

MAR 9 1993

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# Statistical Brief

## Residential Work Slows Nationwide

Spending for residential improvements and repairs is below peak levels, except for repairs by single-unit homeowners. With the Bureau of Labor Statistics, the Census Bureau conducts surveys of consumer expenditures that include expenses for residential improvements and repairs. This Brief features information about these expenses since 1984.

### Work on Residences Peaks

Between 1984 and 1991, spending to improve and repair U.S. residential properties reached historic highs and then slowed in major ownership categories. These expenses increased from nearly \$70 billion in 1984 to over \$106 billion in 1990 and dropped about 9 percent in 1991.

- For owner-occupied single-unit homes, spending rose from nearly \$44 billion in 1984 to nearly \$61 billion in 1988 and stalled for the next 3 years.
- For rental properties, improvement and repair expenses increased from over \$23 billion in 1984 to over \$43 billion in 1990 and dropped 18 percent in the next year.
- For owner-occupied multi-unit residences, expenses moved from less than \$3 billion to almost \$5 billion in 1988 and

held steady for the next 3 years.

"Harry and Harriet Homeowners" living in single-unit homes do the most improvements and repairs. Between 1984 and 1991, these homeowners accounted for about 60 percent of all spending for residential improvements and repairs and increased their average annual spending from some \$900 to nearly \$1,100 each.

### Repairs Continue to Increase

Contrary to the slowdown in residential improvement and repair work, spending for repairs by owner-occupants of one-unit homes increased from 1984 through 1991. Such spending by single-unit owner-occupants reached nearly \$24 billion in 1991. That was:

- More than 55 percent over the \$15 billion they spent on repairs in 1984.

- Nearly one-fourth of all spending for residential improvement and repair work in 1991.

Single-unit homeowners' spending for improvements has declined since 1988, but this remains the largest single category of spending for U.S. residential improvements and repairs. In 1991, owner-occupants of single-unit homes spent over \$34 billion on improvements alone, more than one-third of all residential work but nearly 20 percent below the level of 3 years earlier.

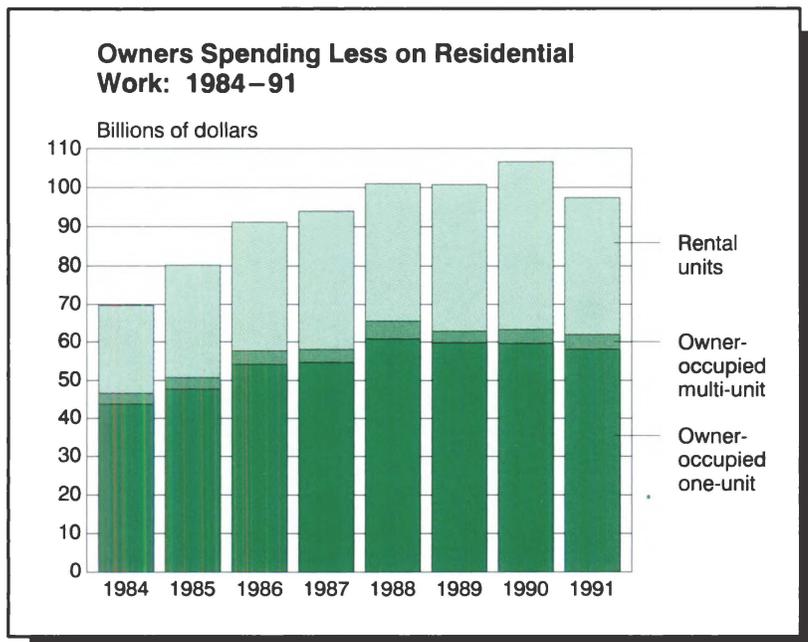
### "Improvements" Versus "Repairs"

"Improvements" increase the value or useful life of a residential property. Examples include adding a room or garage, moving inside walls, building a shed or pool, replacing a garbage disposal or plumbing system, and installing more electrical outlets or



SB/92-14  
Issued November 1992

U.S. Department of Commerce  
Economics and  
Statistics Administration  
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switches. In 1991, improvements by "Harry Homeowner" included :

- Some \$13 billion to make alterations, \$9 billion to replace major systems, \$7 billion for building additions, and \$6 billion for work on outside structures.

"Repairs" are to keep a property in ordinary working condition. Examples include replacing worn roof shingles, painting or hanging paper, cleaning furnaces, fixing doors or windows, and maintaining major systems. In 1991:

- Homeowners spent some \$7 billion on painting and paper hanging and over \$2 billion for plumbing work.

**Contract Help Is Substantial**

"Harry and Harriet Homeowner" rely increasingly on contract help with home improvements and repairs. Between 1984 and 1990, payments for work done by contractors or hired labor grew more than any other major category of improvement and repair spending by owner-occupants of single-unit homes. In 1991, payments to

contractors remained more than three-fourths of all spending for improvements and repairs by these owners.

Improvements account for most of the payments to contractors and hired laborers by one-unit owner-occupants. In 1991, payments for improvements amounted to nearly \$27 billion of the \$44 billion spent on contract home improvements and repairs by these owners.

**Spending Differs by Region and Building Age**

Expenditures for improvements and repairs differ for homes located in different geographic regions. For example, of single-unit homeowner's spending for improvements and repairs in 1991:

- Total spending per single-unit home ranged from less than \$935 in the South, to nearly \$1,370 in the Northeast.
- Spending for repairs was only 34 percent of total spending per home in the Midwest but edged up to 48 percent in the South.

Somewhat surprisingly, spending for improvements and repairs was not necessarily higher for older homes. For example, one-unit homeowner spending per home showed these patterns in 1991:

- Expenditures for improvements ranged from about \$515 to \$880, with more spent on homes built during the 1960's than on those built before 1960.
- However, spending for repairs ranged from about \$370 to \$510, with homes built before 1960 requiring the highest repair expenditures.

Spending for work on new homes may reflect a desire by homeowners to "complete" their purchases by finishing the basement or adding a deck, or to "individualize" sub-division homes through additions and alterations.

*This is one of a series of occasional reports from the Census Bureau that provide timely information about our people and economy. Most data presented come from the Consumer Expenditure Survey, which is sponsored by the Bureau of Labor Statistics. The data are subject to both sampling and nonsampling errors. See appendix B of the reports below for a complete description of statistical methods and quality.*

**For further information on this Brief:**

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**See**

Current Construction Reports, Series C50, *Expenditures for Residential Improvements and Repairs, Fourth Quarter 1991 and Expenditures for Residential Up-keep and Improvement, Annual 1988.*

**For further information on other Briefs:**

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