2021 HOMEBUYER INSIGHTS REPORT:
Home Improvement and Equity Spotlight
Every year, our Homebuyer Insights Report explores homebuyer and homeowner preferences and behaviors. For the first time, we’re spotlighting home renovations and found that more people are customizing their homes. At the same time, our nation’s housing stock is aging and in need of updating. Whether you’re purchasing a fixer-upper or have been in your home for years and are looking for a refresh, leveraging the equity you’ve built can offer flexibility and help you achieve your goals, like customizing the look and feel of your home.

Ann Thompson
Specialty Lending Executive
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Home Improvements: What’s the Payoff?

With more time at home, many are eager to remodel the spaces that they spend time in, prioritizing return on enjoyment over return on investment.

Many said they are likely to renovate or remodel in 2021

65% Younger Generations  
22% Older Generations
People are making home improvements to:

- **67%** Enjoy their home
  - **73%** Older Generations
  - **53%** Younger Generations

- **33%** Increase the value of their home
This means people are remodeling their home:

- **56%** Before or immediately after moving in
- **37%** After living there for a bit
- **7%** When preparing to sell their home
Prospective homebuyers are interested in buying fixer-uppers:

In a dynamic market, buying a fixer-upper and taking on DIY projects are ways younger generations can build equity.

Younger homebuyers prefer to buy a fixer-upper and improve it over time than to buy a home that’s move-in ready.

42%
Building equity is more important than ever, and younger generations are looking to fixer-uppers and other affordable homeownership options so they can begin building their long-term wealth. We know that while many prospective homebuyers can afford monthly mortgage payments, the upfront costs may make homeownership seem out of reach. That’s why our Community Homeownership Commitment is designed to help hopeful buyers over that initial hurdle and into a home of their own.

AJ Barkley
Neighborhood and Community Lending Executive

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Many homeowners have done DIY work around their homes in recent months:

- 72% of Younger Homeowners
- 42% of Older Homeowners
Consumers are turning to technology for their home renovation projects:

50% Learned from watching videos online

39% Watched TV shows (e.g., HGTV)
Sustainability is especially important to younger generations looking to update their space.
Younger Generations

51%
Will renovate to install solar panels

33%
Will renovate to install solar panels

48%
Will renovate to have energy-efficient appliances

36%
Will renovate to have energy-efficient appliances
For those who’ve remodeled their homes, happiness levels increased as projects got closer to completion.

- 21% Budgeting process
- 35% Design process
- 27% Remodeling process
- 54% After everything was finished
As prospective homebuyers and current homeowners consider home renovations, perceptions vary around how best to fund home projects.

If homeowners were to make significant improvements, they would pay for the work with one or more of the following:

<table>
<thead>
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<th>Percentage</th>
<th>Method</th>
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<tr>
<td>62%</td>
<td>Use money in savings</td>
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<tr>
<td>32%</td>
<td>Take out a home equity line of credit</td>
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<tr>
<td>24%</td>
<td>Put costs on a credit card</td>
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<tr>
<td>18%</td>
<td>Use money invested in the stock market</td>
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Younger homeowners have used home equity lines of credit as a funding source for more varied purposes:

- 52% Making home improvements
- 27% Buying a car
- 14% Paying for tuition
In comparison, older generations have used home equity lines of credit primarily as a funding source for home improvements:

- **59%** Making home improvements
- **12%** Buying a car
- **2%** Paying for tuition
While purchasing a home is a major life milestone, assessing your finances should be an ongoing practice. We’re all juggling many priorities, whether it’s major home improvement projects, education expenses, debt consolidation, or just unexpected expenses. Learn how to put a home equity line of credit to work for you with tips from Better Money Habits or by speaking to a lending specialist.

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Generational Definitions:
Younger: 18 to 43 years old
Older: 57 to 75 years old

Methodology
Sparks Research conducted a national online survey on behalf of Bank of America between February 18 and March 1, 2021. Sparks surveyed a national sample of 2,000 adults ages 18+ who currently own a home or plan to in the future. In addition, an augment of 185 surveys was conducted to oversample First Generation homeowner populations (363 surveys in total). The margin of error for the national quota is +/- 2.2 percent at the 95 percent confidence level. Select questions allowed respondents to choose more than one answer, resulting in responses that may equate to more than 100 percent.

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