

The Housing Satisfaction Gap: What People Want, but Don't Have



One in three U.S. households plans to move in the next five years, and Americans will spend more than \$7.4 trillion on home purchases and \$2.2 trillion on rent as they seek better places to live. They will also spend more than \$700 billion renovating their current homes. Indeed, the decision about where and how to live — whether to move and buy, move and rent, stay and renovate, or just stay — is always one of the most significant we make as citizens and consumers.



But the ideal home is elusive to many. In fact, our research reveals a whole range of unmet housing-related desires in America — gaps between what Americans have and what they say they need or want. We call this the “Satisfaction Gap.” The Demand Institute recently surveyed more than 10,000 households about their current living situation and what’s important to them in a home. The survey represents all U.S. households: renters and owners; movers and non-movers; young and old; affluent and not. Unsatisfied needs and desires cut across the entire population.



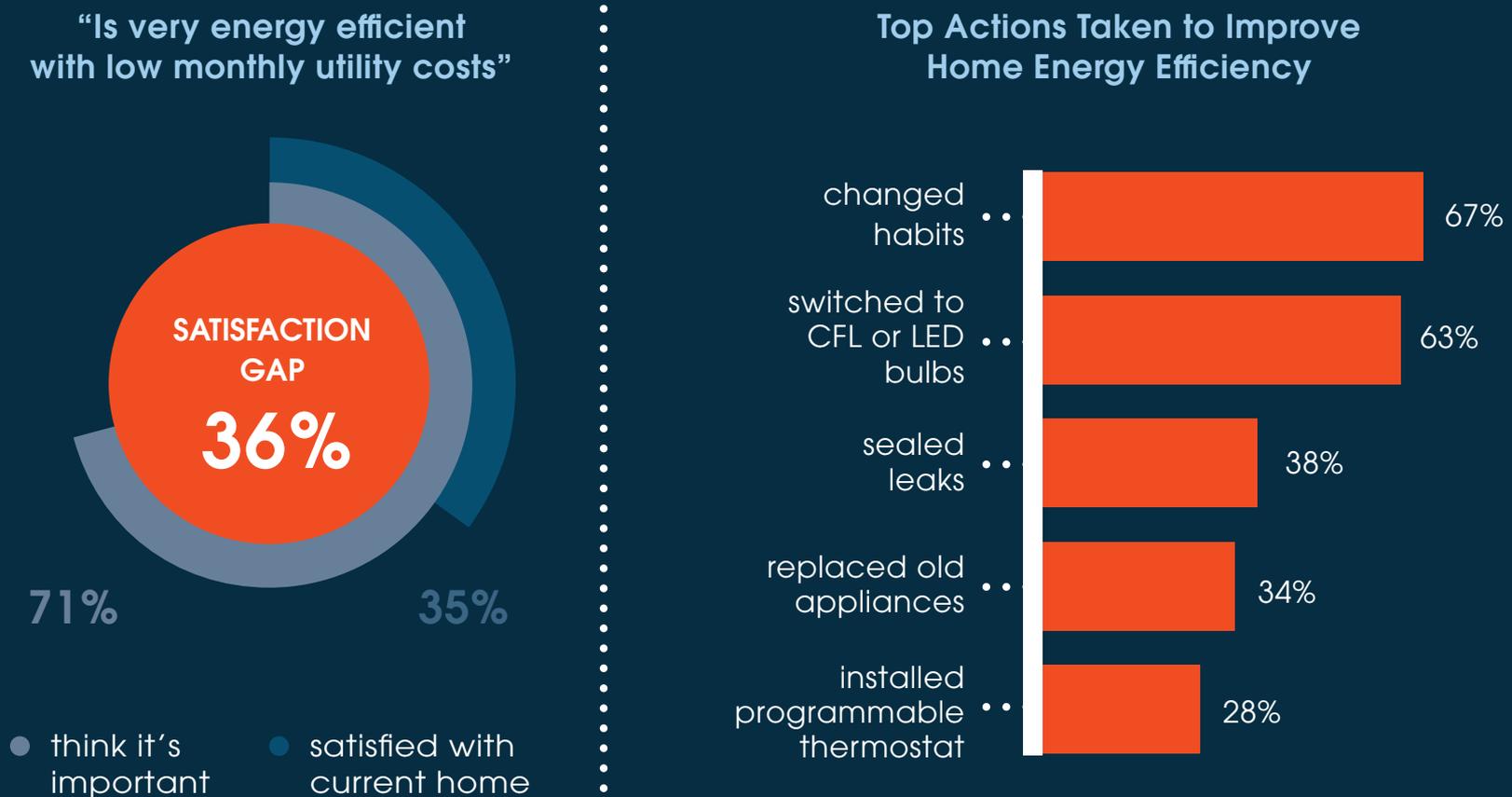
In this report, we take a closer look at the top 10 housing desires, ranked according to the size of the Satisfaction Gap. Some of these desires are more discretionary “wants,” while others reveal more basic housing challenges confronting many households. All shed light on what Americans will be looking for when they move or renovate their homes.



