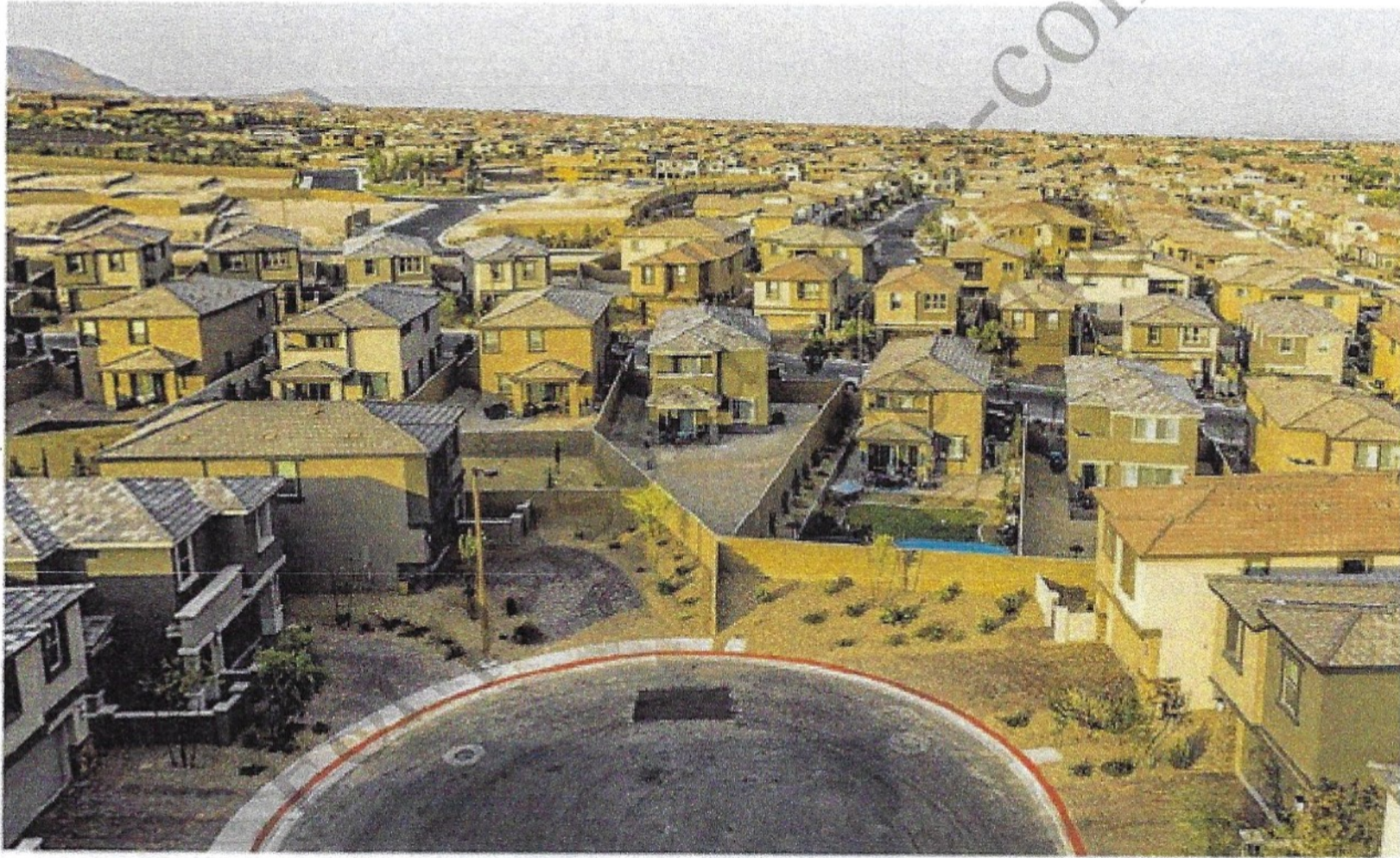


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Higher mortgage rates have kept many U.S. home buyers on the sidelines, which has left builders struggling to sell their new houses. A Las Vegas neighborhood. ROGER KISBY/ BLOOMBERG NEWS

Japan Home Builders Bet Big on the U.S.

Home construction is slowing, but Asian country's investors are piling in anyway

BY REBECCA PICCIOTTO

For more than a decade, Japanese home builders have been tiptoeing into the U.S. housing market with small, discreet acquisitions of private American construction companies. Their quiet era is over.

Japanese builders have announced or closed acquisitions of 23 U.S. single-family home builders since 2020, more than double the number from 2013 to 2019. That doesn't include the multifamily developers and construction-supply companies they have also bought. By some estimates, Japanese builders are now set to own about 6% of the U.S. homeconstruction market.

"It started small," said John Burns, chief executive of John Burns Research and Consulting. "But Japanese corporations tend to play the game with a very long mindset."

