

Thirsty

THURSDAY

QUENCH YOUR THIRST FOR **RESIDENTIAL TRENDS**

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RESIDENTIAL TRENDS

Window & Door Industry Survey Outcomes



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NGA UPCOMING EVENTS

NGA Glass Conference: Milwaukee
Aug 6-8, 2024

GlassBuild America
Sept 30 – Oct 2, 2024

Glazing Executives Forum
Sept 30, 2024

NGA Glass Conference: Milwaukee

Aug 6-8, 2024
The Trade Hotel



[glass.org/
nga-glass-conference-milwaukee-2024](https://glass.org/nga-glass-conference-milwaukee-2024)



Exhibitor Registration is Open

Attendee Registration Opens **July 16**



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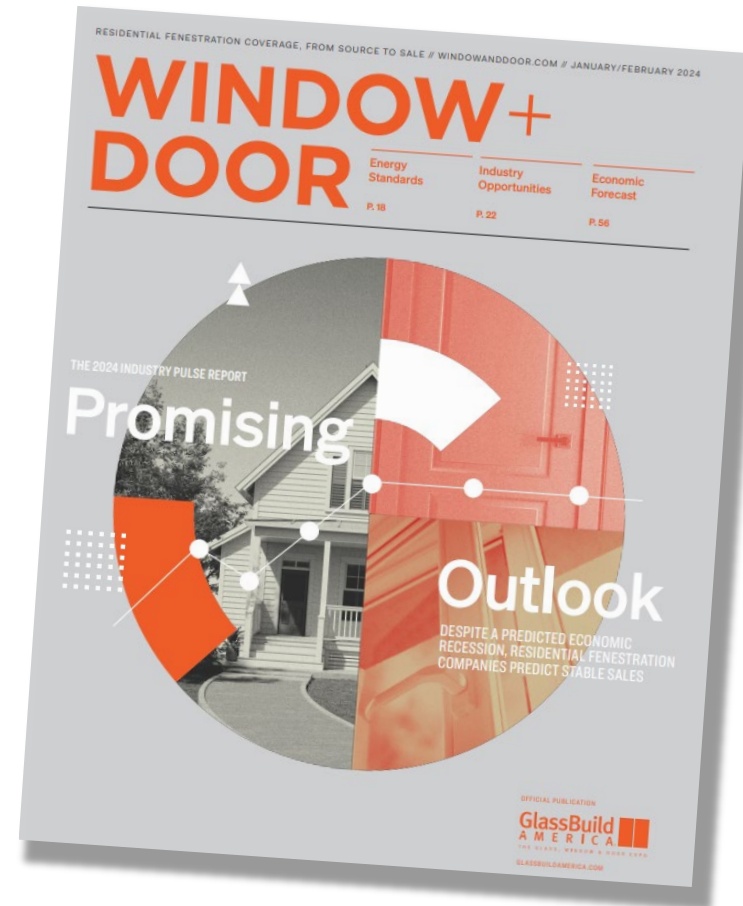
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Laurie Cowin
Editor, Window + Door Magazine
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2024 Top Manufacturers Report: Big Picture

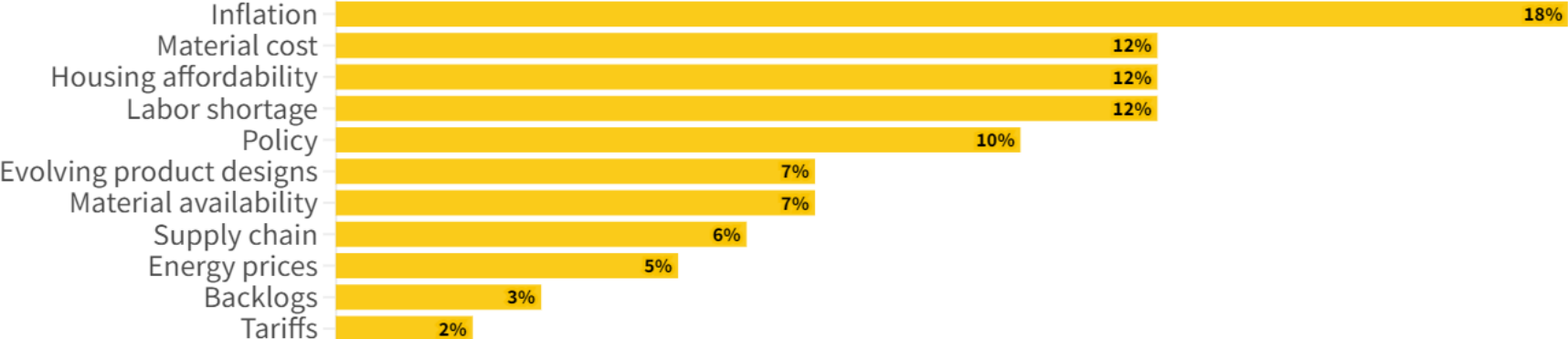
- New home construction continues to fall; it's at its lowest pace since November 2023. Most challenges are around affordability. Only **29%** of first-time homebuyers could afford homes for sale nationally in Q1—down from **34%** one year ago. (Source: NAHB)
- Home prices have increased **47%** since 2020 and the median home sales price is about five times the median household income. (Source: Joint Center for Housing Studies at Harvard)
- Remodeling on owner-occupied homes is also **expected to decline** this year and into the first quarter of 2025, but at a moderating rate. (Source: JCHS)
- Almost **72%** of manufacturers feel somewhat or very positive about their company's outlook, which is the seventh straight reading below the moving average of almost **75%**. (Source: National Association of Manufacturers Q2 2024 survey)
- The inability to attract and retain employees remains a top challenge (**67%**), followed by rising health care costs, an unfavorable business climate and a weaker domestic economy. (Source: NAM)

2024 Top Manufacturers Report: Sales and Growth

- Nearly all (94%) added production capacity in 2023
- 54% indicate increased sales compared to 2022 and 25% are unchanged YOY
- Despite demand slowing, many companies report increased investments in high-performance products.

2024 Top Manufacturers Report: Challenges

What will be major headwinds in 2024?



Source: [Window + Door](#) • Respondents could select more than one answer.

Where will you invest in your business in 2024?

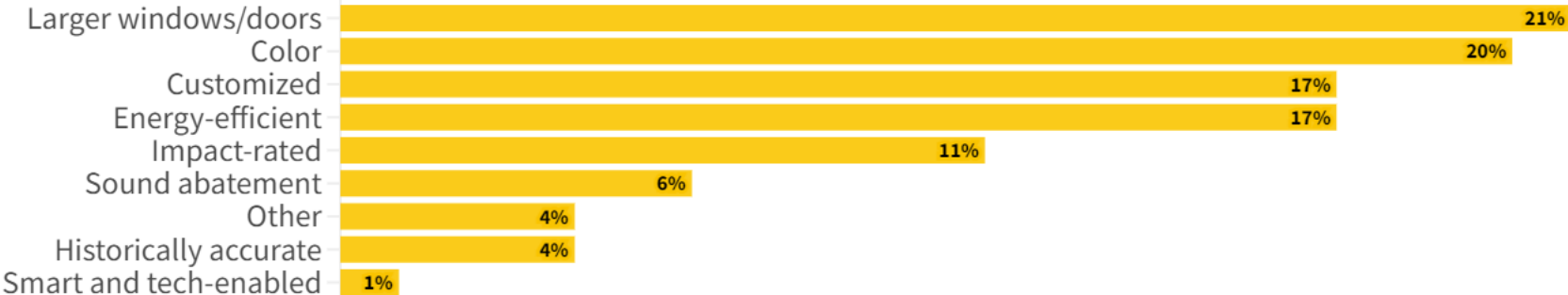


Source: [Window + Door](#) • Respondents could select more than one answer.

A Flourish chart

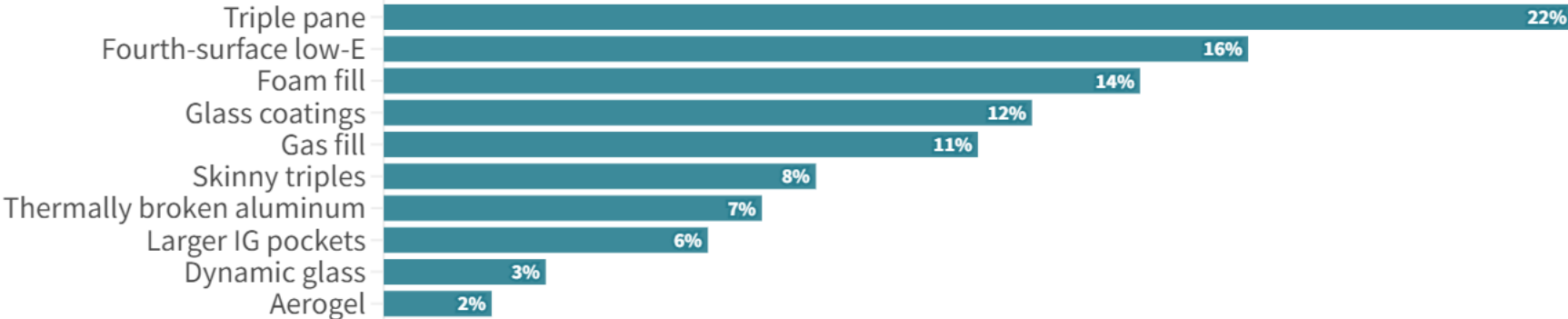
2024 Top Manufacturers Report: Products

Top features in products requested by customers



Source: [Window + Door](#) • Respondents could select more than one answer for features and technologies.

What technologies have you implemented/are you considering to enhance energy efficiency?



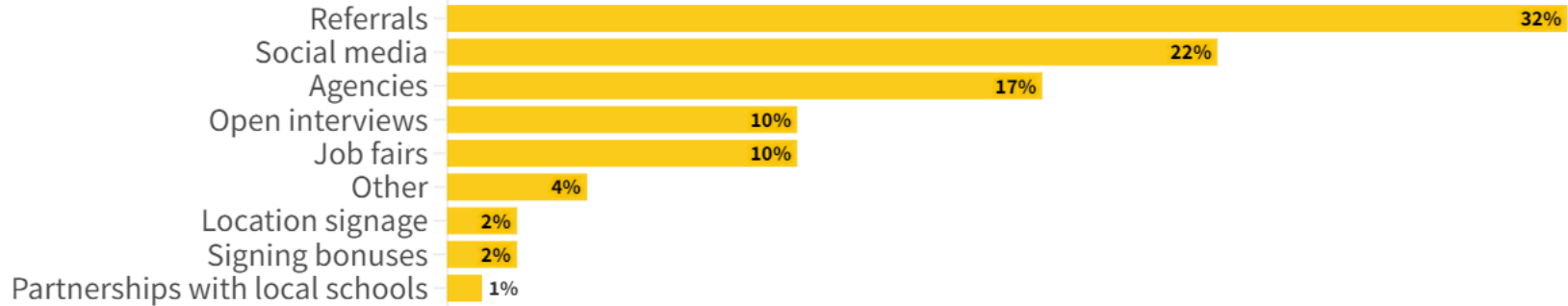
Source: [Window + Door](#) • Respondents could select more than one answer for features and technologies.

A Flourish chart



2024 Top Manufacturers Report: Labor

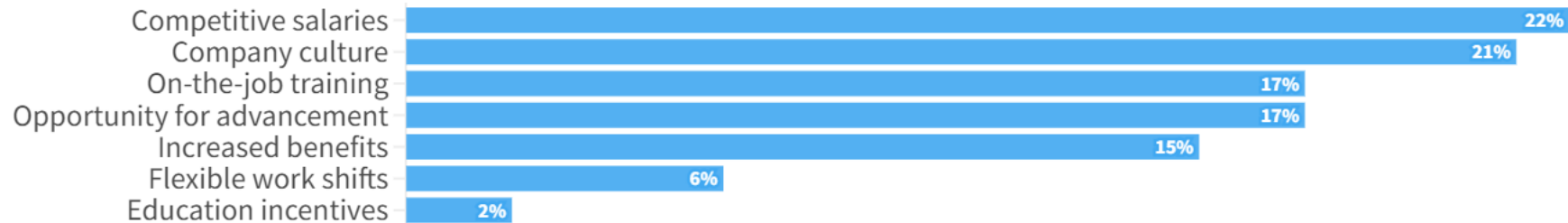
What are your most effective employee recruitment strategies?



Source: [Window + Door](#)

 A Flourish chart

What are your most effective employee retention strategies?

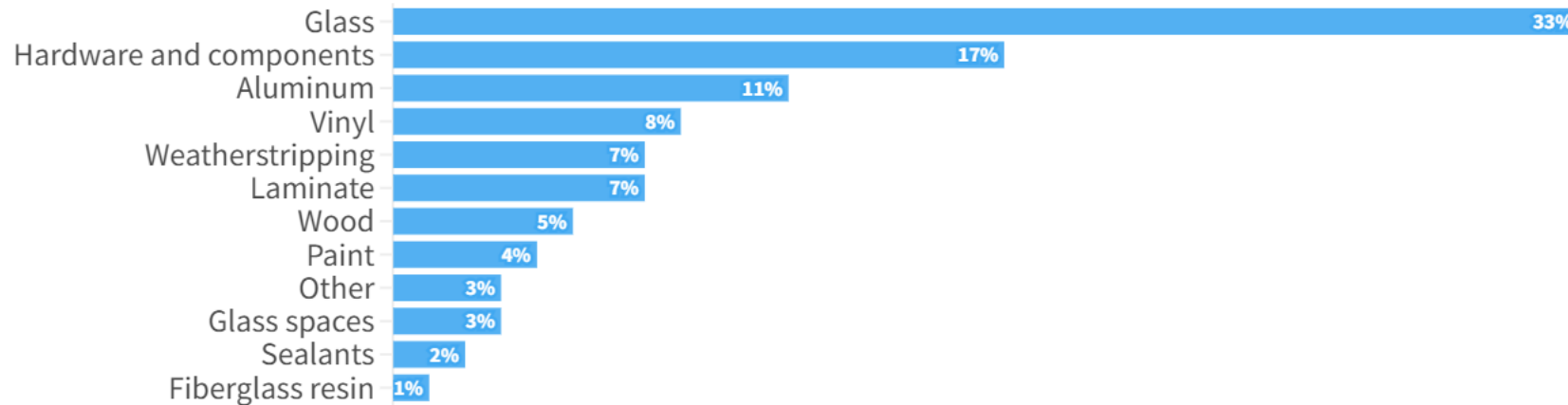


Source: [Window + Door](#)

 A Flourish chart

2024 Top Manufacturers Report: Supply Chain, Materials

What materials are most challenging to source?



Source: [Window + Door](#) • Respondents could select more than one answer.
Other includes adhesive resins, glass laminate, flat glass

✿ A Flourish chart

67% of companies experienced material price increases last year.
Price increases averaged **9.6%**.

2024 Top Manufacturers Report: Automation, Tech

81% of respondents include automation in their factory.

75% of respondents do IG fabrication in-house.

40% of companies use artificial intelligence in their business. Common uses include process and schedule optimization, marketing campaigns and website chatbots

68% plan to add automation in the next year, including welding equipment, robotics for fabrication, IG, material handling and more.

63% of companies have in-house operations such as extruding, laminating, tempering and roll forming

Outline

- **Macroeconomic backdrop for housing**
- **New construction insights**
- **Repair and remodeling trends**
- **Insights from the latest Window and Door Market Survey**
- **Takeaways**

Homebuilding and the broader economy stay strong.

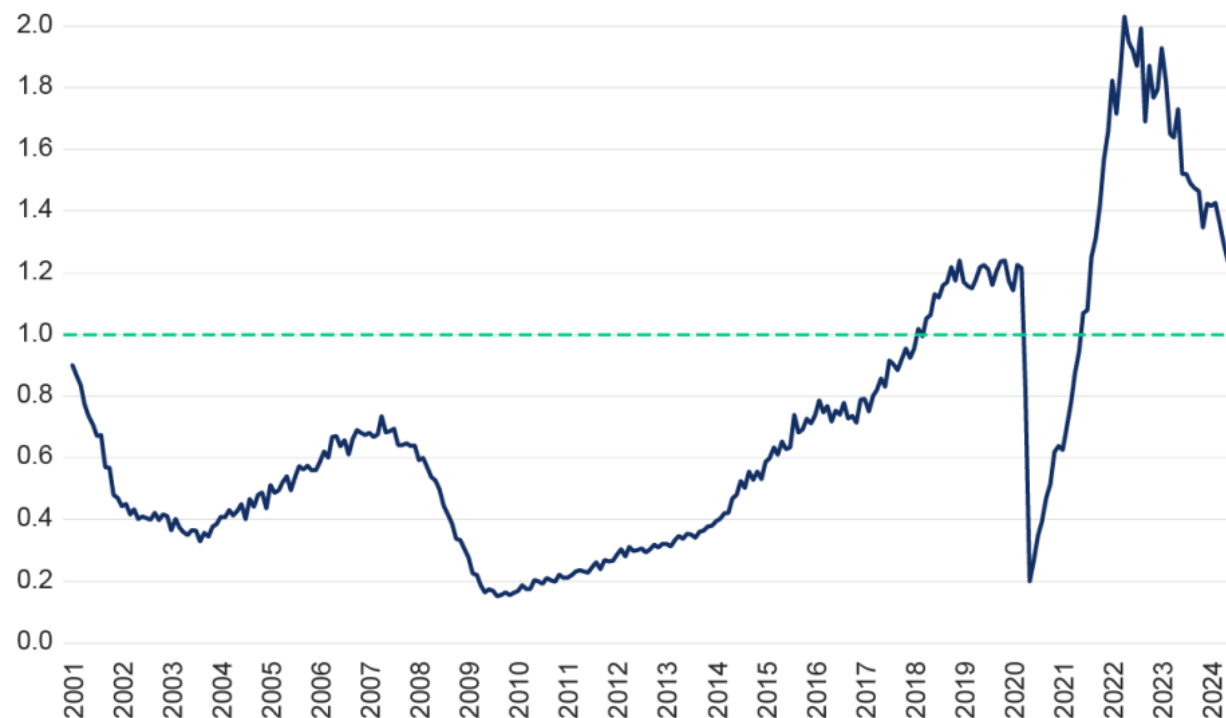
1. **The economy is normalizing but remains strong, bolstered by surging asset prices and strong immigration.**
 - The US economy added 206K jobs in June, with downward revisions to May and April job numbers.
 - Immigration has fueled much of the strength in the labor market YTD. However, immigration trends are subject to volatile swings due to policy decisions, which can come quickly in election years.

2. **Consumer spending is rising as flush consumers benefited from rising asset prices. Stocks continue to rip higher.**

3. **Other labor market data is showing signs of normalization. The unemployment rate is back to 4.1% after 27 months in the 3% range, and job openings per unemployed are back to 2019 levels.**

Job Openings per Unemployed Person

Seasonally adjusted

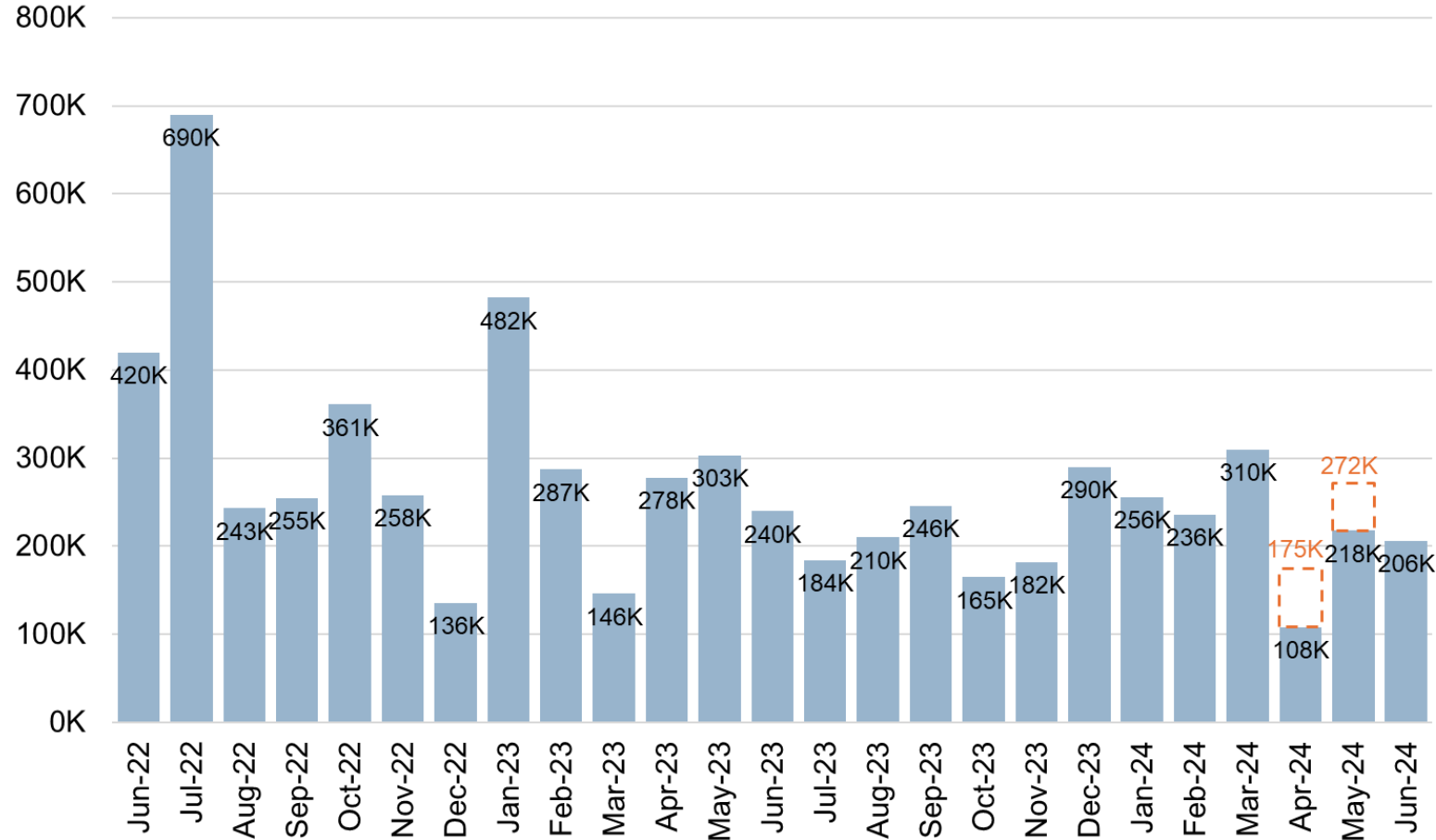


Source: Bureau of Labor Statistics, John Burns Research and Consulting, LLC Data: Apr-24, Pub: Jun-24)

Month-over-month employment is growing.

