

↓ No Bad News Is Good News

The latest release of the Remodeling Market Index (RMI) showed a slight increase in activity, but it likely isn't indicative of an imminent housing market recovery.

While the current conditions portion of the RMI crept up to 41.8 (from 40.9) in the first quarter of 2009, the portion of the index that gauges remodelers' expectations for the next quarter remained at 37.9, a historically low level. In a press release, David Seiders, chief economist at the National Association of Home Builders (NAHB), the organization that publishes the RMI, said, "We expect there to be some further erosion

in 2008, with a gradual recovery in 2009."

NAHB Remodelers chairman and Farmington, N.M., remodeler Lonny Rutherford had a slightly sunnier outlook. "While remodeling is down nationally, some markets continue to chum with activity," he said in the release. Indeed, overall increase in the current conditions was spurred by a spike in the Midwest (to 44.1 from 41.1). Rutherford also spoke to the changing nature of the market: "Many remodelers are seeing smaller jobs and have a shorter backlog, but we expect activity to increase because necessary home repairs cannot be postponed for a long time." —H.A.

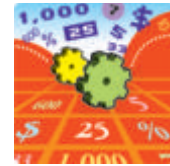
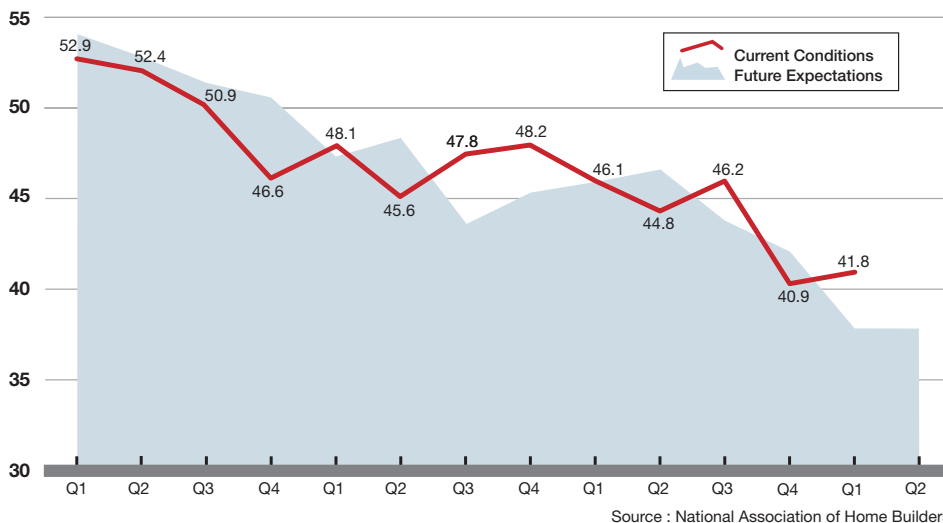


Figure This

2012

Year by which the "green" building market — currently estimated to be between \$12 billion and \$20 billion — is expected to double in size

Source: McGraw-Hill Construction/National Association of Home Builders

39.0

May reading of the RBC Consumer Attitudes and Spending by Household (CASH) Index; the first time the index has posted a month-over-month increase in half a year

Source: RBC

1 in 4

Americans who said they would undertake a home improvement project this year; 76% of those said they would use outside resources for help rather than do it all themselves

Source: Ace Hardware

LOCAL FORECAST

Riding the Waves of Change

When the housing industry began its slowdown, David Leff says that his remodeling business started attracting an "unexpected" client: "Homeowners who had planned to sell their [current] homes and purchase a home in which to live out the rest of their lives." But, says the owner of Leff Construction, in Sebastopol, Calif.,

when the market tanked, "they were unable to sell and instead decided to stay and remodel."

Leff says his company is currently remodeling homes for two clients who fit that description. However, one of his new design/build clients recently cancelled their project because they decided that the conditions were good enough to move rather than remodel.

"My realtor friends tell me that they are seeing multiple offers again on houses that are priced right," he says.

Leff isn't worried about losing that business. "It seems as if the housing resale market might be starting to turn around," he says. "And when people buy and sell homes, it's good for remodelers." —H.A.