Please click the arrow to the right to view our findings.

1. Increased Energy Efficiency

Most households value energy efficiency; few describe their homes as energy efficient. Average household spending on home electricity has grown 56% since 2000, outpacing other housing-related expenses (which grew at 38%). This has many households looking for ways to make their homes more energy efficient — 90% of households have taken some measure in the past five years to consume less energy.



A desire for energy efficiency will drive renovations, maintenance, and new technology use: for instance, 51% of households would consider buying an energy-use monitor.

Note: Respondents rated both the importance of and satisfaction with their current home on each characteristic using a 10-point scale; the percent shown represents those selecting 8, 9, or 10.

Source: 2013 Demand Institute Housing & Community Survey; 2013 BLS Consumer Expenditure Survey

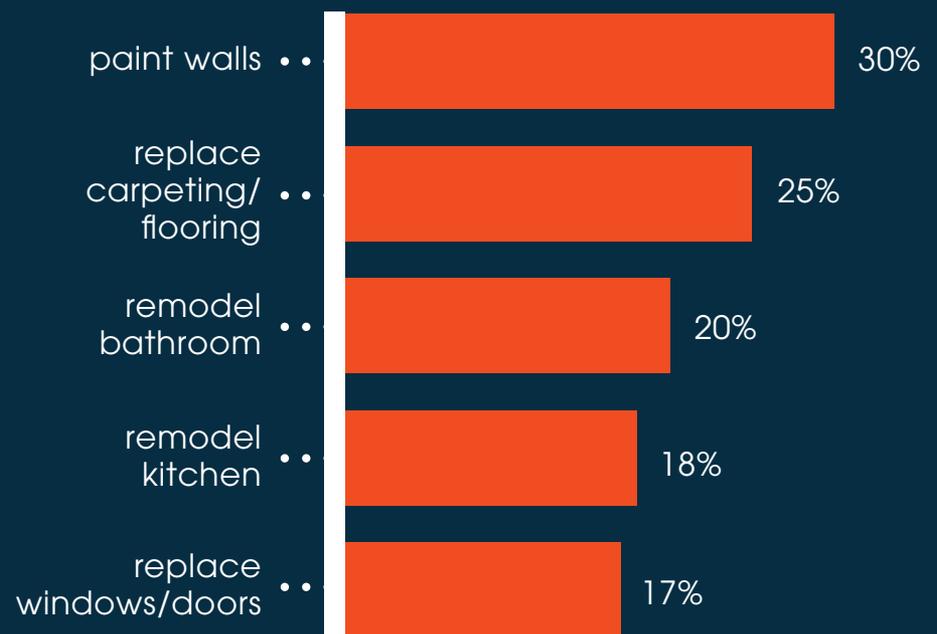
2. Renovation Ready

America's housing stock needs work. More than three-quarters (78%) of households in the United States say their home requires repairs. The Great Recession led households to delay major improvements and repairs: Home renovation spending decreased each year from 2007 to 2010. Since 2010, however, spending has been steadily increasing.

“Requires little or no renovation or improvements”



Top 5 Major Home Improvement Jobs
(% Likely to Do Job in Next Three Years)



Consumers plan to increase spending on home improvement in the next few years. A desire for move-in-ready homes will drive a continuing demand for new home construction.

Note: Respondents rated both the importance of and satisfaction with their current home on each characteristic using a 10-point scale; the percent shown represents those selecting 8, 9, or 10.

Source: 2013 Demand Institute Housing & Community Survey; U.S. Census Bureau

3. Updated Kitchens & Finishes

The kitchen remains one of a home's most important rooms, but many American kitchens are in need of an upgrade, particularly after several years when spending on major appliances and renovations declined. With Americans reporting that they are cooking and eating at home more now compared with five years ago, the kitchen may only grow in importance.

