Joint Center for Housing Studies

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Understanding Generational Differences in Home Remodeling Behavior

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Introduction

Over the last decade, the home remodeling market in the United States has enjoyed solid growth. Spending on residential improvements and repairs has climbed steadily, setting a new record of $233 billion in expenditures as of 2003[1]. The continued strength of the market is due partly to several factors including a strong housing market, historically low interest rates, rapid home price appreciation and the resulting surge in home equity. The remodeling market also owes much of its success to the demographic composition of the population. Age patterns have enhanced and sustained this market, as considerable numbers of baby boomers in their peak remodeling years have generated strong spending levels.

As the baby boomers age and eventually taper off their spending, members of Generation X, already active remodelers, will greatly influence the size and scope of the home improvement industry. Because the composition of a population inevitably shapes the demand of an industry, market demand is reshaped as demographics shift. Therefore, as members of Generation X, now 21 million households strong, move into peak remodeling years, they will undoubtedly alter the landscape of market demand with respect to home remodeling activity. Understanding the future of the remodeling market is, therefore, not just a matter of insight into the current and future age distribution of society, but is also a matter of understanding what differences, if any, exist between these generations and how those differences will translate into consumer behavior.

The fundamental inquiry underlying this analysis is to examine whether generations are in fact different, and therefore hold distinct values and consumer preferences. If so, generational behavior will stem from two different sources—age and birth year. Age-related activity is likely to remain fairly stable between generations. All households in their 30s, for example, will be experiencing similar phases in life, whether the year is 1950 or 2005. This may include marrying and having children, establishing careers, and purchasing a first home or new car. These priorities are a function of age and are unlikely to change dramatically with time. While these general priorities may be similar across all cohorts, behaviors and attitudes with regards to these age-related activities may differ between cohorts. Given that cohorts are born in different years, these households inevitably grew up in different social and economic contexts. These varied contexts provide specific formative experiences unique to each generation, including pop culture,

[1] Please see *The Changing Structure of the Home Remodeling Industry*, Joint Center for Housing Studies, 2005, for estimation methodology.

economic conditions, world events, natural disasters, politics, and technology. Sharing common formative experiences, individuals within the same generation may exhibit some similar behaviors that differentiate them from other generations. To the extent that these factors influence consumer behavior, understanding how these groups differ in their experiences and attitudes will help shed some light on how future demand for home improvement goods and services will be shaped.

To determine how generational differences may affect buying practices, a technique called cohort analysis is employed. A cohort is a group of people defined by a span of birth years, and therefore, denotes a specific generation. Cohort analysis tracks these groups at the different points in time when they are of the same age, controlling for factors that are influences of or a result of age. By observing cohort behaviors at comparable ages, one can focus in on generation-specific characteristics and behavior. For the sake of our analysis, we have defined the groups as follows: Generation X, born 1965-1974, trailing baby boomers, born 1955-1964, and lead baby boomers, born 1945-1954.

Generations and Home Improvement

Currently, the mainstays of remodeling activity lie among three primary generational groups: Generation X, the trailing baby boom, and the leading baby boom. While this is not to say that older and younger groups do not make important contributions to the remodeling market, the share of total expenditure is overwhelmingly concentrated within these three groups.

Table 1. Share of Total Improvement Spending

	1995	1997	1999	2001	2003
Echo Boom (Born 1975-1985)	--	--	1%	2%	3%
Generation X (Born 1965-1974)	5%	9%	13%	15%	20%
Trail Baby Boom (Born 1955-1964)	24%	28%	29%	30%	30%
Lead Baby Boom (Born 1945-1954)	31%	28%	24%	26%	24%
Matures (Born 1935-1944)	19%	18%	16%	15%	13%
Seniors and Older (Born Before 1935)	21%	17%	18%	12%	10%

Source: JCHS Tabulations of 1995-2003 American Housing Survey

In addition to displaying the high shares of total spending among these three groups, Table 1 also exemplifies some patterns of behavior over time. Clearly, Generation X spending has become an increasingly larger share of total spending, while older groups, including baby boomers, have tapered spending shares in recent years.

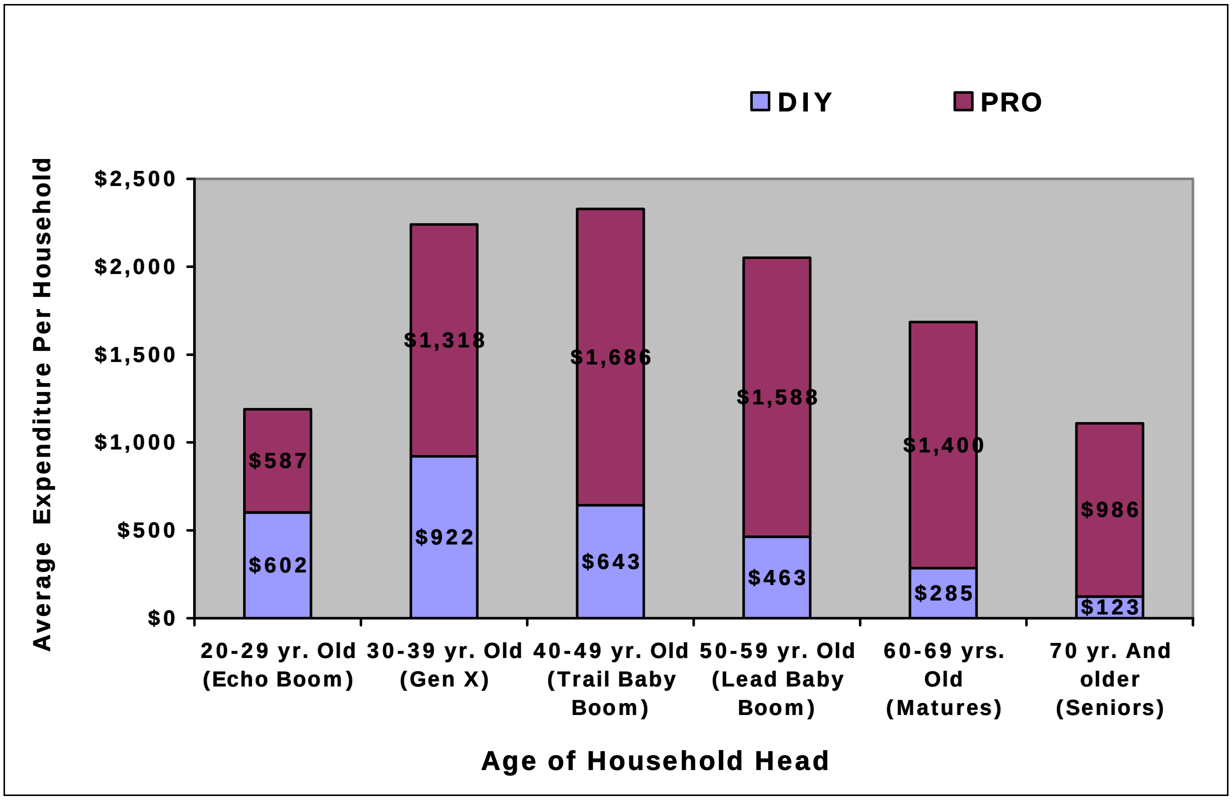
The trends in generational spending deserve further attention. While it is clear that these are dynamic trends, it is unclear how these have developed and what implications they will have on the future of the market. Taking a closer look at current generations will yield a better understanding of their behaviors in the market.