Monthly Payroll Employment Growth

Thousands, SA ▭ Pre-revisions ▭ Actuals



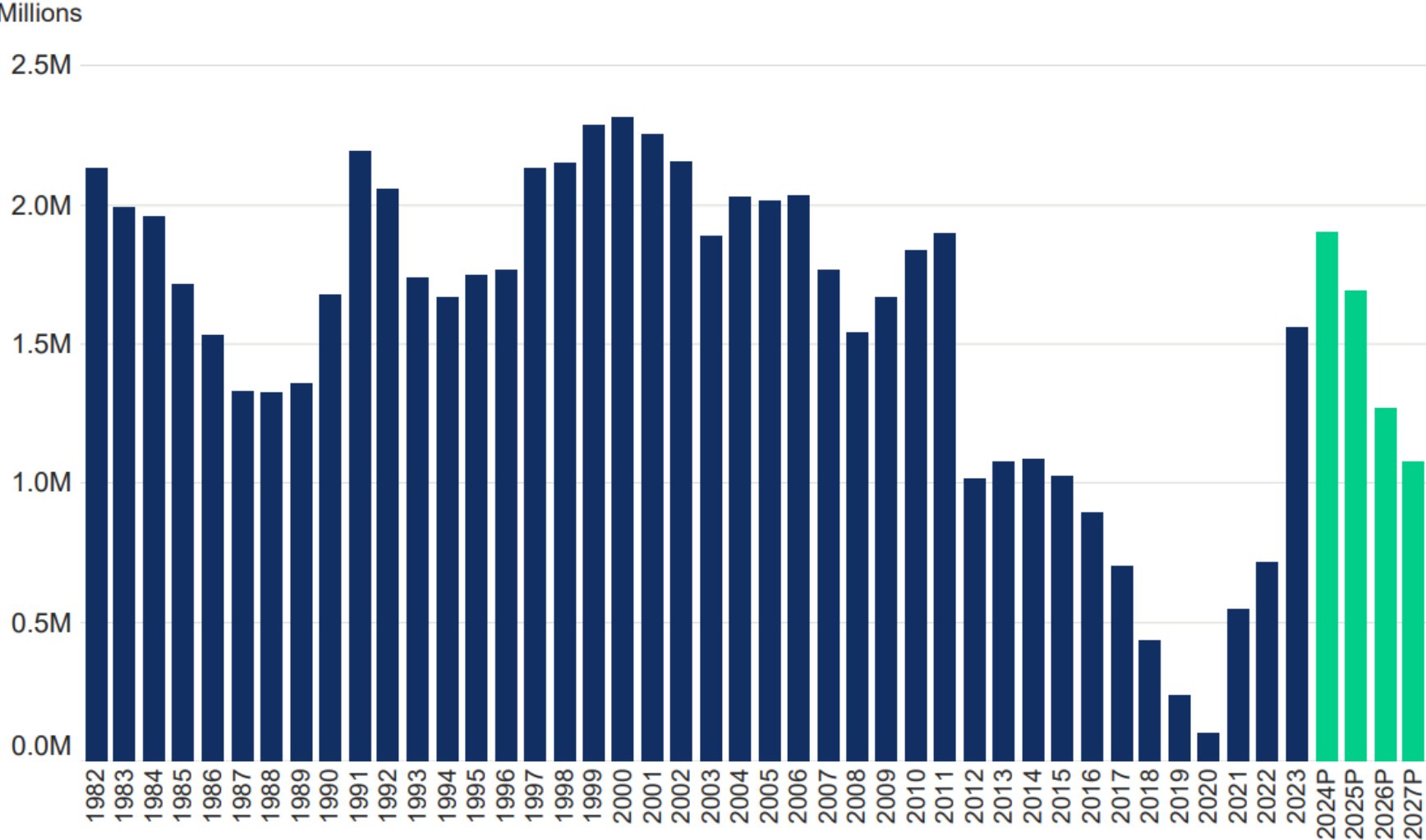
Source: Bureau of Labor Statistics (Data: Jun-24, Pub: July-24)

The US gained 206K jobs in June.

April and May job numbers were significantly downwardly revised.

Immigration is boosting the working-age population in the US.

Growth of Population Aged 20–64



The population growth of prime-age workers (20-64) had slowed due to retirement but is growing once again because of immigration, the majority of which tends to be in this age range.

Source: Census Bureau intercensal population estimates; JBREC estimates and projections for 2010 and later, Pub: Jun-24

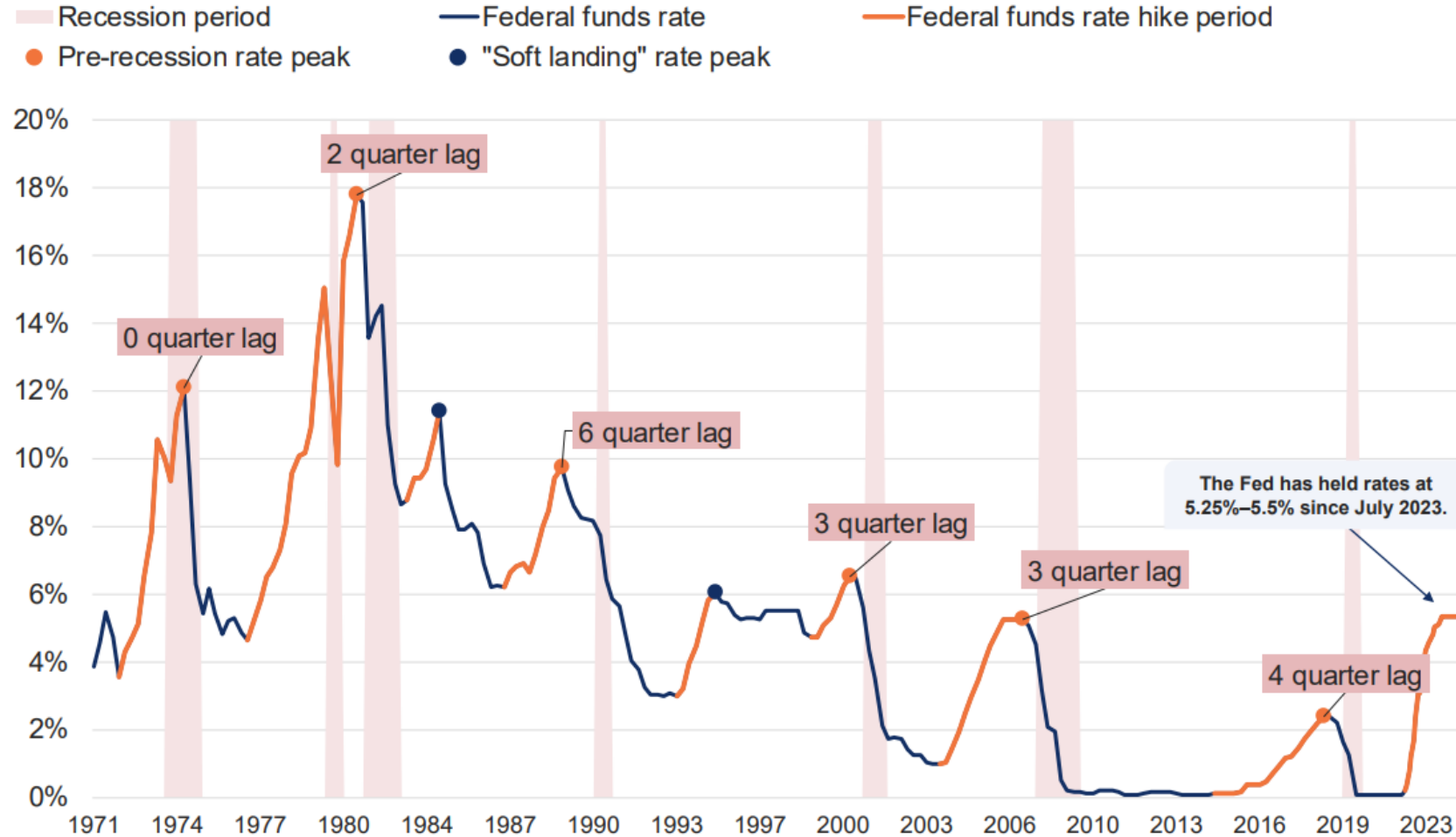
The Federal Reserve's members expect one 25bps cut this year.

- At their June 12 meeting, Federal Open Market Committee (FOMC) members noted an improvement in inflation and left interest rate cuts in 2024 on the table.
- Lower rates would be a boon for housing affordability and construction but note that a single rate cut in 2024 does not necessarily start the start of an imminent rate cut cycle.
 - In July 1995, Fed Chair Alan Greenspan cut rates by 25bps, then left rates unchanged for 6 months until December – a definite possibility this time around.



A recession has followed within 18 months of 6 of the past 8 rate hike cycles. The average lag time between rate peaks and the start of a recession is 3 quarters.

Rate Hikes and Recessions

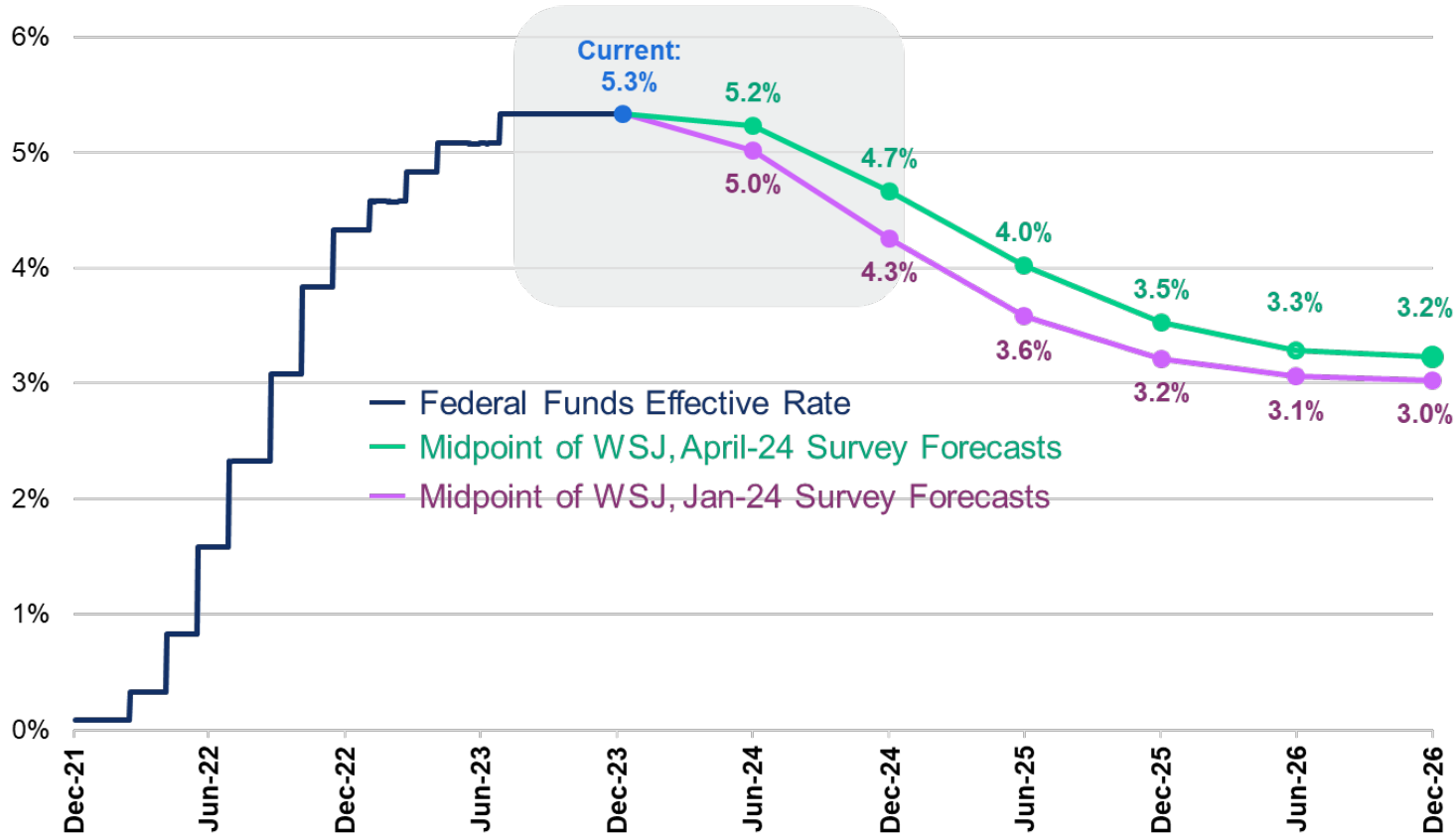


Source: Federal Reserve; Freddie Mac; John Burns Research and Consulting (Data May-24, Pub: Jun-24)

Most economists expect to see rate cuts by December.

Wall Street Journal Economic Survey (January 2024 vs. April 2024)

Midpoint forecast for the Federal Funds rate, by *future* date and *forecast* date



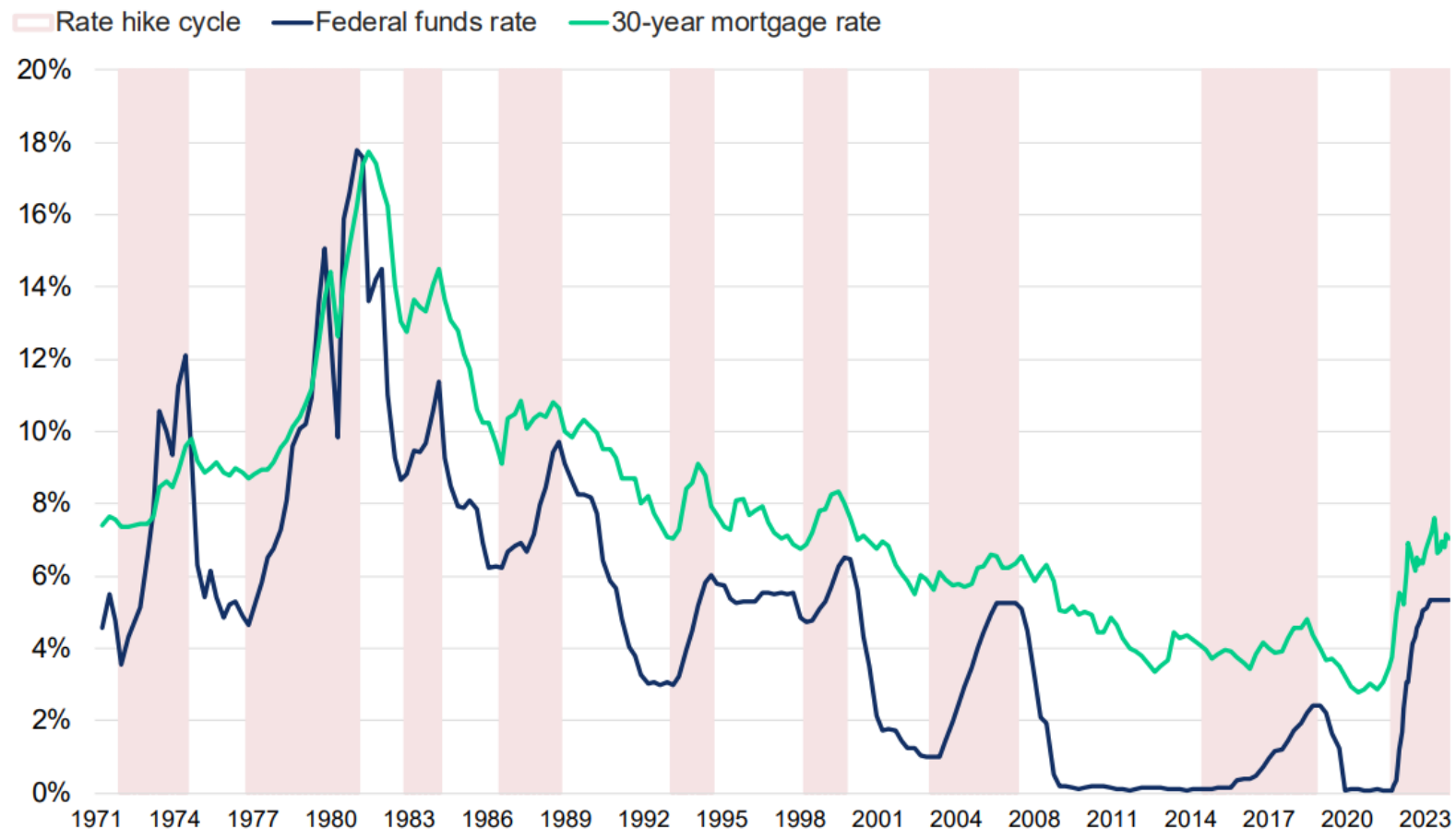
This plot shows the *midpoint* forecast for interest rate movements among professional economists.

Forecasters are anticipating the Fed to hold interest rates constant, with the first rate cut more likely in the 4th quarter.

Source: Wall Street Journal; John Burns Research and Consulting LLC (Data: Apr-24, Pub: Jun-24)

The federal funds rate and mortgage rates are related, but the relationship is not 1:1. On average, a 100bps federal funds rate hike drove mortgage rates 43bps higher over the last 9 rate hike cycles.

Fed Funds Rate vs. 30-Year Mortgage Rate



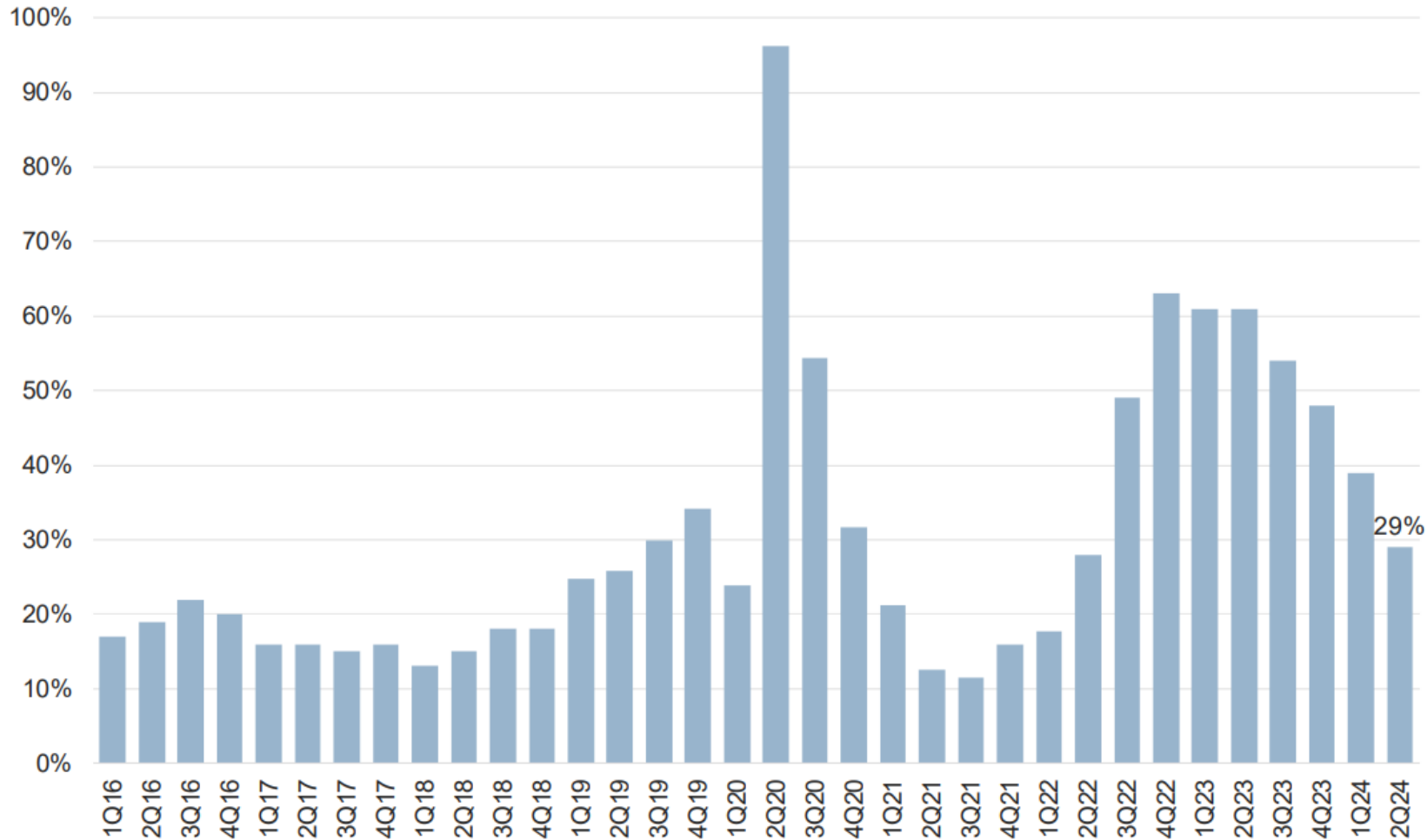
Rate Hike Cycle	Change in Fed Funds Rate	Change in 30 Yr. Mortgage Rate
71-74	8.55	2.26
77-80	13.13	7.55
83-84	2.59	1.73
87-89	3.50	1.52
93-95	3.03	0.87
99-00	1.78	1.14
04-07	4.25	0.76
14-19	2.30	0.41
22-23	5.13	2.90
Avg. Prior 8 Rate Hike Cycles	4.92	2.13

Quarterly Avg. Effective Fed Funds Rate and Quarterly Avg. 30 Yr. Mortgage

Source: Federal Reserve; Freddie Mac; John Burns Research and Consulting (Data May-24, Pub: Jun-24)

The odds of a recession in the next 12 months remain elevated at 29% in 2Q24, according to economists.

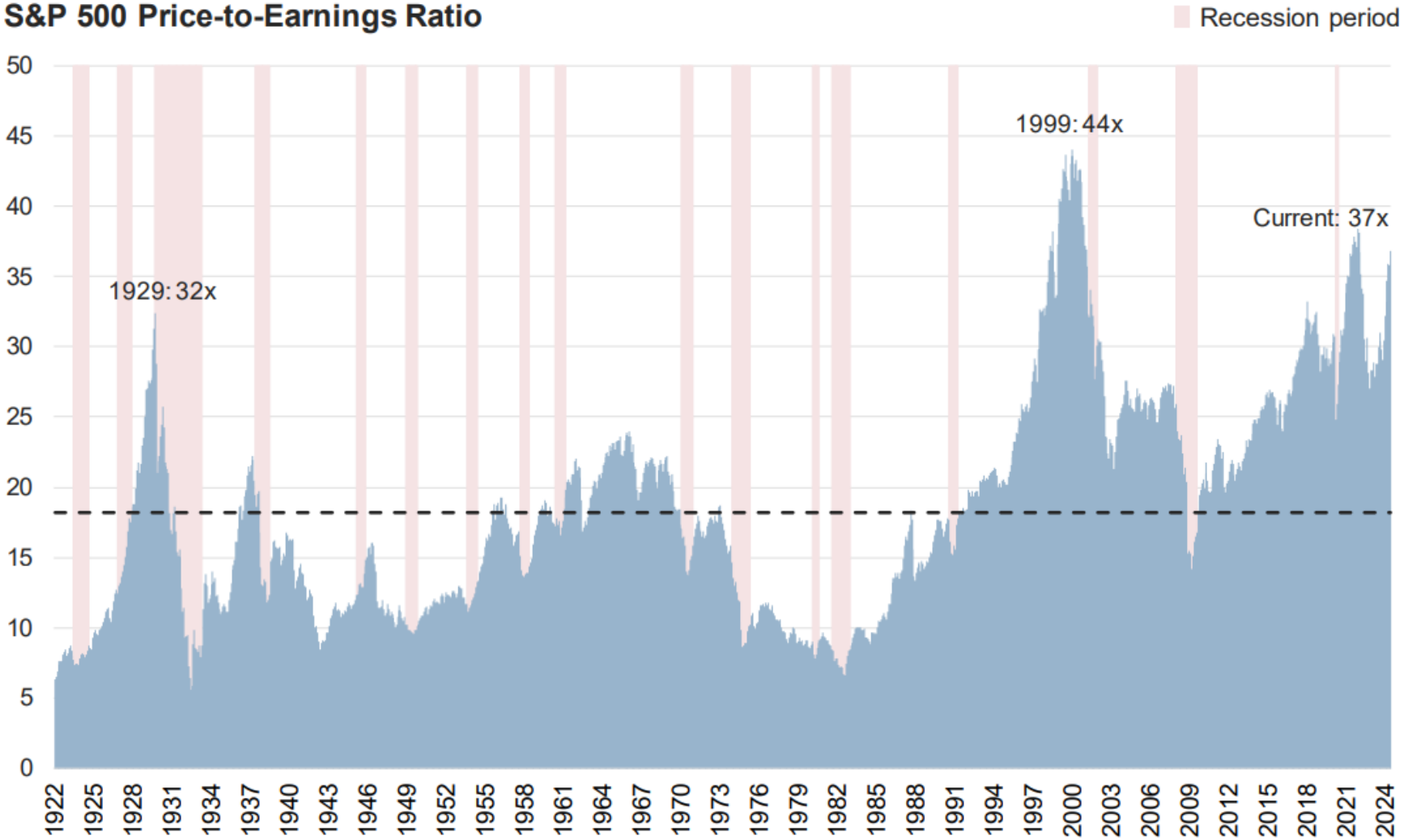
WSJ Recession Probability in the Next 12 Months



Source: Wall Street Journal (Data: 2Q24, updated quarterly; Pub: Jun-24)

Stock price valuations are high, at 37x earnings.

