

FOR IMMEDIATE RELEASE
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Remodeling Market Sentiment Declines in Third Quarter

WASHINGTON, Oct. 12 - The National Association of Home Builders (NAHB) released its NAHB/Westlake Royal Remodeling Market Index (RMI) for the third quarter, posting a reading of 65, declining three points 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 72, falling five points compared the previous quarter. All three components declined in the third quarter: the component measuring large remodeling projects (\$50,000 or more) decreased five points to 67, the component measuring moderate remodeling projects (at least \$20,000 but less than \$50,000) fell four points to 73, and the component measuring small-sized remodeling projects (under \$20,000) decreased by five points to 76.

The Future Indicators Index fell three points to 57 compared to the previous quarter. The component measuring the current rate at which leads and inquiries are coming in dropped three points to 56, and the component measuring the backlog of remodeling jobs decreased by two points to 59.

"While there is still demand for remodeling, we are seeing some customers pull back a bit, especially for larger projects, due to higher prices and increased interest rates," said NAHB Remodelers Chair Alan Archuleta, a remodeler from Morristown, N.J.

"Although the RMI is down slightly, it remains in positive territory," said NAHB Chief Economist Robert Dietz. "The remodeling market, less impacted by interest rates, continues to outperform new construction, increasing from 31% of total residential construction in 2002 to 43% in second quarter 2023."

For the full RMI tables, please visit www.nahb.org/rmi.

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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

Second 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		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<u>NAHB/Westlake Royal RMI</u>	81	82	83	86	87	87	83	77	77	69	70	68	65
<u>Current Conditions Index</u>	86	87	87	91	90	91	87	83	83	77	75	77	72
The current market for large remodeling projects (\$50,000 or more) in the area where you operate.	81	81	83	89	87	88	86	78	81	74	71	72	67
The current market for moderately-sized remodeling projects (at least \$20,000 but less than \$50,000) in the area where you operate.	87	89	88	92	92	91	87	84	83	78	78	77	73
The current market for small remodeling projects (under \$20,000) in the area where you operate.	90	92	90	92	91	93	88	86	84	79	77	81	76
<u>Future Indicators Index</u>	77	78	80	82	83	83	78	70	71	62	64	60	57
The current rate at which your leads and inquiries are coming in.	78	78	79	80	82	81	74	67	65	57	59	59	56
Your current backlog of remodeling projects.	76	77	81	83	84	85	83	74	76	67	69	61	59

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.

Q3 2023 Results based on 192 responses

**Table 2. NAHB/Westlake Royal Remodeling Market Index (RMI)
Regional Indices**

	NATIONAL (Seasonally Adjusted)			REGIONAL (Seasonally Adjusted)											
	RMI	Current Market Conditions	Future Market Indicators	Northeast			Midwest			South			West		
				RMI	Current Market Conditions	Future Market Indicators	RMI	Current Market Conditions	Future Market Indicators	RMI	Current Market Conditions	Future Market Indicators	RMI	Current Market Conditions	Future Market Indicators
1st Quarter 2020	47	56	37	60	69	50	47	59	34	43	53	32	49	55	42
2nd Quarter 2020	73	77	68	75	77	74	72	74	70	73	77	69	72	81	63
3rd Quarter 2020	81	86	77	77	81	73	84	86	82	78	84	73	83	88	78
4th Quarter 2020	82	87	78	79	83	76	85	88	83	80	85	74	88	94	81
1st Quarter 2021	83	87	80	78	84	73	88	90	85	82	86	78	87	88	86
2nd Quarter 2021	86	91	82	77	84	71	88	92	84	88	93	83	85	92	79
3rd Quarter 2021	87	90	83	77	80	73	86	89	83	87	90	84	86	90	81
4th Quarter 2021	87	91	83	80	87	72	88	91	84	88	90	86	89	94	85
1st Quarter 2022	83	87	78	81	87	75	84	88	79	82	87	77	86	89	84
2nd Quarter 2022	77	83	70	77	79	74	79	84	74	76	83	70	75	84	66
3rd Quarter 2022	77	83	71	79	83	75	76	81	71	75	81	69	76	84	68
4th Quarter 2022	69	77	62	58	67	50	73	79	67	72	80	64	66	74	58
1st Quarter 2023	70	75	64	70	77	62	73	78	69	71	76	66	63	72	55
2nd Quarter 2023	68	77	60	80	83	77	70	77	62	68	76	59	63	75	51
3rd Quarter 2023	65	72	57	61	58	63	62	70	53	65	72	59	65	74	56

The overall RMI, and each of its components and subcomponents, is 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.

