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Remodeling Market Sentiment Edged Up in First Quarter of 2023

WASHINGTON, April 13 - The National Association of Home Builders (NAHB) released its NAHB/Westlake Royal Remodeling Market Index (RMI) for the first quarter, posting a reading of 70, edging up one point compared to the previous quarter.

The NAHB/Westlake Royal RMI survey asks remodelers to rate five components of the remodeling market as "good," "fair" or "poor." Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor.

The Current Conditions Index is an average of three components: the current market for large remodeling projects, moderately-sized projects and small projects. The Future Indicators Index is an average of two components: the current rate at which leads and inquiries are coming in and the current backlog of remodeling projects. The overall RMI is calculated by averaging the Current Conditions Index and the Future Indicators Index. Any number over 50 indicates that more remodelers view remodeling market conditions as good than poor.

The Current Conditions Index averaged 75, dropping two points compared the previous quarter. Two of the three components declined as well: the component measuring large remodeling projects (\$50,000 or more) fell three points to 71 and the component measuring small remodeling projects (under \$20,000) declined by two points to 77. Meanwhile, the component measuring moderately-sized remodeling projects (at least \$20,000 but less than \$50,000) remained unchanged at 78.

The Future Indicators Index increased two points to 64 compared to the previous quarter. The component measuring the current rate at which leads and inquiries are coming in rose two points to 59 and the component measuring the backlog of remodeling jobs increased two points to 69.

"Remodelers are generally optimistic about the home improvement market, although some are noting negative effects of material shortages and higher interest rates," said NAHB Remodelers Chair Alan Archuleta, a remodeler from Morristown, N.J. "Customers are still undertaking larger projects, but are mostly paying cash rather than financing them."

"An overall RMI of 70 is consistent with NAHB's projection that the remodeling market will grow in 2023, but at a slower pace than in 2022," said NAHB Chief Economist Robert Dietz. "One potential area of growth, given the aging U.S. population, is aging-in-place remodeling. In fact, 63% of remodelers reported in the first quarter doing aging-in-place work, with bathroom projects like grab bars and curbless showers being particularly common."

For the full RMI tables, please visit <http://www.nahb.org/rmi>.

[Editor's Note: The NAHB/Westlake Royal RMI was redesigned in 2020 to ease respondent burden and improve its ability to interpret and track industry trends. The index has now collected enough data for the series to be seasonally adjusted, so moving forward the results will be compared quarter-to-quarter.]

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ABOUT NAHB REMODELERS: NAHB Remodelers is America's home for professional remodelers, representing the more than 53,000 members of the National Association of Home Builders (NAHB) who are involved in the remodeling industry. Founded in 1982, the organization provides information, education and designation programs to improve the business and construction expertise of its members and to enhance the professional image of the industry. Its membership incorporates nearly 100 local councils across the nation.

Follow NAHB Remodelers on Twitter: @NAHBRemodelers.

ABOUT NAHB: The National Association of Home Builders is a Washington-based trade association representing more than 140,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. NAHB is affiliated with 700 state and local home builders associations around the country. NAHB's builder members will construct about 80% of the new housing units projected for this year.



NAHB/Westlake Royal Remodeling Market Index

First Quarter 2023

Economics & Housing Policy Group

Table 1.
NAHB/Westlake Royal Remodeling Market Index (RMI)
National Index, Components & Subcomponents
(Seasonally Adjusted)

	2020				2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<u>NAHB/Westlake Royal RMI</u>	47	73	81	82	83	86	87	87	83	77	77	69	70
<u>Current Conditions Index</u>	56	77	86	87	87	91	90	91	87	83	83	77	75
The current market for large remodeling projects (\$50,000 or more) in the area where you operate.	52	69	81	81	83	89	87	88	86	78	81	74	71
The current market for moderately-sized remodeling projects (at least \$20,000 but less than \$50,000) in the area where you operate.	58	79	87	89	88	92	92	91	87	84	83	78	78
The current market for small remodeling projects (under \$20,000) in the area where you operate.	60	84	90	92	90	92	91	93	88	86	84	79	77
<u>Future Indicators Index</u>	37	68	77	78	80	82	83	83	78	70	71	62	64
The current rate at which your leads and inquiries are coming in.	28	72	78	78	79	80	82	81	74	67	65	57	59
Your current backlog of remodeling projects.	46	65	76	77	81	83	84	85	83	74	76	67	69

The overall RMI and its subcomponents are measured on a scale of 0 to 100, where an index number of 50 indicates equal numbers of remodelers report activity is good and poor for the previous quarter.

The overall RMI is an average of the current market index and the future indicators index. The current market index is an average of the following components: the current market for large remodeling projects, moderately-sized projects, and small projects. The future indicators index is an average of the current rate at which your leads and inquiries are coming in component, and your current backlog of remodeling projects component

Source: NAHB Economics Group: Remodeling Market Index quarterly survey of remodelers.

Q1 2023 Results based on 198 responses

Figure 1: NAHB/Westlake Royal Remodeling Market Index (RMI)

OVERALL RMI

(Seasonally Adjusted)

