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# The Income Divide: Implications for the Home Improvement Sector

APRIL 2025

# Home Improvement Faces a Tipping Point

### Affordable Housing

Housing is considered unaffordable when the median household spends **more than 30%** of its income on housing costs.

### Then vs. Now

**In 2021**, the median household spent **24**% of its income on a newly purchased home – **well within affordable range.**

### Today's Reality

That share has surged to **36% in 2025**, signaling a significant erosion in affordability and placing **homeownership out of reach for many**.

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# From Essential Repairs to Category Exit

### Category Exit

Low-income shoppers are being priced out, with their share of home improvement spend falling from **21.1% in 2019** to **16.8% in 2025** – a 4.3pt decline driven by rising housing costs.

### Top-Heavy Spending

High-income households are filling the gap, **growing their spend share by 5.8 points since 2019** and now driving a disproportionate share of category growth.

### Value Divide

This shift makes it essential to understand how high- and low-income households differ in shopping habits, priorities, and value perceptions.

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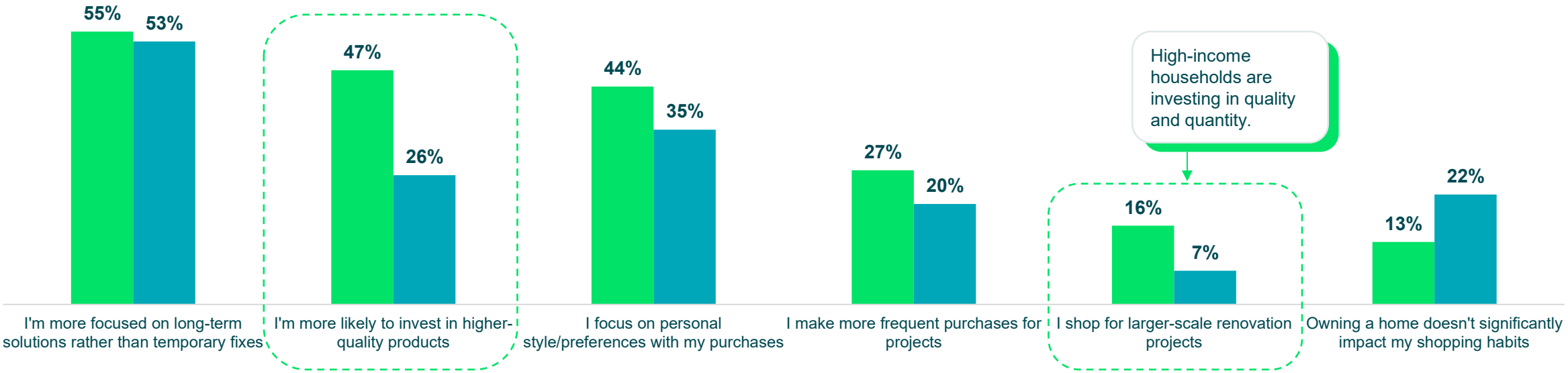
# High-income households shop and spend more on home improvement

High-income households are more likely to own a home, invest in quality brands and plan large-scale renovation projects.

| | Household Penetration | Buy Rate | Trips / Year | Spend per Trip | Spend per Unit |
|---|---|---|---|---|---|
| High-Income Homeowners | 21.0% | $1,055 | 23.0 | $44.91 | $12.05 |
| Low-Income Homeowners | 8.9% | $714 | 22.4 | $31.81 | $10.77 |

## HOW DOES OWNING A HOME INFLUENCE YOUR HOME IMPROVEMENT SHOPPING HABITS?

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# High-income households are quality-driven, online-heavy shoppers

Both high-income and low-income homeowners see excellent value and quality in private label brands.

| | | | | | | |
|---|---|---|---|---|---|---|
| High-Income | Plan to live in their home <10 years **57%** | Quality-driven shoppers **34%** | Enjoys online shopping **33%** | Private label quality improved **52%** | Technology early majority **46%** | Puts money into savings **47%** |
| | Live in urban area **28% vs. 26%** | Buys private label to save money **43% vs. 40%** | Shop online a few times a month **36% vs. 32%** | Private label quality is excellent **23% vs. 24%** | Does online research often **29% vs. 24%** | Makes a list before shopping **65% vs. 63%** |
| Low-Income | Plan to live in their home permanently **71%** | Budget-driven shoppers **40%** | Prefers physical stores **22%** | Price > brand names **27%** | Technology late majority **27%** | Overwhelmed with burdens **16%** |