Home Improvement and Demographics

Home Improvement and Age

Home improvement activity has a very close relationship with age. As seen in Figure 1, the average expenditure per household increases steadily until around the time the household head is in his or her forties. In fact, at its peak, remodeling activity typically occurs when a person is between the ages of 35-45. After that, remodeling activity decreases slowly as household heads reach their 50s, before dropping off as they reach their 60s and 70s. Moreover, the type of installation also shifts with age. Younger households devote a larger share of total spending to DIY while older households spend an increasingly higher share on professionally contracted (PRO) work.

Figure 1. Home Improvement Activity Is Closely Correlated to Age



Source: JCHS tabulations of 2003 AHS.

These general spending patterns make sense, as they correspond to different needs in a household's life span. By middle age, households have been formed, income is more stable or growing, and discretionary income is higher. Overall, these are typically years in which families have been formed and the home is a greater priority. Safety, aesthetics, increased space, and energy efficiency--all major reasons for home improvement projects--are high priorities for families at this point in the life cycle. In younger households, by contrast, homeownership rates are lower, income is often more limited, and neither the family unit nor wealth accumulation have fully developed, making remodeling less possible and less important. Senior households tend to have more constrained incomes, due to trade-offs for other consumption goods such as health care, making remodeling a lesser priority.

Home Improvement and Cohorts

While correlation with age is an important component in understanding remodeling behavior, it does little to demonstrate any key distinctions between these age groups. Cross sectional analysis makes it difficult to separate behaviors of households, as it is impossible to distinguish between age-related activity and unique distinctions that may exist between groups.

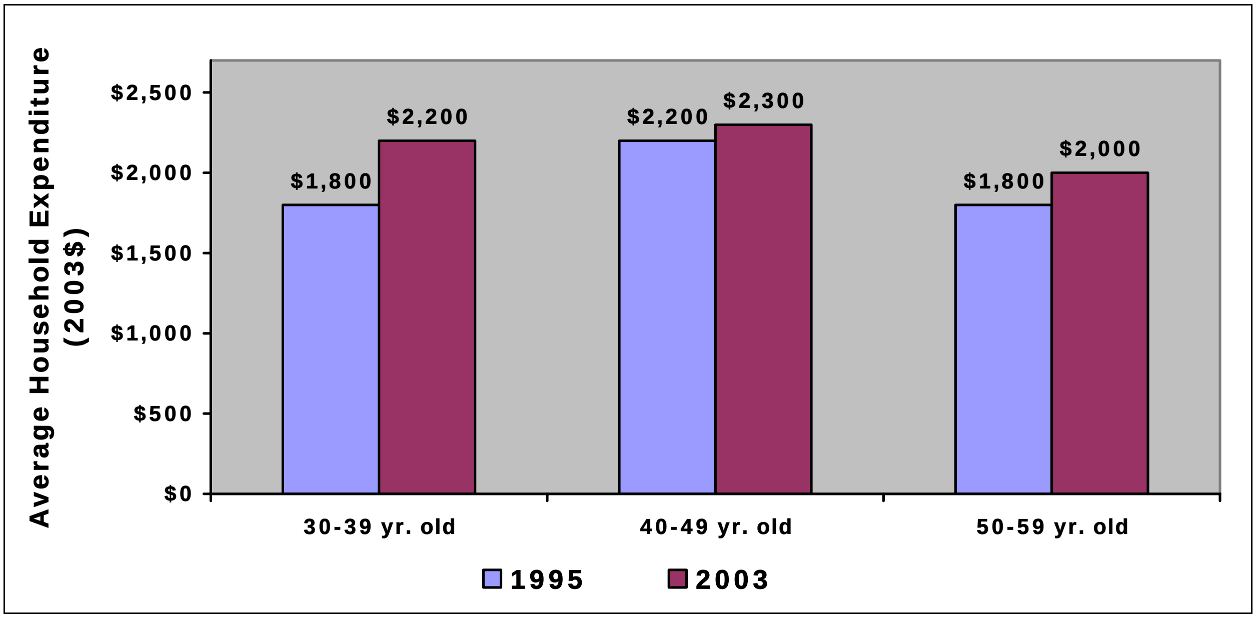
However, performing equivalent analysis using cohorts illustrates a greater distinction between generational groups. Figure 2 shows average household expenditures by age group (or generation) for 1995 and 2003. A clear pattern is exhibited, as each age group has higher outlays than their predecessors.

In 1995, for example, trailing baby boomer households were between the ages of 30 and 39 years old, shown by the first bar in Figure 2. At the time, average household home improvement expenditure for that generation was $1,800[2]. Nearly a decade later, in 2003, members of Generation X occupied the same age group of 30-39[3], (shown by the second bar in Figure 2). Average expenditure for this generation, however, was $400 more, at $2,200. Holding all age-related factors equal, members of Generation X are spending more on home improvement, on average, than their preceding generation.

This pattern holds true for all generations in the sample. The middle two bars in Figure 2 present average expenditure levels for households ages 40 to 49 years old. The lighter of the two bars represents leading baby boomers households, who were 40-49 years old in 1995, and who averaged outlays of $2,200. When the subsequent generation, the trailing baby boomers, was of comparable ages in 2003, their expenditure was $2,300 per household, spending an average of $100 more per household than their predecessors.

[2] All expenditure levels are reported in 2003 dollars.
[3] Because of data limitations, the author was unable to measure an exact ten-year period for cohorts. However, after testing for income and expenditure distributions within ten-year age groups, the author feels confident that these data limitations should not significantly skew general findings.

