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How Financing is Shaping

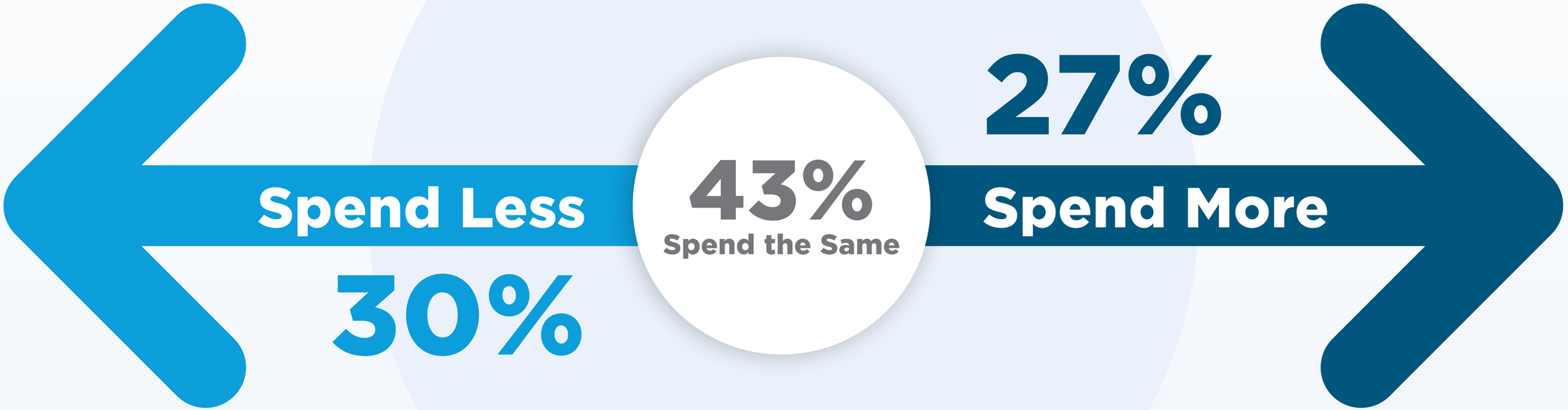
Home Improvement Decisions

How Financing is Shaping Home Improvement Decisions

Faced with mounting financial pressures, U.S. households are searching for areas to cut back on their household bills. This is leading to planned decreases in home improvement spending, as well as increasingly more project cancellations and delays. The challenge for stakeholders in the home improvement industry is to meet homeowners where they're at and find opportunities to keep projects moving forward. The Home Improvement Research Institute's (HIRI) Home Improvement Financing Insights report explores financing as a plausible solution to budget challenges, expanding what homeowners think they can afford to do. Using data from the second quarter of 2026, this report tracks shift in home improvement spending intent over time, compares homeowners who use financing against those who don't, it's impact on revenue, what size of contractor company typically uses financing, and digs into the main drivers for project postponements and cancellations. These insights can help brands tailor their business strategies to address the challenges of a tight market.

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Planned Home Improvement Spend
Q2 2026

