

News Release

**New housing starts in FY 2030 will number 180,000 owner occupied units, 110,000 built for sale units, and 250,000 rented units**

**- The housing renovations market will remain steady around 6 trillion yen, while the vacant home ratio will double to more than 30% -**

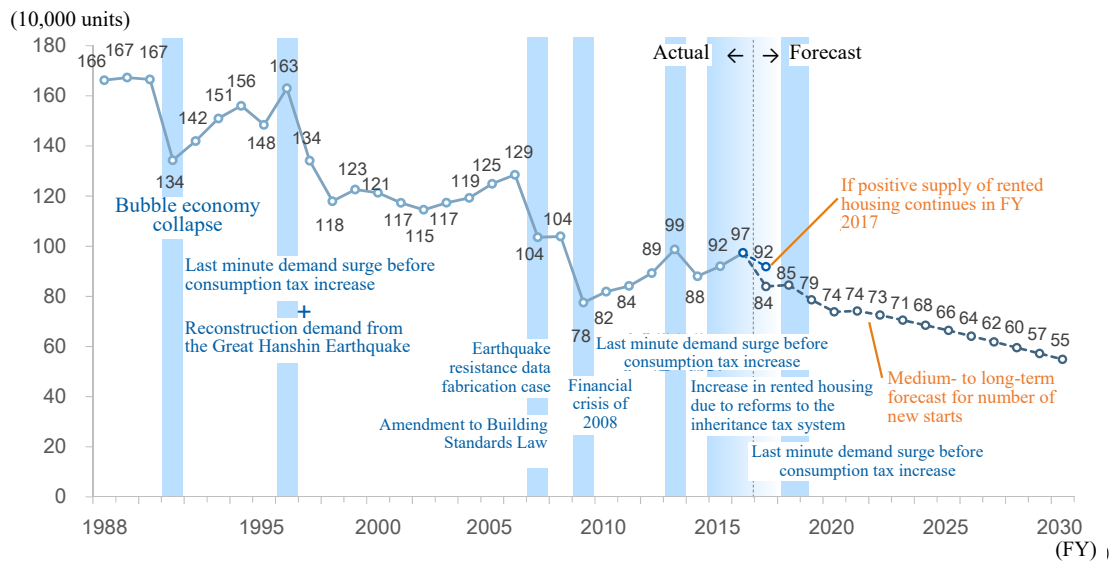
**Tokyo, June 20, 2017** - Nomura Research Institute (NRI), a leading provider of consulting services and system solutions, has forecast<sup>\*1</sup> the number of new housing starts and the size of the renovations market for the fiscal years 2017 through 2030. NRI has also projected the number of vacant housing units and the vacant home ratio (the ratio that vacant housing units comprise of the total number of units) for the years 2018 through 2033.

The overall number of new housing starts is forecast to decrease from 970,000 in fiscal 2016 to 740,000 in fiscal 2020, and 660,000 in fiscal 2025, and 550,000 in fiscal 2030. Looking at the number of housing starts in fiscal 2030 in terms of owner-occupant relation<sup>\*2</sup>, NRI forecasts that 180,000 will be owner occupied units, 110,000 of them will be built for sale, and 250,000 of them will be rented (including housing issued by companies to employees as part of their salary). Based on medium- to long-term trends, NRI forecasts 840,000 new housing starts for fiscal 2017, but also forecasts that this figure could rise to 920,000 (of which 420,000 would be rental units) if the recent activity in inheritance-related measures and other such factors continues having a positive effect on the supply of rental units (Graph 1, Graph 2).

As for the renovations market, defining it in broad terms<sup>\*3</sup>, NRI forecasts the size of the market to remain steady at 6 trillion yen per year through the year 2030 (Graph 3). The forecast is roughly 1 trillion yen smaller when defining the market more narrowly.

If existing homes do not go on to be demolished or effectively used for non-residential purposes, the number of vacant homes and the vacant home ratio are both forecast to rise, to 21.66 million and 30.4% respectively in the year 2033 (Graph 4).

