

Remodeling Market Trends and Update

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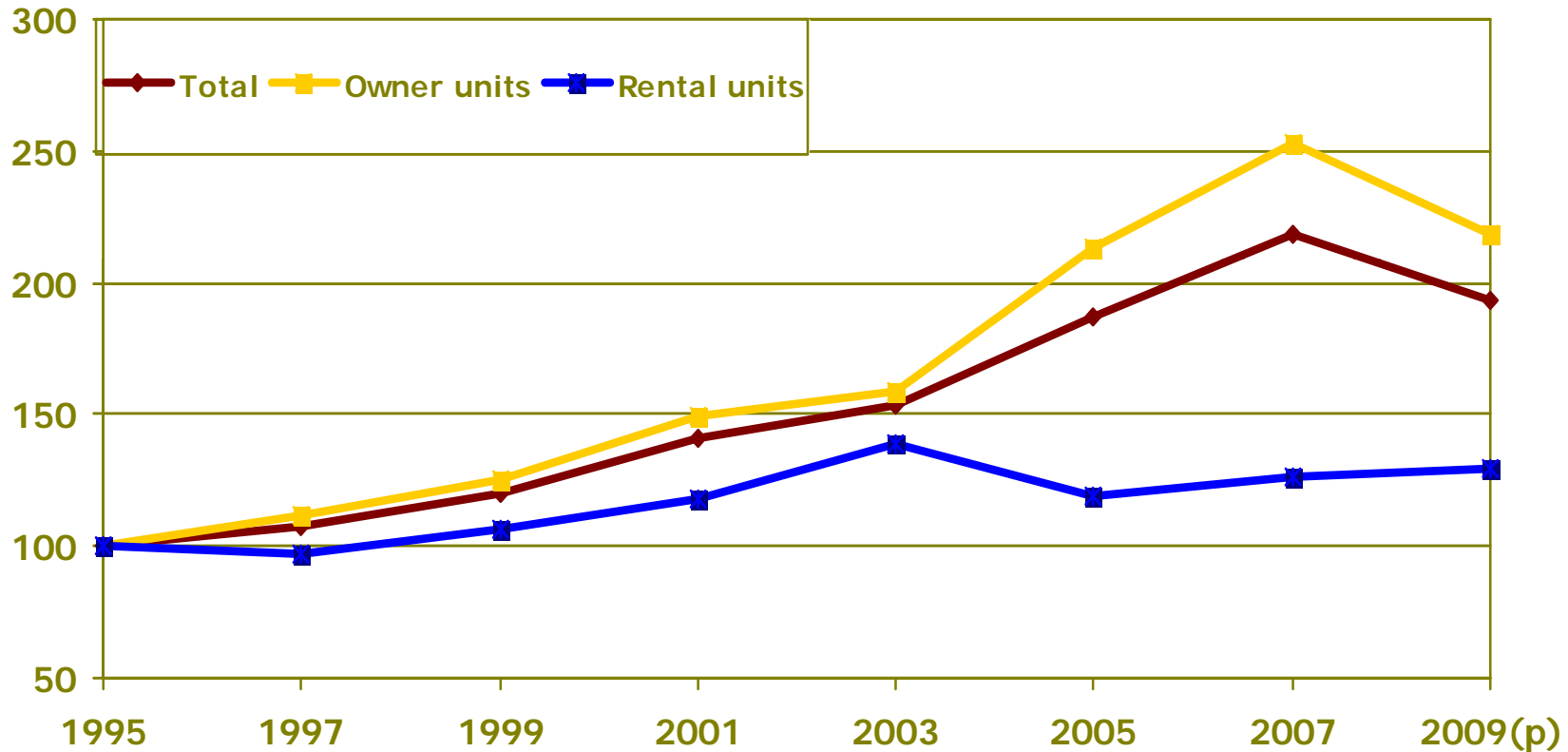
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Remodeling Market Trends

1. Remodeling spending saw significant decline during recession; greatest fall-off for upper-end discretionary projects, and least for replacements.
2. DIY project share has been trending down for past several years.
3. Industry slowdown has produced less concentration in spending.
4. Recent figures point to more balanced spending, with industry apparently poised for healthy recovery.

Boom in Home Improvement Spending – As Well as Recent Downturn – Driven by Owner Projects

