

HOUSING WARRANTY SCHEME IN JAPAN PART2

JANUARY 2026

The Foundation for Housing Warranty

Housing Warranty Scheme in Japan

The purpose of this series of notes is to help people who are interested in the housing warranty system in Japan. We hope this will contribute to a mutual understanding of the housing warranty system and housing policies with people outside of Japan. The information described in this booklet is as of September 30, 2025.

Fiscal Year : One year from April to March

Housing business providers include home builders, suppliers or licensed real estate agents

Abbreviation	
AEDWL	Act for Execution of Defect Warranty Liability under HQAA
CHORD	The Center for Housing Renovation and Dispute Settlement Support
HQAA	Housing Quality Assurance Act
HQAS	Housing Quality Assurance System
JPA	Japan Prefabricated Construction Suppliers and Manufacturers Association
LSCF	Large-scale Loss Compensation Fund
MC	Ministry of Construction
MLIT	Ministry of Land, Infrastructure, and Transport and Tourism
OWH	Organization for Housing Warranty
SDS	Security Deposit Scheme

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1-1. Current status of housing in Japan

Diagram 1 Housing Stock

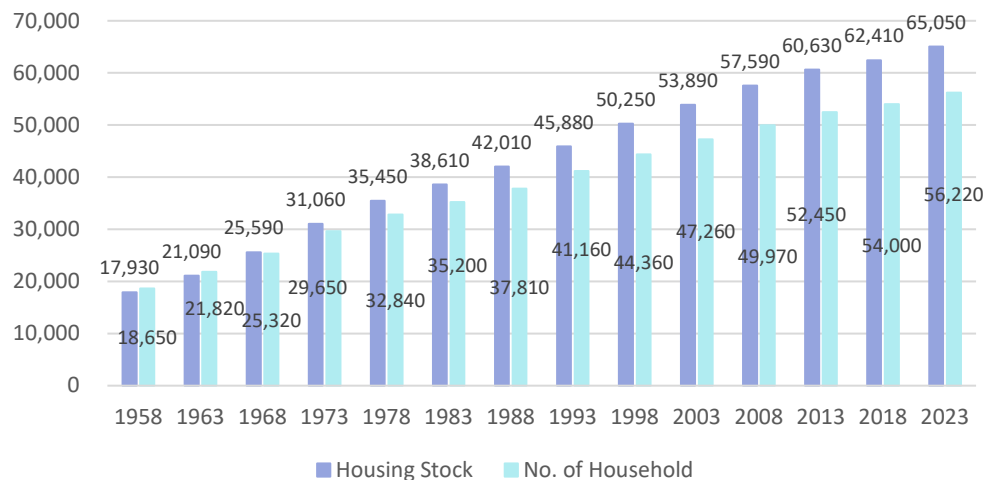
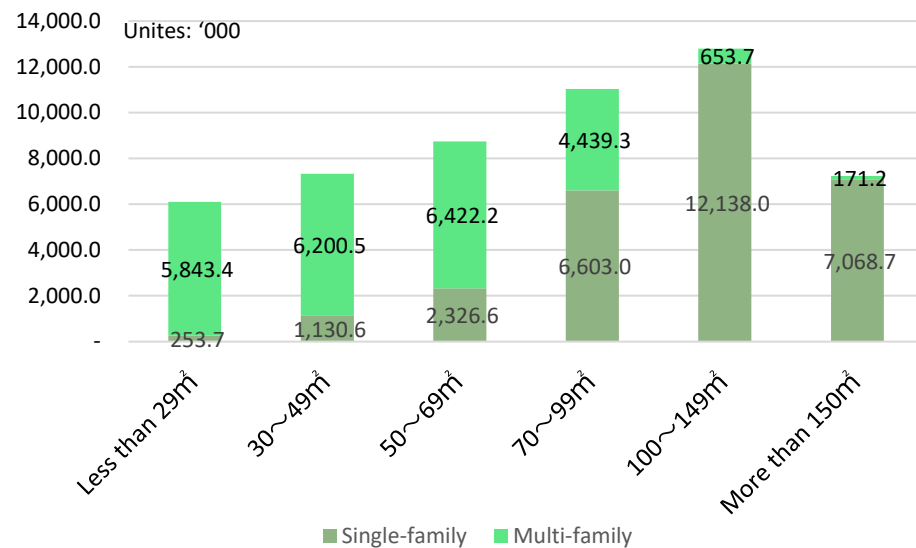