Not

(1)

Japanese companies are accelerating their U.S. presence at a moment in which the American home-construction market is slowing down. Higher mortgage rates have kept many buyers on the sidelines. That has left builders struggling to sell their new houses. President Trump is also trying to ban large institutional investors from buying single-family homes, which would block another important avenue that builders use to sell their housing. -Note

But for these Japanese builders, even a soft U.S. market is a better alternative to expanding at home. The birthrate in Japan has mostly declined every year for the past decade, and the median age continues to grow older. The population issues have led Japanese builders to look overseas for new markets in which to grow, such as Europe, Australia and especially the U.S. -Note

In February, **Sumitomo Forestry**, a centuries-old Japanese home builder and timber company, announced its \$4.5 billion acquisition of **Tri Pointe Homes**. Tri Pointe, a Nevada-based public builder, produces about 5,000 homes a year and ranks among the top 20 builders in the country.

Once it closes, that deal is expected to catapult **Sumitomo** to become the fifth-largest home builder in the U.S.

In 2024, Japan-based home builder **Sekisui House** rattled the industry with its \$4.9 billion purchase of **M.D.C.** Holdings, also a top-20, publicly traded U.S. builder. That acquisition made Sekisui House the sixth-largest home builder in the U.S.

Home builders from Canada and Australia have also trickled into the U.S. over the past several decades, but none has expanded its footprint as seriously as the Japanese, Burns said.

Regulatory uncertainty has become an increasing cause for concern in acquisition talks for certain types of U.S. builders, said Chris Jasinski, chief executive of JTW Advisors, an investment-banking firm that has advised on Japanese acquisitions of U.S. builders, but Japanese companies still see opportunities.

“Japan’s population is shrinking,” said Toru Ishii, board director and senior managing officer at Sekisui House, speaking through a translator. “Compared to that, the U.S. market in terms of its scale and also its potential is still very appealing.” Factory-built housing is much more popular in Japan than it is in the U.S., partly because U.S. building sites are often located far away from factories. The growth of Japanese home builders in the U.S. could eventually mean an uptick in factory-built housing in America. Already, some Japanese builders are starting to instill their manufactured housing processes in their newly bought American companies.

Ishii said the slower market is a good time for Sekisui House’s U.S. companies to start learning the more efficient ways of Japanese home-building. Sekisui House is beginning to integrate prefabricated construction for some higher-end U.S. homes. “If the economy was going gangbusters and all you had to do was stick a sign out in front of the house to sell it, no one would have any interest in Sekisui House technology,” Ishii said.

Because Japan has lower interest rates than the U.S., builders such as Sekisui House can often outbid their competitors chasing the same deal. Japanese buyers have won more than half of the builder deals brokered by Whelan Advisory, an investment-banking firm that has worked on the deals, said Chief Executive Margaret Whelan.

Sometimes, the Japanese beat out Lennar and D.R. Horton, the biggest U.S. home builders. “The Japanese are often the highest bidder,” Whelan said.

When they buy a U.S. builder, Japanese companies typically leave existing employees in place and allow the company to operate somewhat independently, according to executives who have sold to the Japanese.

That management style is part of what drew Michael Maples and Gregg Nelson to sell a majority interest of their company, Trumark Homes, to Japan-based **Daiwa House** in 2020.

Initially, the two founders were just looking for a new investor to fund their next several projects. But they said Daiwa’s nonaggressive management style closed the deal.

“They’ve relied on our local expertise and given us room to operate as we see best,” said Nelson, who continues to run the company as co-CEO.

Some U.S. companies have used capital earned in a sale to keep building in the markets where everyone else has pulled back.

JPI, a national multifamily developer acquired by Sumitomo in 2023, is chasing new projects in oversupplied Sunbelt cities such as Austin, Texas; Denver; Charlotte, N.C.; and Phoenix. Most other builders have left those cities because rents have declined.