“Has an updated kitchen with modern appliances and fixtures”



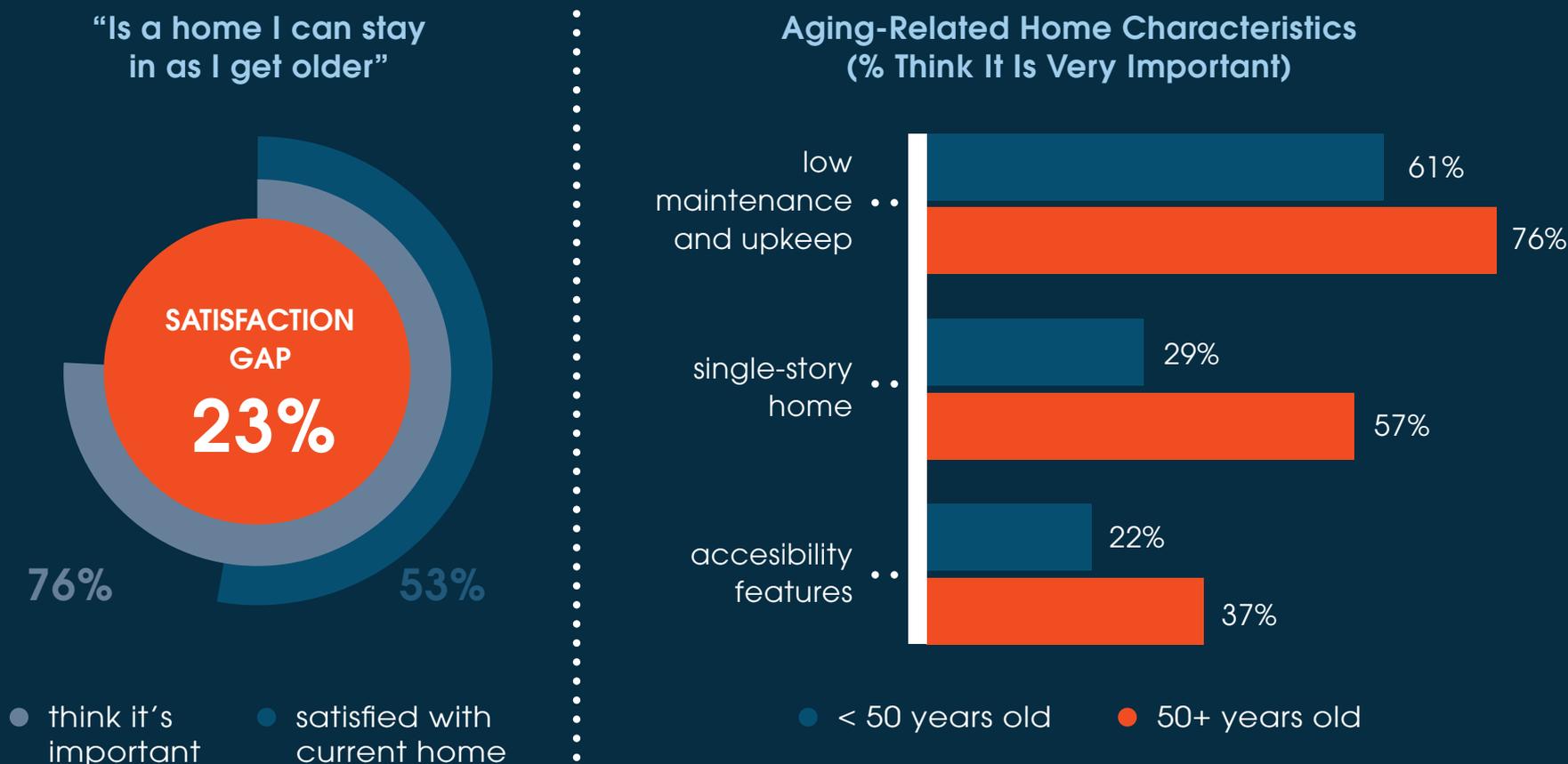
Major Home Appliance Spending (Annual Spending in Billions)



The kitchen will remain a key driver of home renovation activity. New “smart” appliances could drive continued growth in home appliance spending: 49% of households would consider purchasing a smart appliance.

