



America's Remodeling Market

(Adapted from Joint Center for Housing of Harvard University, 2007, Foundations for Future Growth in the Remodeling Industry)

"The remodeling market is rapidly approaching \$300 billion a year, climbing at a 7.5% compound average annual rate between 2000 and 2005 (4.9% after adjusting for inflation).

Spending Trends...

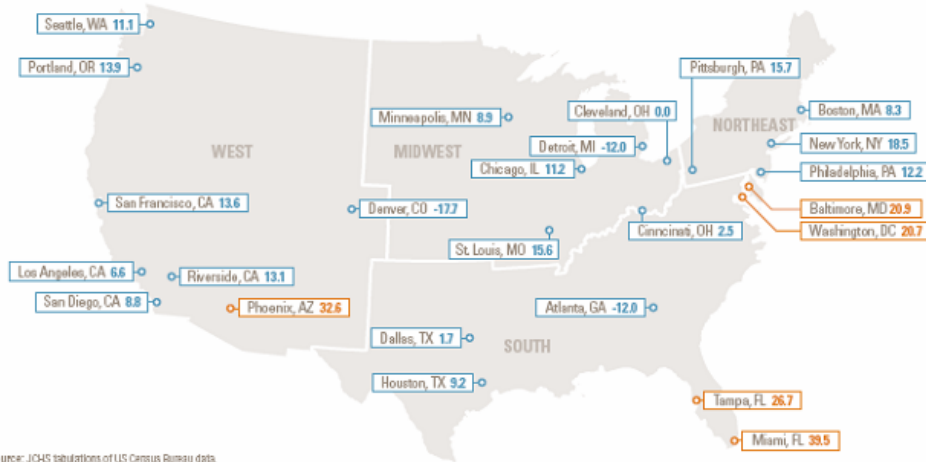
- Owners spending \$25,000 on home improvement projects accounted for fully 40% of expenditures in 2005, up from just 17% in 1995 in inflation-adjusted terms
- **Between 2005 and 2015**, homeowner spending on remodeling projects is projected to increase at a 3.7% compound annual rate, generating 43.6% inflation-adjusted growth for the decade
- Higher spending per household for improvements across all age and racial/ethnic groups will contribute to growth, with average expenditures climbing from just over \$2,500 in 2005 to more than \$3,100 in 2015 (in 2005 dollars)
- Nearly 45% real increase in homeowner spending is projected between 2005 and 2015. In fact, with growth moderating on the construction side, the remodeling share of total spending in the residential sector will reach a new high of 47%

Homeowner Trends...

- The number of homeowners will rise by 16.2% between 2005 and 2015
 - This growth assumes an increase in the total number of households of about 15 million, and an increase in the national homeownership rate from 68% to 71%
- The continued strength of immigration, as well as the movement of the echo boomers (children of the baby boomers) into the ages when they are most likely to participate in the housing market, ensures growth in the number of households over the next decade
 - The addition of over 12 million homeowners is projected by 2015.
- With the population of older and minority homeowners growing rapidly, professional contractors are likely to capture a consistently large share of the remodeling market—particularly in the next five years. Over the entire decade, spending in the professional segment is expected to grow 46% while the D-I-Y segment increases at a solid 37%."

The Top Five Fastest-Growing Remodeling Markets Are in the South and West

Percent change in remodeling permit values for 25 largest metro areas (2004–2005)



Source: JCHS tabulations of US Census Bureau data.