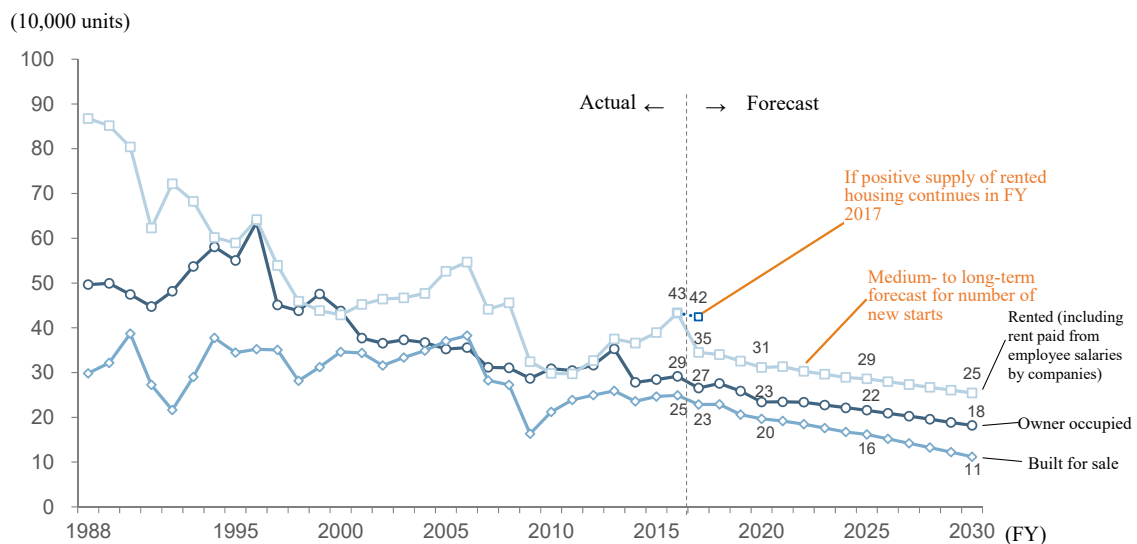
**Graph 1: Results of actual and forecast figures for new housing starts (overall)**



Source) Actual figures from Ministry of Land, Infrastructure, Transport and Tourism, “Statistics for Housing Starts.”

Forecast figures are from NRI.

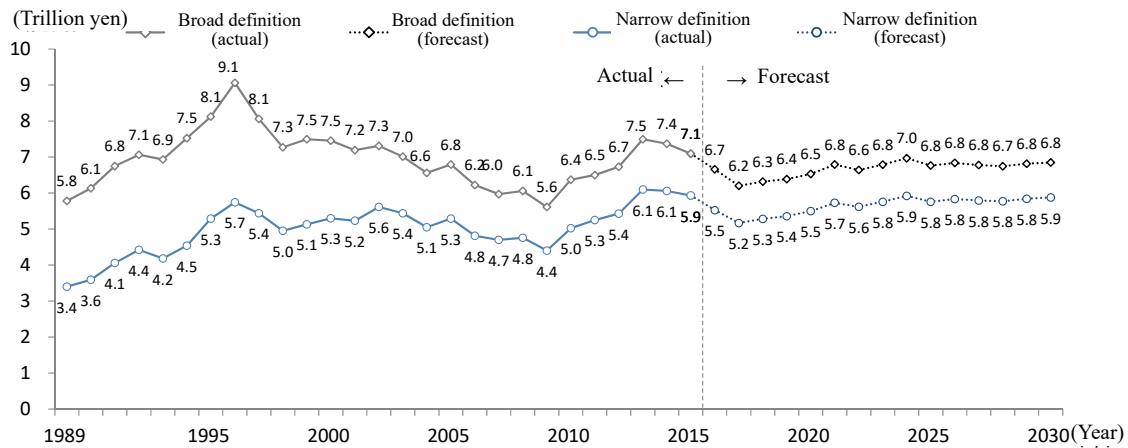
**Graph 2: Results of actual and forecast figures for new housing starts (by owner-occupant relation)**



Source) Actual figures from Ministry of Land, Infrastructure, Transport and Tourism, “Statistics for Housing Starts.”

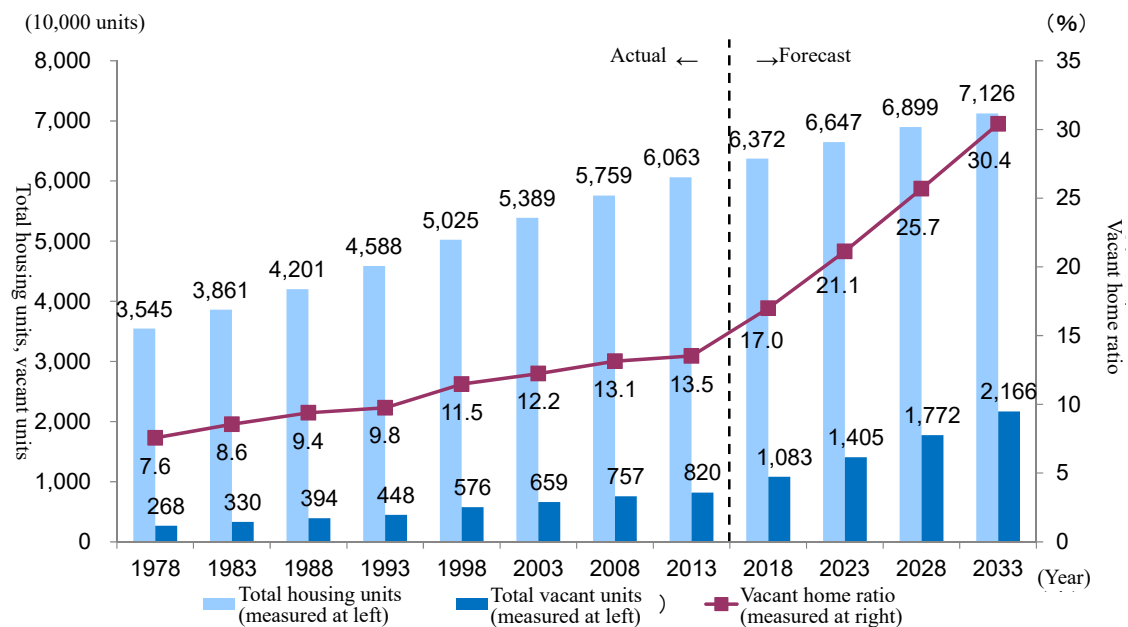
Forecast figures are from NRI.

**Graph 3: Results of actual and forecast figures for the size of the renovations market (broadly and narrowly defined)**



Source) Actual figures from Center for Housing Renovation and Dispute Settlement report “Size of the Housing Renovations Market (2015 edition).” Forecast figures are from NRI.

**Graph 4: Results of actual and forecast figures for total number of homes, number of vacant homes, and vacant home ratio**



Source) Actual figures from Ministry of Internal Affairs and Communications “Housing and Land Survey.” Forecast figures are from NRI.

**\*1 Forecasts for the number of new housing starts and the size of the renovations market:**

These forecasts take into account the impact (last-minute demand surge before the tax increase, and downturn afterward) of the consumption tax increase scheduled for October, 2019 for the number of new housing starts. However, this impact was not accounted for in the forecasts for the size of the renovations market. Since the start of construction may be moved forward or delayed along with economic trends, there may also be some fluctuations in the actual number of starts and the size of the renovation market.

**\*2 Classification by owner-occupant relation:**

Categories for housing starts statistics classify “owner occupied units” as “built for the purpose of the owner living in them”, “built for sale” as “built for the purpose of selling as ready-built housing or as condominiums”, and “rented” as “built for the purpose of being rented out by the owner.”

**\*3 Definition of the broad and narrow definitions of renovations market size:**

The narrow definition of the renovations market size indicates “addition and reconstruction projects calculated as ‘newly-built housing’ in housing starts statistics” and “maintenance and repair costs for facilities, etc.”

The broad definition of the renovations market size adds “the amounts spent for purchases of durable goods, interior products, and other such items related to renovations such as air conditioners and furniture” to the narrow definition of renovations market size (from the Center for Housing Renovation and Dispute Settlement).

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## **About NRI**

NRI is a leading global provider of system solutions and consulting services, including management consulting, system integration, and IT management and solutions for financial, manufacturing, retail and service industries. Clients partner with NRI to expand businesses, design corporate structures and create new business strategies. NRI has over 12,000 employees in its offices globally including New York, London, Tokyo, Hong Kong and Singapore, and reports annual sales above \$3.7 billion. For more information, visit <https://www.nri.com/global/>

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