4. Aging-Friendly Homes

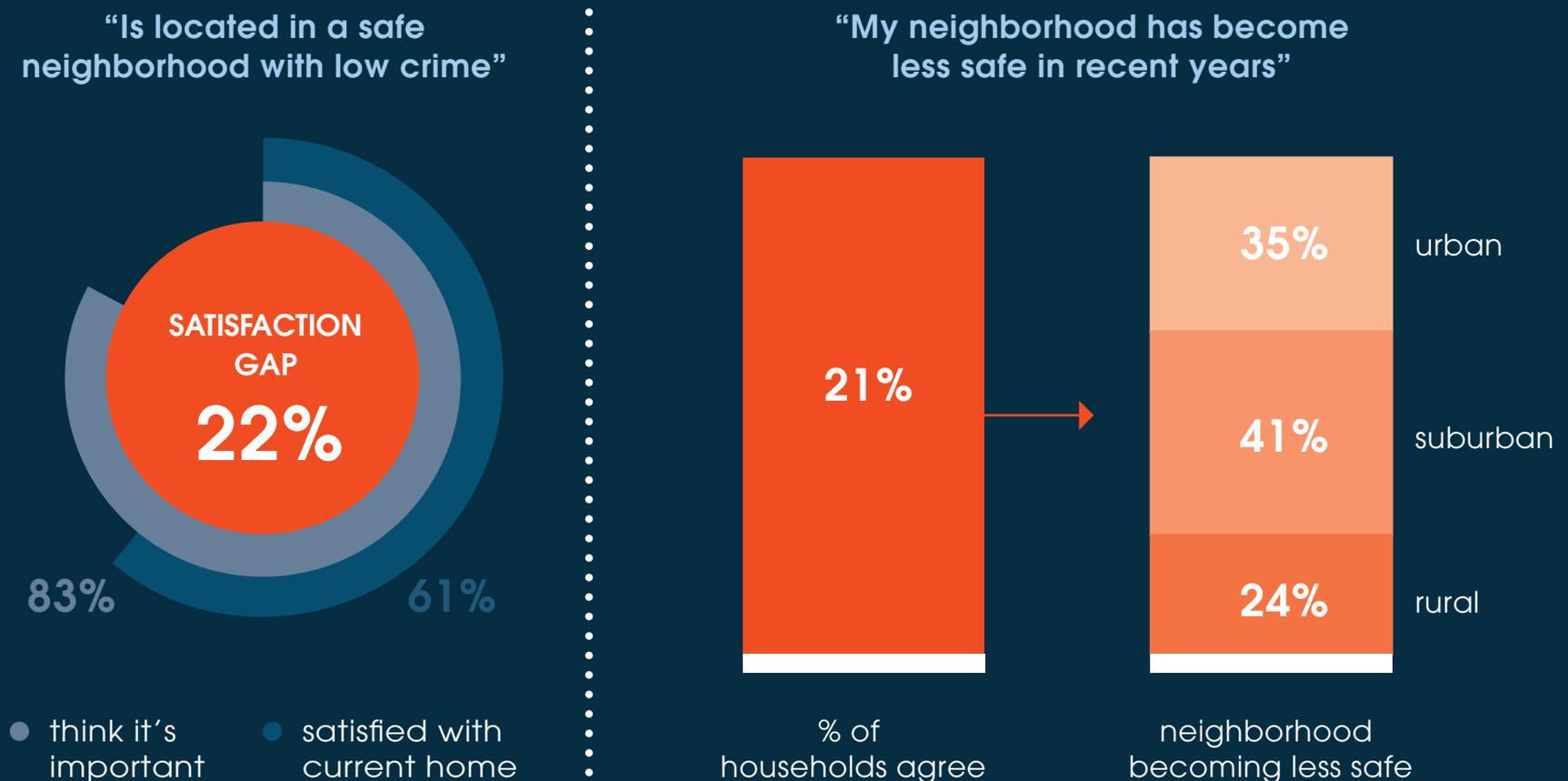
The population is getting older — the number of households headed by someone 65 or older is expected to grow 10 times faster than other households between now and 2020. As we reported [previously](#), most older movers will “age-in-place,” but many are still looking for homes where they can age more comfortably.



Older movers will still purchase single-family homes — similar to what they have now — but will place greater emphasis on ease of maintenance and a single story.

5. Safe Streets

While crime across the country has been consistently falling for more than two decades, many Americans still do not feel safe in their communities. More than one in five households say their neighborhoods have become less safe in recent years. This is no longer just a big-city sentiment — two-thirds of households claiming their neighborhoods have become less safe are in non-urban areas.