Figure 2. Each Cohort is Spending More on Remodeling than their Predecessors at Comparable Ages



Source: JCHS tabulations of 1995 and 2003 AHS.

The fact that each age group has different spending levels over time demonstrates the idea that remodeling behavior among generations is not uniform. If each group was to behave simply according to age-specific trends, average expenditure levels across cohorts at comparable ages would be identical. This is clearly not the case, which implies that there may be other generation-specific drivers of remodeling behavior worth exploring.

<u>Understanding Generation</u>

The decision-making process for members of a particular generation is influenced by two separate factors: lifestage and cohort-specific formative experiences. Distinguishing between these influences allows some added granularity to how different generations may exhibit varying consumption patterns.

Lifestage

The lifestage refers to a set of age-dependent priorities and activities that exist for a household. This generally refers to milestone moments in a household's life cycle —completing an education, entering the work force, starting a family, confronting the uncertainties of retirement, and so on. Typically, these events happen around a certain age. Most households in their 30s, for example, are moving into homeownership or creating a more permanent home, starting to establish careers, and planning or caring for young children. While social contexts do fluctuate a bit, these events typically hold true of most households of a specific age in any year, be it the 1950s, 1970s, or the 21st century. All generational peers must also deal with a given set of economic and political conditions, such as economic downturns, political regimes, and wars.

Given a set of priorities, consumption behavior is in part determined by the lifestage of a household, and home improvement activity is no exception. Different products, services, and renovations become responsibilities and requirements as life changes; these are reflected in the treatment of the home.

Cohort-Specific Formative Experience

Although life stages and events may run parallel, each American generation—Mature, baby boomer, Generation X—responds to these life stages and circumstances differently. Generations are distinct from one another largely because of shared formative experiences. Pop culture, economic conditions, world events, natural disasters, politics, and technology provide the unique key experiences that shape a generation's values and attitudes and provide it with a sense of cohesion in style, culture and tastes[4]. These factors influence choices and trends that appear at different times in each generation's lifecycle. These preferences will appear differently from generation to generation.

For the Matures, some of the most significant markers are the Depression, the New Deal, World War II, and the GI Bill. For boomers, they include the Great Society, the expansion of suburbia, The Cold War, Nixon, color TV, and sex, drugs and rock and roll. For the current crop of younger adults, Generation X, they include divorce, AIDS, MTV, Game Boy, cell phones, and the Internet.

These formative cohort experiences essentially create generational distinction through the uniqueness of the new culture created, often putting emphasis on previously unnoticed or unimportant products or services while downplaying ones formerly viewed as crucial. These distinctions influence buying behavior and are the reason that differences in buying behavior between generations exists, even if the lifecycle changes little to none. In the home improvement market, these differences appear in many forms: choice of installation, project type and size,

[4] "Rocking the Ages," Smith, J. Walker and Ann Clurman, 1997.

increased or decreased brand loyalty, less or more concern for ecologically-friendly home improvement, sources of information for purchases, and more. Just as family, leisure and time are viewed differently between generations, buying practices surrounding the alteration and amelioration of the home is perceived differently as well.

The Impact of the Baby Boomers, the Future of Generation X

Baby Boomers

Given the close correlation of home improvement with age, it is no surprise that the baby boomers have sustained the current strength of the remodeling market. Due to the size of the population, as well as market factors that have garnered its wealth accumulation, the baby boom generation has been the foundation of the remodeling industry for many years. While this may be largely attributed to the concentration of age in peak remodeling years, there may be more to the dominance in baby boom renovation work than just the correlation of age with remodeling activity. The baby boomers dominate the market not only in sheer size (and therefore, dollars), but also in the specific needs and preferences with regards to the desired home improvement projects.

When the members of this generation began to turn thirty-five, predictions were rife that they would act more conservatively and start to save more of their income, as their parents had. However, the boomers remained true to their free-spending, unconventional ways, helping to propel the housing market and the remodeling industry to the heights it enjoys today. Greater involvement in DIY with an emphasis on PRO consultation, better knowledge of products and procedures, and an increased desire to use the home as a reflection of their lifestyle shows how the baby boomers treat their homes differently than their previous generations had, placing new and different demands on the industry.

Generation X

The members of Generation X's home remodeling activity become of great import and interest as they move into the peak remodeling ages in the lifestage of their homes. Inevitably, baby boom spending will eventually slow, and members of Generation X will replace this group as the primary lifestage for renovation. Early fears of a baby bust slowing Generation X's spending powers have been put to rest, as strong immigration and late-forming households have put Generation X at an equivalent size to previous generations in terms of household numbers. There is no question that Generation X has the potential to be an equally powerful force in the remodeling market. However, given their relatively recent introduction into the housing market, it is difficult to determine how this group will behave in the marketplace. Will members of this generation learn from their parents and continue the same remodeling expenditure levels and trends, will they revert to tradition and pattern their consumption behavior after older generations, or will they bring about an entirely new set of market preferences and behavior?

Although lifestage can be typified throughout generations, Generation X has already proven to be different than the generations preceding it. For instance, they have a higher incidence of late-forming households and dual-income homes, stratifying and changing the wealth distribution compared to the previous generations. These choices now shaping the marketplace are defined by the different generational trends that live outside of age-to-expected–action dynamics.

