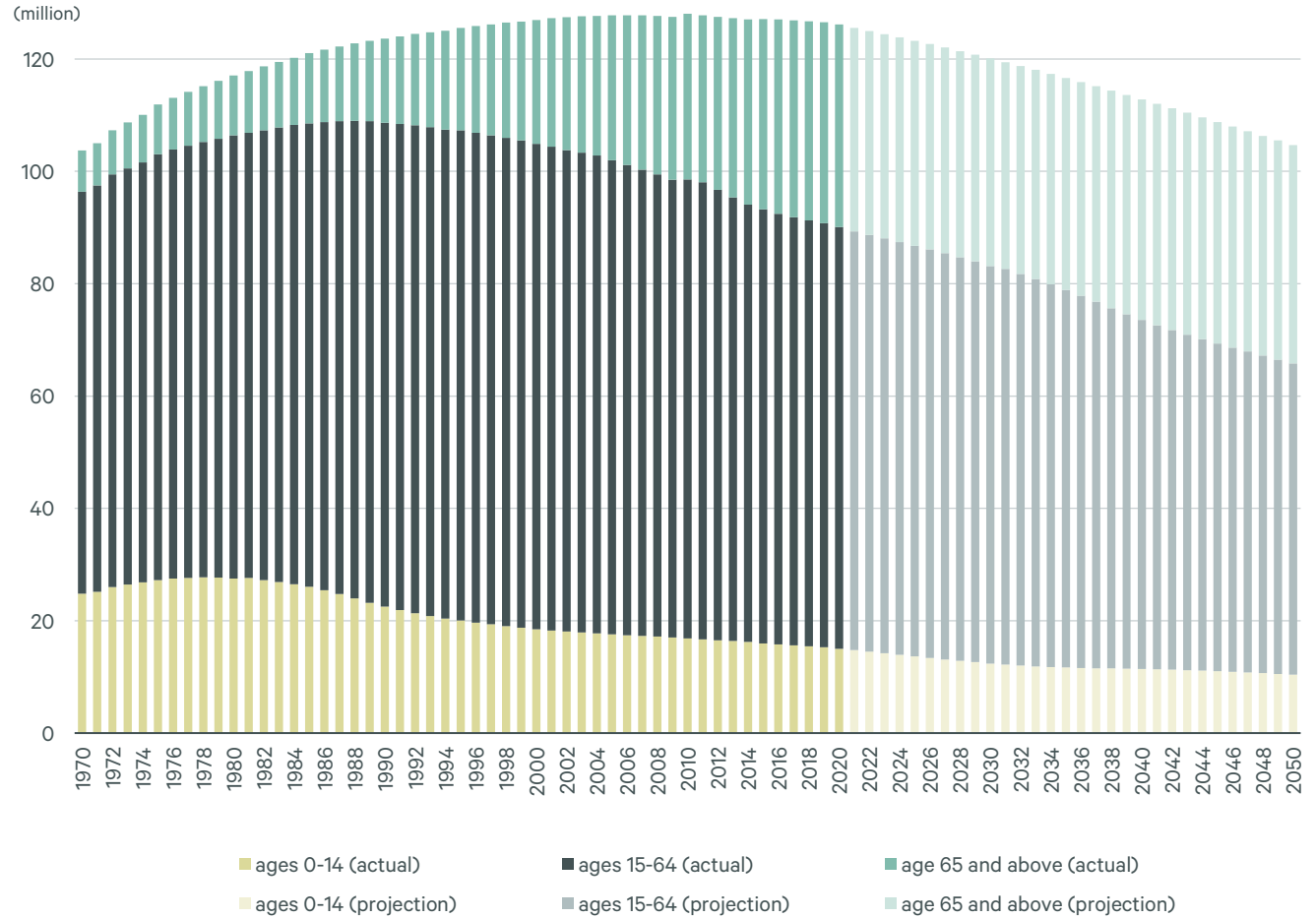
## Population: Peaked in 2010, set to fall below 100 million in 2056

Japan's population continues to age and decline, with this trend set to accelerate in the coming years (Figure 1.1).

Ministry of Internal Affairs and Communications (MIC) data show Japan's population peaked in 2010 at 128.06 million, before falling to 123.80 million by October 2024. Projections published in April 2023 by the National Institute of Population and Social Security Research suggest that the population will continue to decline, reaching 120.12 million in 2030, 112.84 million in 2040, 104.69 million in 2050, and falling below the 100 million threshold in 2056.

Japan's working-age population (ages 15 to 64) has also been steadily sliding since peaking at 87.26 million in 1995, falling to 75.09 million in 2020, and projected to reach 55.40 million by 2050. With the fertility rate continuing to languish (marking a record-low of 1.15 in 2024), the percentage of the total population of over-65s is expected to increase from 29% in 2020 to 37% by 2050.

Figure 1.1: Japan's population and projections to 2050



Note: Based on Population Census of Japan in 2020, and medium fertility and mortality scenario.  
Source: National Institute of Population and Social Security Research (IPSS), April 2023.



