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75% of Millennial Homeowners Will Spend Big on Upgrades This Year, But Nearly Half Will Go into Debt to Do So

Roughly six in ten of all homeowners will spend big on upgrades between the start of the pandemic and year's end

NEW YORK – September 2, 2020 – Three-quarters of millennial homeowners are funding home upgrades between the start of the COVID-19 pandemic and the end of the year, and nearly half (46%) of them are going into debt as a result, according to a new Bankrate.com survey. That includes using/planning to use a credit card and paying it off over time (30%), store financing (15%), a personal loan (10%), and home equity borrowing/mortgage refinancing (6%).

While many may have shifted spending priorities amid the financial impact of COVID-19, 59% of all homeowners have either already completed (47%) at least $500 worth of home upgrades (including new furniture, new home electronics, new appliances, and other improvements/renovations) during the pandemic (i.e. since early March 2020) or plan to do so before the end of the year (48%). Click here for more information:

https://www.bankrate.com/finance/credit-cards/covid-home-improvement-survey/

Of those who have completed/plan to complete home upgrades before the end of the year, there are trends amongst younger homeowners, parents of younger children, and different regions. Millennial homeowners (ages 24-39) are significantly more likely to have done/do so (75%), compared to 58% of Gen X homeowners (ages 40-55) and 54% of baby boomer homeowners (ages 56-74). Parents of children under the age of 18 are also more likely (75%) to have completed/plan to complete upgrades compared to non-parents (55%). Finally, Northeastern homeowners (66%) and Western homeowners (61%) skew more likely to have completed/plan to complete upgrades than their Midwestern (59%) and Southern (56%) counterparts.

As to what types of upgrades have been completed/planned, millennial homeowners again stand out with more balanced plans compared to homeowners overall.

	Homeowners Overall		**Millennial Homeowners**	
	Have Spent	**Plan to Spend**	**Have Spent**	**Plan to Spend**
New appliance(s)	13%	11%	19%	20%
New home electronics	12%	11%	26%	23%
New furniture	11%	11%	23%	21%
Other home improvement/renovation	26%	29%	27%	29%

In terms of funding these home upgrades, more than half of homeowners (58%) sourced/plan to source from a checking or savings account. 37% used/plan to use a credit card and pay it off in full, while 20% used/plan to use a credit card and pay it off over time. Other loans include store financing (8%), home equity borrowing/mortgage refinancing (6%) and personal loans (5%).

Overall, 32% of homeowners took on debt or plan to take on debt to fund their upgrades, with millennial homeowners being the most likely cohort to do so (46% compared to 38% of Gen Xers and 21% of baby boomers).

"The home improvement industry is booming during the COVID-19 pandemic," said Ted Rossman, credit card analyst at Bankrate.com. "Most people are spending a lot more time at home, and this is leading them to spend a lot of money and effort customizing their living spaces. I like seeing that so many people are using credit cards and avoiding interest, which is an excellent way to earn rewards. But there are also a lot of people putting these home upgrades on credit cards and financing over time, which can be one of the worst ways to borrow because the average interest rate is about 16%."

Among those who have upgraded/plan to upgrade their homes, the most common projects are a bathroom (61%), kitchen (53%), home infrastructure such as roof, HVAC, etc. (52%), and major landscaping (52%). Additional projects include a bedroom (46%), other (44%), deck (43%), basement (23%), and pool (11%). Homeowners upgraded an average of 2.4 areas.

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,271 homeowners. Fieldwork was undertaken August 12-14, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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