

FOR IMMEDIATE RELEASE

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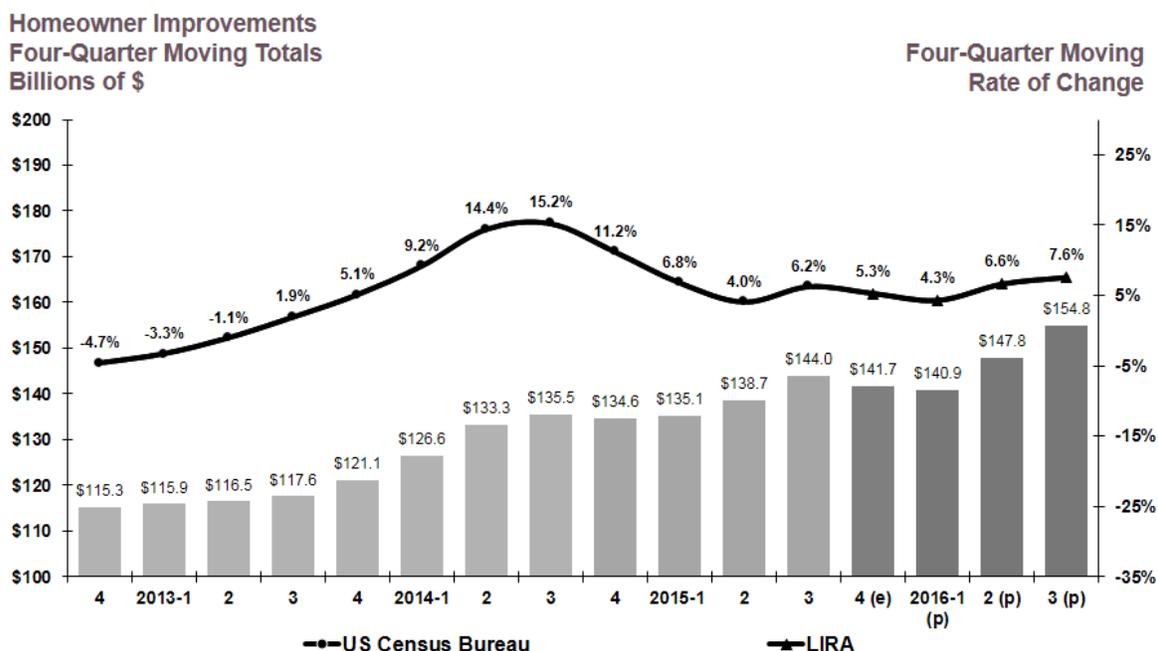
Home Remodeling Activity Looking to Gain Steam Through Mid-Year

CAMBRIDGE, MA – Expenditures for home improvements should see healthy gains in 2016, according to the [Leading Indicator of Remodeling Activity](#) (LIRA) released today by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects annual spending growth for home improvements will accelerate from 4.3% in the first quarter of 2016 to 7.6% in the third quarter. By then, the level of annual spending in nominal terms is anticipated to surpass the previous peak set in 2006.

“2016 is looking to be a stronger year for home renovation activity compared to 2015 thanks to the continued recovery in the owner-occupied housing market,” says Chris Herbert, Managing Director of the Joint Center. “In most markets across the country, rising house prices are bringing more homes to the market and increasing sales, which is a large driver of home improvement activity.”

“The remodeling market has steadily improved in recent years with homeowners incorporating larger, more discretionary projects into their home improvement priorities,” says Abbe Will, a research analyst in the Remodeling Futures Program at the Joint Center. “The real test this year will be whether the industry can clear ongoing bottlenecks in labor availability and consumer financing concerns to fully meet this increased demand.”

Leading Indicator of Remodeling Activity – Fourth Quarter 2015



Notes: Notes: (e) – estimated; (p) – projected. Historical data through the third quarter 2015 reflect significant revisions released by the US Census Bureau on 1-4-16. For more information, see: <http://www.census.gov/construction/c30/news.html>. The fourth quarter 2015 is calculated using preliminary Census Bureau data and LIRA projections.
Source: Joint Center for Housing Studies of Harvard University.

Press release with full size graphic available at: http://www.jchs.harvard.edu/news/press_releases

The Leading Indicator of Remodeling Activity (LIRA) is designed to estimate national homeowner spending on improvements for the current quarter and subsequent three quarters. The indicator, measured as an annual rate-of-change of its components, provides a short-term outlook of homeowner remodeling activity and is intended to help identify future turning points in the business cycle of the home improvement industry. The development of the LIRA is detailed in "[Developing a Leading Indicator for the Remodeling Industry](#)" (JCHS Research Note N07-1). In July 2008, the LIRA was re-benchmarked due to changes in the underlying reference series. These changes are explained in "[Addendum to Research Note N07-1: Re-Benchmarking the Leading Indicator of Remodeling Activity](#)" (JCHS Research Note N08-1). Beginning with the first quarter 2014 release, long-term interest rates were removed from the LIRA estimation model. For more information on the reasons for and implications of this change, please [visit our blog](#).

The LIRA is released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University in the third week after each quarter's closing. **The next LIRA release date is April 21, 2016.**

The Remodeling Futures Program, initiated by the Joint Center for Housing Studies in 1995, is a comprehensive study of the factors influencing the growth and changing characteristics of housing renovation and repair activity in the United States. The Program seeks to produce a better understanding of the home improvement industry and its relationship to the broader residential construction industry.

The Harvard Joint Center for Housing Studies advances understanding of housing issues and informs policy. Through its research, education, and public outreach programs, the center helps leaders in government, business, and the civic sectors make decisions that effectively address the needs of cities and communities. Through graduate and executive courses, as well as fellowships and internship opportunities, the Joint Center also trains and inspires the next generation of housing leaders. For more information, please visit www.jchs.harvard.edu.

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