

Remodeling projects still a top trend for homeowners in 2004

Are you considering a home remodeling project in 2004? If so, you're in good company.

Professional remodelers posted higher year-end numbers in the final quarter of 2003 than in any fourth quarter of the past two years, and most industry professionals expect business to stay strong in 2004, according to the results of the National Association of Home Builders' Remodeling Market Index (RMI).

Douglas Lape, Chief Executive Officer for the Home Builders Association of the Grand Traverse Area, Inc. (HBAGTA) says that the National Association of Home Builders (NAHB) Remodelers

Council anticipates that when the final national numbers are tallied, the 2003 remodeling market will close at about \$182 billion, surpassing last year's \$173 billion by about five percent.

"The numbers over the past two years give every indication of this positive trend continuing in 2004," said Lape.

The latest RMI is based on a quarterly survey of 565 professional remodelers, whose answers to a series of questions were assigned numerical values to calculate two separate indexes.

The first index gauges current market conditions and is based on remodelers' reports

of major and minor additions and alterations, plus maintenance work and repairs, on both owner- and renter-occupied dwellings. The second index gauges expectations for the near future and is based on remodelers' reports of their calls for bids, amount of work committed for the next three months, job backlogs and appointments for proposals. A variety of other specialty questions are also included in the survey to help pinpoint market trends.

In a year-to-year comparison, both indexes showed improvement over the fourth quarter in 2002, said Lape. The index gauging current market condi-

tions rose to 50.3, a seven point gain over 2002's 43.2. The index measuring future expectations moved to 48.3, a nine point gain over last year's 39.1. Every region posted an increase of at least six points over 2002's fourth quarter, with the most significant change in the west, where the index jumped by 13 points to end at 56.4.

NAHB Chief Economist David Seiders issued an official statement saying that the year-over-year gains in both indexes held true for every region across the board, indicating the continued strength of the market.

"What's more," he added, "substantial year-over-year

gains are apparent for every single component of the future expectations index, including calls for bids and amount of work committed for the next three months for both owner- and renter-occupied dwellings, plus overall job backlogs and appointments for proposals."

Additional increases were evident in the both minor and major additions and alterations with respective gains of seven and 12 points over 2002's fourth quarter. Maintenance and repairs saw a minor growth of two points when compared to 2002.

Results of the special questions section of the RMI provided valuable insight into today's remodeling consumer, including the public's view of the remodeling industry, customer expectations and involvement, and common reasons why people remodel. Lape says that the information revealed here seems consistent with consumer preferences and perceptions in northwestern Michigan.

In the special questions section, 70 percent of respondents felt the public's image of industry has improved, and 57 percent noted that customers are better informed on remodeling projects, up from 47 percent in a 2000 industry poll.

More than 53 percent of respondents said their customers are more aware of brand names for products and appliances and frequently request specific product information to help make decisions. Also, while consumers traditionally have expected a quicker turnaround on proposals and estimates for their projects, the demand has fallen to 53 percent from a high of 60 percent in 1998, indicating that customers may have a better understanding of the scope of their projects due to increased involvement.

According to 79 percent of remodelers surveyed, most consumers remodel to add space, compared to 65 percent in a previous poll, and more than 70 percent of remodelers indicate that consumers often choose to modify their existing residence instead of purchasing another home.

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