Generational Differences

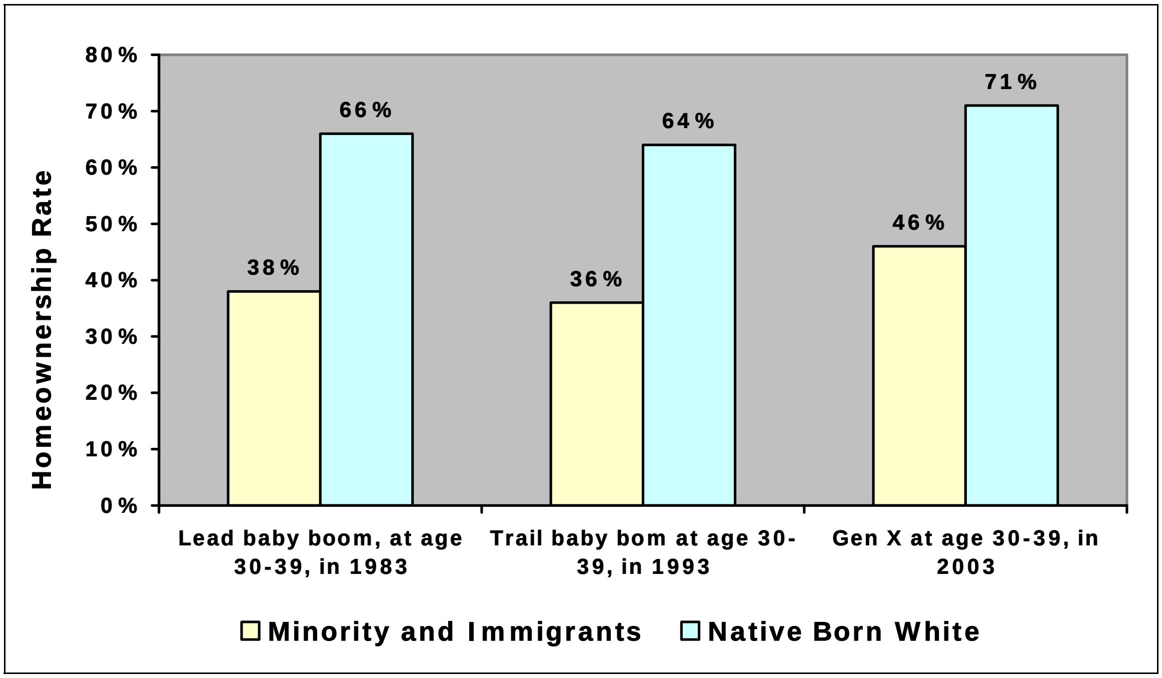
In order to control for life cycle, cohort analysis is used to examine current and past generational differences in demographic and housing characteristics, as they relate to potential implications for the remodeling market.

For all three generations in the sample, we will observe characteristics from ages 30-39 years old, equivalent to the corresponding ages of Generation X in 2003. Since lead baby boomers and trailing baby boomers are currently in their 40s and 50s respectively, we will use 1993 data to track trailing baby boomers at ages 30-39 and 1983 data to measure lead baby boomers at ages 30-39. Doing so not only allows for a comparison of older generations with Generation X, but also shows these groups at the beginning of their trajectories into the housing market. From there, inferences can be made about Generation X's potential choices in home remodeling based on comparisons made to its preceding generations.

Homeownership

Certainly, homeownership rates have not been dampened by any of the changing demographics between lead baby boomers, trail baby boomers, and Generation X. Wholly, homeownership rates for all three groups at comparable ages remain steady and, in some cases, increase. Even amidst rising home prices, members of Generation X have higher homeownership rates than any preceding generation at comparable ages. In 1983, when lead baby boomers were between the ages of 30 and 39, the aggregate homeownership rate for this group was 60.6 percent. This number dipped slightly in 1994 to 55.8 percent for trailing baby boomers in their 30s. Currently, members of Generation X between the ages of 30-39 have homeownership rates of 61.4%.

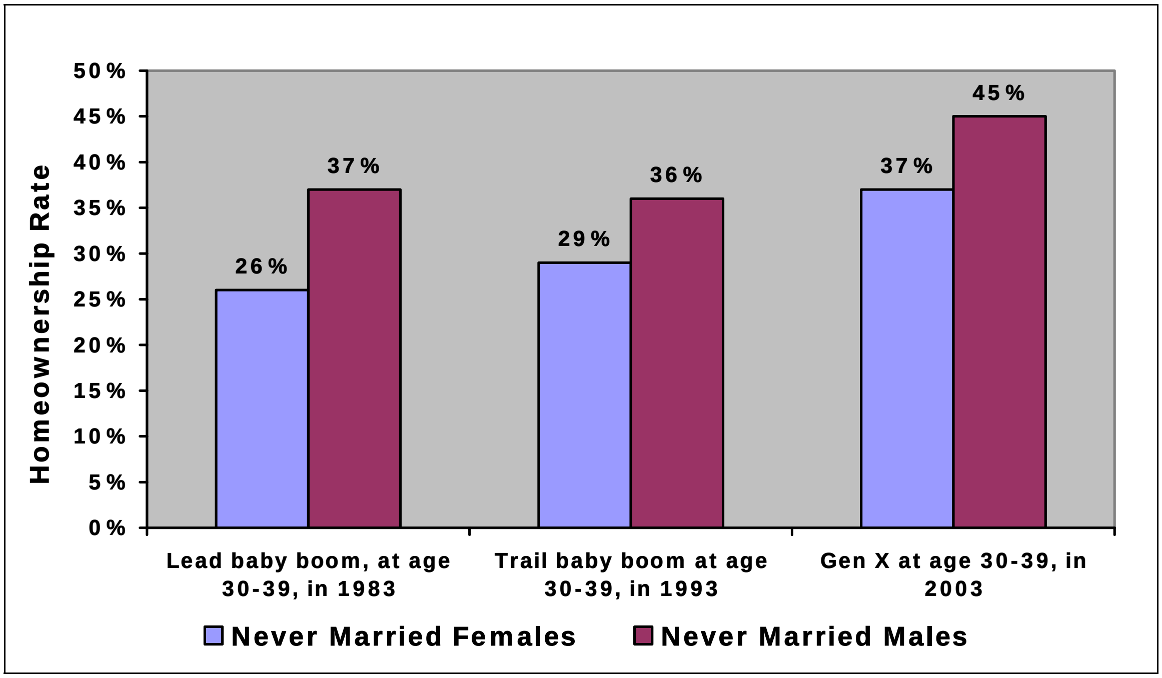
Figure 3. Generation X has Already Attained Higher Levels of Homeownership



Source: JCHS tabulations of 1983, 1993, 2003 AHS.

Among native-born whites, similar patterns exist. For native-born white Gen Xers, currently ages 30-39, homeownership rates have reached 71%. This is comparatively higher than trailing baby boomers in 1994 (64%) and lead baby boomers in 1984 (66%), when these generations were in their 30s.

Figure 4. Single Generation Xers Have Higher Levels of Homeownership Than Their Predecessors



Source: JCHS tabulations of 1983, 1993, 2003 AHS.

Moreover, minority and immigrant representation in Generation X is much higher than all previous generations, showing that these historically disenfranchised groups are making progress towards homeownership. Immigrant and minority members of Generation X currently have a homeownership rate of 46%. While this rate still lags that of their same-aged native-born white counterparts, it is much higher than minority and immigrant homeownership rates for previous generations. In 1983, when lead baby boomers were in their 30s, minorities and immigrants had a homeownership rate of 38%. Ten years later, in 1993, the homeownership rate for trailing baby boom minorities of comparable ages had dropped to 36%.