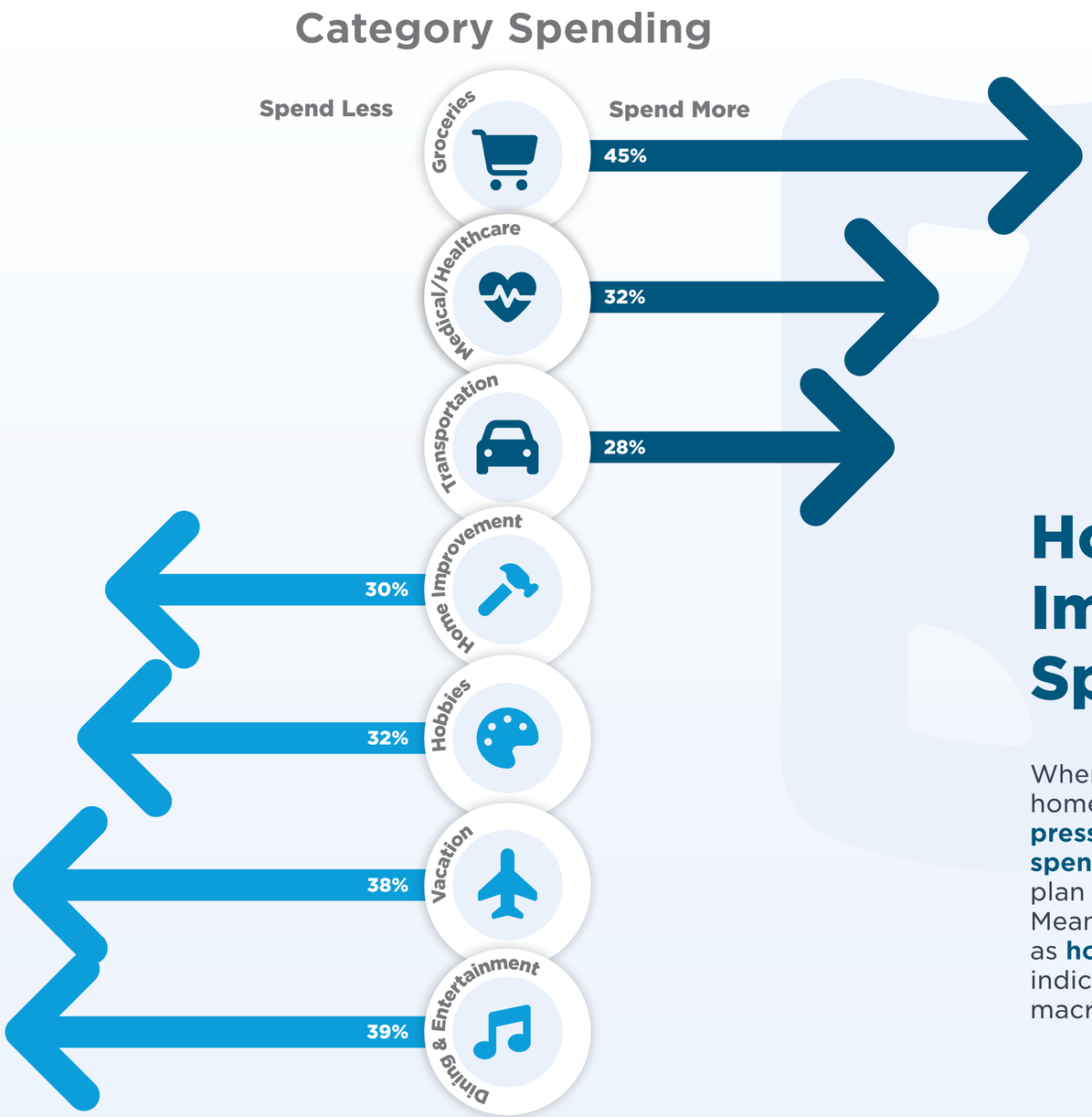


Planned Home Improvement Spend Turns Net-Negative in 2026

Planned homeowner spend is one important indicator of the health of the home improvement market. In Q2 2026, home improvement **spend intent turned net-negative**, which means more households are planning to **spend less** on home improvement activities in the next 12 months than are planning to **spend more** (or 30% and 27%, respectively). About 43% plan to spend the same. This is a noteworthy change from previous sentiment, with prior HIRI data showing **positive readings across the prior nine quarters**. It indicates the **financial strain** that many homeowners in the U.S. are currently feeling in 2026.

This is the **first negative reading in the past nine quarters** from HIRI data.