## Internal migration: Urban inflow continues, led by Tokyo 23 wards

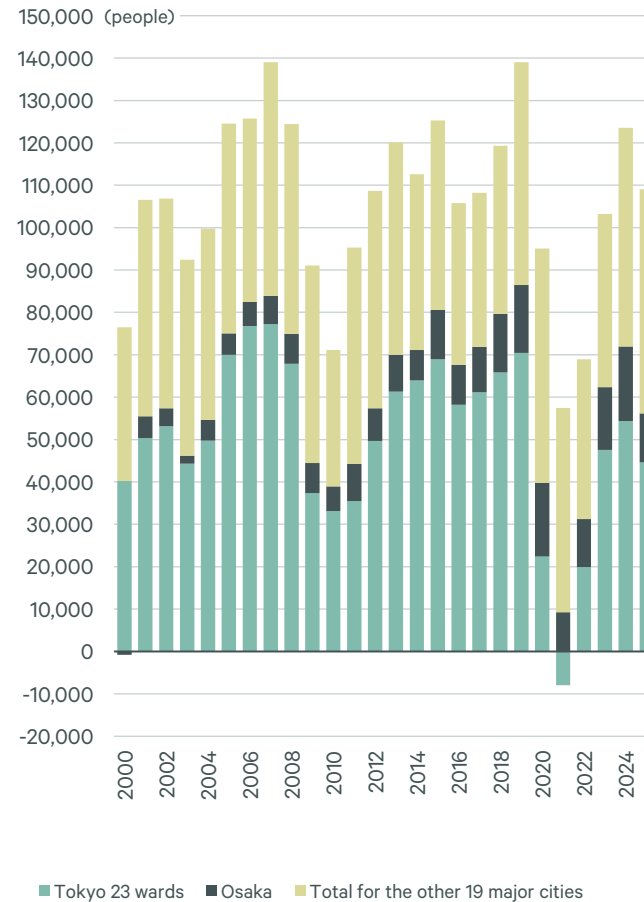
While Japan's population is declining nationwide, some 30% of the population is concentrated in the 21 largest cities (ordinance designated cities and Tokyo 23 wards). This urban flow continues unabated; between 2000 and 2025, the average annual net inward-migration to the major cities (the Japanese population migrating away subtracted by that moving into the major cities) was roughly 105,000 (Figure 1.2). In 2025, net inward-migration to the major 21 cities fell y-o-y for the first time since the COVID-19 pandemic, decreasing by 15,000, primarily due to the drop in Tokyo 23 wards and Osaka. This could be attributed to the sharp spikes in property prices and accelerating rent growth in these cities. However, the total volume of net inward-migration continues to be in the average range observed before the pandemic.

In Tokyo 23 wards, the number of people migrating away exceeded the number of those moving in during the pandemic in 2021, the first of such incidence since 1996. Although net inward-migration recovered rapidly thereafter, it has not yet reached pre-pandemic levels, when net inward-migration to Tokyo 23 wards represented more than half of the total for the 21 major cities. This is likely due to the declining necessity to live in central Tokyo for work, with remote working having become more widely adopted in some industries. Soaring property prices and rents are another factor.

The MIC's breakdown of migration to Tokyo 23 wards by age groups shows that the working-age population recorded a net inward-migration of 62,000, while a net outward-migration was observed for both over-65s and under-15s (Figure 1.3). This suggests that many people are moving away from the city center for child-raising purposes or after retirement.

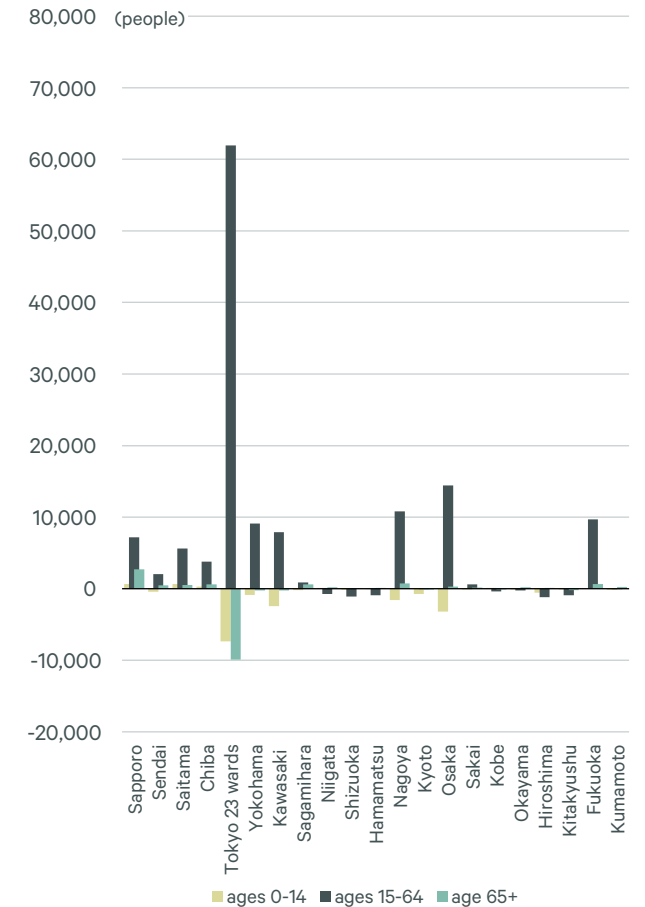
Among other cities, Osaka, Nagoya, Fukuoka, and Yokohama have seen significant inward-migration of the working-age population. These cities, including Tokyo 23 wards, have continued to record net inward-migration of this age group since 2010.

Figure 1.2: Domestic net migration - major 21 cities



Note: Net migration within Japan, does not include migration to/ from overseas  
 Source: MIC "Report on Internal Migration in Japan Derived from the Basic Resident Registration", February 2026.

Figure 1.3: Domestic net migration by age group - major 21 cities (2025)



