CAMBRIDGE, MA – While the US economy shrank by 3.5 percent in 2020, spending on home improvements and repairs grew more than 3 percent, to nearly $420 billion, as households modified living spaces for work, school, and leisure in response to the COVID-19 pandemic, according to Improving America’s Housing 2021, a new report released today by the Harvard Joint Center for Housing Studies. Although many professional remodeling projects came to a halt when the pandemic hit, DIY renovations surged. The sudden flexibility of remote work also increased demand for larger homes and yards in lower-cost and less dense areas of the country.

The unexpected strength of the home remodeling market made 2020 the tenth consecutive year of expansion for the industry, but the pandemic disrupted several long-term trends. “From 2010 to 2019, homeowners largely relied on professional contractors, and remodeling activity was heavily concentrated in coastal metros,” said Kermit Baker, Director of the Remodeling Futures Program at the Joint Center for Housing Studies. “But in 2020, amid concerns about having contractors in the home, DIY projects gained new popularity, and remodeling activity shifted to lower-cost metros where larger shares of younger households—traditionally the most active do-it-yourselfers—could afford to own homes.”

In late March of last year, 60 percent of respondents to one homeowner survey had begun at least one DIY maintenance or improvement project in the previous two to three weeks; by early May, the share had jumped to nearly 80 percent. Additionally, during the pandemic, many urban renters purchased homes—a transition that often begins a new cycle of improvement projects—in outlying communities in search of safer living conditions, more space, and lower housing costs.

For many homeowners with low incomes, however, keeping up with mortgage payments—let alone home maintenance—was especially challenging last year. And while 68 percent of the lowest-income owners spent less than $500 on improvements and repairs in 2019, as a group, they are an important segment of the remodeling market, contributing around 10 percent of national spending each year. The ability of these owners to maintain their typically older, more affordable homes is critical not just for their safety and comfort, but for the preservation of the country’s aging housing stock. “Lower-income owners were more likely to have lost employment income due to the pandemic,” said Abbe Will, Associate Project Director of the Remodeling Futures Program at the Center. “If their finances do not improve enough to cover back mortgage payments and deferred maintenance, the already-large disparity in housing conditions between lowest- and highest-income homeowners will only grow.”

The increasing incidence and severity of climate-related disasters in the US caused spending on disaster repairs to climb to 10 percent of homeowner improvement expenditures by 2019, double its historical share and setting a new high of $26 billion. Much of this spending was due to hurricanes and tornadoes with repairs heavily concentrated in the southern region of the US. Fully 41 percent of home improvement expenditures in Houston were for disaster repairs, pushing it to the third largest remodeling market in 2019, behind New York and Los Angeles. A record-setting number of billion-dollar disasters in 2020, along with a growing number of homes located in vulnerable areas, make it likely that spending on disaster-related repairs will continue to rise in the US.

While there are still large segments of the population who have not yet recovered from the steep economic recession caused by the pandemic, sustained growth in home remodeling is expected. “In the short term, many homeowners who deferred projects—both large and small—in 2020 are expected to complete those renovations once the pandemic is over,” said Baker.
“Additionally, there has been an upturn in homeownership as younger households look to purchase homes, the number of multigenerational households has been growing, and remote work has given people more locational flexibility and the desire to modify their homes.” All of these factors have boosted the home improvement market and may become lasting trends that, in turn, fuel remodeling activity in the US for years to come.

**Download the report + digital tables and maps**

*Improving America’s Housing 2021* will be released in a live webcast on Thursday, March 25 at 4:00 pm ET, featuring Fred Stokes (Lowe’s Home Improvement), Caroline Blakely (Rebuilding Together), Amy Scott (Marketplace), and Kermit Baker and Abbe Will (Joint Center for Housing Studies).

**Registration is required to attend**

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