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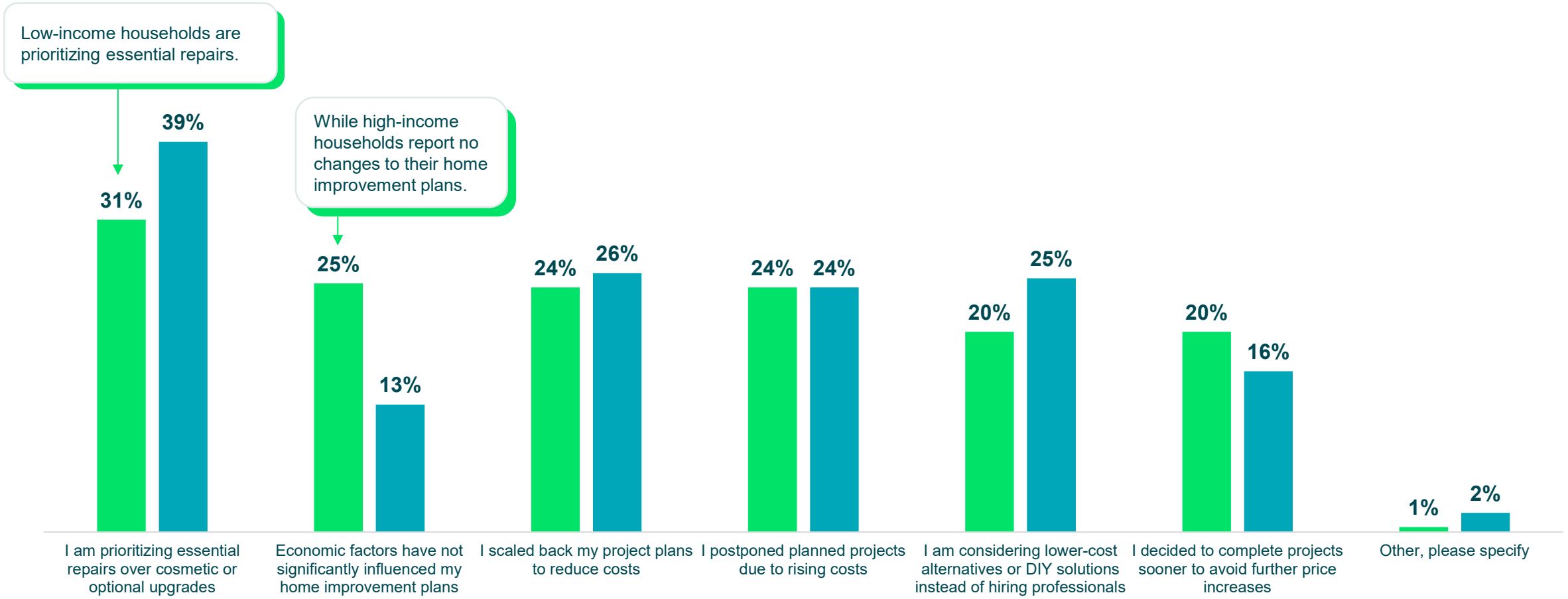
# High-income homeowners have been less impacted by economic changes

Meanwhile, low-income homeowners are considering lower-cost DIY solutions and prioritizing essential repairs.