Spending on home improvements by tenure of unit; index: 1995 = 100

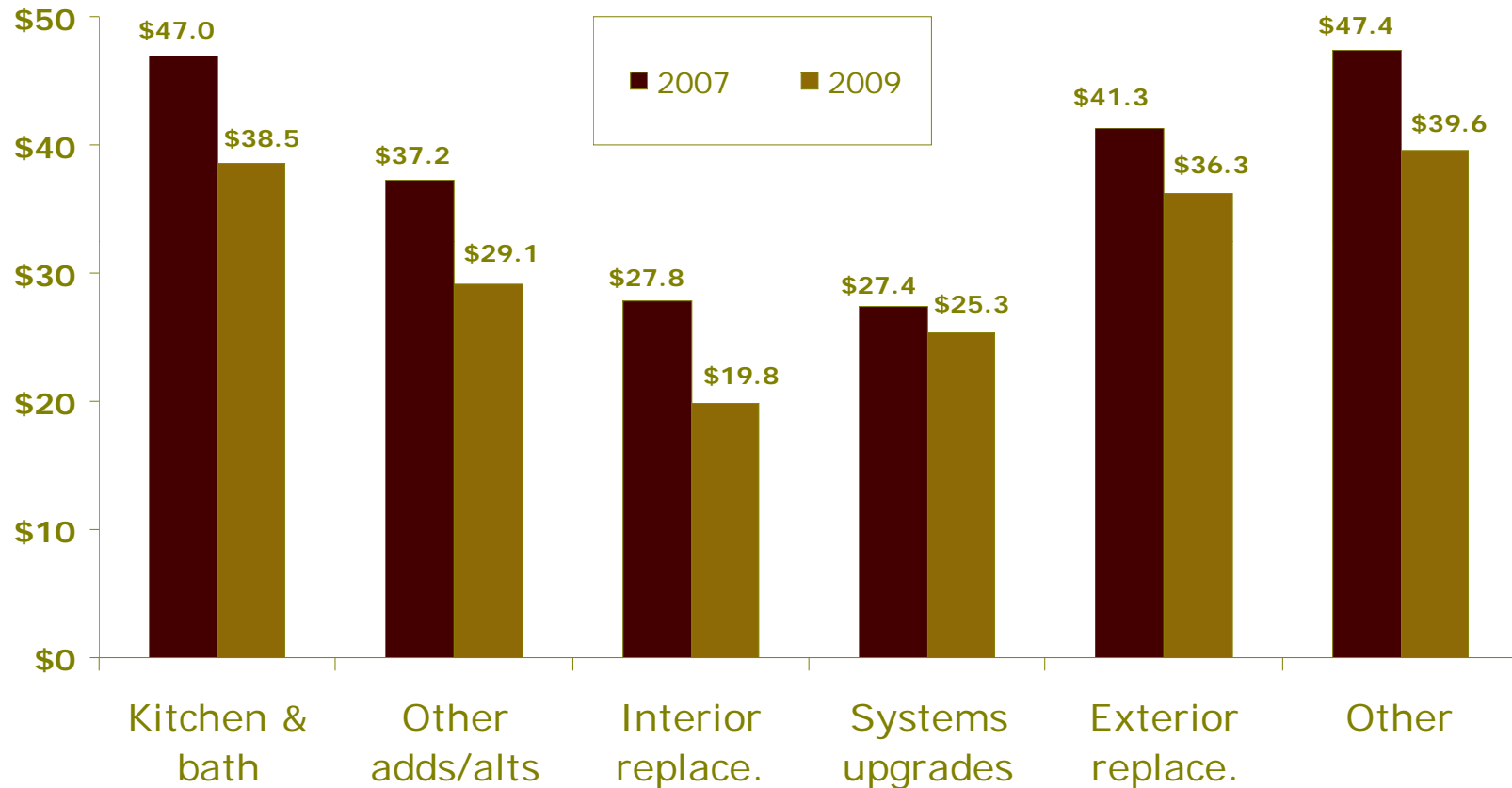


Source: Joint Center tabulations of 1995-2009 AHS.



Decline in Remodeling Spending This Cycle Greater for Discretionary Project Categories

Spending by owners, billions of \$

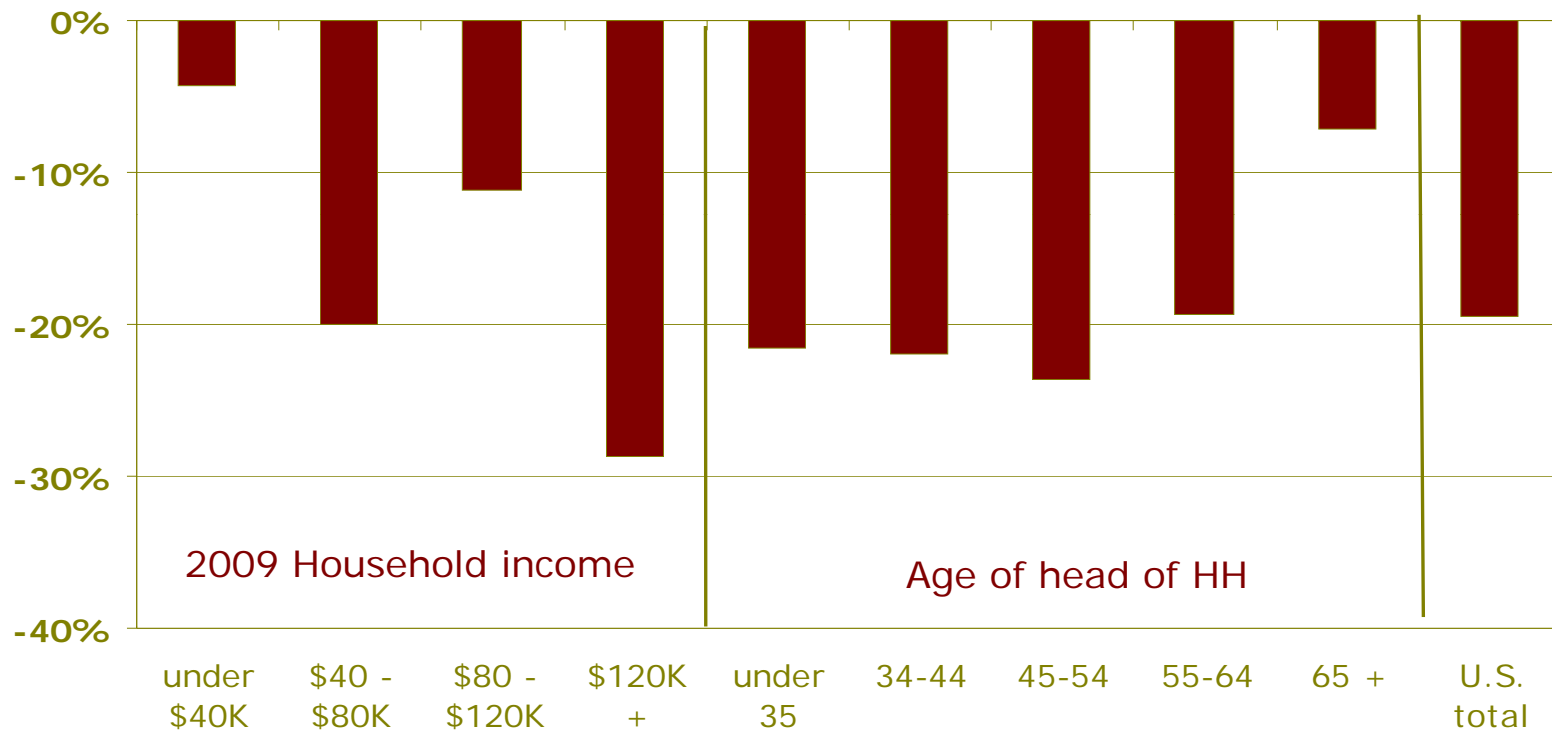


Source: JCHS tabulations of 2007 and 2009 AHS.



