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## DOUBLE DIGIT GROWTH IN REMODELING SPENDING EXPECTED THROUGH MID-YEAR



Thursday, January 16, 2014

Cambridge, MA –The home remodeling market should see strong growth in 2014, according to the [Leading Indicator of Remodeling Activity \(LIRA\)](#) released today by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The double-digit gains in annual home improvement spending projected for the first half of the year should moderate some to just under 10 percent by the third quarter.



MEDIA

"The ongoing growth that we've seen in home prices, housing starts, and existing home sales is also being reflected in home improvement activity," says Eric S. Belsky, managing director of the Joint Center. "As

owners gain more confidence in the housing market, they are likely to undertake home improvements that they have deferred."

"However, the strong growth for this cycle may start to ebb a bit beginning around midyear," says Kermit Baker, director of the Remodeling Futures Program at the Joint Center. "By that time, we'll be approaching the pre-recessionary levels of spending, and with borrowing costs starting to creep back up, growth rates are likely to slow some."

[Click to view/save LIRA graphic.](#)

[More information about the LIRA \(FAQ, etc.\)](#)

[Click to view historical LIRA data and calculation methodology](#)

The Leading Indicator of Remodeling Activity (LIRA) is designed to estimate national homeowner spending on improvements for the current quarter and subsequent three quarters. The indicator, measured as an annual rate-of-change of its components, provides a short-term outlook of homeowner remodeling activity and is intended to help identify future turning points in the business cycle of the home improvement industry. The development of the LIRA is detailed in "[Developing a Leading Indicator for the Remodeling Industry](#)" (JCHS Research Note N07-1). In July 2008, the LIRA was re-benchmarked due to changes in the underlying reference series. These changes are explained in "[Addendum to Research Note N07-1: Re-Benchmarking the Leading Indicator of Remodeling Activity](#)" (JCHS Research Note N08-1). The LIRA is released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University in the third week after each quarter's closing. **The next LIRA release date is April 17, 2014.**

The Remodeling Futures Program, initiated by the Joint Center for Housing Studies in 1995, is a comprehensive study of the factors influencing the growth and changing characteristics of housing renovation and repair activity in the United States. The Program seeks to produce a better understanding of the home improvement industry and its relationship to the broader residential construction industry.

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Rental housing has always provided a broad choice of homes for people at all phases of life. The recent economic turmoil underscored the many advantages of renting and raised the barriers to homeownership, sparking a surge in demand that has buoyed rental markets across the country. But significant erosion in renter incomes over the past decade has pushed the number of households paying excessive shares of income for housing to record levels. Assistance efforts have failed to keep pace with this escalating need, undermining the nation's longstanding goal of ensuring decent and affordable housing for all.

The Joint Center for Housing Studies is a collaborative unit affiliated with the [Harvard Graduate School of Design](#) and the [Harvard Kennedy School](#).

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