

The Impact of Immigrant Remodeling Trends on the Future of the Home Improvement Industry

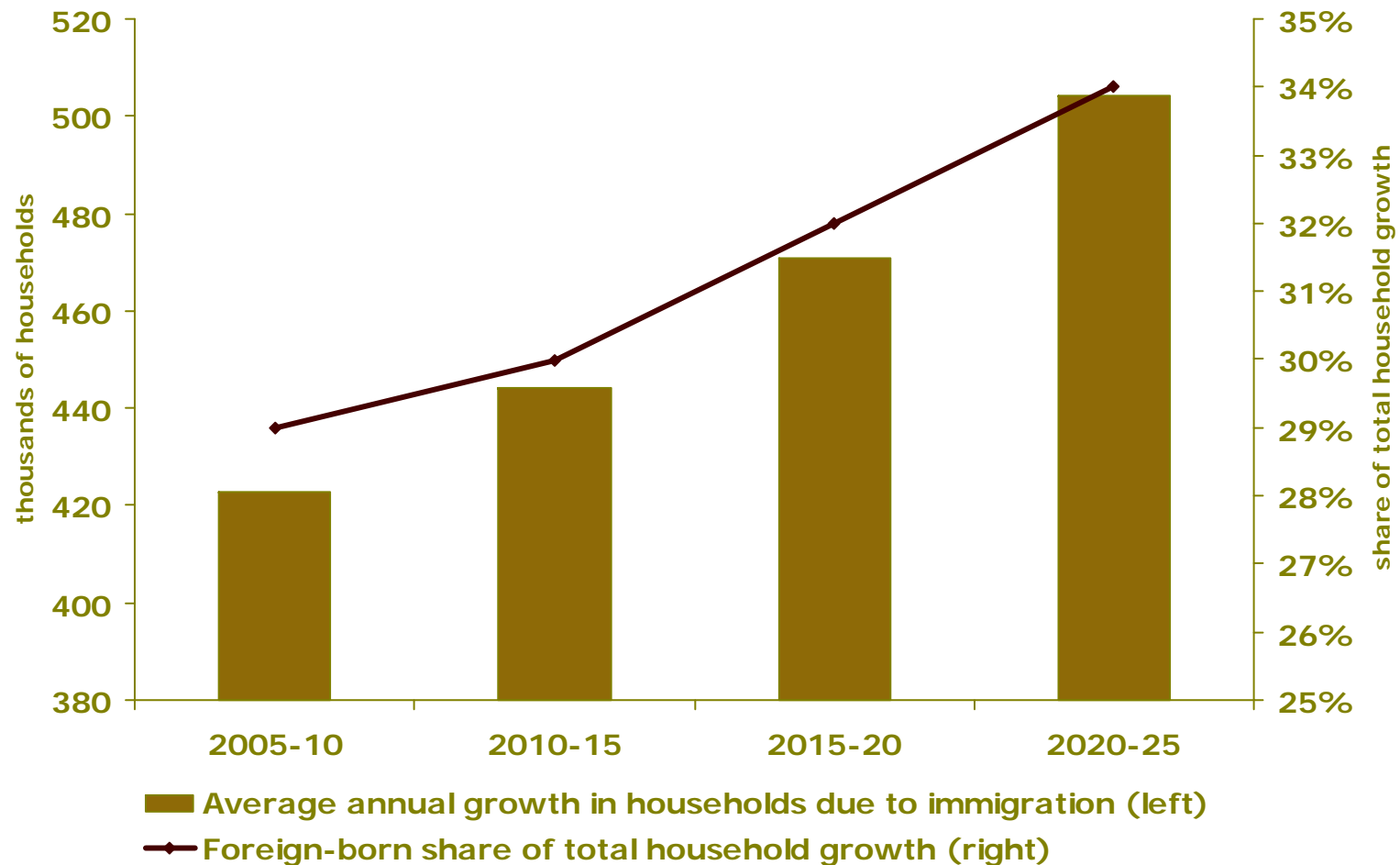
Abbe Will

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Why Study Immigrant Remodeling Trends?

- Immigrants have become a major force in U.S. housing markets in recent years
- Immigrant homeowners and their children can be expected to play a significant role in remodeling moving forward
- Need to understand if and how immigrant characteristics and housing choices differ from the native-born to know the full implications for remodeling

Immigration is Expected to Become an Increasingly Important Driver of Household Growth



Note: Joint Center household projections based on the 2008 Census Bureau population projections.
Source: "Household Projections in Retrospect and Prospect: Lessons Learned and Applied to New 2005-2025 Projections" by George S. Masnick and Eric S. Belsky, Joint Center for Housing Studies, July 2009, Working Paper W09-5.

Immigrant Remodeling Research Questions

- How does level of spending, pro/DIY installation choice, and project mix compare to native-born homeowners?
- In what ways do the demographic and socioeconomic profiles of immigrant homeowners differ from natives?
- Do regional and metro location choices impact immigrant housing choices and remodeling spending patterns?
- How is immigrant remodeling activity influenced by time spent in the U.S., country of origin and citizenship status?

Immigrants Make Up a Growing Share of Homeowners

	2001	2003	2005	2007
Share of Homeowners (%)				
Native	91.6	91.5	90.7	89.9
Immigrant	8.4	8.5	9.3	10.1
Homeownership Rate (%)				
Native	67.8	68.6	68.8	69.2
Immigrant	49.3	51.9	52.9	53.4

Source: JCHS tabulations of the 2001-2007 AHS.