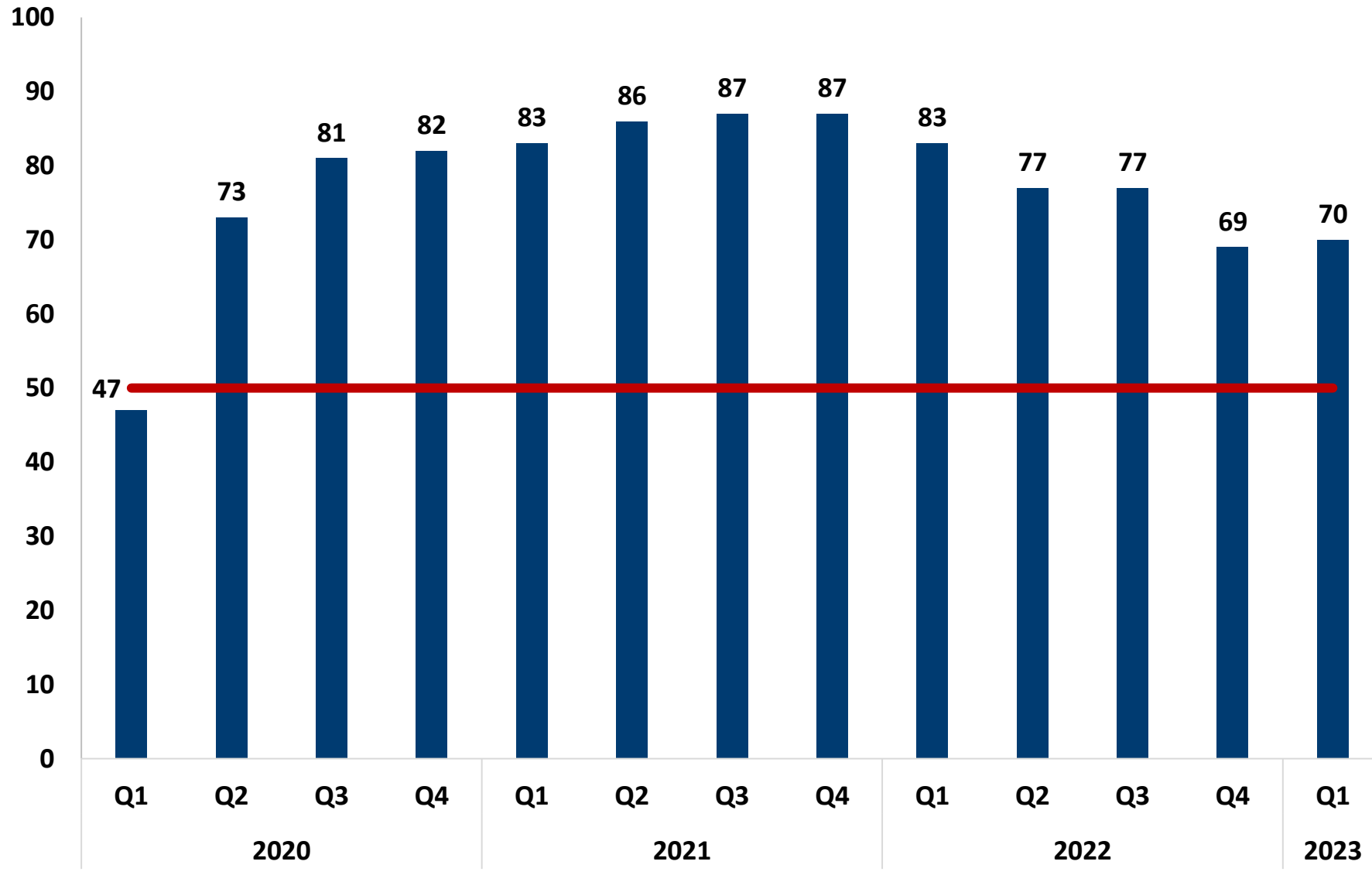


Figure 2: NAHB/Westlake Royal Remodeling Market Index (RMI)
Current Conditions Index
(Seasonally Adjusted)

