

Surge in remodeling should last through next year

Stimulus money and home value appreciation are pushing more people to invest in their houses. They're increasingly turning to professionals as well



Milivoj Kuhar and Unsplash

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April 16, 2021

The recent surge in home [remodeling](#) should continue for the rest of this year and into 2022, according to a new report from Harvard.

The report, from Harvard's Joint Center for Housing Studies (JCHS), indicates that there should be year-over-year increases in homeowner spending on remodeling each quarter through the first months of next year. Those increases will fluctuate, but should ultimately end up at about 4.8 percent next spring.



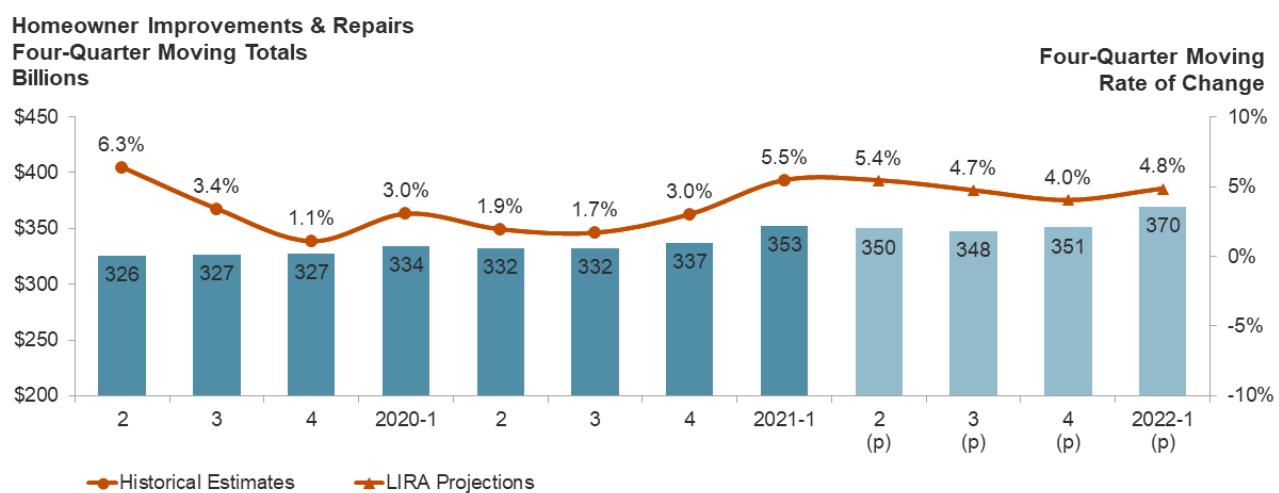
Chris Herbert

Chris Herbert, the JCHS's managing director, said in the report that increased spending on home improvement and upkeep projects is being driven by both recent stimulus payments as well as home value appreciation.

"This lift in incomes and ongoing strength of the housing market are providing homeowners incentives to make even greater investments in their homes this year," Herbert said.

The report is based on the Leading Indicator of Remodeling Activity (LIRA), which is a weighted figure that provides a short-term projection of home remodeling and repair spending.

Leading Indicator of Remodeling Activity – First Quarter 2021



Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2019 are produced using the LIRA model until American Housing Survey benchmark data become available.

Remodeling became a popular pastime during the [coronavirus pandemic](#), and by July, [76 percent of homeowners completed](#) at least one improvement project on their property after coronavirus lockdowns began. The surge in such projects [has helped drive up demand](#), and prices, of materials such as lumber and steel.



Abbe Will

Significantly, however, Harvard's new report suggests that homeowners are shifting toward new types of projects right now. Abbe Will, an associate director who focuses on the remodeling industry at the JCHS, said in the report that the surge in do-it-yourself projects is "slackening as the economy continues to open up." However, in place of DIY efforts, more people are "undertaking larger discretionary renovations that had been deferred during the pandemic."

"A shift to more professional projects," Will added, "should boost annual homeowner remodeling expenditures to \$370 billion by early next year."

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