Diagram 2 Housing stock by floor space (m²)



1-2. Current status of housing in Japan

Diagram 3 Property Price Index

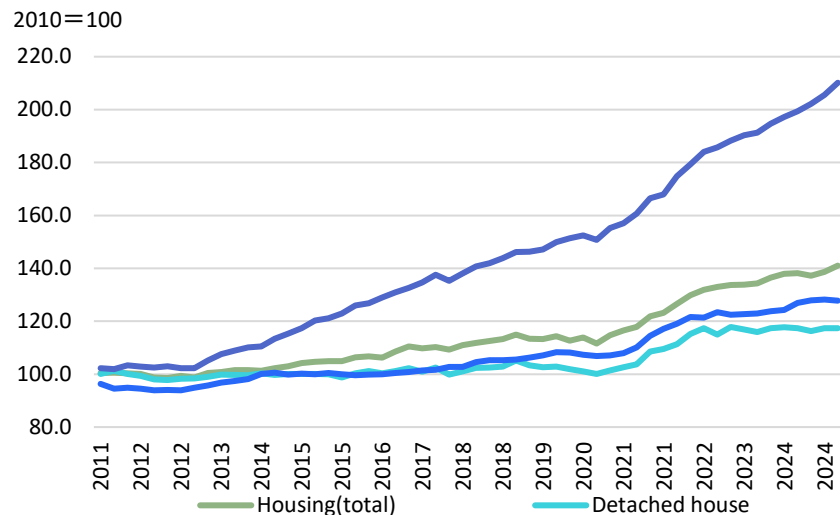


Diagram 4 Construction Cost Deflators

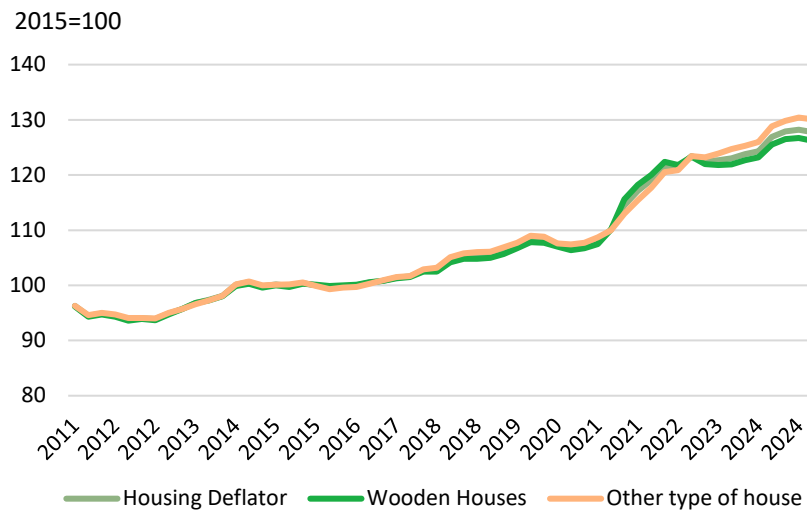
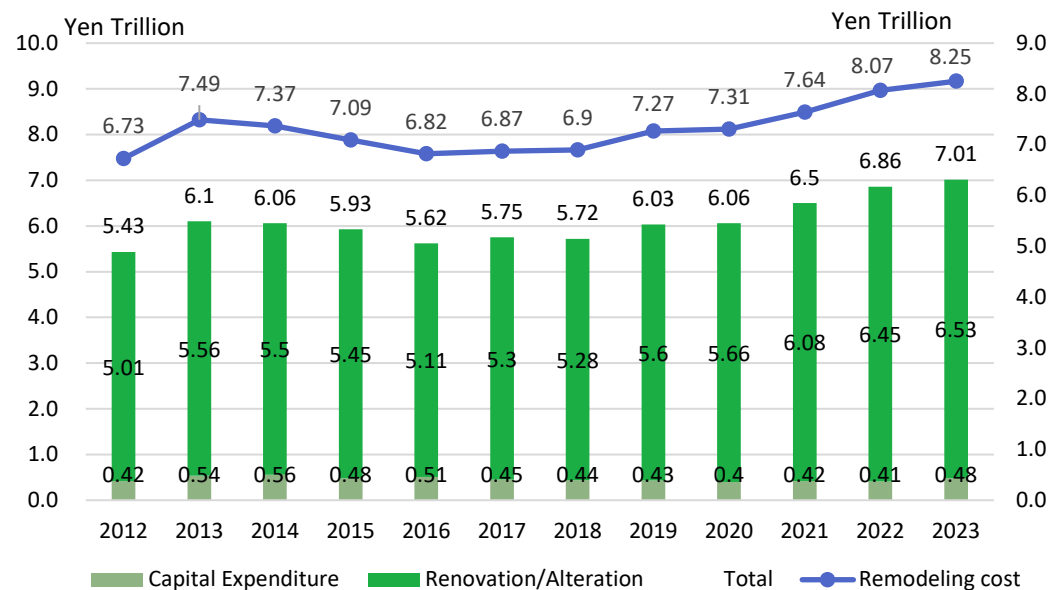