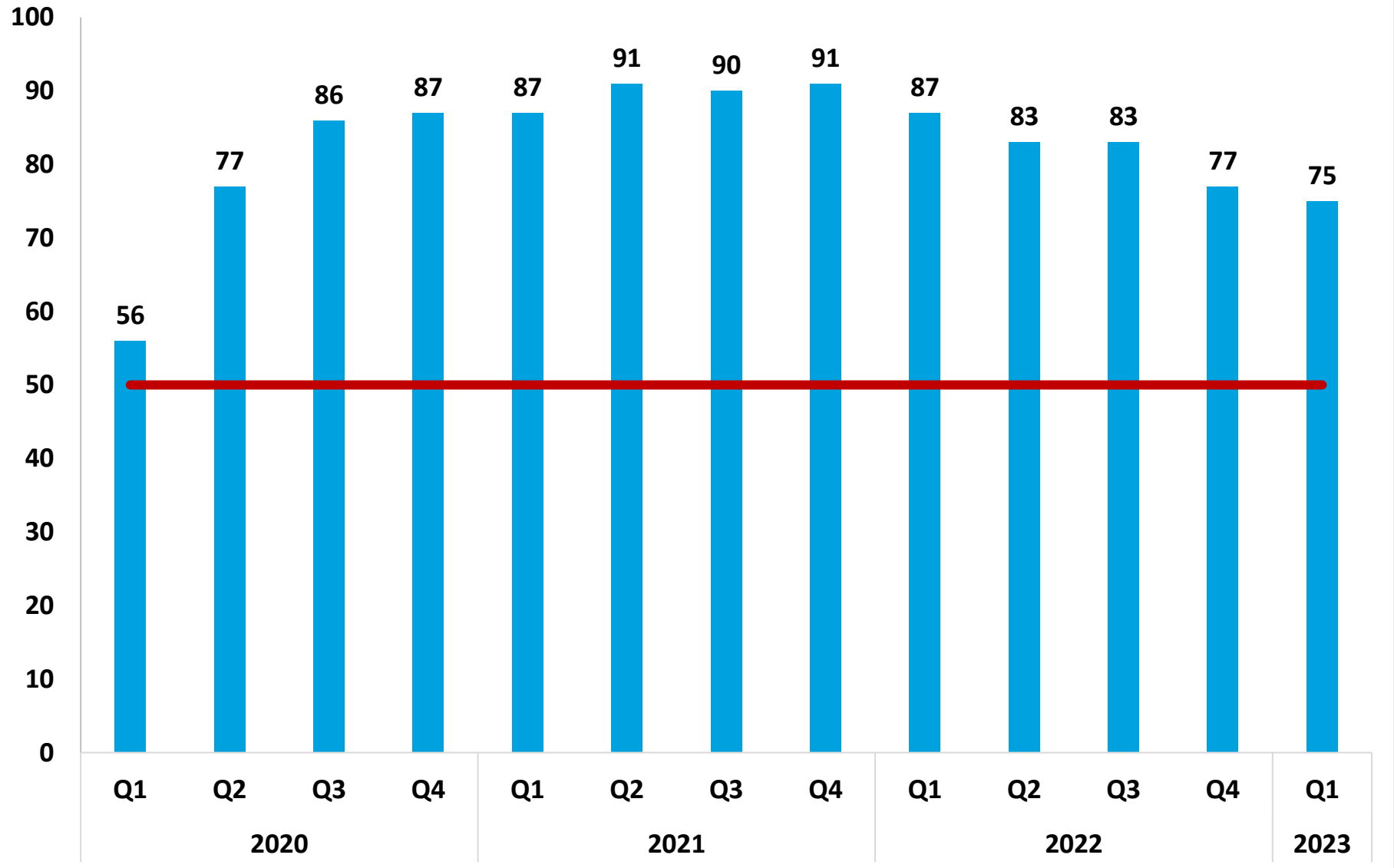
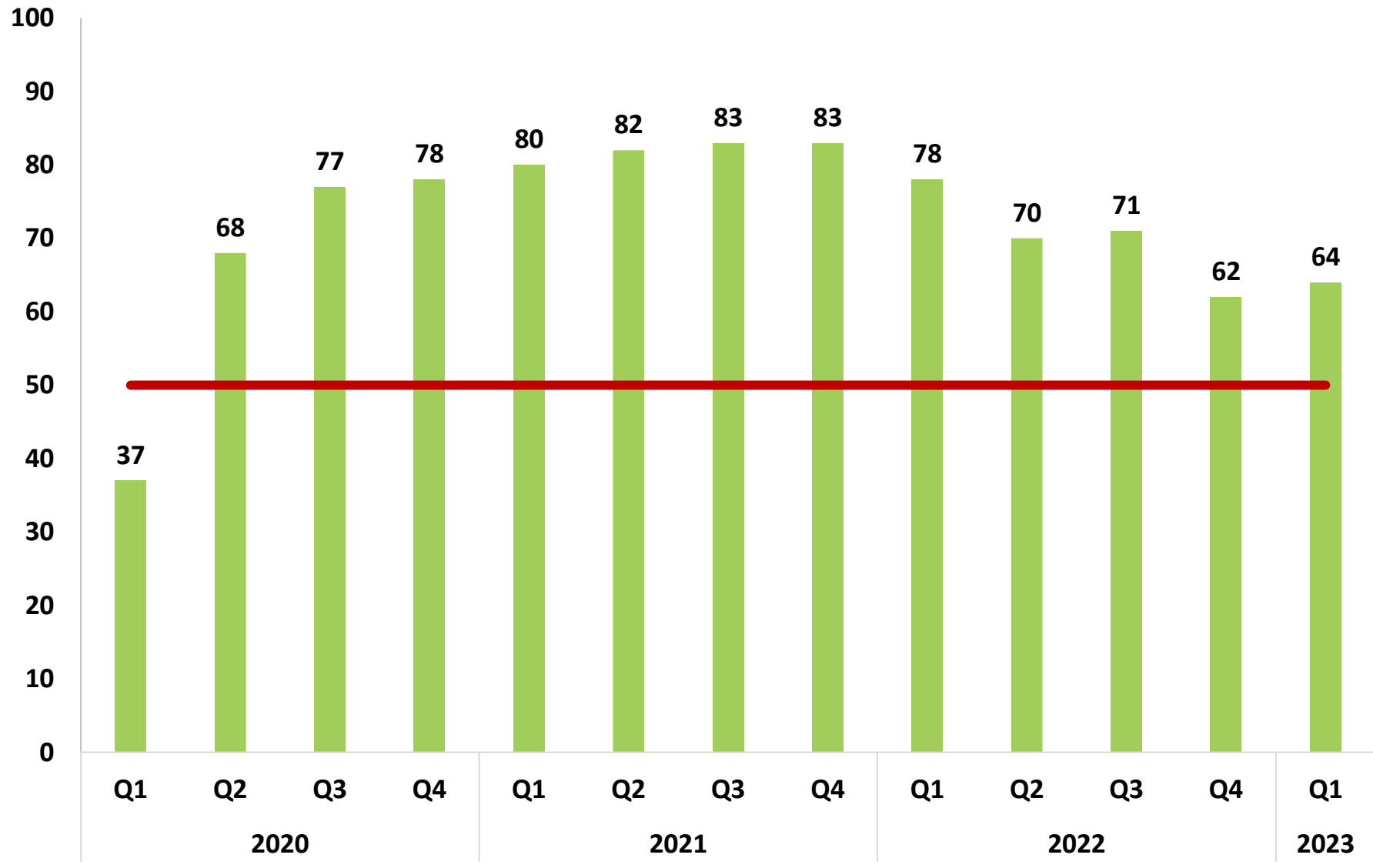


Figure 3: NAHB/Westlake Royal Remodeling Market Index (RMI)
Future Indicators Index
(Seasonally Adjusted)



National Association of Home Builders

Remodeling Market Index

First Quarter 2023

PLEASE RATE EACH OF THE FOLLOWING: (O.K. to leave a particular line blank if you don't have sufficient knowledge about that part of the remodeling market)	Good	Fair	Poor
1. The current market for <u>large</u> remodeling projects (\$50,000 or more) in the area where you operate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The current market for <u>moderately-sized</u> remodeling projects (at least \$20,000 but less than \$50,000) in the area where you operate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The current market for <u>small</u> remodeling projects (under \$20,000) in the area where you operate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The current rate at which your <u>leads and inquiries</u> are coming in.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Your current <u>backlog</u> of remodeling projects.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. *Additional comments about remodeling activity:*



NAHB/Westlake Royal Remodeling Market Index

Aging-in-Place

Economics & Housing Policy Group

Introduction:

Every quarter, the National Association of Home Builders (NAHB) conducts a survey of professional remodelers. The first part of the survey collects the information required to produce the NAHB/Westlake Royal Remodeling Market Index (RMI). The information required includes remodeler ratings of current conditions for small, medium and large projects; the rate at which calls and inquiries are coming in; and the current backlog of projects. The results are combined into a composite index designed to capture the overall strength of the residential remodeling market.

In addition to the questions required for the RMI and its components, the quarterly survey often also includes a set of “special” questions on a topic of current interest to the remodeling industry. Several special questions included in the first quarter 2023 survey asked remodelers around the topic of Aging-in-Place including their involvement, age group of homeowners, types of remodeling projects, increase of requests in the past 5 years, reasons for customers to undertake a project, who is requesting work, and how receptive potential clients are to modifications.