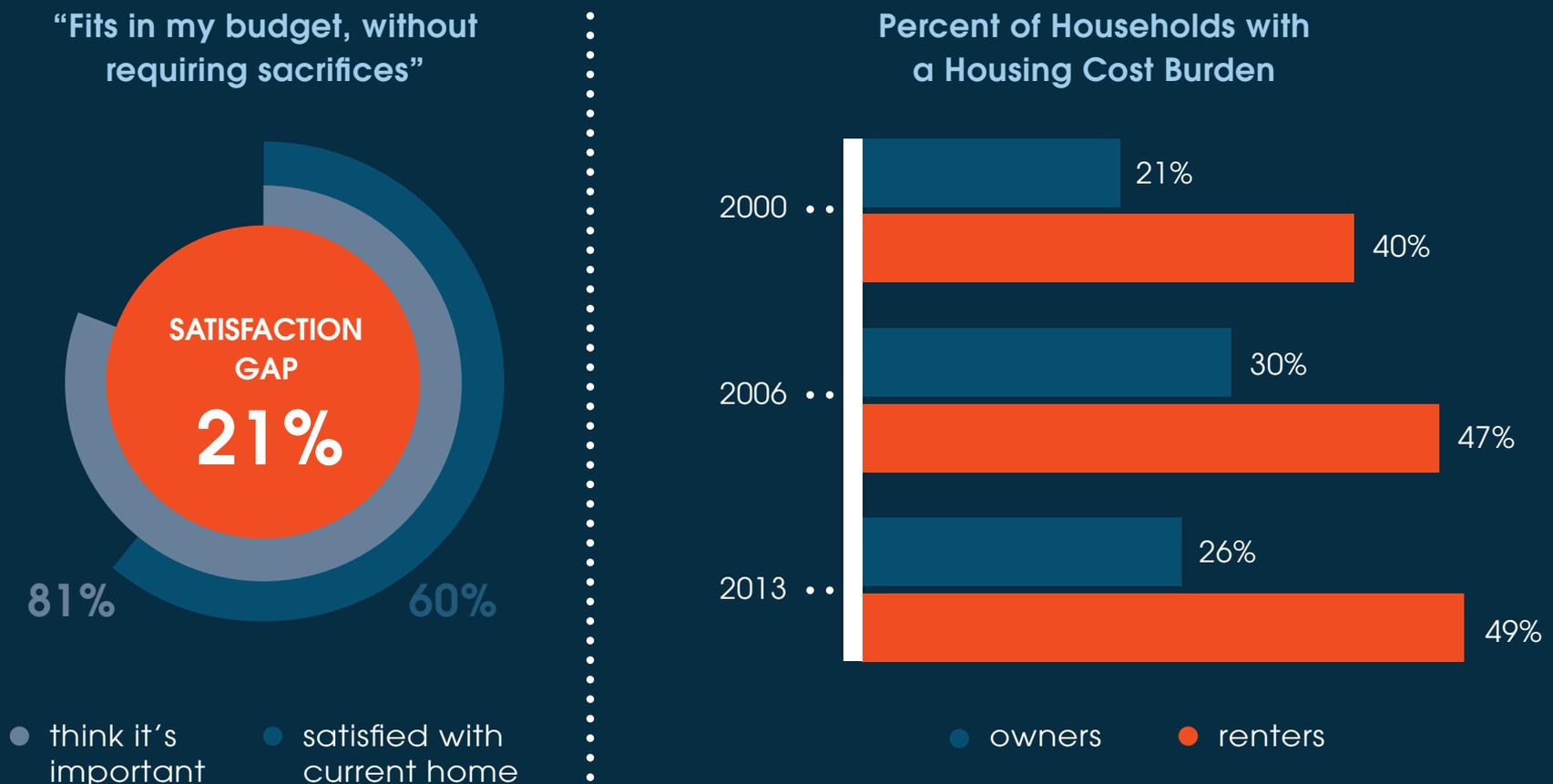


More-affordable wireless, smart home-security systems and public-safety apps will make home and neighborhood security options available to more Americans.

*Note: Respondents rated both the importance of and satisfaction with their current home on each characteristic using a 10-point scale; the percent shown represents those selecting 8, 9, or 10.
Source: 2013 Demand Institute Housing & Community Survey; FBI Uniform Crime Report*

