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Thirsty THURSDAY

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RESIDENTIAL TRENDS

Window & Door Industry Survey Outcomes

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John Burns Research and Consulting

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NGA UPCOMING EVENTS

NGA Glass Conference: Carlsbad
Feb 3-6, 2025

BEC Conference
March 2-4, 2025

Glass & Glazing Advocacy Days
May 13-14, 2025

Learn more & register!

Learn more & register!

Thirsty THURSDAY

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RESIDENTIAL TRENDS

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Editor, Window + Door Magazine
lcowin@glass.org

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

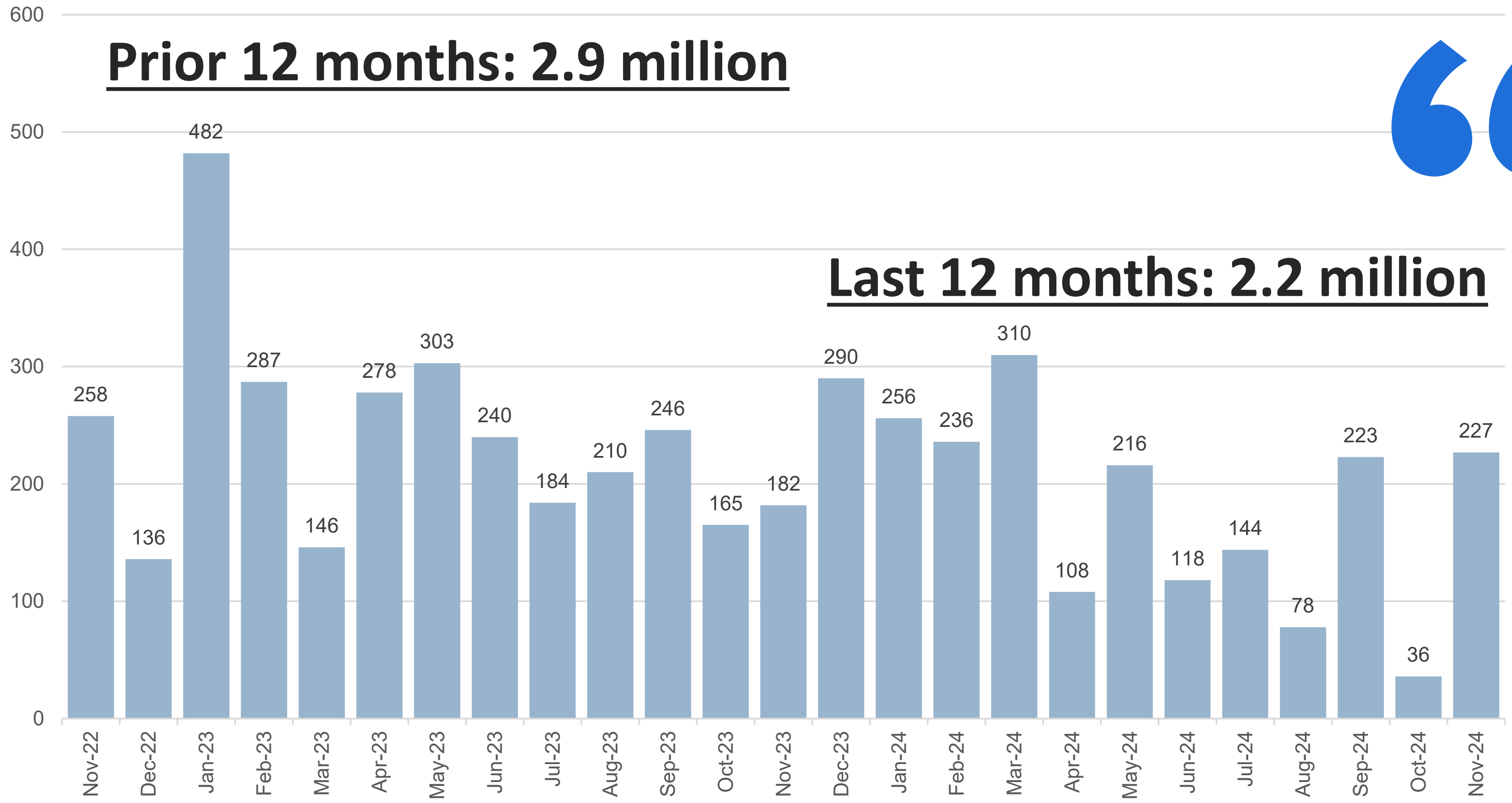
- Nearly all (94%) added production capacity in 2023
- 54% indicate increased sales compared to 2022 and 25% are unchanged YOY
- Despite demand slowing, many companies report increased investments in high-performance products.