During Downturn, Spending Held Up Better for Lower Income, Older Owners

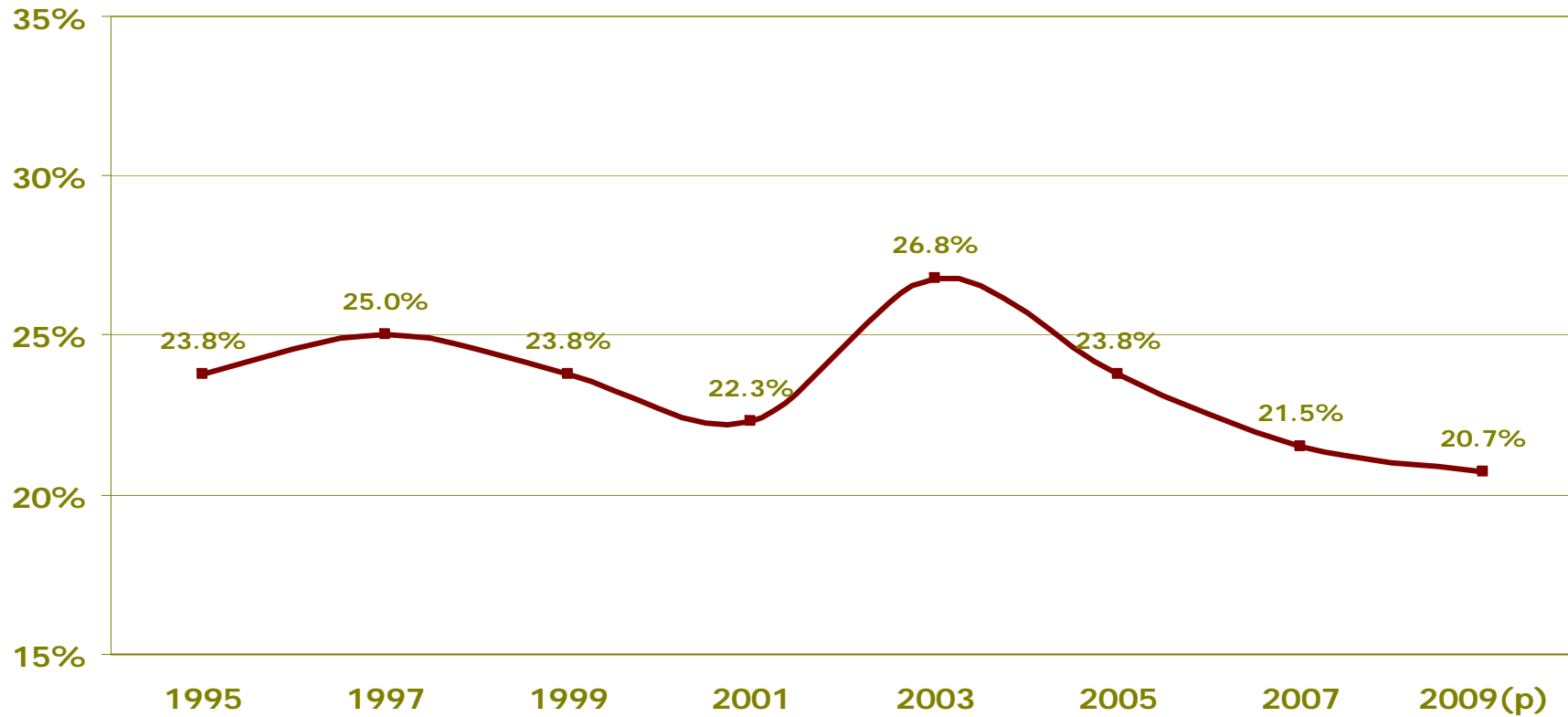
Percent change in spending for homeowner improvements, 2007-2009



Source: JCHS tabulations of 2007-2009 AHS.

DIY Share Hasn't Improved During Periods of Weaker Growth or Declines

DIY share of total improvement spending by homeowners



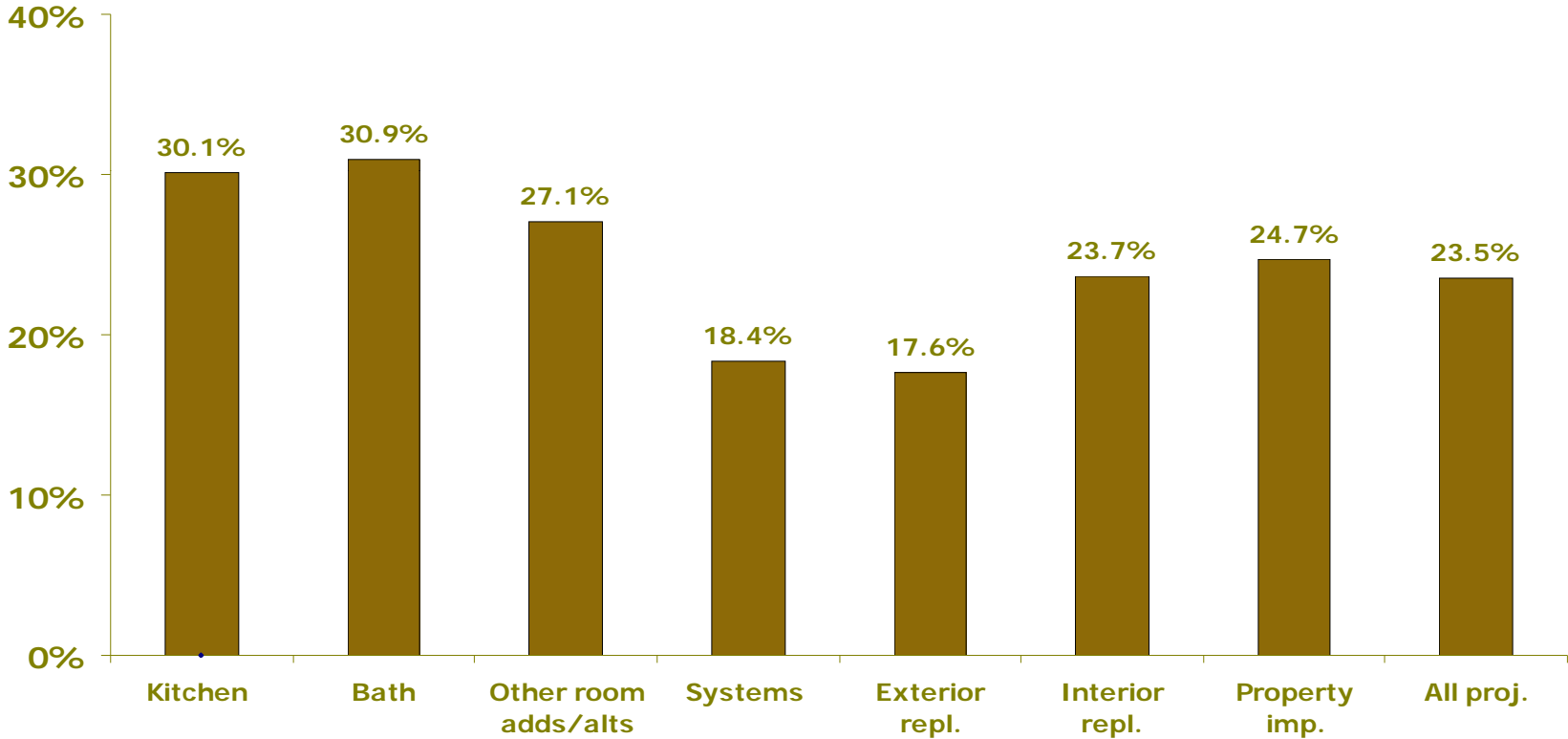
Source: JCHS tabulations of 1995-2009 AHS.

