

# Executive Domains

November 5-11, 2004

boston.bizjournals.com

Boston Business Journal 49

## Remodeling industry poised for even more spending

BY KEITH REGAN  
SPECIAL TO THE JOURNAL

Home-remodeling contractors whose phones are ringing steadily already know it. And now there are statistics to back up their instincts: The industry is about to see a surge in business that could be the beginning of a longtime trend.

The Joint Center for Housing Studies at **Harvard University** said in a recent report that its Remodeling Activity Indicator showed spending on home remodeling rose 5.1 percent in the third quarter to an annual rate of \$129.3 billion.

**Kermit Baker**, who directs the Harvard project, said that because remodeling work takes time to work its way through the economy, there's reason to believe the positive impact of such work will be felt for some time.

"Home-improvement activity should accelerate in the months ahead," he said.

Evidence of the remodeling surge is already plentiful in the industry. Atlanta-based **Lowe's Home Improvement**, which operates about a dozen stores in New England, plans to open new ones in Westborough and Dartmouth in the next year. It said last month it would see higher profits and revenue at least through the end of 2006 as a result of the boom.

Locally, Waltham-based **Harvey Indus-**

**tries Inc.**, which makes replacement windows and other materials used in remodeling projects, says it is looking to beef up its labor force to meet rising demand. The company has more than 30 jobs posted on its Web site, from warehouse jobs to production supervisors and sales positions.

Local contractors say they've already started to see evidence of the next wave of home improvement.

"I've been telling people for the past three months that it's been coming," said **David L. Carpenter**, a Wellesley-based contractor. "A lot of things got delayed for a while after 9-11. People were nervous about sticking their necks out. They don't feel that way anymore, and now there's a rush of things that people want to get done."

Carpenter said kitchen and bathroom projects remain the most sought-after projects, but adding to or modifying homes so they can be lived in as homeowners age is also becoming more prominent. "People want to stay at home," he said. "They want to have that dignity, but also the functionality so they can stay there long term."

That trend is expected to continue for some time, according to the **Na-**

**tional Association for the Remodeling Industry**. That group says baby boomers are poised to dominate home-improvement projects in the coming decade. The association said that baby-boomer homeowners accounted for nearly 60 percent of all remodeling activity last year.

The association also said that, as in oth-

er markets where housing prices have soared in recent years, Boston is a top market for remodeling, ranking sixth overall in 2003 with \$1.4 billion spent.

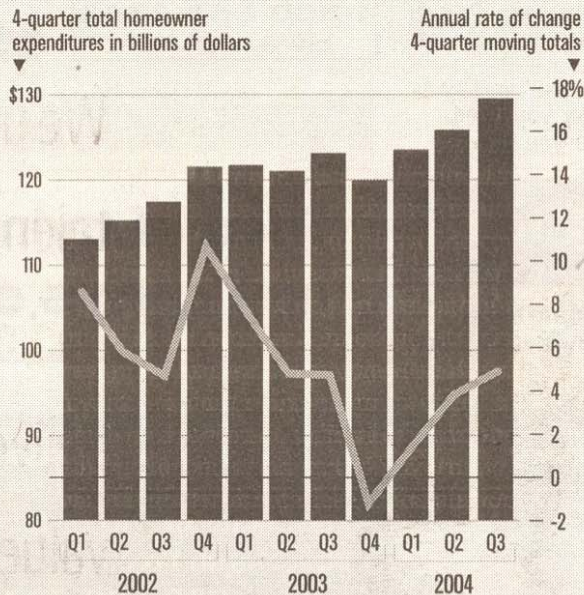
The surge of activity will continue to pose a challenge for area contractors, who often find themselves trying to merge modern, high-end additions with the area's older housing stock.

"A lot of the older developments weren't done to the standards people have today," said **David Morgan**, president of **DRM Design Build Inc.** in Southborough.

Harvard's Joint Center for Housing Studies says two main factors are at play — a slow but steady improvement in the job market that has boosted confidence and interest rates that remain near record-low levels. Together, those provide homeowners with both the confidence and the means to go forward with major remodeling projects.

Those improvements can pay off later as well, making homes more desirable to would-be buyers. But Carpenter said his customers are usually not motivated by economics. "They love their homes," he said. "They want to be able to stay in them as long as possible."

### SPENDING IT: REMODELING STILL RISES



Source: Joint Center for Housing Studies