



More People Spend More Money To Remodel Their Homes

A panel of remodelers discussed the boom in the remodeling industry at the 1999 International Builders' Show. The panelists were from different regions of the United States said their businesses thrived in 1998. Some even turned customers away because they lacked the resources to meet the demand. "Business is crazy," said Cheryl Gibson of VonJac Development in Redwood City, CA. "And just three years ago, many people hadn't quite caught on to the remodeling trend. Things have really changed."

"The demand exceeds our capacity to deliver," said Paul LaRoe of LaRoe Residential Remodeling of Ann Arbor, Michigan. "And going into '99 we have as much volume as we did in '98. We cannot handle it all. People are putting money back into their homes instead of into the bank. They want to stay in their neighborhoods and now look at remodeling as an investment."

According to Kermit Baker of the Joint Center for Housing Studies in Cambridge, MA, the remodeling business generated \$88 billion in the fourth quarter of 1998. He predicts slow but stable growth in the industry for the coming five or six quarters and says it will continue to grow with the pace of the overall economy at about two to three percent for the next fifteen years, up from 1.5 percent over the past fifteen years. "The future of the industry looks very bright," said LaRoe.

The remodeling boom is logical, considering nearly two million new homes were built every year during the 1950s. In 1998, the best year for housing this country has seen in decades, there were 1.4 million housing starts. Many of those who own these aging thirty or forty-year-old homes have plenty of disposable income. So they either want to improve or move out of their homes. Today, people are opting to stay in established neighborhoods. Still, they want the same luxuries found in new homes, so they decide to remodel.

Two major demographic groups, middle-aged professionals and empty nesters, account for a large part of the remodeling market. They have the disposable income to pay for contractors and don't have the time to remodel their homes themselves. "My customers are, for the most part, professionals in their fifties or empty nesters with lots of money to spend," said Michael Strong of Brothers Strong in Houston, Texas.

The 'younger' middle-aged professionals in their late thirties or early forties often remodel their homes to accommodate growing families. "They have another child and they need another room," Baker explained. "Also, people with growing families use their houses more intensely, so their homes need more repair.

Many of these consumers know what they want before they consult with a remodeling agency. "They've done their homework and have selected the designs and materials they want to use before they come to us," said Strong.

People want larger rooms and more light in their homes. Jan Williams of Williams-BUILDER in Robbinsville, New Jersey said her customers want new kitchens, bathrooms, great rooms, media-entertainment rooms, computer rooms, home offices and master bedrooms. And as the environmentalism trend grows, they are also looking for more energy efficient roofs, windows and siding. They also want more modern, efficient appliances and security systems.

People want to open the spaces between their kitchens and living rooms so their homes look and feel more spacious. They enlarge their master bedrooms and adjacent baths.

These customers choose high-quality products. Granite is an immensely popular material choice for kitchen and bath remodeling projects. "I'm using a lot of granite these days," said Strong, "tons of it. It's unbelievable. Everyone must now have granite in their homes."

Both Strong and Gibson said they were also seeing a lot more "whole-house" remodels. "The jobs now are huge," said Gibson. And LaRoe said, "The projects are growing larger and larger. We now need on-site managers."