The first quarter 2023 RMI survey was sent to 2,255 remodelers electronically, and to another 17 by mail. Tabulations in this report are based on 198 responses received (a response rate of 8.7 percent). All responses are tabulated for the nation as a whole, as well as for each of the four principal Census regions (the survey design and sample size preclude a more granular geographic breakdown).

Exhibit 1. Is your company involved in home modification work relating to Aging-in-Place?
(Percent of Respondents)

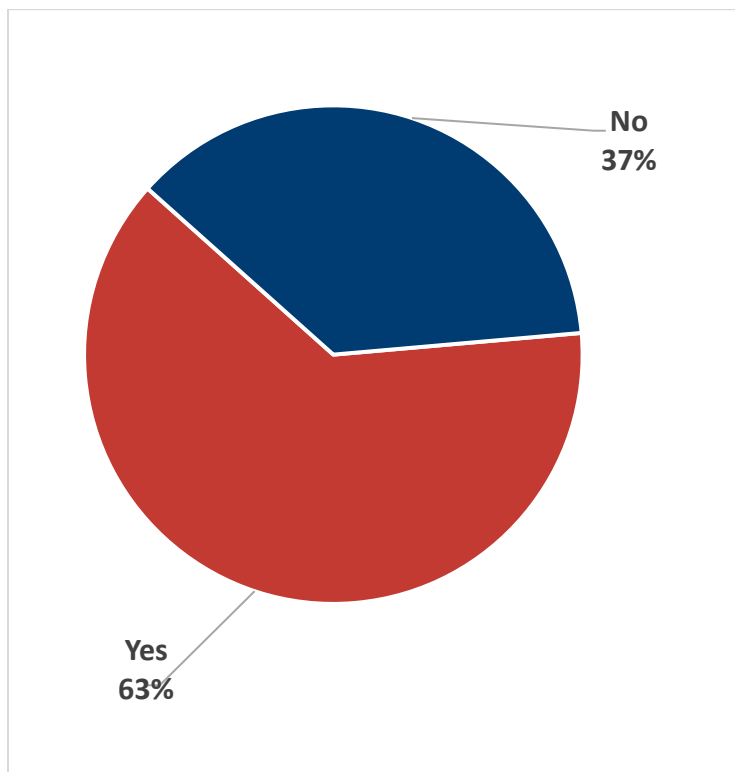


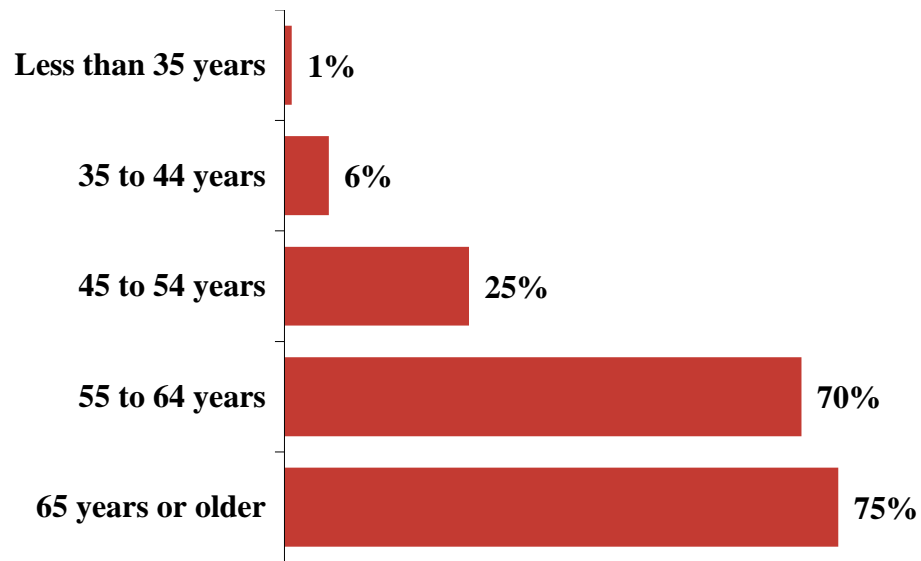
Exhibit 2. Is your company involved in home modification work relating to Aging-in-Place?
REGIONAL BREAKDOWN
(Percent of Respondents)

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Yes	63%	57%	65%	63%	60%
No	37	43	35	37	40
Responses	195	14	49	89	43

Exhibit 3. Is your company involved in home modification work relating to Aging-in-Place?
HISTORY
(Percent of Respondents)

	<u>Q4 2004</u>	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Yes	61%	60%	72%	70%	68%	72%	80%	77%	63%
No	39	40	28	30	32	28	20	23	37
Responses	453	382	378	488	462	375	279	269	195

**Exhibit 4. What are the age groups of homeowners for which you are doing Aging-in Place work?
(Check all that apply.)
(Percent of Respondents)**



**Exhibit 5. What are the age groups of homeowners for which you are doing Aging-in Place work?
(Check all that apply.)
REGIONAL BREAKDOWN
(Percent of Respondents)**

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Less than 35 years	1%			2%	
35 to 44 years	6		3%	7	8%
45 to 54 years	25		41	22	19
55 to 64 years	70		72	67	73
65 years or older	75		84	71	81
Responses	121		32	55	26

**Exhibit 6. What are the age groups of homeowners for which you are doing Aging-in Place work? (Check all that apply.)
HISTORY
(Percent of Respondents)**

	<u>Q4 2004</u>	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Less than 35 years	NA	5%	2%	3%	3%	3%	4%	3%	1%
35 to 44 years	NA	17	12	7	6	6	7	10	6
45 to 54 years	20%	43	27	26	23	22	22	27	25
55 to 64 years	71	76	69	65	67	73	76	73	70
65 years or older	62	67	59	59	63	72	76	78	75
Responses	458	254	283	361	339	289	234	221	121

Exhibit 7. Do you find that most, some, or none of the consumers seem to be familiar with Aging-in-Place concept?
(Percent of Respondents)

