
Will Tax Refunds Fuel Home Improvement Projects?

April 6, 2023

58% of respondents have already filed their 2022 tax returns, with 86% reporting they have either received or expect to receive a refund.

At-A-Glance:

- Consumers' planned usage of tax refunds is fragmented with 27% saying they will use it to cover everyday expenses, 26% planning to put it toward general savings and 12% opting to utilize it on home improvements.
- 38% are planning indoor home projects exclusively, 20% will make outdoor improvements, and 42% will do a combination of indoor and outdoor improvements.



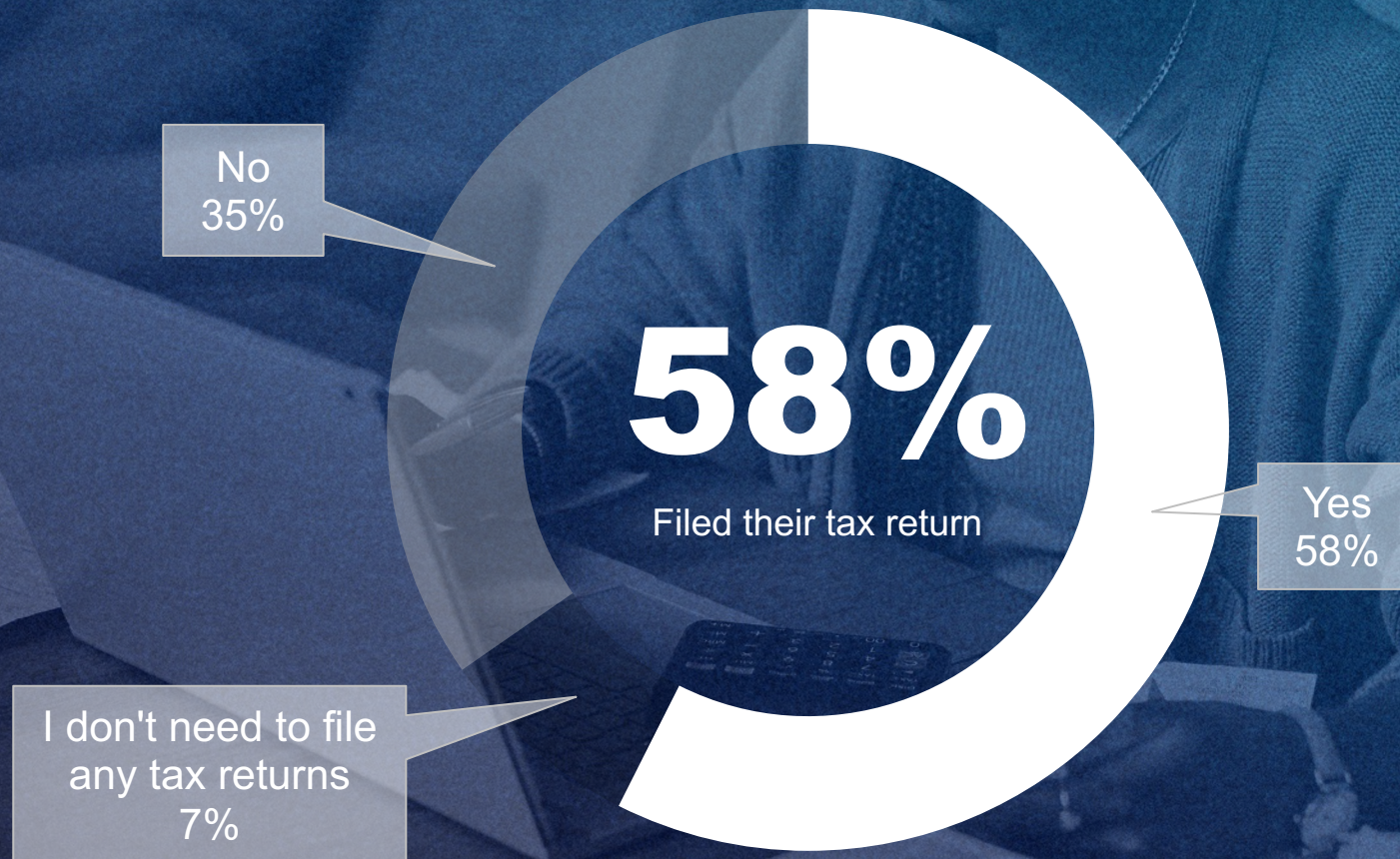
The Outlook:

70% of homeowners are planning on making home improvements or doing seasonal maintenance in the next few months, regardless of whether they receive a tax refund or not. But the boost provided by tax refunds could provide a much-needed lift to home improvement brands and retailers.

Taxes

At this point, 58% of respondents have filed their tax returns for 2022. Only 7% report not being required to file.