Determinants for DIY Spending

- Economic conditions
- Age composition of remodeling households
- Income of remodeling households
- Project mix

DIY Share of Project Spending Higher for Discretionary Projects

DIY share of spending by category, 1995-2009 averages



Source: JCHS tabulations of the 1995-2009 AHS.

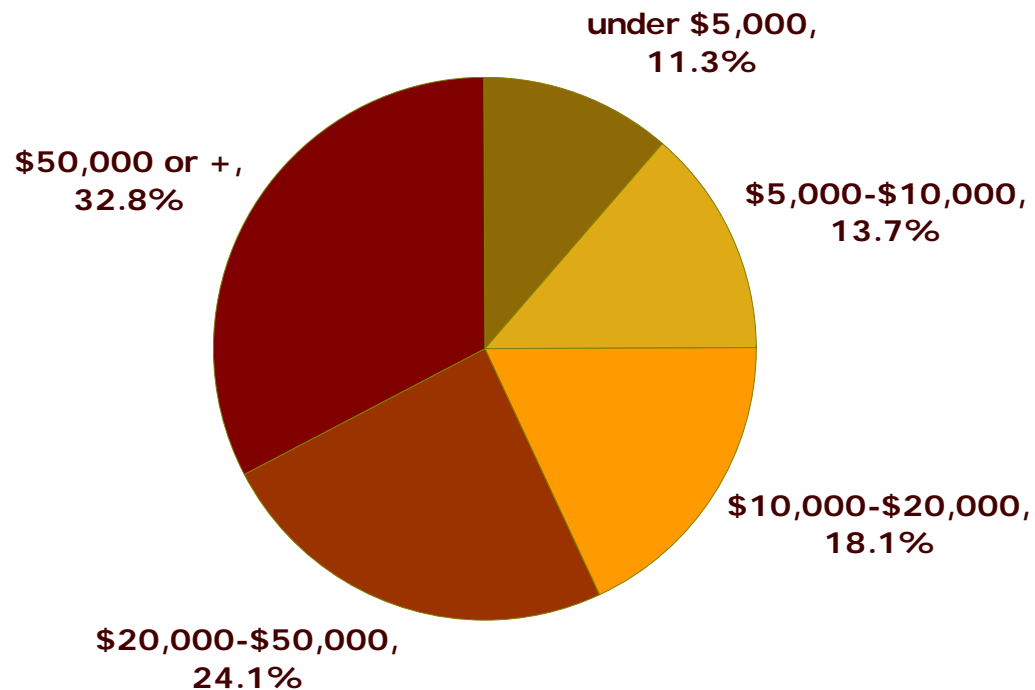
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Homeowner Improvement Spending Concentrated in Households Spending at Least \$20,000 in 2008-2009