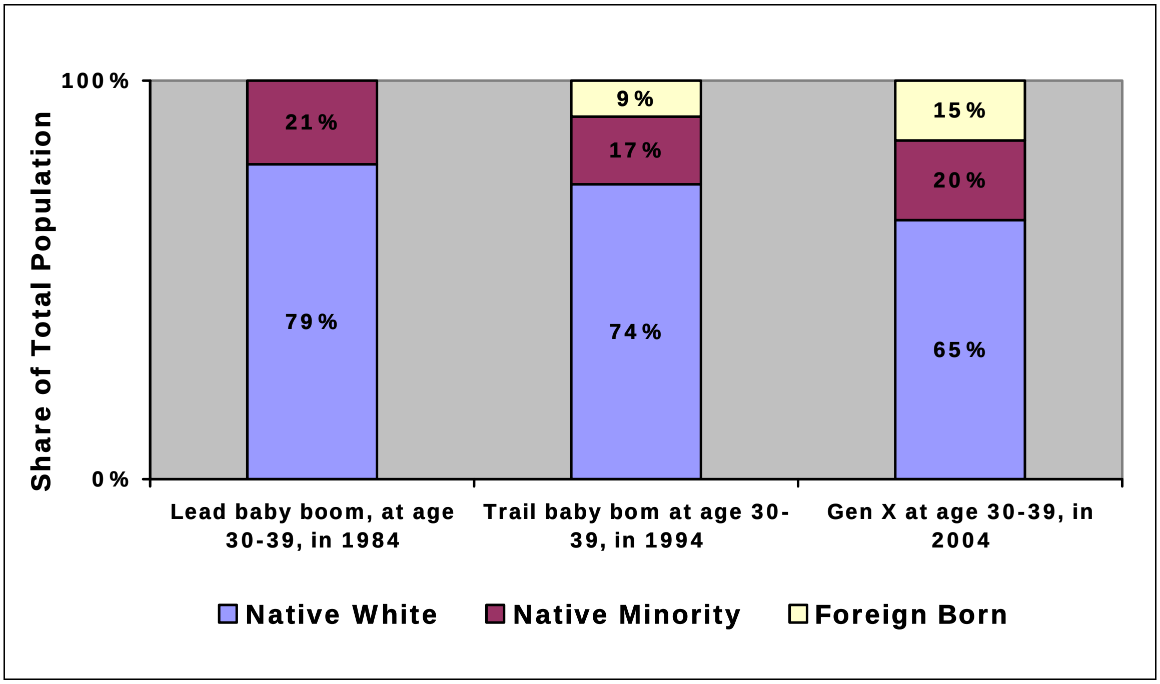
Also, more single Gen Xers own homes, indicating that the slowdown in family formation has not dampened homeownership. Never-married female members of Generation X, for example, have homeownership rates over 40% higher than never-married female lead baby boomers when they were of comparable ages in 1983. Members of Generation X entered the housing market during a period of record low mortgage low mortgage interest reates, helping to account for their high rates of homeownership despite their decelerated rates of family formation.

Because the majority of home improvement activity is driven by owner-occupied households, high homeownership rates are vital to continued market strength. The fact that members of Generation X already have higher homeownership rates at comparable ages than any previous generation is a positive signal for the market. Homeownership trajectories tend to continue upward through mid-life; as members of Generation X continue through life stages, there is a high likelihood that their homeownership rates will increase. Moreover, if their ownership rates are higher than that of previous generations in their 30s, there are few reasons to think they would not be higher in their 40s or 50s. Obviously, increased homeownership rates are likely to mean increased remodeling activity.

Composition and Diversity

One of the most marked differences between generations is that of the racial/ethnic composition. In each new generation, there are higher shares of minorities and immigrants. Of course, this is in some way a reflection of current social and economic conditions. Increased immigration at all age groups has lead to higher national diversity. However, given the higher concentration of immigrants of younger ages, the diversity is even more pronounced among younger generations. As they enter the housing market, members of Generation X have a higher share of immigrant and native-born populations than any other generation in recent history.

Figure 5. Generation X is More Diverse than Any Previous Generation



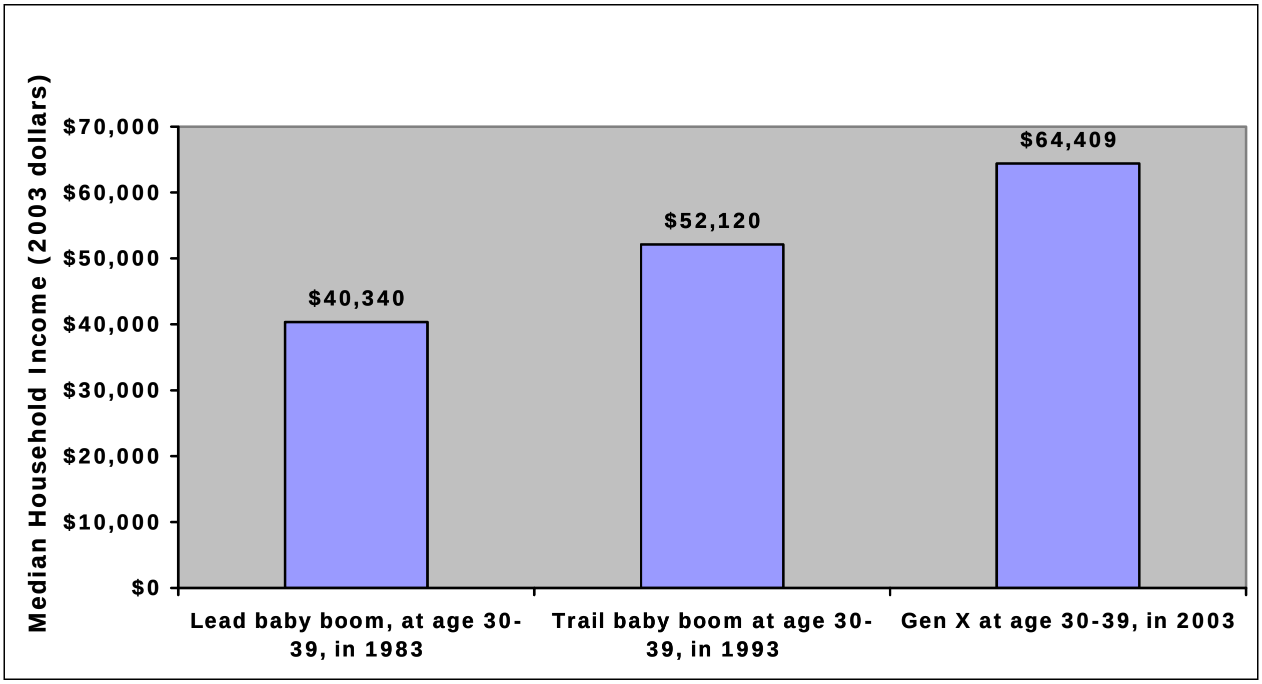
Note: Data for 1984 does not reflect differences in nativity status. For that reason, 1984 data divides all households only by racial group. However, the number of foreign-born whites is typically a small percentage, and should not impact the conclusion of these findings.
Source: JCHS tabulations of 1984, 1994, 2004 AHS.