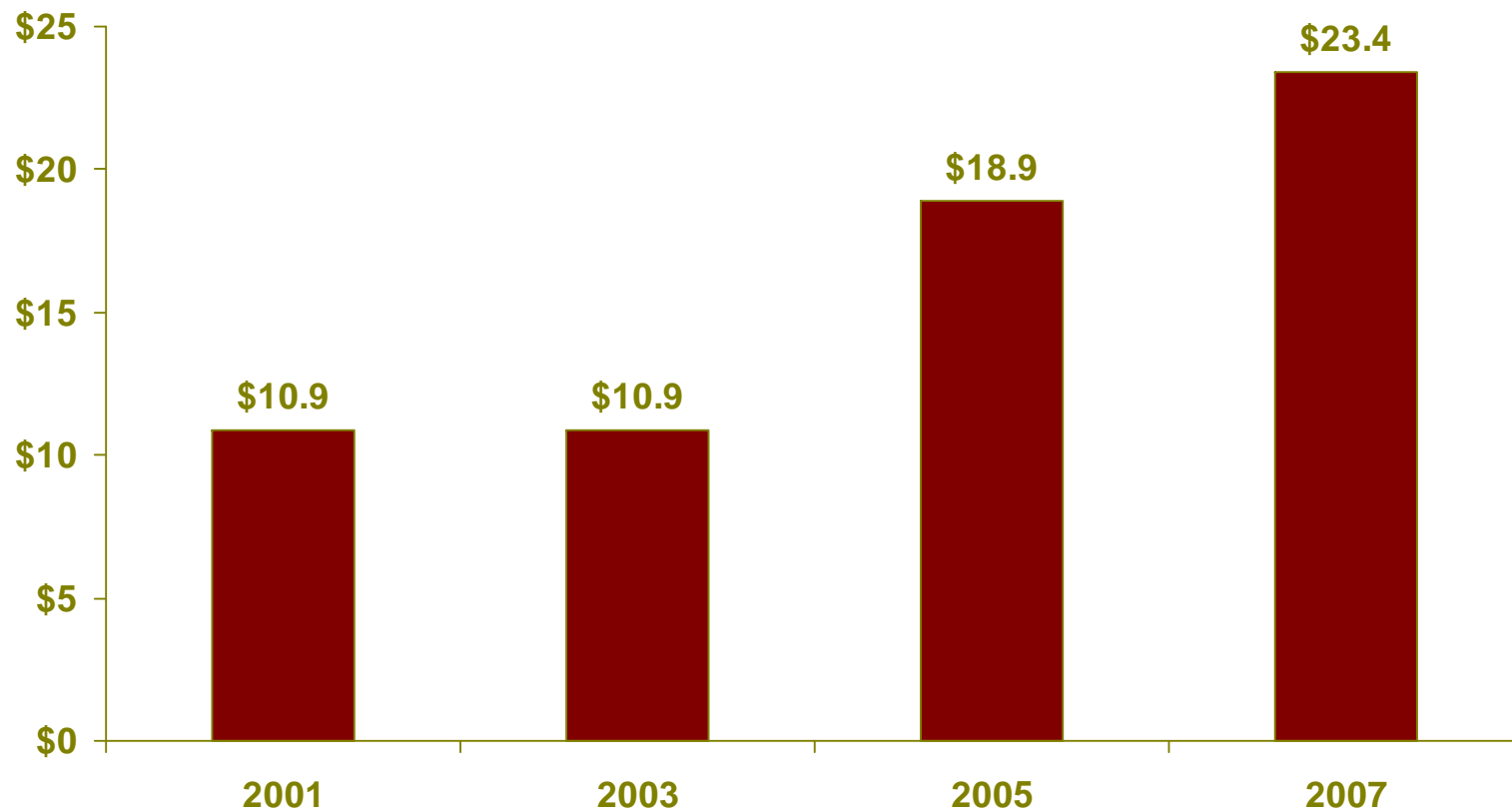
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Improvement Spending By Immigrant Homeowners Has Continued to Increase

Total improvement spending by foreign-born homeowners (billions)