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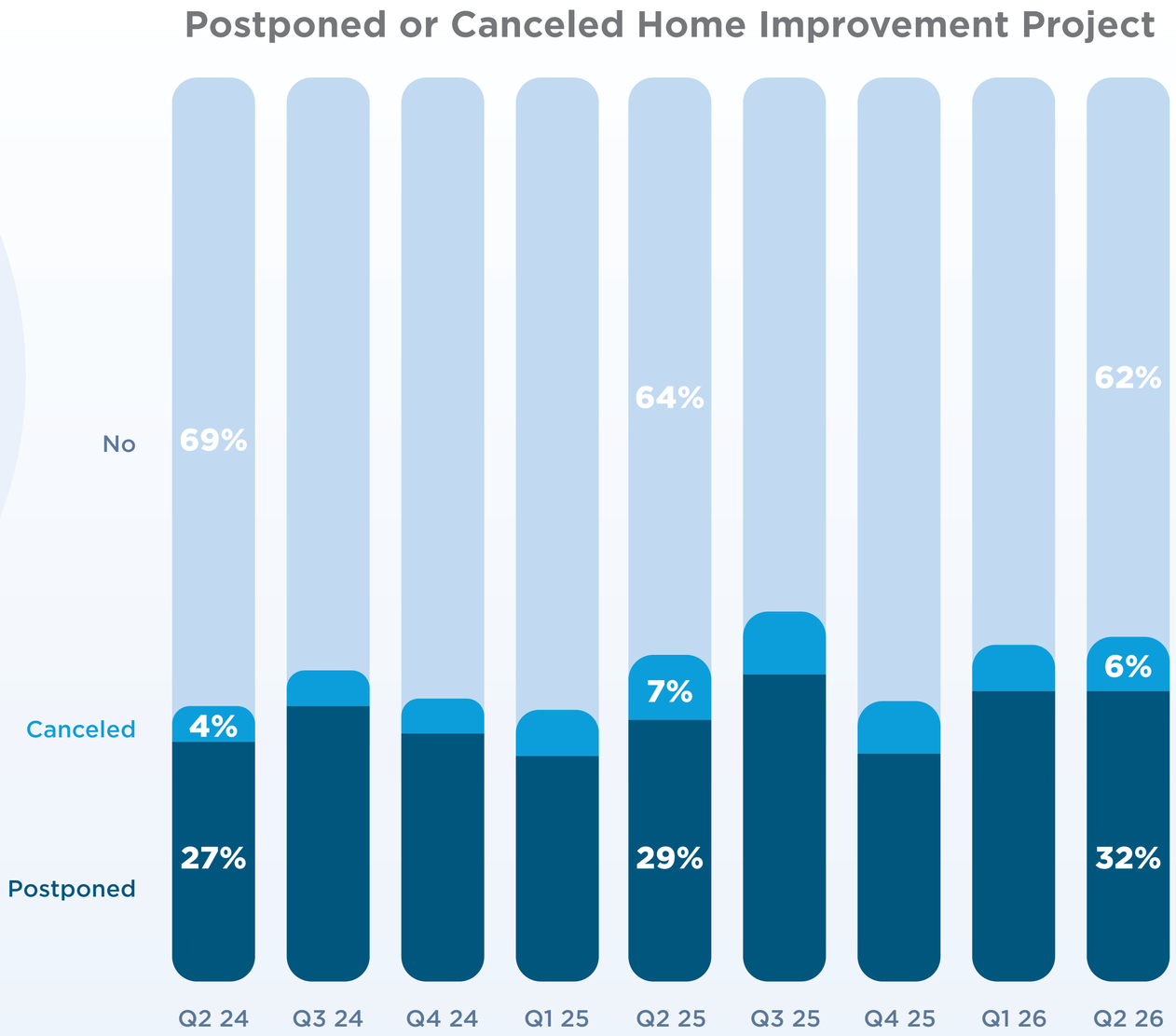
Homeowners are Grouping Home Improvement with Discretionary Spending Categories

When it comes to the main categories of household spending, the intent around home improvement spending sits between **protected essentials** and clearly **pressured discretionary spending**. For example, 32% of homeowners plan to **spend more** on **medical/healthcare expenses** over the next 12 months, while 45% plan to spend more on **groceries** and 28% plan to spend more on **transportation**. Meanwhile, homeowners are planning to **spend notably less** on categories such as **hobbies, vacation, and dining and entertainment**. This trend serves as an indication of where homeowners' priorities lie and how they're adjusting the macroeconomic pressures.