The impact of a more diverse population has yet to be fully understood. At a minimum, if minority or immigrant groups have different housing needs or desires, they will begin to reshape demand for home improvement activity. This may be true of types of projects, type of installation, and or expenditure levels. The compositional difference among Generation X is likely to have some impact on the formation of the generation as a whole, as well as its behavior in the housing market.

Income

In addition to having higher rates of homeownership, each new generation that has entered the housing market also has higher levels of income. Generation X is no exception. In 1983, when lead baby boomers were between the ages of 30-39, the median income was $40,340. A decade later, when members of the trailing baby boomers were in their 30s, median income for that generation was up to $52,120. In 2003, Generation X enters the market with median incomes nearly 50% higher than early baby boomers and a significant $12,000 higher than their most immediate predecessors, the trailing baby boom. Moreover, Gen Xers have equivalent or greater years of education than preceding generations. If we use education as a proxy for future and potential wealth, this indicates that members of Generation X carry the same potential for high future earnings.

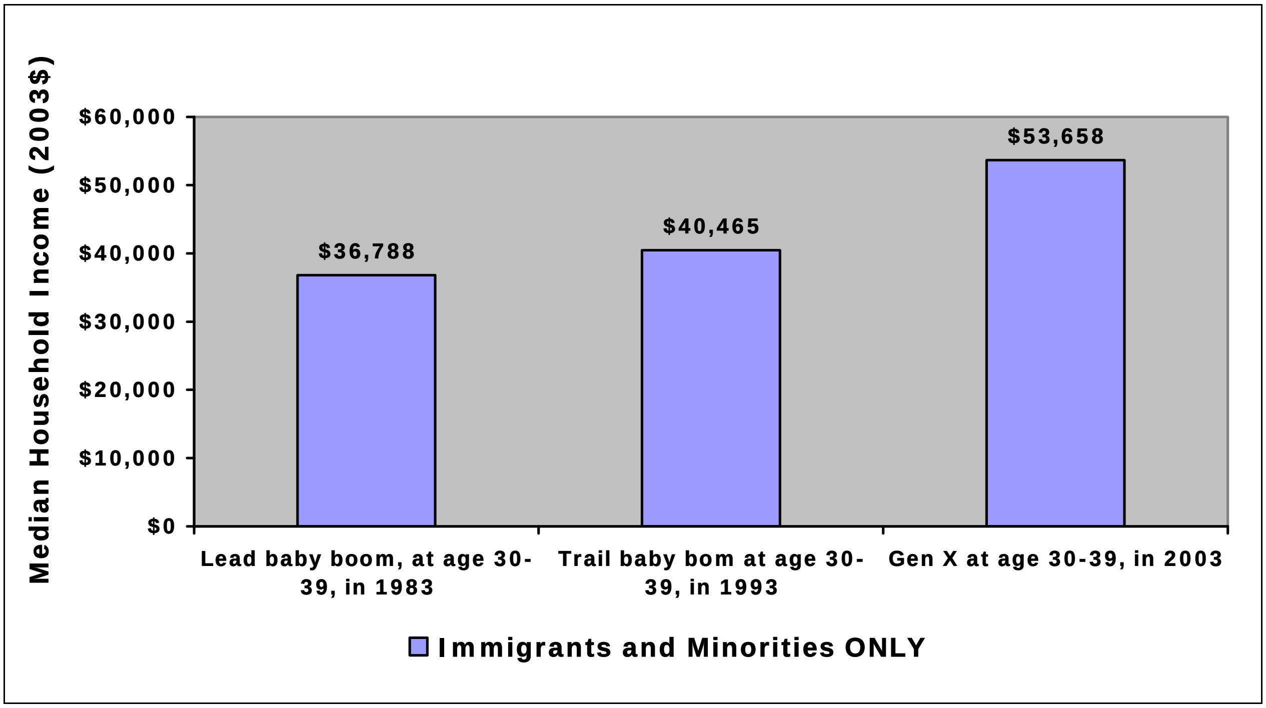
Figure 6. Younger Generations Have Higher Incomes



Source: JCHS tabulations of 1983, 1993, 2003 AHS.

Additionally, these higher income levels are also true of non native-born whites and native-born minorities (see Figure 6). Historically, minority groups have had lower income levels. Were this still true, the higher shares of minorities in younger generations would pull down the generation's purchasing power. However, it is clear that this is not the case. While native-born minorities still lag their white counterparts in income, their income levels are much higher than those of minorities in previous generations. In other words, minority groups are making gains relative to others of the same age.

Figure 7. Minorities and Immigrants in Younger Generations Have Higher Incomes



Source: JCHS tabulations of 1983, 1993, 2003 AHS.

Much like homeownership, incomes tend to increase in mid-life. As long as economic conditions allow it, Generation Xers are likely to contribute to the housing market through higher median incomes than any previous generation. Higher incomes are likely to translate into higher levels of spending and increased growth in the industry. However, it may be important to make the distinction between income and wealth, as well as income and purchasing power. Growing affordability issues may also constrain the market, even with these higher incomes.

Income Distribution

As incomes have grown with each previous generation, so has income inequality. Between 1995 and 2003, the Gini coefficient, a common measure of income inequality, has grown from 0.35 for lead baby boomers to 0.42 for Generation X. In practical terms, this means that Generation X is entering the housing market with higher shares at both the very low end and the very high end of the income bracket. Interestingly, this income disparity is also growing among the subset of native-born whites. In other words, claims that this income gap is increasingly due to higher shares of minorities and immigrant populations among younger generations is largely discredited with this data. It would appear that income distribution is being widened by all subsets of all generations.

