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HOME IMPROVEMENT
RESEARCH INSTITUTE

A photograph of a man and a woman working together on a home improvement project. The man is using a power drill on a wall, and the woman is assisting him. They are both smiling and looking at their work. The room has a window and a bed in the background.

What's Driving Home Improvement Spending in 2026?

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Despite a continued level of financial strain and tempered customer confidence to start 2026, the home improvement products market is expected to continue growing over the next few years. Home maintenance, repairs, and upgrades are a consistent spending category for households across the United States. [HIRI's 2025 Project Decision Study](#) explores the activities typically pursued by homeowners, particularly in the mid- to large-sized range. Understanding these trends can help manufacturers and retailers with aligning their products, services, and financing to project necessity; activating homeowners with digital inspiration and tools; and equipping contractors with sourcing, compliance, and fulfillment support across complex projects.

Consumer Confidence Dips While Disposable Income Remains Steady

Consumer confidence is struggling in the U.S., with the Consumer Confidence Index (CCI) **down more than 18%** compared to last year. The consumer sentiment tracker, from the University of Michigan, reveals a similar story, **dropping more than 28%** from December 2024 to December 2025. However, **real disposable personal income (RDPI) grew slightly** from the start of 2025 through the third quarter, based on data from the U.S Bureau of Economic Analysis.

Most of customers' big concerns regarding finances and the economy are **holding steady**, but they aren't without their **reservations**.



18%
↓ Decline in Consumer Confidence between December 2024 and December 2025.
According to Consumer Confidence Index

28%
↓ Decline in Consumer Confidence between December 2024 and December 2025.
According to University of MI Consumer Sentiment Tracker

Full-time Employed and Medium-income Households Participate Most in Improvements

Project Participation by Employment Status



Home improvement project participation skews toward **full-time employed** households, with **major renovations** drawing the most economically active owners. **Retired homeowners** are typically the **second-most represented** demographic when it comes who is pursuing home renovations. However, that distinction is significantly **less for major renovations, as well as interior finishes.**

Project Participation by Household Income



Household income also factors into project participation. About **two-thirds of interior finishing** activities are done by households bringing in **\$160,000-plus**. Medium-income households (\$80,000 to \$159,000) are the most likely to pursue **major renovations and outdoor projects**, while those households making less than \$80,000 are the most active with **mechanical system** projects.

1/2

of Homeowners will spend the same on home improvement this year

of Homeowners will spend more on home improvement this year

1/3

\$24k

on average is spent on major home renovation projects

on average is spent on other categories (exterior, interior, mechanical, outdoor)

\$12-

\$14k

A Majority of Homeowners Expect to Spend the Same or More on Home Improvement in 2026

While overall home improvement spending **declined** at the end of 2025, **fewer completed projects led to higher spend per project**, which implies tighter prioritization and deeper investment in **essential or higher-value work**.

Intentions around home improvement spending seem to be **steady at the start of 2026**, signaling a **measured and cautious outlook** rather than retrenchment, with homeowners **maintaining intent** while **calibrating budgets and project scope**.

About half of homeowners expect to spend roughly the **same amount** on home improvement in the next year as they did in the year prior. Another **third** expect they will **spend more** in this area. Based on the project decision study, homeowners, on average, expected to spend about **\$3,100 on home improvement over the next 12 months**.

Major renovations carry the highest average spend for home improvement projects, or nearly **\$24,000**. Other categories – such as exterior envelopes, interior finishes, mechanical or structural upgrades, and yard, garden or outdoor projects – cluster at more moderate and consistent investment levels, or between **\$12,000 and \$14,000**, on average.

Get even more data about spending intentions across project categories when you download the full report.

[Access Full Report](#)

Maintenance Drives Demand in Home Improvement

Manufacturers and retailers can adjust products, services, and financing to **project necessity**, prioritizing **speed** for required work and **upgrades** for discretionary projects.

Looking ahead, **maintenance** continues to dominate near-term home improvement plans for property owners, with about **half planning to do a maintenance project in the first quarter of 2026**. Another **30% are planning a home repair**. Both reflect a fairly steady trend in project intention.

While **40% of homeowners feel it's a bad time** to start a large project, in the **\$25,000-plus** range, they are feeling generally **more optimistic about mid-sized and smaller projects**, with about one third believing it's a **good time to start a project in the \$5,000 or less** range. Manufacturers can support home improvement activity by tailoring their offerings by **project type** and **aligning financing, products, and messaging** to homeowners' distinct **financial capacity and tenure**.

Maintenance is an especially important motivator for exterior envelopes, driving about **64%** of projects, as well as mechanical systems, where it influences about **45%** of projects. For other categories, maintenance is cited as a motivating factor for about **one-third** of activities.

Small and Mid-sized Projects Likely to Dominate in 2026

Start a \$25K+ Project

Bad Time 40%

34% Good Time

Start a \$5K Project or Less

Dominating Purchase Channels



69% of Project Materials Across All Categories Were Purchased at Big Box Retailers



Customers Continue Prioritizing Big Box Retailers and In-store Shopping

Big box retailers – such as Home Depot, Lowe’s, and Menards – remain the dominant purchasing channel for project materials, although **specialty suppliers** are used for about **one-third of projects** involving **interior finishes** and **mechanical systems**. In-store pickup also continues to be the prominent purchase and delivery method. The one exception is for mechanical materials and supplies, where online purchasing with direct delivery to the homeowner is the most common method.

Tracking Changes in Customer Sentiments and Behaviors

HIRI’s 2025 Project Decision Study is a comprehensive look at customer behaviors and sentiments on projects and spending, particularly surrounding mid- to large-sized projects in the following categories: **major renovations, exterior envelope, mechanical systems, interior finish, and yard, garden, and outdoor projects**. For manufacturers and retailers, this research provides actionable intelligence to support **strategic planning, product development, and go-to-market decisions**.

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

[Access the Full Report](#)

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

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