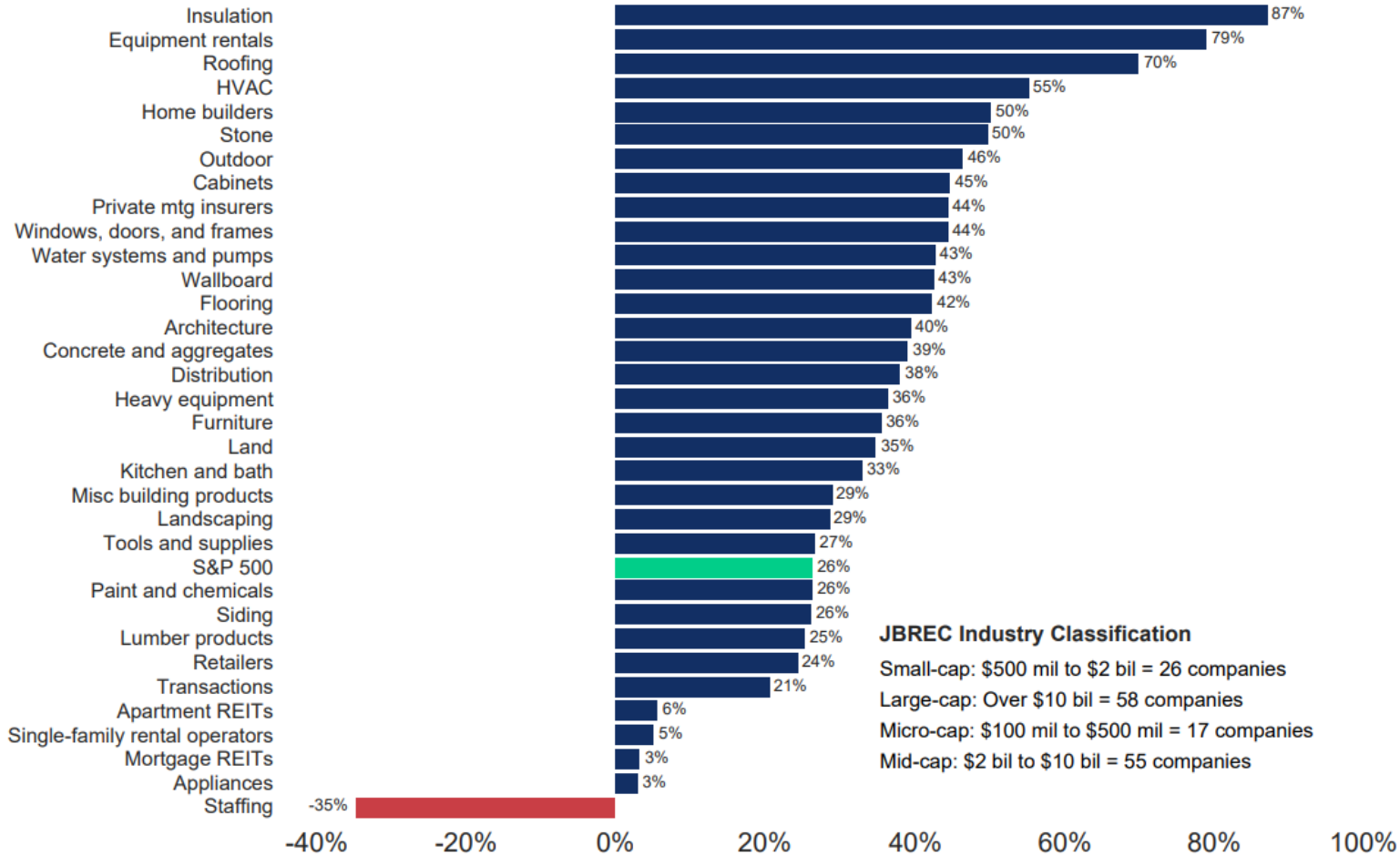
S&P 500 Price-to-Earnings Ratio



Source: DQYDJ.com (Data: May-24, updated quarterly; Pub: Jun-24)

Stock prices rose for 32 out of 33 housing-dependent industries YOY.

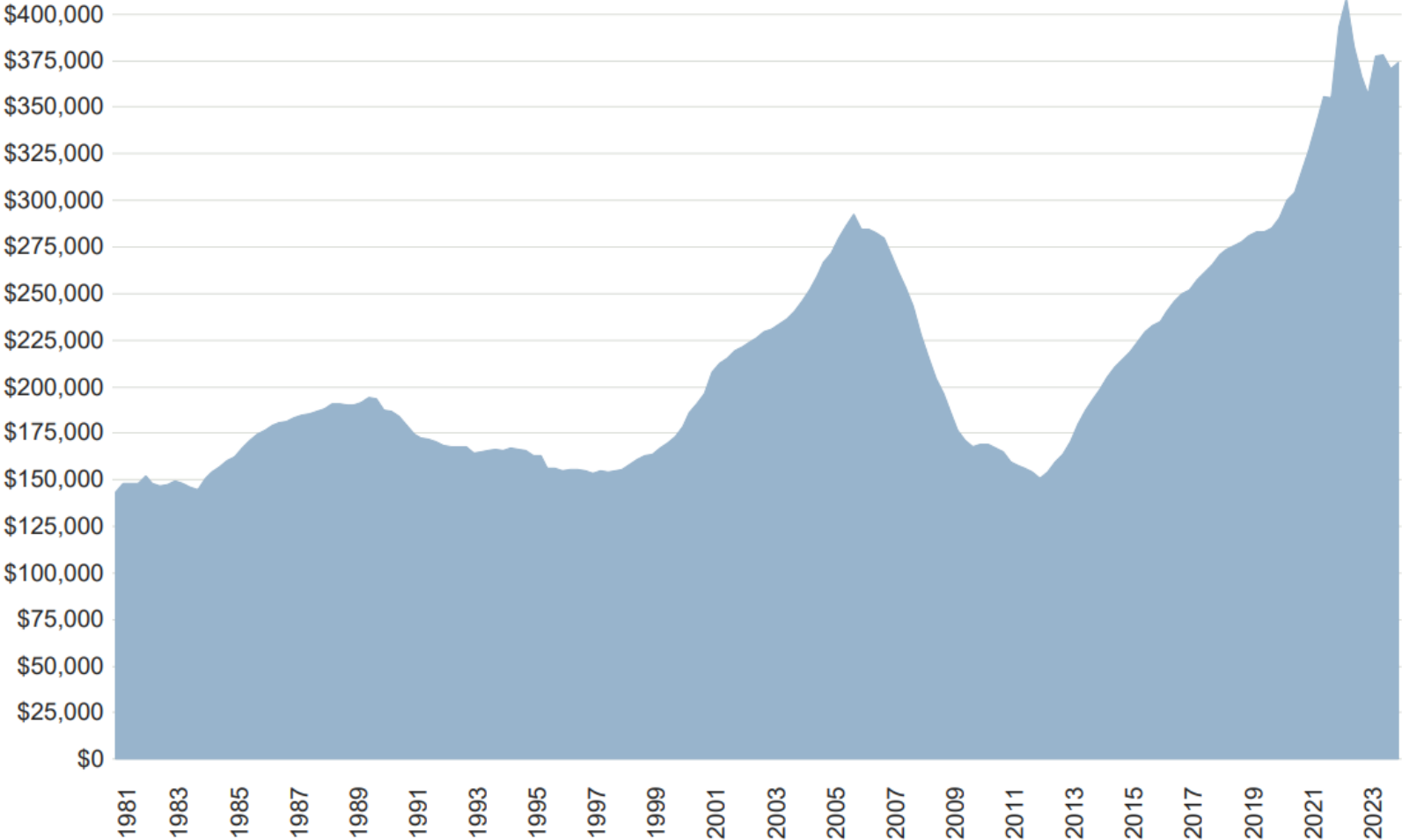
Weighted Average YOY Stock Price Appreciation for Housing-Dependent Industries



Source: John Burns Research and Consulting, LLC, Bloomberg (Data: May-24, Pub: Jun-24)

Homeowners continue to have near record levels of equity.

Inflation-Adjusted Homeowner Equity per Owned Household



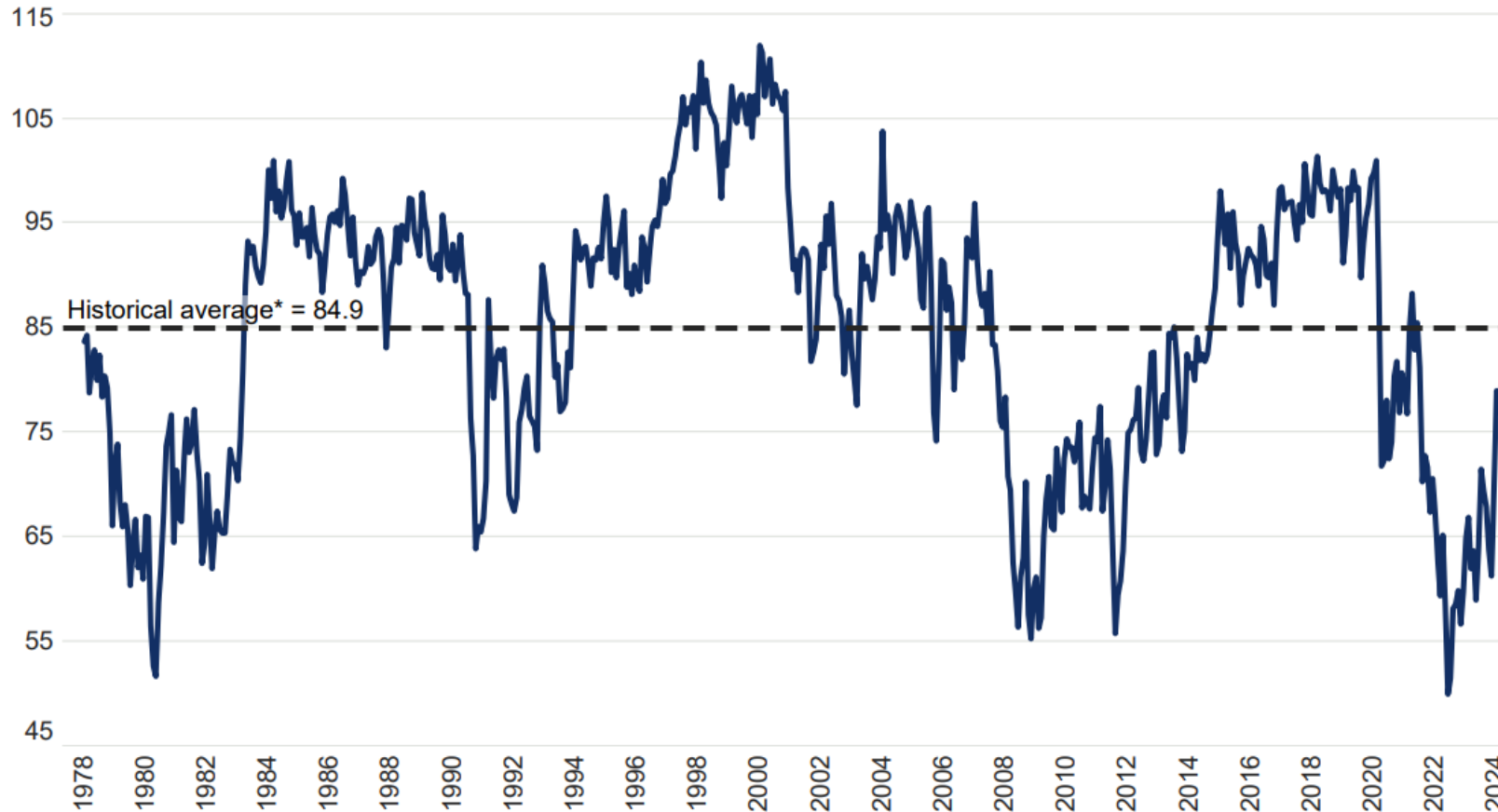
Homeowners have an average of \$374K in equity in their homes as of 1Q24, near an all-time high,

Source: Federal Reserve, Census Bureau, John Burns Research and Consulting, :LLC (Data 1Q24, Pub Jun-24)

Consumer sentiment is rising but remains low relative to 2015-2019.

Consumer Sentiment

— Current = 69.10



Note: The Consumer Confidence and Sentiment indices generally track each other. Consumer sentiment measures consumers' 12-month forward expectations for business and personal finance.

While economic indicators around housing fundamentals remain strong, consumer sentiment remains low relative to history.

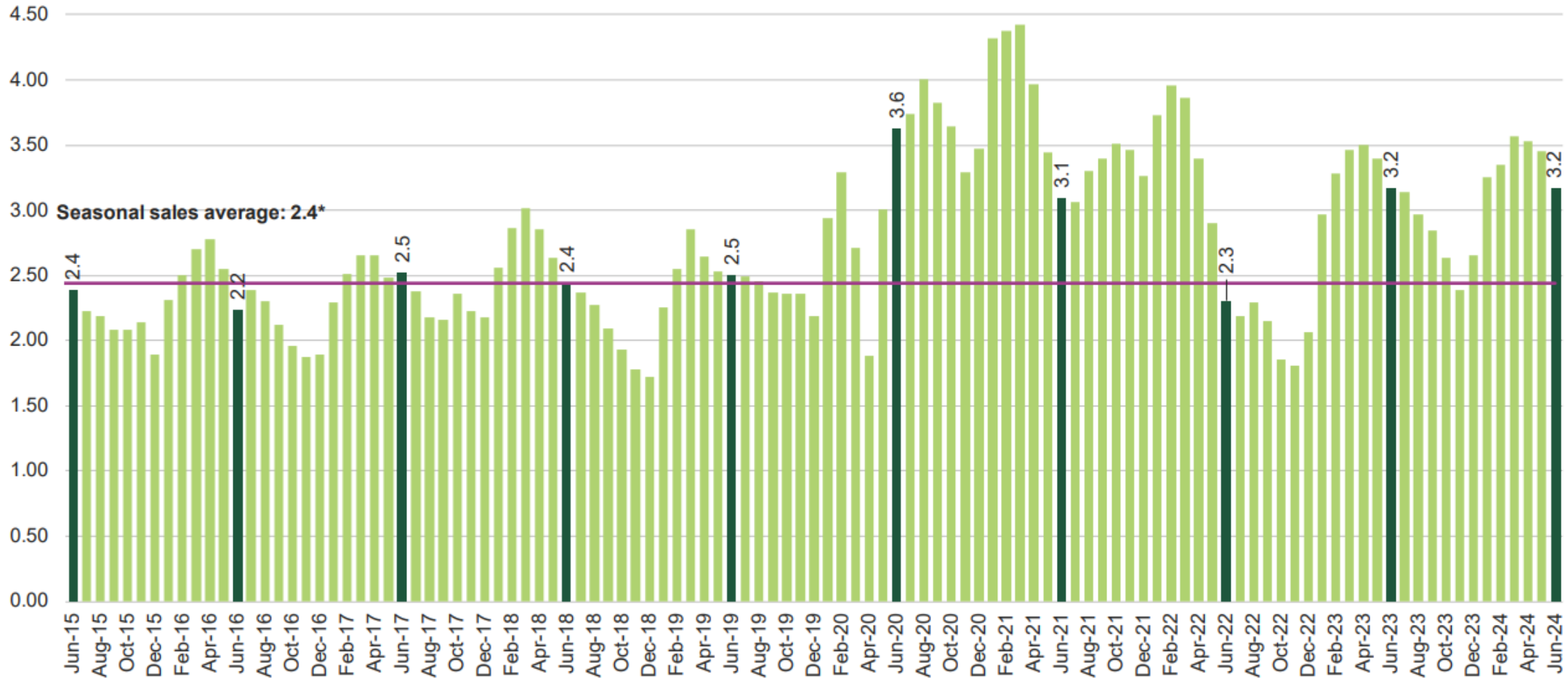
Source: University of Michigan Survey of Consumer Sentiment (Data May-24, Pub Jun-24)

Outline

- **Macroeconomic backdrop for housing**
- **New construction insights**
- **Repair and remodeling trends**
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Builders averaged 3.2 net sales per community in June, flat YOY and remaining +33% above the 2.4 June average from 2012-2019 (normal years).

Average New Home Sales per Community, Net of Cancelations

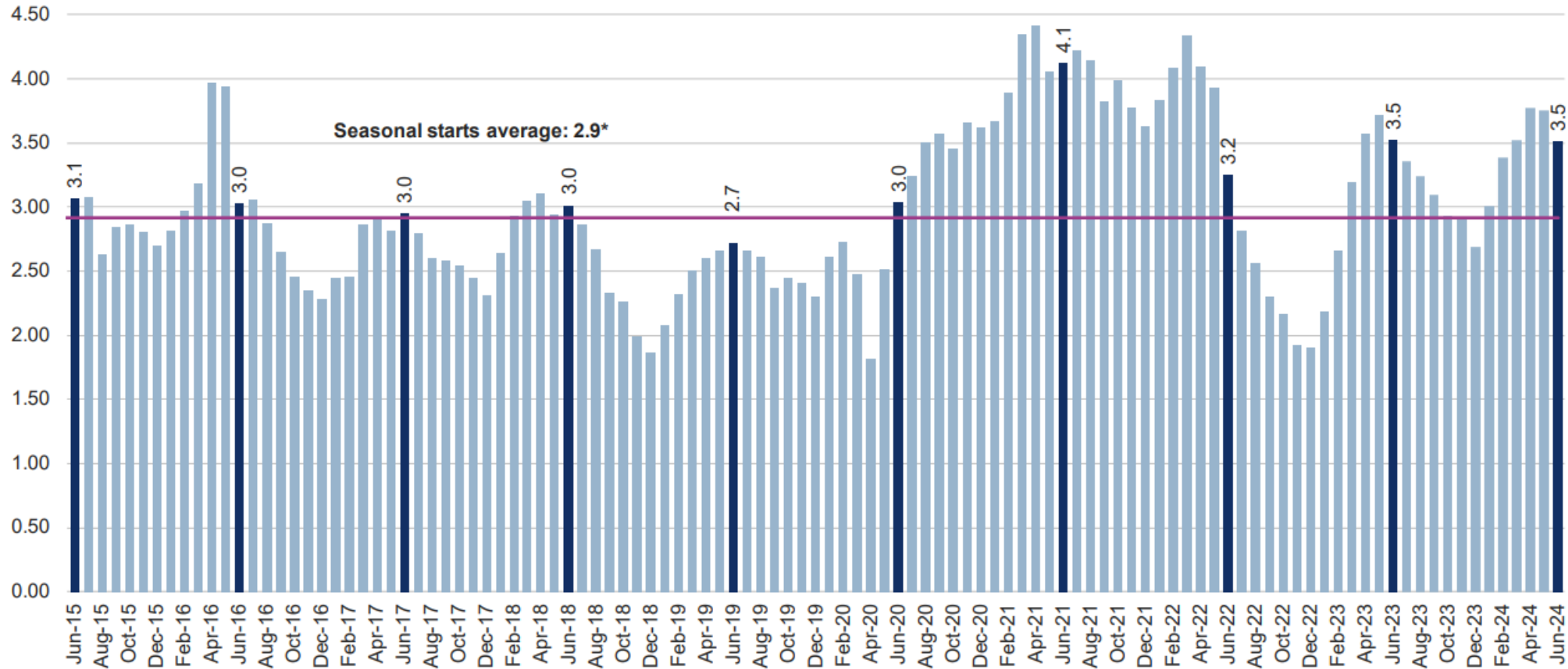


*Seasonal starts average reflects the average for the month of February from 2013 to 2019.

Source: John Burns Research and Consulting, LLC, independent survey of ~20% of all US new home sales, NSA (Data: Jun-24, Pub: Jul-24)

Builders averaged 3.5 single-family starts per community in June, flat YOY and +21% above the 2.9 June average from 2012-2019 (normal years).

Single-Family New Home Starts per Community

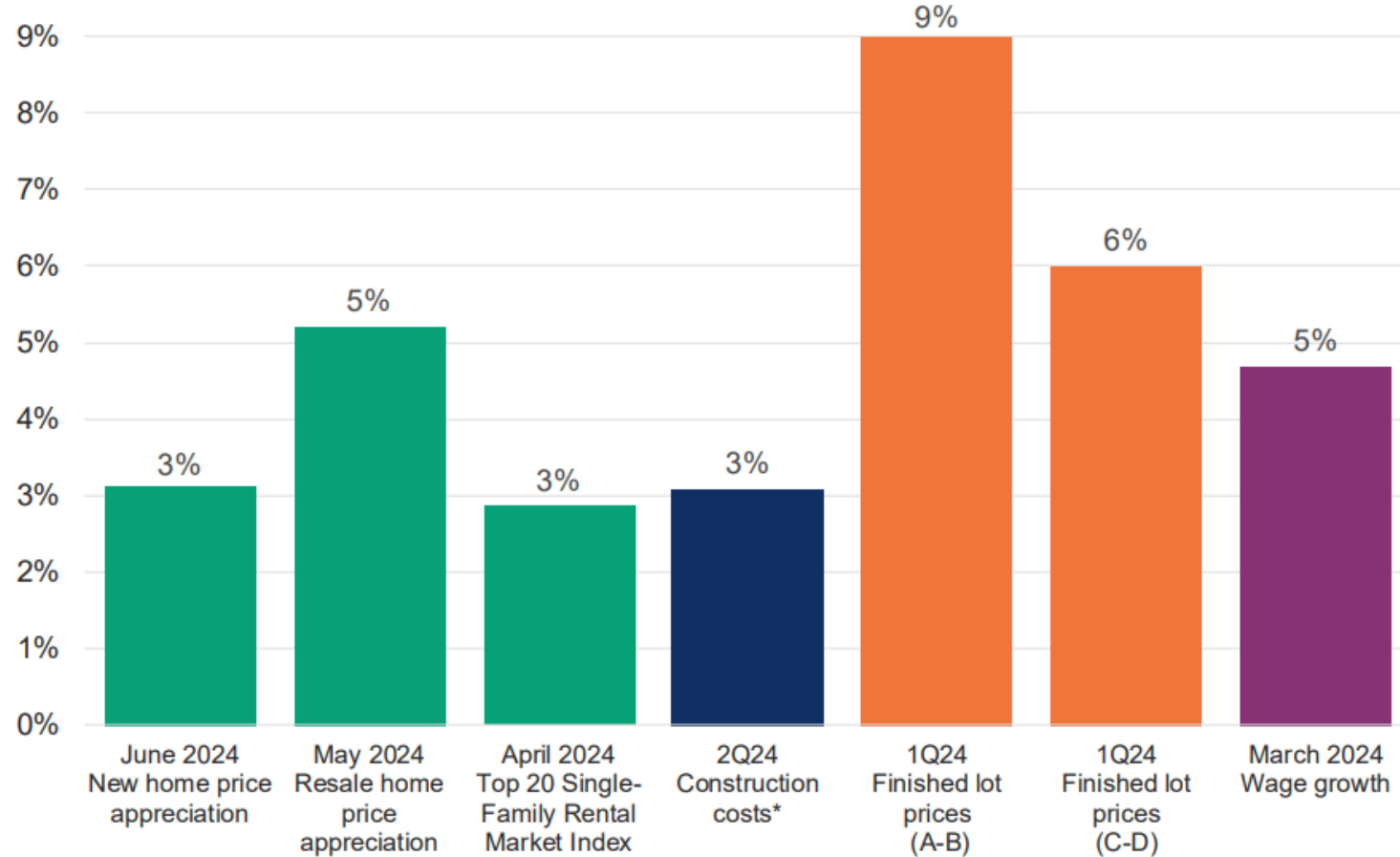


*Seasonal starts average reflects the average for the month of February from 2013 to 2019.

Source: John Burns Research and Consulting, LLC, independent survey of ~20% of all US new home sales, NSA (Data: Jun-24, Pub: Jul-24)

New home price appreciation at +3% YOY trails +5% resale price appreciation and outpaces +3% single-family rent growth.

YOY % Increase in Key Housing and Economic Metrics



*Construction costs include labor and materials but excludes the lot.

