

**REAL ESTATE & DEVELOPMENT**

# Focus

# Be it never so humble

## Home-improvement jobs in posh suburbs keep contractors humming

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SPECIAL TO THE JOURNAL

**S**awn McCadden knows the value of a strong foundation. The home-remodeling expert, owner of Custom Contracting Inc. in Arlington, makes his living from taking an old house and making it more impressive. If the basic structure of the home is solid, few limits exist to what is possible.

Much the same could be said about his line of work. The home-improvement business, already strong for years, is getting stronger.

"I haven't tasted much of a downturn yet," McCadden said. "While the housing market stays strong and interest rates are extremely low ... people are more willing to spend money on their home."

Contractors cite a variety of reasons for the surge in home improvements: Younger families add space for more children; older couples want modern homes with less maintenance. Even high home prices factor into the mix — many people cannot afford to buy a bigger home in their neighborhood, so they tap their own increased value to fix up the house they have.

"A number of people say prices have gone up so much ... it makes sense to spend the money," McCadden said.

McCadden and others also surmise that many homeowners have cashed out their stock investments in the last several quarters as the market tanked. That left people with cash that had to go somewhere, so they invested in their principal real estate holding, their house.

Another dynamic is Massachusetts' aging housing

stock. Many towns are "built out." With political leaders doing little to increase the number of new houses coming to market, the alternative is to improve and modernize existing homes built in the postwar years. That puts competent contractors and remodelers in a prime position.

"In real estate, it's really hard to lose money if you can do a half-decent job," said David Morgan, a woodwork-restoration expert who employs seven at his company, DRM Design Build Inc. in South Braintree.

While there are few barometers to measure activity in the largely private industry of remodeling, anecdotal evidence indicates what many people would assume: As the real estate market booms, so does the work of renovation and restoration. One firm sign: Home Depot, one of the largest home improvement suppliers in the nation, reported \$16.3 billion in sales for second-quarter 2002, up from \$14.8 billion one year ago.

The Sept. 11 attacks did throw a wrench into some expectations. McCadden, for example, budgeted for \$2 million in revenue this year. He now expects to gross \$1.7 million, and he attributes most of that to a sharp drop in business immediately after the terrorist attacks. Business is now returning to normal.

"It's still strong, but not at pre-Sept. 11 levels," he said. "They're scaling down on detail and scaling down in size."

McCadden's average project size has dropped from about \$16,500 last year to \$14,500 this year, he said. The actual number of projects has stayed the same, about 85. In contrast, he did 114 projects in the heyday of 2000.

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# Remodel: Mining the suburbs

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Tom Downer, a Cambridge architect who caters to more upscale projects, says he has had six proposals come to him in the first weeks of August, a brisk pace of business. "It's still going very well," he said. "From what I hear, a lot of people are very busy."

Downer's typical project is several hundred thousand dollars: entertainment centers, family rooms, new kitchens or baths. He has seen some projects canceled, "but we can fill those holes pretty quickly. ... The business has been frenetic for four or five years. The work still seems to come at that pace."

Morgan is another who sees no signs of a slowdown in a pricey business. A small project for him is \$50,000; average projects run about \$200,000 and large ones top out at \$500,000.

"It's never been better," Morgan said. Currently, he is restoring a house in Wellesley, raising the first floor ceilings by 15 inches; another project calls for a new kitchen and a master bath. "I'm booked well into next year. Some projects I've had to turn down."

Not surprisingly, business is brisk in the belt of tony suburbs that surround Boston: Lexington, Wellesley and the like. But inner suburbs are humming along just as

well, with property owners eager to convert multifamily homes into condos or to spiff up an apartment to charge higher rent.

Dan Laba, director of sales at Horner Millworks, says that in the last year or so he has seen a sharp increase in demand

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**David Morgan**

Owner, DRM Design Build Inc.

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for specialty products — delicately crafted columns, detailed doors and spiral staircases. The Somerset company, which employs more than 200 people, recently added 40,000 square feet of manufacturing space to keep up with demand.

Laba would not disclose annual sales, but said the company is "holding steady" compared with last year. He is confident that Horner will be able to put its new space to work.

"For the third and fourth quarters, I hear that everyone has lots of big projects," he said.