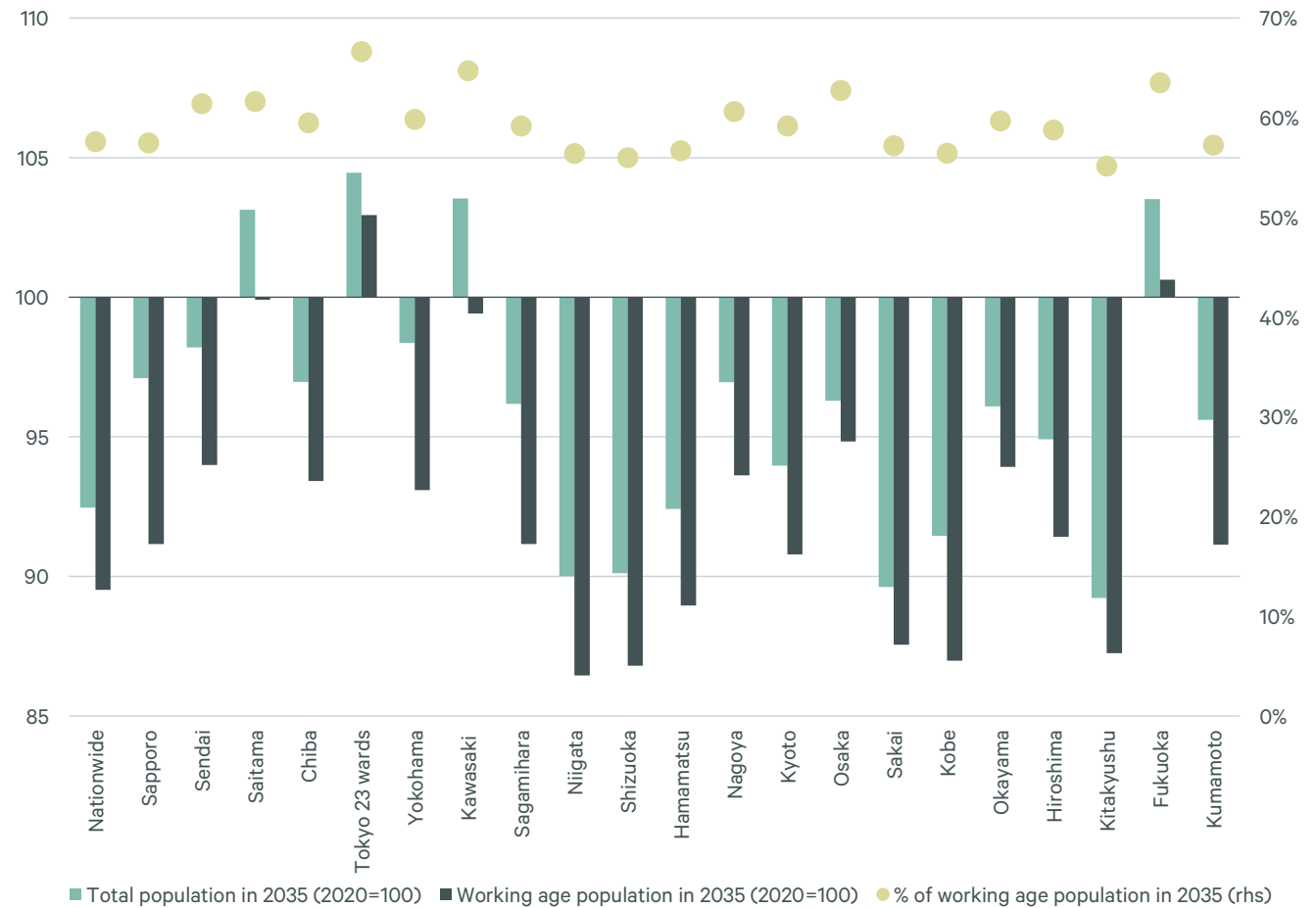
Note: Net migration within Japan, does not include migration to/ from overseas  
 Source: MIC "Report on Internal Migration in Japan Derived from the Basic Resident Registration", February 2026.

## Working-age population: Continued growth for Tokyo 23 wards and Fukuoka

While the population continues to flow toward the urban areas, due to the aging and diminishing population, the latest (2023) official estimates expect the population in almost all of the major 21 cities to decline by 2035. However, in many major cities, the rate of decrease for both the total population and the working-age (ages 15-64) population are anticipated to be more gradual than the nationwide forecast (Figure 1.4).

Among the major 21 cities, the total population in 2035 is projected to exceed 2020 levels in Tokyo 23 wards, Saitama, Kawasaki, and Fukuoka. The working-age population is also expected to grow in the Tokyo 23 wards and Fukuoka. In Osaka, although the total population will decrease, the proportion of the working-age population is expected to remain high compared to other cities, indicating that the current relatively young population will be maintained.

Figure 1.4: Working-age population growth prospects in 2035 - major 21 cities (2020=100)



Source: National Institute of Population and Social Security Research (IPSS), 2023.

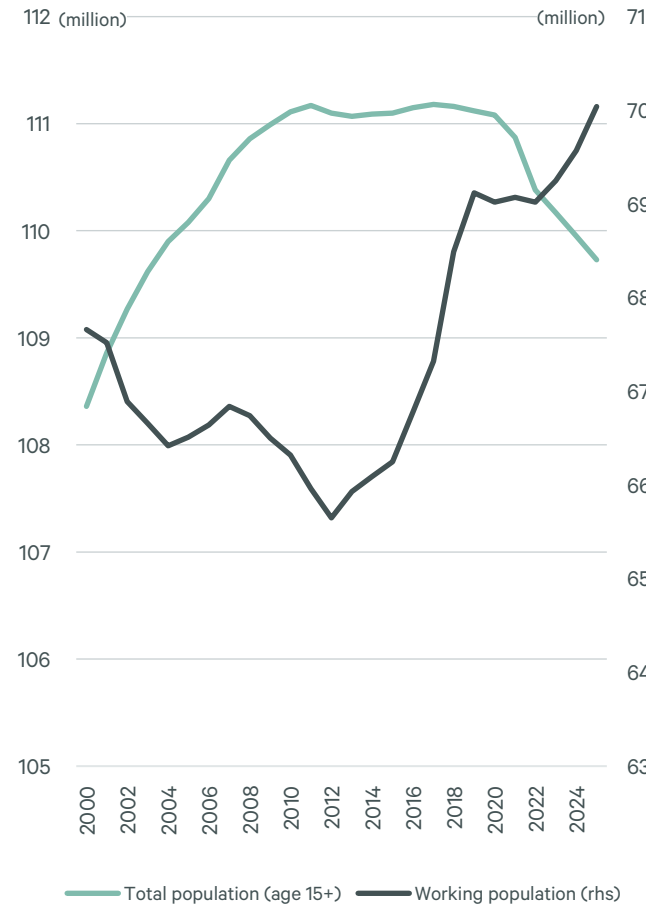
## Working population: Growth driven by rising participation of senior citizens and women

Reflecting the aging population, the Japanese labor force was in decline until 2012. Since then, however, it has risen sharply (Figure 1.2). Although it remained largely flat during the COVID-19 pandemic, it's currently increasing even as the population aged 15 and over declines. As of 2025, the labor force participation rate (the proportion of the labor force in the working-age population) stands at 63.8% (Figure 1.5).