## HOW HAVE RECENT ECONOMIC FACTORS INFLUENCED YOUR HOME IMPROVEMENT PLANS?

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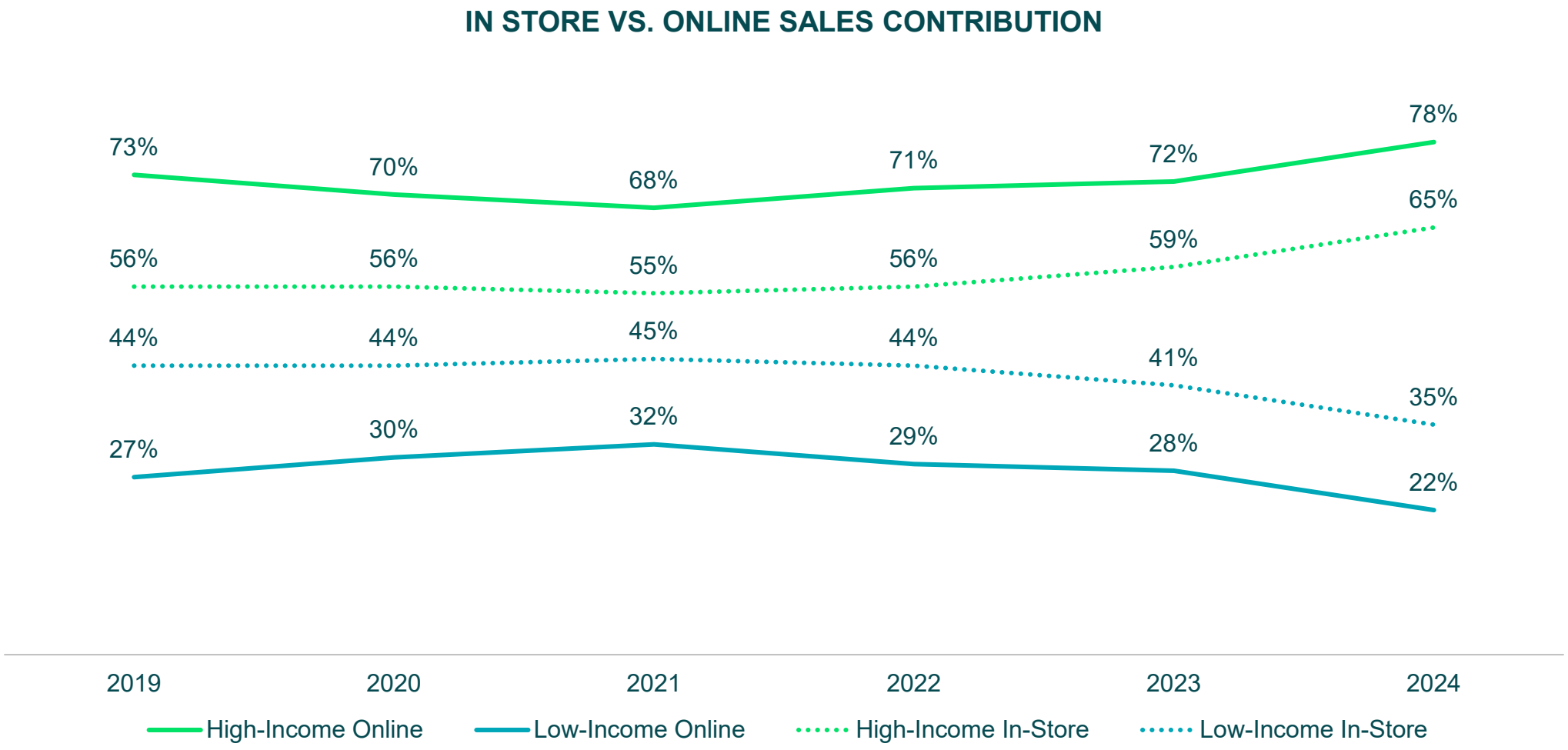
# High-income shoppers continue to gain share in 2024

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## Top 3 advantages of online shopping for home improvement products for all shoppers

