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DEVELOPMENT FOR THE MEGACITIES
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**Group 3: Housing and Infrastructure in Megacities Research Proposal:
PROMOTING SUSTAINABLE HOUSING PRODUCTION AND CONSUMPTION IN JAPAN: WHAT
LESSONS CAN WE LEARN FROM THE 'KATITAS MODEL'?**

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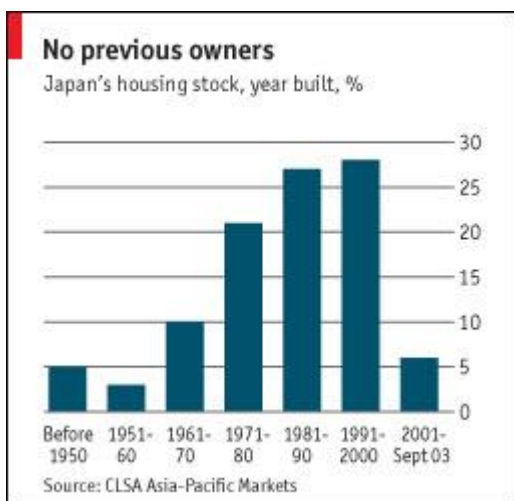
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1. Background

The rather baffling contradiction between Japan's population growth (better yet: stunted growth) and housing construction has attracted much attention in the media, scholarly and policy circles. The received wisdom is that rapid growth in population comes with the corollary issue of accelerated demand for buildings –for housing and other purposes, which, in turn, propels or incentivizes more construction works (Boateng, 2018). The Japanese situation, however, belies this. In the US where the population is growing by 2.5 – 3 million a year, housing statistics on new homes have hovered in the 1.0 – 1.5 million range except for the bubble period of 2002 – 2006. In contrast, Japan's population growth has fallen steadily over the years and recently turned negative. Nevertheless, new housing statistics remain at more than 1 million a year. Japan's housing market is dominated by new homes, with existing homes accounting for only 13.1% of total sales (Koo & Sasaki, 2008). Minami (2017) compares that the average lifespan of a house in Japan is almost 30 years versus 77 years in the UK. Fifteen years after construction, Koo & Sasaki (2008) noted, the average house is worth nothing in Japan a direct contrast to, for example, Europe, where many of the most desirable buildings are 200 years or more old.

This otherwise puzzling situation of an ever-increasing housing construction in the context of a shrinking population has been attributed to Japan's so-called 'disposable home culture' – where many people work

very hard to pay off expensive mortgages only to abandon them for new ones a few years after (Koo & Sasaki, 2008). The comparisons below may help put the dominance of new houses in Japan in a better and global perspective: Whereas 90% of dwellings sold in the US or UK are second-hand, the figure is just 15% in Japan (Harding, 2015). Further, even though more than 60% of all Japanese homes were constructed after 1980 (see chart below) when the country's building codes were revised so buildings could better withstand seismic events, half of them are expected to be demolished after 38 years (McMathis, 2014).



Credit: CLSA Asia Pacific Market cited in *The Economist* (2008)

The huge attention that the disposable home culture has received globally (in both Japanese and non-Japanese media and scholarly circles – see Koo & Sasaki, 2008; Minami, 2010; 2016; 2017; McMathis, 2014; Townsend, 2013; Jones, 2015, Braw, 2014; *The Economist*, 2008, for instance) stems from the concern that it is unsustainable—financially and environmentally. However, even in the context of the high preference for new houses, old houses account for about 13.1% of total housing sales in Japan (Koo & Sasaki, 2008). Further, some recent reports on the Japanese housing industrial complex suggest a rapidly growing interest in old houses in the country (Harding, 2015). Nevertheless, the conversation on the country's housing industrial complex have disproportionately focused on the high preference for new houses. Little attention is given to why some Japanese prefer old houses or better yet the recent growing taste for such houses in the country.

2. Problem statement

There are various accounts on the high preference for new houses in Japan. Nonetheless, most studies begin their conceptualization of the problem with the country's history with physical hazards. Japan has a terrible history with earthquakes, which usually destroy many buildings. It is suggested that this has made many a Japanese come to think of buildings as impermanent and perishable. Therefore, little emphasis is placed on maintenance, which, in turn, leads to faster depreciation of new buildings and, hence, the need to vacate or pull them down for new ones a few years after they have been built. Thus, a combination of factors including history, physical hazards, poor building maintenance culture are at the heart of the issue. Different strands of such accounts are discernible in studies like Koo & Sasaki, (2008); Koo et al, (2008), Kanemoto (1997), Tango et al (2011); Minami, (2010), which also are reinforced in the media (See McMathis, 2014; Townsend, 2013; Braw, 2014, for instance).