A key factor behind the increasing labor force is the expanding participation of the senior population. Following the amendment to the Act on Stabilization of Employment of Elderly Persons in 2013, which requires companies to secure employment for workers up to age 65 (fully enacted in April 2025), the labor force participation rate for 60 to 64-year-olds spiked sharply starting in the mid-2010s (Figure 1.6). Regarding the participation rate for those aged 65 and over, although companies have been required to make their best efforts to provide job opportunities up to age 70 since April 2021, the rate initially remained flat. However, in 2025 while the total population of the 65 and over age group remained largely flat, the labor force for this group increased by 1.5% y-o-y. Amid a continued and serious labor shortage, a further increase in the workforce of those aged 65 and over is expected.

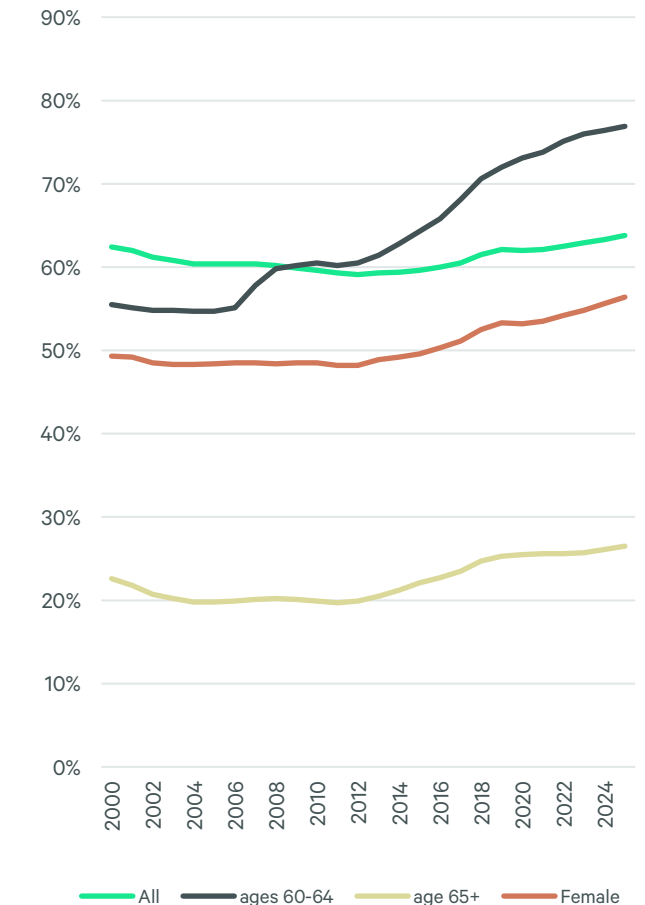
The female labor force participation rate is also rising. Due to factors such as the expansion of child-rearing support by companies and local governments and the full implementation of the Act on the Promotion of Women's Active Engagement in Professional Life in April 2022, the female workforce increased by 430,000 in 2025 compared to the previous year. As a result, the female workforce reached 32.00 million on an annual average in 2025, approaching the 38.05 million recorded for the male labor force population.

**Figure 1.5: Population (age 15 and over) and working-age population**



Note: Data for 2011 are estimates based on supplemented data.  
Source: MIC "Labor Force Survey", January 2026.

**Figure 1.6: Labor force participation rate**



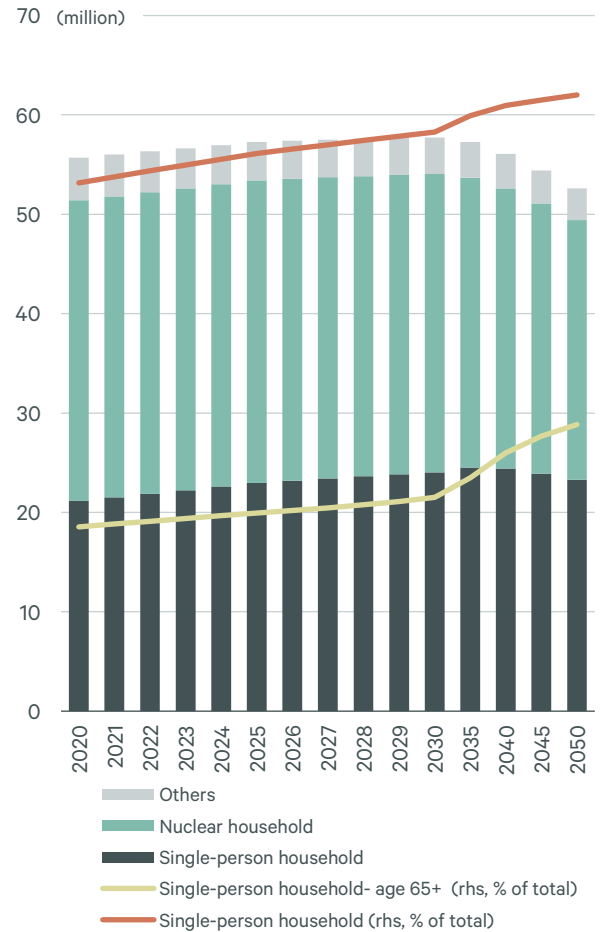
Note: Data for 2011 are estimates based on supplemented data.  
Source: MIC "Labor Force Survey", January 2026.

## Household structure: Number of single-person households increases in urban areas

According to the latest official estimates (2024), the number of households in Japan is projected to peak at 57.73 million in 2028, falling to 52.61 million by 2050 (Figure 1.7). As a result of the trend toward later marriages and the aging population, the proportion of nuclear families is set to decline gradually, with single-person households estimated to increase in share to the mid-40% range of the total. Within this group, households comprised of single senior citizens (aged 65 and over) are expected to increase dramatically and estimated to make up 20.6% of all households by 2050.

