

# Home ownership an elusive dream for most

By Angela Bianchi

For The Financial Post

TOKYO — Owning a home in Japan is the national dream for this nation of savers. Yet despite comparatively low mortgage rates, currently around 6%, the dream for most will never be much more than that.

A survey last year by Japan's Ministry of Health and Welfare says nearly 50% of the country's 38 million households have difficulty making ends meet, despite an average income of \$50,000 (figures in C\$).

The problem exists all over Japan to varying degrees, but it's the worst in Tokyo.

With land in downtown Tokyo going for as much as \$20,000 a square foot, the costliest on earth, the average Japanese can expect to shell out \$7 million, on average, for a barebones one-bedroom home in the core.

Renters don't get off easy either. A tiny 70-square-metre bachelor apartment goes for \$4,500 a month.

Today, a salaryman (as the Japanese

employees call themselves) can expect to take a lifetime to pay off the mortgage, and may even have to pass on the burden to their children.

Property taxes, at 1.4% the property value, make matters even worse.

Inheritance taxes also take their toll, forcing many families to sell their property just to pay the tax.

The vaunted Japanese quality found in the manufactured consumer goods that have made Japan the world's second-biggest economic power apparently does not extend to housing. A survey by the Health and Welfare ministry showed 43% — nearly 52 million people — say their living conditions are substandard.

The government does not believe in rent control, but it does believe in public housing and has plans to increase the number beyond the present two million units in an effort to reduce the three- to four-year waiting list.

Still more needs to be done to alleviate the housing crisis, particularly in Tokyo. Hitoshi Aoki, an urban planner with the Ministry of Construction, says the answer may be to decentralize the city's commercial centre.