

Sept. 2008 | Vol. 1, No. 4 RemodelingPulse

TRENDS, FORECASTS AND INSIGHTS FROM
THE CASE INSTITUTE OF REMODELING
& SELECT INDUSTRY PARTNERS

Numbers

 **Median New Home \$230.9K** Down from \$246.1K in May 08

 **New Home Sales 515K** Jul 08 vs. Jun 08 (Seasonally Adjusted Rate)

 **Existing Home Sales -15.5%** (June 08); Down from June 07

 **Existing Home Prices -6.1%** (June 08); Down from June 07

 **30-Year Fixed 5.875%** Down from 6.27%

Commodity Prices

Framing Lumber.....\$281
(per 1000 board feet)

Structural Panels.....\$329
(per 1000 square feet)

Diesel\$4.72
(per gallon)

Sources: hgtvpro.com, money.cnn.com, Sept. 2008

In This Issue:

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K+BB Predicts Number of Kitchen Remodeling Jobs to Increase in 2008...

A survey conducted by Standpoint Marketing Research on behalf of Kitchen and Bath Business suggests that the number of kitchen remodeling jobs will increase 1% in 2008. This figure accounts for Do-It-Yourself and professionally contracted kitchen remodels.

...But Spending Per Kitchen Project to Drop

However, average per-kitchen spending is expected to drop by 14.6%. That equates to an overall decrease of 13.8% in kitchen remodel spending. *Source: K+BB 23rd Annual Market Forecaster Report, 2008*

Per Bath Remodel Spending Projected to Increase Slightly

Bath remodel stats suggest a 14.4% decrease in the number of jobs to be undertaken in 2008, though spending per bathroom is expected to increase slightly (up 0.2%) over 2007 spending. *Source: K+BB 23rd Annual Market Forecaster Report, 2008*

Consumer Confidence Rises Modestly in July

The Conference Board Consumer Confidence Index rose slightly in July, from 51.0 to 51.9. Consumers were also slightly more positive when it came to expectations concerning future business conditions. Read the full report at <http://www.conference-board.org/economics/ConsumerConfidence.cfm>

"Green" Market to Double by 2012

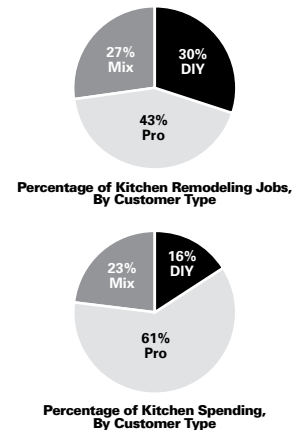
McGraw-Hill Construction/National Association of Home Builders expects the market for "Green" building products – currently between \$12 and \$20 billion – to double by 2012. *Source: Remodelingonline.com*

Professional Contractors Account for Majority of Kitchen Spending

Professional kitchen remodeling jobs account for a majority of spending in kitchen renovations, and nearly 3/4 of all jobs involve at least some work performed by a contractor. *Source: K+BB 23rd Annual Market Forecaster Report, 2008*

25% of Homeowners Plan Projects This Year

According to Ace Hardware studies, 1 in 4 American homeowners intend to undertake a home improvement project this year; of those, 76% anticipate using outside professional help. *Source: Remodelingonline.com*



Average Spending on 2007 Kitchen Projects

Professional	\$19,538
Mix DIY/Pro	\$11,696
Do-It-Yourselfers	\$7,153
Average Overall	\$13,675

How Fit Is Your Business?

Read Mark Richardson's new book and take stock of your business – and learn how to improve its overall health, set achievable benchmarks, identify areas for opportunity, and remove the mystery from the process of improvement. Read more at <http://www.caseinstituteofremodeling.com>

2008 Fred Case Award Winner Announced

Sal Ferro of Alure Home Improvements in Plainview, NY was named the 2008 Fred Case Award winner at the Baltimore Convention Center in Baltimore, MD, on September 11, 2008.

“Sal represents not only entrepreneurial thinking but entrepreneurial action,” says Mark Richardson, president of Case Design/Remodeling and a judge. Besides Ferro’s generous charitable work, Richardson cites his lead role in developing the Owens Corning basement franchising program, his innovative approach to “packaging” bathroom remodels at different price points, and his use of design-imaging software to differentiate Alure Home Improvements from its competition. Ferro took home a \$10,000 prize as winner of the Fred Case Award.