Outline

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

Job growth has been solid, but less so than last year.

Monthly Payroll Employment Growth
Thousands, SA



"The salient question for me today is whether the labor market is cooling more dramatically than I had imagined when I developed my outlook for the economy. The answer has important implications for monetary policy, **because if conditions in the labor market are in fact worse than my Committee colleagues and I thought a few months ago, then that probably bolsters the case for continuing to remove policy restrictiveness, and perhaps argues that we should do so more aggressively."**

Raphael Bostic, President & CEO
Federal Reserve Bank of Atlanta (12/2/2024)

Recruiting firms say their clients are being cautious on hiring but are optimistic rate cuts will spur growth in hiring in 2025.

Automatic Data Processing, Inc.

October 30

"Our clients continue to hire employees at a moderate pace…the demand remains pretty consistent.

Robert Half International

October 22

"While client budgets remain constrained and decision cycles extended, business confidence levels are improving, aided by continuing progress on inflation and the beginning of a global rate-cutting cycle."

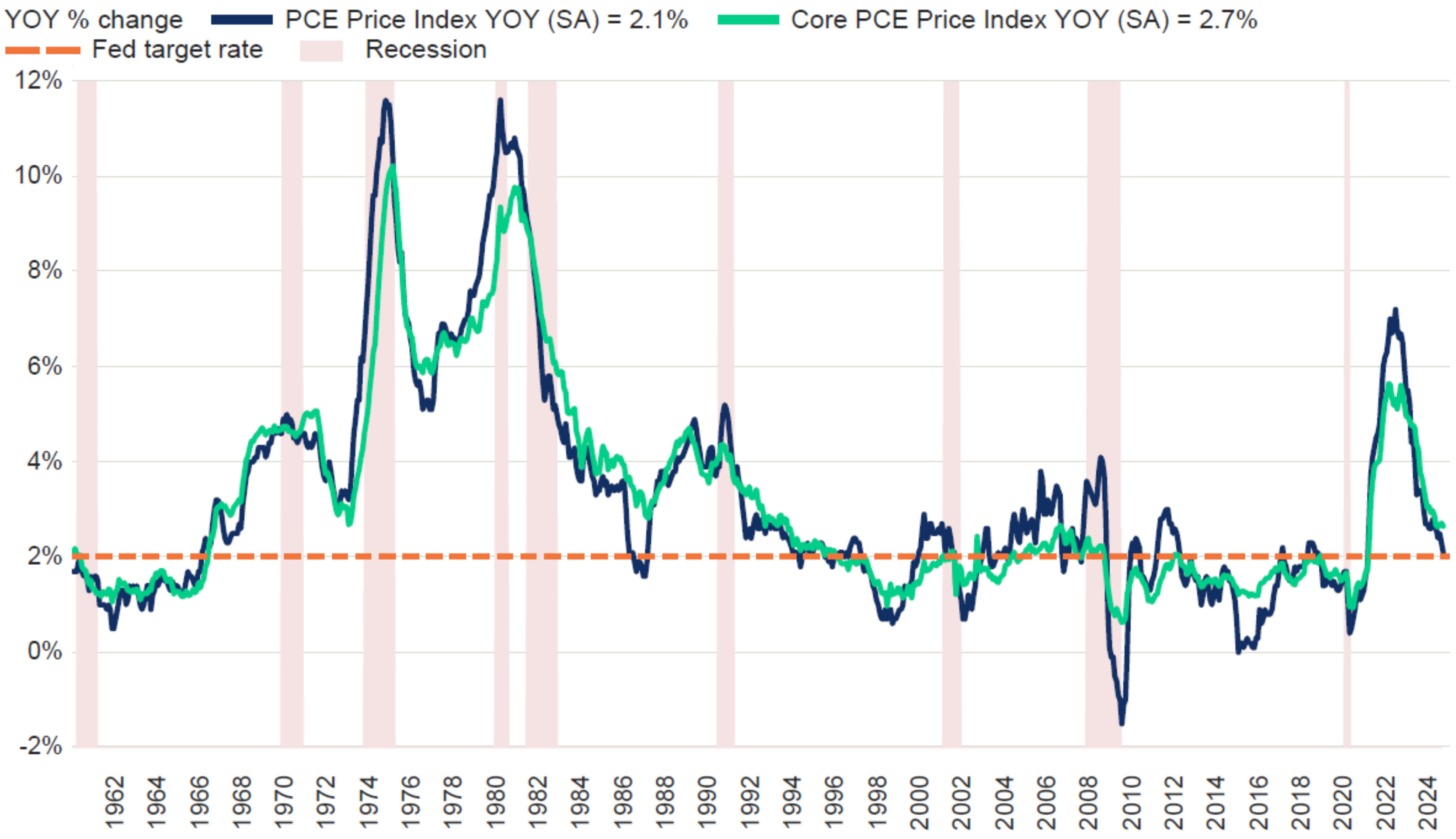
ManpowerGroup

October 17

"There hasn't been a significant tone change in the conversations we've been having with employers over the past 12-months…Most are optimistic, yet cautious, about market conditions improving and they are largely maintaining their current workforce. Since the timing of any improvement is not certain, they are still hesitant to increase their spend and expand their workforce without a significant step change in economic outlook."

The current inflation rate is back where the Fed wants it at ~2%.

Personal Expenditures Price Index



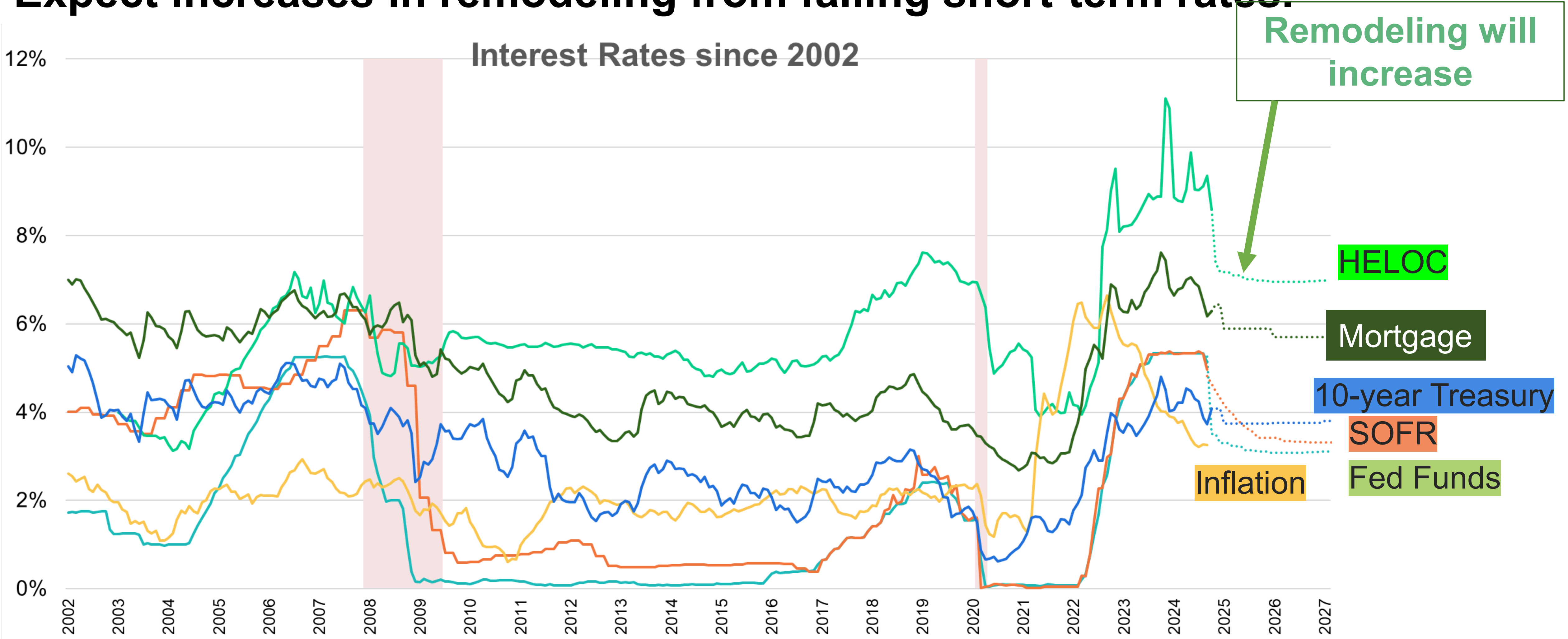
2.3% Inflation

Note: PCE includes a broader range of expenditures than the CPI and is weighted based on what goods businesses are selling rather than what households are buying.