Share of spending for improvements by owner spending level, 2008-2009

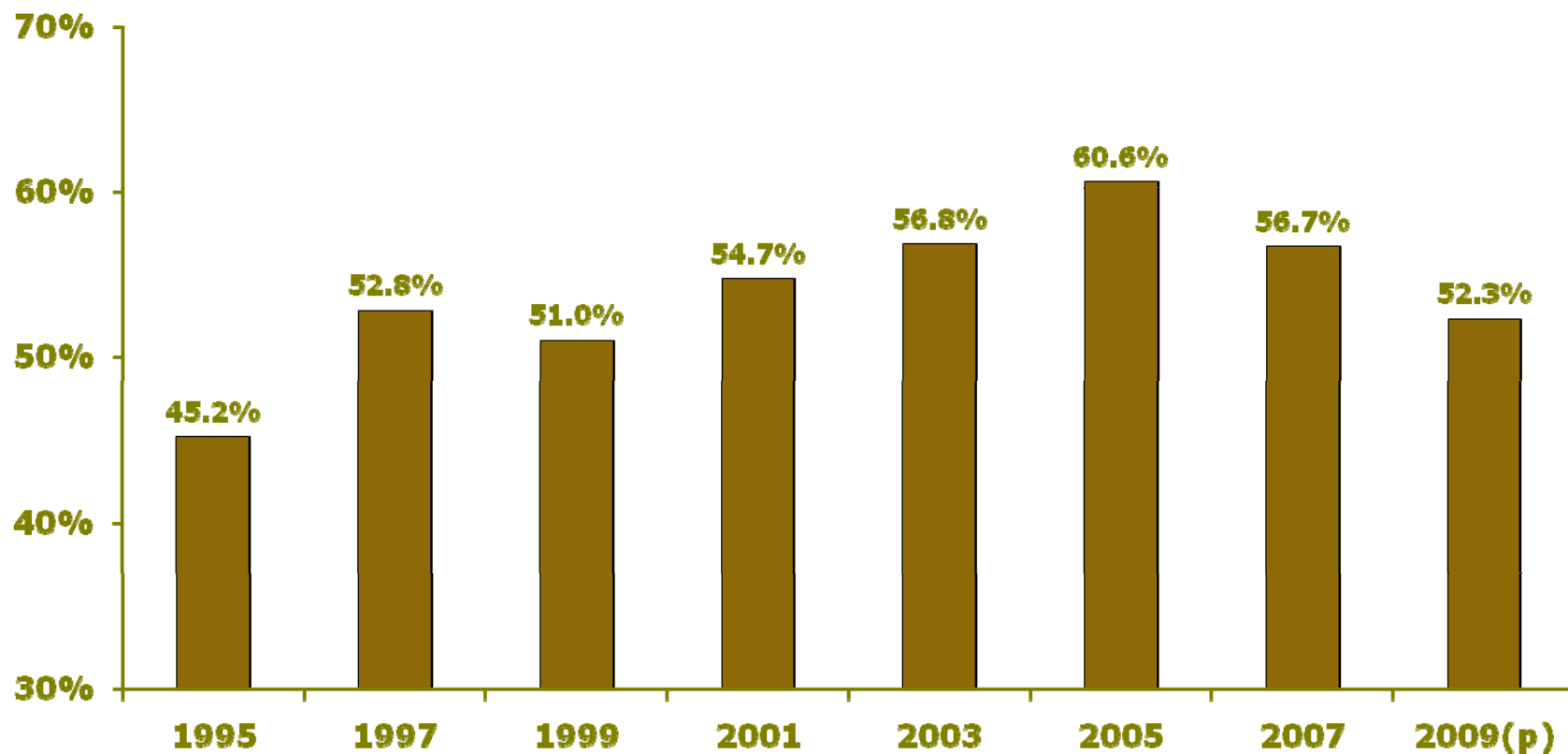


Homeowner improvements in 2009 = \$189 Billion

Source: JCHS tabulations of the 2009 AHS.

Periods of Strong Growth in Remodeling Activity Have Been Associated with Growing Share by Top Spenders...

Share of total market spending by top 5% of owners

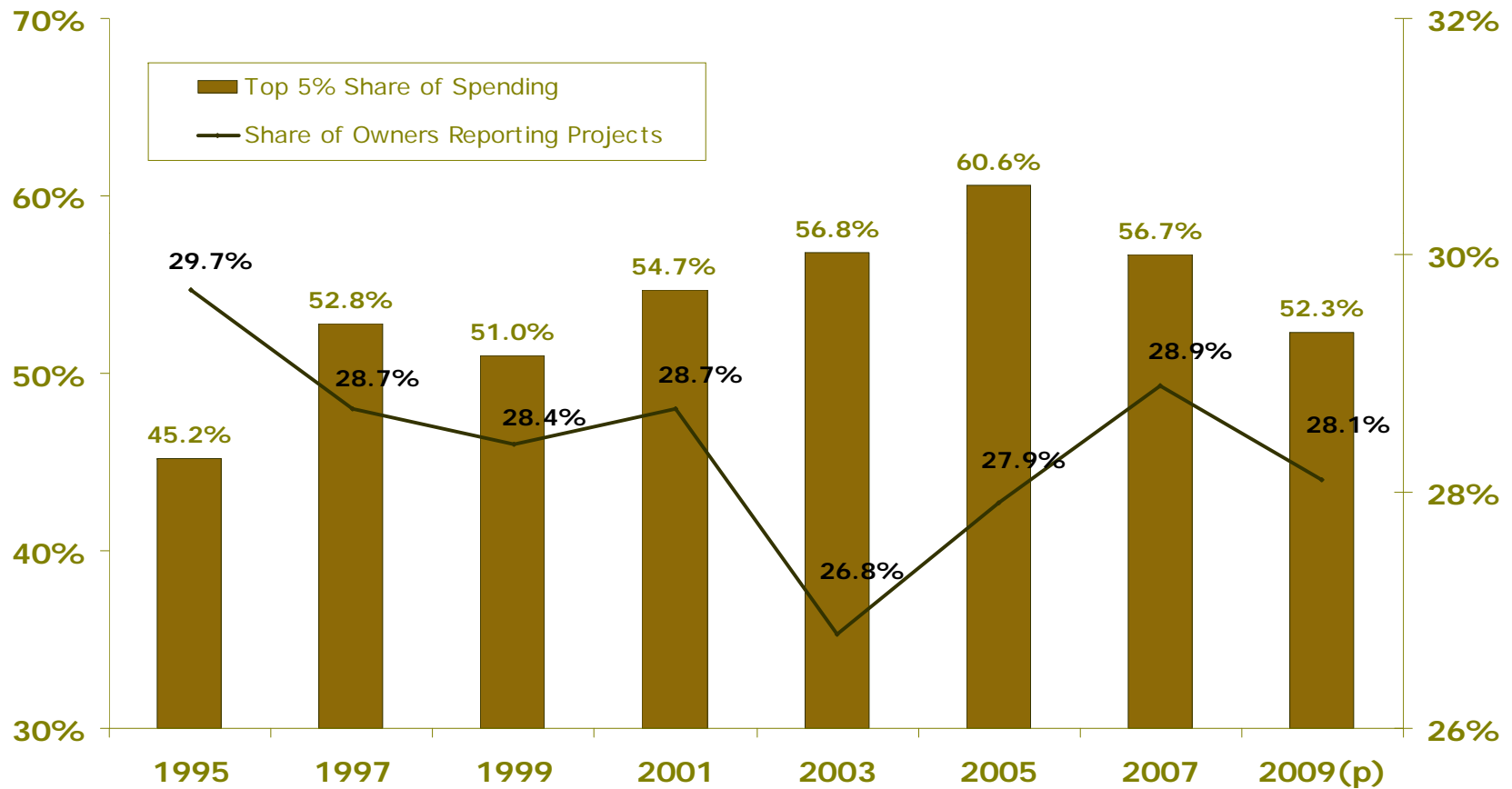


Source: JCHS tabulations of the 1995-2009 AHS.

...Even Though the Share of Owners Reporting Projects Doesn't Move With Growth in Spending

Share of total market spending by top 5% of spenders

Percent of owners reporting projects



Source: JCHS tabulations of the 1995-2009 AHS.

