Global Sustainable Buildings Guide - Japan

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*This chapter was last reviewed in April 2024.*

# Authors

# Green Certification

## Is there a nationally adopted and recognized form of certification for buildings? What is it and is it mandatory for all new buildings and refurbished buildings?

There is a nationally adopted and recognized certification process called the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). It is not mandatory for all buildings, but some local governments require a CASBEE certification or report for the construction of new buildings.

**CASBEE**

The CASBEE was developed in 2001 by a research committee comprised of representatives from academia, industry, and national and local governments. The committee established the Japan Sustainable Building Consortium (JSBC) with the support of the Ministry of Land, Infrastructure, Transport and Tourism. The JSBC is responsible for around 90% of green building certification in Japan.

The CASBEE assesses four aspects of buildings: (i) energy efficiency, (ii) resource efficiency, (iii) outdoor environment, and (iv) indoor and the environment. It also calculates the Built Environment Efficiency (BEE) of the assessed buildings.

CASBEE is characterized by its link to government initiatives. The Ministry of Land, Infrastructure, Transport and Tourism has adopted CASBEE as a selection item in its evaluation guidelines and certification criteria for projects such as the Leading Project for Sustainable Buildings. In addition, local governments have developed their own version of CASBEE by adding their own requirements based on CASBEE.

In many cases, developers seek certification to obtain preferential treatment such as development subsidies and enhanced limits on floor-area ratios that may be made available for buildings that are constructed using CASBEE criteria.

Other certification systems in Japan include the Building-Housing Energy-Efficiency Labeling System (BELS), the Zero Energy Building (ZEB), the Net Zero Energy House (ZEH) and the Development Bank of Japan (DBJ) Green Building certification.

**Obligation to report**

Some local governments, such as Osaka and Yokohama City, require a notification based on CASBEE before commencing the construction of buildings over a certain size.

Generally, in most cases, notification is required at least 21 days prior to the start of construction of buildings with a total floor area of 2,000 square meters or more.

# Energy Performance Certificates and Minimum Energy Standards

## Is there a mandatory form of energy performance certification? When does it apply and are there any prescribed minimum standards?

The Act on the Rational Use of Energy, enacted in 2015, establishes the obligation to conform to certain standards for non-residential buildings with a gross floor area of over 300 square meters, the obligation to notify for residential buildings, and the obligation to explain for buildings under 300 square meters. In addition:

For buildings subject to the obligation to conform, the owner is required to obtain an energy efficiency and conservation conformity assessment by the competent administrative agency or energy efficiency and conservation assessment agency when applying for the required building permit (Article 10).

If notification is required, the owner must notify the competent administrative agency of the energy conservation plan at least 21 days prior to the start of construction (Article 19).

If an explanation is required, the architect must explain to the owner whether the building complies with the energy conservation standards and what measures will be taken if it does not (Article 27).

The amended Act on the Rational Use of Energy will come into effect in July 2025. After enactment, all buildings will, in principle, be required to comply with certain specific standards. In particular:

Buildings that do not comply with the applicable standard will be subject to a correction order, and failure to comply with such an order may result in a fine of up to JPY 3 million (Article 73 of the amended Act on the Rational Use of Energy).

Different standards and obligations are established for different types of buildings, such as single-family dwellings, large-scale non-residential buildings, and buildings with special structures and equipment.

# Incentives for Green Retrofit

## Are there any government-funded or sponsored schemes for improving the energy efficiency of existing buildings and, broadly, how do they work?

The Earthquake Resistance and Environmental Real Estate Formation Promotion Project is an example of a government-funded scheme aimed at improving the energy efficiency of existing buildings.

Under this program, the government supports financing for the renovation of existing buildings if the renovation is expected to (i) reduce the building’s overall energy consumption by 15% or more, or (ii) bring the building up to the A-rank standard of CASBEE.

The Ministry of the Environment also offers a number of subsidy programs for energy conservation retrofits, including support for renovation projects to reduce carbon dioxide emissions, support for renewable energy such as the development of small-scale hydroelectric power generation at water supply and sewage facilities and investment in low-carbon investment promotion projects.

These programs provide support according to the use and scale of the building.

For example, the “Energy Conservation Promotion Project for Existing Buildings” supports the renovation of existing office buildings by private companies.

Eligible projects are those that reduce the energy consumption of the entire building by 20% or more compared to the level before the renovation.

If these conditions are met, one-third of the renovation costs will be supported up to a maximum of JPY 50 million.

# CO2 and Energy Targets

## Are there any national targets for CO2 reduction and/or energy use reduction from buildings? If there are, are there any exclusions?

The only national target in Japan in relation to CO2 reduction was adopted on 22 October 2021, when Japan’s Cabinet approved the “Plan for [Global Warming Countermeasures](https://www.env.go.jp/earth/ondanka/keikaku/211022.html)“. There are currently no specific targets decided solely in relation to CO2 reduction and/or energy-use reduction from buildings.

This plan is the first revision in five years of the plan adopted in 2016. In April 2021, Japan announced its goal to reduce greenhouse gas emissions by 46% in FY2030 compared to FY13.