Source: Bureau of Economic Analysis (Data: Sep-24, Pub: Nov-24)

So the Fed is dropping short-term rates.

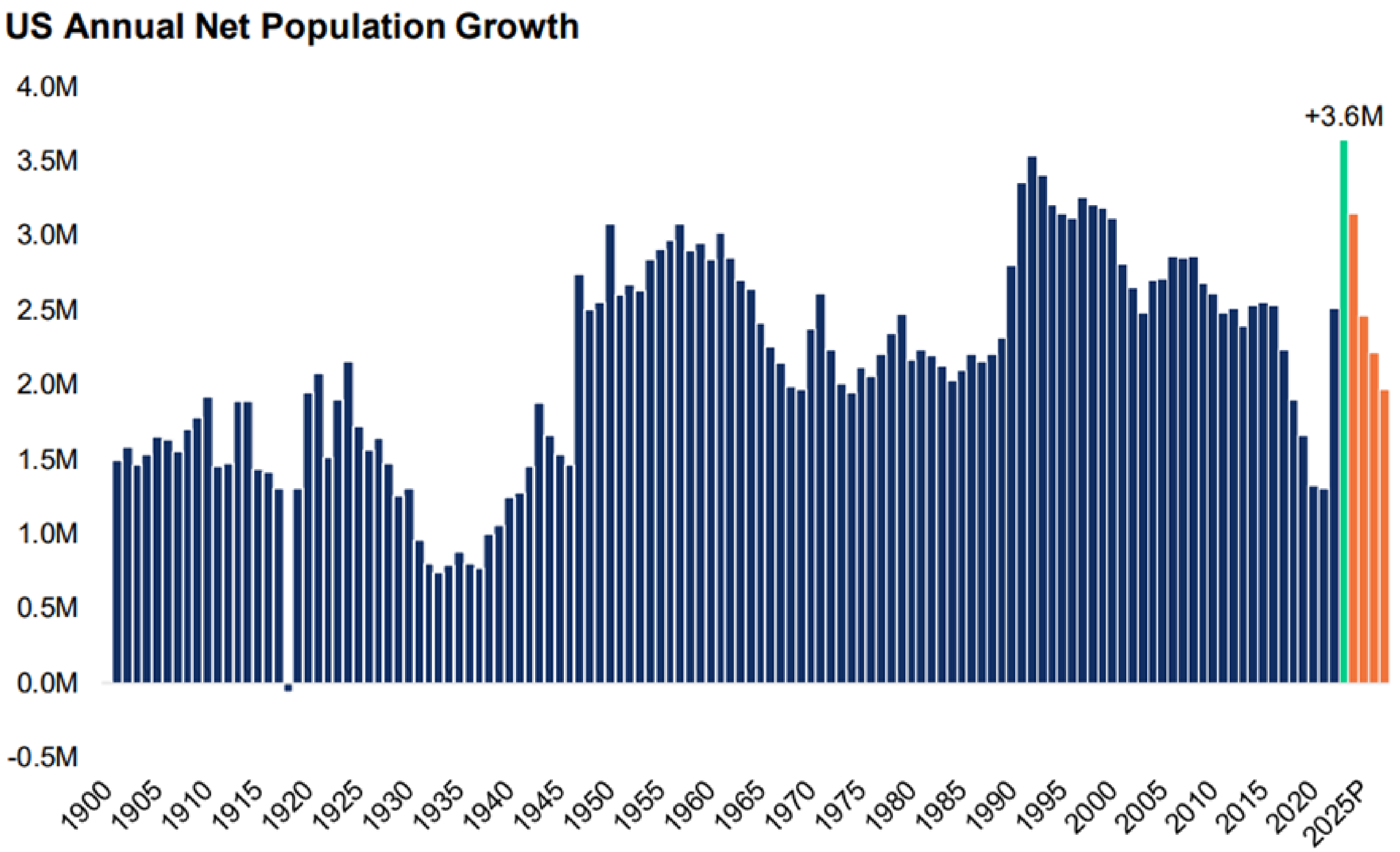
Expect increases in remodeling from falling short-term rates.



