



# Consumers are building bigger homes, remodeling more

BY STEPHANIE NICKELL

The size of new homes being built has reached a 10-year high of 2,598 average square feet, according to the latest data from the U.S. Census Bureau. The share of four-bedroom homes increased 10 percentage points from 41% in 2003 to 51% in 2013.

That's good news for the industry; the bigger the home, the more furniture needed to fill it. However, not all consumers are buying newly built homes. Many are still cautious about the housing market and are choosing instead to remodel their existing home.

The housing market may already be seeing signs of softening. In June, the U.S. Census reported the number of new homes sold was 406,000, down 8% from May when 442,000 new homes were sold.

In the next few years, 41% of homeowners have remodel plans, compared with 11% reporting they will purchase a new home, according to the latest survey from Palo Alto, Ca.-based Houzz.

For homeowners with remodel plans, 26% of Generation Xers, ages of 35 to 44, say they would prefer to move, but remodeling makes more economic sense for them. That's compared with 25% of Younger Boomers, ages of 45 to 54, who are choosing to remodel.

Thirty-six percent of Millennials, those under age 35, are remodeling in hopes of increasing their home's resale value and plan to move in the next five years.

Across all generations, more than half of homeowners reported remodeling to increase their home's resale value, but have no current plans to move.

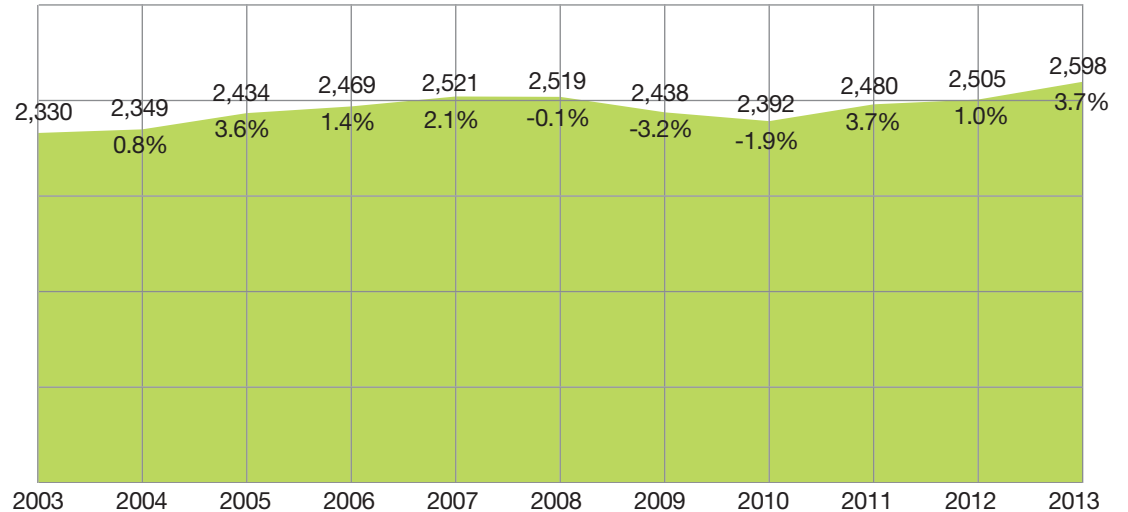
Per the Houzz data, homeowners with large homes, 4,000 square feet or more, are twice as likely to add 1,000 square feet or more. Overall, for those remodelers adding space, the average addition is 862 square feet.

While some remodelers are going enormous, bigger isn't necessarily better for those renovating existing homes. Three-fourths of homeowners retained their home's square footage in their last remodel.

Whether homeowners are choosing to buy new or remodel existing homes, the furniture industry always reaps the benefits of forward movement in the housing market.

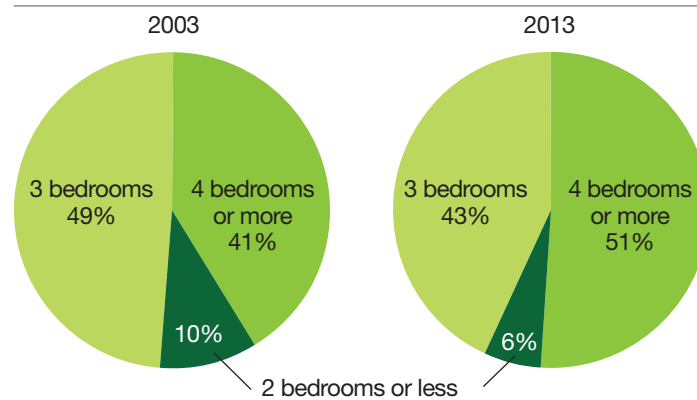
## NEW HOME CHARACTERISTICS

Average square feet, % change



## NUMBER OF BEDROOMS

Percentage of total homes sold with

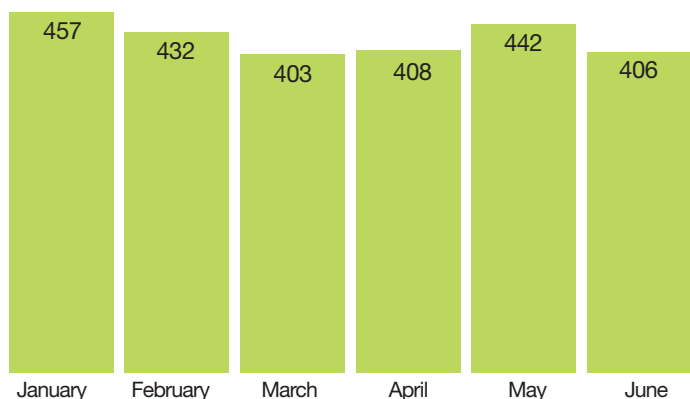


Homes in the **SOUTH** are largest at **2,689 sq. ft.**

Source: U.S. Census Bureau

## NEW HOMES SOLD IN 2014

In thousands

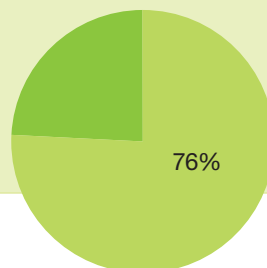


Source: U.S. Census Bureau

## RENOVATING THE HOME

### BIGGER ISN'T ALWAYS BETTER

Percent of homeowners retaining their home's square footage in the last remodel



### SQUARE FOOTAGE ADDED DURING THE LAST REMODEL

	Northeast	Midwest	South	West
No change	71%	78%	77%	78%
Less than 500	7%	6%	7%	7%
500 to 999	10%	8%	8%	8%
1,000 or more	8%	5%	5%	5%

Source: Transforming the American Home, the 2014 Houzz & Home Survey