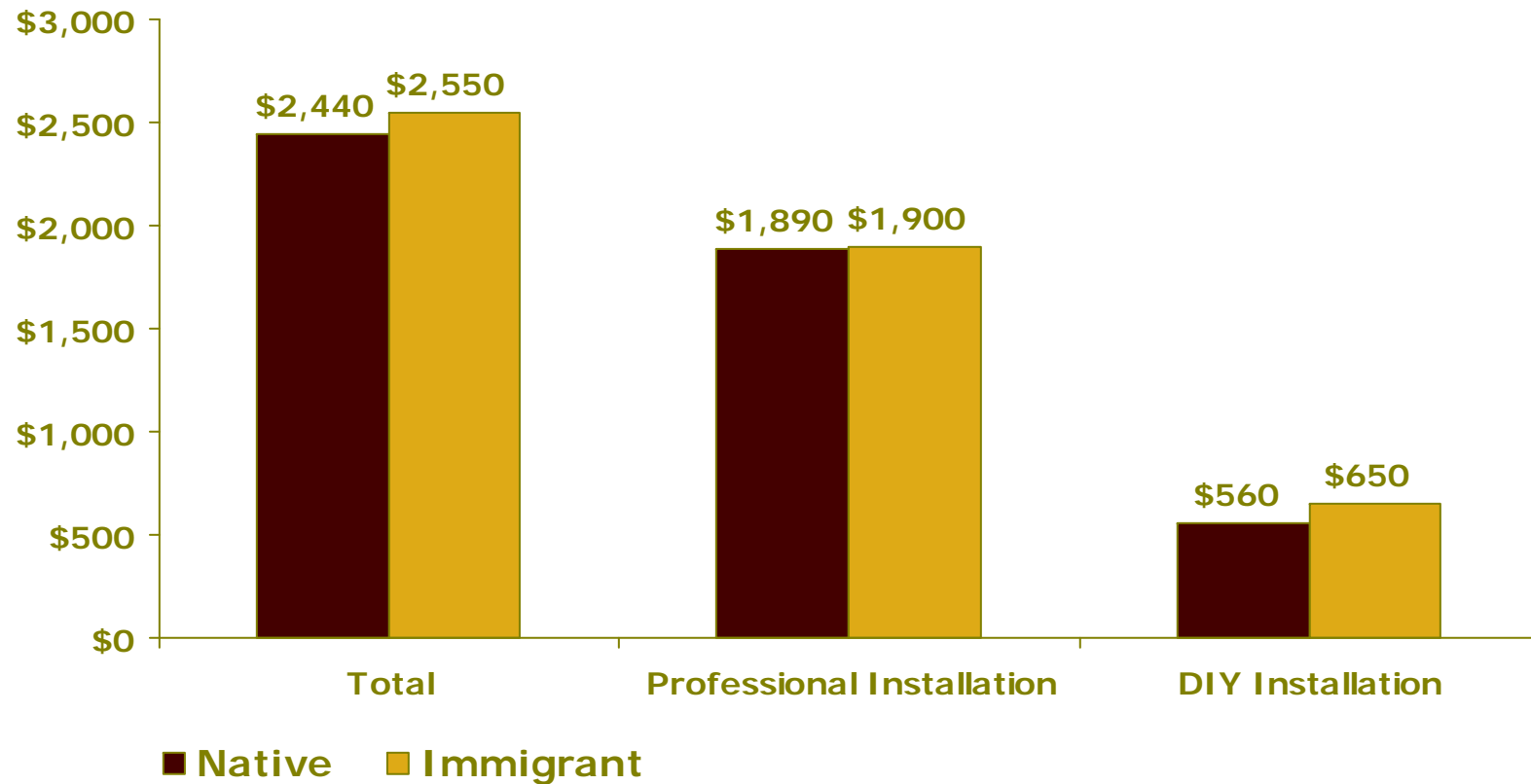


Source: JCHS tabulations of the 2001-2007 AHS.



On Average, Immigrant Remodeling Spending Equals Native-born Levels

Average annual homeowner improvement spending (2007\$), 2000-2007

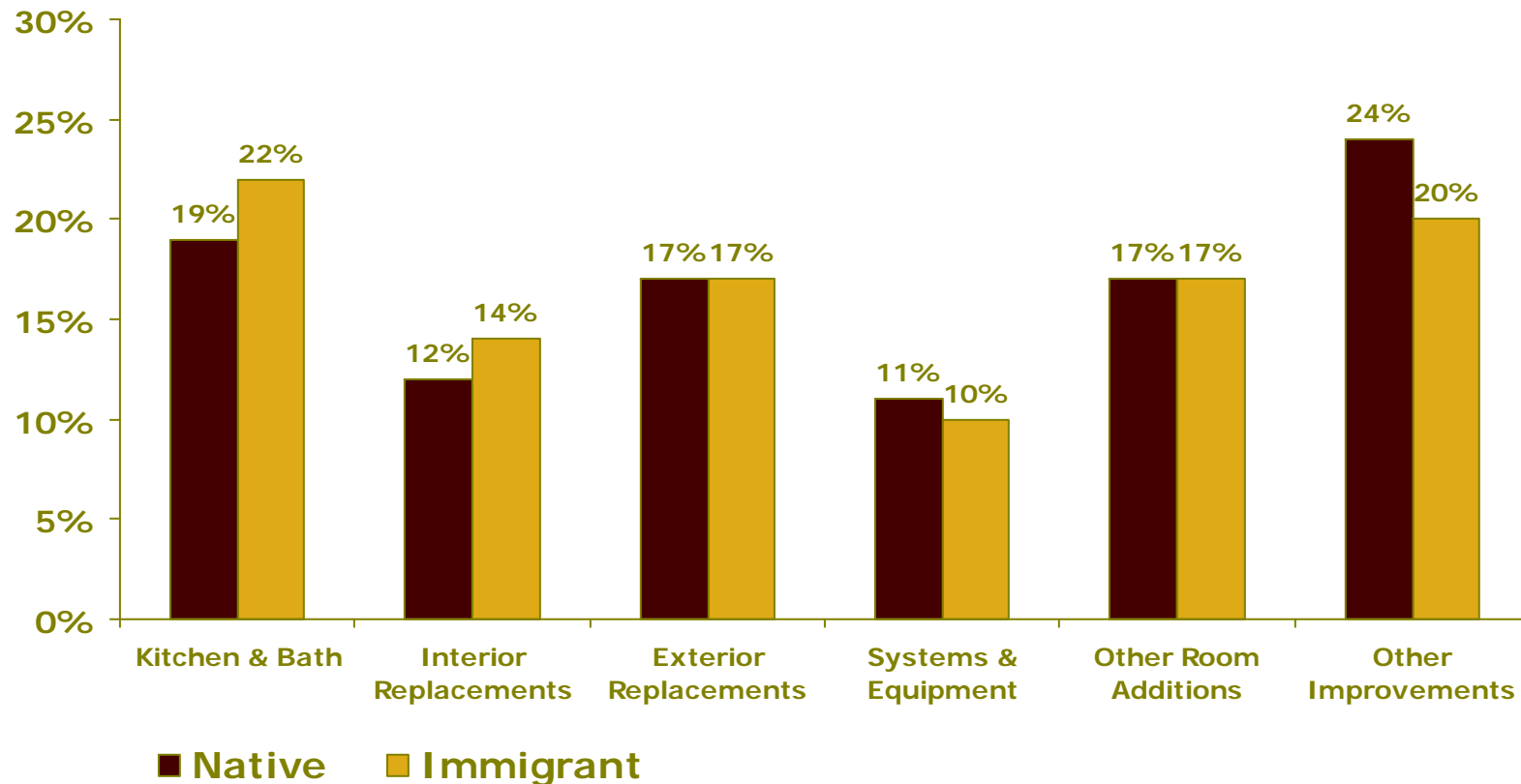


Source: JCHS tabulations of the pooled 2001-2007 AHS.



Immigrant Spending Focuses Slightly More on Kitchen & Bath and Interior Replacements, Less on Other Property Improvements

Share of total homeowner improvement spending, 2000-2007



Note: Other improvements include outside attachments, disaster repairs and other property improvements.

Source: JCHS tabulations of the pooled 2001-2007 AHS.