* LIBOR/SOFR data from January 2017 through March 2018 is unavailable due to the transition from LIBOR to SOFR and the gradual implementation of SOFR in financial markets. This chart reflects the Fed Funds rate for this period, which SOFR typically tracks closely.
**Core CPI excludes goods with high price volatility, such as food and energy.
*** HELOC Rate, Federal Funds Rate, LIBOR/SOFR, and 30-Year Fixed Mortgage Rate data are shown as monthly averages.

Sources: Freddie Mac; Bloomberg; Federal Reserve Bank of New York; Board of Governors of the Federal Reserve System; Bureau of Labor Statistics; Survey of Consumer Expectations, ©2013–2024 Federal Reserve Bank of New York; Wall Street Journal; John Burns Research and Consulting, LLC (Pub: Oct-24)

Unprecedented foreign immigration is contributing to employment growth and household formations.



Source: John Burns Research and Consulting, LLC, based on US Census Bureau Population Estimates and the Congressional Budget Office (Data: May-24,, Pub: Sep-24)

Immigration created 700K more households than normal over the last 3 years.

	Immigration		Immigrant Households
Normal Year:	1.2 million/year	→	270K/year (1 household/4.4 immigrants)
2022-2024(p):	2.7 million/year	→	500K/year (1 household/5.4 immigrants)

Above Normal Households Formed Due to Immigration, 2022-2024 (projected, rounded) → **+700K over 3 years**

Sources: John Burns Research and Consulting, LLC (Pub: Sep-24)
As seen in *Burns Demographics Insights and Strategies*

The 2022-2024 immigration surge pulled the bottom of the rental market forward 18 months.