6. Affordable Housing

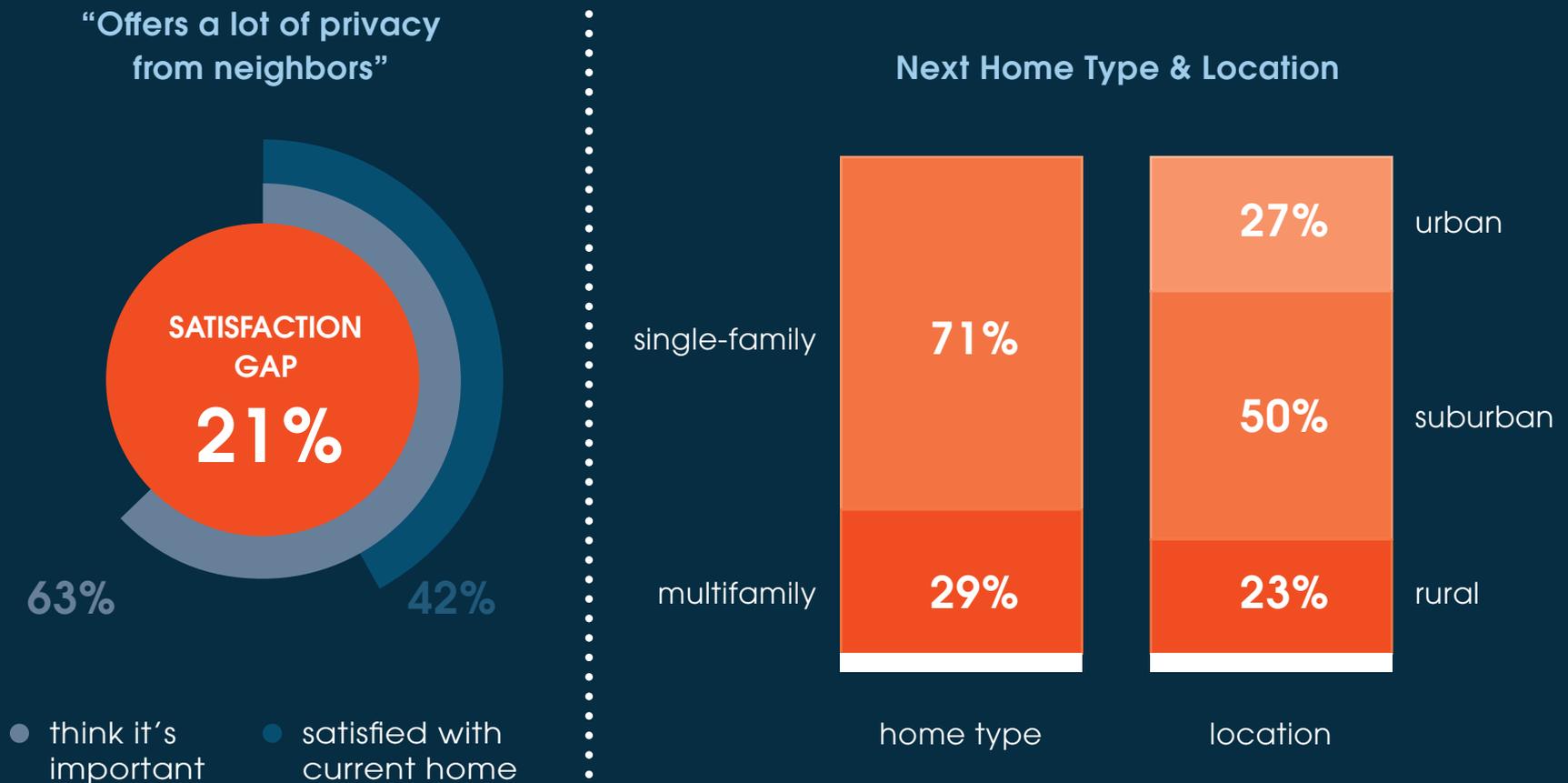
Nearly 40 million households in the United States are considered to have a housing “cost burden” — that is, they spend 30% or more of their income on housing expenses. This problem has been worsening as rents increase, but wage growth remains stagnant: nearly half of all renter households in the United States have a cost burden.



We need more affordable housing options. Hybrid options between renting and owning, such as lease-to-own arrangements, may provide opportunity for renters who aspire to ownership.

7. Privacy, Please

Privacy still matters to Americans, and they regard their homes as a refuge from the outside world. More than half of all households (54%) report that they are spending more time at home these days. Only 9% say they are spending less time there.



Suburban and single-family homes will continue to appeal to many Americans — in part because they afford more privacy. Outdoor space is also going to continue to be a priority for many.

8. More Space for More Stuff

Americans still love to shop, yet often lack enough space to store all their acquisitions. Nearly half (47%) of households have two or more refrigerator/freezers, and 48% have three or more TVs. Indeed, more than half (52%) are “always looking for ways to create enough storage space for their households.”

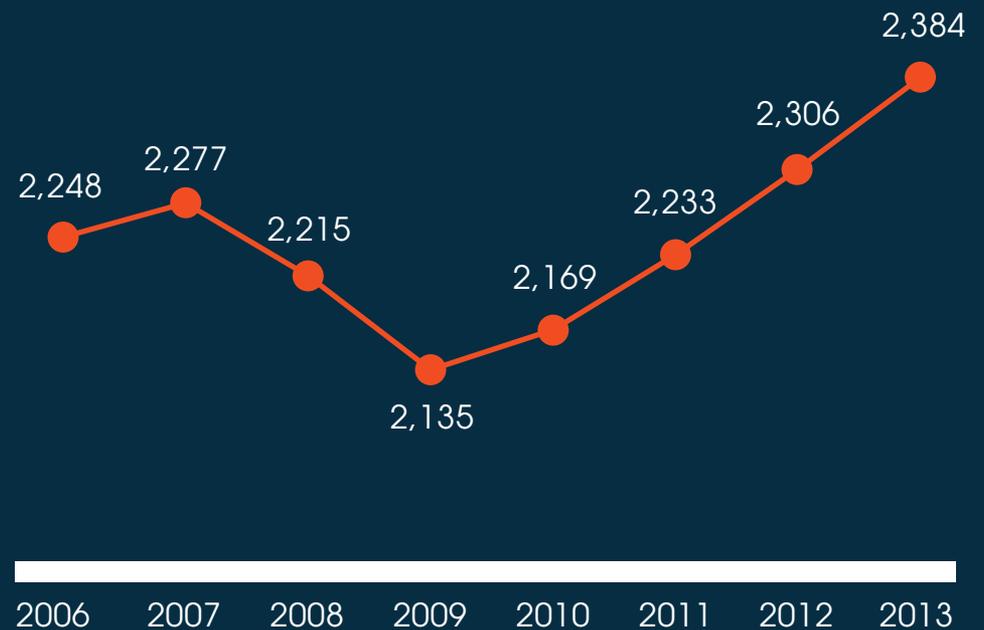
“Has a lot of storage space”