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Budget Pressures Spur Project Delays and Cancellations

Project cancellations experienced a roughly 67% **increase** from 2024 to 2025, whereas **delayed projects increased slightly**, from approximately 27.9% in 2024 to 29% in 2025. Postponements and cancellation rates have held steady at elevated levels in the first two quarters of 2026. For example, 32% of projects were postponed in both the first and second quarter of 2026, while between 5% and 6% of projects were canceled. The main reasons for cancelled and postponed projects in Q2 2026 include **budget/ financial reasons, labor costs, and schedule/timing**.



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Cash and Credit Remain Top Payment Methods for Home Improvement Projects

How homeowners pay for their home improvement projects **varies depending on household net worths** and provides further insight into how financing factors into the bigger picture of home improvement activity. The households with **net worths above $150k** most frequently **pay cash** for their projects. Households with **net worths under $150k** are more likely than higher net worth homeowners to use **credit cards, personal loans, and ask for funds from family/friends.**

By Net Worth:
Homeowners Paying Cash

62% **$1M+** Paid in **Cash**



57% **$500K to $999K** Paid in **Cash**



63% **$150K to $499K** Paid in **Cash**



40% **$50K to $149K** Paid in **Cash**



34% **Under $50K** Paid in **Cash**



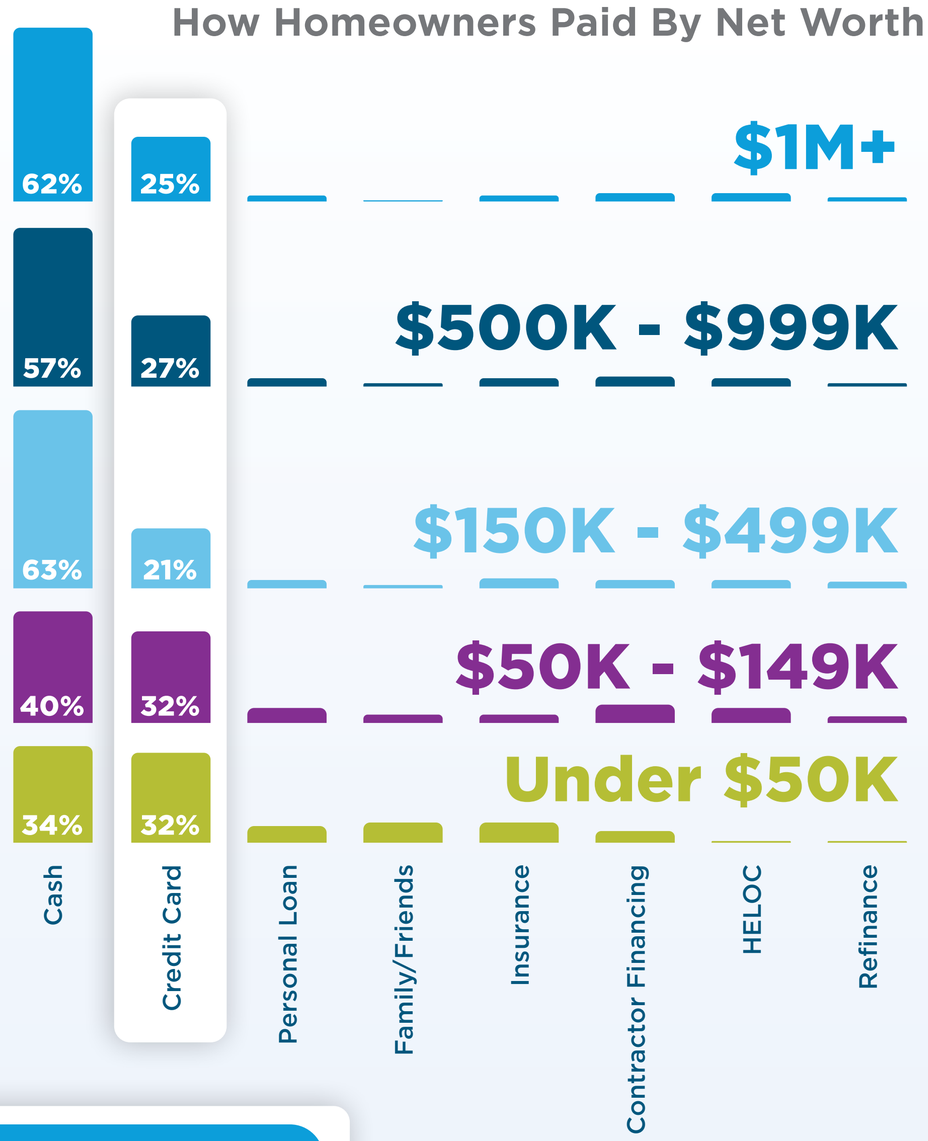
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Financing Gaps Provide Opportunity for Home Improvement Brands