Source: Census Bureau; Moody's Analytics; Single-family rent is our Burns Single-Family Rent Index™, a measure of new lease effective rent, weighted average roll-up of 20 markets; Burns Home Value Index™ (BHVI); John Burns Research and Consulting, LLC, independent surveys, NSA (Data: May-24/Jun-24, Pub: Jul-24)

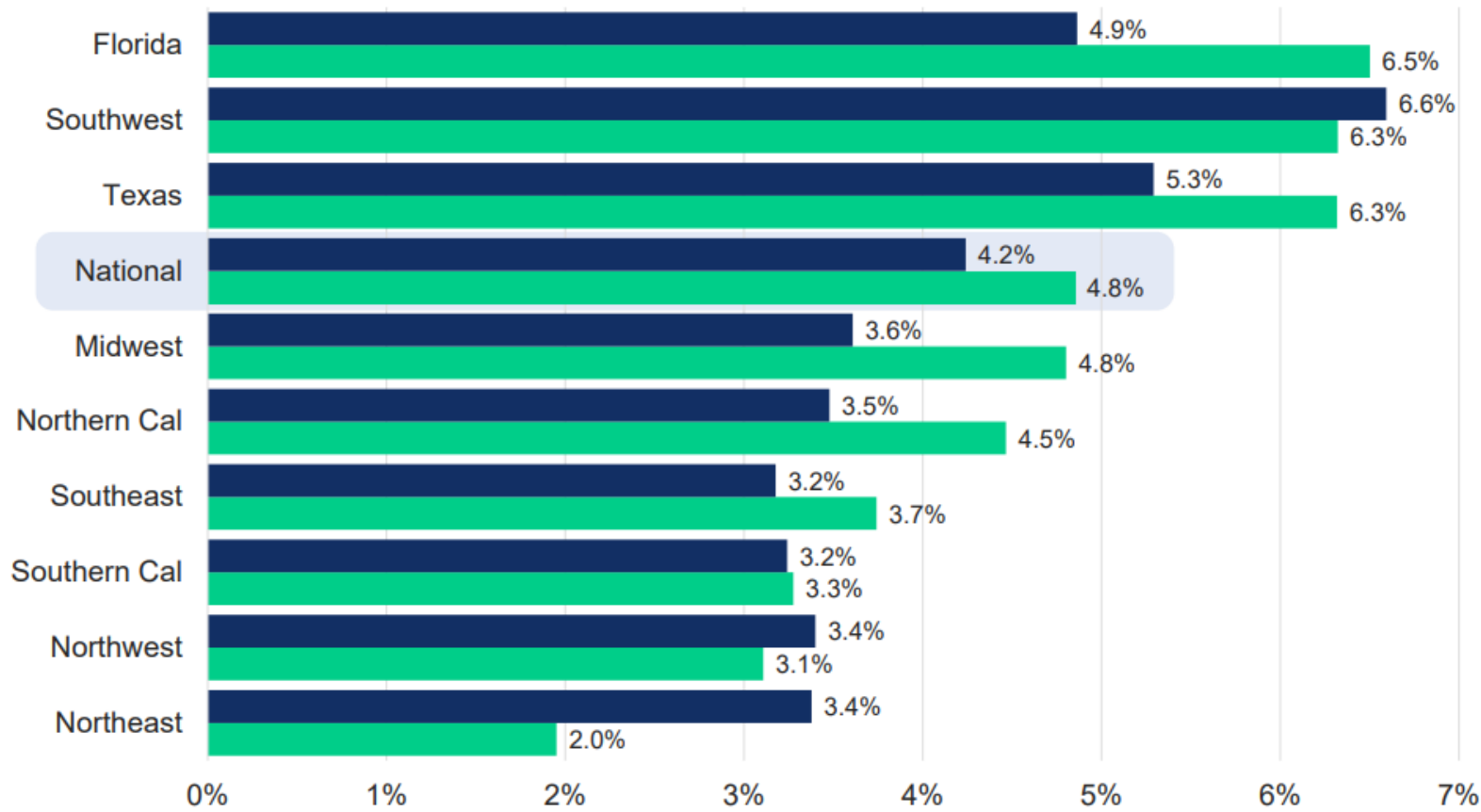
Nationally, new home prices rose +3% YOY net of incentives, with a clear deceleration in the YOY growth rate since spring. Nationally, price appreciation now trails roughly the +4% to +7% historical range pre-Covid.,

Construction costs have increased by +3% YOY as of 2Q24, down from +4% YOY in 2Q23 and remain slightly below the 4%-5% range in 2019 and early 2020.

Builders report total incentives average 5% of the sales price nationally compared to 4% last May.

Regional Differences: Average Total Incentive as a % of New Home Sales Price

Weighted averages ■ May-23 ■ May-24



Incentives as a percent of sales price rose YOY in 6 of 9 regions as builders continue to rely on rate incentives, closing cost assistance, and other incentives to drive sales.

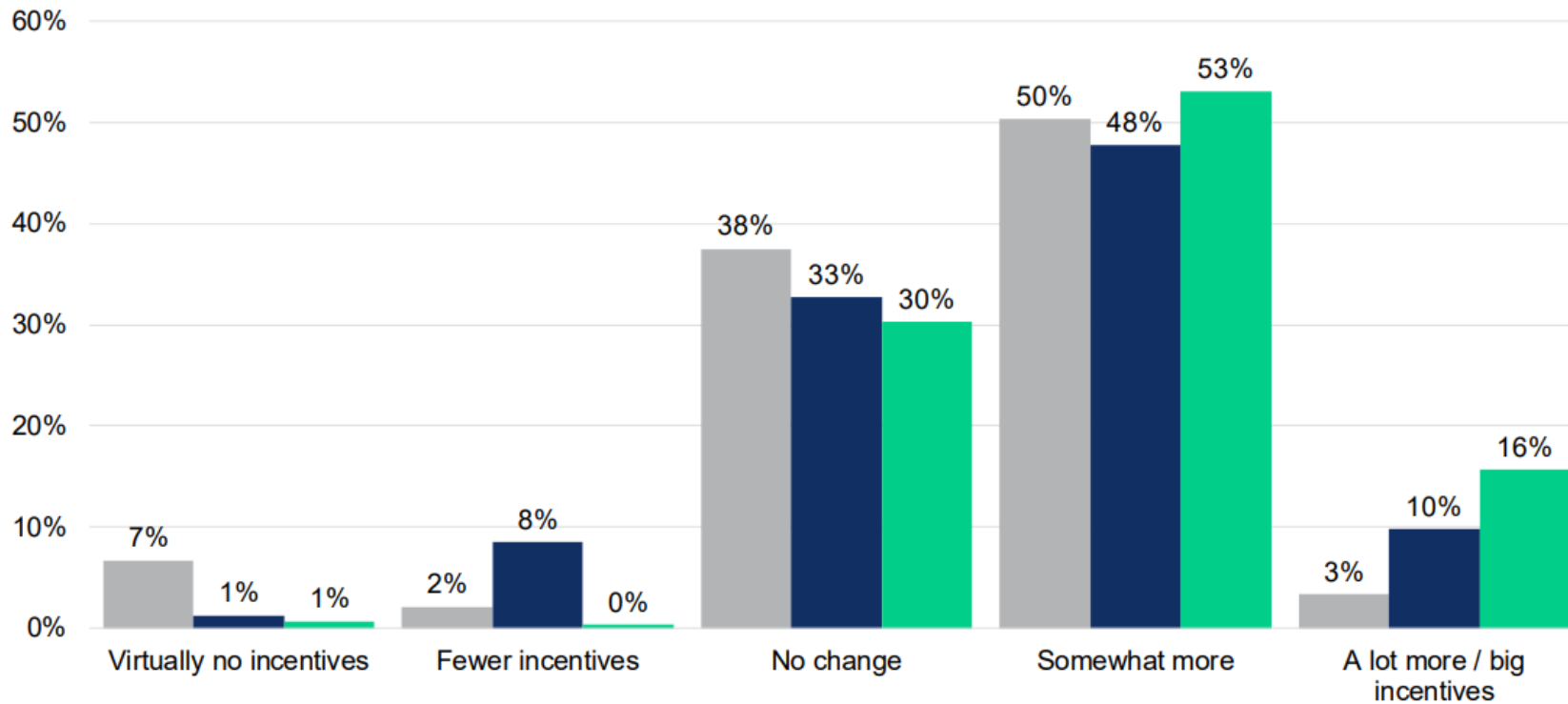
Seller contributions are typically capped at 6% of the sale price; however, builders using forward commitments to originate mortgages at below-market rates can exceed 6%. The origination costs aren't subject to the seller's contribution limits but drive the incentives as a percentage of sales price higher.

Source: John Burns Research and Consulting, LLC, independent survey of ~20% of all US new home sales, NSA (Data: May-24, Pub: Jun-24)

69% of builders report *somewhat more to a lot more* incentives than seasonally expected, increasing from 58% last year.

National homebuilder survey: Are you hearing about your competitors offering more incentives than expected seasonally?

Year-over-year comparison ■ May-22 ■ May-23 ■ May-24



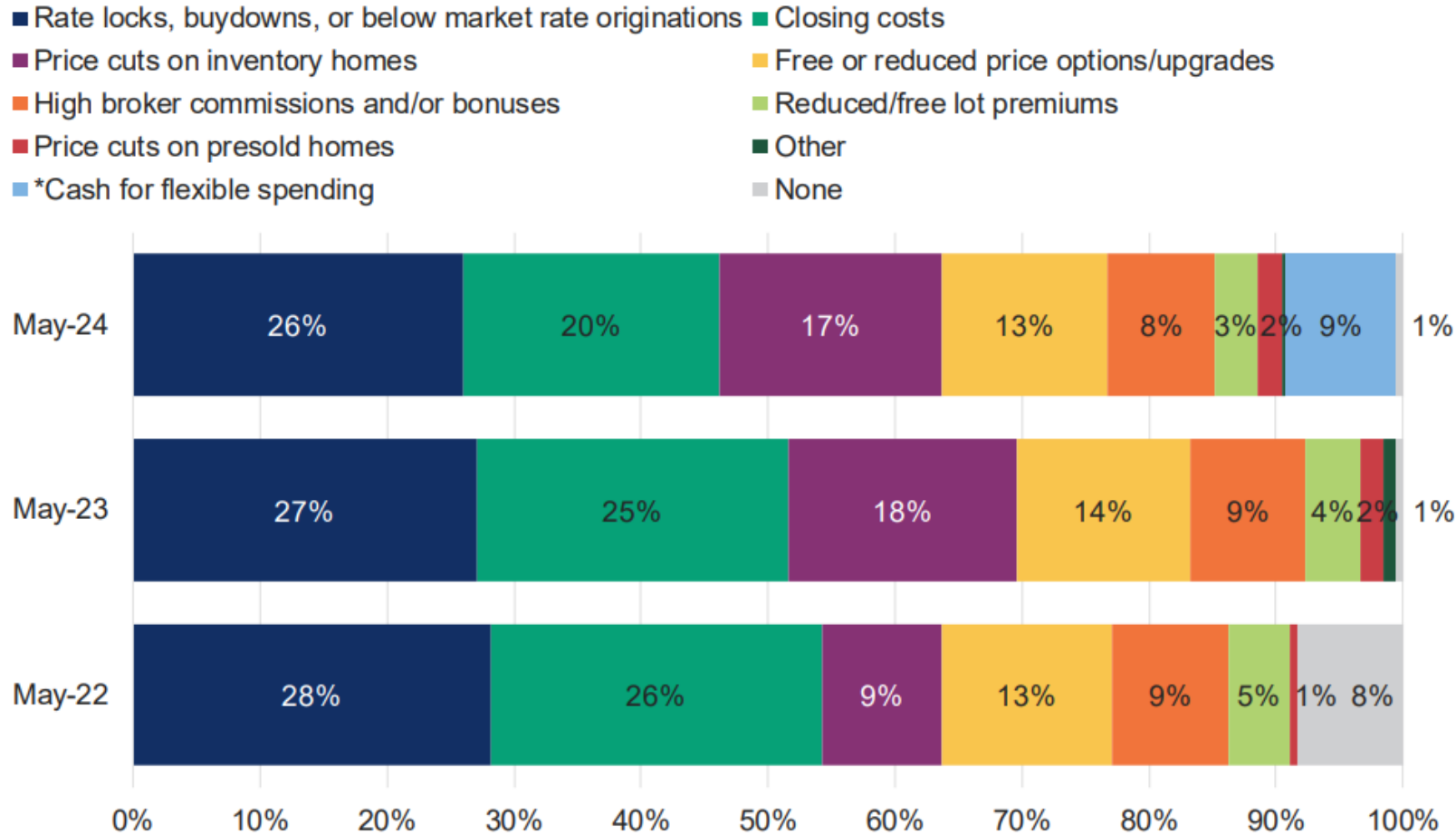
16% of builders report a lot more incentives than seasonally expected, jumping from just 3% in this category in 2022, as affordability has worsened.

An Atlanta builder expands: “We have never led with incentives and now that is the only way to get buyers off the fence. Everyone is looking for the ‘deal’ yet there is no sense of urgency as consumers hunt for ‘the bottom.’ Unless they **HAVE** to move, no buying signals whatsoever.”

Source: John Burns Research and Consulting, LLC, independent survey of ~20% of all US new home sales, NSA (Data: May-24, Pub: Jun-24)

Mortgage rate buydowns (26%) and closing costs (20%) incentives remain the most common. Many builders will reduce prices on inventory homes.

National: New Home Incentives Most Commonly Offered by Competitors



Builders continue to battle affordability challenges using multiple incentives.

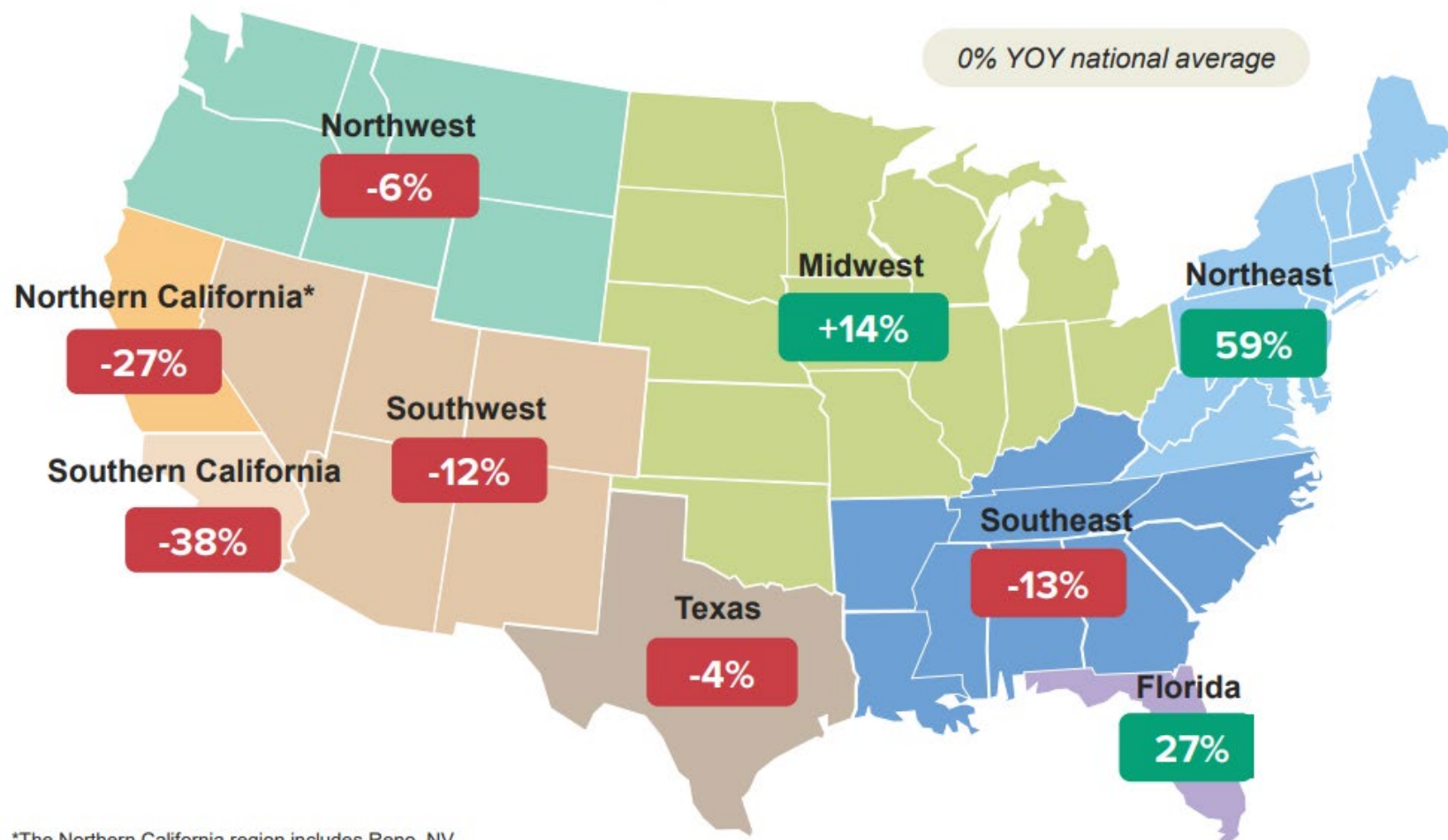
Very few builders are reducing prices for to-be homes since this approach can impact appraisal value for future closings and distresses existing residents.

Cash for flexible spending allows buyers to spend the incentive dollars where they choose, across rate buydowns, closing costs, design options, etc.

Source: John Burns Research and Consulting, LLC, independent survey of ~20% of all US new home sales, NSA (Data: May-24, Pub: Jun-24)

June single-family start rates fell YOY in 6 of 9 regions, led by large California declines.

YOY Change in Single-Family Housing Starts per Community



*The Northern California region includes Reno, NV.

Source: John Burns Research and Consulting, LLC, independent survey of ~20% of all US new home sales, NSA (Data: Jun-24, Pub: Jul-24)

YOY starts declines in most Southwest metros offset growth in Phoenix:

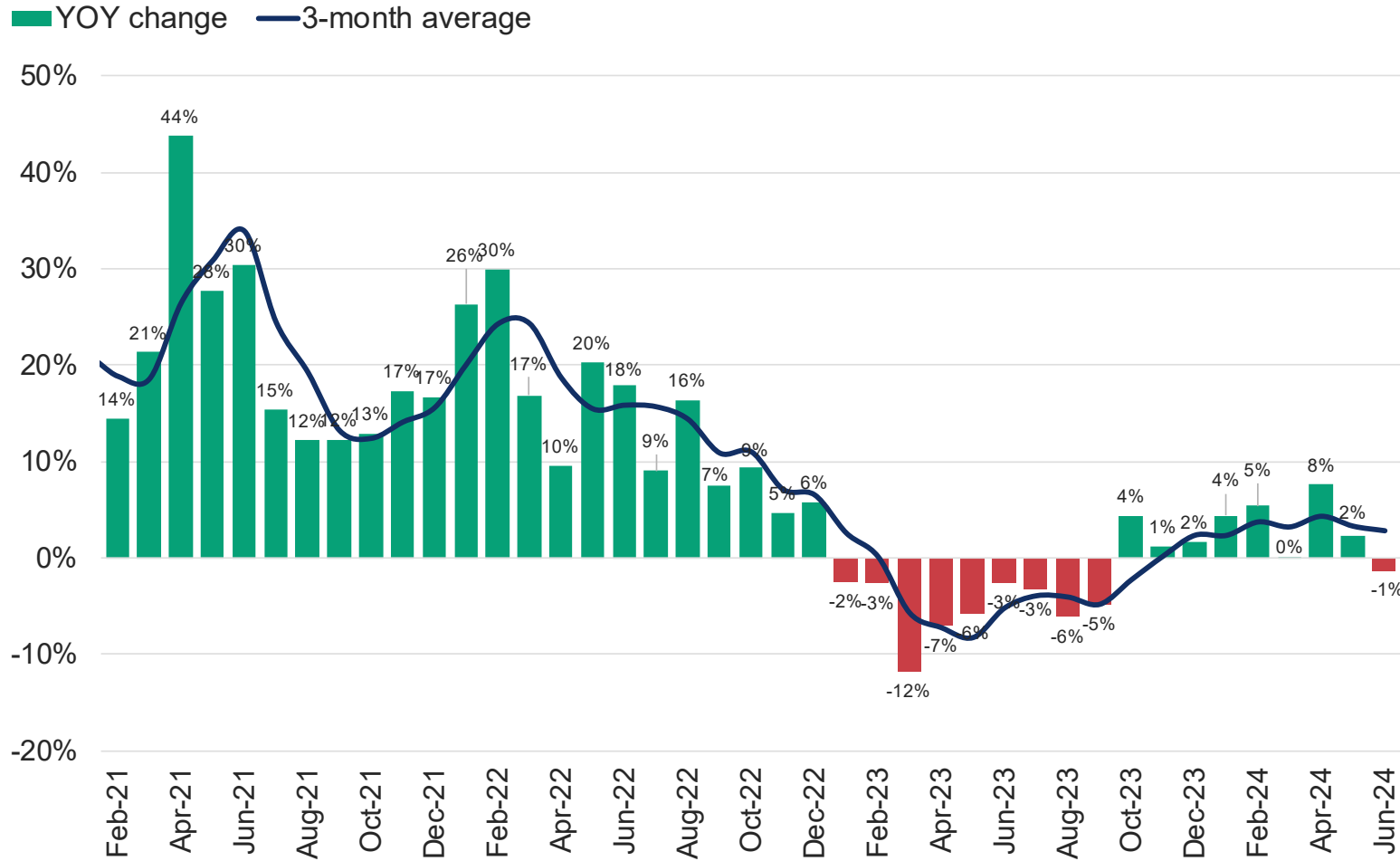
- Phoenix +17% YOY to 4.0 starts
- Denver +1% YOY to 2.4starts
- Las Vegas -24% YOY to 4.4 starts
- Provo-Orem -84% YOY to 1.0 starts

Washington D.C. leads the Northeast's strong starts rate growth as production builders capitalize on minimal resale supply.

- Washington D.C. +23% YOY to 2.9 starts per community
- Baltimore +15% YOY to 2.1 starts
- Boston +12% YOY to 2.5 starts

Building materials dealers are picking up in the deceleration of housing starts.

Building Materials Order Growth in Dollar Volume



Building materials dealers' orders fell -1% YOY in June, as dealers reported weakness from builder customers.

Orders declined across most product categories.

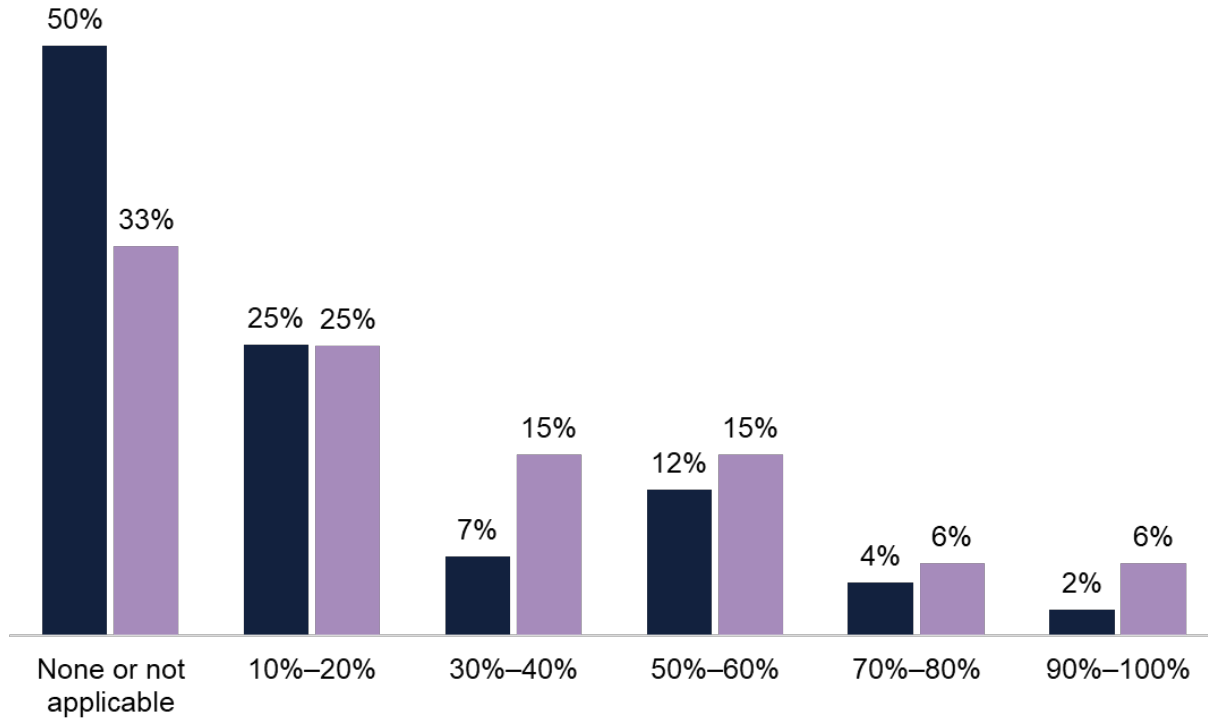
Source: John Burns Research and Consulting, LLC, Building Products Dealer Survey (Data: Jun-24, Pub: Jul-24)

Residential designers are lowering a project's finish quality to reduce costs.