Q3 2023 Results based on 192 responses

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

OVERALL RMI

(Seasonally Adjusted)

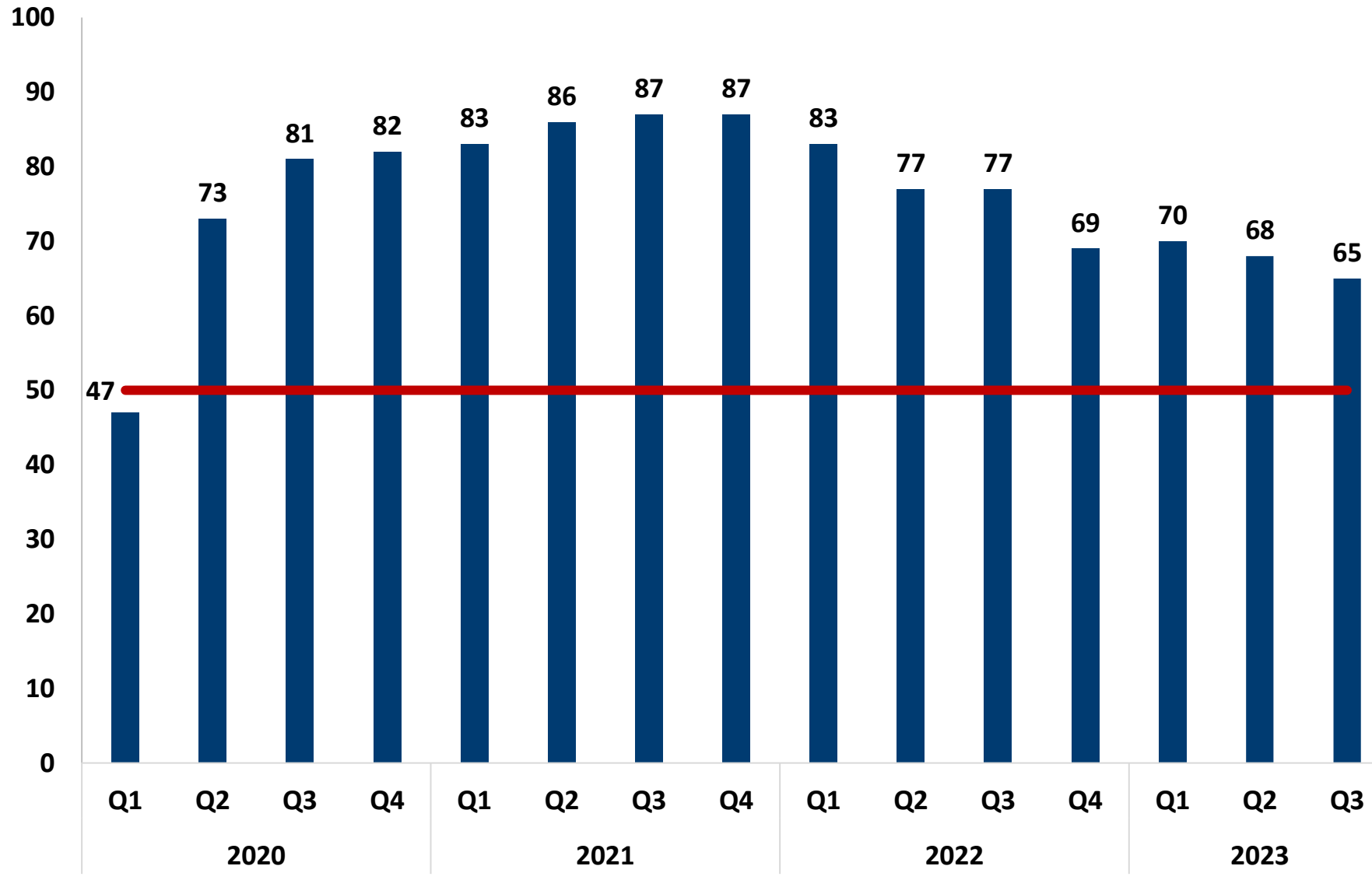


Figure 2: NAHB/Westlake Royal Remodeling Market Index (RMI)
Current Conditions Index
(Seasonally Adjusted)