Convenience of shopping from home

Free shipping or delivery options


Ability to compare prices across multiple retailers easily

## High-income shoppers over-index advantages of in-store shopping:

Seeing and feeling the product before purchasing

Browsing for inspiration

## High-income over-index hobbies include:

DIY projects around the Home

Home decorating

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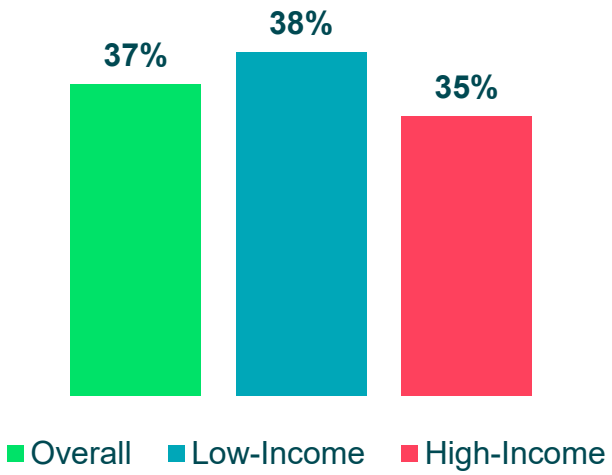
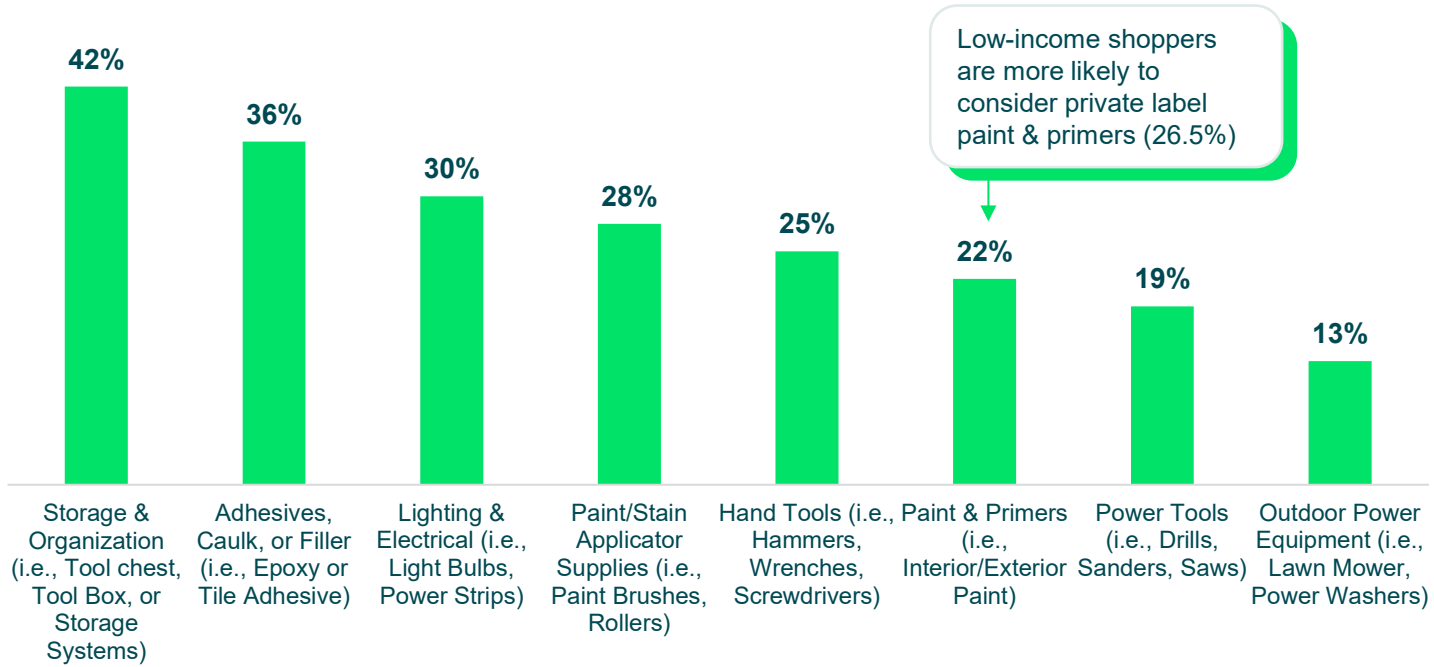
# Private label is closing the gap: one in three homeowners say it is just as reliable as branded products

- More than one in three shoppers, especially low-income shoppers, think that private label is just as reliable as branded products.
- Shoppers are most likely to buy private label for storage & organization and least likely to consider private label for outdoor power equipment.