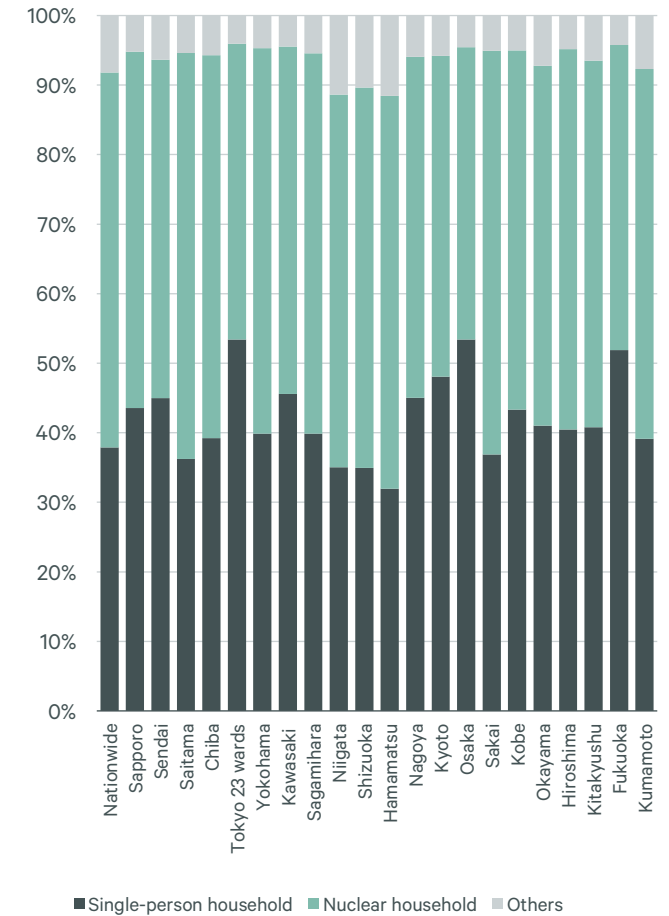
As of 2024, 54% of Japanese households are nuclear families, while single-person households accounted for slightly more than one-third of the total (Figure 1.8). In urban areas, however, single-person households are more common; in Tokyo 23 wards, Osaka, and Fukuoka, more than half of all households consist of just a single-person. This is due to the prevalence of students and young workers migrating to these areas, as well as active single senior citizen households who choose to continue to live in urban locations for convenience and to maintain their lifestyles.

Figure 1.7: Household by type and projections



Source: National Institute of Population and Social Security Research (IPSS), 2024.

Figure 1.8: Breakdown of households by type - major 21 cities (2020)



Source: MIC "Statistical Observations of Municipalities 2025", 2025.

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# Household employment and economic status



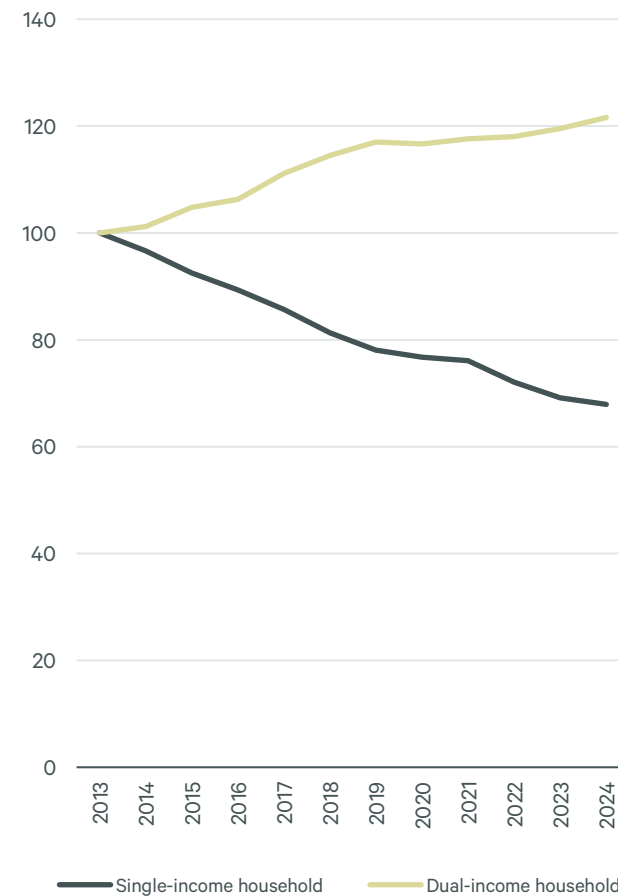
## Employment status of households:

### Dual-income households increase, with longer working hours for married females

In terms of labor participation, the number of dual-income households has risen sharply in recent years, on the back of the greater number of women in the workforce. This figure reached 13.33 million households in 2025, having increased by over 20% over the past 10 years (Figure 2.1). Conversely, the number of single-income households (households relying solely on the husband's income) has continued to decline, falling to 4.76 million in 2025. The implementation of child-raising support measures and more stringent requirements for companies to promote the employment of women have led to a continued increase of the female workforce. Given the rising career orientation among women and shifting social values, where being a stay-at-home wife is no longer the norm, the proliferation of dual-income households is expected to continue moving forward.

