All About Minpaku: How Short-Term Rentals Work in Japan

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June 17, 2025

A licensed minpaku property blending comfort and community charm.

What Is Minpaku?

Minpaku (民泊) refers to Japan's licensed short-term rental system; typically owner-occupied homes rented out for up to 180 days per year under the Private Lodging Business Act. More than a simple Airbnb, Minpaku is a regulated hospitality business requiring compliance, licensing, and local zoning rules.

In this guide, you'll learn:

- What minpaku means under Japanese law
- Key licensing types & zoning rules
- Budgeting and ROI strategies
- How to set up your guest experience for success
- Insights from industry veteran **Tracey Northcott**

Prefer a video format?

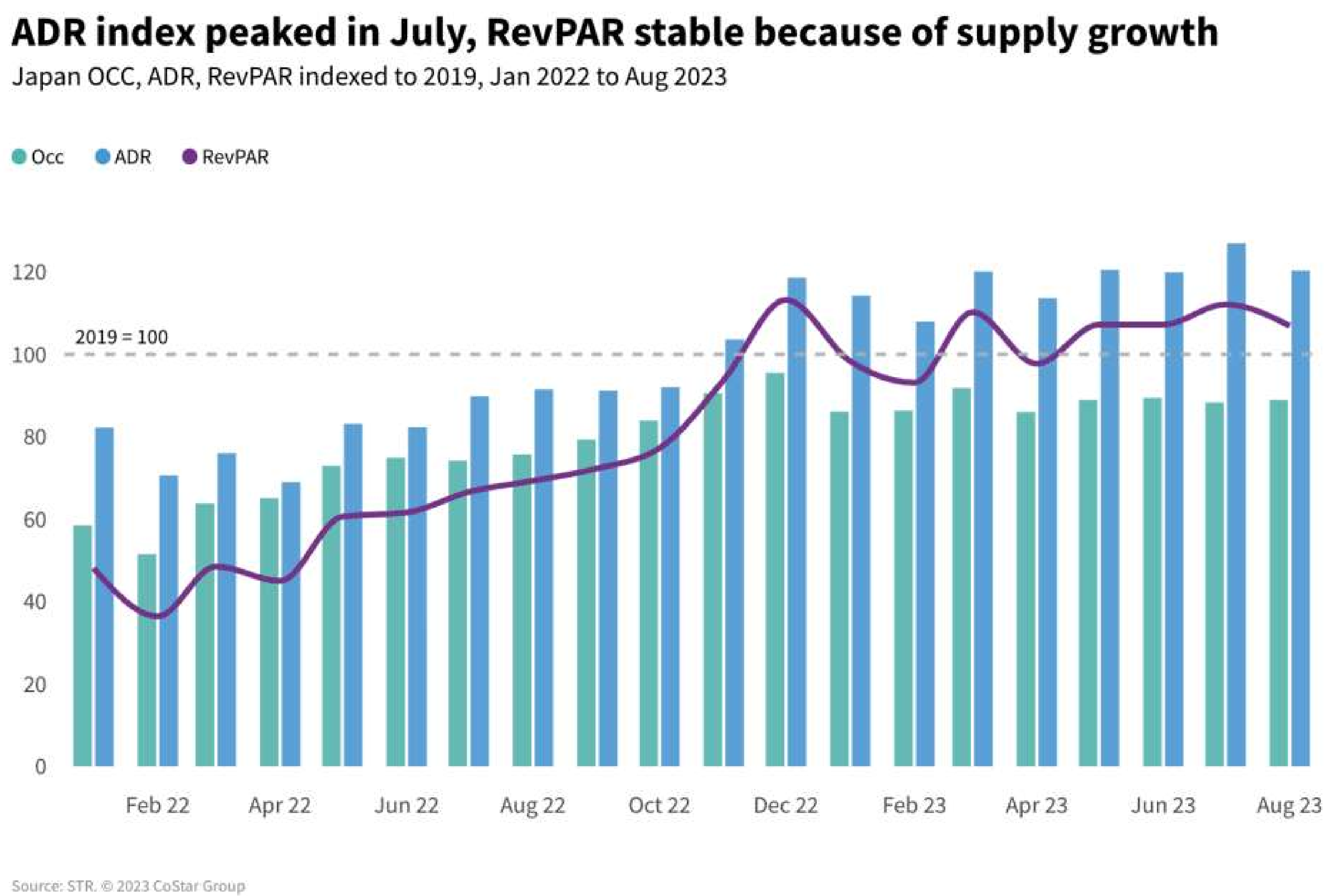
Tracey Northcott shares her expert insights at the 2025 Japan Real Estate Summit below:

Why Now Is the Time for Minpaku

A few points:

- Post-pandemic tourism is booming 🚀
- Hotel prices are surging (ADR up 22% since 2022)
- The weak yen has increased foreign investment and tourist spending

- Experiential stays are now more in demand than luxury hotels



Source:
Japan hotel performance recovery accelerated during the summer months (https://str.com/data-insights-blog/japan-hotel-performance-
(2023)

Minpaku Licensing in Japan: The Legal Framework

License Type	Description	Stay Limit	Overseen By
Minpaku (Private Lodging)	Residential short-term rentals	180 days/year	Health Dept. (Hokenjo)
Ryokan Gyou (Hotel License)	Full-time commercial operations	365 days/year	Fire, City, Tourism
Special Zones (Tokku Minpaku)	Exception areas like Osaka, Otaku	365 days/year	Local Gov't

- **Minpaku License**: Up to 180 days/year; governed by local health office
- **Ryokan Gyou**: Full-time hotel license, 365 days/year; needs fire/city/tourism approvals
- **Special Zones (Tokku Minpaku)**: Full-time in designated areas; local gov't oversight

> *Tip from Tracey:* "Japan's licensing isn't for the faint of heart, hire a scrivener to avoid paperwork burnout."

Zoning & Compliance: Why Every Street Matters

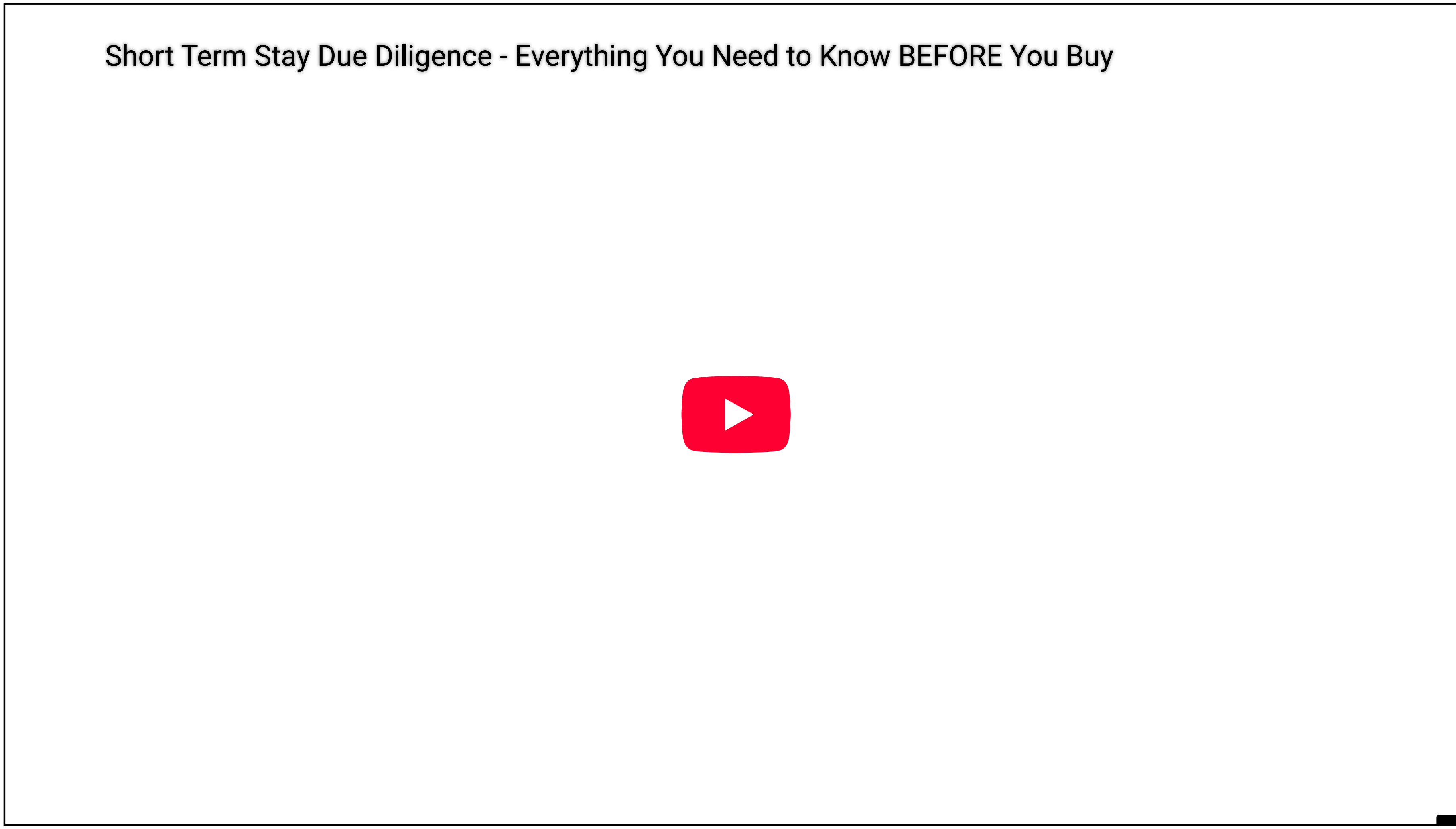
- Before purchasing, check:
- Local zoning types (Residential I, II, Commercial, etc.)
- School proximity laws
- Whether Minpaku is even allowed in your area