700K Net New Households

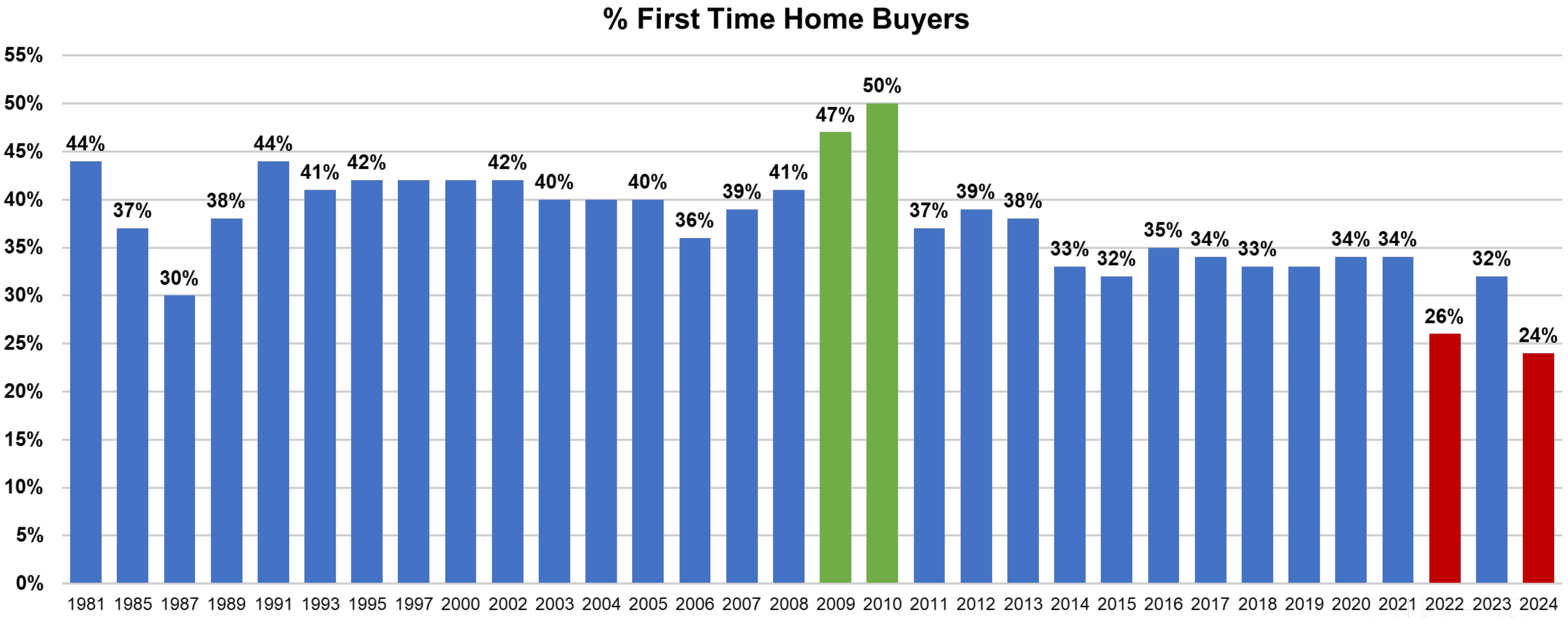
+600K Renter Households

(about 150% of typical annual MF construction)

+100K Owner Households

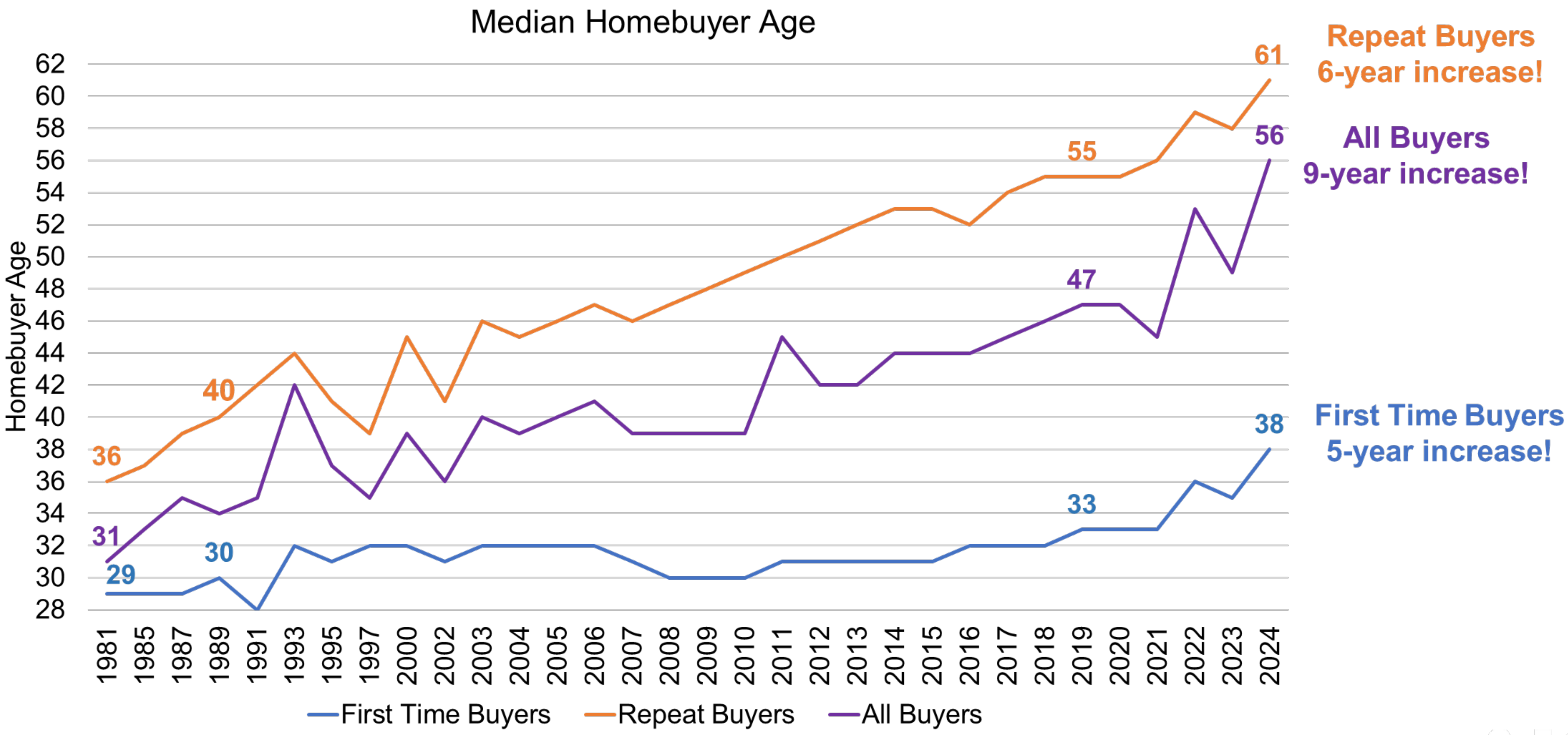
(about 10% of typical new SF construction)

First-time homebuyers represent less than 25% of all home sales for the first time ever!