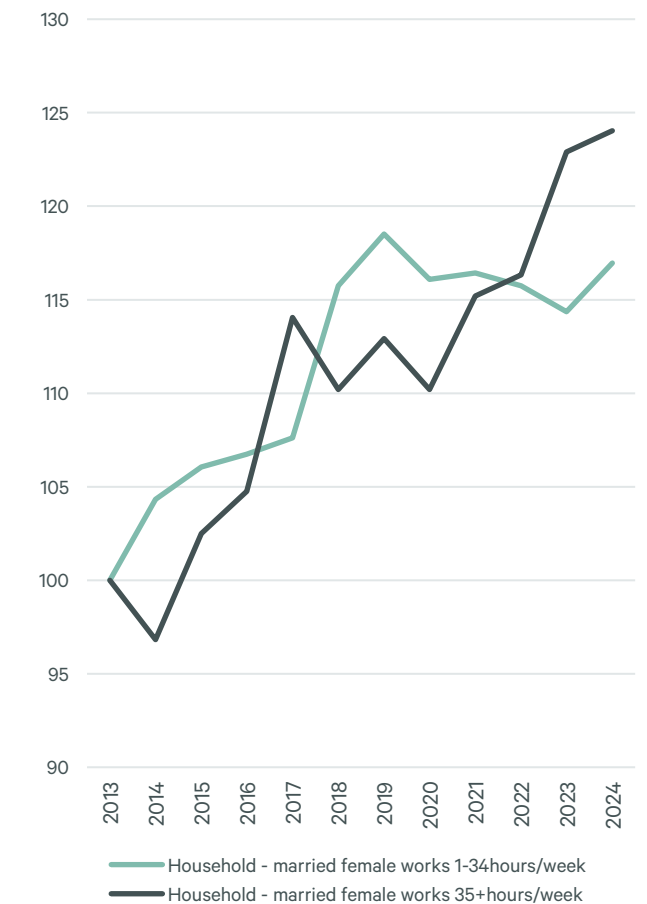
The weekly working hours of women are also on an upward trend (Figure 2.2). The number of households where the married female works 35 hours or more per week reached 5.59 million in 2025, nearing the 6.95 million in number of households with married females reported to work 1 to 34 hours per week. More than 35 working hours per week most likely indicates full-time work by regular employees. As dual income becomes the mainstream, the income of such households should likely trend even higher.

Figure 2.1: Single- and dual-income households (2013=100)



Note: Households employed in non-agricultural industries.  
 Source: Japan Institute for Labor Policy and Training, March 2025. / MIC "Labor Force Survey", February 2026.

Figure 2.2: Number of households by married female's weekly working hours (2013=100)



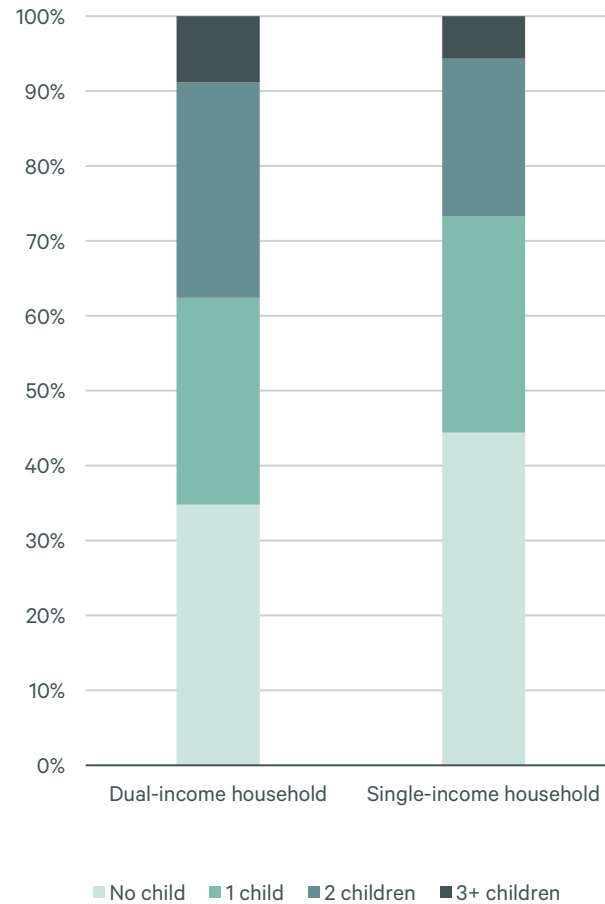
Note: Households employed in non-agricultural industries.  
 Source: Japan Institute for Labor Policy and Training, March 2025. / MIC "Labor Force Survey", February 2026.

## Employment status and childbearing: Dual-income households have more children

Nationwide, 65.2% of dual-income households in Japan have children, compared to 55.6% for single-income households. Furthermore, 28.7% of dual-income households have two children and 8.9% have three or more; both figures exceed those for single-income households (Figure 2.3). This indicates that dual-income households tend to have more children than their single-income counterparts.

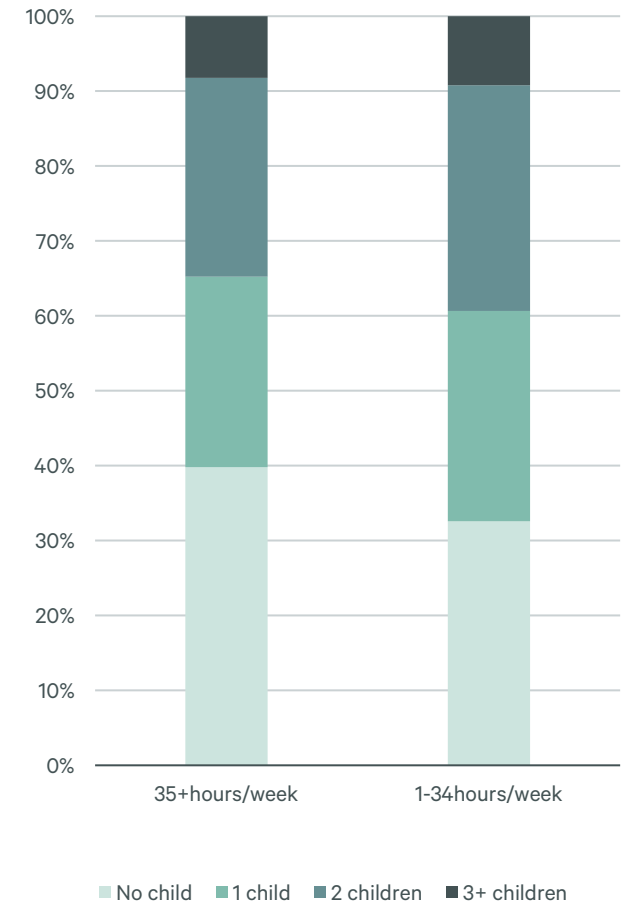
Among dual-income households with children, the proportion of those where the married female works 35 hours or more per week (assumed to be full-time employment) is 60.2%, which is slightly lower than the 67.4% recorded for households where the married female works between one and 34 hours (Figure 2.4). However, it should be noted that among dual-income households where the married female works 35 hours or more, the group where the married female is aged 25 to 34 reported a low percentage of households with children (34.0%), compared to 79.0% for those aged 35 to 44 and 72.5% for those aged 45 to 54. This suggests that many mothers either leave the workforce or switch to shorter working hours during the early stages of child-raising, and subsequently look to balance child-rearing with employment, particularly as the financial burden of raising children increases over time.