## Private label is just as reliable as name brand




## Which products would you consider purchasing private label?

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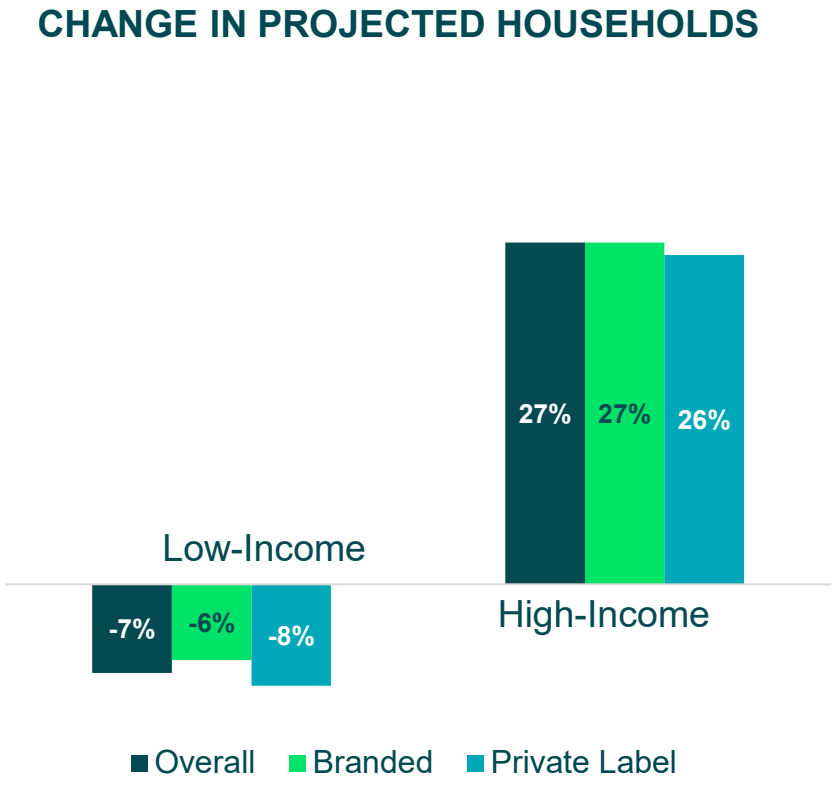
Q: How do you perceive Private Label (store-brand) Home Improvement products compared to name-brand options? Select one.
Q: You responded that you would consider buying Private Label, but only for certain products. Which products would you consider purchasing Private Label? Select all that apply.

# Private label growth is driven by high-income shoppers as low-income shoppers cut back on purchases




**25%**
of high-income homeowners say the recent economic factors *have not influenced their home improvement plans*

**39%**
of low-income homeowners say the recent economic factors *have led to prioritizing essential repairs over cosmetic of optional upgrades*

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# Conclusions and Recommendations

## High-income households are powering growth

- High-income shoppers have increased their share of home improvement spend by **5.8 points since 2019**, filling the gap left by lower-income exits.
- Despite economic uncertainty, these households report **little to no change in their project plans**, showing a strong commitment to ongoing renovations.
- They're driving growth through a preference for **quality brands, online shopping convenience, and investment in value-adding upgrades** like kitchen remodels and landscaping.

## Low-income shoppers are being priced out

- Rising housing costs have eroded affordability, leading to a **4.3 point decline in home improvement spend** share among low-income shoppers.
- These consumers are shifting focus to **lower-cost, essential repairs and deferring non-critical upgrades** due to financial constraints.
- Many are turning to **private label brands as a cost-effective alternative**, especially in categories like paint & primers and storage solutions.

## A category defined by polarization

- The growing gap between income groups is driving **divergent priorities**, with one group focused on lifestyle improvements and the other on necessity.
- **Private label products are gaining credibility across the board**, with over a third of shoppers—especially low-income—considering them just as reliable as branded options.
- Brands and retailers must now navigate a dual strategy, **balancing premium offerings** for affluent shoppers with **value-driven solutions** for those scaling back.

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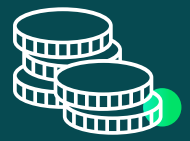
# How can we stay ahead in a polarized home improvement market?



## Are we capturing the right income segments?

**WHAT'S NEXT**

- Identify **spending shifts** by income groups.
- Understand **who's leaving**, who's staying and why.

## How are our shopper needs and missions evolving?

**WHAT'S NEXT**

- Analyze how trips differ: **DIY repairs vs. lifestyle upgrades**.
- Understand where **private label** fits with trip types and missions.

## Are we delivering the value that matters most?

**WHAT'S NEXT**

- Run **custom surveys** to test perceptions of brand, value and price elasticity.
- Track shifts in **private label vs. branded** trust and category relevance.

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# Ready to take the next step?

Reach out to hello@numerator.com