Share of 2023 projects where the finish quality was lowered to reduce costs

Share of residential designers who specify/select materials by market segment

■ Custom ■ Production



67% of production residential designers lowered the finish quality on a project compared to 50% of custom residential designers.

Source: 2024 US Residential Architecture and Design Survey conducted by the New Home Trends Institute by John Burns Research and Consulting, LLC and *Pro Builder*.

Custom and production residential designers report cabinets and countertops are most susceptible to value engineering.

Weighted ranking of product categories from most to least susceptible to value engineering

Share of **custom** residential designers who specify/select materials

- 1) Cabinets and countertops
- 2) Flooring
- 3) Appliances
- 4) Fixtures
- 5) Doors and windows
- 6) Siding
- 7) Decking
- 8) Systems (electrical, HVAC/mechanical, and plumbing)
- 9) Building envelope (air/moisture, roof, structure, etc.)

Weighted ranking of product categories from most to least susceptible to value engineering

Share of **production** residential designers who specify/select materials

- 1) Cabinets and countertops
- 2) Doors and windows
- 3) Fixtures
- 4) Appliances
- 5) Flooring
- 6) Siding
- 7) Decking
- 8) Systems (electrical, HVAC/mechanical, and plumbing)
- 9) Building envelope (air/moisture, roof, structure, etc.)

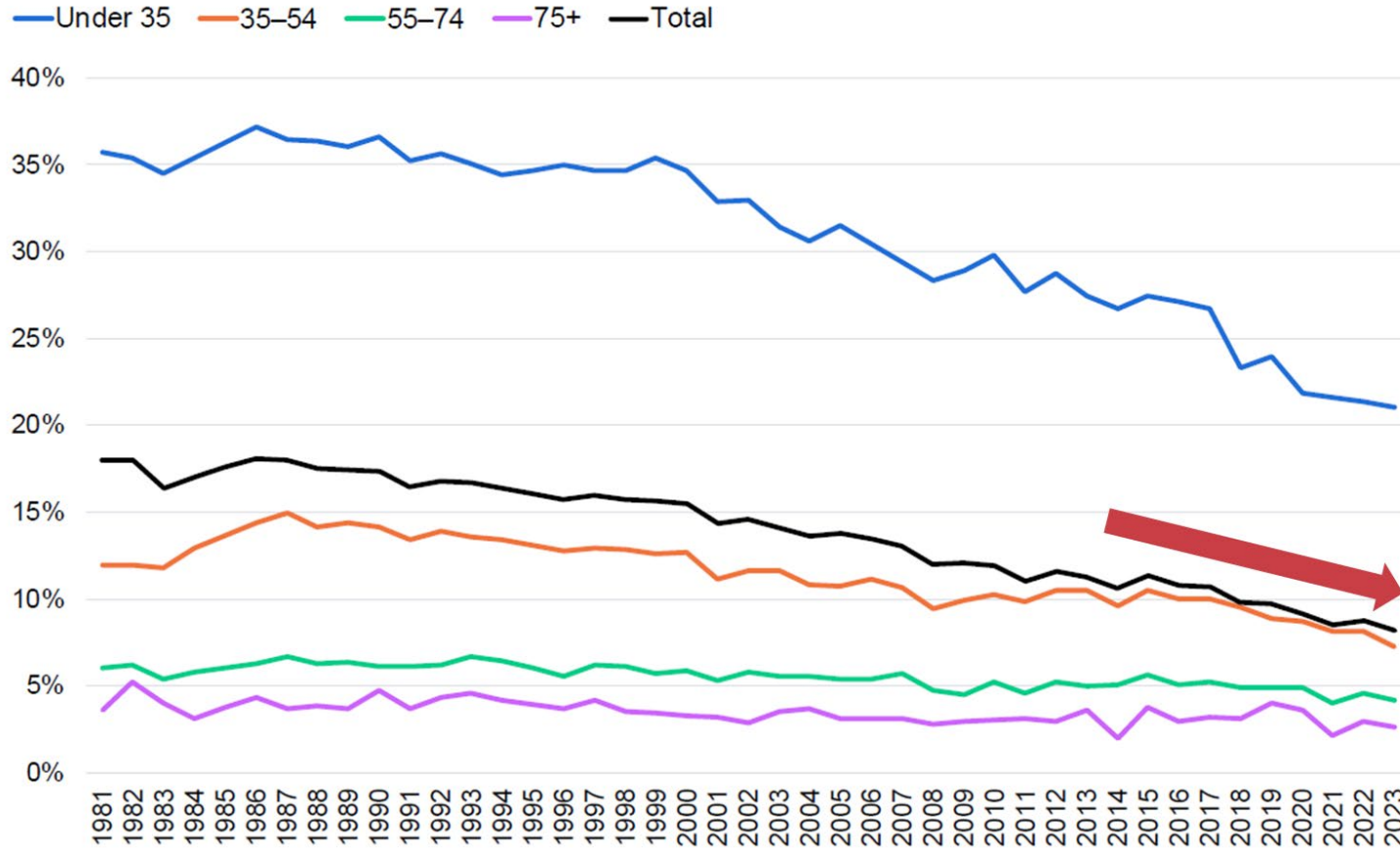
Source: 2024 US Residential Architecture and Design Survey conducted by the New Home Trends Institute by John Burns Research and Consulting, LLC and Pro Builder.

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People moving less frequently is a multi-decade trend, causing households to stay put and remodel rather than move.

US Household Mobility by Age Group



“Homeowners with the lower interest rates of 2022 and early 2023 are **staying put and remodeling** with a focus on high quality, mostly kitchen and bath, improvements.”

- Full-service remodeler

“...more people are **selecting to do projects in their current** home versus moving due to interest rates and availability.”

- Design-build firm

“The **older / longer-term homeowners** are wanting to increase their home’s value by **remodeling the inside with a new kitchen or bathroom...**”

- Design-build firm

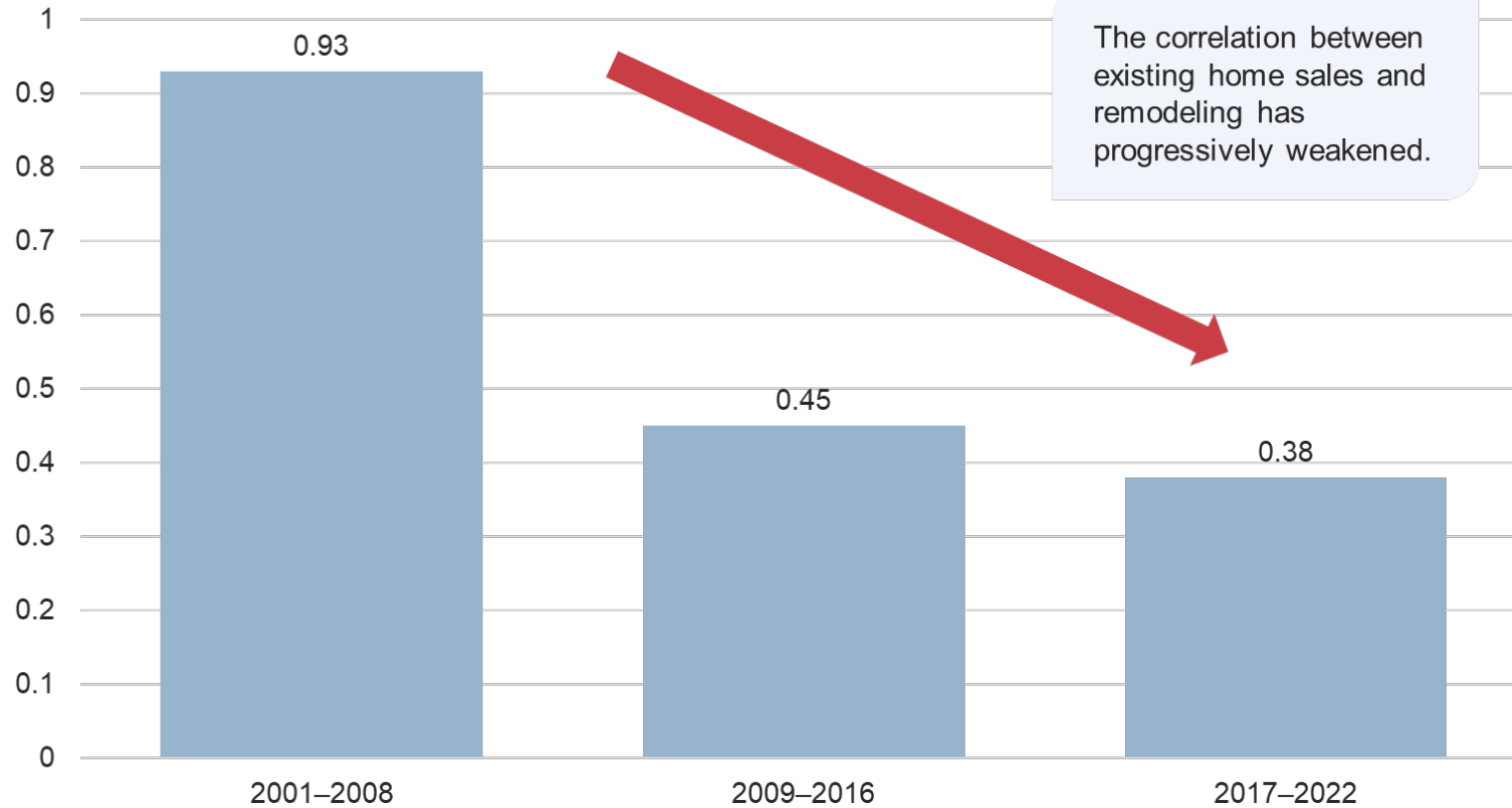
January 2024 US Remodeler Index

Sources: John Burns Research and Consulting, LLC, tabulations of US Census Bureau Current Population Survey Annual Social and Economic Supplement via IPUMS-USA (Data: 2023, Pub: Apr-24)

The balance of importance for remodeling is tilting toward households that stay put and away from recent movers.

Correlation between Existing Home Sales and Real Remodeling Spending

■ Correlation coefficient



The correlation between existing home sales and remodeling has progressively weakened.

The correlation coefficient is a statistical measure of the linear association between two variables.

The correlation between existing home sales and remodeling has progressively weakened.

Households staying put are more important today than those that move as the drivers of remodeling, weighing on this correlation over time.

“The key here is we **focus on consumers** who are **living in their houses**, not transacting.”

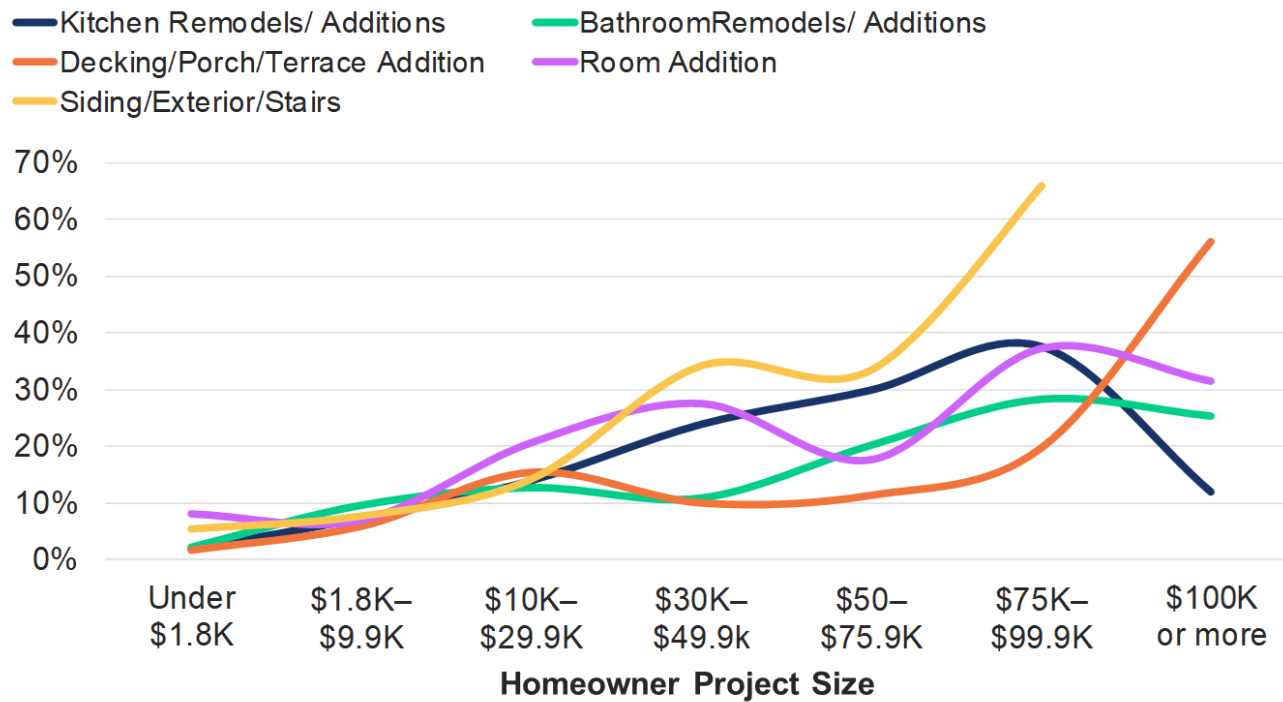
- Jesse Singh, AZEK CEO
(November 29, 2023)

Source: John Burns Research and Consulting, LLC (Pub: Apr-24)

Larger discretionary remodels are more likely to be financed using home equity and will benefit from easing financing costs.

Share of aggregate project expenditures financed by *home equity loan* or *cash-out refinancing*

By household project size (percent)



Larger remodeling projects will likely be financed via a home equity withdrawal.

Higher interest rates are causing the deferral of large remodeling projects over \$30K.

Households staying in their homes longer defer remodeling until the cost of tapping (interest rates) eases.

The eventual easing of interest rates is a catalyst for stronger remodeling activity on larger remodeling projects.

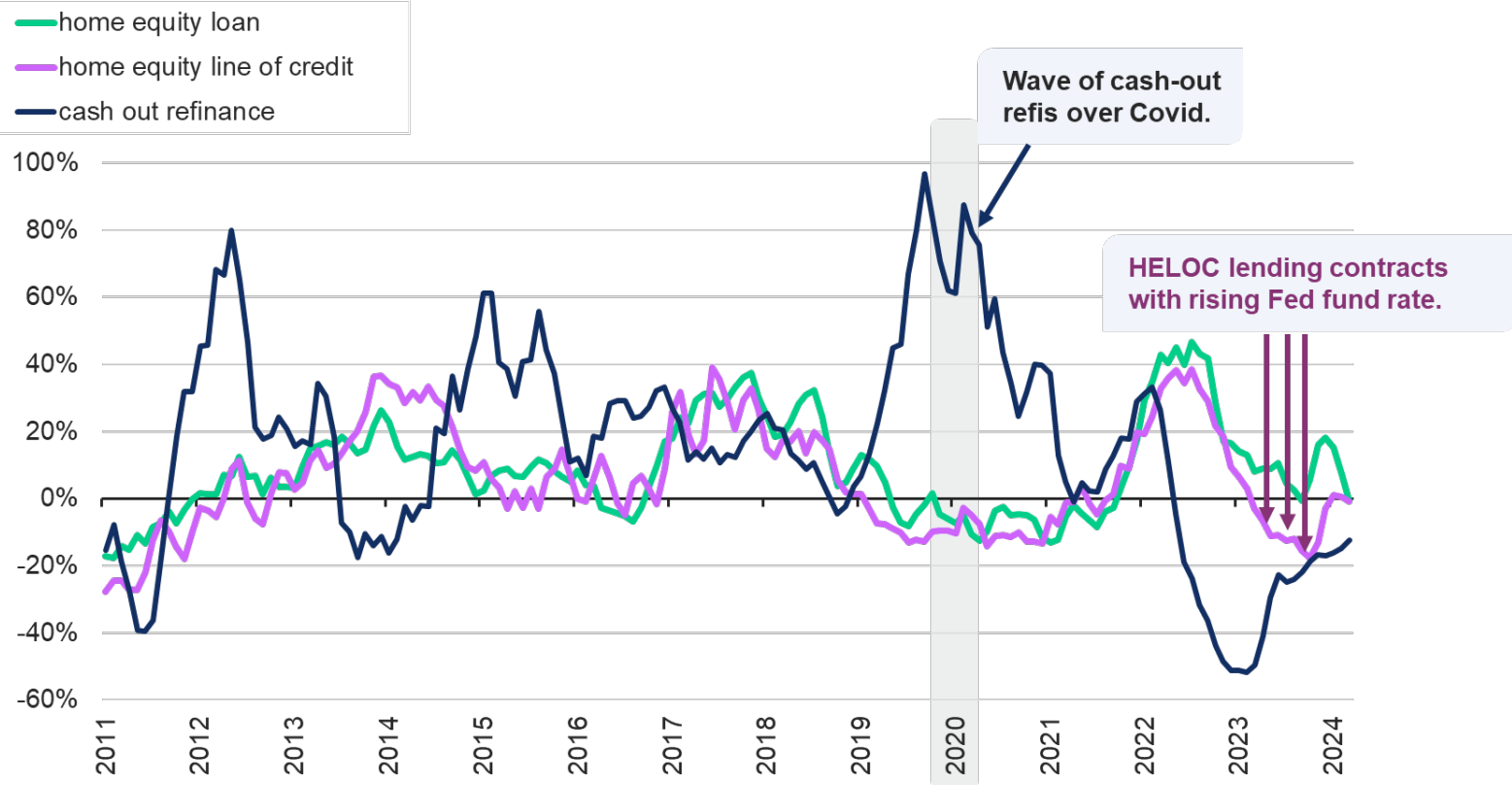
Note: Sample size for siding insufficient for \$100K+. Totals may not match the sum of shown shares due to rounding. These shares may not reflect all HELOC activity which would push the shares even higher.

Source: U.S. Census Bureau American Housing Survey (2021); John Burns Research and Consulting, LLC (Pub: Apr-24)

Tighter monetary policy has reduced demand for home equity withdrawals by households.

YOY Growth in Google Search Interest for Home Equity Withdrawals

Normalized (0–100) search interest for the US



The initial remodeling boom in 2020 was supported by cash-out refinancing, leading to a surge in large remodeling projects.

Once households secured low mortgage rates, HELOCs became the borrowing instrument of choice by households.

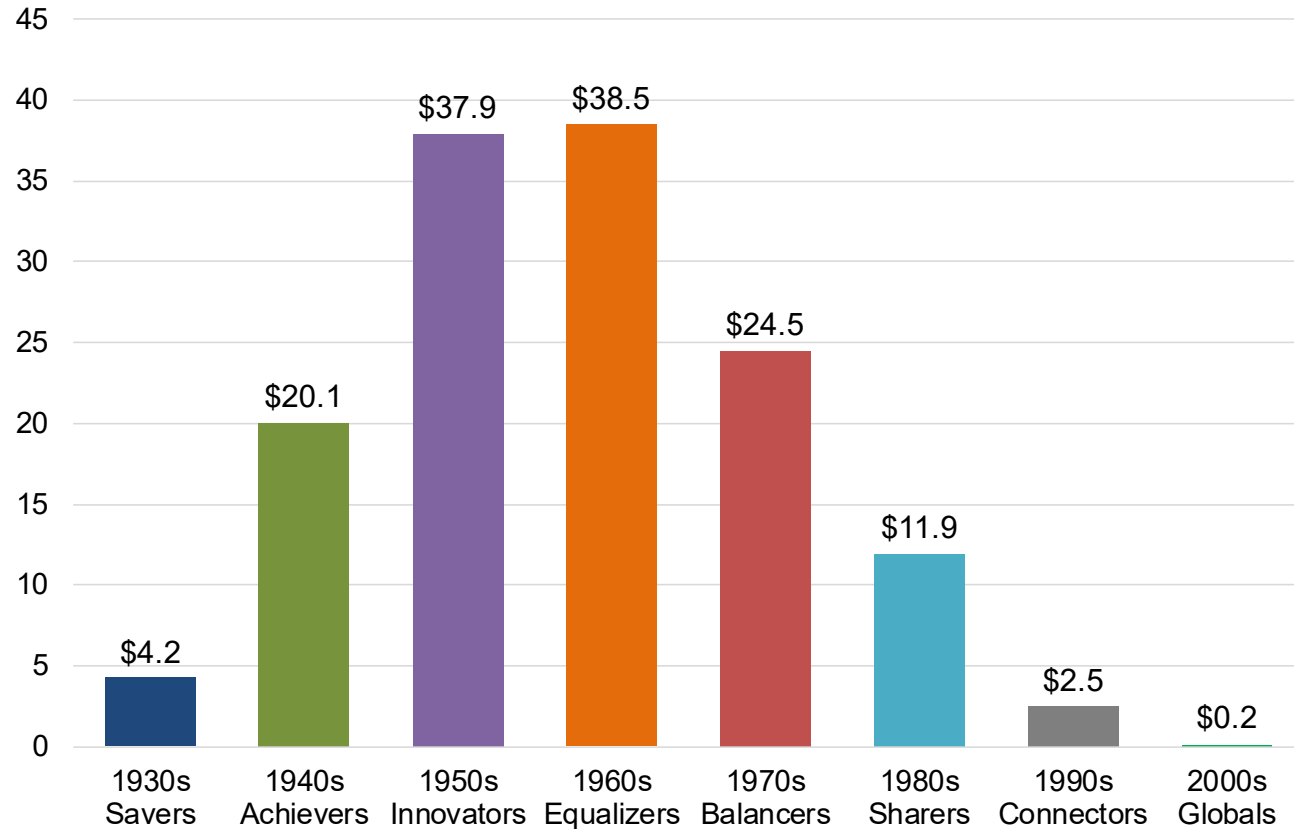
The Fed's aggressive rate-tightening policy, which began in 2022, has pushed up HELOC rates and contracted home equity withdrawals to finance large remodeling projects.

Sources: Source: Google Trends; Bloomberg, John Burns Research and Consulting, LLC (Data through Jan 10, 2024, Pub: Apr-24)

Wealth transfers support growth in remodeling spending. Those born in the 1950s hold nearly \$38T that will be spent or passed on to younger generations.

Net Worth by Generation

As of 1Q23, trillions of \$



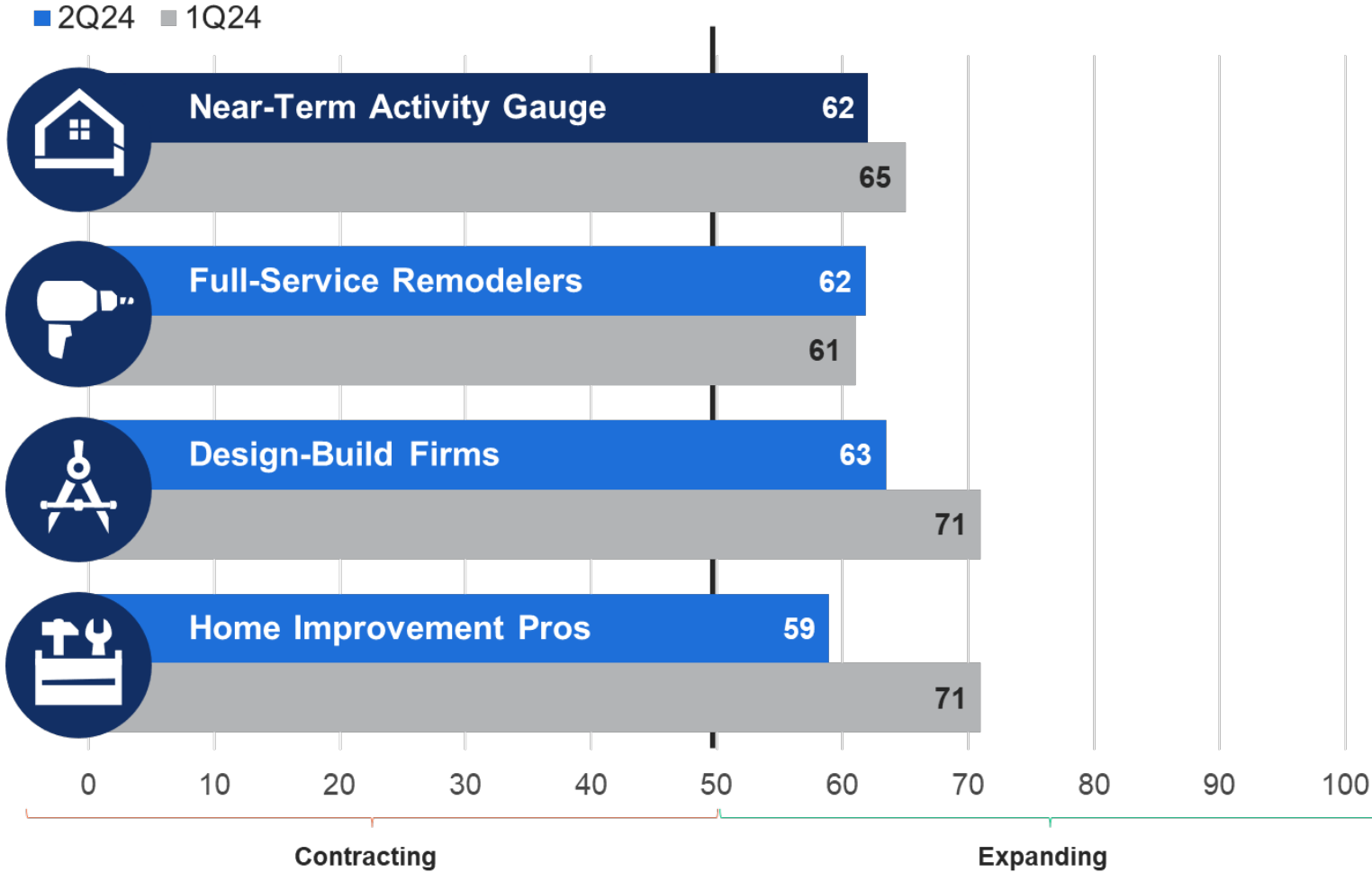
The largest intergenerational wealth transfer in US history is just getting started.