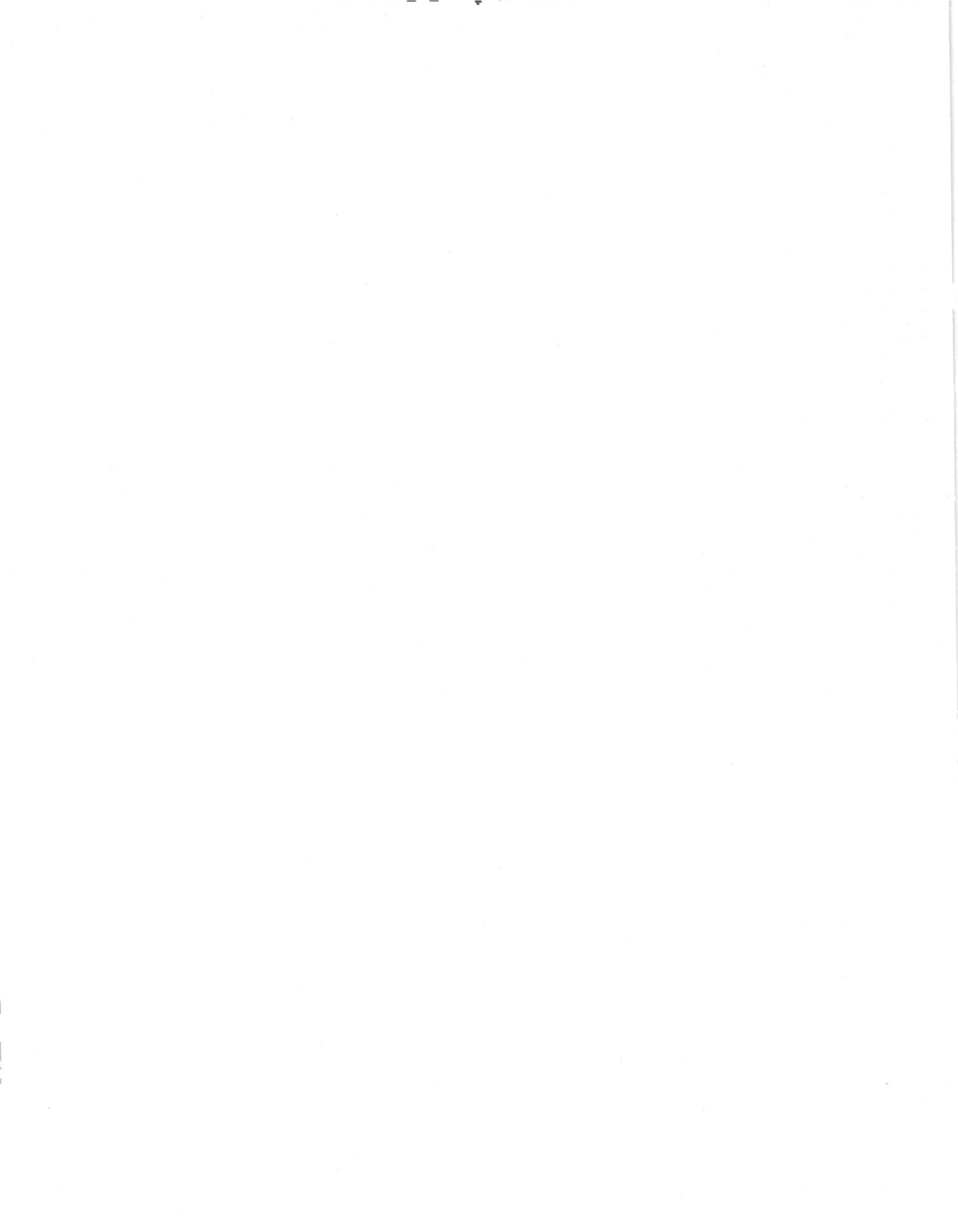
By growing in these cities when few others are, JPI is betting that it will own larger shares of these markets by the time rents start to rise again.

6% Percentage of U.S. home-construction market owned by Japanese companies

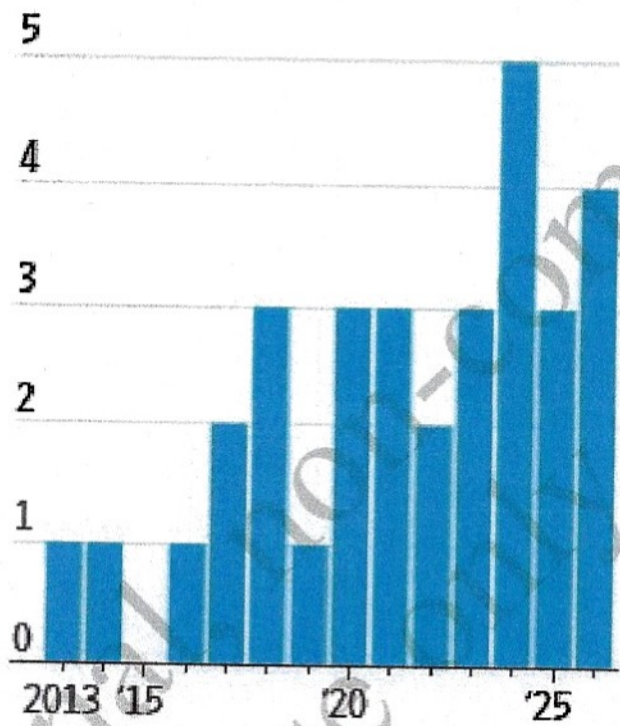
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Number of U.S. home builders acquired by Japanese builders



Note: No acquisitions in 2015. Two of the 2026 acquisitions were announced, but haven't closed yet.

Sources: Whelan Advisory; JTW Advisors

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