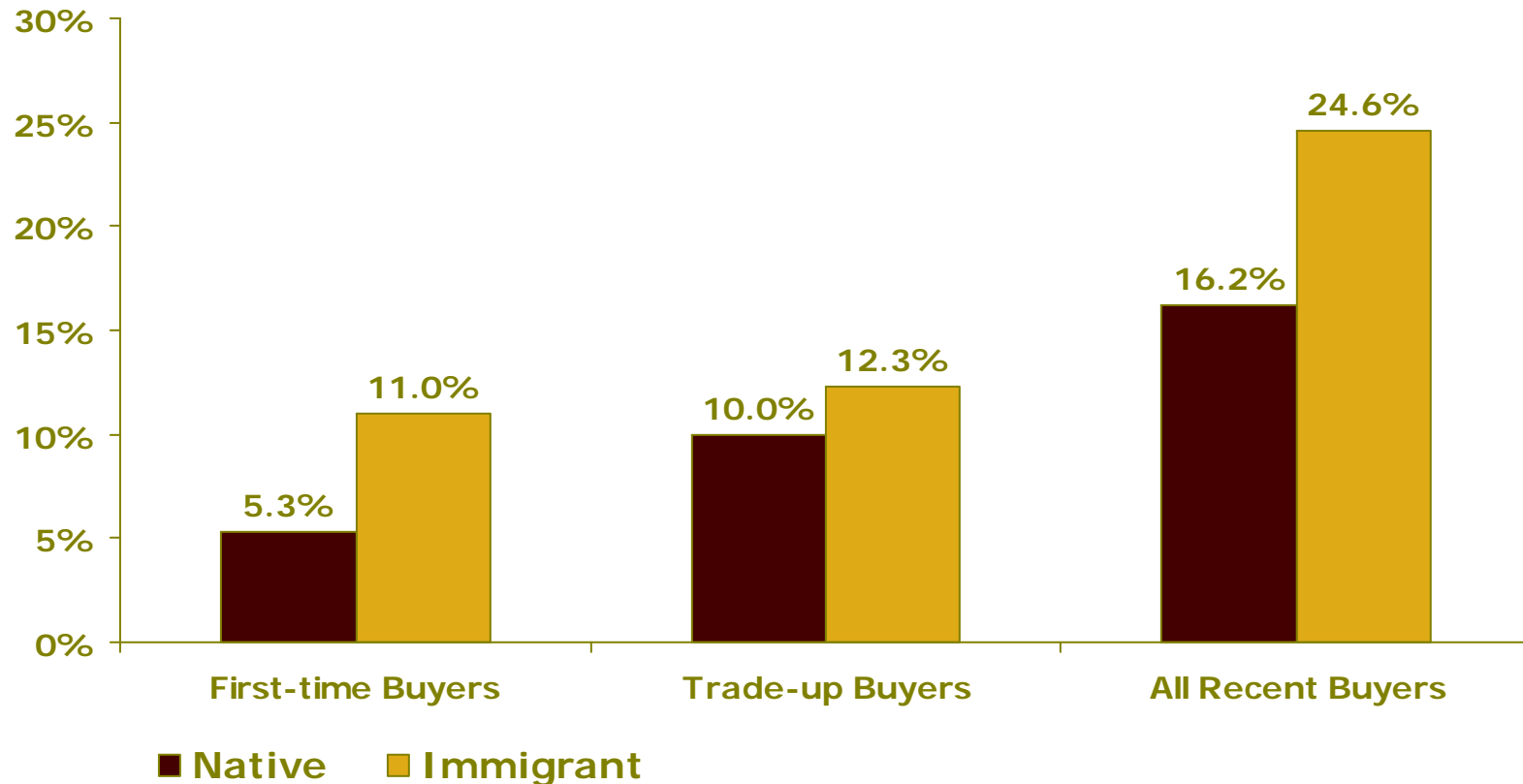
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Immigrants are Relatively More Mobile and More Active Participants in the Housing Market

Share of homeowners by nativity, 2007



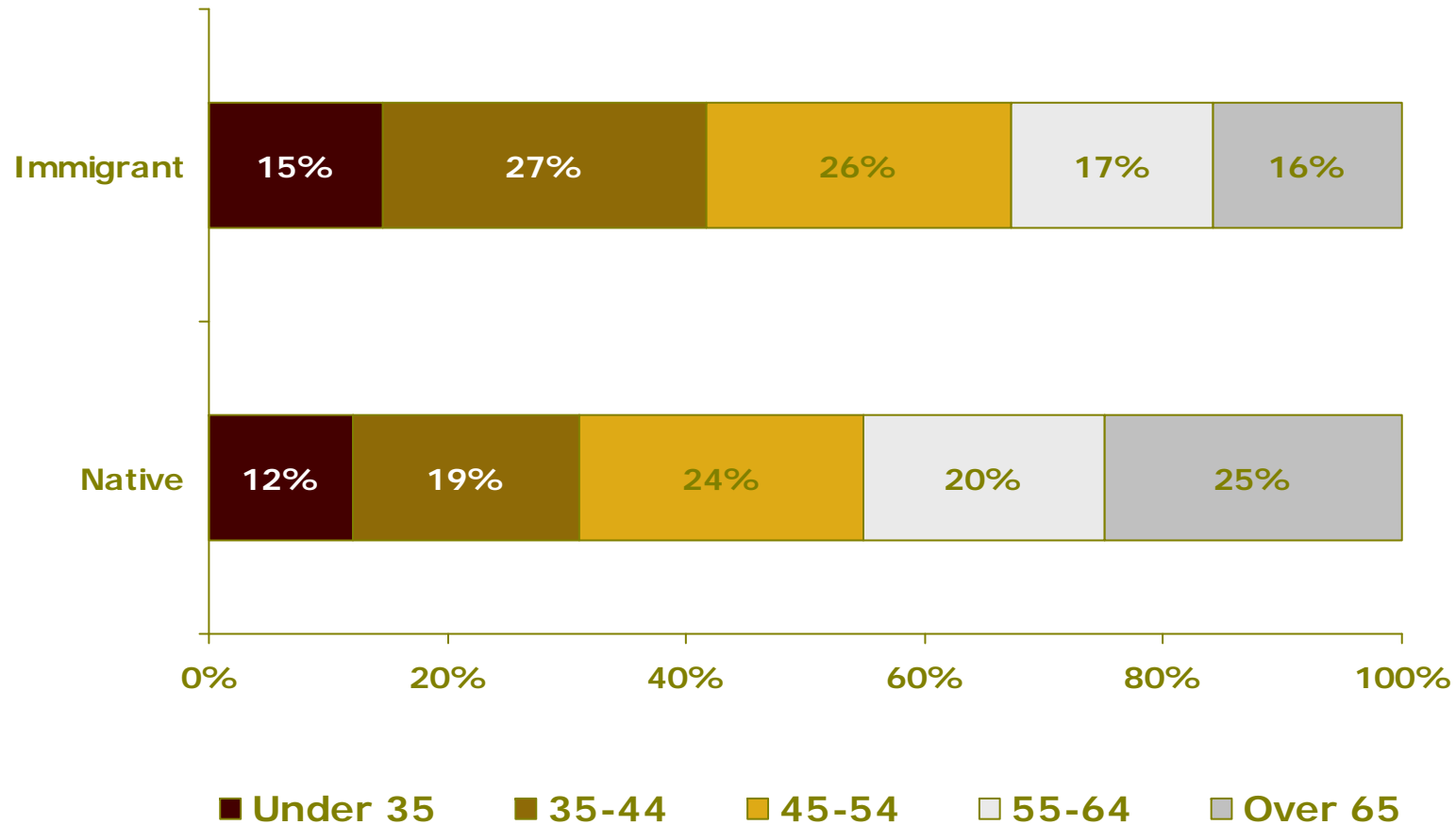
Note: Recent first-time and trade-up buyers defined as those purchasing homes within the past two years.

