



IMPROVING AMERICA'S HOUSING 2019

PRESS RELEASE Embargoed until Tuesday, March 12, 2019 at 12:01 a.m.

As Homebuilding Lags in the US, Remodeling Industry Picks Up the Slack

Harvard University research center releases new report on the home improvement industry

CAMBRIDGE, MA – The home remodeling market in the US expanded by more than 50 percent since the end of the Great Recession, according to [*Improving America's Housing 2019*](#), a new report to be released March 12 by the **Harvard Joint Center for Housing Studies**. The 20th anniversary report in the series produced biennially by the Center's Remodeling Futures Program finds that, as homebuilding struggled to meet the nation's growing housing needs, spending on improvements and repairs to both owner-occupied and rental properties hit a record of nearly \$425 billion in 2017.

"With new construction slowly recovering from historic lows, 40 percent of the country's 137 million homes are at least 50 years old," said Abbe Will, Associate Project Director in the Remodeling Futures Program. "The aging of the housing stock has been a boon to the remodeling industry, with spending surpassing investment in homebuilding every year for over a decade, and contributing 2.2 percent to US economic activity in 2017."

The steady uptick in house prices in many markets and the aging population are also driving increased spending on home improvements and repairs. Rising prices mean growing home equity, which provides owners both the incentive and the means to undertake more and larger projects. Additionally, older households have higher homeownership rates than younger households, and many have the resources to afford major renovations, including accessibility modifications that allow them to remain safely in their homes as they age. Households 55 and over account for half of all improvement spending by homeowners today.

Although younger households have struggled to gain a foothold in the homeownership market since the housing crash, the number of owners under 35 is finally showing signs of a rebound, and so is their remodeling spending. In particular, younger households contribute significantly more to local improvement spending in many metros across the Midwest and the South, where owning is more affordable than in high-cost metros on the east and west coasts.

With homeownership recovering, almost 7 million rental and vacant units were converted to owner occupancy in 2016 and 2017, and their owners invested \$50 billion in improving their condition. Additionally, homeowner spending on repairs following natural disasters totaled about \$30 billion, accounting for 6 percent of national home improvement expenditures in 2016–2017.

To pay for home improvements, homeowners relied largely on savings, even for major projects; more than half of projects costing \$50,000 or more in 2017 were funded by cash. Expanding the ability of owners to pay for improvement projects over time—whether through home equity loans or lines of credit, cash-out refinances, or contractor-arranged financing—would not only generate considerable growth in the remodeling industry, but also help to preserve and modernize the nation’s aging housing stock.

“Over the next decade, the strong preference of older homeowners to age in place and the increasing difficulty of building affordable housing in many markets will continue to hinder the construction of new homes,” said Kermit Baker, Director of the Center’s Remodeling Futures Program. “The remodeling industry will therefore retain its critical role in helping the country meet its housing needs.”

Improving America’s Housing 2019 will be released by live webcast on Tuesday, March 12 at 12:15 pm Eastern @ www.jchs.harvard.edu

Download the full report, along with interactive maps and tools at:
<http://www.jchs.harvard.edu/research-areas/reports/improving-americas-housing-2019>



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*Principal funding for this report was provided by ABC Supply Company.
Additional support was provided by the Policy Advisory Board and the
Remodeling Futures Steering Committee of the Joint Center for Housing Studies.*