Figure 2.3: Breakdown of households by married female's employment status and number of children (2025)



Note: Households employed in non-agricultural industries.  
Source: MIC "Labor Force Survey", February 2026.

Figure 2.4: Breakdown of households by married female's working hours and number of children (2025)



Note: Households employed in non-agricultural industries.  
Source: MIC "Labor Force Survey", February 2026.

## Household income: Significant growth among working-age generation

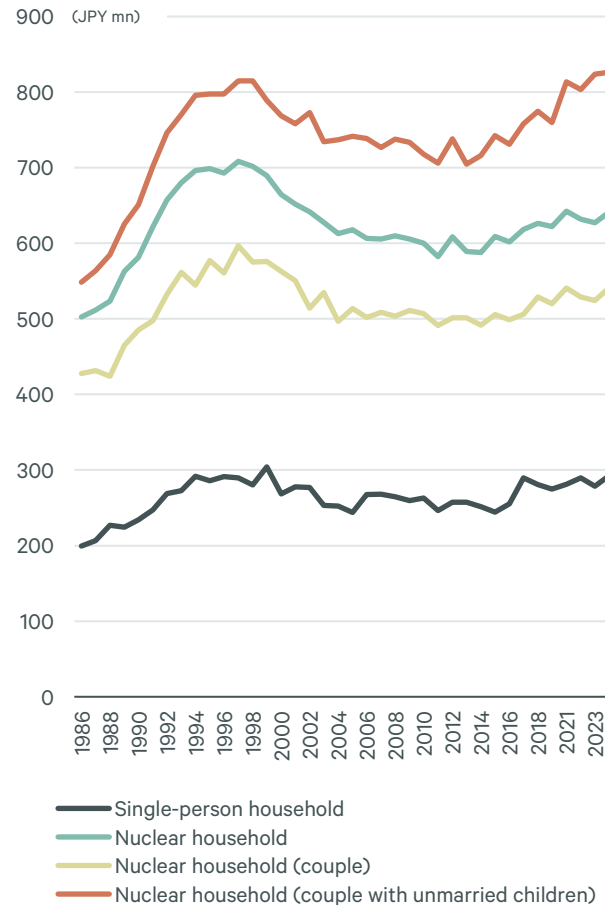
According to the MHLW's latest Comprehensive Survey of Living Conditions (2024), the nationwide average annual household income in Japan has increased for both single-person households and nuclear households over the past 10 years (Figure 2.5).

The average household income for nuclear households in 2023 was JPY 6.41 million, an increase from JPY 5.88 million in 2013. Among nuclear households, for those consisting of "a couple and unmarried children," 80% of household heads belong to the working-age population (ages 25-64). Their average income in 2023 was high, at JPY 8.26 million, showing a notable increase over the past five years.

For these households consisting of a couple and unmarried children, comparing the income distribution between 2023 and 2013 reveals an increasing proportion of high-income households (Figure 2.6). The JPY 12-15 million bracket saw the largest growth, rising by 3.0 points during this period. This is likely driven by the rise in dual-income households and the longer working hours of married females.

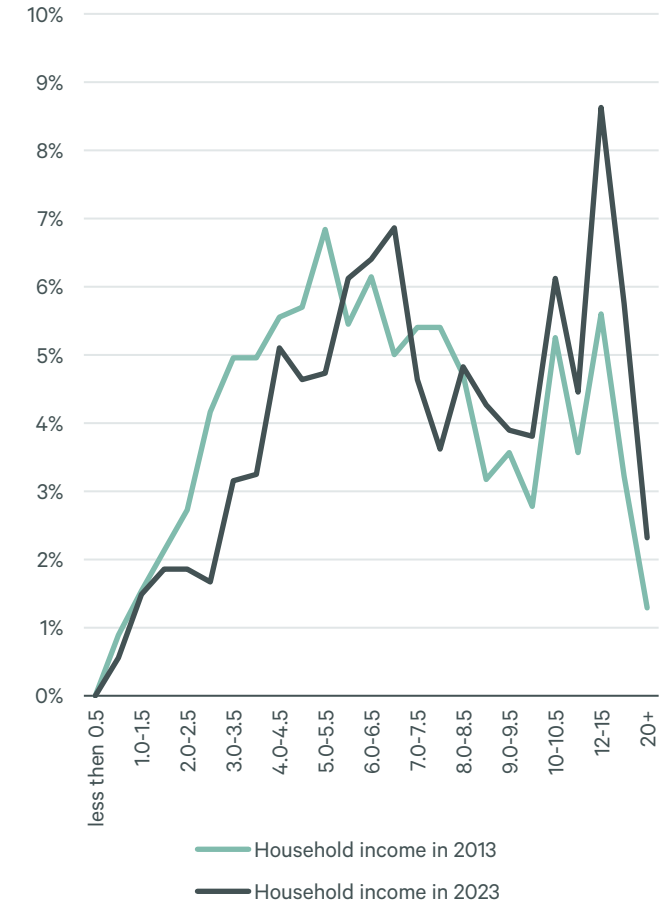
While the average income for single-person households in 2023 rose to JPY 2.93 million from JPY 2.51 million in 2013, it has stagnated in recent years. This trend is largely driven by the growing proportion of senior citizens (aged 65 and over) within single-person households, which reached nearly 50% in the latest 2024 survey. With the rising labor force participation rate among those aged 65 and over, income of single-person households may increase in the future.