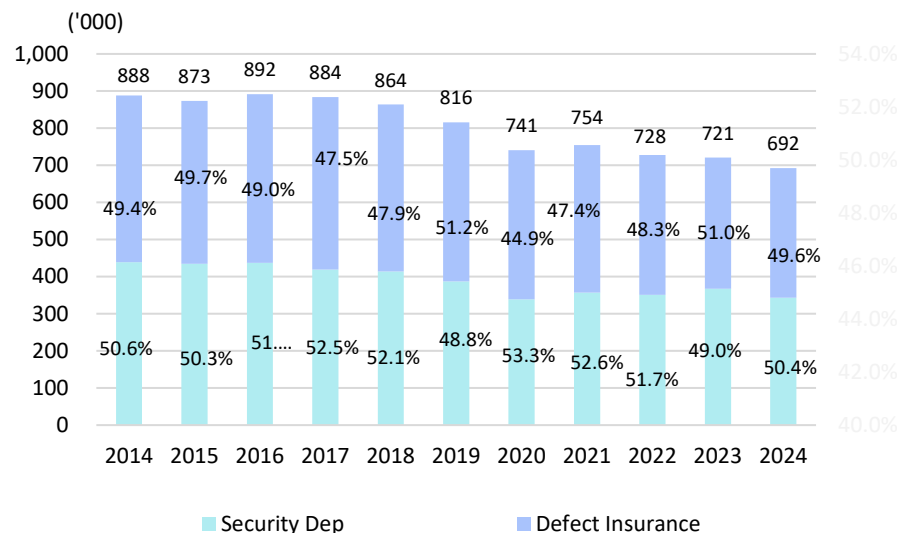
Diagram 5 Market size of remodeling in Japan



Source Diagram 3 and 4 - MLIT

2. Statistics of Defect Liability Insurance

Diagram 6 Number of newly built houses with secured financial resources under



- The number of newly built houses is covered by the Security Deposit system and the Defect Liability Insurance System based on AEDWL on an around 50:50 basis.
- Housing business providers who supply less than 1,000 units per year tend to choose Defect Liability Insurance instead of Security Deposit system as a measure of securing financial resources.
- The share of Defect liability Insurance has been in downward trend and was 46% against total new housing starts in FY2023.