Table 2. Income Disparities Between Generations are Growing

	All Households	Native-Born Whites
Generation X (2004)	0.42	0.40
Trailing Baby Boom (1994)	0.38	0.35
Lead Baby Boom (1984)	0.35	0.33

Source: JCHS tabulations of 1984, 1994, 2004 CPS.

While there are a host of negative social implications from these growing income disparities, the implications for the home improvement market can be positive. Increasingly, the market is being driven by upper-end households undertaking more expensive or elaborate projects. The growth in kitchen and bath remodels, for example, has been largely driven by high-income households. Therefore, a higher concentration of upper-end households will likely lead to greater demand for home improvement products and services.

Family Composition

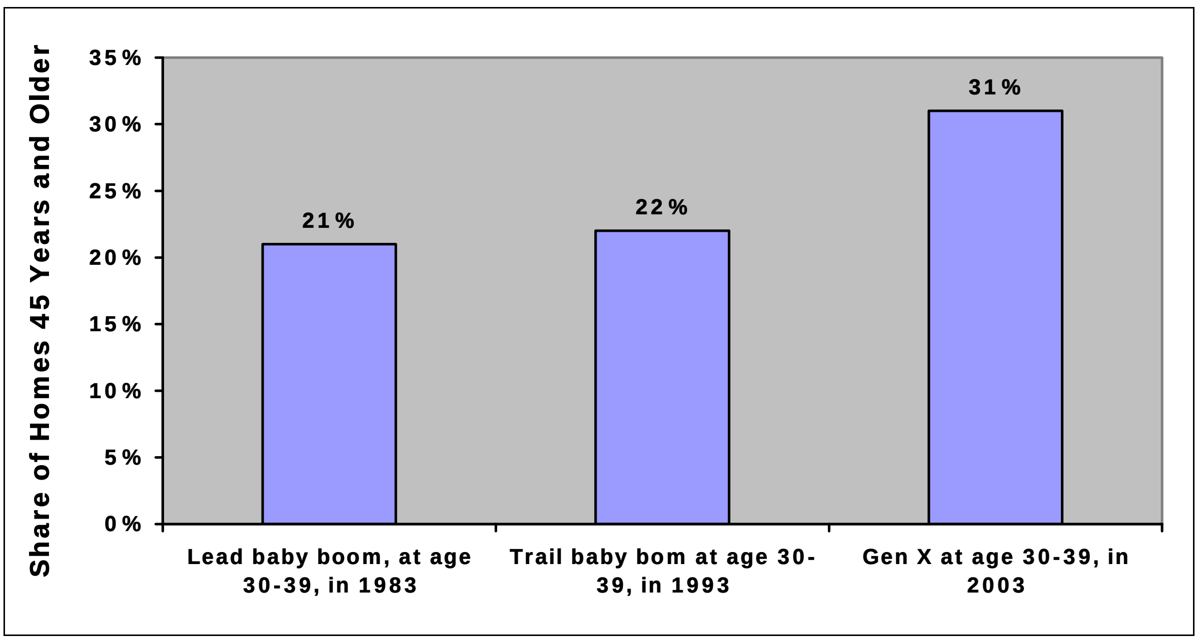
Because generations are in many ways a reflection of their environment and current culture their family composition, not surprisingly, also varies. For one, every generation has had increasingly higher shares of unmarried persons in their 30s. In 1984, only 13% of baby boomers in their 30s had never been married. In 1994, this number jumped to 20% for trailing baby boomers of comparable ages, and currently, fully 24% of Gen Xers have never been married. Moreover, of those that are married or divorced, every generation have fewer children than those of preceding generations. While the average number of children for lead baby boomers is 1.77, that number drops to 1.70 for trailing baby boomers and drops again to 1.66 for Generation X.

These changing patterns in household formation and family composition have an impact on the housing market. Generally, slower family composition leads to slower homeownership rates, as homeownership is often less of a priority and less affordable. However, we have seen that changing family patterns seem to have had little negative impact on the housing market. Homeownership rates for single-person headed households have increased in each generation. The changing patterns in housing composition may be an indication of differences in priorities and attitudes between each generation. If household composition is different, the demand for goods and services will inevitably be different. For one, the increased number of female-headed households could have preferences and market behaviors different from their male counterparts. Fewer average children may also reflect a higher level of disposable income, giving younger generations more purchasing power in the remodeling market. Finally, a lower average number of children may mean that renovations could be less focused on space concerns, such as the addition of a bedroom or playroom, and more concentrated in areas of aesthetics and luxury living.

Age of Home

While homeownership rates are up, the characteristics of homes occupied by various generations are different.

Figure 8. Generation Xers Live in Relatively Older Homes



Source: JCHS tabulations of 1983, 1993, 2003 AHS.

As noted in Figure 8, members of Generation X, on average, live in much older homes. The average age of their homes is 31 years, 10 years older than the homes occupied by the trailing and leading baby boomers when they were in their 30s. To some extent, this is a reflection of current condition, as the age of stock nationally has been increasing.

The implications for the remodeling industry are fairly straightforward. Older homes typically need more remodeling work. While the need for replacement and maintenance work seems obvious, owners of older homes also tend to upgrade and modernize the appearance and structure of the home. Such projects include kitchen and bath remodels, additions and consolidation of rooms, and improving the exterior of the home. As the stock continues to age, the remodeling activity is likely to persist.

Attitudes

Measuring the change in attitudes among different generations may be one of the most direct ways to measure the distinctions between these groups. While other indicators give a good sense of the economic and marketplace environment that the generations occupy, it is difficult to decipher generational preference from the conditions that dictate their choices and constraints. While longitudinal data that address specific attitudes around housing issues and homeownership is hard to come by, there are a few very good surveys that measure attitudes towards tangentially-related issues. Among them is the General Social Survey, which asks a battery of questions covering a broad range of topics to a sample of American households. Using a longitudinal analysis of this survey, we can get a sense for how attitudes among 30-39 years old homeowners compare across generations.