**Figure 2.5: Average annual income of single-person and nuclear households**



Note: The X axis denotes the year of the survey, for which the respondents report their income for the previous year.  
Source: MHLW "Comprehensive Survey of Living Conditions (2024)".

**Figure 2.6: Distribution of household income of couples with unmarried children (JPY million)**



Source: MHLW "Comprehensive Survey of Living Conditions (2024)", "Comprehensive Survey of Living Conditions (2014)".

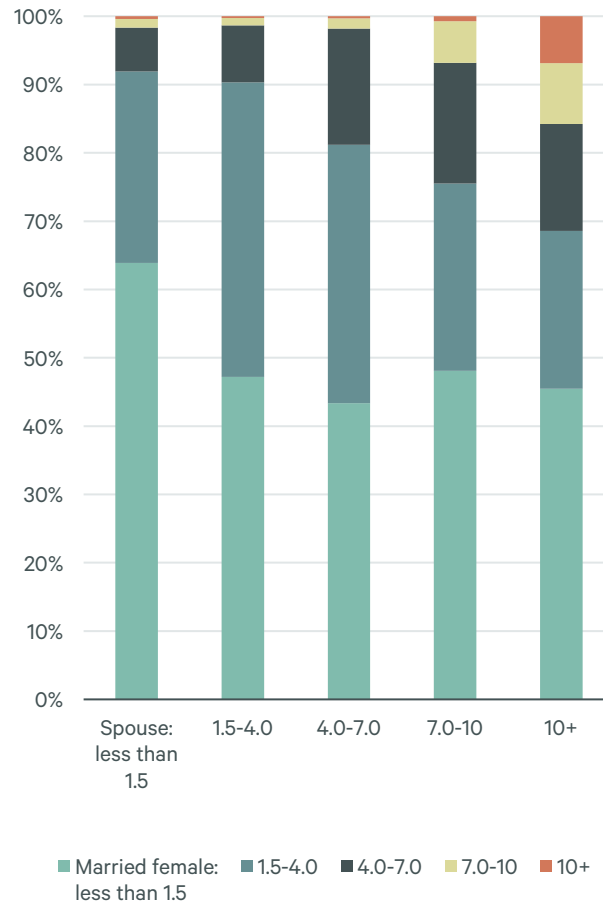
## Household income: Income gap widens

Household income distribution by household structure and city size reveals the presence of income gaps.

According to the MIC's 2022 Employment Status Survey, the higher the married male's income, the greater the proportion of households where the married female also earns a high income (Figure 2.7). In a report published by NLI Research Institute in March 2025, a "power couple" is defined as a couple in which each partner earns an annual income of JPY 7 million or more; this survey found that 24.6% of dual-income couples were classified as power couples. Given that this figure was 16.6% in the previous 2017 survey, the proportion of power couples is increasing, reflecting the impact of the longer working hours of married females mentioned earlier. Furthermore, the proportion of households where the married female earns less than JPY 1.5 million remains constant regardless of the spouse's income level, suggesting that married females continuing to work within their spouse's tax dependency is prevalent regardless of total household income.

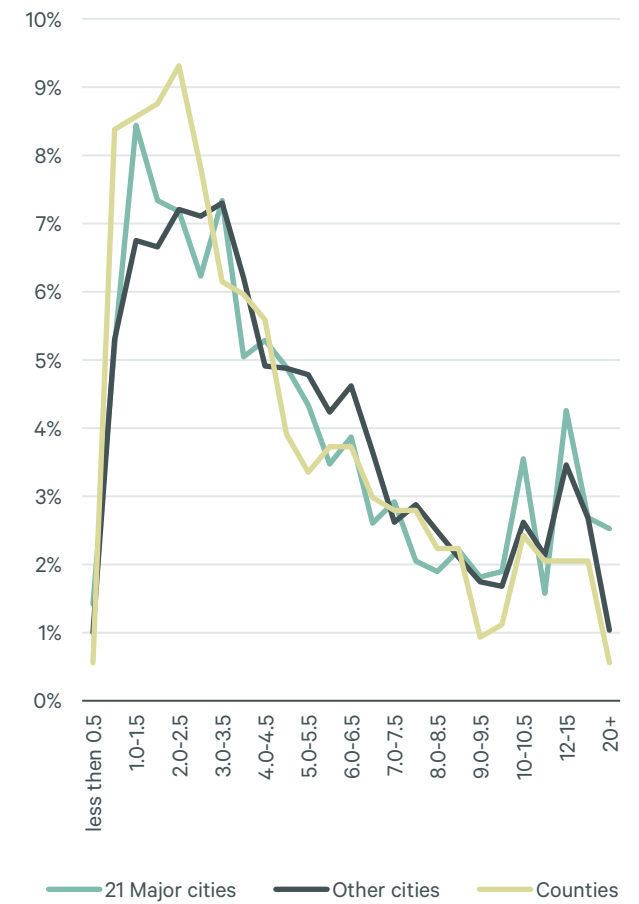
Looking at the average household income distribution by city and county (Figure 2.8), the proportion of households with an income of JPY 10 million or more stands at 14.6% in the major 21 cities (+3.2 pp. from 2014), 11.9% in other cities (+1.0 pp.), and 9.1% in rural counties (-3.2 pp.). Focusing on households with an income of JPY 20 million or more, the proportion is overwhelmingly higher in the major 21 cities.

Figure 2.7: Income of married female by spouse's income level (JPY million, 2022)



Note: Data based on dual-income households  
Source: MIC "Employment Status Survey, (2022)"

Figure 2.8: Distribution of household income by city and county (2023)



Source: MHLW "Comprehensive Survey of Living Conditions (2024)",

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