The new plan is designed to achieve the above goal, calling for the expansion of renewable energy, the expansion of mandatory compliance with energy conservation standards for homes and buildings, and the creation of decarbonized major regions.

# Renewable Energy

## Are there any regulations requiring a percentage of energy consumption to come from renewable sources?

Although there are no regulations in Japan mandating the percentage of renewable energy in energy consumption, several Japanese prefectures and local governments have made the installation of renewable energy mandatory for buildings that meet certain conditions.

For example, the Tokyo Metropolitan Government passed an ordinance in December 2022 making the installation of solar panels mandatory for new residential buildings with a roof area of 20 square meters or more, and a total floor area of less than 2,000 square meters. The ordinance is due to take effect in April 2025.

# Regulation

## What other national regulatory measures are there, such as taxes on energy consumption and/or tax reliefs on energy-saving measures, that can encourage more efficient use of energy in buildings?

Local governments in Japan provide financial support and tax incentives for CASBEE certification.

In addition, the National Tax Agency has established a special tax-credit system for specified home improvements. Under this system, when an individual undertakes general heat insulation repair work, (“**General Energy-Saving Repair Work**”) on a residential house owned by the individual, the individual will be eligible for a grant of a tax credit if the house becomes energy efficient as a result of the General Energy-Saving Repair Work. In addition, the National Tax Agency also established a tax-credit system that provides for a special tax credit for specified residential renovations under certain conditions when an individual has made general heat-insulation modifications to their residential house, and the house is used for their own residential purpose between 1 April 2014 and 31 December 2023.

In the Tax Reform Bill of 2024, a decision was made to extend this system until the end of 2025.

In addition, the Low Carbon Building Certification System provides tax and financing incentives for buildings that have been certified as low-carbon buildings.

Furthermore, the Tokyo Metropolitan Government is granting corporate enterprise tax exemptions to corporations that have installed energy-saving and renewable energy facilities. To be eligible for this program, corporations must: (1) have a capital of JPY 100 million or less; and (2) file a specific report (e.g., a global warming action report) with the Bureau of Environment. If a company that meets these requirements installs energy-saving equipment designated by the Tokyo Metropolitan Government, one-half of the installation cost will be exempted from corporate enterprise tax for that year. This program is applicable to each fiscal year ending on or before 30 March 2026.

# Financing

## Are there any public or private “green” financing initiatives for sustainable real estate projects?

The “Earthquake Resistance and Environmental Real Estate Formation Promotion Project,” the “Special Tax Credit for Specified Residential Repairs,” and the “Low Carbon Building Certification Program” are all examples of public “green” financing initiatives.

In addition, the Ministry of Land, Infrastructure, Transport and Tourism; the Ministry of Agriculture, Forestry and Fisheries; and the Ministry of the Environment have a number of other programs to support “green infrastructure,” which utilizes the functions of the natural environment for infrastructure development.

As of April 2024, there are no private “green” financing initiatives for sustainable real estate projects.

# Planning

## Is the national or local/state government able to mandate green initiatives via the planning/zoning regime (e.g., district heating systems on large developments)?

In Japan, there is no system to mandate such initiatives via the planning/zoning regime. However, an initiative called “positive zoning” was adopted under the revised Global Warming Countermeasures Act of 2021.

Under this initiative, the government can designate areas suitable for the installation of solar panels, etc., and encourage investment in solar energy.

In addition, Article 5 of the Green Purchasing Act provides that “business proprietors and citizens shall endeavor to select eco-friendly goods as much as possible when purchasing or borrowing goods, or receiving the provision of services.” It also provides that businesses and citizens have a general obligation to make an effort to do so. The Act mainly focuses on government agencies and instrumentalities, stipulating the authorities’ obligation to establish basic policies on the purchase of environmental goods, etc.

# Green Leases

## Are green leases or green lease provisions mandatory or optional? If mandatory, to whom do they apply? If optional, is there significant take up?

Green leases and green lease provisions are optional in Japan. Such leases are not currently common in Japan, but they are increasing in number and are more widely seen in main cities such as Tokyo and Osaka.

The following is a summary of typical green lease provisions:

Confirmation of collaboration on environmental considerations

First, as a prerequisite for a green lease, the contracting parties might consider a provision to the effect that they will work together on environmental considerations regarding the property subject to the contract. Although such provision may not provide for specific measures, it has the effect of confirming that the contracting parties are willing or are committed towards collaborating to enter into a green lease.

Setting targets such as reduction of energy consumption

In addition to confirming cooperation, setting specific targets can have the effect of making the lease more effective from a “green” perspective. Not only is it possible to set targets at the time of contracting, but it is also possible to set them after the contract has been signed. Specific target items could include, for example: (1) consumption of electricity, gas and other energy sources; (2) greenhouse gas emissions; (3) water consumption; and (4) waste generation, treatment and recycling status.

Sharing energy consumption data and other information

A green lease may also include provisions for sharing energy consumption and other data in order to set targets and measure the effects during the term of the lease. The extent to which detailed data is shared may vary depending on the individual lease agreement, but one method is to start with a simple scope and then broaden the scope of shared items through discussion.

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