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Remodeling Confidence Remains in Strong Territory Despite Three Point Slip

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The National Association of Home Builders' (NAHB) Remodeling Market Index (RMI) posted a reading of 57 in the first quarter of 2018, down three points from the previous quarter and back to the same level as the third quarter of 2017. The RMI has been above 50—indicating that more remodelers report market activity is higher compared to the prior quarter than report it is lower—since the second quarter of 2013. The overall RMI averages ratings of current remodeling activity with indicators of future remodeling activity.

“An RMI reading over 50 shows that consumers still remain engaged in home improvement,” said NAHB Remodelers Chair Joanne Theunissen, CGP, CGR, a remodeler from Mt. Pleasant, Mich. “However, higher prices for labor and materials like lumber continue to cause delays in project starts and higher overall project costs.”

Current market conditions decreased two points from the fourth quarter of 2017 to 58. Among its three major components, major additions and alterations waned four points to 56, minor additions and alterations increased one point to 60, and the home maintenance and repair component fell four points to 57.

The future market indicators index dipped four points from the previous quarter to 55. Calls for bids increased one point to 57, amount of work committed for the next three months decreased four points to 54, the backlog of remodeling jobs dropped nine points to 57 and appointments for proposals fell three points to 54.

“Strong price appreciation, inventory shortages of homes for-sale and home owners’ desire for updated amenities maintain the remodeling industry on solid footing,” said NAHB Chief Economist Robert Dietz. “This quarter’s dip may be related to unusually cold weather in many parts of the country, but the forecast is for the remodeling market to grow in 2018.”

For the full RMI tables, please visit www.nahb.org/rmi. For more information about remodeling, visit www.nahb.org/remodel.



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