Trillions of dollars in wealth among households born in the 1940s and 1950s are already being passed on to echo-boom generations.

Intergenerational wealth transfers will help fund large housing-related expenditures, potentially blunting the impact of higher interest rates.

Source: John Burns Research and Consulting, LLC (Pub: Apr-24)

Professional remodelers are seeing near-term activity soften.



The Near-Term Remodeling Activity Gauge (next 3 months) fell -3 percentage points in 2Q24, with elevated borrowing costs tempering seasonal optimism for growth in revenue and project completions.

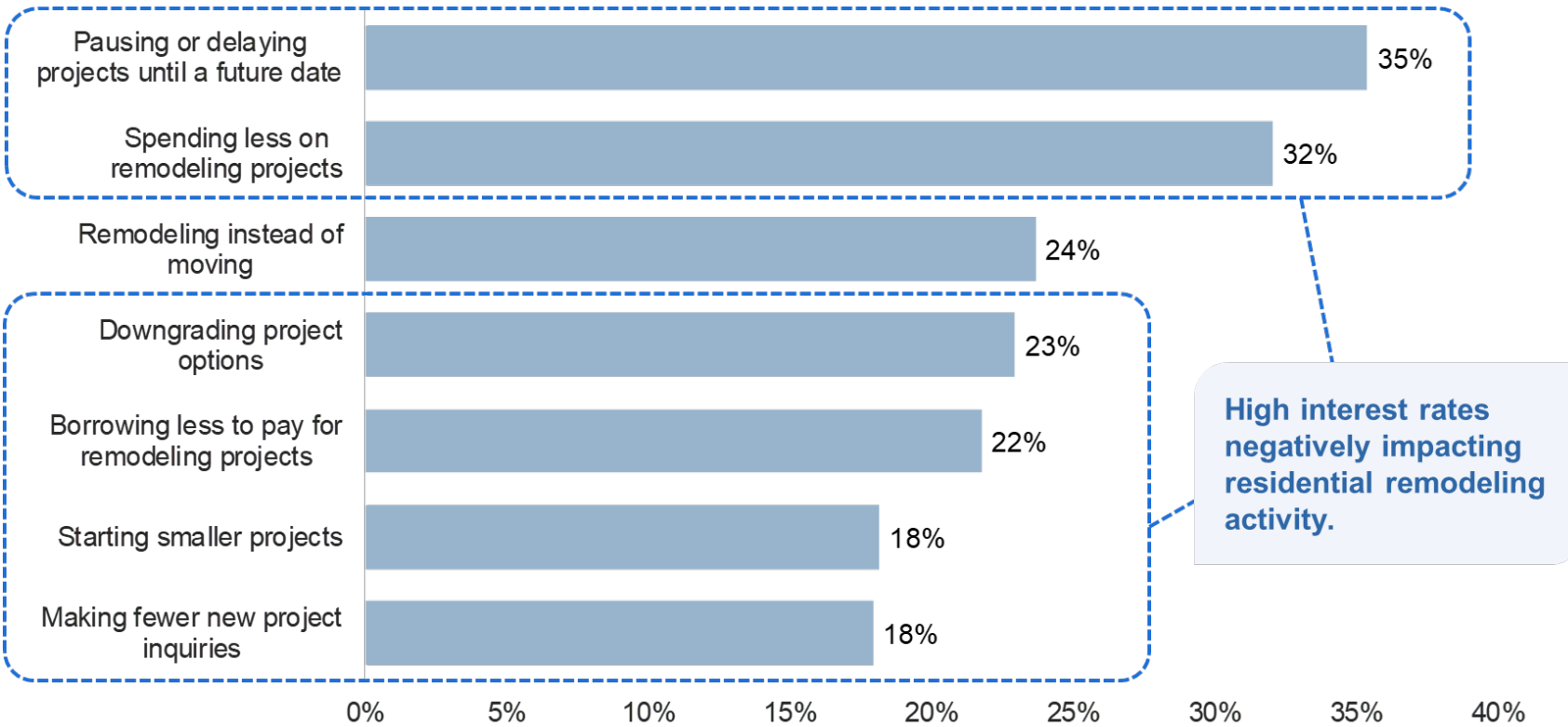
Professional remodelers expect a gradual remodeling recovery over the second half of the year.

A rating above 50 indicates professional remodelers generally expect higher revenue next quarter; a rating below 50 indicates professional remodelers generally expect lower revenue next quarter.

Sources: Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 2Q24, Pub: Jul-24)

The most common response of customer to high interest rates is to defer projects or spend less on remodeling projects.

How Professional Remodeling Customers Have Responded to Higher Interest/Mortgage Rates
2Q24

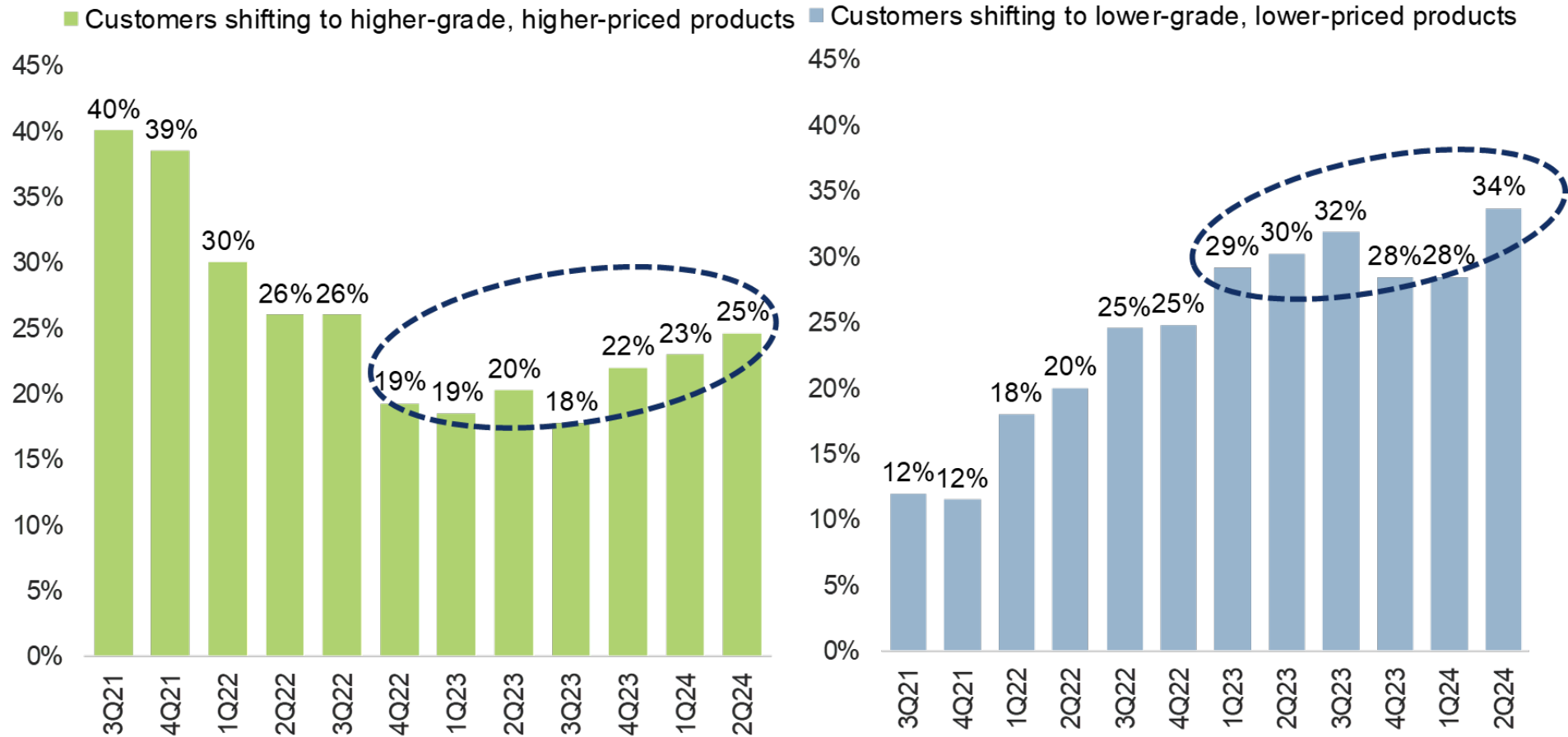


While higher interest rates and mortgage rates dampen remodeling activity overall, some remodelers noted households, who have secured low mortgages rates, are choosing to remodel rather than move.

Note: Respondents selected all that apply. Percent values are based on those who selected the answer option as a percent of all respondents.
Sources: Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 2Q24, Pub: Jul-24)

Professional remodelers note product price-point shifts underway as more customers select either higher-grade or lower-cost products.

Professional Remodelers Who Report Shifting Demand for Product Grades / Price Points



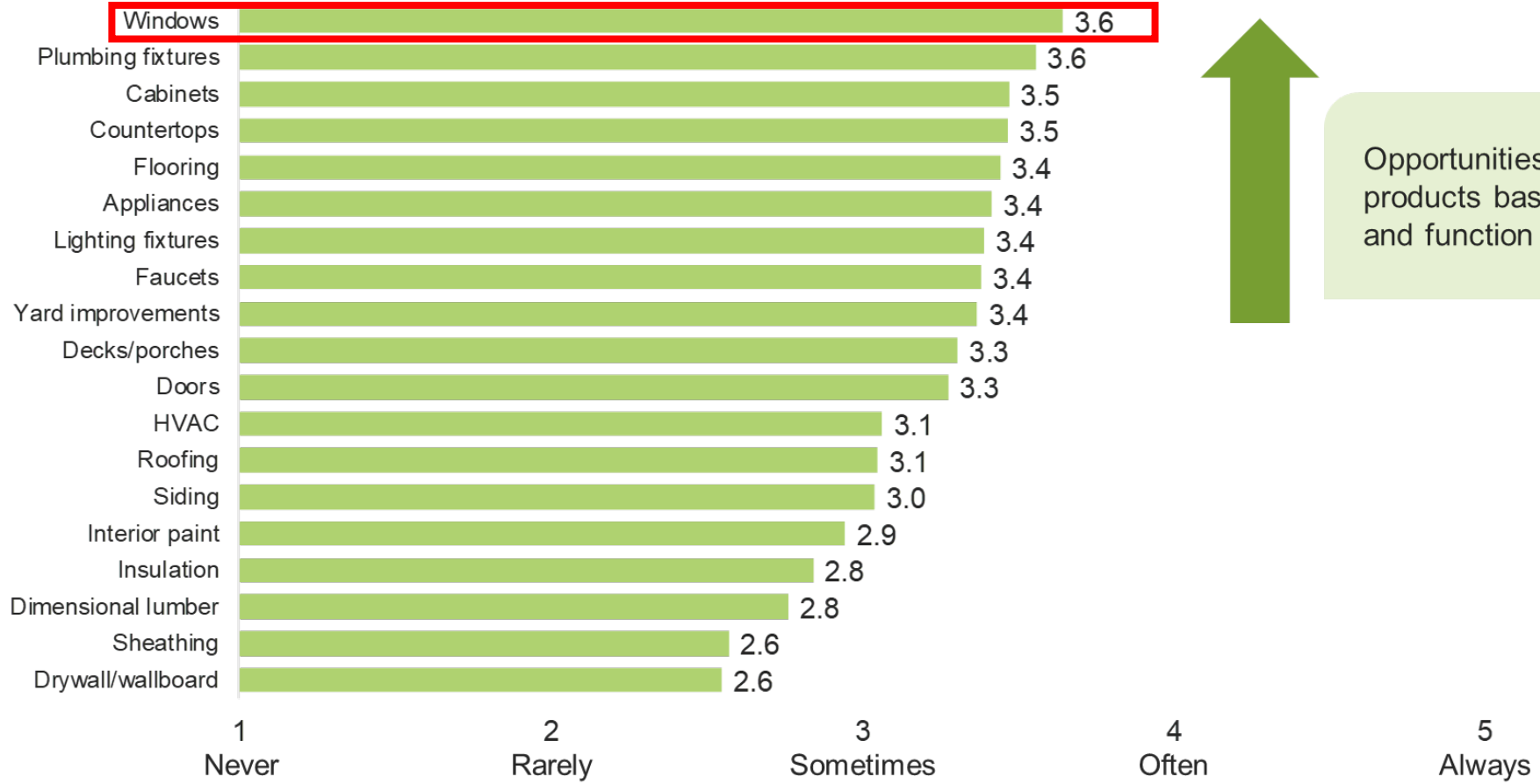
Note: Percentages may not add up to 100% due to rounding.

Sources: Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 2Q24, Pub: Jul-24)

Customer trade-ups are the most common in windows.

Most Frequent Upgrades by Professional Remodeling Customers

By building product category (average rating by professional remodelers)

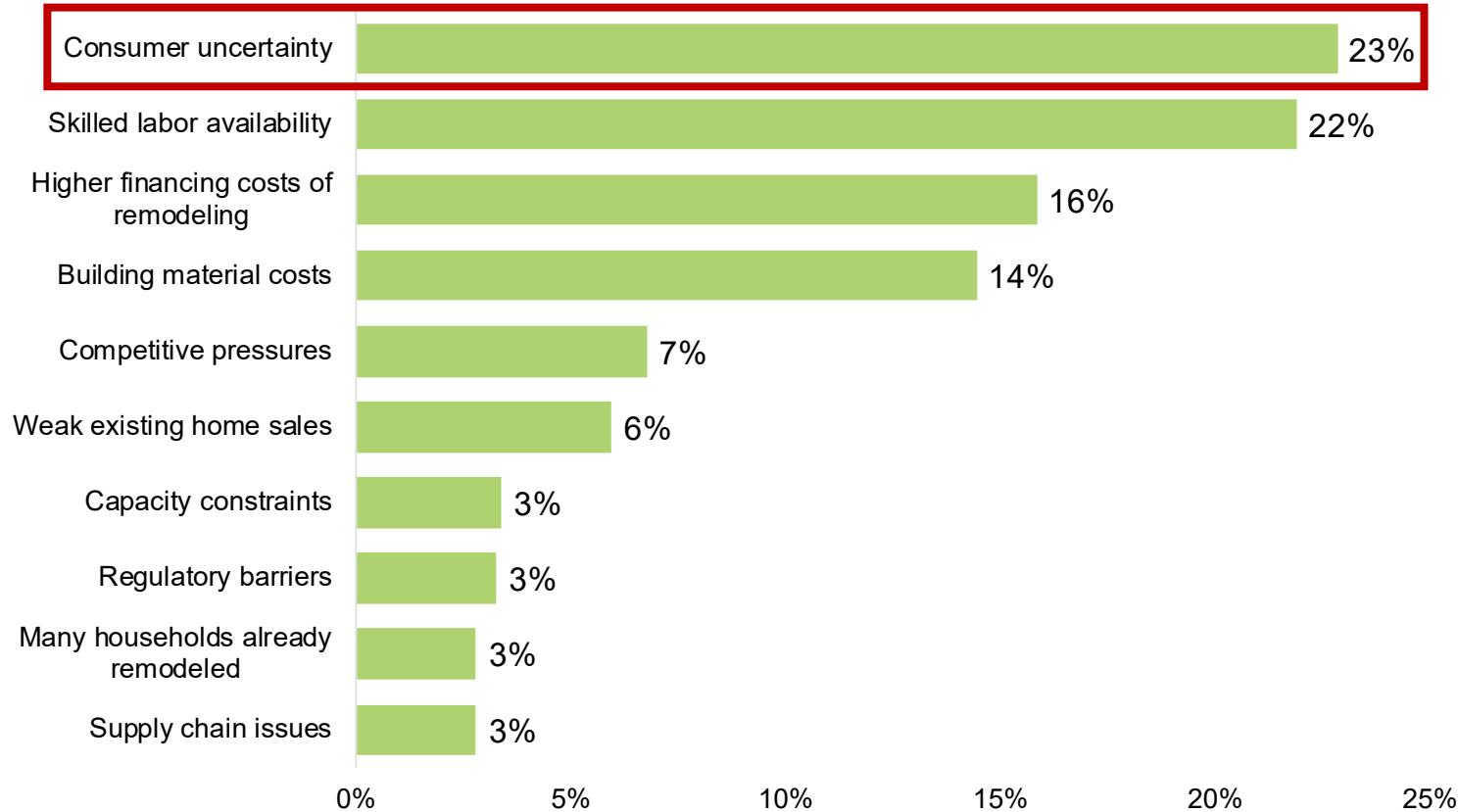


Sources: Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 2Q24, Pub: Jul-24)

Professional remodelers cite household financial uncertainty as the largest barrier to near-term growth. Skilled labor remains a persistent challenge.

Thinking about the next six months, are any of the following holding your company back from achieving stronger growth?

2Q24



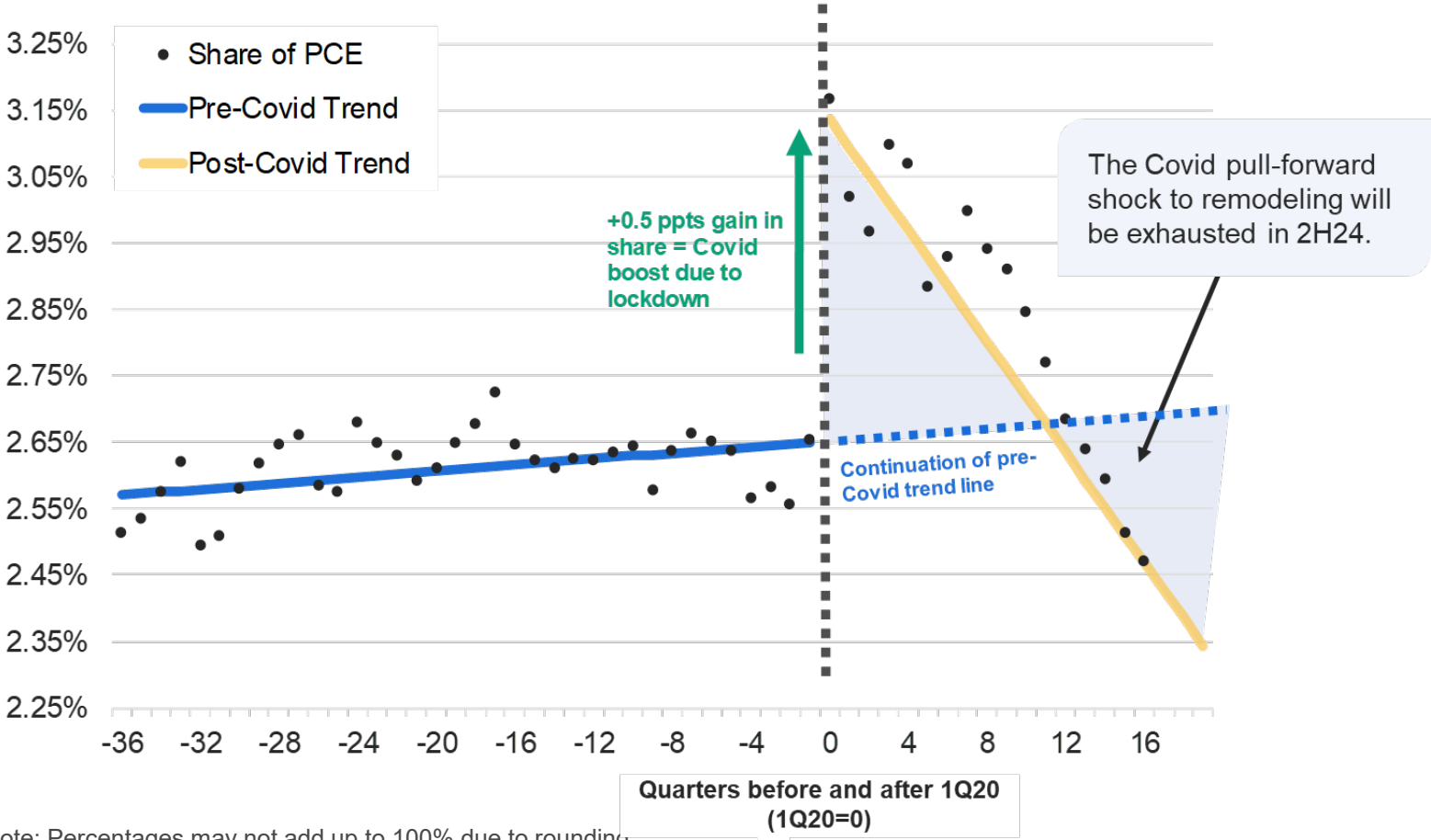
Consumer uncertainty and high borrowing costs are contributing to the deferral of remodeling. As economic conditions normalize and borrowing costs fall, skilled labor shortages will likely moderate pent-up demand.

Note: Percentages may not add up to 100% due to rounding.

Sources: Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 2Q24, Pub: Jul-24)

Remodeling as a share of US consumer spending is trending below pre-Covid levels. The Covid pull-forward shock to remodeling will be exhausted in 2H24.

Home Improvement Retail Sales Share of Personal Consumption Expenditures (PCE)

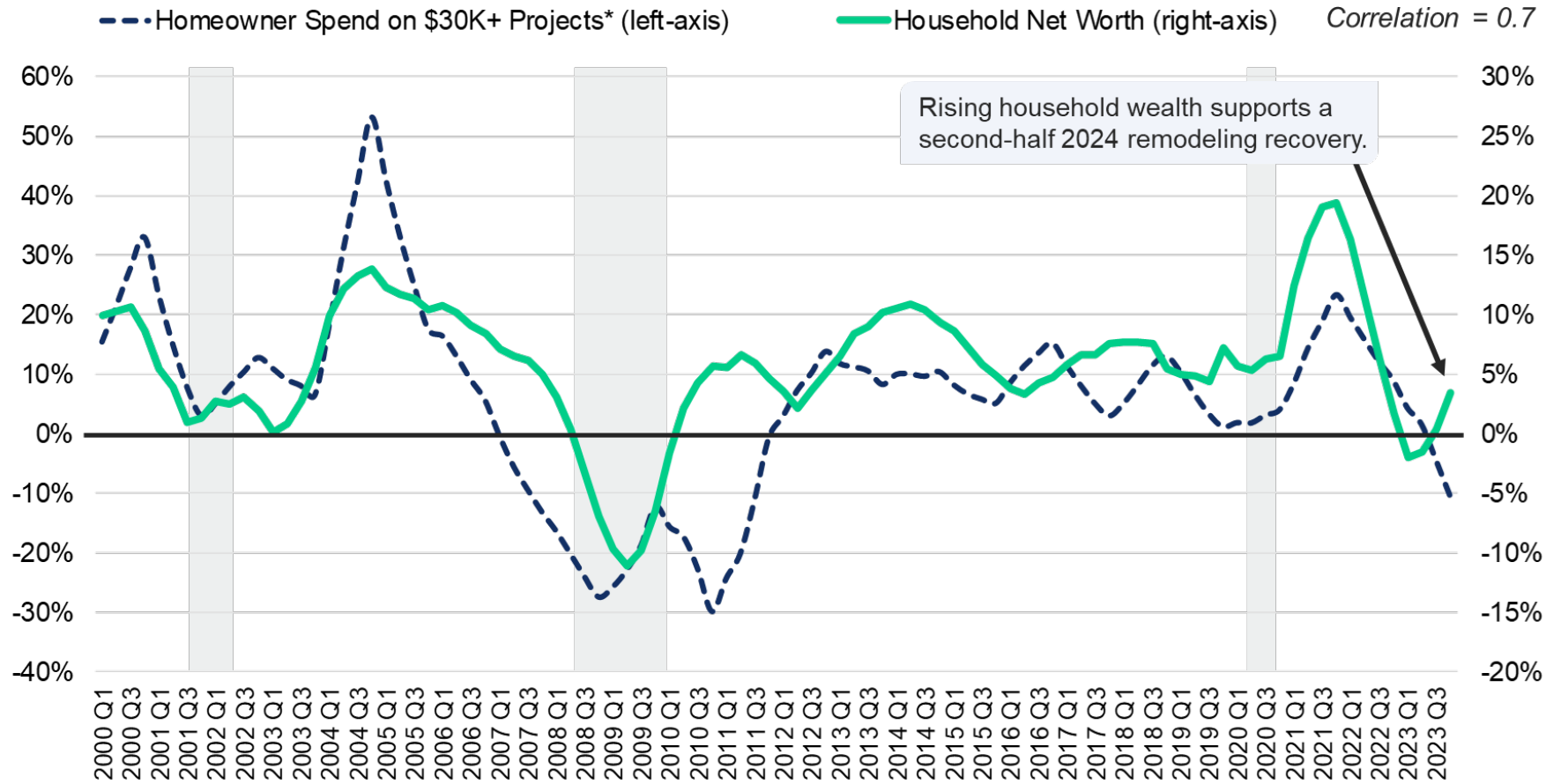


Note: Percentages may not add up to 100% due to rounding.

