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Home Warranty Service Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented, By Coverage Type (Basic Coverage, Enhanced Coverage, Customized Coverage), By Property Type (Single-Family Homes, Multi-Family Homes, Commercial Properties), By Service Provider (National Companies, Regional Companies, Local Contractors), By Region & Competition, 2021-2031F

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Abstracts

The Global Home Warranty Service Market is projected to experience significant growth, expanding from USD 4.17 billion in 2025 to USD 8.13 billion by 2031, reflecting a CAGR of 11.77%. This market consists of service contracts designed to cover the cost of repairing or replacing major home systems and appliances that fail due to standard wear and tear. The market's upward trajectory is largely driven by the need for financial protection against escalating repair costs and the maintenance demands associated with an aging housing stock. A primary factor fueling this demand is the increasing average lifespan of residential properties, which requires more frequent systemic attention. Highlighting this trend, the National Association of Home Builders reported that the median age of owner-occupied homes in the United States reached 40 years in 2024, emphasizing the critical need for coverage in older residences.

Despite these positive drivers, market expansion faces hurdles due to volatility in real estate transaction volumes, which act as a key distribution channel for these services. Economic difficulties and a shortage of housing inventory have dampened home sales, thereby limiting opportunities to secure new contracts. This constraint is clearly reflected in buyer demographics; according to the National Association of Realtors, the share of

first-time home buyers fell to a historic low of 24 percent in 2024. This decline restricts the influx of new customers who typically enter the market through traditional property transfer avenues.

Market Driver

The surging costs associated with repairing and replacing home systems serve as a major catalyst for the expansion of the Global Home Warranty Service Market. As inflation and supply chain interruptions drive up the prices of labor and materials, homeowners are increasingly turning to warranty contracts to shield themselves from steep out-of-pocket expenses. This financial pressure is intensified by the growing cost of routine maintenance, compelling consumers to seek fixed-cost solutions that help stabilize their annual household budgets. Data from Thumbtack?s 'Home Care Price Index' in October 2024 illustrates this strain, revealing that the average annual cost to maintain a single-family home in the United States climbed to $10,433 in the third quarter of 2024, representing a 5.9% increase compared to the same period in the previous year.

Market adoption is further accelerated by increasing consumer demand for financial protection against the unpredictability and frequency of system breakdowns. Faced with economic uncertainty, modern homeowners prioritize coverage that protects their liquidity from sudden mechanical failures in essential appliances and infrastructure. This heightened risk awareness is supported by a rise in unexpected service events; according to the '2024 Housepower Report' by Hippo in January 2025, 83% of surveyed U.S. homeowners experienced unexpected home repairs in 2024, a figure that nearly doubled from 46% the prior year. The reliance on service contracts to manage such volatility is evident in industry performance, with Frontdoor, Inc. reporting full-year revenue of $1.78 billion for 2023 in 2024, marking a 7% increase driven largely by stronger pricing power and customer retention.

Market Challenge

The growth of the Global Home Warranty Service Market is notably impeded by fluctuations in real estate transaction volumes. A significant proportion of home warranty contracts are initiated during the closing process of residential property sales, leaving the market heavily dependent on the health of the housing sector. When economic headwinds or inventory shortages suppress home sales, the primary channel for distributing warranty service contracts contracts is constrained. This reduction in property transfers directly limits the intake of new policyholders. Without the triggering

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event of a home sale, warranty providers face challenges in acquiring customers, as homeowners are generally less inclined to purchase coverage independently of a transaction.

The link between low sales volume and market stagnation is clearly demonstrated by recent industry statistics. According to the National Association of Realtors, existing home sales in 2024 dropped to a seasonally adjusted annual rate of 3.84 million in September, indicative of prolonged stagnation in the market. This decline in turnover shrinks the addressable market for service agreements, creating a difficult environment for revenue generation and restricting the overall expansion of the sector.

Market Trends

The operational landscape of the Global Home Warranty Service Market is being reshaped by the integration of AI-driven claims processing and automation. Providers are deploying machine learning algorithms to automate technician dispatching, which reduces administrative burdens and accelerates resolution times. By utilizing digital platforms to match service requests with appropriate contractors, companies are optimizing their logistical networks and enhancing the customer experience. This shift toward automated efficiency is highlighted by market leaders; for instance, Frontdoor, Inc.'s '2024 Annual Report' in February 2025 noted that its proprietary platform enabled its preferred contractor network to complete 85 percent of all home warranty service requests in 2024, demonstrating the widespread reliance on digital workflows to handle claim volumes.

Concurrently, the market is pivoting toward IoT-enabled predictive maintenance, transitioning the service model from reactive repairs to proactive risk mitigation. Smart sensors enable warranty providers to monitor system performance in real-time, detecting anomalies such as water leaks or HVAC fluctuations before they escalate into catastrophic failures. This connectivity lowers the severity of claims while aligning with the growing adoption of connected property devices. The scale of this technological influence is underscored by the broader protection sector; according to a September 2024 article by Chubb titled 'Smart Solutions: IoT's Impact on Risk Mitigation in Property Insurance,' the number of IoT connections in North America is forecast to reach 5.4 billion by 2025, indicating a massive opportunity for data-driven preventive strategies.

Key Market Players

America's First Choice Home Club

- Home Buyers Warranty Corporation
- First American Home Warranty Corporation
- Frontdoor, Inc.
- Cinch Home Services, Inc.
- FirstService Corporation
- Old Republic International Corporation
- Liberty Home Guard
- Select Home Warranty
- ServicePlus Home Warranty

Report Scope

In this report, the Global Home Warranty Service Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

- Home Warranty Service Market, By Coverage Type
  - Basic Coverage
  - Enhanced Coverage
  - Customized Coverage
- Home Warranty Service Market, By Property Type
  - Single-Family Homes
  - Multi-Family Homes

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Commercial Properties

Home Warranty Service Market, By Service Provider

National Companies

Regional Companies

Local Contractors

Home Warranty Service Market, By Region

North America

United States

Canada

Mexico

Europe

France

United Kingdom

Italy

Germany

Spain

Asia Pacific

China

India

Japan

Australia

South Korea

South America

Brazil

Argentina

Colombia

Middle East & Africa

South Africa

Saudi Arabia

UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Home Warranty Service Market.

Available Customizations:

Global Home Warranty Service Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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