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IMPROVING AMERICA'S HOUSING 2023

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Despite a Pandemic Remodeling Boom, Aging US Homes Require Additional Investment

US housing stock needs considerable investment to address energy efficiency, accessibility, and disaster mitigation and recovery; Harvard Joint Center for Housing Studies releases its 2023 Improving America's Housing report

CAMBRIDGE, MA – The pandemic focused attention on our homes as never before, lifting the US remodeling market to an unprecedented height of $567 billion in 2022, according to **Improving America's Housing 2023**, a new report from the Harvard Joint Center for Housing Studies. Despite the enormous boom in remodeling activity, the nation's homes are older today than at any time ever recorded and in growing need of critical replacements and maintenance. Greater investment is also needed to better prepare against disasters, improve energy efficiency, and meet the accessibility needs of an aging population.

The widespread adoption of remote work, massive growth in home equity and savings, and the aging of the housing stock boosted annual spending on improvements and repairs to owner-occupied homes 24 percent between 2019 and 2021 to $406 billion, or an annual pace of growth more than double the historical average of 5 percent. Although the overwhelming share of improvement funding came from savings, more than 1 in 5 projects costing $50,000 or more were paid for with home equity. "Homes are an important source of wealth for most owners, but racial and ethnic disparities in equity gains suggest widening gaps in remodeling activity and housing adequacy," says Carlos Martín, Project Director of the Remodeling Futures Program at the Joint Center for Housing Studies. "Greater public funding for retrofits and repairs, as well as expansion of the remodeling workforce, will be vital for addressing inequities."

During the pandemic, homeowners used their increased time at home to work on DIY projects. Between 2019 and 2021, spending for DIY improvements grew an astonishing 44 percent to a record height of $66 billion. Given that younger and lower-income owners focus relatively more of their improvement dollars on DIY projects, the DIY share of spending is typically larger in more affordable metros. **[INTERACTIVE MAP]**

With the aging of the housing stock, spending on energy-related improvements such as roofing, HVAC, and windows and doors tripled from 2001 to 2021, to $111 billion or 34 percent of market spending, up from 28 percent in 2001. Additionally, the rising number and severity of climate-related disasters is increasing home restoration spending. In 2021, homeowners spent $18 billion for disaster repairs, well above the real annual spending of $12 billion averaged in the 2000s.

Most homes lack features that make them accessible for people with limited mobility. Nearly 2 million homeowners age 55 and over pursued projects for accessibility in 2020 and 2021, but many more will need to make these modifications as the number of older adults and multigenerational households increase in the coming decades. "The need for accessibility improvements will be especially high in the Northeast and Midwest, regions of the country with relatively older homes," says Abbe Will, Associate Project Director of the Remodeling Futures Program at the Center. "These modifications can be costly, and filling the growing need will require greater investments in programs that offer grants or low-cost loans to lower-income households."

Despite the dramatic growth in remodeling activity during the pandemic, a meaningful share of the housing stock remains in dire need of investment. "While many homes require critical replacements and repairs, those most in need of updates are often occupied by households least able to afford the expense," says Chris Herbert, Managing Director of the Center. "Deteriorating homes threaten the health and safety of older, lower-income homeowners, while the burden of high improvement and repair costs jeopardizes the current stock of affordable housing." **[INTERACTIVE CHART]** On average, homeowners with incomes of less than $32,000 in 2021 spent the equivalent of 20 percent of their incomes on improvements and maintenance, almost twice the share for all owners.

Although home remodeling faces many headwinds in the near term, including rising interest rates, declining home sales, and labor and material supply constraints, the market is more reliant on need-to-do projects than during the boom of the mid-2000s. **[INTERACTIVE CHART]** Increasing investments that address the full range of home performance deficiencies should support longer-term growth in home improvement and repair spending. Ultimately, there will always be a need to improve and repair the nation's homes, and a demand for the industry that fills that need.

Download the Report + Interactive Data

Improving America's Housing 2023 will be released in a live webcast on Thursday, March 23 at 12:30 pm ET, featuring Jane Dzielski (Google), Jessica Granderson (Lawrence Berkeley National Laboratory), Carlos Martín (Harvard JCHS), Ruth Ann Norton (Green & Healthy Homes Initiative), Keith Rozolis (ABC Supply), and Abbe Will (Harvard JCHS).

Registration is required to attend

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