

Japanese Law Explained

Starting a Vacation Rental Business in Japan

Japan is a highly attractive market for investors as a top travel destination to the world. Demand for vacation rentals have been steadily increasing and this article can help investors navigate the regulatory and operational hurdles so they can get their businesses off the ground.

Is the Vacation Rental Business Legal in Japan?

In short, yes, the vacation rental business is legal in Japan. However, all properties must be properly operated in accordance with all Japanese laws and regulations. For example, as accommodation needs are rapidly growing, the Japanese government enacted the Residential Accommodation Business Law that came into effect in June 2018.

What are the Requirements Under the Law?

- Maximum Operational Days

The Law specifically regulates short-term rentals that operating for 180 days or less per year. If the accommodation operates for more than 180 days, another license may be required (e.g. National Strategic Special Zones).

- “Residence” Requirements

The government requires any accommodation to be “residential” in nature, meaning it meets both “facility” and “occupancy” requirements of the Law. For “facility,” an accommodation needs a kitchen, bathroom, toilet, and washroom that are provided in most apartments and houses. For “occupancy,” an accommodation must be currently occupied or maintained in a way that will allow it to be currently occupied; therefore, new apartments that has never been occupied cannot meet this requirement.

Additionally, the Law allows local governments to set their own rules. Entrepreneurs should check local rules where the accommodation is located. For

example, in Osaka, business owners must hold information sessions to the local community before registering their vacation rental business.

How to Start a Vacation Rental Business in Japan?

Starting is simple. First, fill out a form and submit it with the required documents to the accommodation's local government office via the public digital system. If liaising with local agencies or the language barrier are an issue, find a specialist who can assist.

Before submitting a form, check the accommodation's property documents to avoid any future issues. If using a rental property, check the rental property's lease agreement to see if subleasing is allowed. Similarly, if using property already owned but also in an apartment building, check whether the management agreement prohibits the intended business activity.

What Obligations Do Business Owners Have?

There are certain obligations designated by the Law, including keeping a guest list, managing customer complaints and submitting a periodic report of its operation to the local government.

Can Non-Japanese Entrepreneurs Buy Property for Rental Businesses in Japan?

Non-Japanese entrepreneurs can legally buy property in Japan without needing citizenship or a resident visa; however, buying property in Japan does not entitle one to a visa.

Why Miyake and Partners?

Our firm actively handles legal representation for real estate matters. We provide legal support in English for our clients' convenience.

[Yasuchika Fukuda](#) leads the Cross-Border Transaction group at Miyake and Partners, so please do not hesitate to contact him at y-fukuda@miyake.gr.jp if you have any questions.

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Contacts

Cross-Border Team

[Email](#) to our Cross-Border Team

E: cross-border@miyake.gr.jp

Our other documents are available [here](#).

YASUCHIKA FUKUDA

Partner

[Email](#) to Yasuchika Fukuda

E: y-fukuda@miyake.gr.jp

Profile is available [here](#).

KOJI NAMBU

Partner

[Email](#) to Koji Nambu

E: k-nanbu@miyake.gr.jp

Profile is available [here](#).

NICHOLAS KUWADA

Foreign Attorney *Not Admitted in Japan

[Email](#) to Nicholas Kuwada.

E: n-kuwada@miyake.gr.jp

Profile is available [here](#).

RIKO MIZUSEKI

Associate

Profile is available [here](#).

AYAKA MITSUI

Associate

Profile is available [here](#).

Miyake & Partners

<https://www.miyake.gr.jp/en/>

Osaka office: Nissay-Yodoyabashi-East Bldg. 16F,3-3-13, Imabashi, Chuo-ku, Osaka,541-0042 Japan

Tokyo office: Yurakucho Denki Building, North Tower,9th Floor 1-7-1 Yurakucho, Chiyoda-ku,Tokyo 100-0006 Japan