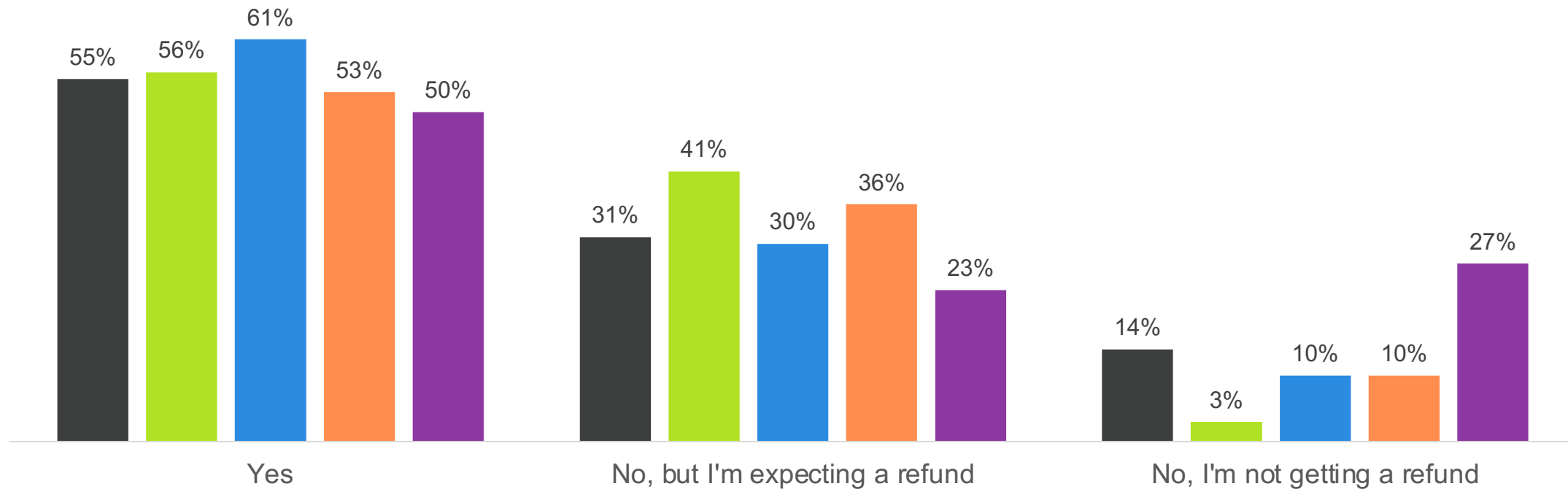
Filed 2022 federal and/or state income tax returns



Among those who have filed, 55% have already received their refund. Only 14% report that they are not entitled to a refund.

Received or Expect to Receive a Refund

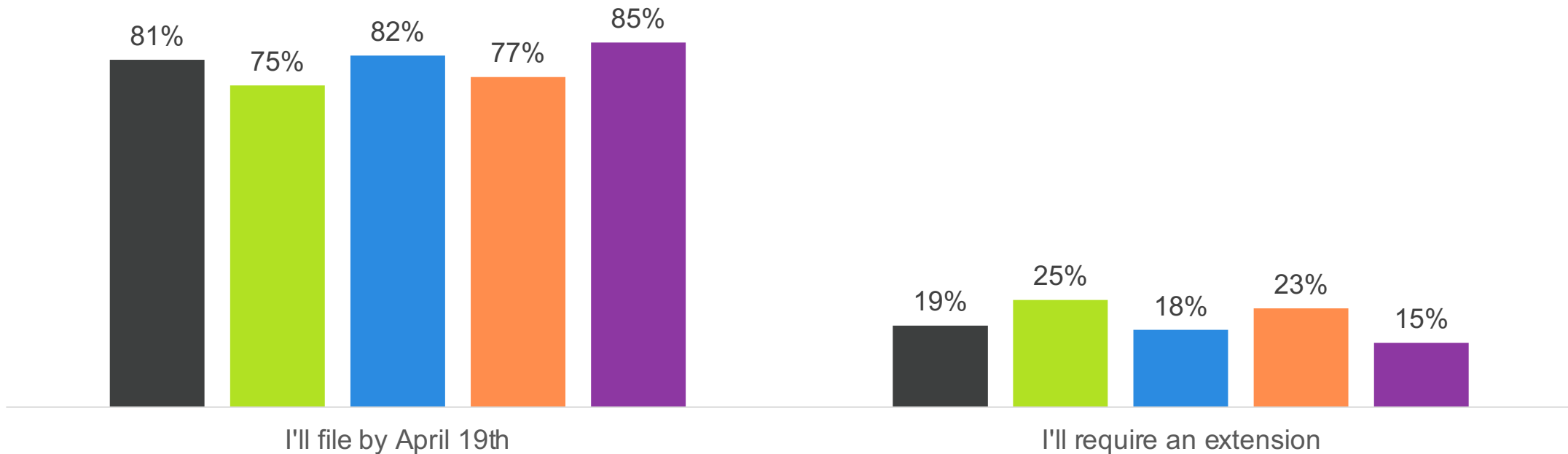
■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Of the 35% who have not yet filed, 81% plan to file by the April 19th deadline. Only 19% will require an extension.

Will you file taxes by April 19th or require an extension?

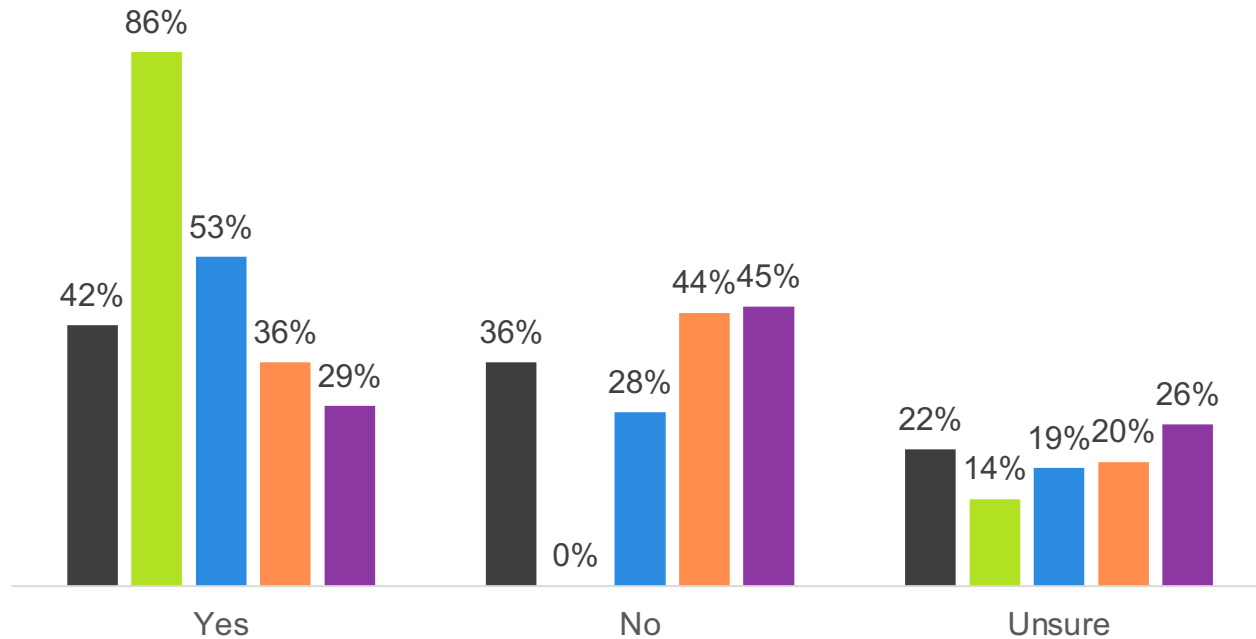
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Of those who'll file by the 19th, 42% are expecting a refund while 36% expect to owe the government.