Source: JCHS tabulations of the 2007 AHS.



Immigrant Homeowners are Disproportionately Younger Compared to Native-born

Share of homeowners by age of householder, 2007



Source: JCHS tabulations of the 2007 AHS.



Immigrant Homeowners Tend to Have Larger Families and Significantly Higher House Values

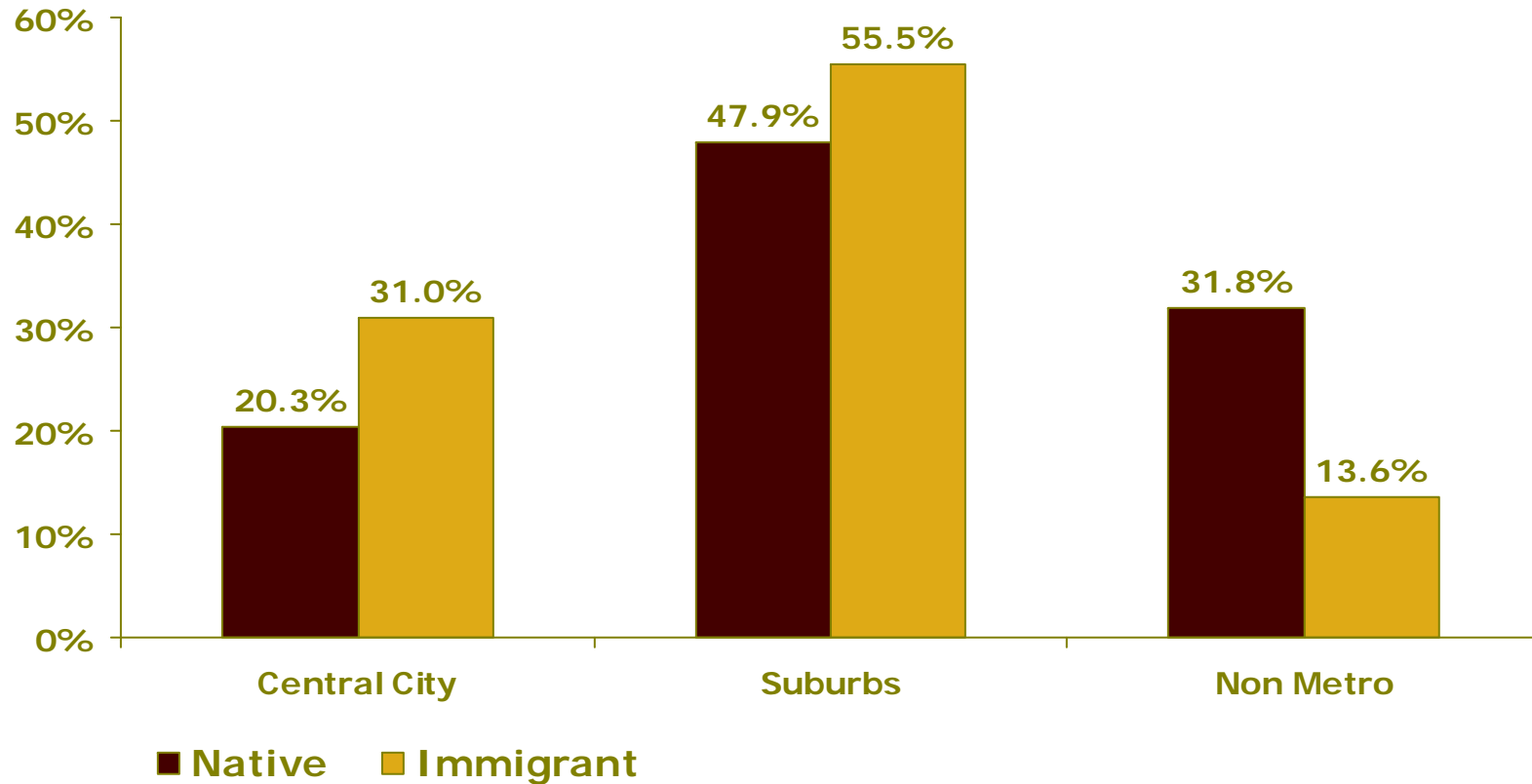
Owner-occupied households, 2007

	Foreign-born	Native-born
Family size (mean)	3.7	3.0
Number of adults in household (mean)	2.5	2.2
Income (median)	\$60,000	\$60,000
House value (median)	\$300,000	\$175,000

Source: JCHS tabulations of the 2007 AHS.