About the Fred Case Award

The Fred Case Award is modeled after the professional achievements of Fred Case, who is credited with pioneering the design/build concept in remodeling in the 1970’s. Case was instrumental in developing the first certification system for remodelers while chairing the National Education Committee of the National Association of the Remodeling Industry (NARI). Among many other honors, Case won the first NARI “Contractor of the Year Award” in 1976, and was recognized in 1984 with NARI’s Harold Hammerman “Spirit of Education” Award for excellence in education and training. In 1999, he became the first-ever recipient of Remodeling magazine’s Foundation Award for Lifetime Achievement, and was inducted into NAHB’s Remodeler’s National Hall of Fame in 2002.

2009 Nominations Now Being Accepted

For more information on the Fred Case Award, the 2008 finalists, and to download a 2009 nominee application, please visit www.caseinstituteofremodeling.com

Treasury Secretary Expects Housing Turnaround “Within Months”

In a July 22, 2008 interview with Fox Business, Treasury Secretary Henry Paulson discussed the state of the housing industry and recent Fannie Mae/Freddie Mac actions, and said that he sees the market “turning the corner” in a matter of months. He noted that he expects volatility in the industry’s recovery, with ups and downs along the way. *View full video*

HJCHS Predicts 11.1% Decline in Remodeling Activity

The Harvard Joint Center for Housing Studies forecasts an annualized 11.1% decline in remodeling spending through the first quarter of 2009. “The slumping economy and struggling housing sector continues to drag down spending on home improvements,” said Nicolas P. Retsinas, director of the Joint Center for Housing Studies, in the July 17, 2008 report. “Households are reluctant to undertake major improvements in the context of falling prices.”

Source: <http://www.jchs.harvard.edu/media/linal/index.html>

44% of Home Buyers Think Market Will Improve with New President

Nearly half of home buyers surveyed by Harris Interactive believe that Real Estate conditions will improve once a new president takes office.

Source: hgtvpro.com

National Association of Home Builders Predicts Recovery in 2009, Records by 2013

David Seiders of the NAHB suggests that home maintenance and repair projects will sustain and then lead a remodeling activity recovery beginning in 2009, and after that – as the remodeling industry recovers in lockstep with the housing market – more and more homeowners will return to remodeling, upgrading and expansion. He notes that “It’s no question that the remodeling market over the longer-term is a terrific

thing to be in... the housing stock is growing all the time” and homes continue to grow older. Seider believes that by 2012 remodeling activity will be at the same level seen in 2006, and the business will attain “new records by 2013.”

Source: jameshardi.com

California Adopts “Green” Code for New Construction

The California Building Codes Commission has adopted a new building code standard that requires a 50% increase in landscape eater conservation, a 15% reduction in energy use and other measures regarding construction and materials. The provisions cover commercial and residential construction in the public and private sectors and are voluntary until 2010, at which point they are expected to be made mandatory.

Source: greenbiz.com

NAHB Protests New Workplace Safety Standards

The National Association of Home Builders has expressed disappointment and concerns regarding new workplace safety standards that were recently published by the American National Standards Institute. “It is troubling that ASSE can subvert the ANSI process in order to impose its own vision on the construction industry,” said NAHB President Sandy Dunn.

Source: hgtvpro.com

McMansions: Because You Can

An article on homeremodeling.net makes an interesting point: the recent popularity of so-called “McMansions” and “Starter Castles” isn’t just due to buyer’s ego... the advent of compressed-air nailers, mini-bulldozers, easy-to-install piping and fixtures, etc. has made building large homes easier and less expensive than just 20 or 30 years ago. Read the complete article at homeremodelingnews.net.

SalesPlan **Better Materials For Greater Customer Satisfaction**

**Expert
Advice**

Everyone's natural inclination is to save money whenever possible... and for contractors, there are always savings available in the selection and purchase of materials. However, the use of better products can often be an easy shortcut to satisfied customers and new business through referrals and a positive reputation. For instance, Polyseamseal® Ever Bright™ Active Silicone Sealant from Henkel (a Remodeling Pulse Industry Partner) is one material that can truly make a subtle but positive impression with customers.

A sealant that stays mold-free for 5 years?

Bathroom and kitchen mold has finally met its match.

Polyseamseal® Ever Bright™ Active Silicone Sealant is the first proprietary silicone kitchen and bath sealant created with Henkel's most powerful mold-inhibiting ingredients yet, which continuously prevent mold from adhering to the cured sealant, resisting the spread of mold and inhibiting its growth for a full five years.