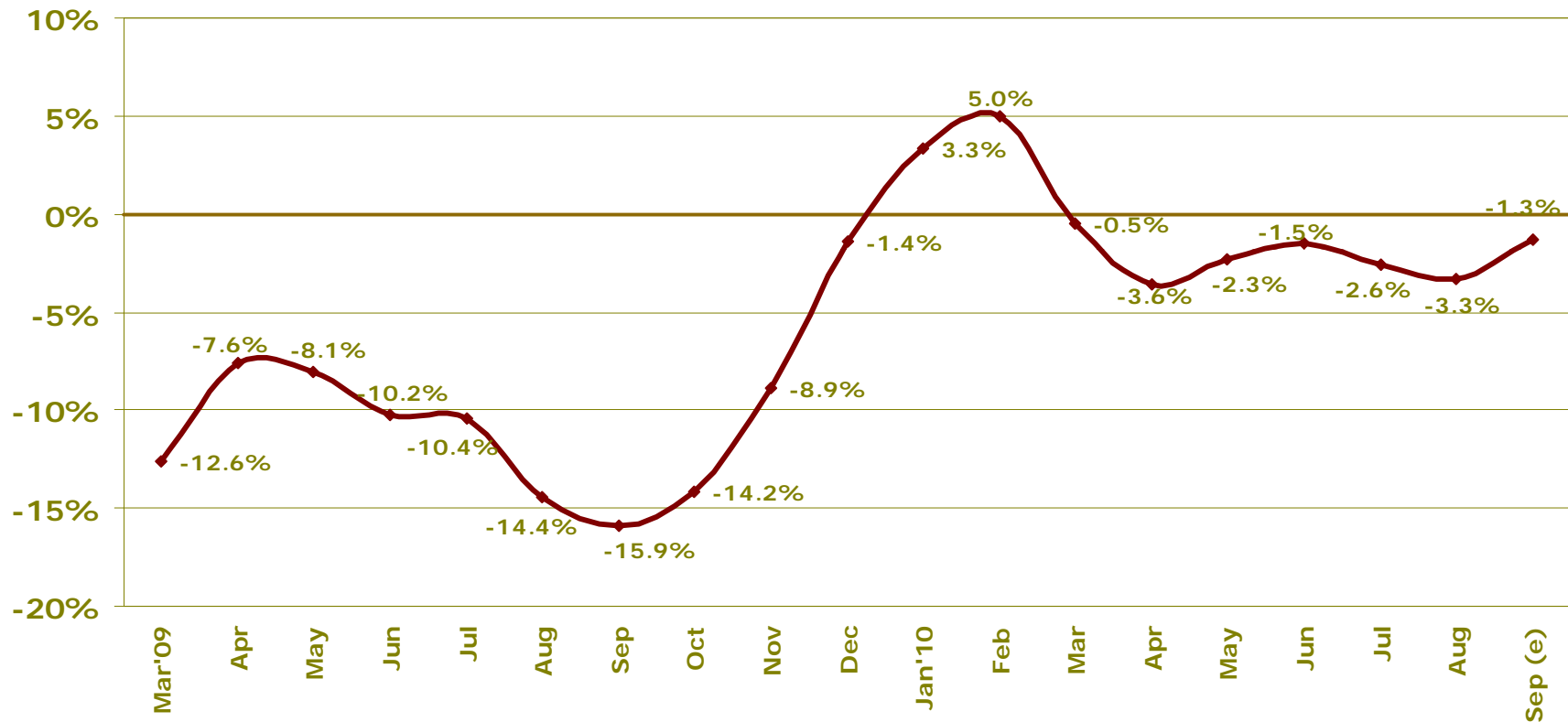
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After Growing in the First Quarter, Planned Improvement Spending Has Eased

Three month moving averages compared to year-ago for planned spending, homeowners



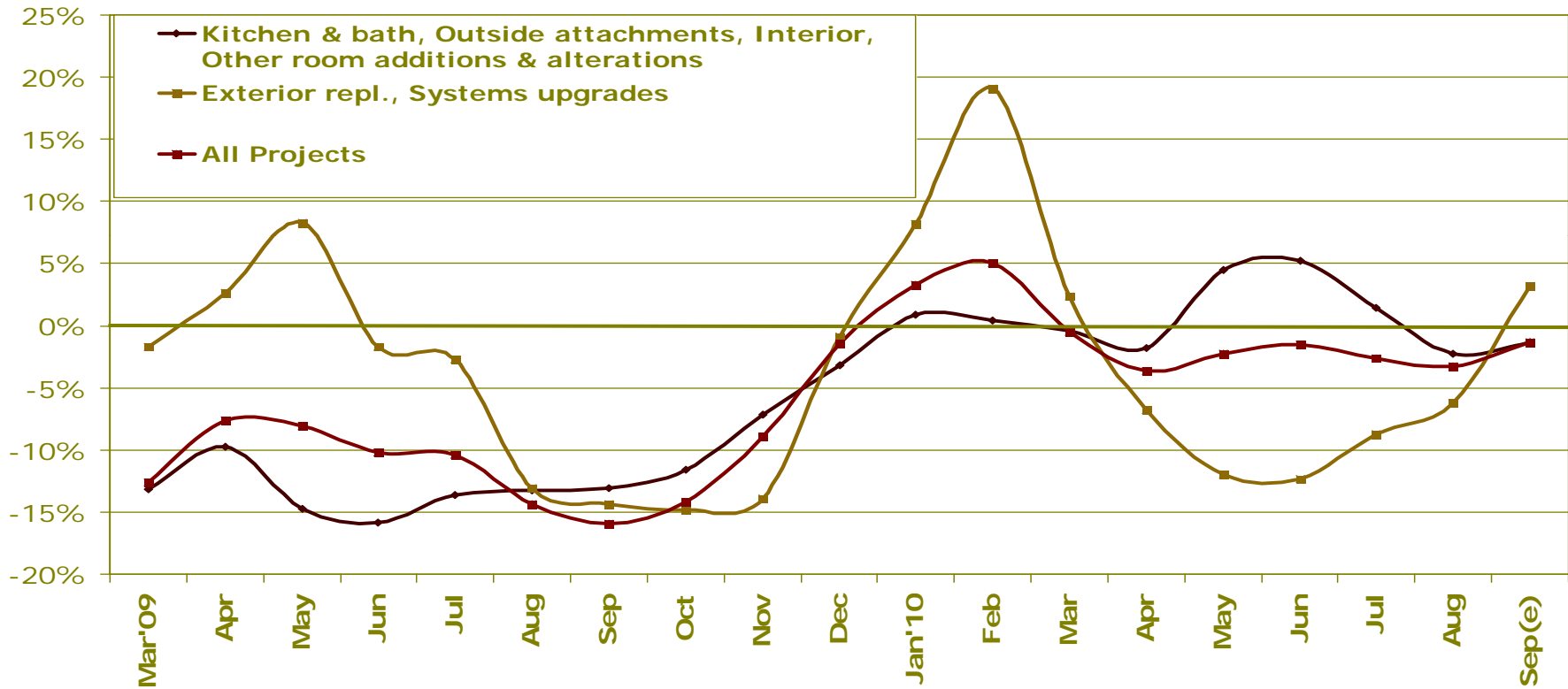
Note: Monthly figures are 3-month moving averages centered on reported month and normalized per 100,000 responses; August estimate based on July and August data only.

