Joint Center for Housing Studies
Graduate School of Design • Harvard Kennedy School • Harvard University

1033 Massachusetts Avenue
5th Floor
Cambridge, MA 02138

Tel: (617) 495-7908
Fax: (617) 496-9957
www.jchs.harvard.edu

PRESS RELEASE

Embargoed until Thursday, January 13, 2011 at 3:00 p.m. EST.

Contact: Kerry Donahue
(617) 495-7640
kerry_donahue@harvard.edu

U.S. Remodeling Industry Poised for Growth

Harvard University releases major report on home improvement industry

CAMBRIDGE, MA – In the wake of the worst downturn in recent history, the U.S. home improvement industry is poised for growth, according to a major report released today by the Joint Center for Housing Studies at Harvard University. *A New Decade of Growth for Remodeling* is the sixth and latest report in the *Improving America's Housing* series, published by the Remodeling Futures Program at the Joint Center**.**

"As both the economy and the housing market stabilize, so too will homeowner improvement spending," says Abbe Will, a researcher with the Remodeling Futures Program. Over the coming years, remodeling expenditures are expected to increase at an inflation-adjusted 3.5 percent average annual rate, below the pace during the housing boom, but sharply recovering from the recent downturn.

The industry, which saw a double-digit decline since its peak in 2007, is beginning to return to a more typical pattern of growth. Market fundamentals—the number of homes in the housing stock, the age of those homes, and the income gains of homeowners making improvements—all point to increases in remodeling spending. "Metropolitan areas with rising house prices, older housing stocks, higher incomes and home values, and a larger share of upscale remodeling expenditures, such as Boston, San Francisco, and Los Angeles, are well-positioned for an upturn in remodeling activity," says Eric Belsky, managing director of the Joint Center.

In the next five years, the focus of remodeling spending will shift from upper-end discretionary projects to replacements and systems upgrades. Remodeling contractors have a number of growth opportunities generated by underinvestment in distressed properties, lower mobility, changing migration patterns, and the rise of environmental awareness.

"Lower household mobility following the housing market crash means that in the coming years homeowners will increasingly focus on improvements with longer paybacks, particularly energy-efficient retrofits," says Kermit Baker, director of the Remodeling Futures Program at the Joint Center. "Also, a slowing of migration to traditionally fast-growing Sunbelt metro areas means that, at least temporarily, more remodeling spending will remain in older, slower-growing areas in the Rustbelt and in California."

An embargoed copy of the report is available at:
http://www.jchs.harvard.edu/publications/remodeling/remodeling2011/index.htm
NOTE: Report embargoed until Thursday, January 13, 2011 at 3:00 p.m. EST.

-OVER-

The Joint Center for Housing Studies is Harvard University's center for information and research on housing in the United States and beyond, and the Remodeling Futures Program is a comprehensive study of the factors influencing the growth and changing characteristics of housing renovation and repair activity. Principal support for this study was provided by the Policy Advisory Board and the Remodeling Futures Steering Committee of the Joint Center. The Joint Center also thanks Masco Corporation for providing research and communications support.

-END-