Of those filing by April 19th: Expect a refund

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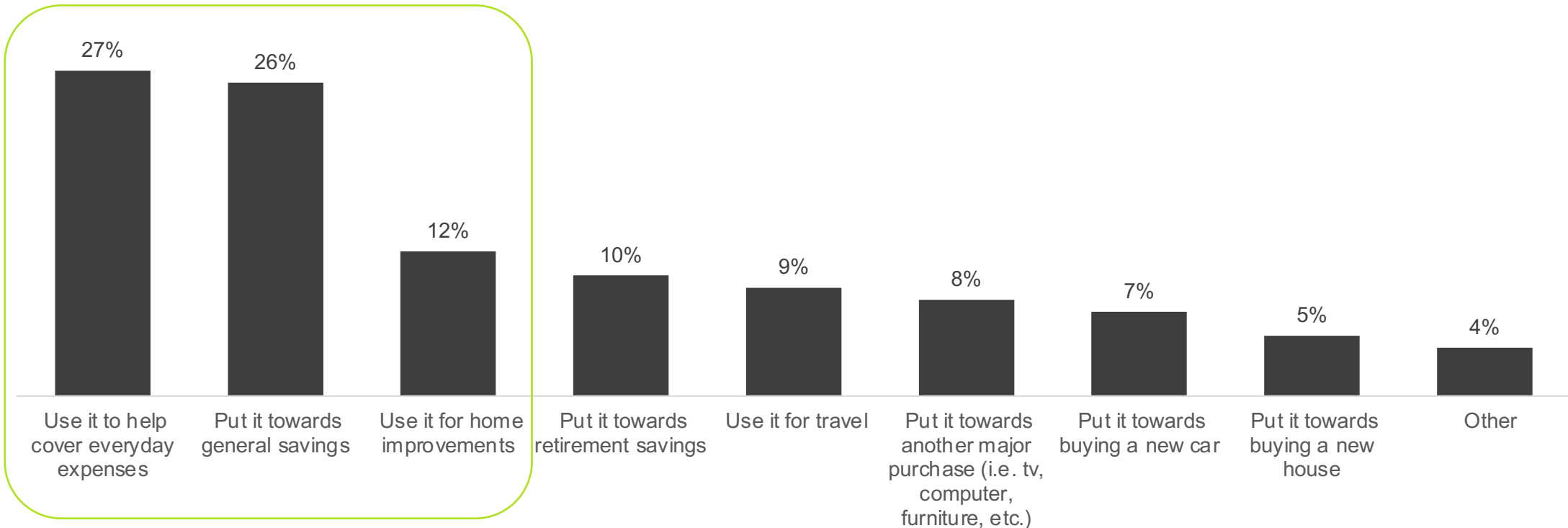
22%
are unsure what their status will be



Given the option to select three things they were most likely to do with their refund, 27% selected using it for everyday expenses, and 26% plan to put it toward general savings. Home improvement was the next highest category selected at 12%.

Interestingly, with the ability to select up to three options, the average respondent selected only 1.1.