Source: JCHS tabulations of the Home Improvement Research Institute's monthly Consumer Sentiment Tracking Study, Feb. 2008-Sep. 2010.



Planned Spending on Discretionary Projects Beginning to Strengthen

Three month moving averages compared to year-ago level for spending for planned home improvement projects by project type



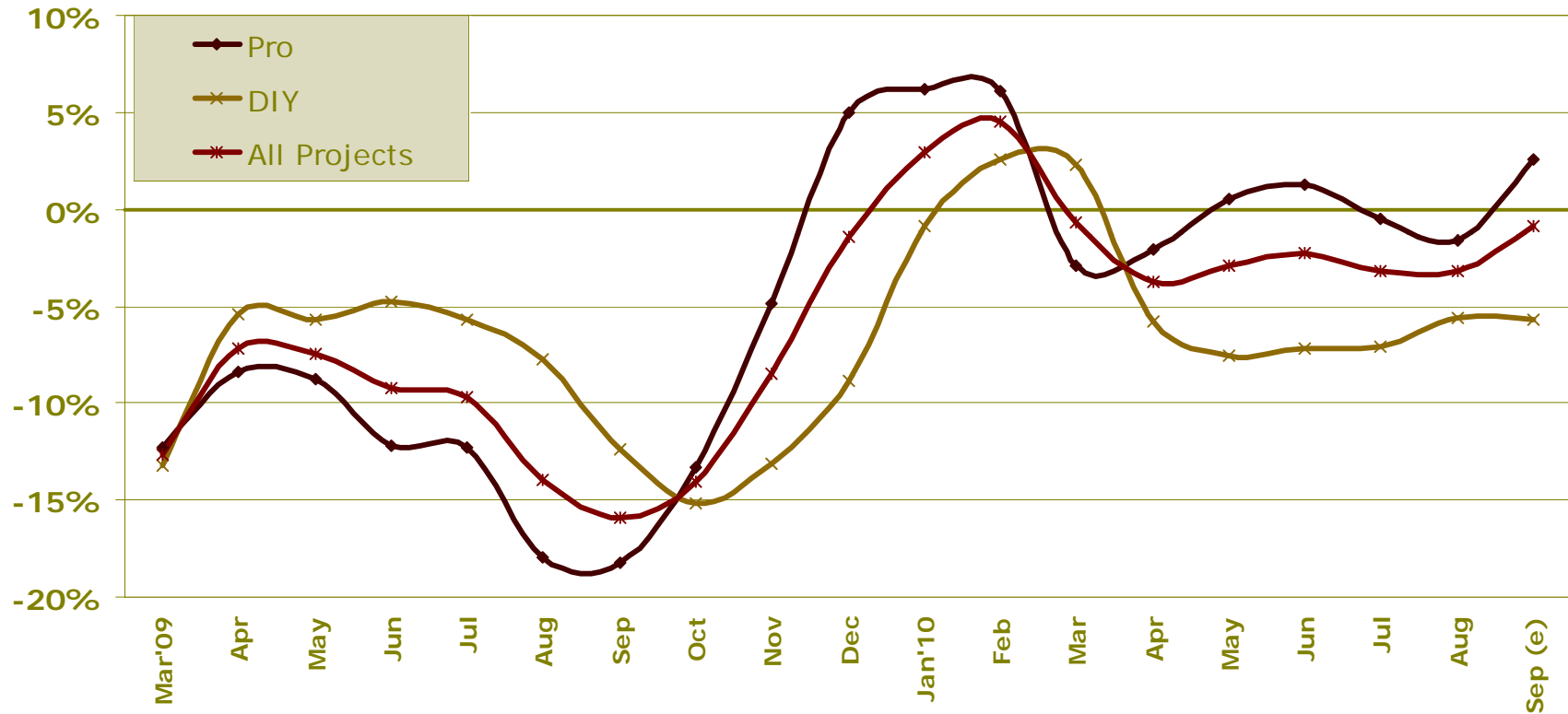
Note: Monthly figures are 3-month moving averages centered on reported month and normalized per 100,000 responses; August estimate based on August and September data only.

Source: JCHS tabulations of the Home Improvement Research Institute's monthly Consumer Sentiment Tracking Study, Feb. 2008-Sep. 2010.



Professional Installation Now Leading Market Recovery

Three month moving averages compared to year-ago level for spending for planned home improvement projects



Note: Monthly figures are 3-month moving averages centered on reported month and normalized per 100,000 responses; August estimate based on July and August data only.

Source: JCHS tabulations of the Home Improvement Research Institute's monthly Consumer Sentiment Tracking Study, Feb. 2008-Sep. 2010.

Without Extension of Energy Tax Credits, Spending on Energy-Sensitive Projects Likely to Underperform Overall Market