Immigrant Homeowners are Heavily Concentrated in Center Cities and Suburbs

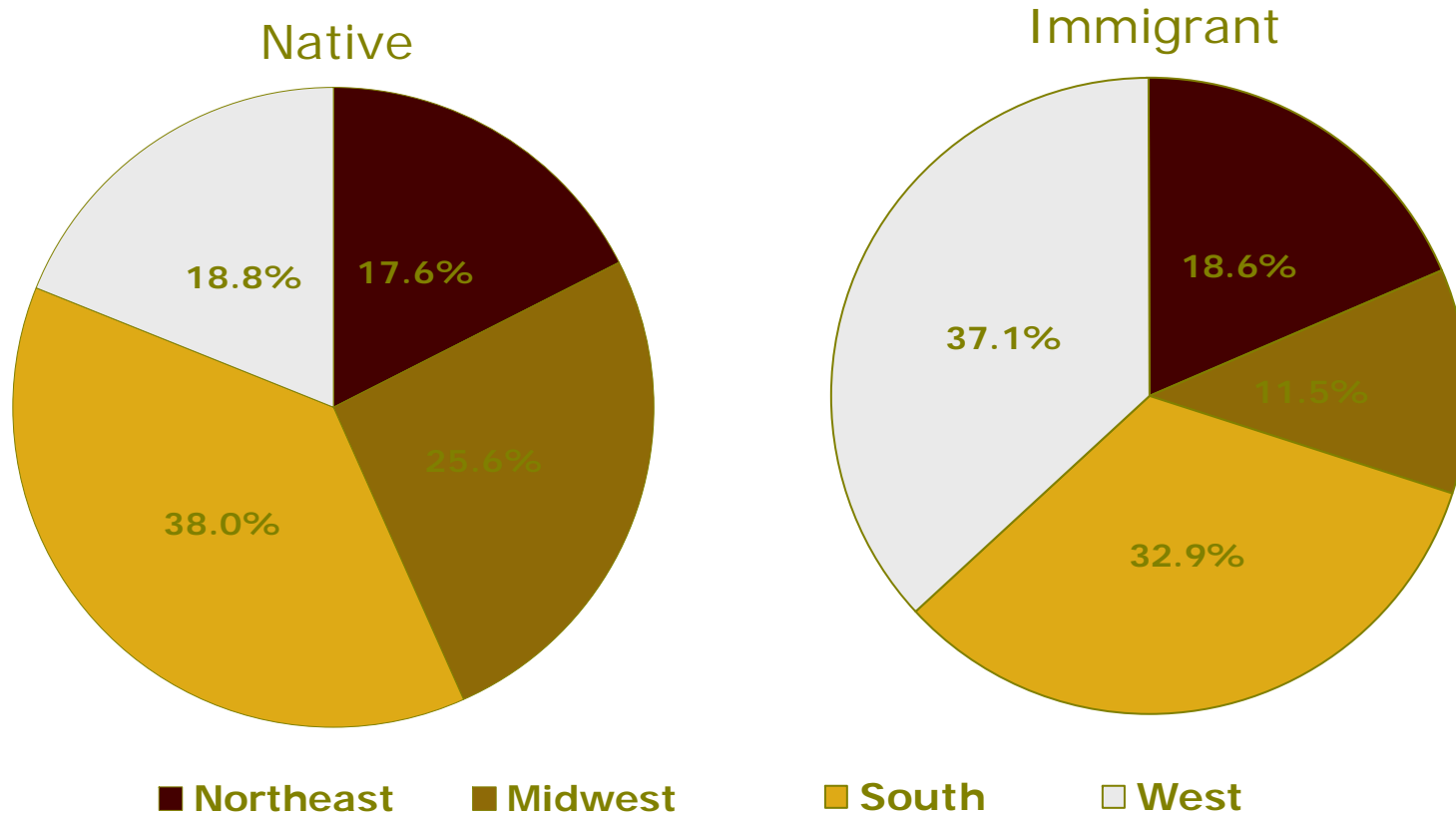
Share of homeowners by nativity, 2007



Source: JCHS tabulations of the 2007 AHS.

A Much Greater Share of Immigrants Live in Higher Housing Cost Regions

Share of homeowners by nativity, 2007



Source: JCHS tabulations of the 2007 AHS.

Immigrants Contribute Significantly More to Improvement Spending in Gateway Cities