Sources: John Burns Research and Consulting, LLC, Census, BEA (Data: Mar-24, Pub: Apr-24)

Accumulated household wealth in all its forms (including stock holdings) strongly correlates with spending on large home improvement projects.

YOY Growth (4-Quarter Trailing Average of Quarterly Figures, Percent)



Changes in household wealth are foundational to consumers' confidence in undertaking large discretionary household purchases.

A recent uptick in household wealth suggests spending on large purchases should soon follow suit.

Source: Federal Reserve Flow of Funds,, John Burns Research and Consulting, :LLC (Data 4Q23, Pub Jun-24)

Outline

- **Macroeconomic backdrop for housing**
- **New construction insights**
- **Repair and remodeling trends**
- **Insights from the latest Window and Door Market Survey**
- **Takeaways**

Survey background

- Exclusive partnership between Window + Door Magazine and John Burns Research and Consulting
- Quarterly survey of residential manufacturers, glass shops, glazers, and installers
- Measurements of volumes, revenue, lead times and backlogs, supply chains, and guidance
- Quantitative data and qualitative commentary to understand the overall sentiment of the industry

4 key survey takeaways: Cloudy winter, but bright summer expected



Improved revenue outlook.



Hiring plans to support growth.



Easier to find and retain talent.

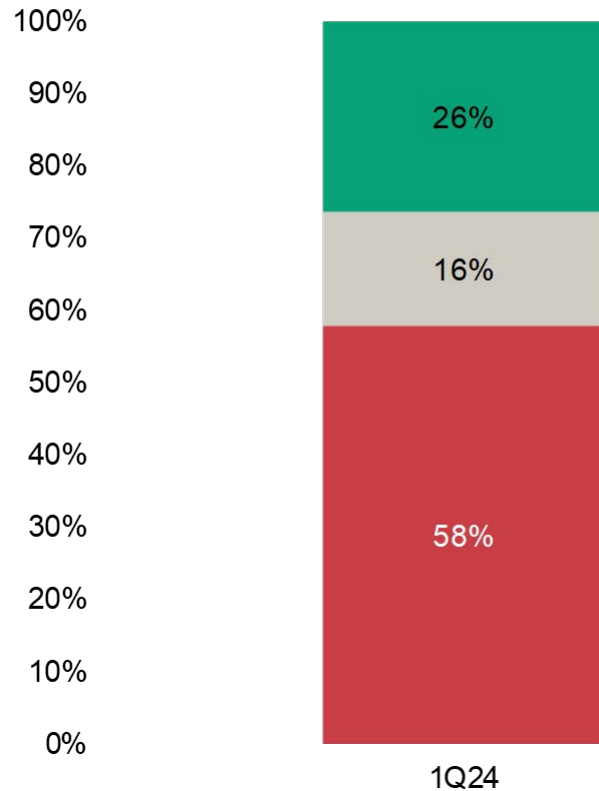


Benign material and labor inflation.

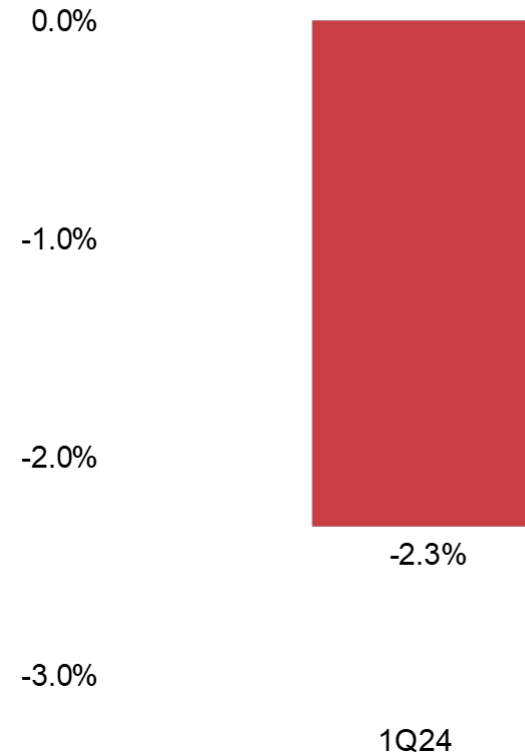
58% of respondents reported YOY volumes declining in 1Q24. Average volumes across all companies fell -2.3% YOY.

Residential Window and Door Company Shipments/Installations Volume Change YOY

■ Growing ■ Flat ■ Declining



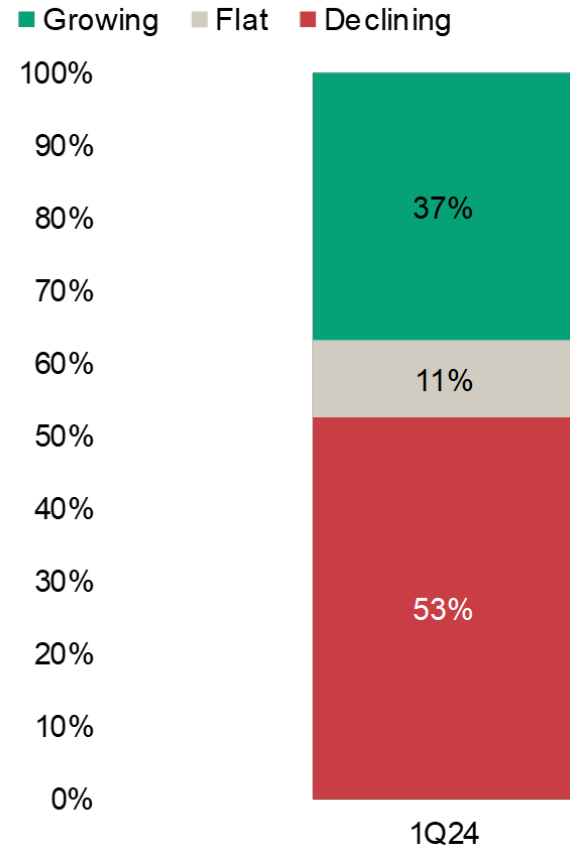
Residential Window and Door Company Shipments/Installations Average Volume Change YOY



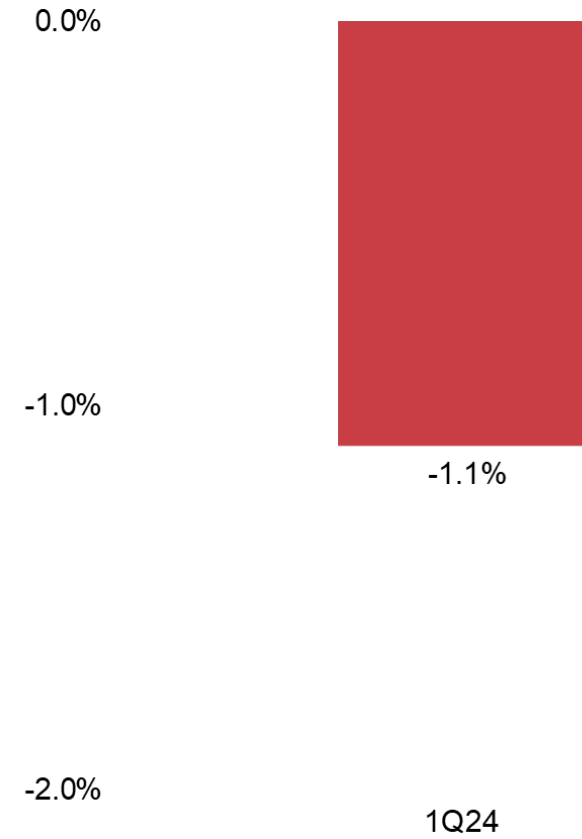
Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

53% of window and door companies reported YOY revenue declining in 1Q24. Average revenue decreased -1.1% YOY.

Residential Window and Door Company Revenue Change YOY



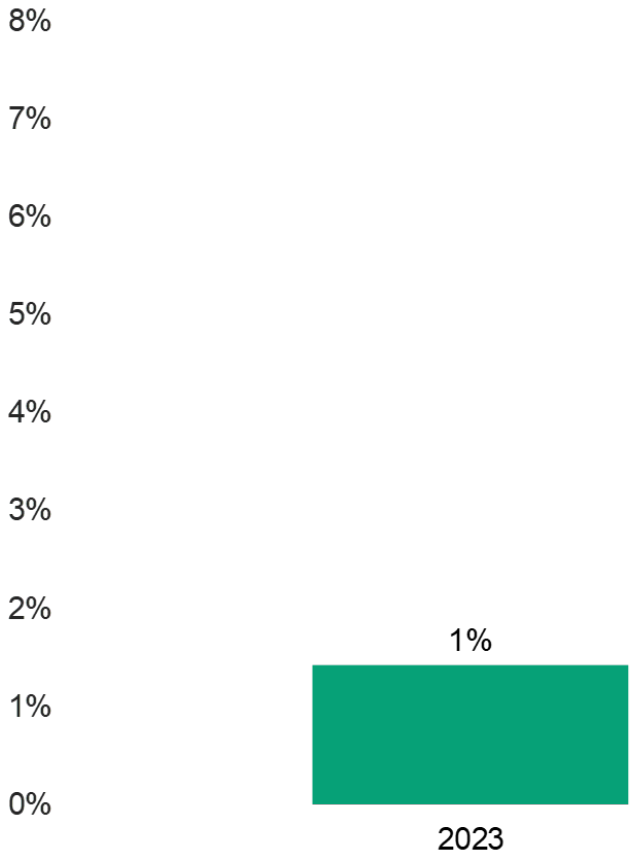
Residential Window and Door Company Average Revenue Percent Change YOY



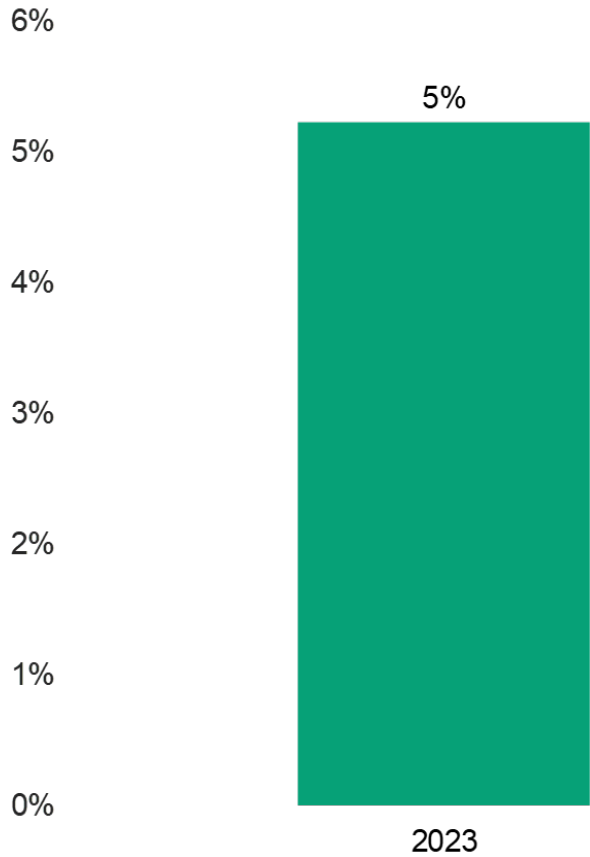
Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

Window and door companies reported slight YOY inflation in material input costs (+1% YOY) and direct labor costs (+5% YOY).

Residential Window and Door Company Materials/Supplies Average Cost YOY



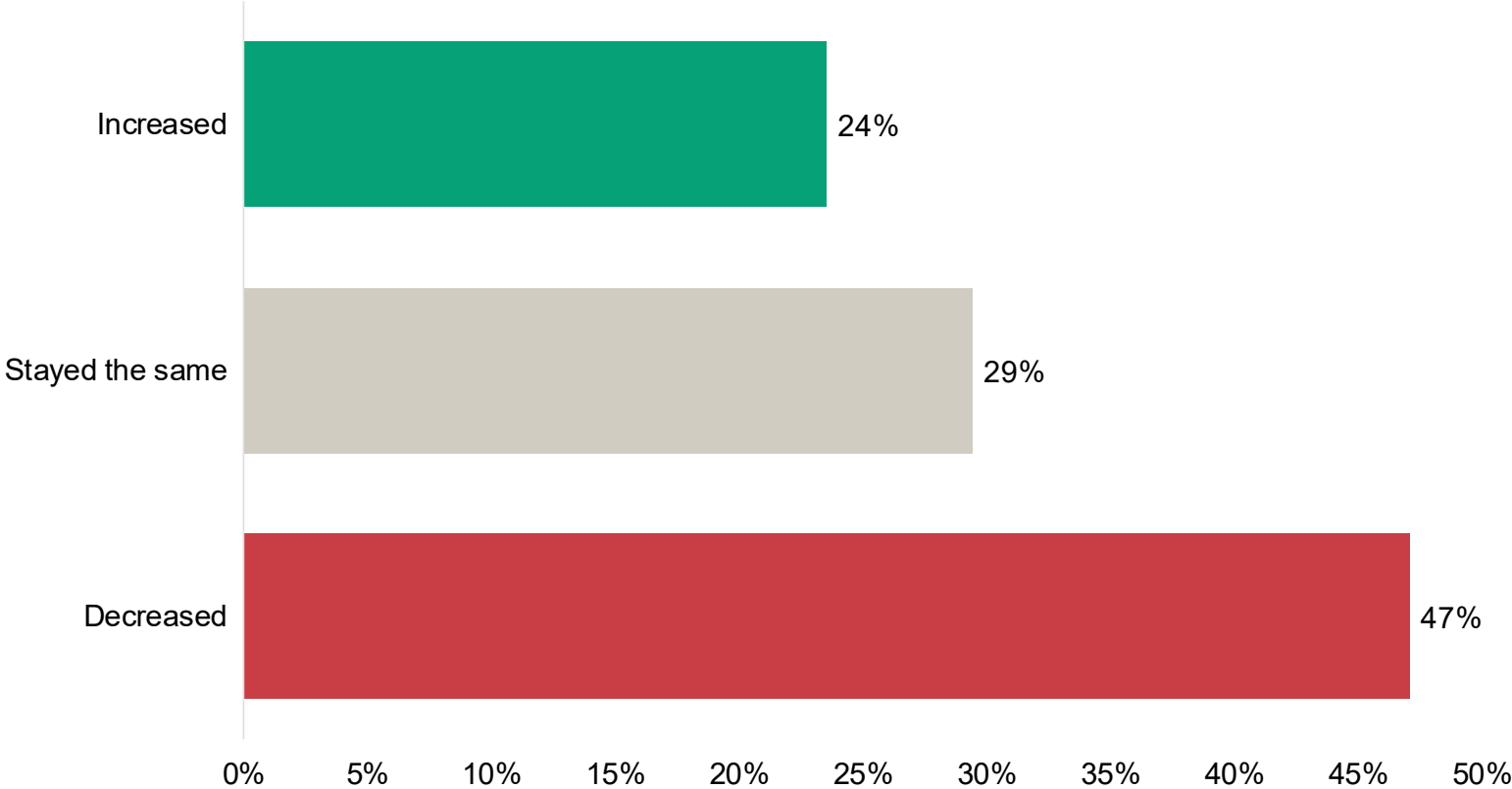
Residential Window and Door Company Average Change in Direct Labor Costs YOY



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

47% of companies reduced backlogs in 1Q24 vs 1Q23. 24% reported increasing backlogs.

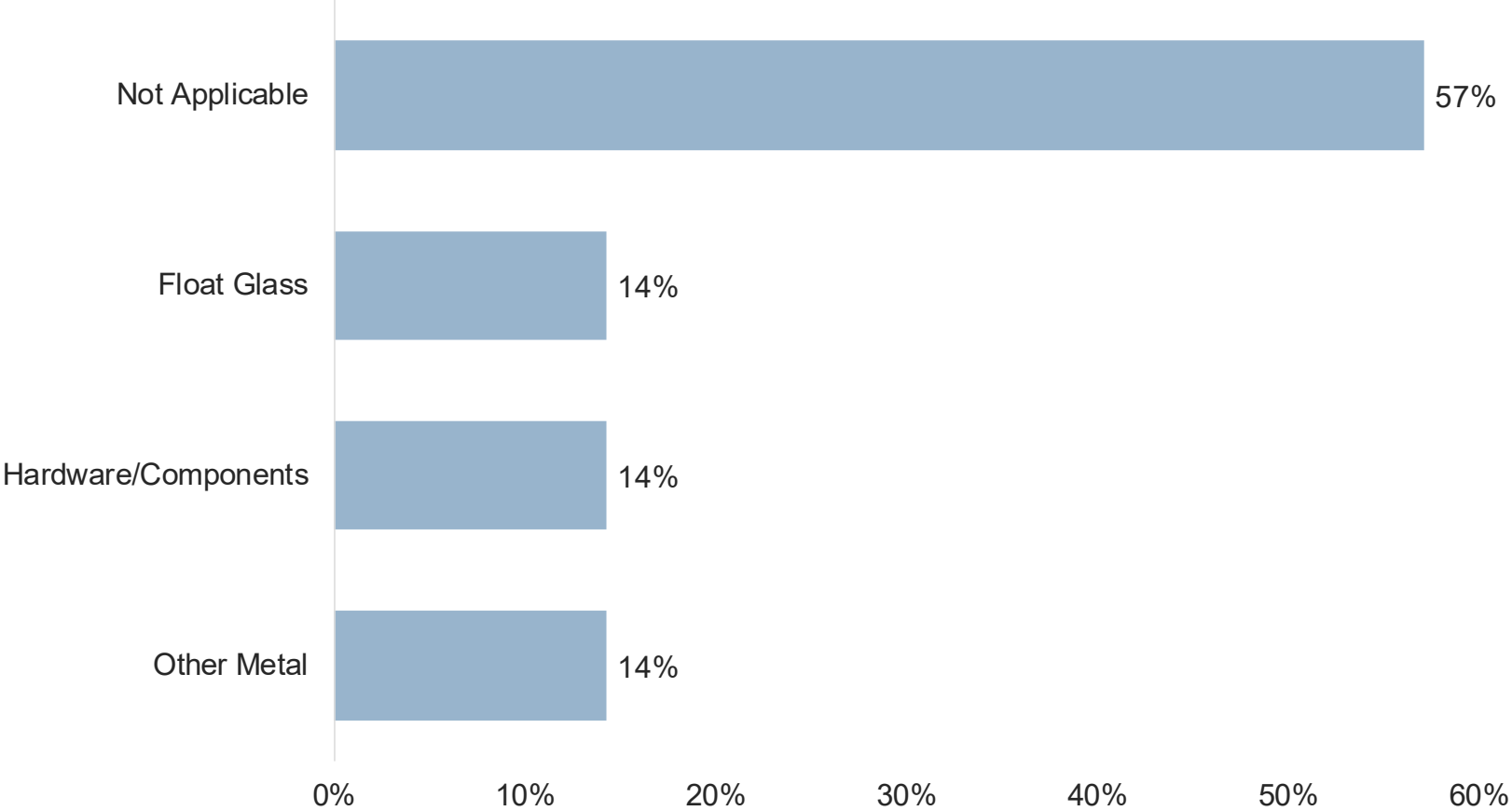
Residential Window and Door Company Change in Product/Job Backlogs YOY
1Q24



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

57% of manufacturers report no extended material lead times, allowing for improved cycle times.

Products or Materials with Extended Lead Times
1Q24

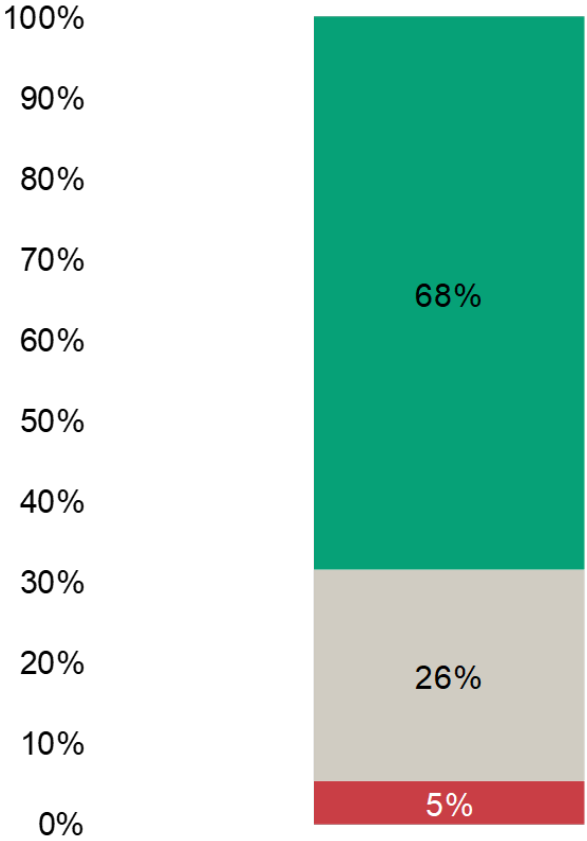


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

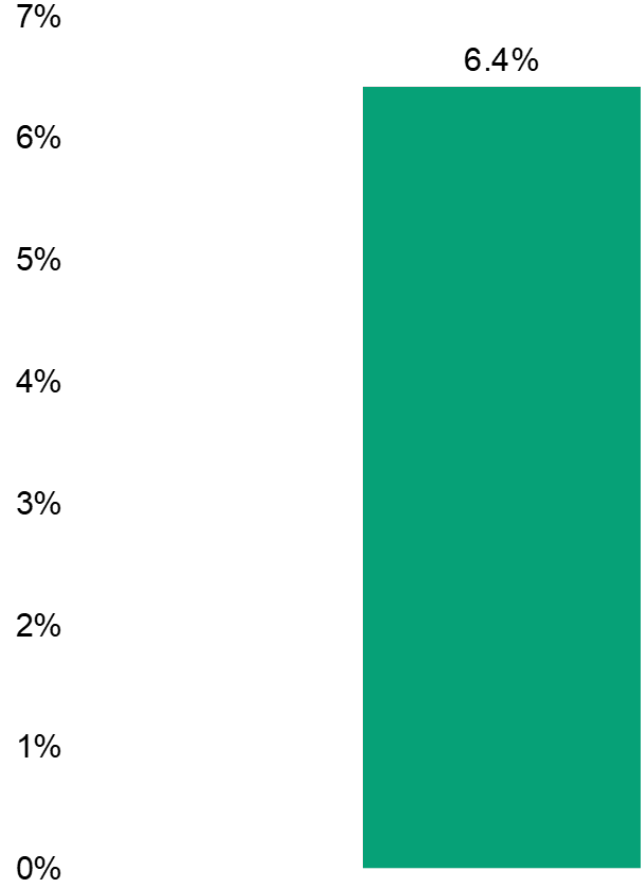
68% of companies expect higher revenue in 2Q24 vs 1Q24. Typical seasonality is a primary driver for higher expectations.