Two-year change in spending by homeowners



Source: Joint Center tabulations of 2001-2009 AHS

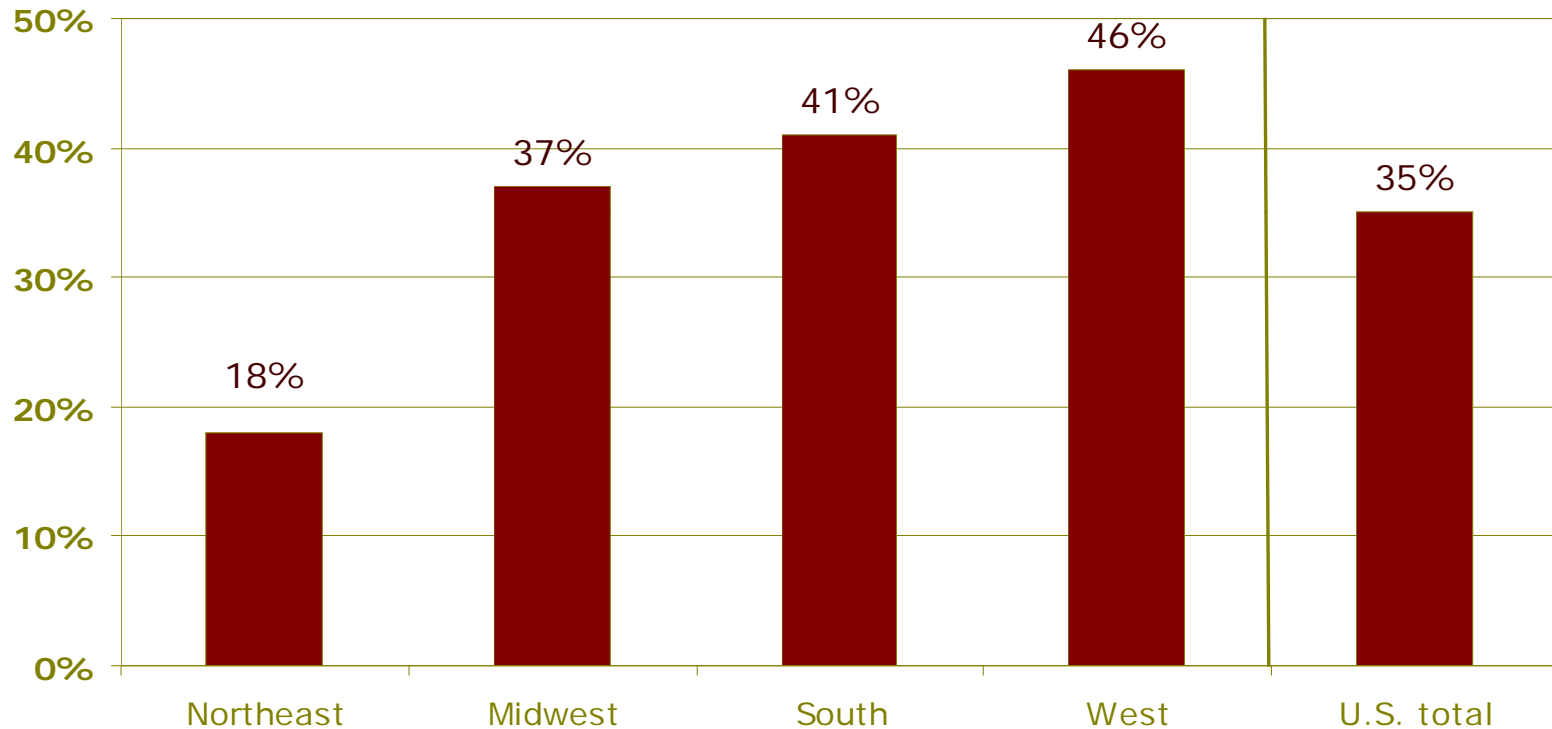
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Over a Third of Remodeling Firms Have Worked on Distressed Properties Over Past Year

Percent of remodeling firms working on homes over past year where owner defaulted or bank foreclosed

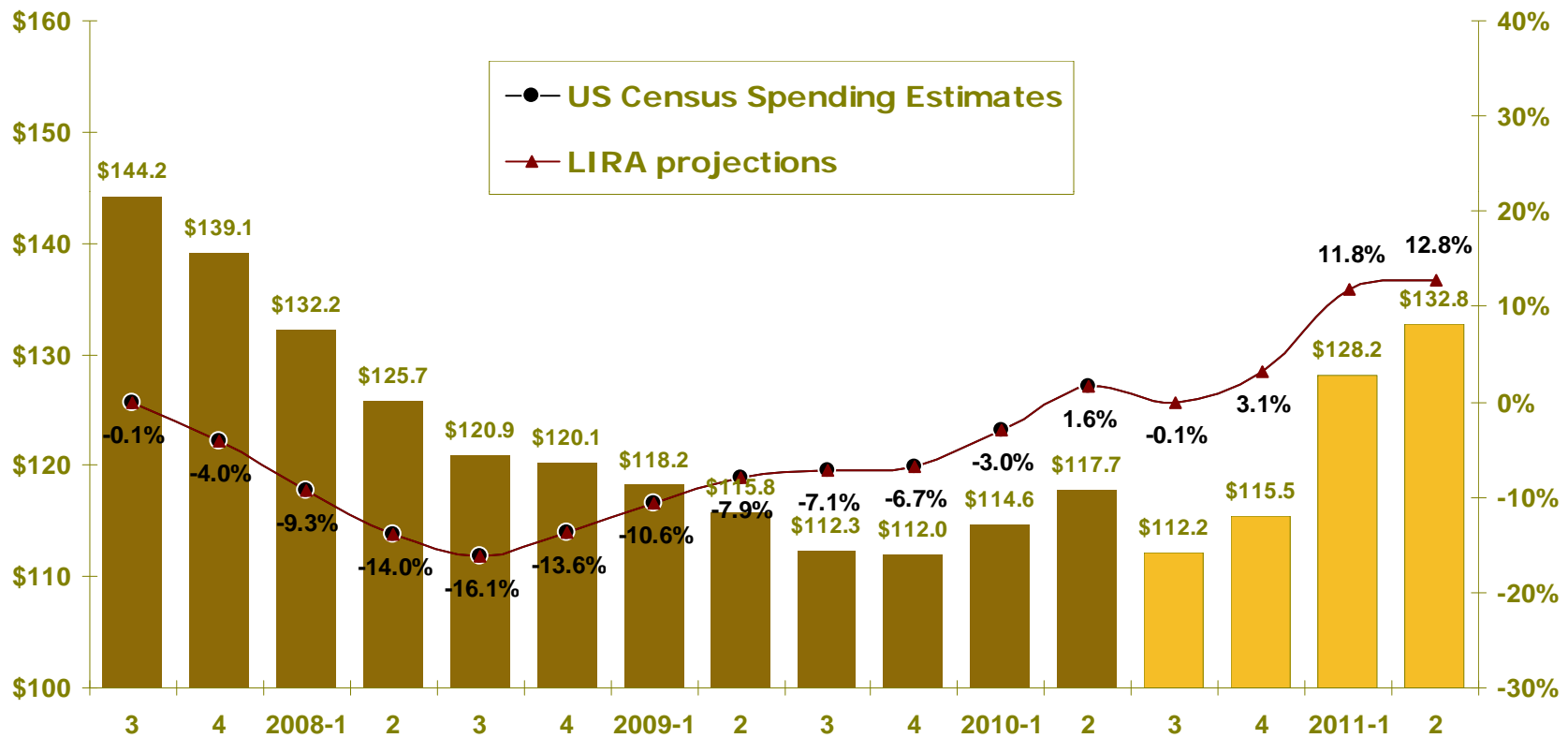


Source: JCHS National Green Remodeling Survey, August, 2010.

Leading Indicator of Remodeling Activity Points to Growth Resuming by Year-End

Homeowner Improvements
Four-Quarter Moving Totals
Billions of \$

Four-Quarter Moving
Rate-of-Change



Note: Preliminary estimate as of 9-28-10.
Source: Joint Center for Housing Studies.