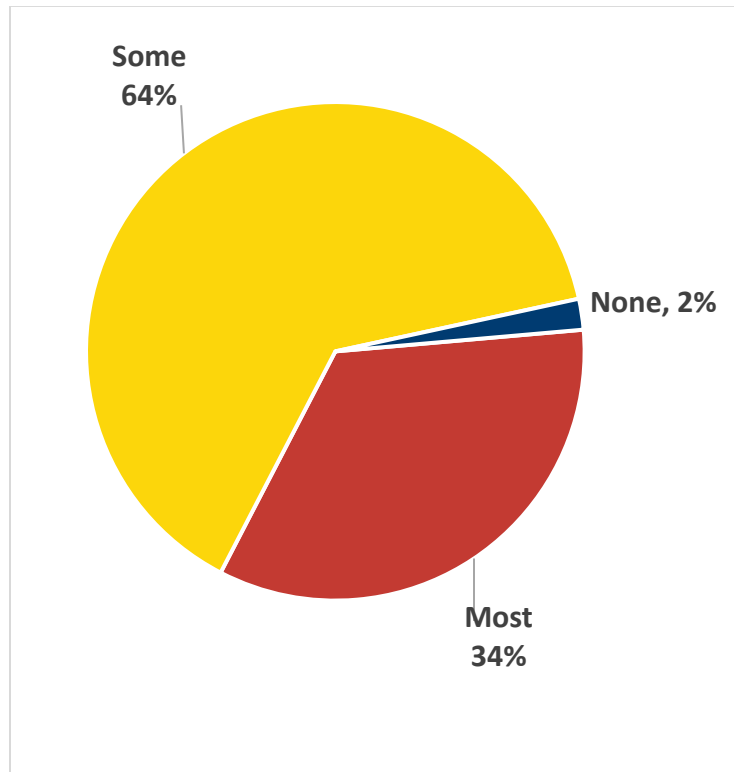


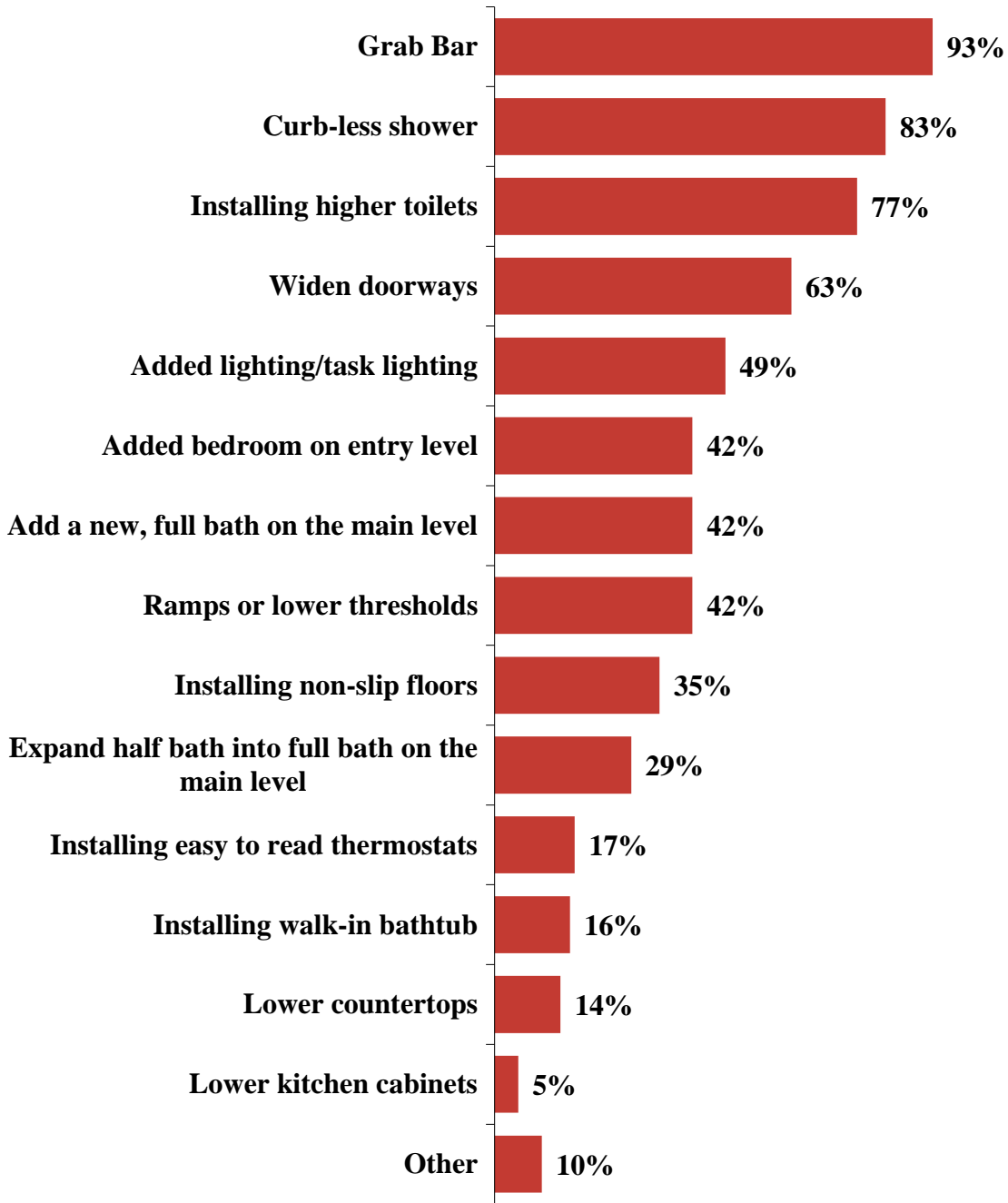
Exhibit 8. Do you find that most, some, or none of the consumers seem to be familiar with Aging-in-Place concept?
REGIONAL BREAKDOWN
(Percent of Respondents)

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Most	34%		47%	36%	23%
Some	64		53	63	73
None	2			2	4
Responses	122		32	56	26

Exhibit 9. Do you find that most, some, or none of the consumers seem to be familiar with Aging-in-Place concept?
HISTORY
(Percent of Respondents)