Residential Window and Door Company Next Quarter Revenue Expectations QOQ

Higher About the same Lower



Residential Window and Door Company Average Expected Revenue Net Change QOQ

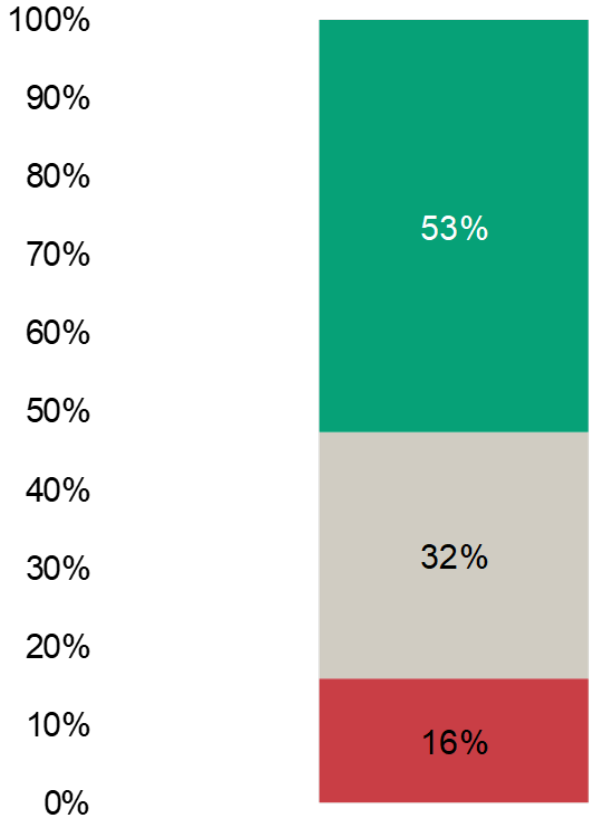


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

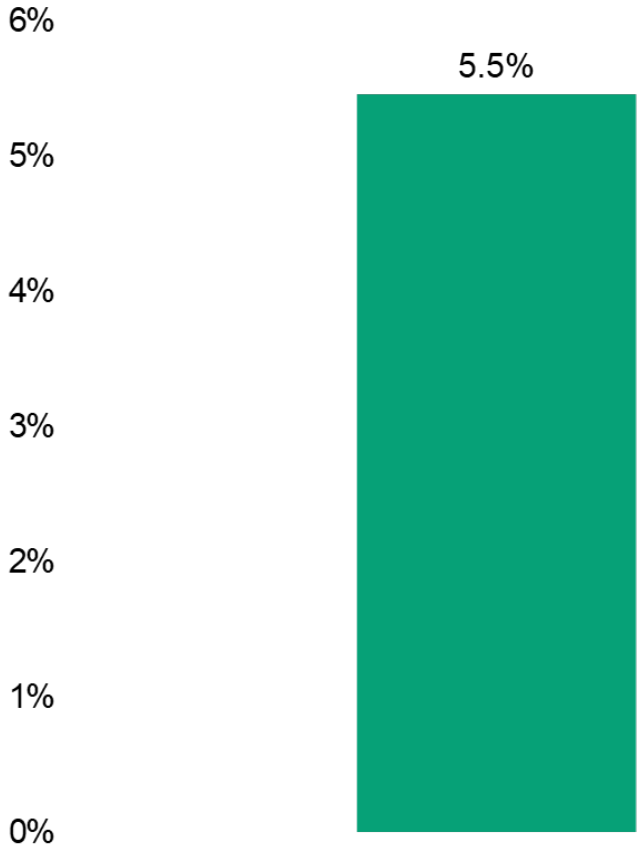
Most window and door companies expect full-year revenue in 2024 to exceed 2023 by an average of 5.5%.

Residential Window and Door Company Full Year Revenue Expectations (2024)

Higher About the same Lower



Residential Window and Door Company Average Full Year Revenue Expectations

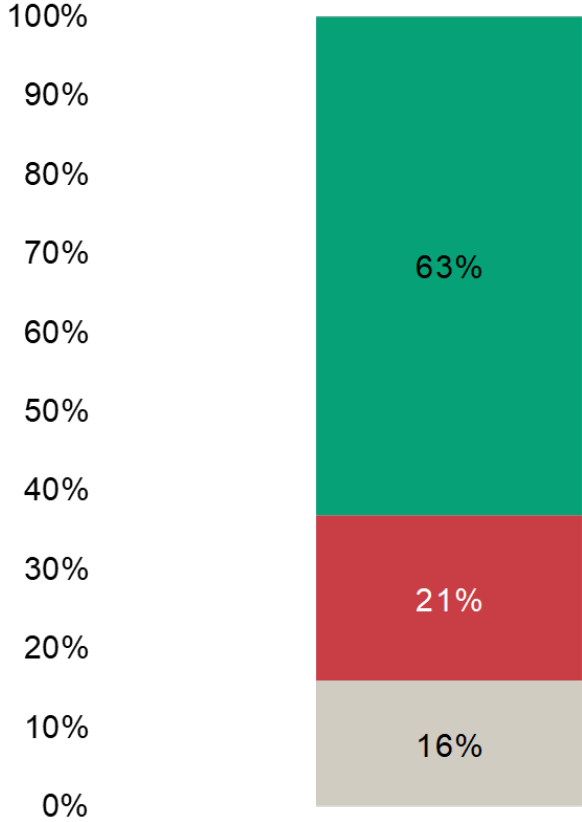


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

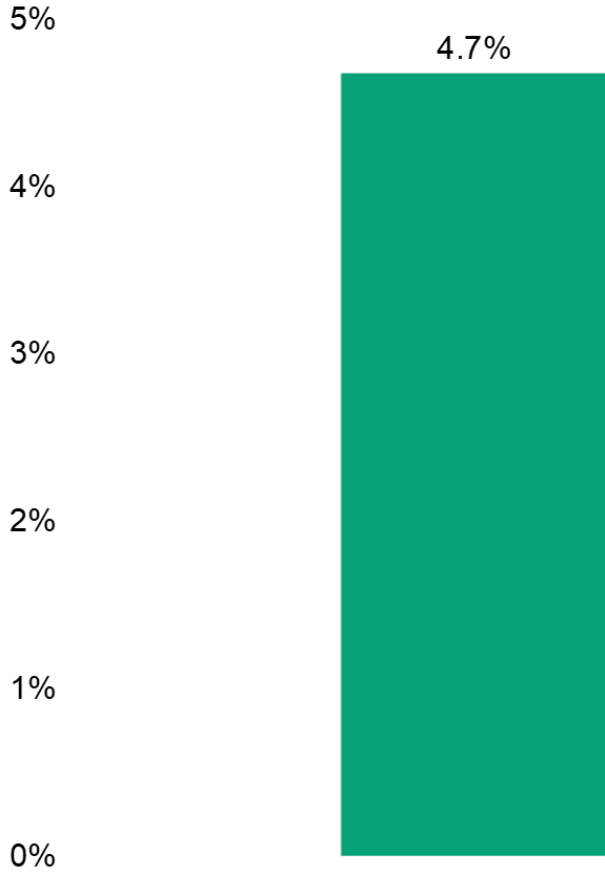
63% of companies expect to raise prices in 2024 or already have. Average prices are expected to rise by +4.7%.

Residential Window and Door Company Planned Price Increases in 2024

■ Yes ■ No ■ Unsure / Don't Know



Residential Window and Door Company Average Expected 2024 Price Increase YOY



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

58% of companies are not planning to make changes to their production workforce this year.

Residential Window and Door Companies Expecting Changes to Production/Installation Workforce This Year

1Q24

70%

60%

50%

40%

30%

20%

10%

0%

We plan to reduce production workforce and/or eliminating lines.

We plan to add to production workforce and/or adding lines.

No changes planned

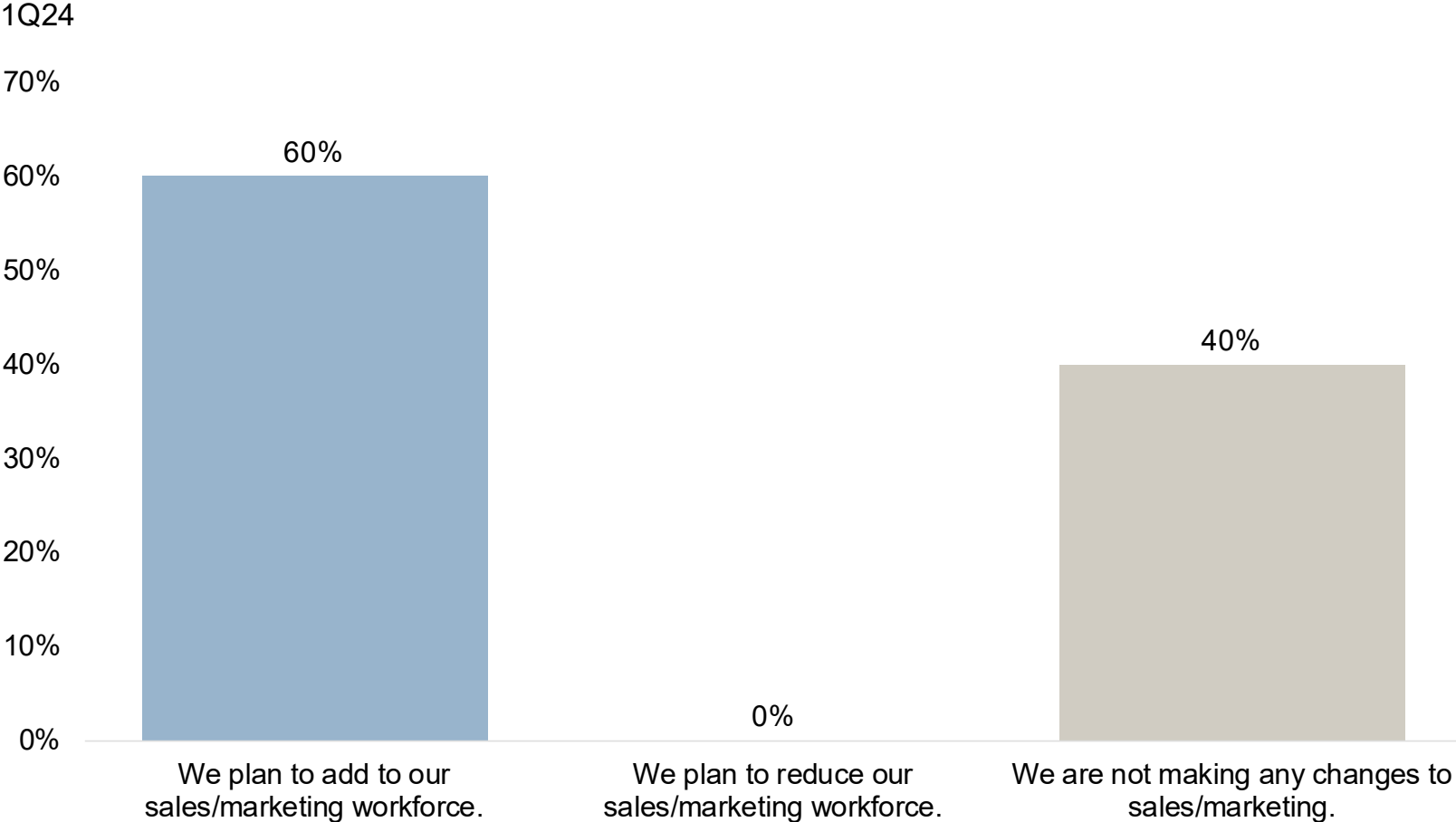
8%

33%

58%

60% of window and door companies have added or plan to add sales and marketing resources in 2024.

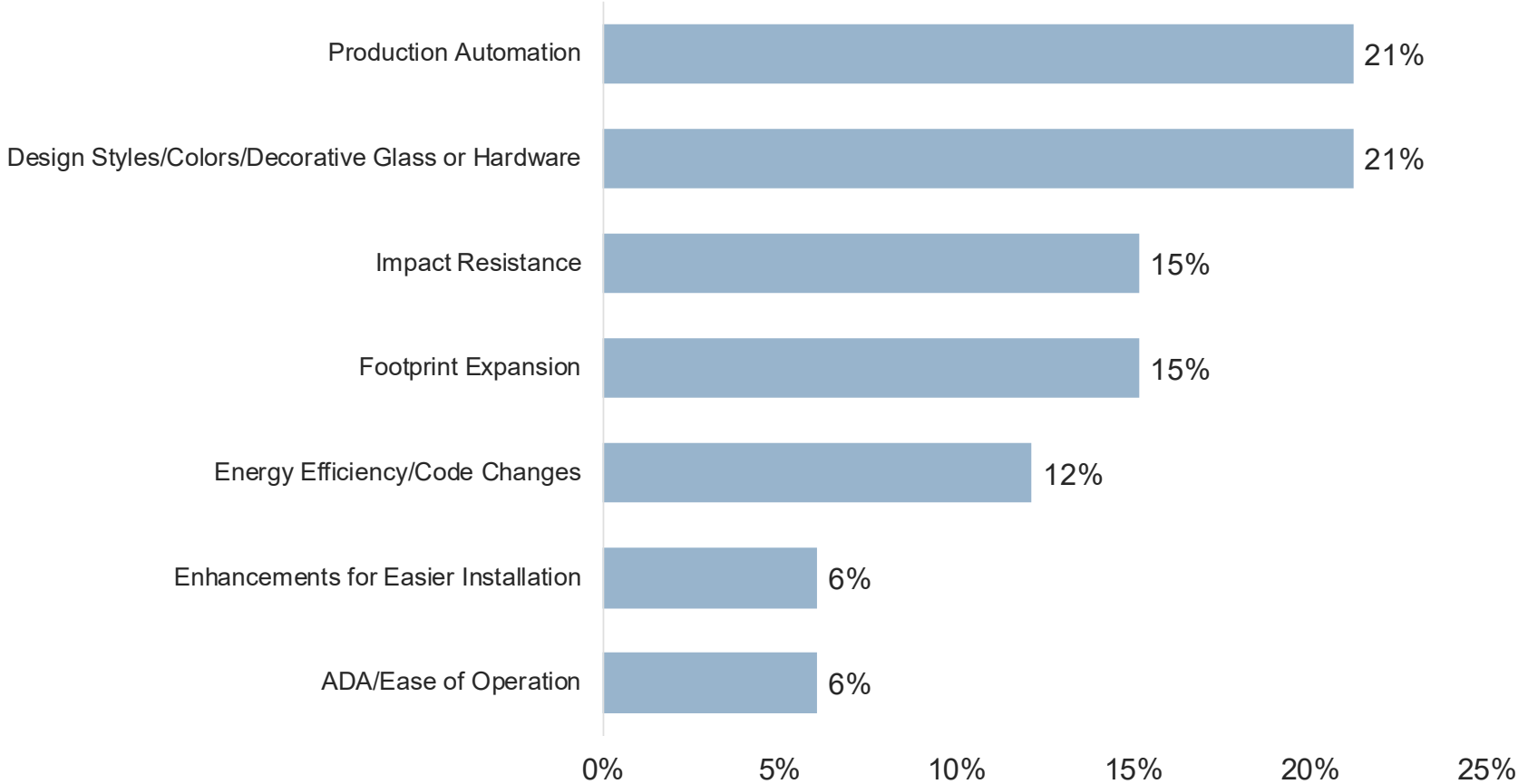
Residential Window and Door Companies Expecting Changes to Sales and Marketing Workforce This Year



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

Production automation and design enhancements are the leading focus area for companies in 2024.

Residential Window and Door Company Expected Focus Areas in the Next 12 Months
1Q24

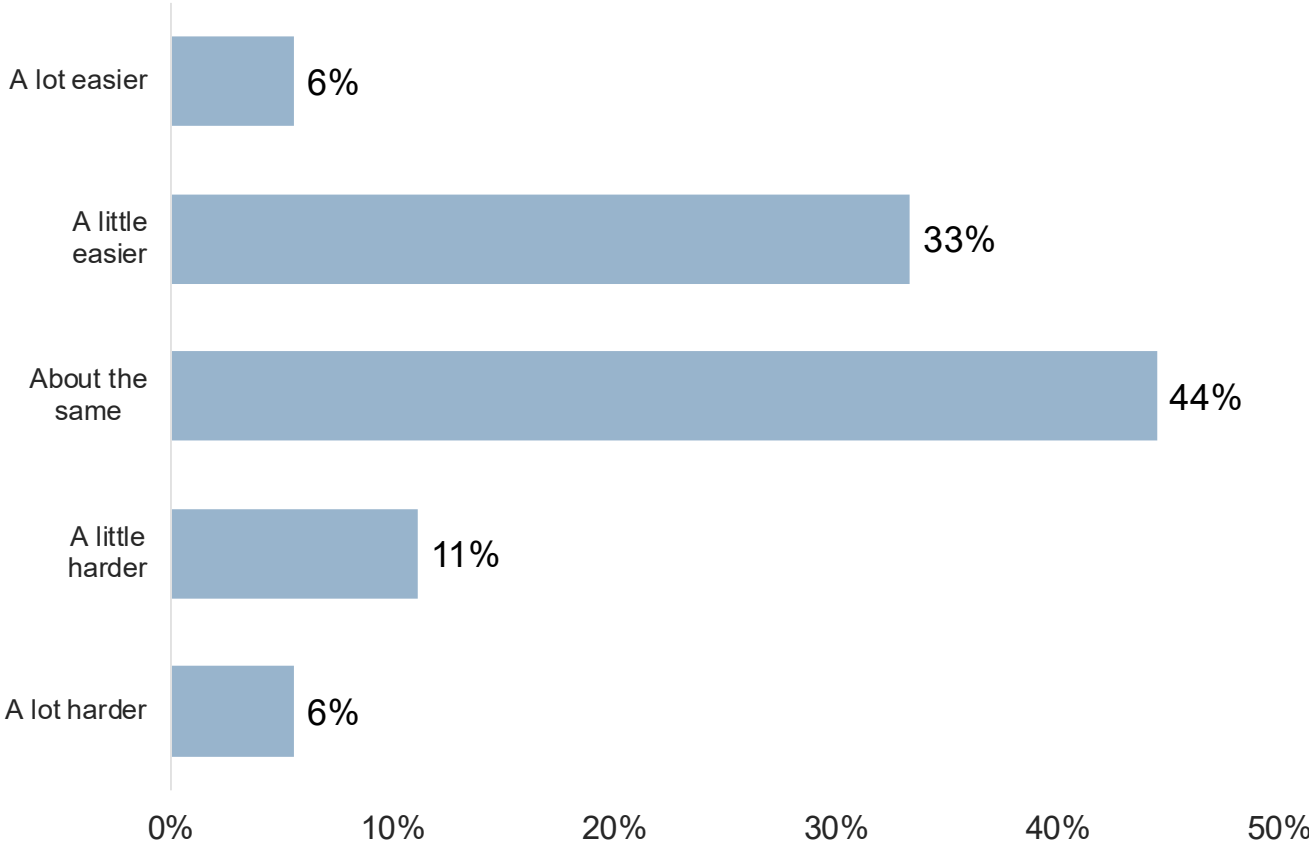


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

39% of 1Q24 survey respondents said finding and retaining employee talent has become easier than a year ago.

Residential Window and Door Company's Ability to Retain Labor Compared to a Year Ago

1Q24

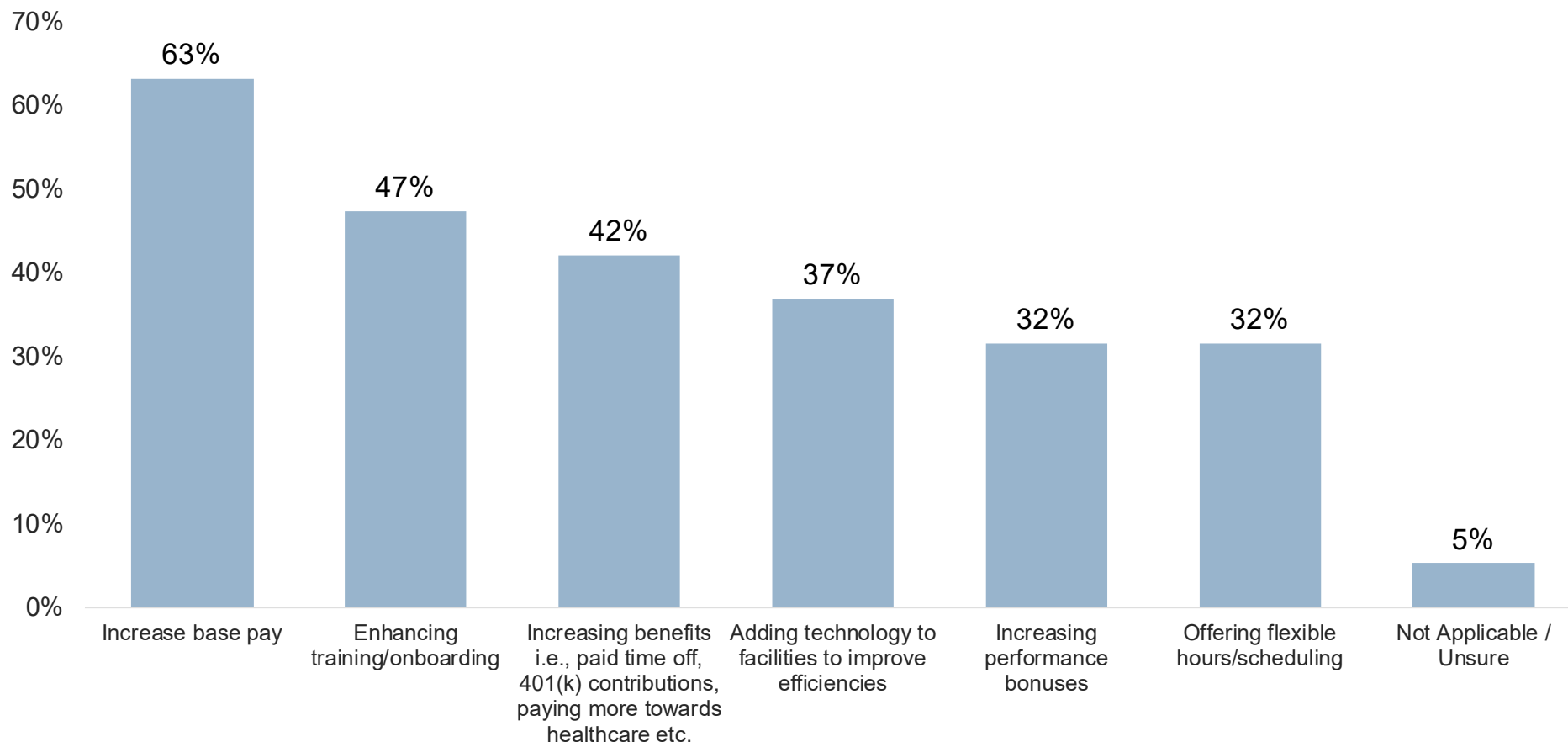


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

Companies report increasing pay and benefits to attract and retain talent in their facilities, primarily by increasing compensation.

Steps Taken by Residential Window and Door Companies to Improve Employee Retention

1Q24



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 1Q24, Pub: May-24)

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Key Takeaways

- 1. The macro economy is cooling, as the Fed intended.**
 - The labor market is easing, yet hiring remains robust. Job openings are back to 2019 levels
 - The workforce is expanding, boosted by immigration
- 2. New construction remains strong but is also decelerating**
 - Builders continue to employ incentives, which are necessary to get buyers off the sidelines
 - Builders continue to substitute products to lower cost alternatives to solve affordability
- 3. The R&R market continues to be pressured by higher costs as consumers defer projects**
 - Professional remodelers are downgrading expectations for the near-term
 - Consumers continue to defer projects following a boom during Covid. The Covid pull-forward will be exhausted in 2H24.
- 4. Window and door companies expect revenue growth in 2024, following declines earlier in the year**
 - Very few companies plan on reducing product labor; 50% of companies plan to add to sales and marketing resources; companies report easing hiring conditions, consistent with a slowing labor market

The fenestration industry is poised for growth once consumer optimism returns. Timing, however, remains uncertain.

Thirsty
THURSDAY

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QUENCH YOUR THIRST FOR
RESIDENTIAL TRENDS

Window & Door Industry Survey Outcomes



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John Burns Research and Consulting

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