● think it's important

● satisfied with current home

Size of New Single-Family Homes (Median, Square Feet)



Nearly half (49%) of movers want more space than they have currently; only 26% want less. Ample storage space will be an important home feature and a key reason to renovate.

Note: Respondents rated both the importance of and satisfaction with their current home on each characteristic using a 10-point scale; the percent shown represents those selecting 8, 9, or 10.

Source: 2013 Demand Institute Housing & Community Survey; U.S. Census Bureau Residential Construction Survey

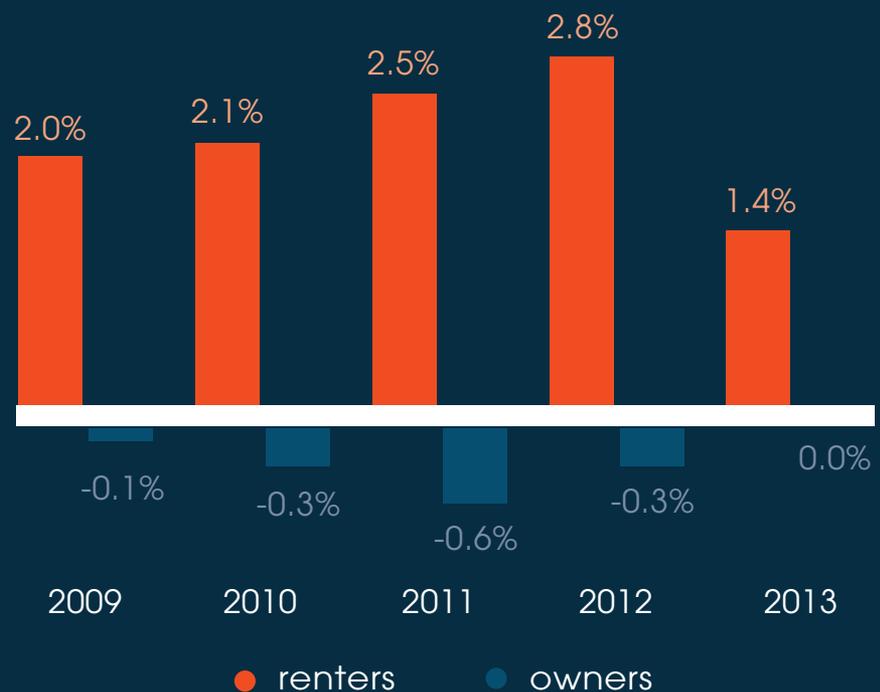
9. Responsive Landlords

Since 2006, the United States has added over 5 million renter households, while the number of owner households has declined. Single-family home rentals have seen the strongest growth, with 27% more units today than in 2006. With more Americans renting, it comes as no surprise that having a good landlord or responsive property management is a growing priority, and a pain point for many.

“Has a good landlord that is responsive to maintenance requests”