However, whereas Government's statistics points to about 8.3million vacant old dwellings, (about 13% of the total number of houses nationwide –Jones, 2015), housing sale statistics on the other hand suggests that existing (or old) homes account for about 13.1% of total housing sales in the country (Koo & Sasaki, 2008). The data, thus, reveal the simple inference that for every old home that is vacant, neglected or disposed in Japan, there is one that is bought. Nonetheless, strangely, preference for old houses has not attracted as much scholarly as preference for new ones has. This implies that the ongoing efforts at promoting public interest in old houses and the use of existing ones much longer in the country¹ is bereft of a very essential ingredient: existing knowledge on the preference for old houses. This insight gap becomes even more concerning when examined against the apparent growing interest in old houses in the country.

In 2015, the *Financial Times* covered a business model developed by a Japanese estate agency – called Katitas² –focused on buying and refurbishing 'akiyas' —empty houses and selling them to customers at prices even more affordable than renting (Harding, 2015). Katitas operate over 100 branches across Japan

¹ The sustainability concerns raised in the media and scholarly circles have influenced Japan policymakers to take steps both to promote public interest in old homes and to use existing houses much longer in Japan. Examples include the Kodan Experimental Housing Project (KEP); the Century Housing Project; and the passage of the Long Life Housing Law by the Upper House of the Japanese Parliament on October 28, 2008 (Minami, 2010).

² Katitas website: http://katitas.jp/information/greetings_en.html

with strong roots in regional areas. About 40% of the properties Katitas buys are vacant – part of the over 8million empty houses scattered across Japan – thanks to the disposable home culture (Harding, 2015). What is driving this apparent growing interest in old houses? Which people patronize these houses? What scalable lessons could be learned and how could it contribute to the broader project of ensuring sustainable housing production and consumption in Japan? This study proposes to explore these and other corollary questions.

3. Research questions

(a.) What is driving the apparent rapidly emerging interest in old houses among some Japanese?

(b.) Which people patronize such houses? What could their demographic, socio-economic and other background information contribute to understanding the phenomenon?

(c.) What incentivized Katitas to enter into such an unpopular and risky venture of purveying old houses in a country with a dominant cultural taste for new houses? What scalable lessons could be learned from the Katitas Model?

(d.) What insights could be mined to affect the broader project of promoting sustainable housing production and consumption in Japan?

4. Objectives

(a.) To understand what is driving the apparent emerging interest in old houses among some Japanese.

(b.) Study the patrons of such houses, and explore how such factors as their demographic and socio-economic background could contribute to understanding the phenomenon.

(c.) Explore the incentives of Katitas for entering the venture and the scalable lessons that could be mined from their model.

(d.) Gauge the implications of the findings of the study for the broader project of promoting sustainable housing production and consumption in Japan

5. Summary and critique of existing approaches and methodologies

In places like US, UK and other parts of Europe, because of high maintenance culture, buildings do not only have longer life span, but also older houses are more attractive. This contrasts with the situation in Japan where frequently old houses are abandoned for new ones—a consumption culture decried as wasteful, financially and environmentally unsustainable (Koo & Sasaki, 2008). While the reasons for the high preference for new houses have been widely studied (see, for instance, Koo & Sasaki, 2008; Minami, 2010; 2016; 2017), little effort has gone into unravelling why a significant number of Japanese prefers old houses, despite the dominant taste for new ones and it is this literature gap that this study proposes to explore.

6. Proposed Methodology: Sources of Data and projected problems

The study would adopt mixed methods: qualitative (interviews) and quantitative (questionnaires) and would involve two key participants: the officials of Katitas real estate agency and some of their customers. Before the main study, a pilot one would be conducted to capture some of the issues, which while relevant, might not have been captured in the literature or our conceptualization of the problem. We anticipate that it may be difficult to access the targeted respondents. However, we think we could use contacts from Katitas. We would invite Katitas to participate in the study by phone and/or email (their phone numbers and email address are available on their website) and book a face-to-face meeting with the officials for further discussion. We believe that the meeting would help us to learn more about their operations and in what regions as well as the support they could provide us to reach some of their customers. We intend to focus on one region in the initial stages and benchmark the findings and experience we would gather scaling up the study to cover other regions.

Since none of us is a native of Japan or proficient in Japanese, we anticipate that we may not be able to access and benefit from studies conducted on the topic but written in Japanese. To deal with this problem, we have contacted a master student of the Environmental Science Department of Nagoya University who (although was not part of the 2018 Prosper.Net Young Researchers' School) has shown interest to be part of the project when it takes off.

7. Expected Outcomes and Impact

- Contribute to a better/empirical understanding of Japan's disposable house culture;
- Make recommendations to promote a more sustainable housing production and consumption in Japan.
- Publish the results in international journals.

8. Timeline

Tasks\Time	M1	M2	M3	M4	M5	M6	M7
Literature Review							
Fieldwork							
Data Analysis							
Writing-up							

9. References:

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