

Remodeling Business Pulse Research Brief

April 2016

Moderating Growth Seen By Remodelers

The March 2016 Remodeling Business Pulse (RBP) survey points to a slowdown in the rate of current remodeling growth and reduced expectations for growth in the 2nd quarter. The overall current business rating of 5.84 reflected growth (above 5 indicate growth), but was 3.5% down from the December's survey, a directional drop. While 1.8 times as many remodelers are seeing growth vs. those who are seeing declines, the overall sentiment isn't as positive as in the previous study wave.

The sub-components of current conditions were mixed in March; two up and two down. We saw directional increases in 'Number of inquiries' and 'Requests for bids'. 'Conversion of bids to jobs' had a significant decline and 'Value of jobs sold' fell directionally. It appears that the softness in current business growth is due to difficulty converting bids to jobs and projects being of a smaller size.

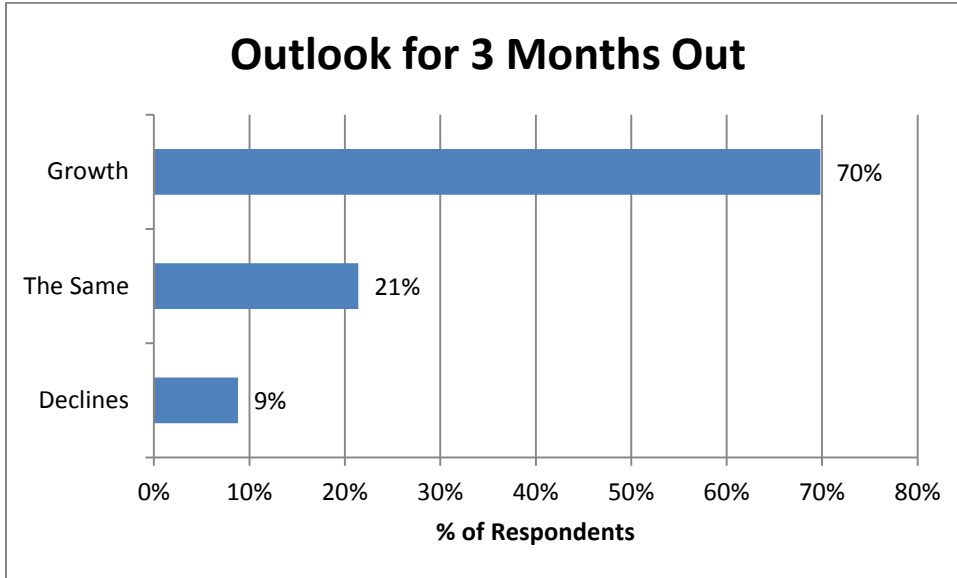
The outlook for business three months from now was at 6.21, a significant decline from last year's 6.46. A dominant majority (70%) of remodelers are expecting growth, while a much smaller group (9%) see some level of decline. The balance (21%), see sales being about where they were last year. While still positive, those seeing growth are 7.9 times those seeing declines in this wave while the same ratio was 9.1 times last year.

Remodeling Business Pulse March 2016		
Comparison To The Same Time Last Year	Current Rating*	Rating Change**
Current Business Conditions	5.84	-3.5%
Number of inquiries	5.96	4.0%
Requests for bids	5.92	2.6%
Conversion from bids to jobs	5.44	-5.4%
Value of jobs sold	6.03	-2.9%
Outlook for 3 months from now	6.21	-3.9%
* Rating is from 1 to 9 where 1 is much worse than year ago and 9 is much better, 5 is about the same as last year		
** Change is vs. Prior Quarter for Current Conditions and subparts; vs. March 2015 for Outlook for 3 months from now		

Remodelers were asked about what is driving growth. 'Postponed projects' (77%) remained the top driver and it was up slightly from the year-ago level. The number two driver, 'home prices improving' was 56%, slightly higher than March 2015. 'Economic growth' and 'Company improvements (marketing, sales, etc.)' were tied for #3 at 34%. 'Economic

growth' was a large drop from the level in March 2015, while 'Company improvements' were off just slightly.

One respondent expressed his feelings about moderating growth but their ability to do well by saying: "Overall there was stronger economics and client confidence than first quarter last year. I think that the summer will be softer overall than last year, but our investment in marketing and staff will overcome the softer summer market."



Survey Methodology

This study is conducted by Consumer Specialists for the National Association of the Remodeling Industry (NARI). The survey was done online with 159 NARI members who volunteered to be part of an ongoing research panel. Conducted from March 15-25, 2016, the study incorporates a series of questions on current and future business conditions. Respondents provide input on both current and future conditions compared to the previous year and the strength of that change. The analytical approach to the future business measure, 'Outlook for 3 months out,' has been modified starting to compensate for strong seasonal effects that were masking the trends. This measure is now compared to the results from the same time the prior year.

The next wave of this study is scheduled for June 2016 with results published in July 2016.