Top 3 planned usages for tax refund

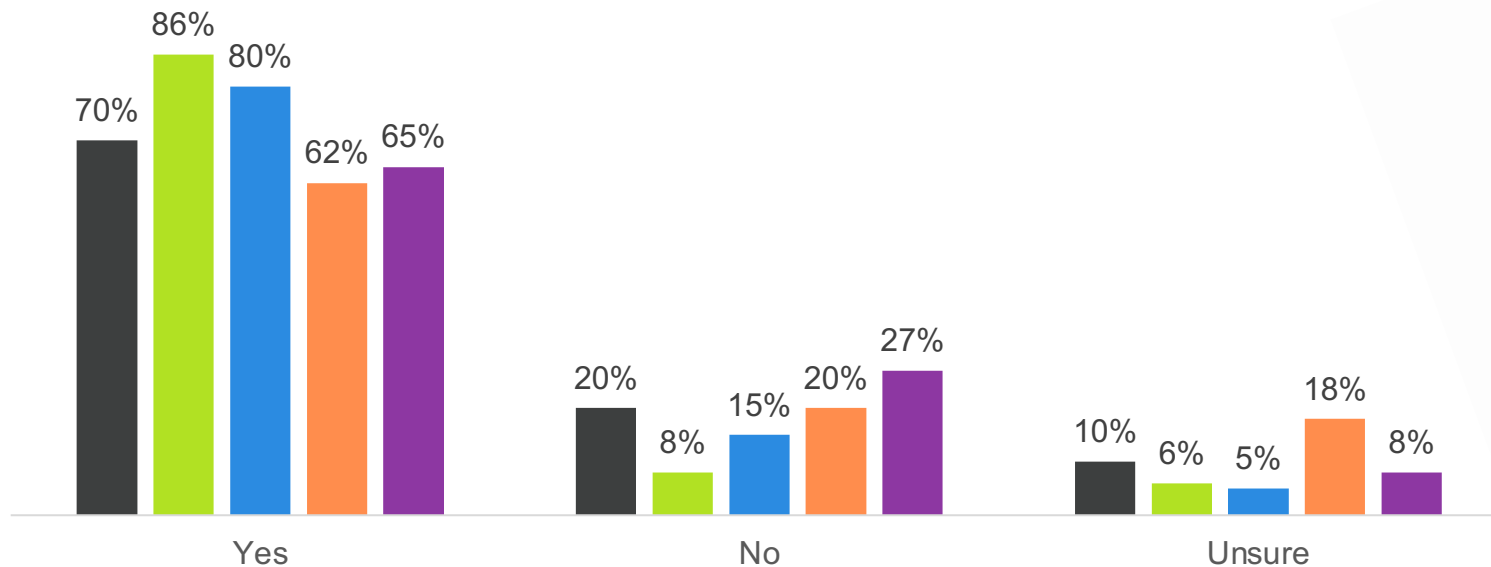


Home Improvement and Maintenance

Whether or not they are receiving a tax return, 70% of homeowners are planning on making some improvement or doing seasonal maintenance in the coming months.

Planning on making home improvements or doing seasonal home maintenance in the next few months

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Not surprisingly, the three primary reasons that people are not planning on doing home improvements are financially based.

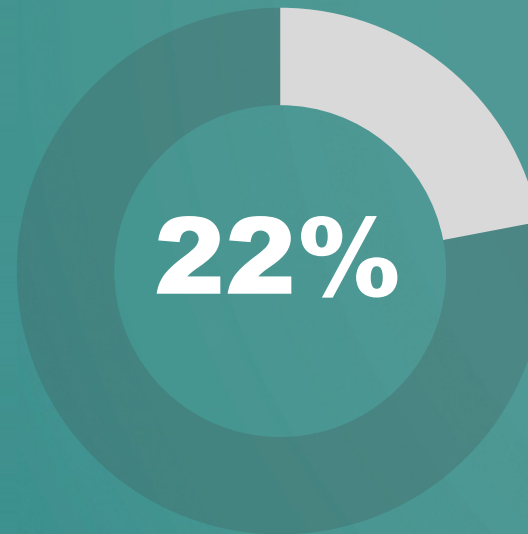
The need to hang on to the extra money you have now to be prepared for additional inflation



A shortage of money necessary to make the changes



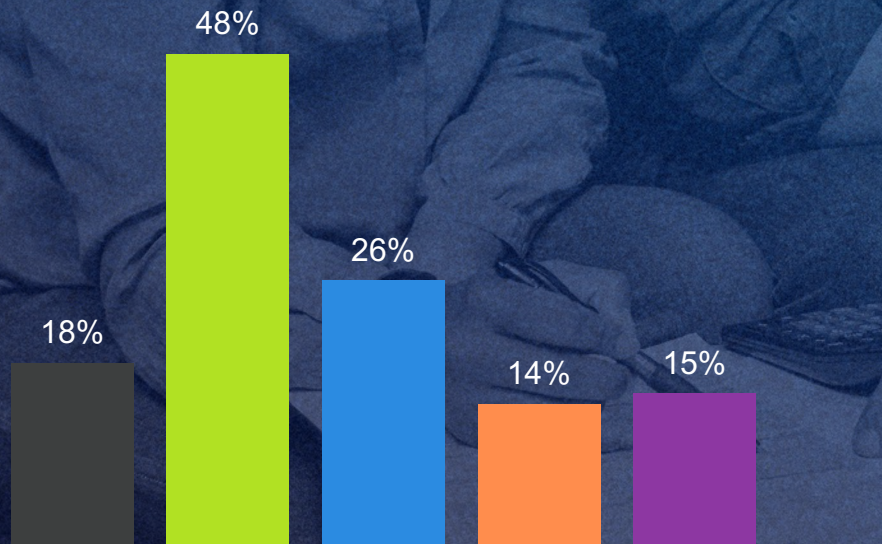
A concern that the future value of your home may decrease



As we've seen in other studies, a lack of consumer confidence in their decision-making is also a factor, especially for younger homeowners.

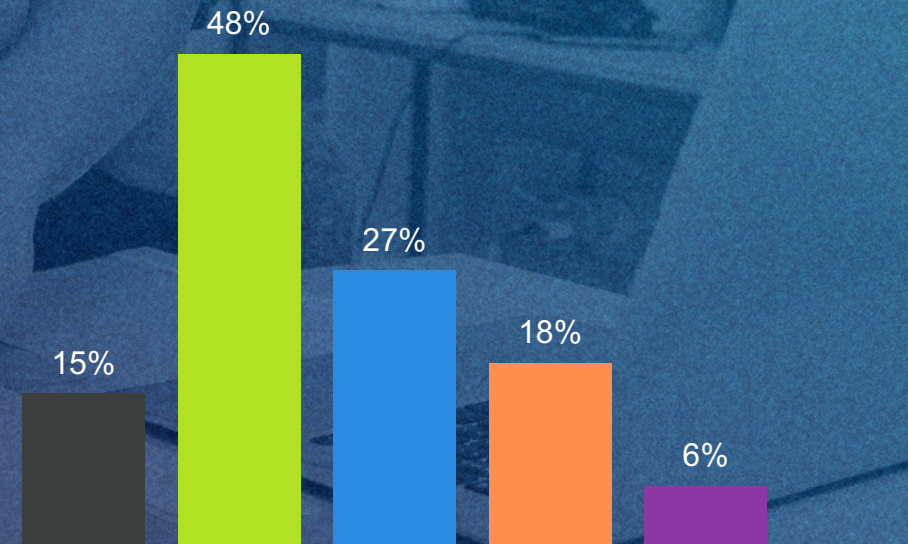
Concern that the improvements may not add value to your home for a future sale

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Worry that you may not like the changes you have in mind

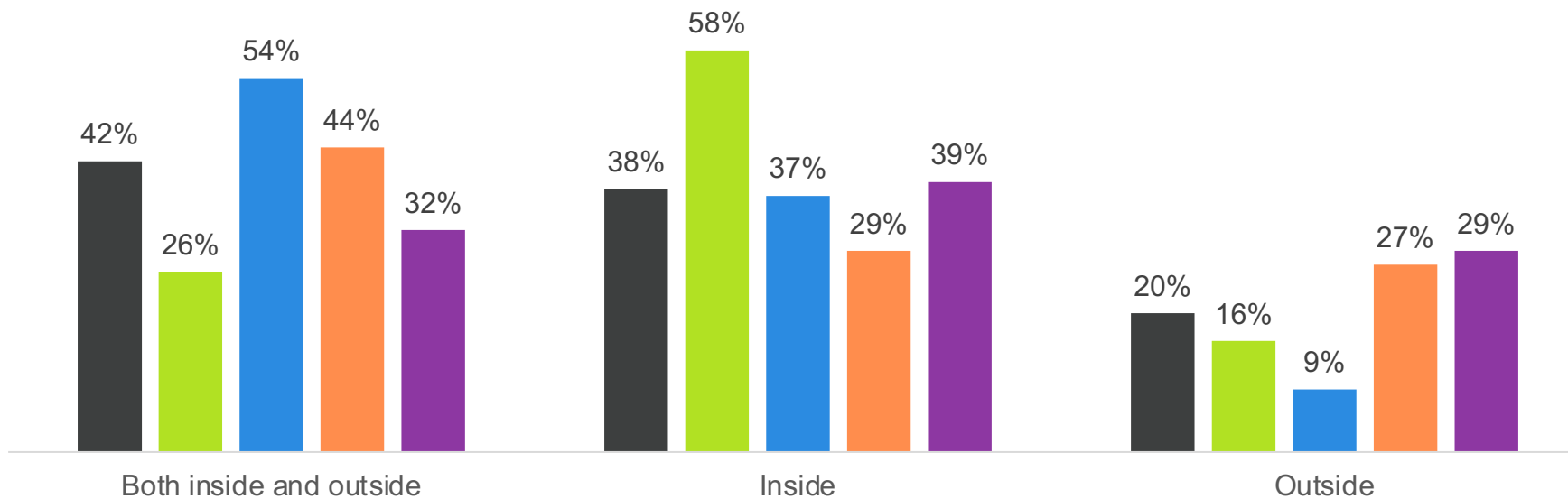
■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Among those planning improvements to their home, 38% will be working exclusively indoors, 20% exclusively outdoors, and 42% will be working both indoors and out.

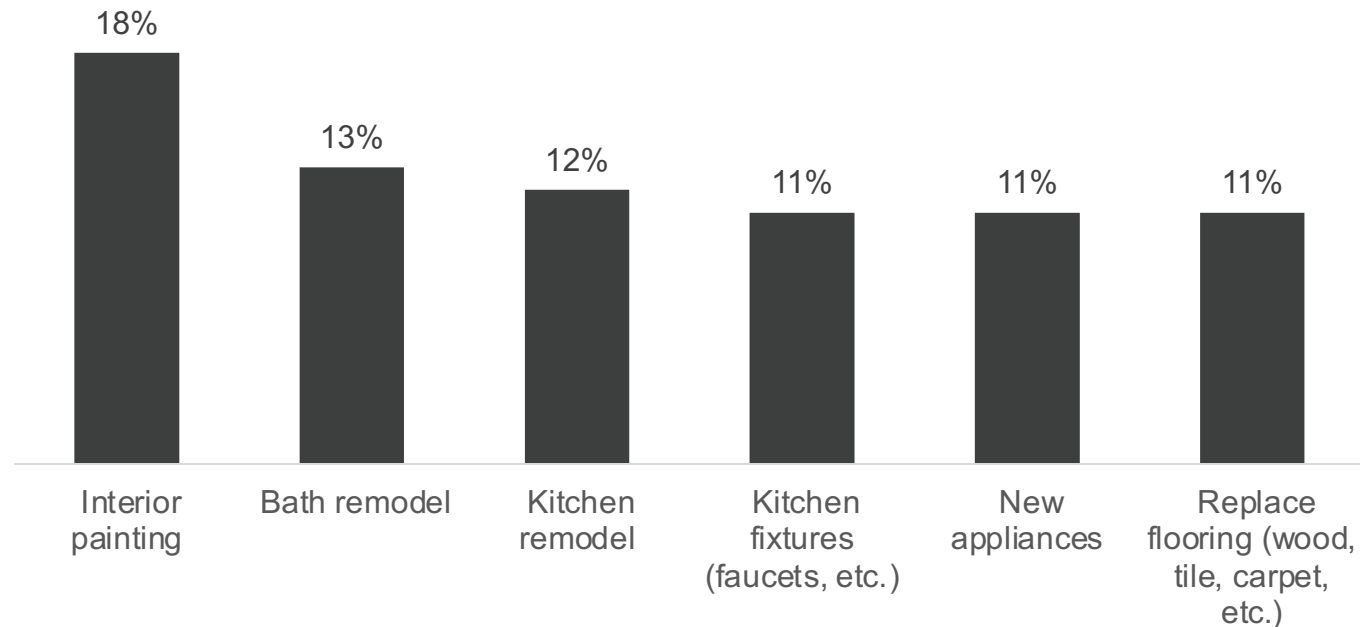
Planned work on home: inside or outside

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



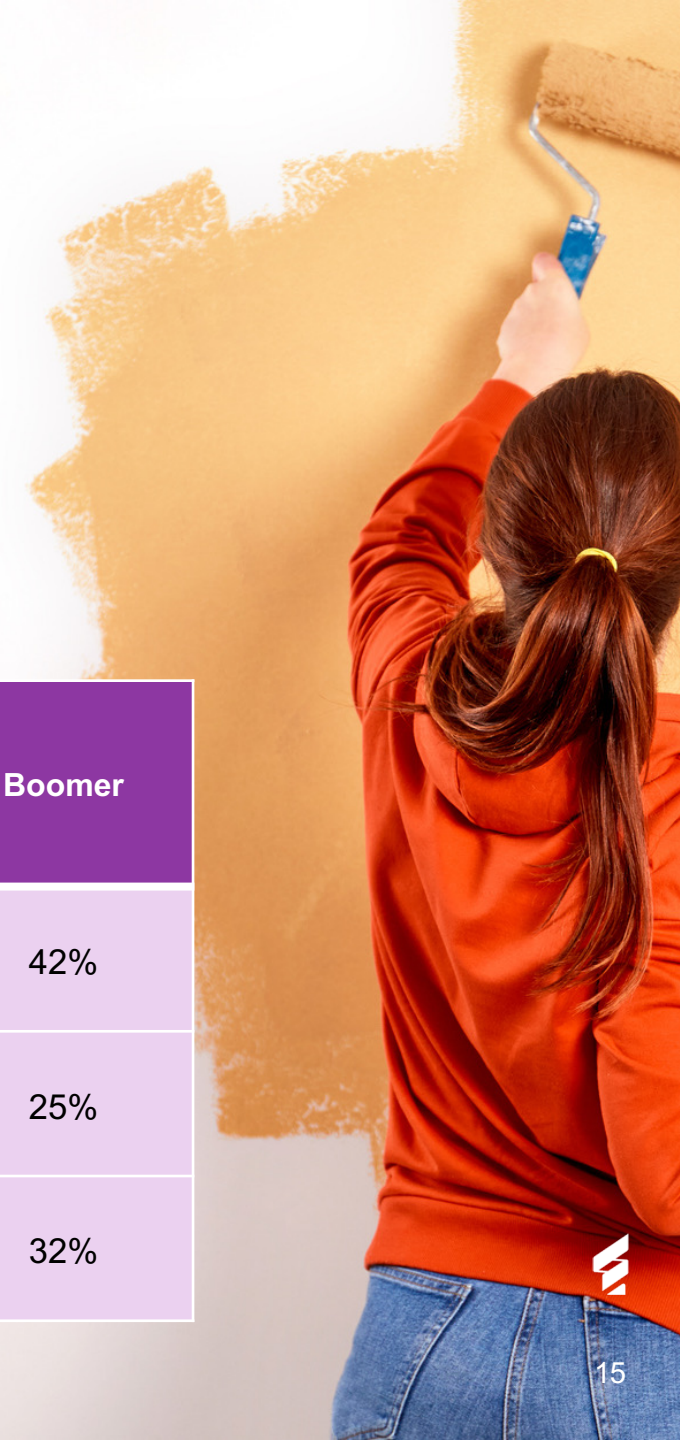
The range of indoor activities planned spans everything from HVAC (4%) to painting (18%). The six project types cited by more than 10% of respondents are outlined below.

Indoor home improvement or maintenance projects planned over the next few months



Nearly half (46%) report they'll tackle the indoor home improvement projects on their own. The remaining group is split between those who'll rely exclusively on contractors (25%) and those who'll share the workload with a pro (29%).

Who will do the work associated with your indoor improvements and maintenance?	All	Gen Z	Millennial	Gen X	Boomer
I will do all the work	46%	15%	51%	53%	42%
Contractors and I will share the work	29%	29%	35%	24%	25%
Contractors will do all the work	25%	56%	15%	23%	32%



Among those using a contractor for indoor projects, the majority (64%) plan on acquiring most of the necessary materials themselves.

The contractor will
36%

64%

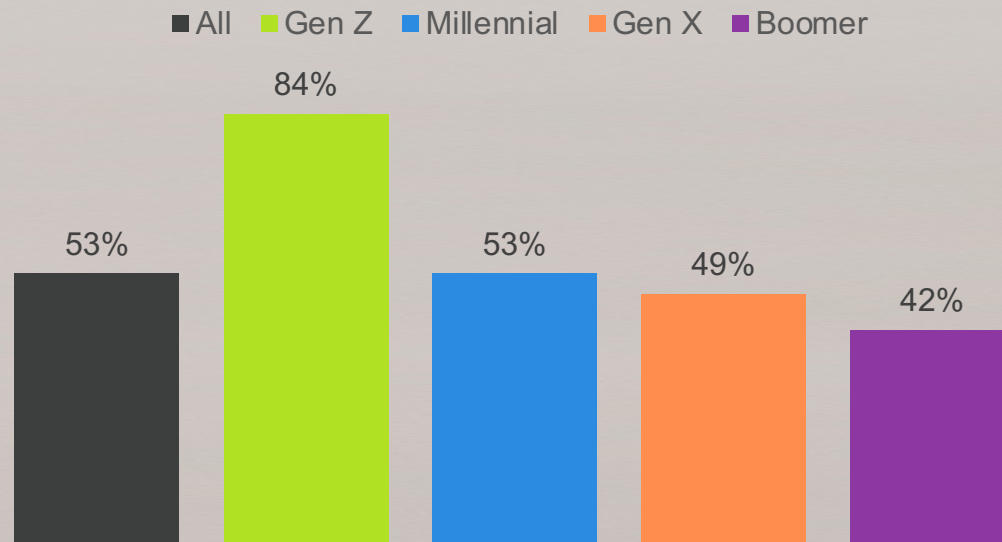
Will purchase the
materials themselves

I will
64%



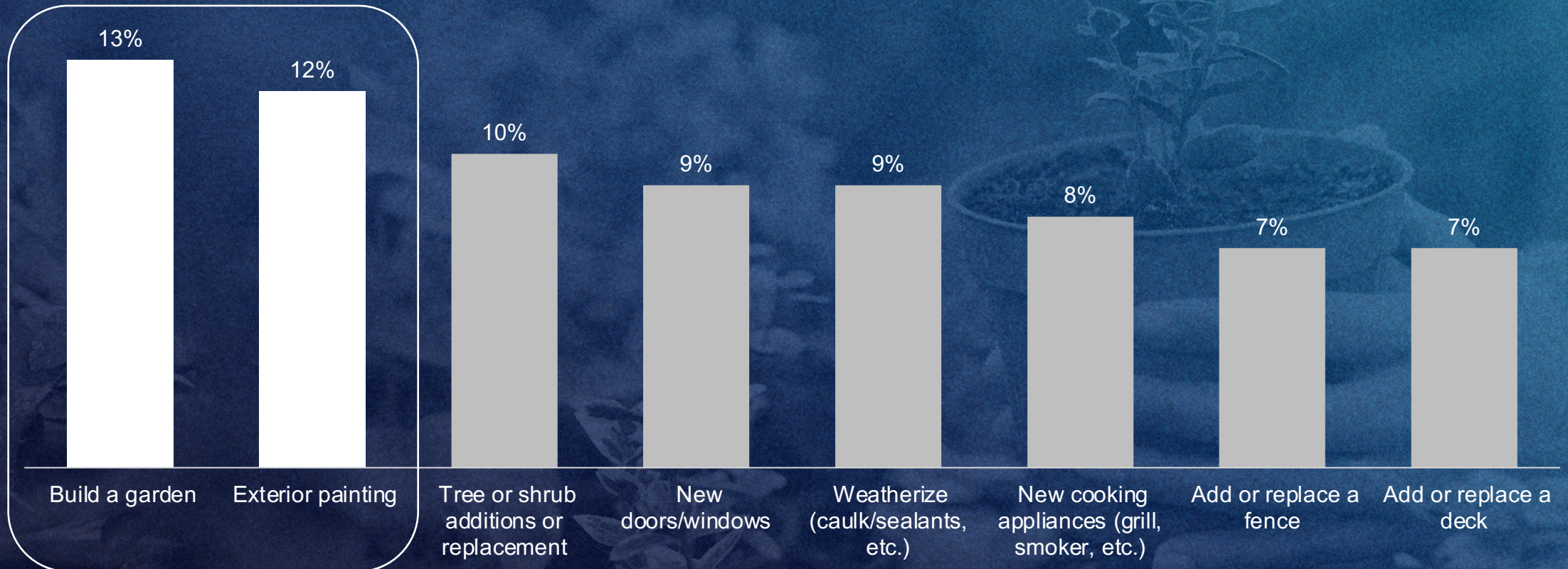
In addition to those who are not completing home improvement/maintenance or projects, more than half of those who are proceeding have reduced the scope of their project to save money.

Reduced the size, or the cost of materials used in your indoor project versus what you had originally planned in order to save money



Of the 16 outdoor projects from which people had to choose, building a garden (13%) and exterior painting (12%) were the most popular. Only 8 projects garnered 7% or more responses.

Outdoor home improvement or maintenance projects planned over the next few months



The balance of work between homeowners and pros for outdoor projects is very similar to the split on indoor projects. We also find some generational biases with Gen Z over-indexing on Pro reliance and Gen X planning on doing more of the work on their own.



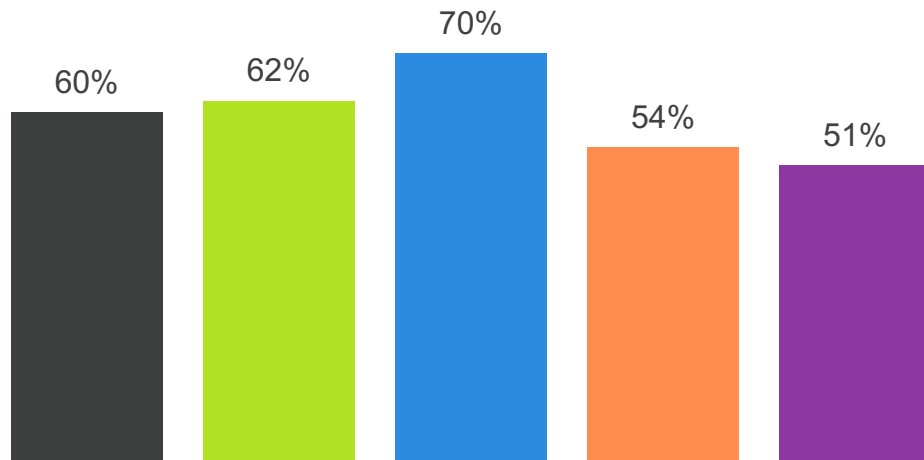
Who will do the work associated with your outdoor improvements/maintenance?	All	Gen Z	Millennial	Gen X	Boomer
I will do all the work	50%	41%	50%	59%	45%
The contractors will do all the work	27%	38%	24%	21%	32%
Both the contractors and I will do the work	23%	21%	26%	20%	23%



Among those utilizing a contractor for outdoor projects, 60% plan on purchasing the majority of the materials necessary to complete the work.

Will buy most of the materials necessary for their outdoor project themselves

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer

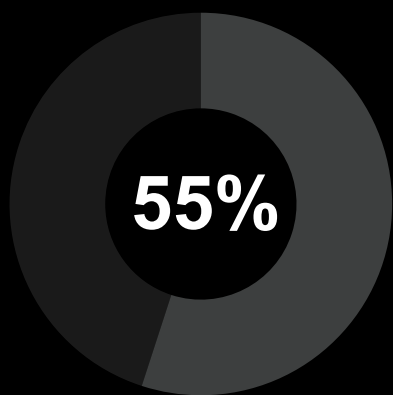


As was the case with indoor projects, the impact of the “shaky” economy is demonstrated by the fact that 55% of those planning outdoor projects have reduced the scope of those activities to save money.

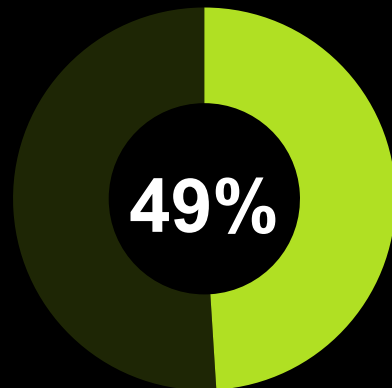
75%

of Millennials have reduced the size or the cost of materials to save money on their outdoor projects.

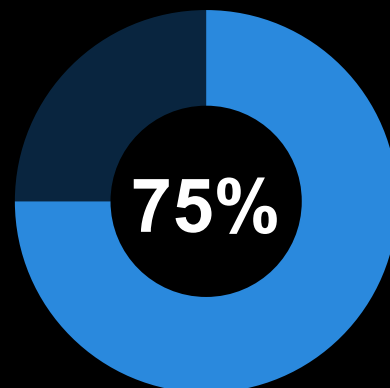
Reduced the size, or the cost of materials used in your outdoor project versus what you had originally planned in order to save money



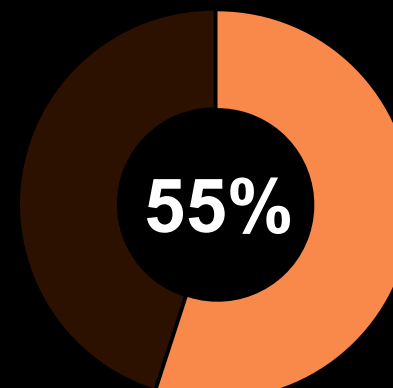
All



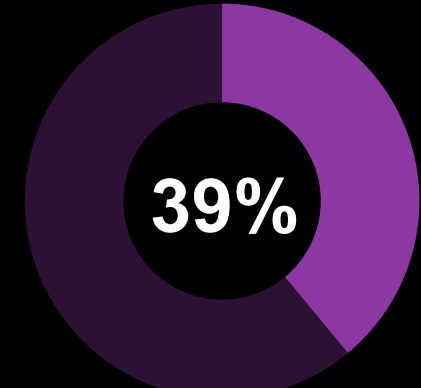
Gen Z



Millennial



Gen X



Boomer



Will Tax Refunds Fuel Home Improvement Projects?

N = 953
MOE ± 3.175%
Panel: General Population
Collected: 3/24/23 – 3/25/23



Gen Z
11%



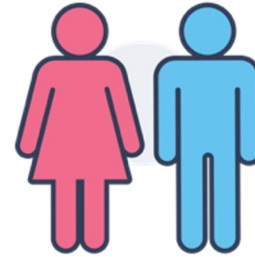
Millennial
32%



Gen X
27%



Baby Boomer
30%



Female
51%

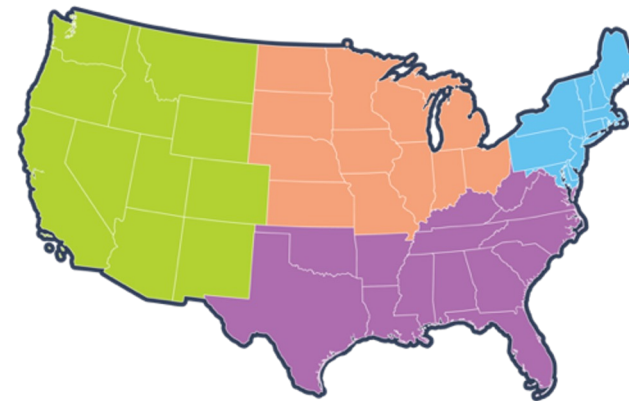
Male
49%



Urban
38%

Suburban
43%

Rural
19%



Northeast
17%

Midwest
21%

South
38%

West
24%



Do you want to take the Pulse of *your* consumers?

Our insights team will partner with you to design a study that will help you better understand your customers and their problems, and how your brand can win at retail.

To learn more about what our Four-Part Process and custom research studies can do for you, contact:

Jenni Becker SVP, Business Development
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The logo for Sales Factory Consumer Pulse is centered on the right side of the slide. It features the words "SALES FACTORY" in a small, white, sans-serif font above the word "Consumer" in a larger, white, sans-serif font. To the right of "Consumer" is the word "Pulse" in a bold, white, sans-serif font, with a stylized blue lightning bolt icon integrated into the letter 'e'. The background of the slide is a dark blue with a grid of white plus signs and various data visualization elements like bar charts and line graphs, all in a lighter blue tone.

SALES FACTORY
Consumer **Pulse**