	<u>Q4 2004</u>	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Most	6%	8%	14%	9%	9%	11%	17%	18%	34%
Some	69	70	68	75	74	77	72	72	64
None	25	23	18	16	18	12	11	11	2
Responses	351	317	332	431	408	334	255	257	122

Exhibit 10. Please check that type of Aging-in-Place remodeling projects your company has done in the past 12 months. (Check all that apply.)
 (Percent of Respondents)



If other, please specify:

- * improve lighting
- * accesable bathrooms, main floor master suites and laundry
- * Add main floor master suites for owners themselves, or for in-laws to move in, or for in-laws that already live there.
- * Elevator
- * swap tubs for showers
- * Elevators
- * Very Important you place Elevator, Stair Chair, or Plate form Lift in a box up there
- * Removed carpet and installed LVT vinyl plank flooring, combined two bedrooms into a master suite, expanded bathroom into a master bath, replaced lighting with integrated LED fixtures
- * Windows, doors, security items, decks, patios, energy saving items
- * Tub to Shower Conversion
- * Laundry on Main Floor

Exhibit 11. Please check that type of Aging-in-Place remodeling projects your company has done in the past 12 months. (Check all that apply.)

REGIONAL BREAKDOWN
(Percent of Respondents)

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Grab Bar	93%		100%	91%	85%
Curb-less shower	83		83	88	81
Installing higher toilets	77		83	79	65
Widen doorways	63		67	68	54
Added lighting/task lighting	49		53	46	46
Added bedroom on entry level	42		43	46	35
Add a new, full bath on the main level	42		47	45	31
Ramps or lower thresholds	42		43	39	38
Installing non-slip floors	35		40	36	27
Expand half bath into full bath on the main level	29		33	30	27
Installing easy to read thermostats	17		13	16	23
Installing walk-in bathtub	16		13	20	12
Lower countertops	14		7	21	4
Lower kitchen cabinets	5		3	7	4
Other	10		7	9	15
Responses	120		30	56	26

Exhibit 12. Please check that type of Aging-in-Place remodeling projects your company has done in the past 12 months. (Check all that apply.)

HISTORY

(Percent of Respondents)

	<u>Q4 2004</u>	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Grab Bar	91%	89%	90%	78%	80%	87%	94%	89%	93%
Curb-less shower	54	55	63	60	59	70	79	82	83
Installing higher toilets	68	76	75	71	78	81	82	85	77
Widen doorways	58	58	56	57	55	58	63	59	63
Added lighting/task lighting	48	44	47	45	42	46	58	53	49
Added bedroom on entry level	42	38	39	33	21	34	33	37	42
Add a new, full bath on the main level	NA	NA	NA	NA	NA	NA	38	42	42
Ramps or lower thresholds	54	49	50	45	46	51	49	49	42
Installing non-slip floors	24	21	30	20	20	26	33	35	35
Expand half bath into full bath on the main level	NA	NA	NA	NA	NA	NA	30	36	29
Installing easy to read thermostats	12	10	11	13	11	12	13	15	17
Installing walk-in bathtub	NA	NA	NA	NA	12	14	15	12	16
Lower countertops	NA	NA	NA	NA	NA	NA	11	8	14
Lower kitchen cabinets	NA	NA	NA	NA	NA	NA	10	7	5
Other	12	6	9	11	5	6	3	5	10
Responses	279	270	302	384	347	301	234	226	120

Exhibit 13. What kind of increase in requests for Aging-in-Place features have you observed in the past 5 years?
(Percent of Respondents)