Foreign-born homeowner share of spending by metro area, 2007

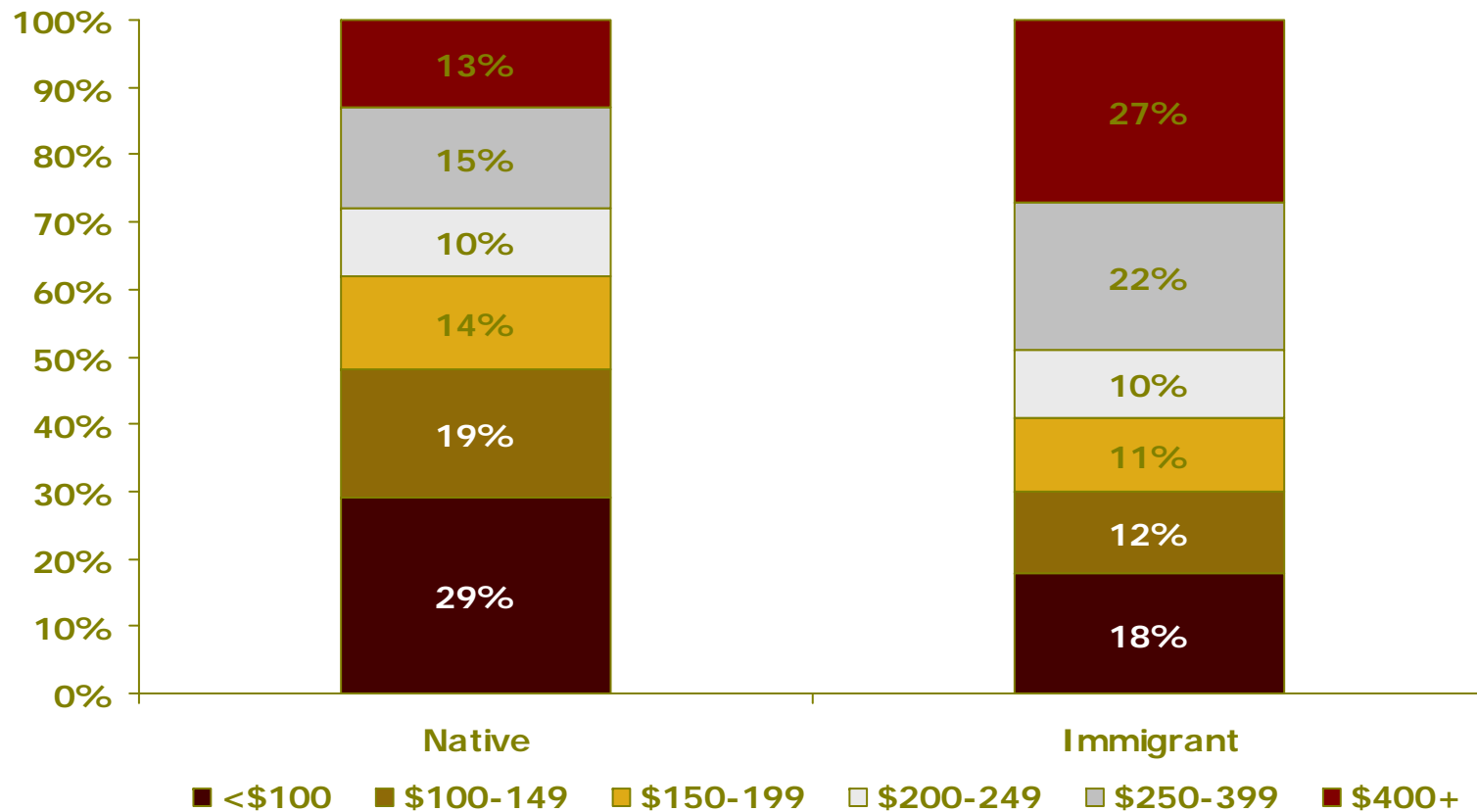


Note: Sample includes metro areas where immigrants spent at least \$500 million on improvements.
Source: JCHS tabulations of the 2007 AHS.



House Values of Immigrant Homeowners are Heavily Concentrated Toward the Upper End

Share of homeowners by house value (000s of 2007\$) and nativity, 2001-2007



Source: JCHS tabulations of the pooled 2001-2007 AHS.



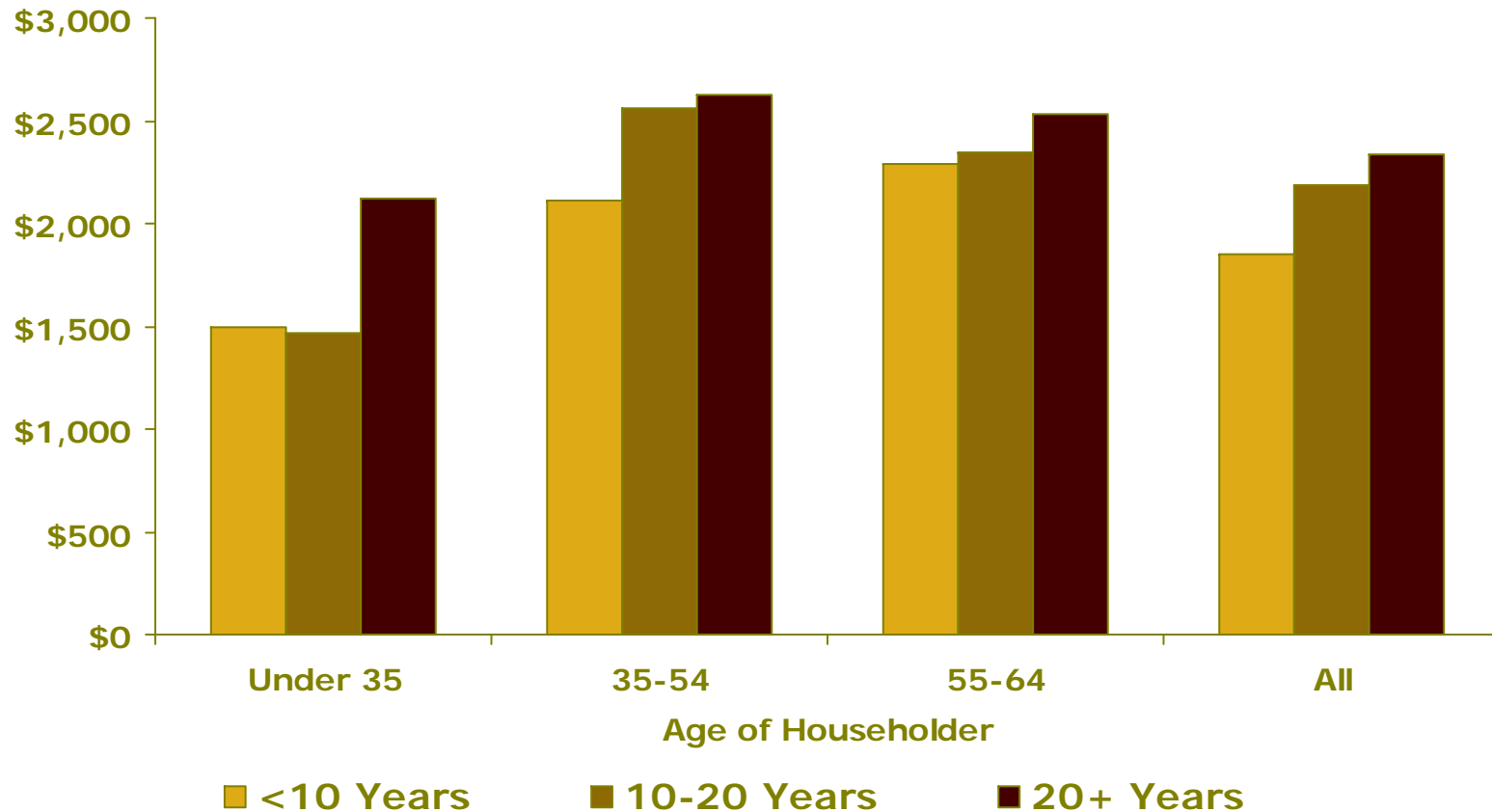
Immigrant Improvement Spending Would Be Significantly Less Given the Same House Value Distribution as Native Owners

House Values (2007\$)	Actual No. Immigrant Owners (millions)	Adjusted No. Immigrant Owners (millions)	Actual Average Annual Spending	Actual Total Spending (billions)	Adjusted Total Spending (billions)
<\$100K	4.7	7.8	\$930	\$4.4	\$7.3
\$100-149K	3.3	5.0	\$1,370	\$4.5	\$6.9
\$150-199K	3.0	3.7	\$1,620	\$4.9	\$6.0
\$200-249K	2.7	2.6	\$2,020	\$5.5	\$5.2
\$250-399K	5.8	4.0	\$2,450	\$14.1	\$9.8
\$400K+	7.1	3.5	\$4,990	\$35.2	\$17.4
All				\$68.6	\$52.6

Note: Dollar values are inflation-adjusted to 2007 dollars.
 Source: JCHS tabulations of the pooled 2001-2007 AHS.

Immigrant Homeowners See Steady Gains in Improvement Spending With More Time in U.S.

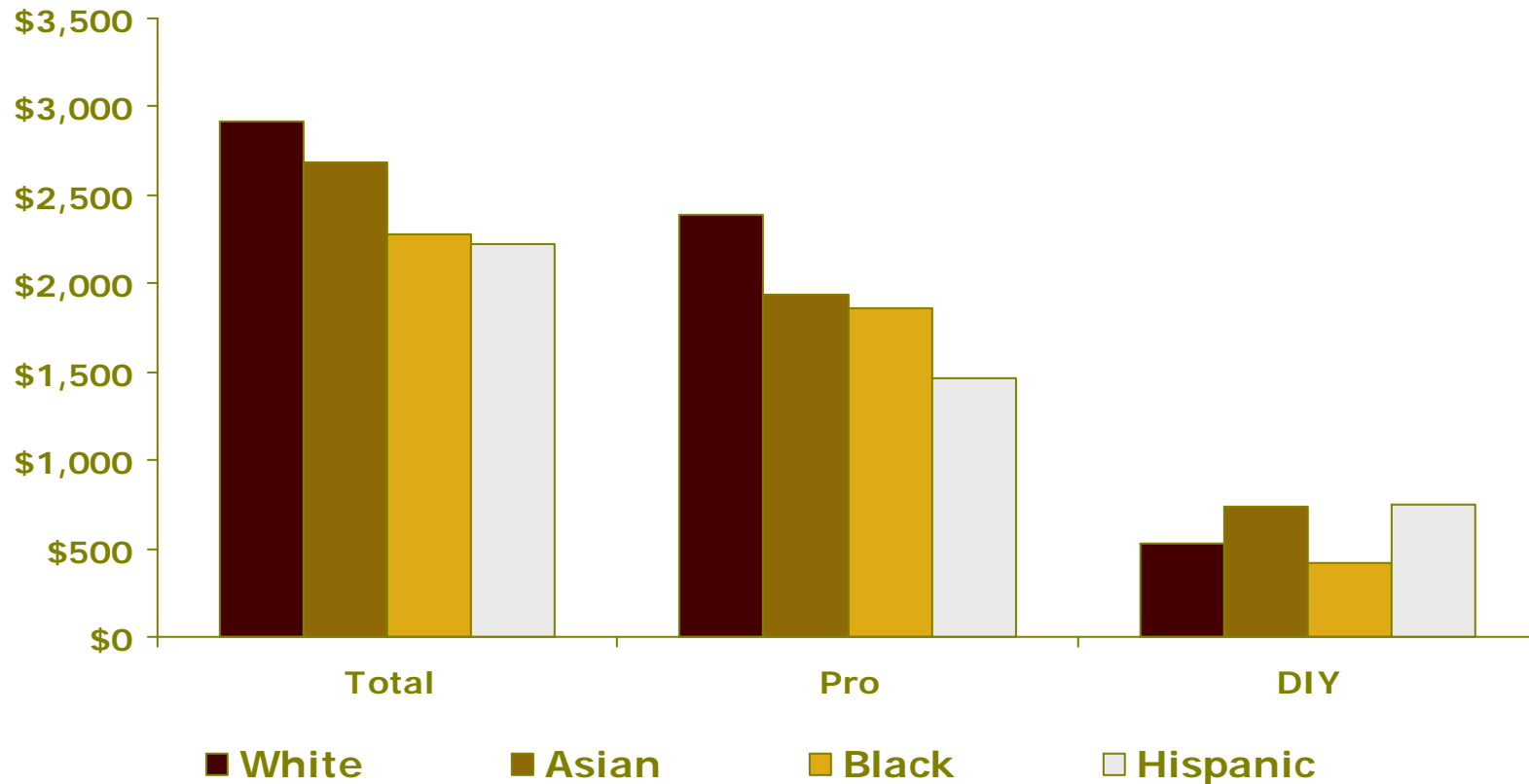
Average annual improvement spending (2007\$) by years in the U.S., 2001-07



Source: JCHS tabulations of the pooled 2001-2007 AHS.

Immigrant Spending Varies Significantly By Race

Average annual improvement spending by immigrant homeowners (2007\$), 2000-2007



Notes: Whites, blacks and Asians are non-Hispanic, while Hispanics may be of any race.
Source: JCHS tabulations of the 2001-2007 AHS.



Immigrant Homeowners Differ Dramatically by Region of Birth

Owner-occupied immigrant households, 2001-2007

Region of Birth	Share of Immigrant Owners	Income (\$000s)	House Value (\$000s)	Number of Projects Per Year	Annual Improvement Spending
		median	median	average	average
Hispanic Countries	43%	51.0	186	1.5	2,200
Europe & Canada	25%	62.0	250	1.4	3,010
Asia	24%	82.1	318	1.0	2,660
Africa & Middle East	7%	79.5	300	1.3	2,570
Elsewhere	1%	63.2	208	1.3	2,820
All		61.4	234	1.3	2,550

Notes: Asia includes a small number of immigrants from Australia/Oceania. All dollar values are in 2007 dollars.

Source: JCHS tabulations of pooled 2001-2007 AHS.

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Key Findings

- On average, immigrant homeowners spend the same amount as native owners on remodeling.
- The significant differences in the demographic and economic compositions of immigrant homeowners help boost their average spending levels to match the native-born.
 - Higher share of recent movers
 - Younger head of household with larger families
 - Higher house values
 - Concentrated in center cities and suburbs
- Controlling for age, average immigrant spending rises steadily with more time spent in the U.S.
- Immigrant homeowners are not at all homogeneous—key characteristics and spending behavior differ dramatically by region of origin.

Appendix: Data Source for Remodeling Activity by Immigrant Homeowners

- 2001-2007 American Housing Surveys
- Key immigration variables:
 - Country of origin
 - Citizenship status
 - Number of years in U.S.
 - Age at arrival
- Problems with dataset:
 - Very small sample size—2,700 immigrant-headed owner households surveyed in 2007, and of these only 1,400 did any type of remodeling.
 - No information on second generation immigrants.