Despite rising project costs in 2026, there **hasn't been a significant increase in homeowners using financing** as an alternative payment method. Instead, homeowners **under $150K** in net worth use **credit card** for 32% of projects, even though credit is a more costly option. This demographic represents an opportunity for **expanding financial services**, especially those that are more cost-effective than high-interest credit cards, to help them feel **empowered to take on projects** that they want to do but currently view as unaffordable. As financial pressures and affordability lead to delayed and postponed projects, **financing provides a unique opportunity** for home improvement brands to help homeowners keep their much-desired activities moving forward. **Product pricing** is also an important consideration to maintain market share in the currently tight market.

Gain Insight into How Financing Shapes Homeowner and Contractor Behavior

Financing expands **what a homeowner thinks they can afford** to do, not just how they pay for already-planned work. It also appears to help **contractors land bigger jobs**, although it does not affect their project volume or help them win a higher share of bids. **HIRI's Home Improvement Financing Insights report** explores home improvement financing shapes homeowner and contractor behavior. The study examines where **financing use** is concentrated, where it lags behind **project value**, how it relates to **project size**, and impacts **contractor revenue growth**. HIRI members can use these findings to identify which **homeowner segments, product categories, and contractor partners** represent the clearest opportunity for a financing product.



HIRI members have access to the full reports along with additional home improvement research that can support **strategy, product positioning, and customer engagement.**

Access Full Report

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Unlock $1M in Industry Insights

Join 100+ Leading Companies with On-Demand, Unlimited Access to Home Improvement Research

Executives Across Business Units Are Able To:

- Understand Key Purchase Drivers in the Evolving Marketplace
- Understand Pro and Consumer Attitudes and Behaviors
- Increase Organization ROI
- Identify Emerging Opportunities & New Revenue Streams

Directors & Managers Use HIRI Research To:

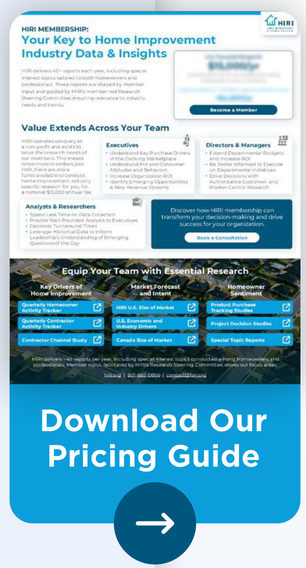
- Extend Departmental Budgets and Increase ROI
- Be Better Informed to Execute on Departmental Initiatives
- Drive Decisions with Authoritative Customer- and Market-Centric Research

Customer Insights Analysts & Researchers Are Able To:

- Spend Less Time on Data Collection
- Provide Well-Rounded Analysis to Executives
- Decrease Turnaround Times
- Leverage Historical Data to Inform Leadership's Understanding of Emerging Questions of the Day

Perks of a HIRI Membership

- $1M in up-to-date, primary market research conducted by industry recognized researchers at The Farnsworth Group
- No limits on the number of users with full access to HIRI resources within each organization
- On-demand access to raw data files alongside a Research Report on every study
- Support from HIRI's research specialists
- Member exclusive participation rights in the annual HIRI Summit. The HIRI Summit facilitates presentations by leading home improvement industry experts so that HIRI members maintain a comprehensive understanding of how to stay ahead of the changes impacting the home improvement market.



Download Our Pricing Guide



Join the Ranks of 100+ Leading Companies Driving the Home Improvement Industry

Contact Dave King

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