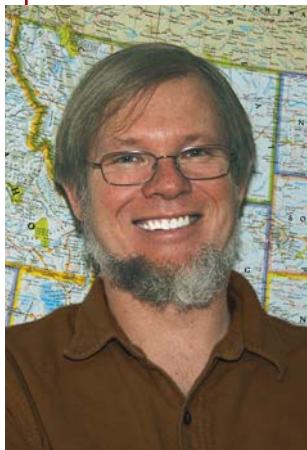


Who's Next to Buy a Deck?



Wow. I just read "The Remodeling Market in Transition," a report prepared by the Joint Center for Housing Studies of Harvard University. We're in bad shape. Anyone other than Rip Van Winkle knows this, but seeing the current housing recession compared statistically to past ones is stunning.

For example, housing starts are down 66 percent from their peak, which is much more severe than the 7 percent decline in starts during the recession of the 1980s. Anyone old enough to remember the recession in the mid-1970s might be interested to learn that it resulted in a 40 percent decline — traumatic at the time but almost mild in today's context.

Those are the new-housing numbers. The remodeling industry, which includes deck building, isn't suffering as much as new housing, but things aren't rosy. The severity varies geographically, with areas that saw the greatest run-up in housing prices generally seeing the largest declines in both new construction and remodeling. Areas that plodded along without major price increases have the most stable construction economies today.

There's a lot of gloom in the Harvard report (www.jchs.harvard.edu/publications/remodeling/remodeling2009/index.htm) and no prediction of when the recession will end. What is potentially useful to deck builders is an analysis of three markets that are likely to recover first.

The first is the immigrant market. Concentrated mainly along the coasts, in Texas, and in Chicago-land, the immigrant population continues to increase. Many of these people are in their 30s and 40s, an age group that tends to spend on remodeling because of growing families. It might be a good time to target your marketing at particular immigrant groups in your area.

Next is the rental market. As more people became homeowners throughout this decade, demand for rental properties dropped. Lowered demand meant lower rents, which meant less money for landlords to spend on maintenance. Today, the demand for rentals is increasing. This coupled with the deferred maintenance typical of current rental stock could spell an opportunity for deck builders.

Finally, the report points to "green" consumers. While it's unlikely (and counterproductive) that homeowners would replace a deck just because another could be built with greener materials, when they do decide on a new deck for whatever reason, it's more likely they'll look for sustainable products. And if you haven't been paying attention to that aspect of decking materials, this might just be the time to start. ♦

A handwritten signature of Andy Engel.

Andy Engel
Editor

Built a great deck?
We want to see it.

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