Table 3. Generations Show Changes in Attitudes over Time

	Lead Baby Boom in 1980	Trailing Baby Boom in 1990	Generation X in 2000
	Percent (%) responding positively to the following statements		
FINANCIAL AND ECONOMIC CONCERNS			
I have a great deal of confidence in banks and financial institutions.	24.6	12.8	33.8
I have a great deal of confidence in major companies.	24.5	21.3	33.3
If I were rich, I would still continue working.	82.4	74.2	71.0
I am satisfied with my financial situation.	17.4	23.9	20.5
I am in a better financial situation than I used to be.	42.3	52.6	57.7
NEIGHBORHOODS AND URBAN ISSUES			
It is a good idea for aged parents to live with their children.	47.3	51.6	64.2
There any people of a different race in your neighborhood?	50.5	57.9	72.8
I am afraid to walk at night in my or a nearby neighborhood.	40.8	34.7	34.7
The government spends too little on solving problems of big cities and urban areas.	53.2	57.6	56.7
SOCIAL AND ENVIRONMENTAL CONCERNS			
The government spends too little on improving the conditions of blacks and other minorities.	40.6	36.5	29.5
The government should reduce income differences.	25.0	34.4	26.5
The government spends too little on improving and protecting the environment.	63.9	83.9	68.2
OUTLOOK ON LIFE AND SOCIETY			
I am very happy in life.	30.2	40.3	33.8
Life is exciting.	40.4	44.3	52.2
Generally, people are only looking out for themselves.	53.5	44.3	47.5
In general, people cannot be trusted.	54.7	65.1	62.4
People get ahead through hard work, not luck.	64.9	62.5	66.4

Source: General Social Survey, 1980, 1990, 2000.

There are some fairly distinct differences in attitudes among these three generations. While some differences may reflect changing societal norms and accepted views, these data indicate divergences in attitudes regarding economic and social concerns, neighborhood and urban issues, and life and society in general.

Generations vary significantly in their confidence in financial and commercial institutions. Members of Generation X have a much higher level of confidence in banks and financial institutions than their predecessors had at comparable age groups. Higher confidence in financial institutions may translate to higher likelihood of investment and consumption; members of Generation X may be more likely to use banks for refinancing activity, leveraging home equity, and generally sustaining high levels of consumption. Additionally, Generation Xers have higher levels of confidence in their own financial situations; nearly 60 percent claim they are in a better financial situation than they used to be, an indication that Gen Xers have more actual or perceived opportunities for upward financial mobility. Confidence in personal and institutional financial situations is likely to mean higher levels of consumption. Coupled with the higher median incomes and strong housing characteristics, this generation seems to have promise for an even higher trajectory than its predecessors.

An attitudinal difference of particular interest is that concerning aged parents living with their children. The share of Generation X that agrees that it is a good idea for multiple generations to share the same home is much higher than preceding generations. This could have substantial implications on the remodeling market, as Generation Xers may be more likely to renovate their homes to accommodate their aging parents.

Members of Generation X also view work and a career as necessary, but perhaps not preferable. While the majority of Gen Xers claim they would continue to work even if they could afford not to, the share is much lower than both preceding generations. This indicates that members of Generation X are more concerned with leisure and recreational activities. Among other things, this could translate to a greater interest in home improvement activities, potentially strengthening the DIY market.

Perhaps as a result of increased diversity, Generation X is also distinct in their attitudes towards racial issues. For one, there is an actual or perceived decrease in neighborhood segregation. Moreover, there is a lessened emphasis on the need for efforts to improve conditions for minorities.

At a minimum, these data show us that the groups are distinct in their attitudes, opinions and priorities. Clearly, there exist some cohort differences in the way generations view the world and their role in it. While some of this attitudinal data give us a broad-based understanding of these differences, much is useful in making inferences specific to consumption behavior and potential remodeling activity. As distinct groups with distinct opinions and priorities, these generations are likely to approach the home improvement market in different manners.

Similarities

There were also some areas in which differences were not very pronounced. Perhaps most surprisingly, cost burdens, defined as the share of total income used for housing-related expenses, have remained unchanged. It would appear that increased incomes have managed to counter-balance any affordability concerns for most of Generation X.

Finally, mobility patterns have remained largely unchanged. The share of Generation X that moves in any given year is approximately the same as the share of trailing baby boomers in 1993 and leading baby boomers in 1983.

Conclusion and Further Research

Clearly, generations exhibit significant differences in composition, attitude, and behavior. Fundamental demographic factors, including income, household composition, and racial diversity, differ between, and even among, generations. Moreover, generational trends in the housing market also show variation.

Perhaps most importantly, homeownership rates among generations are markedly different. Wholly, members of Generation X have significantly higher homeownership rates than preceding generations at comparable ages; what's more, minority groups within Generation X, while they still lag their native-born counterparts, have made gains in homeownership rates relative to past generations. Generations also exhibit distinctions in median income levels. Additionally, the age and some characteristics of homes between generational cohorts are dissimilar.

Changes in household composition have also transpired among generations, as younger generations have higher shares of single-person households and fewer average children per household. The racial and ethnic makeup of these groups is also unique, as immigration and late household formation have created increased subsequent diversity among generations.

Undoubtedly, some of these trends are influenced by current and past market conditions. However, generational differences in behavior may also be an indication of a divergence in values, preferences and attitudes among generations. While the notion that members of a generation share commonalities because of share early experience is difficult to quantify, variations in demographic and housing trends indicate that a divergence in market behaviors does in fact exist. At a minimum, this implies generational groups have, and will continue to, demand different things from the housing market, with the remodeling segment being no exception. Higher levels of income and homeownership rates will likely translate into sustained or even increased levels of activity within the remodeling market. Changing characteristics within the housing stock will possibly engender adjustments in repairs and improvements needed to maintain and embellish the stock. Finally, shifting racial, ethnic, and household composition may also transform demand for goods and services.

What remains to be determined, however, is to what extent generationally determined lifestyles and social values exercise influence on buying and purchasing relative to more commonly understood demographic factors like income, education, and racial composition. Given the intangible nature of concepts such as values and preferences, measuring the quantitative impact of generational influences can be challenging at best.

Moreover, limited home improvement data further aggravates this problem. Most recent detailed remodeling data currently contains only an eight year history, stunting possibilities to perform more precise ten-year cohort analysis in remodeling activity until 2006. In addition, auxiliary data detailing project type, choice of installation, and product preferences is also very restricted, lessening opportunities to do further analysis of intra-generational disparities among these variables. Furthermore, data detailing motives for home improvement and purpose of home use are in short supply, making it difficult to relate broader attitudinal data to specific generational differences in approaches towards home improvement.

Even so, the fact that members of Generation X, now in their 30s, spend more on home remodeling than baby boomers spent when they were of the same age bodes well for future trends in the market. Moreover, the fact that baby boomers appear to also be spending more than their predecessors should give the market added lift. Together, these groups will help sustain the levels of growth the remodeling market has experienced over the past decade.

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