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The remodeling industry: Not just a guy and a truck

Home-improvement field well on its way to overtaking construction

BY LINDA GOODSPEED
SPECIAL TO THE JOURNAL

Like many others in the home improvement industry, Finley Perry embarked on his remodeling career by pounding nails.

"I struggled doing this for years," he said. "Finally, I realized I could hire people to do the work and manage them."

Today, F.H. Perry Builder Inc. of Hopkinton is a construction management company. It has 12 employees, none of them tradespeople.

"Remodeling has evolved from a trades-oriented, 'hands-on' guy in a pick-up truck with a couple of sons' into much more of a business," Perry said.

Sales last year at F.H. Perry topped

\$214 billion on home improvements last year, compared with \$280 billion on new homes. Remodeling now accounts for 40 percent of every residential investment dollar, a figure that will continue to grow, Baker said.

Besides demographics, such things as lifestyle changes, new product entries, conveniences and advances in technology — particularly related to home entertainment — are fueling the home improvement boom.

"A lot of houses built in the '50s, '60s and '70s are at the age where remodeling is not just a luxury but is mandatory in terms of lifestyle changes, people wanting attached family rooms and media rooms, more modern kitchens and bathrooms, new fixtures and conveniences and so forth," said David Carpenter, owner of DRM Design/Build Inc. of Southborough. "Remodeling is a huge, huge market that gets bigger every year as homes get older."

Just as Perry has brought construction

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The web site for F.H. Perry Builder Inc. Company founder Finley Perry says the remodeling industry has evolved "from a trades-oriented, 'hands-on' guy in a pick-up truck with a couple of sons' into much more of a business."

\$6 million.

Perry's experience epitomizes what has happened to the remodeling industry over the last decade. Thanks to the popularity of home improvement shows like "This Old House" and the proliferation of design and home improvement magazines, remodeling is well on its way to overtaking the home construction industry. In fact, Kermit Baker, director of the Remodeling Futures Program at the Joint Center for Housing Studies at Harvard University, said only price inflation has kept new home costs ahead of home improvement costs.

"We expected remodeling to overtake new home construction by now, partly because of demographics," Baker said. "The baby boomers have already purchased homes and there are not that many Gen-Xers, so until the children of the baby boomers start purchasing homes, we expected new home construction between '95 and '05 to be weak. But because of low interest rates and a huge growth of wealth in the '90s, the price of new homes rose a lot faster than most of us thought."

According to a report released this month by the center, Americans spent

management to remodeling, Carpenter brings design-build, a construction concept in which the contractor takes full responsibility for a project from preliminary design to ensuring buildability (zoning, setbacks, wetlands, etc.) to budgeting and construction.

"Remodeling has become much more sophisticated because buyers are more sophisticated," Carpenter said. "Remodeling is much more difficult than building a new home because the client is often living in the home where you're working so you have to have higher-quality help. It's also a lot more complicated to take an old structure that's not perfect and blend in new construction and have a seamless quality to it."

Bob Ernst, vice president of FBN Construction in Boston's Readville section, which last year grossed \$3.5 million, says "pup and truck" contractors — those with a dog and a pickup — still dominate the industry, but more and more go out of business every year because of the growing costs of doing business and the increasing complexity of projects.

"The combination of building materi-

Please see **REMODELING**, Page 53

Remodeling: Evolving industry

Continued from Page 43

als, products, the integration of plumbing, electrical systems and sound systems throughout a house have become very complex," Ernst said. "People are opting for bigger companies because the jobs have gotten so complex."

Said Perry: "We've found that the more we can be businesslike with clients the more they want us to be businesslike. We see ourselves as home-services providers. Remodeling is a complete service business as opposed to new home development which is a product business."

Most recently, Perry has hired his daughter Allison to help clients navigate

the staggering array of product options.

"She doesn't have any particular knowledge of construction but she's very interested in business, relationships, client services," Perry said. "She's been able to quickly help people get to the right place to make selections. It's been very effective."

Carpenter, who does about \$1.5 million a year in business, predicts the remodeling business will continue to grow, particularly with other investment options limited and people "nesting" more since the September 2001 terrorist attacks.

"People are traveling less and staying more in their homes," he said. "They want it to be a nice place to live."