Source : MLIT, Number registered newly built houses on either Security Deposit System or Defects Liability Insurance

Diagram 7 Number of newly built house for New House Defect Liability Insurance (Type I)

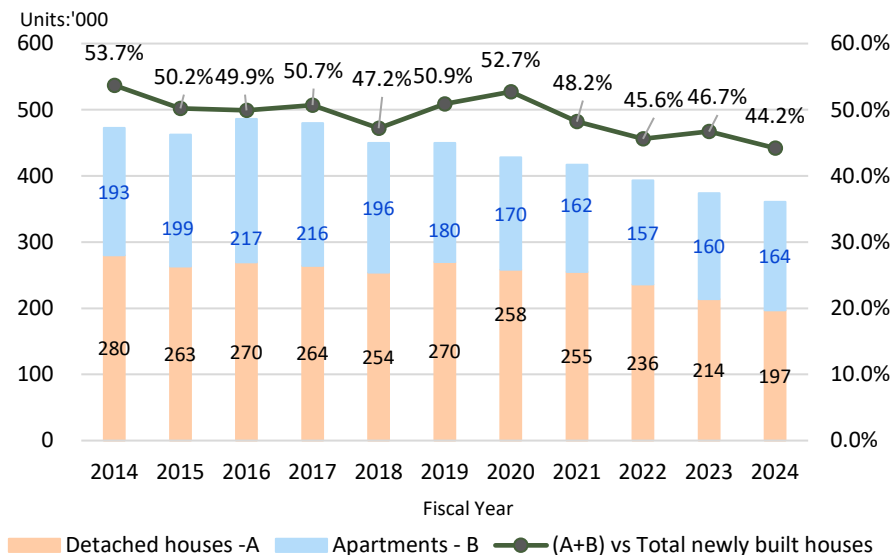
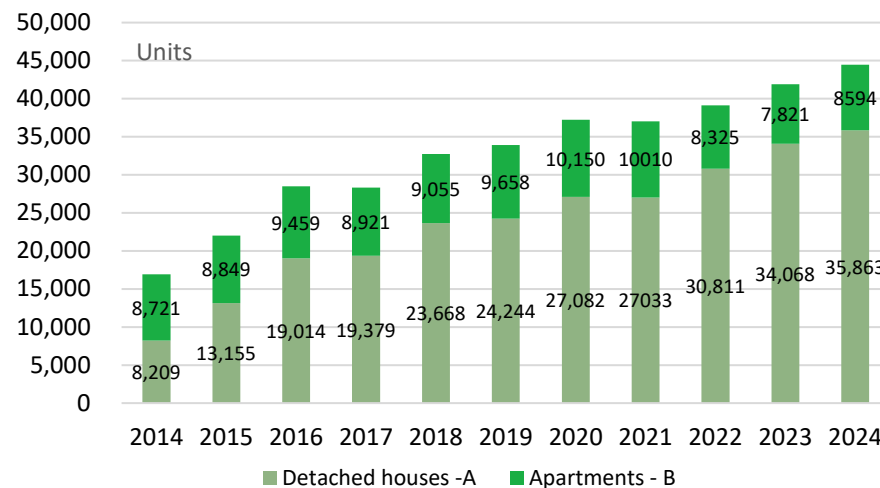


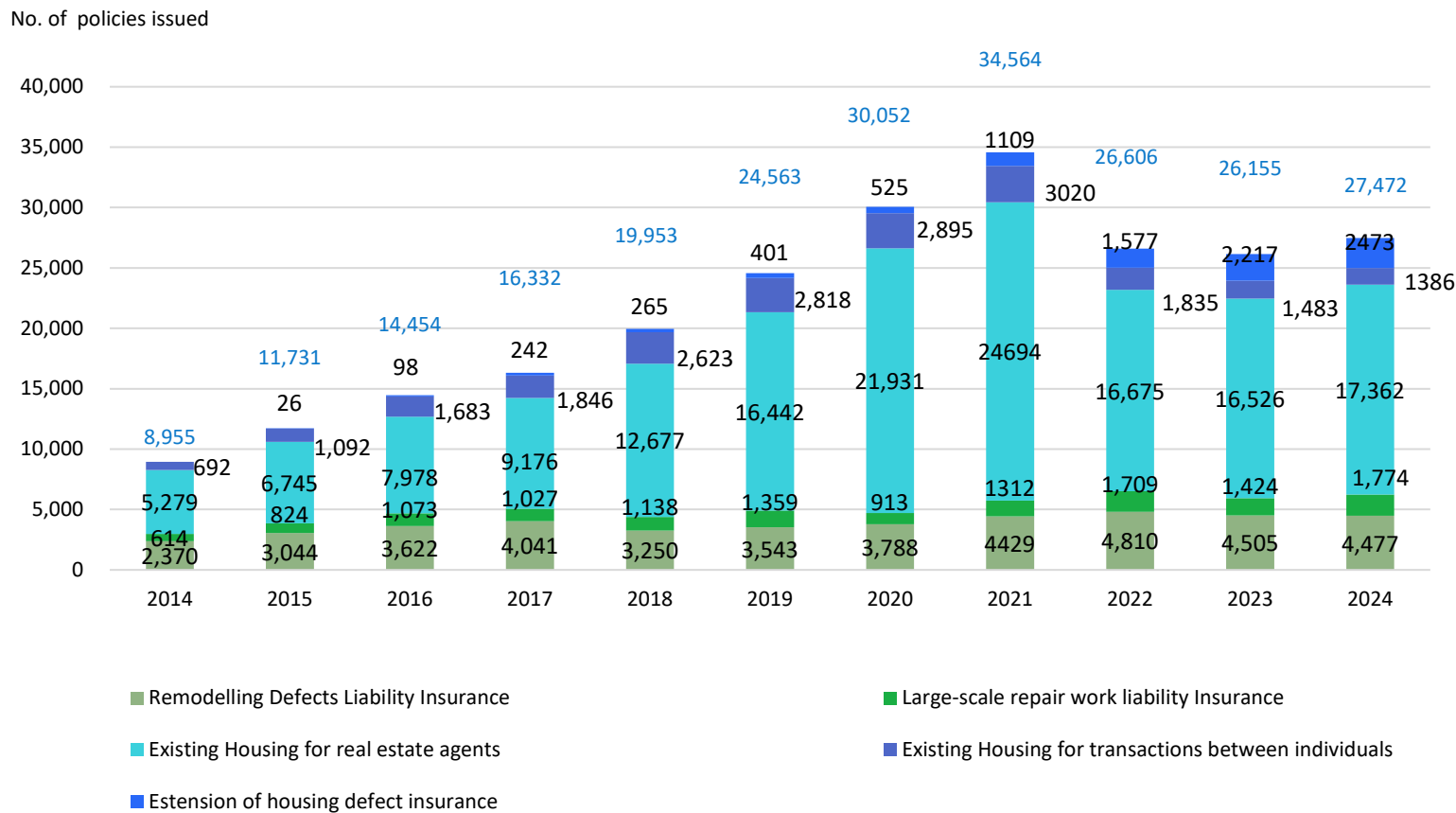
Diagram 8 Number of newly built house for New House Defect Liability Insurance (Type II)



Source : CHORD, Annual statistics regarding housing related issues 2025

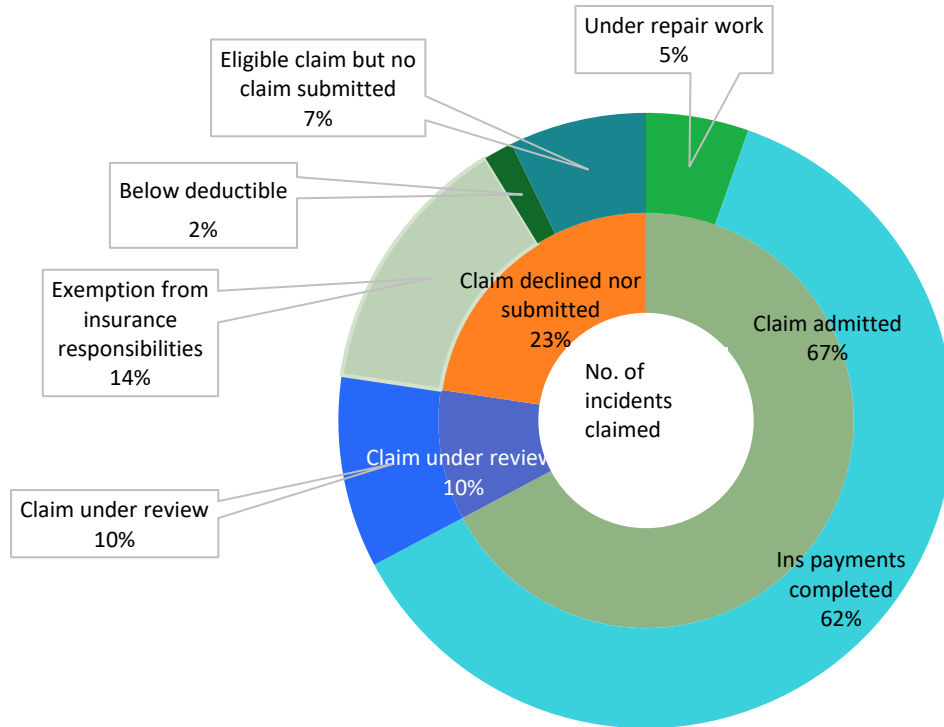
2-2. Statistics of Defect Liability Insurance

Diagram 9 Number of insurance policies issued related to the existing housing warranty program



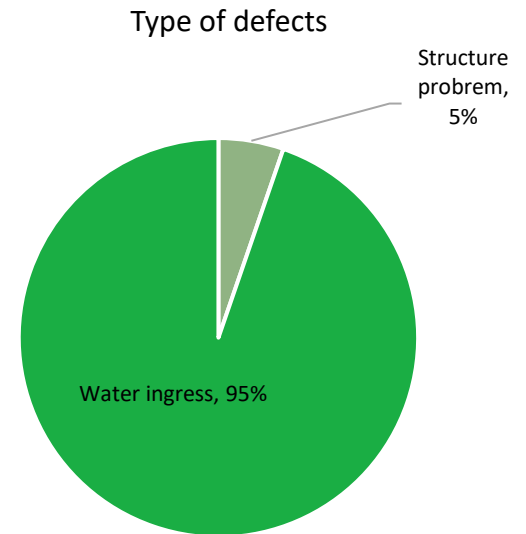
2-3. Statistics of Defect Liability Insurance

Diagram 10 Events insured of Defect Liability Insurance during 2008 - Mar 2025
(data provided by insurance corporations on an accumulated basis) To be Updated



- Occurrence ratio of events insured: 0.38%
(= No. of claim admitted 17,013 / Accumulated number of insurance policies 4,489,034).

- Average insurance payment per policy: Yen 1.24million
(Water Ingress : Yen 1.1million, Structure: Yen 3.67million)



3. Source

Diagram	Name	Sources
Diagram 1	Housing stock	MIC, the Housing and Land Survey 2023
Diagram 2	Housing stock by floor space	MIC, the Housing and Land Survey 2023
Diagram 3	Property Price Index	MLIT
Diagram 4	Construction Cost Deflators	MLIT
Diagram 5	Market size of Remodeling in Japan	CHORD, Annual statistics regarding housing related issues 2025
Diagram 6	Newly built houses with secured financial resources for New Housing Defect Liability Insurance	MLIT, Number registered newly built houses on either Security Deposit System or Defects Liability Insurance
Diagram 7	Number of insurance policies issued regarding newly build houses (Type I)	CHORD, Annual statistics regarding housing related issues 2025
Diagram 8	Number of insurance policies issued regarding newly build houses (Type II)	CHORD, Annual statistics regarding housing related issues 2025
Diagram 9	Number of insurance policies issued regarding existing houses and buildings	CHORD, Annual statistics regarding housing related issues 2025
Diagram 10	Type of defects of insured events regarding Newly Housing Defects Warranty Insurance (Wooden detached houses)	MLIT

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