Unlike ordinary antimicrobial sealants that become ineffective over time, Polyseamseal® Ever Bright™ Active Silicone Sealant is a 100% silicone sealant that boasts a triple-action protection formula to continuously combat mold growth on the cured seal for five years.

"When remodelers and contractors use Polyseamseal® Ever Bright™ Active Silicone Sealant, they don't have to re-caulk yearly. That means savings in sealant, labor, and down time," said Irene Williams, Senior Category Manager for Polyseamseal® interior sealants.

Polyseamseal® Ever Bright™ Active Silicone Sealant is the newest addition to Henkel's Enhanced Silicone Technology sealants, which offer speed, longevity, and unparalleled performance. Another product in the line, Polyseamseal® Speed Seal™ Silicone Sealant, recently received the following industry accolades:

- "100 Best New Products" by Professional Builder;
- The MVP Award from Building Products; and
- Member-tested and recommended by Handyman.

Polyseamseal® Ever Bright™ Active Silicone Sealant is available in white in a 10-ounce plastic cartridge with a detachable nozzle for a suggested price of \$9.99 at Lowe's and fine hardware stores.

Got a question about Enhanced Silicone Technology for Irene Williams? E-mail her at Irene.Williams@us.henkel.com.

Inside Advice:

The Case Institute of Remodeling was launched as a formal training arm of Case Design/Remodeling, Inc. as a way to assist in elevating the entire remodeling industry. The website is an online library of various resources showcasing best practices for remodeling companies. Visit the site today: www.caseinstituteofremodeling.com



**Test Your
Remodeling
Smarts**

with our online
**Remodeling
Quiz**

Test your remodeling aptitude!

Remodeling is more than just giving a room a makeover. It takes business acumen, management skills, and some experience. That means it helps to be able to think

logically, draw rational conclusions, and visualize and orient objects.

Take this short quiz to test your remodeling aptitude!

Click here: <http://www.remodelingpulse.com/quiz/>

The JobSite

Oddities & Observations

The slowing national economy has unquestionably taken a toll on the home improvement/renovation industry. But homeowner's repair and maintenance needs haven't gone away, and good work at a reasonable price is always an easy sale. Here are a few proven ways to keep your business profitable – and even growing – until the inevitable rebound in the industry.

Value your customers

One of your company's biggest assets is your existing client base. These are the people who know you, know your work, and don't need to be sold on your capabilities. Contact them via direct mail, personal note or by phone to ask them for repeat work or referrals. You'll be surprised how the power of suggestion can get business going.

For instance, consider a value-added offer that will make real sense to the homeowner. In today's market, energy-efficient windows and doors are popular. So why not contact your existing clients with a "10% off for Preferred Customers" offer?

Also be sure to ask your past clients if they could recommend your services to friends or neighbors. That endorsement might be all they need to trust you with their needed repairs or maintenance. Be proactive and ask for the order.

Invest in yourself

Don't sit around lamenting the fact that business is slow. Use the extra time to put your business in

order and position yourself for more success when the market turns. Now's a great time to devote to building a better website (web developers may be anxious for business now, too, so you could get better rates) that showcases your past projects. Get on top of paperwork and start that retirement plan that will attract and retain better employees. Clean up your office. Develop better systems. Get organized. The list goes on and on... just don't waste time – when things pick up you'll be too busy to get it all done.

Network

For just a few dollars per year you can join your local chamber of commerce or a host of other networking organizations. These are a terrific way to raise awareness of your business and become a trusted resource in your community. Most networking memberships also include having your name published in a guide or on a website, and those tend to be trusted resources for customers looking for a contractor.

Advertise

Roofs need repair, pipes burst and heaters need to be replaced, no matter how the economy is doing. So when a homeowner needs that service, you want to be the first person they think of. The instinct of many businesses is to cut their advertising budget in lean times, but in reality that only hurts them – because when a customer doesn't know about a particular business, it will always go with one that it does know about. The way to keep that "top of mind" awareness is to advertise.

There's no need to spend a fortune. Simply be smart with your dollars and target prime customers. The message is key – remember, it's about them, not you, so be sure your message speaks to the benefits that they need addressed (Don't tout your expertise in high-end kitchens when what the customer needs is a new roof). HOA newsletters, local newspapers and zip code-targeted direct mail are all great ways to get your name out in the areas where you want to work.

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Do you have an interesting story, fact, or idea about the remodeling industry?
Send it to info@remodelingpulse.com or call us at **800-426-9434**.

RemodelingPulse

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