📋 Tracey's Zoning Glossary is available on request – contact Tracey directly (https://www.tracey-northcott.com/).

Due Diligence: Crunch the Numbers First

Use tools like PriceLabs (https://www.pricelabs.co/) or AirDNA (https://www.airdna.co/?utm_source=google&utm_medium=cpc&utm_campaign={campaign_name}&utm_term=airdna&utm Don't forget to factor in ADR, seasonality, fees, and management costs.

Watch Tracey's Presentation



In this Summit session, Tracey breaks down the key financial checks before buying a Minpaku property.

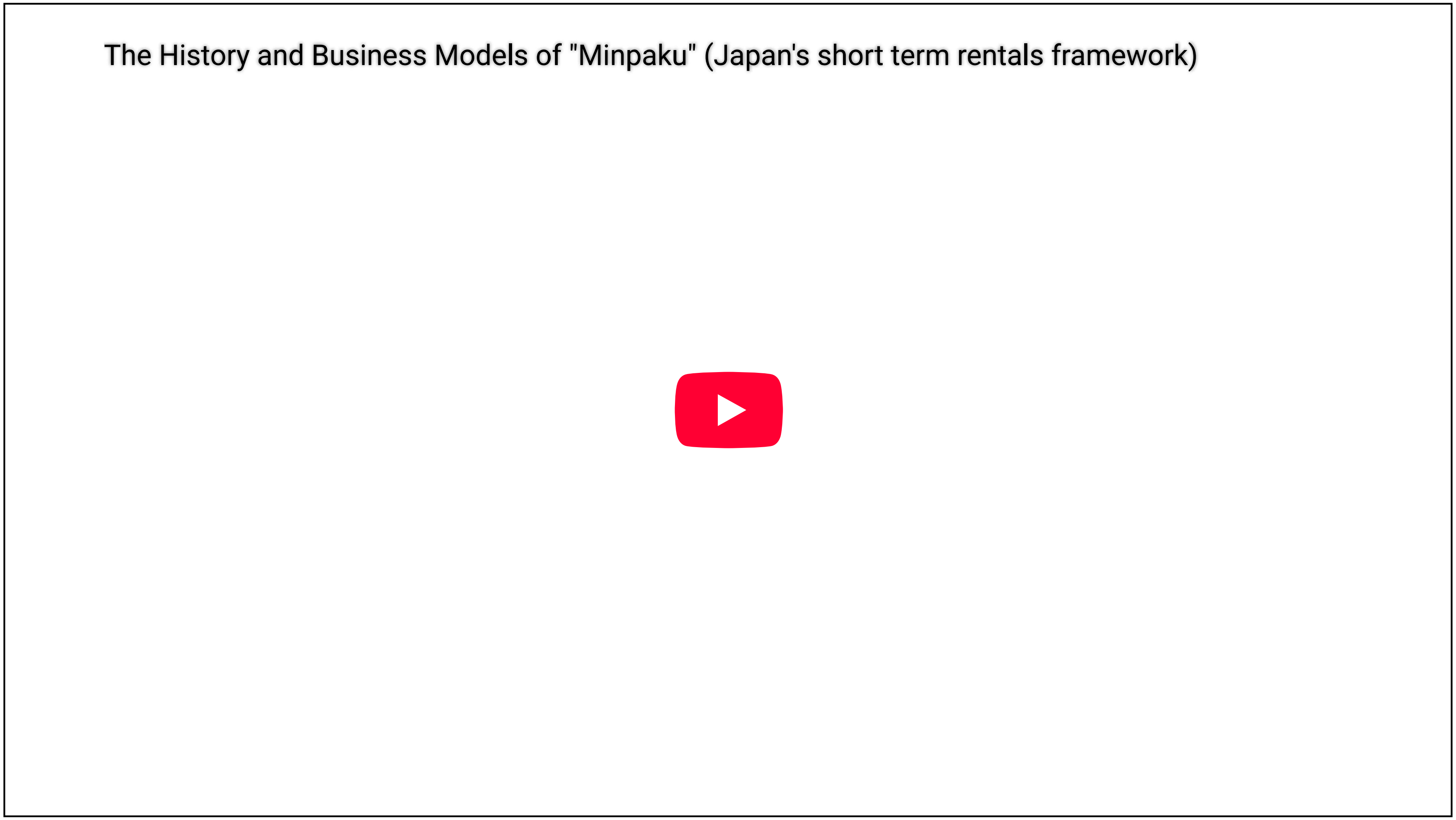
Building the Experience

Tracey: *"You're not just selling a bed.* ***You're selling a story.****" Guest-focused design can shift reviews from 3-star to 5-star.*

Some tips on building the minpaku guest experience:

- Define your Ideal Guest Avatar (e.g. digital nomads, families, solo travelers)
- Focus on authenticity, community, and comfort
- Provide localized experiences, not just accommodation

Some ideas and thoughts about Minpaku:

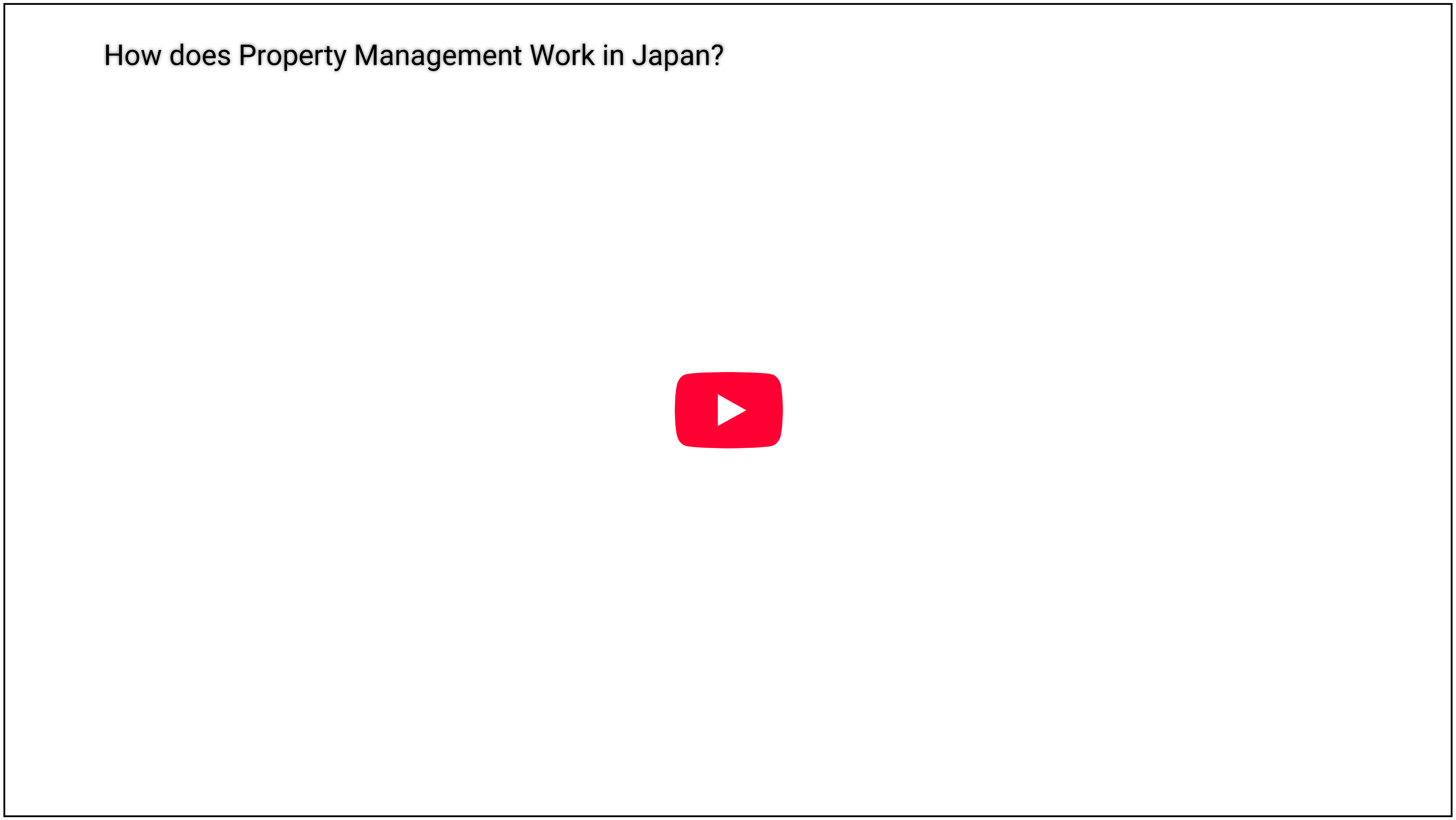


Understand how short-term rentals evolved and where they're headed next.

Some Thoughts on Property Management & Automation

Some thoughts:

- Hospitality is a *human* business
- Automation should serve your brand, not replace it
- Tools like Google Vacation Rentals, Booking.com, and VRBO can diversify your bookings



Panel discussion featuring Tracey Northcott, Emil Gorgees, Blanka Kobayashi, and Ziv Nakajima-Magen.

Common Pitfalls for Foreign Investors

- No license before purchase
- Ignoring strict local rules
- Buying in unsuitable buildings (like condo blocks without permission)
- Misjudging seasonality or guest type
- Over-designing without ROI insight

Tracey's warning: "Good looks and charm won't get you a license. A compliant blueprint will."

Are Minpaku Worth It?

With disciplined compliance, due diligence, and a hospitality mindset, Minpaku offers attractive financial and lifestyle returns in Japan's booming tourism market.

Downloads & Resources

- Tracey's Summit Presentation Slides (PDF) (https://www.dropbox.com/scl/fi/rmdd3u6rgvfrkbipwf3gj/Tracey.pdf?rlkey=vnn91((FREE)
- Tracey's Due Diligence Toolkit (https://www.tracey-northcott.com/product/ultimate-minpaku-due-diligence-pack-from-tracey-n (PAID)

Next Steps

NTI offers property sourcing, licensing guidance, and full property management support across Japan.
Book a free strategy call to explore opportunities. (https://nippontradings.com/contact-us/)

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How The Aging Population is Reshaping Japan

Discover how the Japan 2025 Problem—the rapid aging of the population—is transforming the real estate market. Learn about rising vacant homes, shifting housing demand, and emerging investment opportunities.

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Sell Shibuya Tower Office Space for $673M

Developer Tokyu Land Corporation plans to sell a stake in Tokyo office floors for over JPY 100 billion ($673 million). Despite concerns about increased supply, office rents in Tokyo are rising. Tokyu Fudosan, the parent company, will sell a 49 percent interest in 25 floors of Shibuya Sakura Stage to undisclosed investors.

tanks-reach-capacity/)

Japan's new prime minister on Sunday said the planned mass disposal of wastewater stored at the tsunami-wrecked Fukushima nuclear plant cannot be delayed, despite concerns from local residents.

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(https://nippontradings.com/the-uncertain-dollar-and-the-increased-attraction-to-japanese-properties/) The Uncertain Dollar and the Increased Attraction to Japanese Properties

Investors prefer to park their money anywhere rather than in deposits that provide minimal returns or take a potential hit. For this reason, real estate tends to do well as interest rates drop allowing investors to take advantage of low mortgage rates and buy properties.

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