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U.S. Housing Stock Ready for Improvement

Harvard University research center releases major report on remodeling industry

CAMBRIDGE, MA - After languishing for several years, the U.S. remodeling industry appears to be pulling out of its downturn, and a renewal of the nation's housing stock is underway, according to a major report released today by the Joint Center for Housing Studies of Harvard University. **The U.S. Housing Stock: Ready for Renewal** is the latest report in the Improving America's Housing series, published by the Remodeling Futures Program at the Joint Center. Foreclosed properties are being rehabilitated, sustainable home improvements are gaining popularity, older homeowners are retrofitting their homes to accommodate their evolving needs, and the future market potential is immense, as the emerging echo boom generation is projected to be the largest in our nation's history.

"As baby boomers move into retirement, they are increasing demand for aging-in-place retrofits," says Kermit Baker, director of the Remodeling Futures Program. "A decade ago, homeowners over 55 accounted for less than one third of all home improvement spending. By 2011, this share had already grown to over 45 percent. And generations *behind* the baby boomers will help fuel future spending growth since echo boomers are projected to outnumber baby boomers by more than twelve million as they begin to enter their peak remodeling years over the next decade."

Additionally, the surge in distressed properties coming back onto the market is contributing to an increase in U.S. remodeling spending. "After limited spending during the housing bust, renovating the more than one million distressed properties that were sold in 2011 contributed nearly \$10 billion to home improvement spending," says Eric S. Belsky, managing director of the Joint Center. "With about three million more foreclosures and short sales in the pipeline, there is even more such spending ahead of us."

Average homeowner spending on remodeling was 20 percent higher in the Northeast and 10 percent lower in the South, compared to the national average in 2011. Since the 1990s, however, the Sunbelt metro areas have generally seen stronger growth in home improvement spending. As of 2011, metro areas with the highest per owner improvement spending included the rapidly growing Sunbelt metros of Austin, Las Vegas, and Phoenix, as well as traditionally stronger markets such as Boston, New York, San Francisco, and Washington, D.C.

Spending on energy-efficiency upgrades, in particular, continued to expand through the remodeling downturn. "The share of total market spending on energy-related projects rose sharply from 23 percent in 2007 to 33 percent in 2011," says Abbe Will, a research analyst in the Joint Center's Remodeling Futures Program. "About a quarter of households undertaking home improvement projects in 2011 did so for energy efficiency purposes."

DOWNLOAD THE REPORT: www.jchs.harvard.edu/research/publications/us-housing-stock-ready-renewal

FOR MORE INFORMATION, CONTACT: Kerry Donahue, (617) 495-7640, kerry_donahue@harvard.edu

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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.