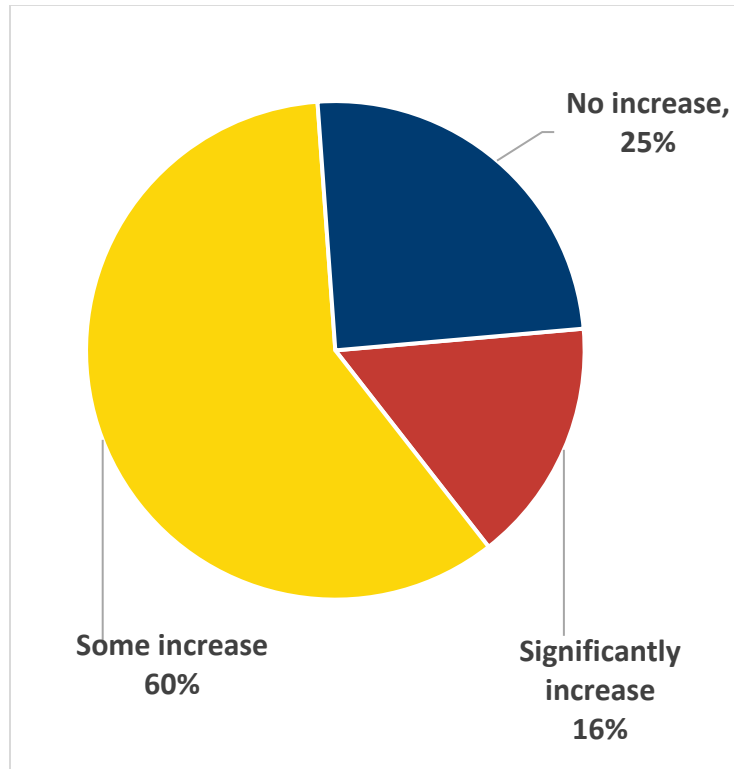


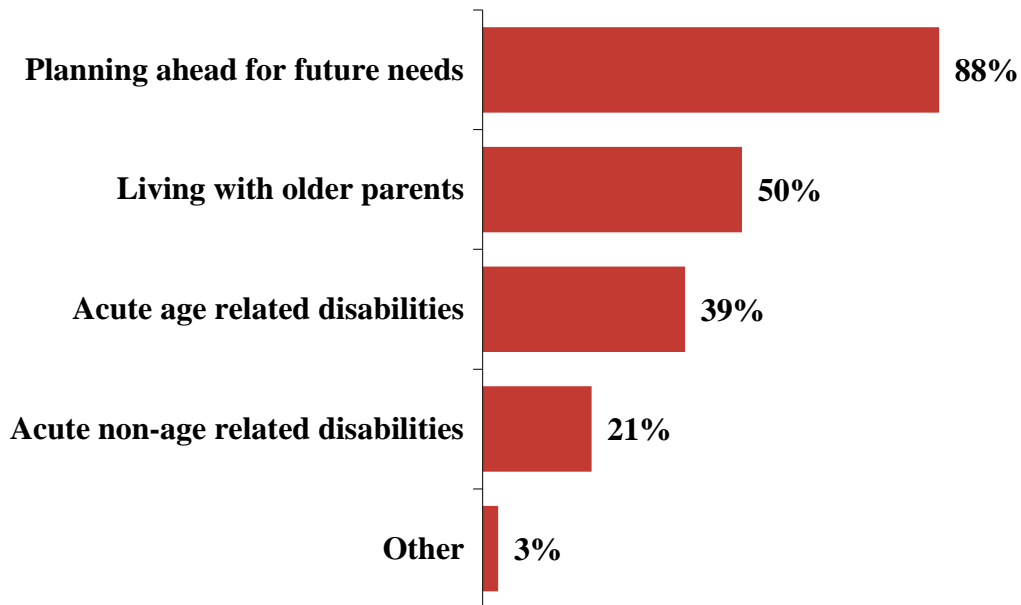
Exhibit 13. What kind of increase in requests for Aging-in-Place features have you observed in the past 5 years?
REGIONAL BREAKDOWN
(Percent of Respondents)

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Significantly increase	16%		23%	18%	8%
Some increase	60		55	63	50
No increase	25		23	20	42
Responses	121		31	56	26

Exhibit 13. What kind of increase in requests for Aging-in-Place features have you observed in the past 5 years?
HISTORY
(Percent of Respondents)

	<u>Q4 2004</u>	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Significantly increase	14%	12%	10%	9%	7%	9%	13%	17%	16%
Some increase	61	63	66	65	65	68	64	58	60
No increase	25	26	24	26	27	23	23	25	25
Responses	338	305	326	424	388	321	248	245	121

Exhibit 14. What are the reasons for your customers to undertake Aging-in-Place work? (Check all that apply.)
(Percent of Respondents)



If other, please specify:

- * normal aging
- * Remodeling for convenience for people who already have some decline, who are planning ahead for more.
- * we are in a retirement community
- * Increasing costs in healthcare and not wanting to move into nursing homes or assisted living facilities

Exhibit 15. What are the reasons for your customers to undertake Aging-in-Place work? (Check all that apply.)
REGIONAL BREAKDOWN
(Percent of Respondents)

	Total	Northeast	Midwest	South	West
Planning ahead for future needs	88%		94%	88%	88%
Living with older parents	50		45	57	50
Acute age related disabilities	39		48	39	35
Acute non-age related disabilities	21		26	21	23
Other	3		3	4	4
Responses	121		31	56	26

Exhibit 16. What are the reasons for your customers to undertake Aging-in-Place work? (Check all that apply.)
HISTORY
(Percent of Respondents)

	Q2 2006	Q2 2007	Q4 2008	Q4 2010	Q2 2013	Q4 2016	Q4 2018	Q1 2023
Planning ahead for future needs	75%	78%	70%	68%	79%	83%	86%	88%
Living with older parents	53	54	43	42	47	42	43	50
Acute age related disabilities	46	42	40	44	46	49	51	39
Acute non-age related disabilities	23	26	24	24	26	26	27	21
Other	1	3	4	4	3	2	1	3
Responses	305	326	424	388	321	234	228	121

Exhibit 17. Is the majority of your Aging-in-Place work-
(Percent of Respondents)

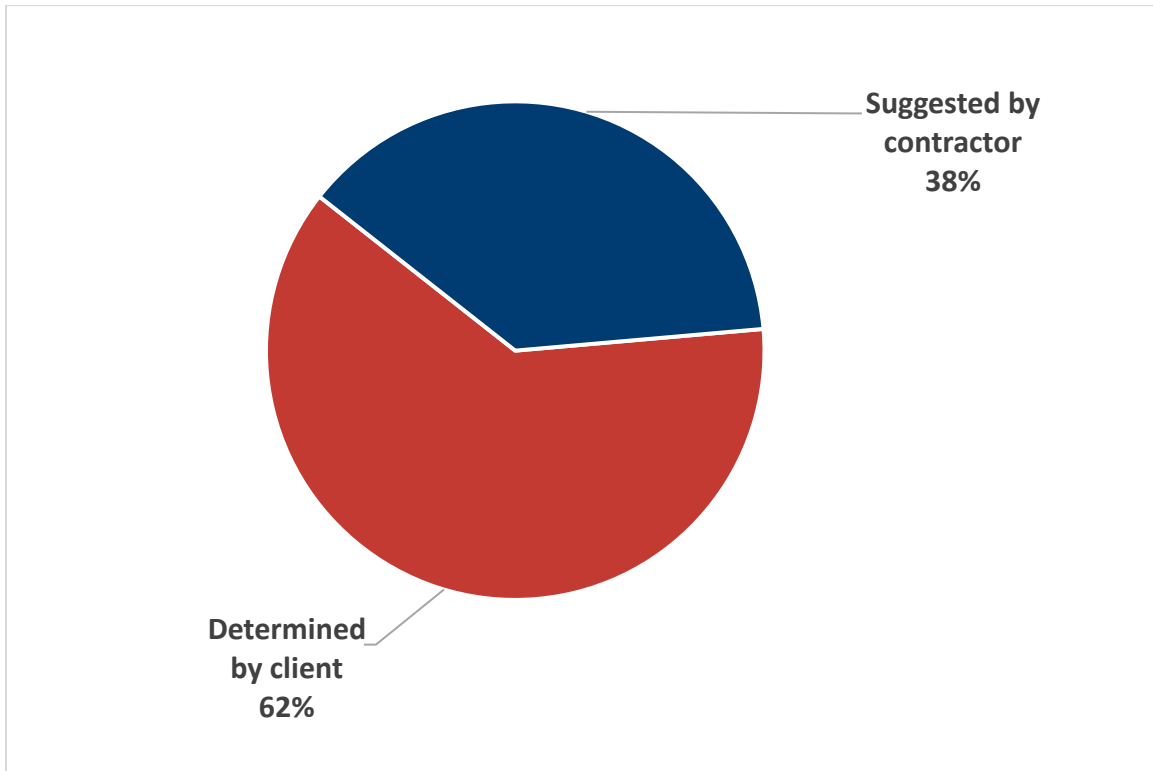


Exhibit 18. Is the majority of your Aging-in-Place work-
REGIONAL BREAKDOWN
(Percent of Respondents)