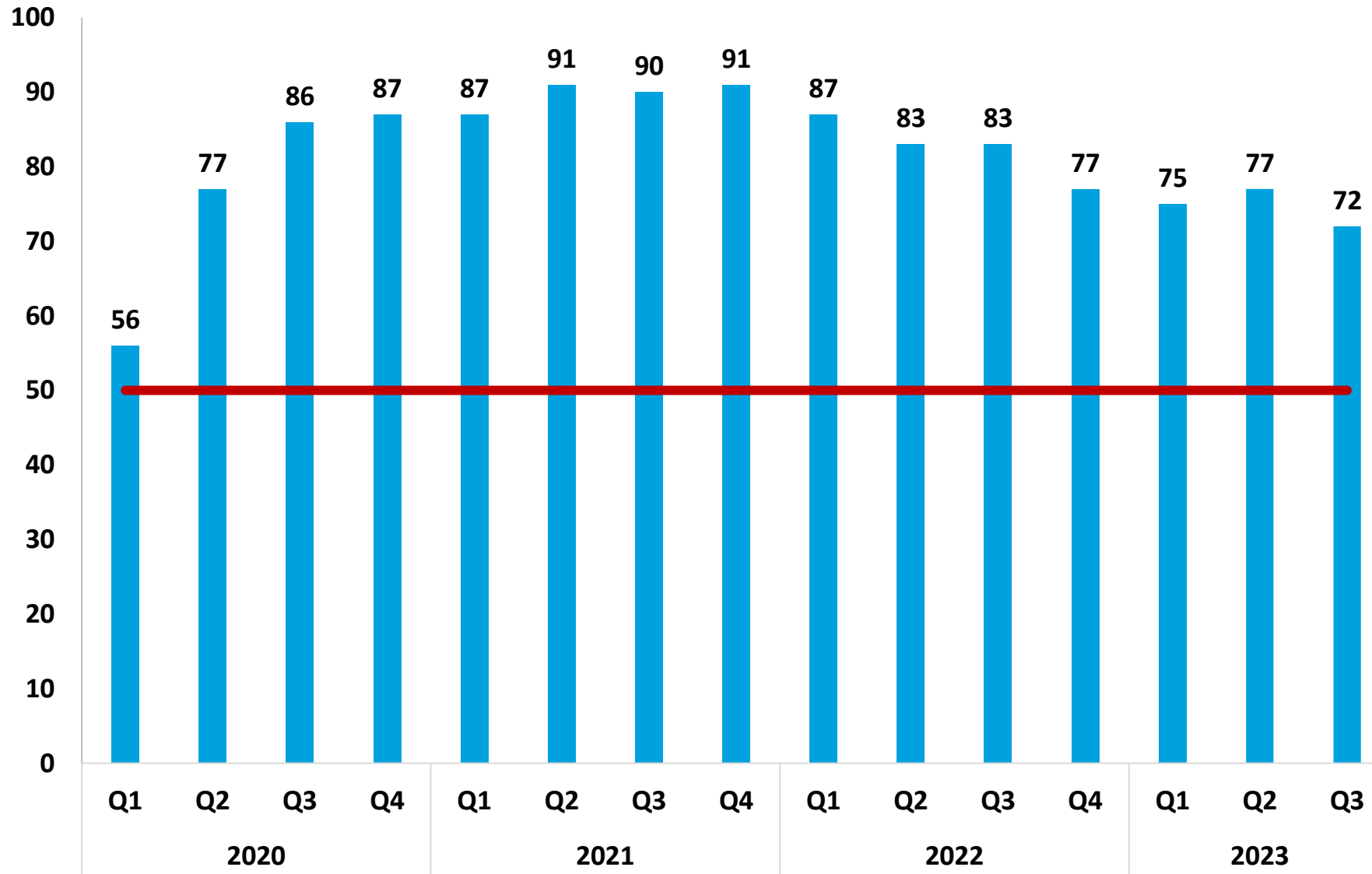
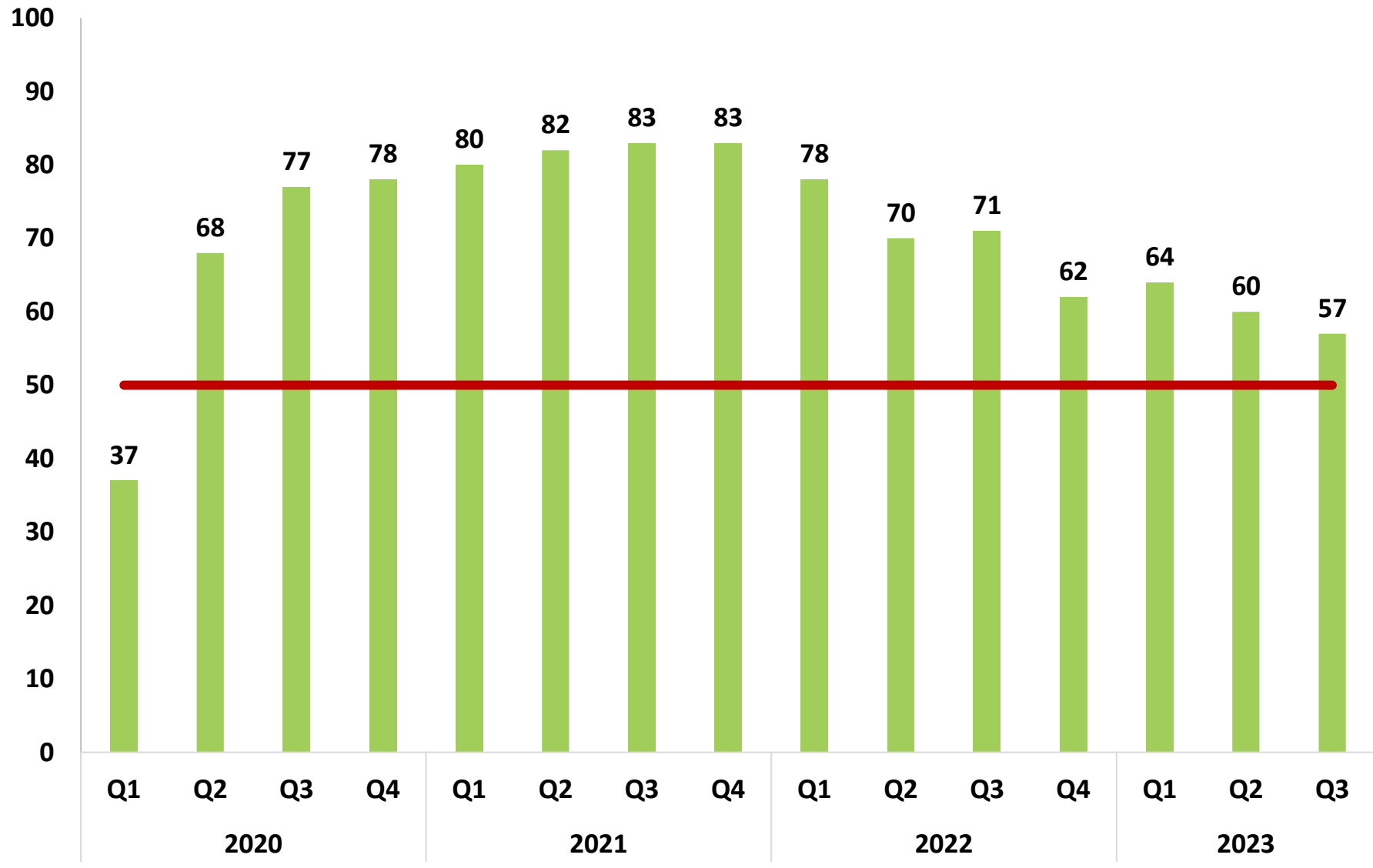


Figure 3: NAHB/Westlake Royal Remodeling Market Index (RMI)
Future Indicators Index
(Seasonally Adjusted)



National Association of Home Builders

Remodeling Market Index

Third 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:*
