

Metrostudy Releases Q3 2014 Residential Remodeling Index (RRI)

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Index Posts 3.3% Year-Over-Year Gain, Forecast For a 2015 Firming Remains Unchanged

WASHINGTON, DC (November 13, 2014) — Metrostudy, a Hanley Wood company, announced today the release of its Third Quarter 2014 Residential Remodeling Index (RRI) detailing activity in the remodeling and replacement industry.

On a seasonally adjusted basis, the index posted a gain of 3.3% year-over-year in the third quarter. While the rate of growth was slower than the prior quarter, the RRI has now posted ten consecutive quarters with positive year-over-year gains since the market bottomed at the end of 2011 and is on track to reach full recovery (a reading of 100.0 or more) in third quarter 2015. By fourth quarter 2015, the index is expected to surpass the previous peak recorded in early 2007.

The seasonally adjusted third quarter national composite of the RRI registered a score of 96.0, which was 0.8% higher than the revised second quarter result of 95.3. The 0.8% quarter-to-quarter increase follows second quarter's 0.7% gain.

"The remodeling market thus far in 2014 is mimicking the muddling along of the overall housing market. The 2014 housing market has seen its share of first-time buyers hit a 27-year low, while the share of renter occupied housing reached its highest level on record in second quarter. The inability of younger households to purchase their first homes and begin remodeling projects is leaving a void in the overall measure of activity," said Brad Hunter, Chief Economist of Metrostudy. "Yet, remodeling activity is being buoyed by growing families and baby boomers, the demographics with deeper pockets, and contractor sentiment is high for these groups. Despite the moderation seen in current 2014 growth, our forecast for the remodeling market to reach full recovery in third quarter 2015 has not changed, mainly due to continually positive job and economic reports that point to a firming in housing fundamentals over the near term. Wage growth, which remains stagnant, will be key to watch heading into next year."

The Metrostudy Residential Remodeling Index is a quarterly measure of the level of remodeling activity in 381 metropolitan statistical areas (MSA) in the U.S., with the national composite reflecting the national level of activity. "Activity" includes home improvement and replacement projects, but does not include maintenance or projects of less than \$1000. The seasonally adjusted index shows the relative level of activity in the geography specified (MSA or national composite) compared to 2007 (the baseline year). A

number above 100 indicates a level of remodeling activity higher than the level of activity at the beginning of 2007, which was the peak of remodeling activity in the prior decade.

The index is produced through a statistical model that leverages detailed data on remodeling activity, including household level remodeling permits, and consumer-reported remodeling and replacement projects. Quarterly historical results for the national composite and for each of the 381 Metropolitan Statistical Areas in the U.S. are available back to 2004. In addition, Metrostudy also produces annual estimates of project counts and expenditures as well as forecasts of the quarterly RRI and annual projects and expenditures.

Metrostudy produces the RRI to provide the industry visibility into local market remodeling activity, forecasted future activity, and potential demand. According to the company's third quarter report, 359 out of 381 Metropolitan Statistical Areas should see year-over-year growth in remodeling and replacement projects in 2014, with average growth of 4%.

Media representatives may request a full copy of the report by contacting Danielle Fiore at dfiore@metrostudy.com.

About Metrostudy

Metrostudy, a Hanley Wood company, is the largest provider of comprehensive research and insight for the real estate industry. Builders, developers, banks, manufacturers, retailers and many other industries all rely on Metrostudy's data and analytics to support strategic business decisions at the local, regional and national market level. www.Metrostudy.com

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