Percent Change in Number of Households



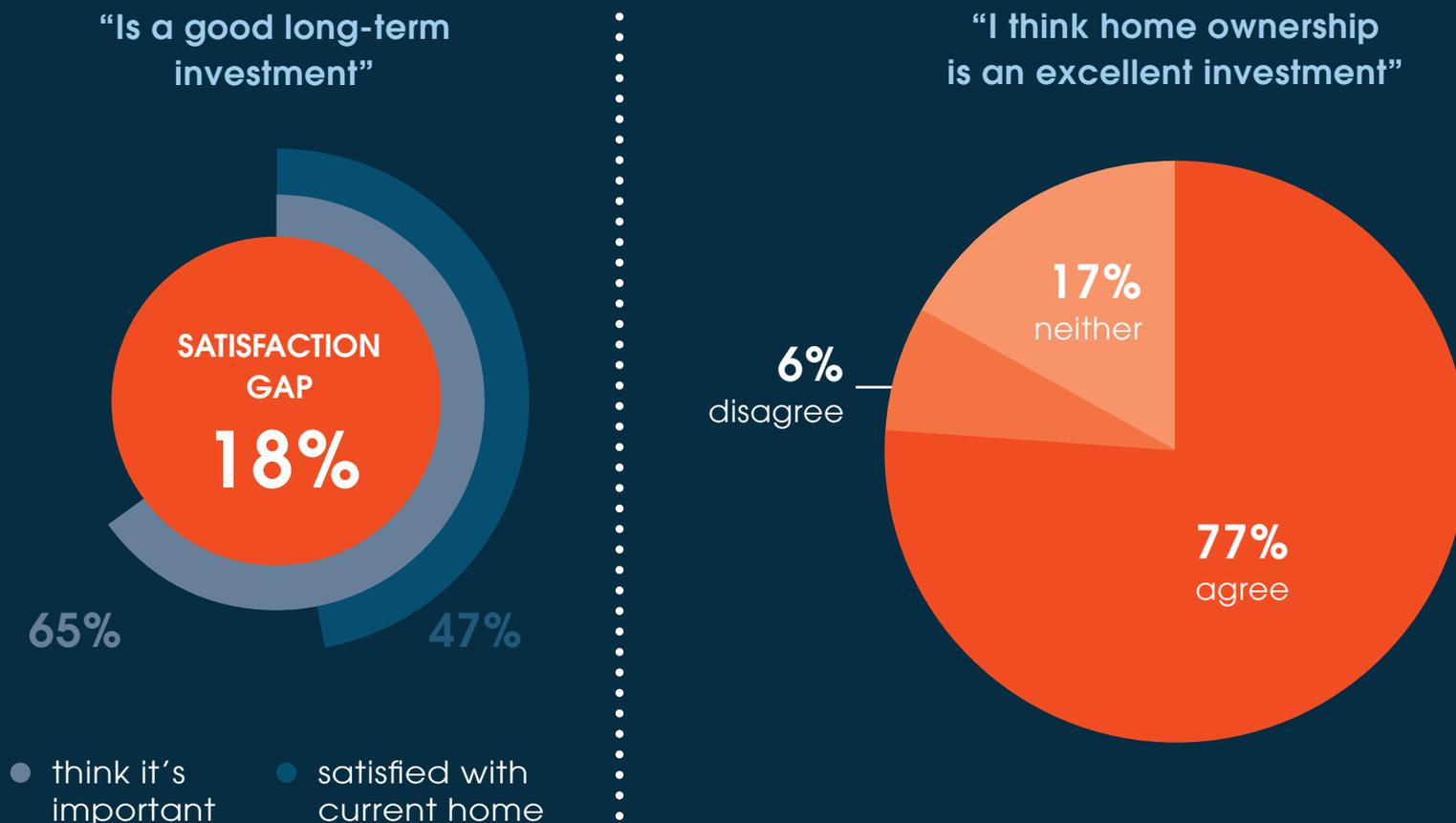
Rental demand should remain strong for the next several years. Providing maintenance services for the growing number of single-family rentals presents a challenge and an opportunity.

Note: Respondents rated both the importance of and satisfaction with their current home on each characteristic using a 10-point scale; the percent shown represents those selecting 8, 9, or 10.

Source: 2013 Demand Institute Housing & Community Survey; U.S. Census Bureau

10. Homes as Investments

Despite millions of households suffering a drop in home value of nearly 30% between 2006 and 2012, Americans still view housing as an “excellent investment.” The Satisfaction Gap is being driven largely by renter households that hope to transition into ownership and start building equity.



Housing will continue to be one of the primary ways Americans build wealth. Most Americans still aspire to home ownership: 53% of renters hope to purchase someday.

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About Our Findings

The Demand Institute recently surveyed more than 10,000 households about their current living situation, moving intentions and preferences for their next home. Survey respondents ranked the importance of 52 different home and community characteristics on a scale from 1 to 10. In addition to rating importance, survey respondents also evaluated their current home on the same 52 characteristics. Comparing what Americans have to what they want reveal the Satisfaction Gap and important opportunities for business and policy makers to better address those issues with new products, services or programs.

About The Demand Institute

The Demand Institute illuminates the way in which consumer demand is evolving around the world. We help government and business leaders align investments to where consumer demand is headed across industries, countries and markets. The Demand Institute is a non-advocacy, non-profit organization and is jointly operated by The Conference Board and Nielsen. Please visit our website, www.demandinstitute.org, to view other publications on the future of U.S. housing and communities.

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