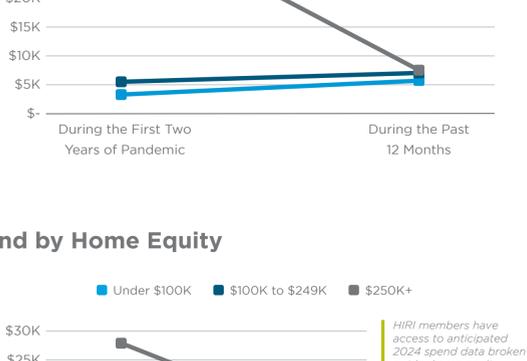


The Degree to Which Home Improvement Demand Was Pulled Forward

A top of mind question remains in the home improvement industry: did high levels of home improvement activity during the pandemic represent a "pull forward" effect or a "one time" spending anomaly?

Here's what we know:

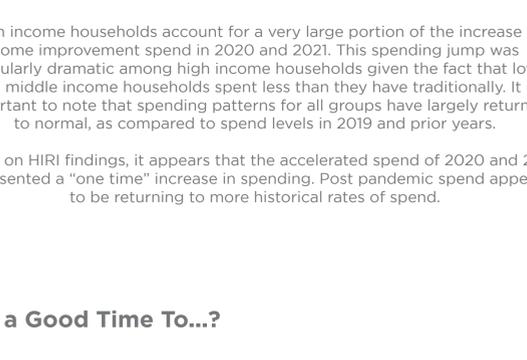
Spend by Household Income



Spend by Home Equity



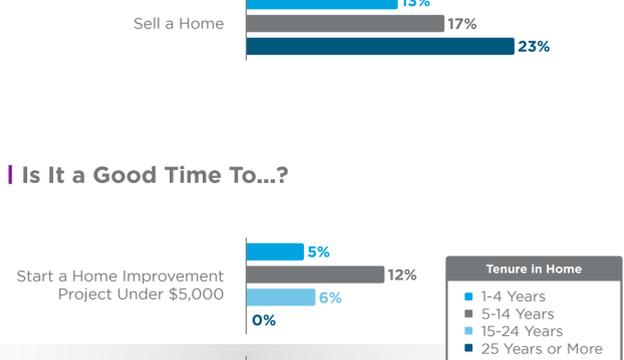
Spend by Net Worth



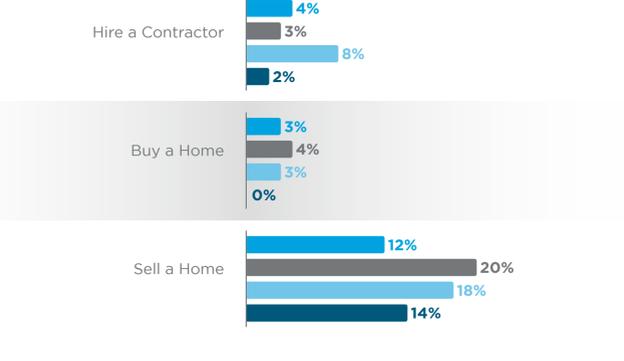
High income households account for a very large portion of the increase in home improvement spend in 2020 and 2021. This spending jump was particularly dramatic among high income households given the fact that lower and middle income households spent less than they have traditionally. It is important to note that spending patterns for all groups have largely returned to normal, as compared to spend levels in 2019 and prior years.

Based on HIRI findings, it appears that the accelerated spend of 2020 and 2021 represented a "one time" increase in spending. Post pandemic spend appears to be returning to more historical rates of spend.

Is It a Good Time To...?



Is It a Good Time To...?

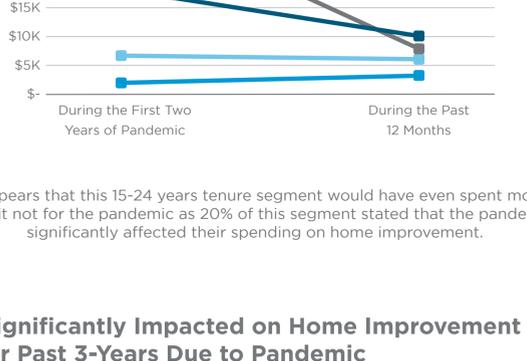


It is important to acknowledge, also, that although high financial structure households do increasingly spend more on home improvement, the relative differences between the income segments may not be as great as the industry has thought.

How Length of Time in the Home Affected Improvement Behaviors

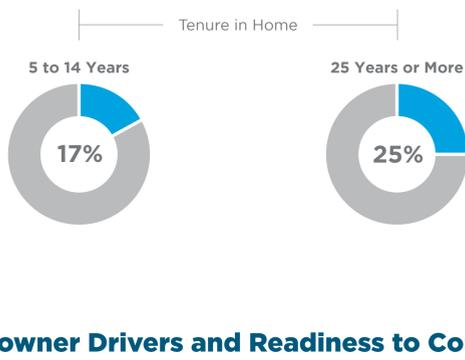
Spending in 2020 and 2021 was disproportionately conducted by homeowners with 15-24 years of tenure in the home.

Home Improvement Spend



It appears that this 15-24 years tenure segment would have even spent more were it not for the pandemic as 20% of this segment stated that the pandemic significantly affected their spending on home improvement.

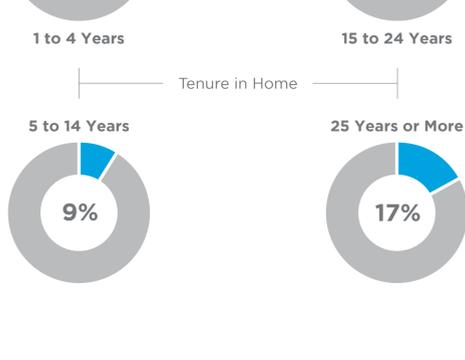
% Significantly Impacted on Home Improvement Over Past 3-Years Due to Pandemic



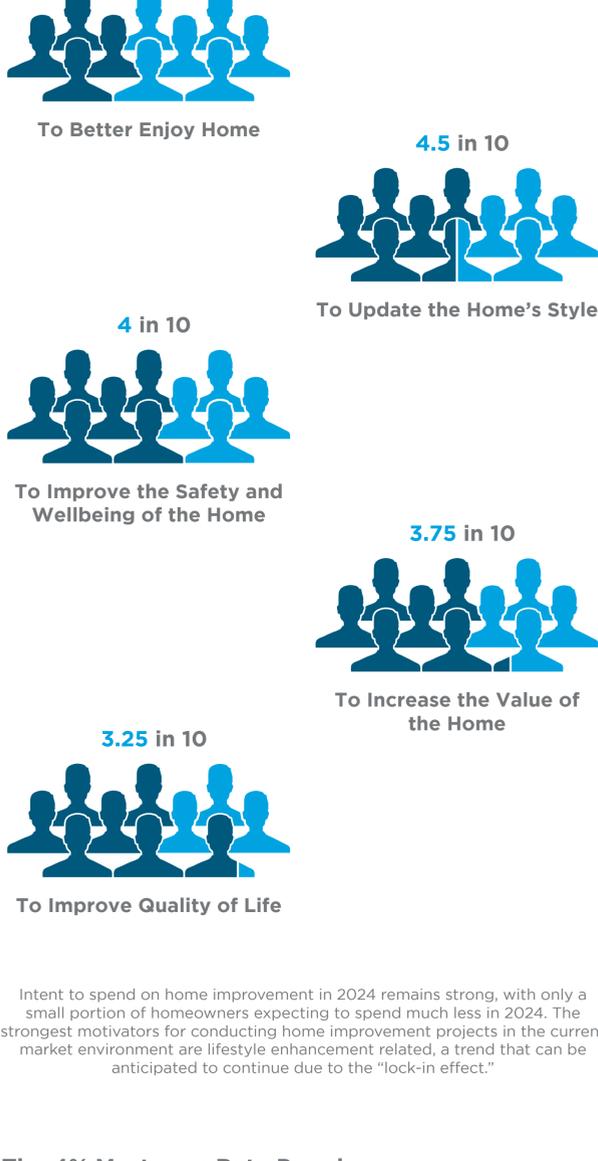
Homeowner Drivers and Readiness to Complete Home Improvement Projects in 2024

It has often been suggested that recent movers tend to spend significantly more on their recently purchased home, but this is not necessarily the case in recent years. This presumption should be held lightly in the current housing market and economic environment that has created the "lock-in effect" and prompted ongoing home improvements across cohorts of homeowners.

% Expecting to Spend Much Less on Home Improvement in 2024



Motivations for Home Improvement



Intent to spend on home improvement in 2024 remains strong, with only a small portion of homeowners expecting to spend much less in 2024. The strongest motivators for conducting home improvement projects in the current market environment are lifestyle enhancement related, a trend that can be anticipated to continue due to the "lock-in effect."

The 4% Mortgage Rate Paradox

Interestingly, while only 4 in 10 homeowners currently have a mortgage rate of 4% or less, between 7 and 8 in 10 homeowners report that they would need mortgage rates to decrease to 4% for them to consider moving.



Sub 4% mortgage rates are not expected in 2024, signaling another tough year for the housing resale market, but positive signals for home improvement demand as homeowner mobility remains low.



About HIRI

As the only nonprofit organization dedicated to home improvement research, HIRI empowers our members with exclusive, ongoing home improvement data and information for making better business decisions. Members are the leading manufacturers, retailers and allied organizations in the home improvement industry.

www.hiri.org