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Determined by client	62%		68%	51%	73%
Suggested by contractor	38		32	49	27
Responses	120		31	55	26

Exhibit 19. Is the majority of your Aging-in-Place work-
HISTORY
(Percent of Respondents)

	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Determined by client	66%	67%	58%	61%	59%	55%	60%	62%
Suggested by contractor	34	33	42	39	41	45	40	38
Responses	274	309	393	360	304	237	233	120

Exhibit 20. How receptive are potential clients to incorporating your suggested Aging-in-Place modifications?
(Percent of Respondents)

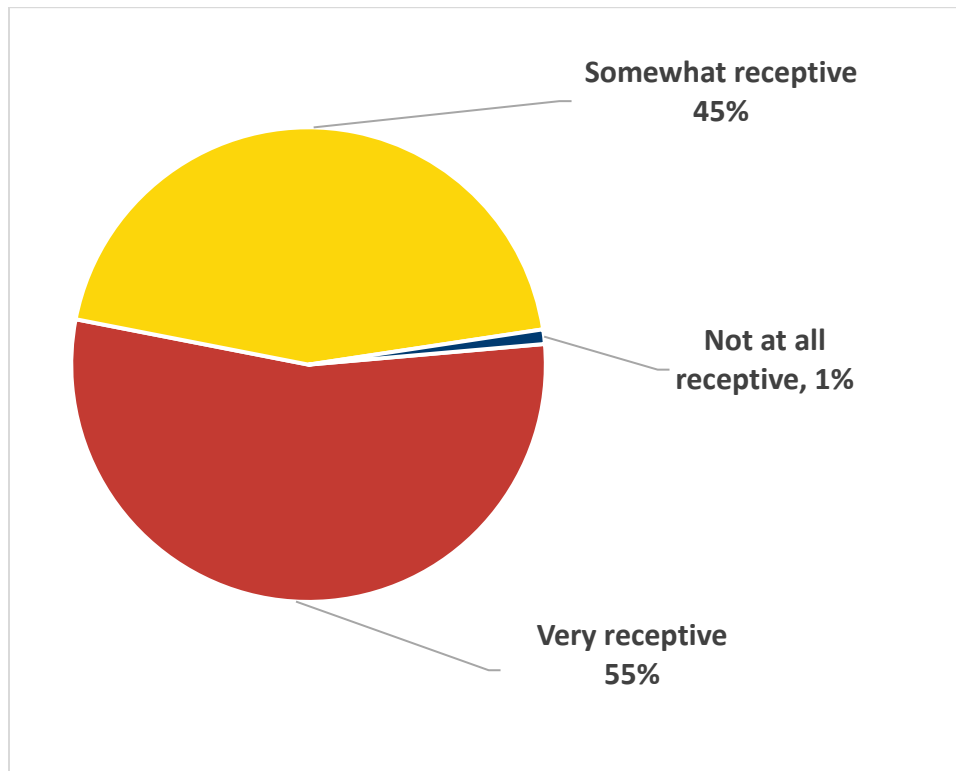


Exhibit 21. How receptive are potential clients to incorporating your suggested Aging-in-Place modifications?
REGIONAL BREAKDOWN
(Percent of Respondents)

	<u>Total</u>	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Very receptive	55%		45%	63%	54%
Somewhat receptive	45		55	36	46
Not at all receptive	1			2	
Responses	121		31	56	26

Exhibit 22. How receptive are potential clients to incorporating your suggested Aging-in-Place modifications?
HISTORY
(Percent of Respondents)

	<u>Q2 2006</u>	<u>Q2 2007</u>	<u>Q4 2008</u>	<u>Q4 2010</u>	<u>Q2 2013</u>	<u>Q4 2016</u>	<u>Q4 2018</u>	<u>Q1 2023</u>
Very receptive	40%	38%	36%	35%	41%	46%	45%	55%
Somewhat receptive	56	59	61	63	57	51	54	45
Not at all receptive	4	3	3	2	2	3	1	1
Responses	278	302	388	357	303	237	233	120

First Quarter 2023 – Special Questions

7. Is your company involved in home modification work relating to Aging-in-Place?

Yes

No

(Show remaining questions only for respondents who answer 'Yes' to Q6)

8. What are the age groups of homeowners for which you are doing Aging-in Place work? (Check all that apply.)

Less than 35 years

35 to 44 years

45 to 54 years

55 to 64 years

65 years or older

9. Do you find that most, some, or none of the consumers seem to be familiar with Aging-in-Place concept?

Most

Some

None

10. Please check that type of Aging-in-Place remodeling projects your company has done in the past 12 months. (Check all that apply.)

Widen doorways

Installing non-slip floors

Ramps or lower thresholds

Installing walk-in bathtub

Lower kitchen cabinets

Lower countertops

Curb-less shower

Installing easy to read thermostats

Added lighting/task lighting

Expand half bath into full bath on the main level

Grab Bar

Added bedroom on entry level

Installing higher toilets

Add a new, full bath on the main level

Other: (Specify)_____

11. What kind of increase in requests for Aging-in-Place features have you observed in the past 5 years?

Significant increase

Some increase

No increase

12. What are the reasons for your customers to undertake Aging-in-Place work? (Check all that apply.)

Living with older parents

Planning ahead for future needs

Other: (Specify)_____

Acute age related disabilities

Acute non-age related disabilities

13. Is the majority of your Aging-in-Place work-

Determined by client

Suggested by contractor

14. How receptive are potential clients to incorporating your suggested Aging-in-Place modifications?

Very receptive

Somewhat receptive

Not at all receptive

15. Comments about Aging-in-Place work:
