

US Housing Market & Energy-Efficient Homes

Why Japanese long-life, low-energy homes have become a hedge for American investors.

Executive Summary

American electricity prices are climbing structurally, not cyclically. Between 2010 and 2024, the U.S. average residential electricity rate rose by roughly 30 percent in nominal terms, and in 2025 alone the national average increased another 6.7 percent — adding about \$116 to the typical household's annual bill. Utilities have already filed \$71.2 billion in rate-increase requests through 2028.

Behind the price curve sit three forces that are not going away: AI-driven data-center demand, an aging transmission grid in need of multi-decade reinvestment, and the rising cost of climate resilience. The result is an American homeowner who, for the first time in a generation, sees energy efficiency not as an environmental gesture but as a household defense.

This is the macro setting in which Japanese long-term, high-insulation housing finds its American moment. Japan's Long-Life Quality Housing standard, ZEH-grade envelopes, and factory-precision construction directly answer the two pain points American buyers now name first: rising utility bills and outage risk. Iida Group Holdings — Japan's largest detached-home supplier and the parent of Hajimekensetsu — entered this market in April 2025 with the acquisition of Atlanta-based Patrick Malloy Communities. The opportunity is no longer theoretical.

Part 1 • The Structural Rise in American Electricity Prices

The headline numbers

Data from Lawrence Berkeley National Laboratory and the U.S. Energy Information Administration show a clear, sustained upward trend in retail electricity prices from 2019 through 2024. Over the longer horizon since 2010, average nominal rates have risen approximately 30 percent. In 2025, the national average rose 6.7 percent year over year, adding roughly \$116 to the typical household's annual electricity bill.

Utility companies across the country have filed for \$71.2 billion in additional rate increases through 2028. The trajectory is not expected to reverse.

The three drivers behind the trend

Demand-side pressure. Building electrification, accelerating EV adoption, and the explosive growth of AI-driven data centers are all energy-intensive demands appearing simultaneously. Data centers in particular have begun reshaping regional grid load profiles in ways utilities did not forecast five years ago.

Aging transmission and distribution. The American grid is, by international standards, old. Modernization is no longer optional — it is being capitalized into rate base. Every dollar of grid investment ultimately appears on someone's monthly bill.

Climate resilience. Wildfires, hurricanes, and severe storms have forced utilities to invest in hardening, undergrounding, and storage. Resilience costs are real and rising. They, too, are recovered through rates.

The household-level consequence

The Census Bureau's 2024 Household Pulse Survey found that 34 percent of American households had cut back on food or medicine in order to pay an electricity bill. This is no longer a fringe statistic. It is, in plain English, the lived reality of one in three American homes.

On the consumer side, the response has been swift. Residential battery storage capacity in the United States grew 51 percent year over year in 2025, with forecasts pointing to a further 120 percent expansion by 2030. American homeowners are no longer passive grid consumers. They are becoming active energy managers — pairing rooftop solar with batteries, shifting load away from expensive hours, and increasingly enrolling in virtual power plant programs to monetize their flexibility.

Regional variation

The U.S. electricity market is best described as a mosaic. State-level regulatory choices, energy mix, and grid topology produce pronounced price differences. In a small set of states — Iowa, New Mexico, South Dakota — heavy adoption of wind and solar has held inflation-adjusted rates flat or downward. But this is the exception. The national trend is unambiguous: structural increases for the foreseeable future.

Part 2 · Why Japanese Housing Standards Matter Now

Comparing Japanese and American performance metrics

Japanese homes are evaluated using UA-value, a whole-envelope heat-transfer coefficient measured in $\text{W/m}^2\cdot\text{K}$. American homes use R-value (thermal resistance, in $\text{ft}^2\cdot^\circ\text{F}\cdot\text{h}/\text{BTU}$) and U-factor (the inverse, in $\text{BTU}/\text{hr}\cdot\text{ft}^2\cdot^\circ\text{F}$). Lower UA-values and lower U-factors mean better performance; higher R-values mean better performance.

The two systems are mathematically convertible. Multiplying a Japanese UA-value by 0.176 yields a U-factor in American units; taking the reciprocal of that U-factor yields R-value. A Japanese high-performance home with UA-value $0.247 \text{ W/m}^2\cdot\text{K}$ translates to roughly R-23 — a level of insulation that significantly exceeds typical U.S. residential construction in most climate zones.

American code is rising — but the gap remains

The International Energy Conservation Code (IECC) 2024 has tightened envelope requirements, particularly in cold-climate Zones 5 and 6, where vertical fenestration U-factor is now 0.28. Third-party verification of air barrier and insulation installation has also been introduced. These are real improvements.

However, IECC remains a code minimum. Japanese builders working to ZEH-grade and Long-Life Quality Housing standards routinely operate substantially above this floor — particularly in the airtightness dimension, where Japanese precision construction consistently achieves results unfamiliar to American site-built construction.

Japan's Long-Life Quality Housing standard

The Japanese Long-Life Quality Housing (chōki yōryō jūtaku) framework is not a single-metric energy rating. It is a holistic specification covering five dimensions simultaneously:

Durability. Measures ensuring the structural frame remains serviceable across generations — termite protection, moisture management, undercroft access.

Seismic performance. Designed to remain repairable and habitable after the kind of severe earthquake that occurs once every several centuries.

Maintainability. The structural skeleton and the interior fit-out are designed for separate lifecycles. Plumbing, wiring, and finishes can be cleaned, inspected, and replaced without disturbing the structure.

Energy efficiency. Envelope performance at the highest current insulation grade — ZEH-water-shed level or above.

Living environment and disaster preparedness. Harmony with local context and physical consideration of natural-disaster risk.

American professional opinion has begun to recognize this comprehensive approach as a distinct category — one that addresses the structural weaknesses of conventional 2x4 construction (thermal bridging at every stud, air leakage at every joint, variable installation quality) in a single integrated package.

Part 3 • Japanese Builders Reshape the American Landscape

The capital flow

Faced with a permanently shrinking domestic market — a function of declining population and household formation — Japan's largest housing companies have systematically shifted growth capital toward the United States. The geographical focus has been the Sun Belt: Texas, Arizona, Georgia, Florida, and the Carolinas, where job creation and migration are concentrated.

After the current round of acquisitions completes, the three largest Japanese players — Sekisui House, Sumitomo Forestry, and Daiwa House — will together hold at least 5.5 percent of the U.S. single-family construction market. For context, this would place them, in aggregate, among the top tier of U.S. national homebuilders.

The technology transfer

The capital is not flowing without intent. Japanese builders bring three structural advantages to a U.S. industry that has wrestled with labor shortages, lengthening schedules, and quality variability for two decades:

Factory precision. Components are cut to millimeter tolerances in computer-controlled facilities, reducing field error and shortening on-site cycle time.

Mass customization. The Japanese industry pioneered the integration of high-volume factory production with individualized floor plans and finishes — a problem U.S. modular builders have struggled with for years.

Airtightness and envelope discipline. Japanese builders routinely deliver air-change rates that conventional American site-built construction does not reach.

Sekisui House SHAWOOD: the proof of concept

The most visible demonstration of Japanese quality in the U.S. premium segment is Sekisui House's SHAWOOD brand, deployed in California and elsewhere. The Sommers Bend community in Temecula consists of 57 homes, all of which meet net-zero-energy criteria as standard. Every home ships with rooftop solar and integrated battery storage capable of approximately six days of fully off-grid operation in the event of extended utility failure.

Despite a starting price above \$1.7 million, demand has been substantial. The combination American buyers are paying a premium for — precision envelope performance plus genuine energy autonomy — is the same combination Japanese builders deliver as a matter of course.

Part 4 • Iida Group Holdings & Hajimekensetsu

Japan's largest detached-home builder enters the U.S.

Iida Group Holdings — the parent of Hajimekensetsu and the largest player in the Japanese subdivision-housing market — has committed to U.S. expansion as a strategic priority. The group's consolidated half-year results for fiscal 2025 (April–September) showed revenue of approximately ¥685 billion and operating profit of approximately ¥39.5 billion. The capital base required for sustained U.S. investment is in place.

The Patrick Malloy acquisition

In April 2025, Iida Group's subsidiary ARNEST ONE established Arnest One America, Inc. and took a controlling interest in Patrick Malloy Communities (PMCO Holdings, LLC) — an Atlanta-based builder with more than 10,000 lots developed and over 7,000 homes delivered since 1994. PMCO reported \$117 million in revenue for the year ending December 2024.

Why Atlanta. Why 55+.

PMCO's strategic pivot — away from first-time buyers and toward 55+ active-adult communities under the Soleil brand — aligns with two of the most reliable trends in the U.S. housing market:

Demographic tailwinds. The Baby Boomer generation is retiring in volume and migrating from the Northeast and Midwest toward the Sun Belt. Atlanta sits in the receiving zone — warm enough, affordable enough, and inland enough to avoid the worst hurricane and wildfire exposure.

Buyer characteristics. Active-adult buyers tend to be cash-rich (from the sale of a prior home), interest-rate-resilient, and acutely sensitive to ongoing operating costs — utilities, repairs, future modifications. They are precisely the buyer profile for whom Japanese durability and envelope performance translate into the most economic value over time.

I.D.S. — the Iida construction system

Hajimekensetsu and its sister companies build using the proprietary Integrated Design System (I.D.S.) — a hybrid of traditional Japanese post-and-beam framing with engineered structural panels. I.D.S. achieves the top grade in every Japanese structural performance category: seismic, wind, durability, and maintainability. Components are precut to millimeter precision in factory conditions; site work is reduced to assembly, with reduced dependence on local labor skill variability.

The skeleton-infill principle and the aging-in-place case

Japanese Long-Life Quality Housing separates structural skeleton (designed for 100+ years) from interior infill (designed to be reconfigured over time). For a 60-year-old buyer in an active-adult

community, this is not abstract. It is the practical question of whether the home they buy today can be adapted, twenty years from now, to a wheelchair, to a ground-floor bedroom, to a reconfigured bathroom — without demolishing structural walls. In conventional American construction, those reconfigurations are expensive and disruptive. In skeleton-infill construction, they are routine.

For a buyer planning to age in place, this is one of the most consequential design choices available — and one that almost no American competitor is offering at this price point.

Part 5 • The Implication for Foreign Investors in Japanese Homes

If the United States is now paying a structural premium for housing that delivers low energy costs and resilience to grid failure, the same logic, run in reverse, applies to the question that brought you to this page: what is the value, today, of owning a Japanese home?

The hedge

A Japanese ZEH-grade home is, in effect, a hedge against the American energy cost curve for any owner whose primary residence is in the United States. Utility costs in Japan have not moved on the trajectory U.S. costs have moved. The thermal envelope, the appliances, and the structure are all built to a standard that places Japanese homes among the most energy-efficient developed-market housing stock available.

The brand recognition that exists where it matters

American buyers — including those considering a Japanese property as a second home, a long-term investment, or a future relocation — already encounter Iida Group's work through Patrick Malloy Communities in Atlanta. The Iida and Hajimekensetsu name is no longer an abstraction. For an American investor evaluating a Japanese property, the builder is now a known quantity with U.S. operations.

The thesis in one line

Owning a Hajimekensetsu home in Japan is, for an American investor, the inverse of the trade their American neighbors are now making: paying a premium in California for what Hajimekensetsu builds as standard in Osaka.

Sources

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