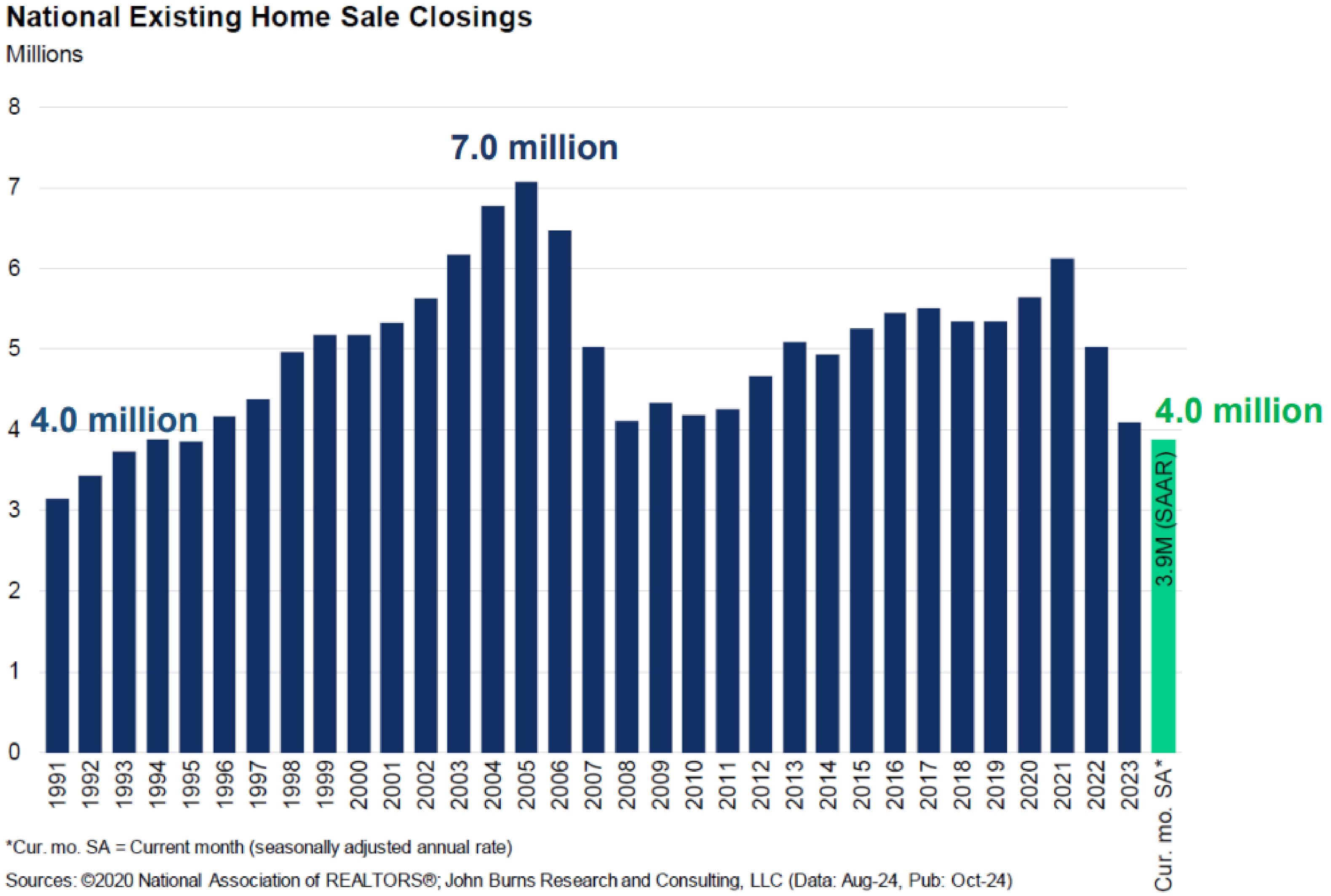
Source: National Association of Realtors. Note that some years were skipped.

Rising interest rates have added 9 years to the median homebuyer age.



Source: National Association of Realtors. Note that some years were skipped.

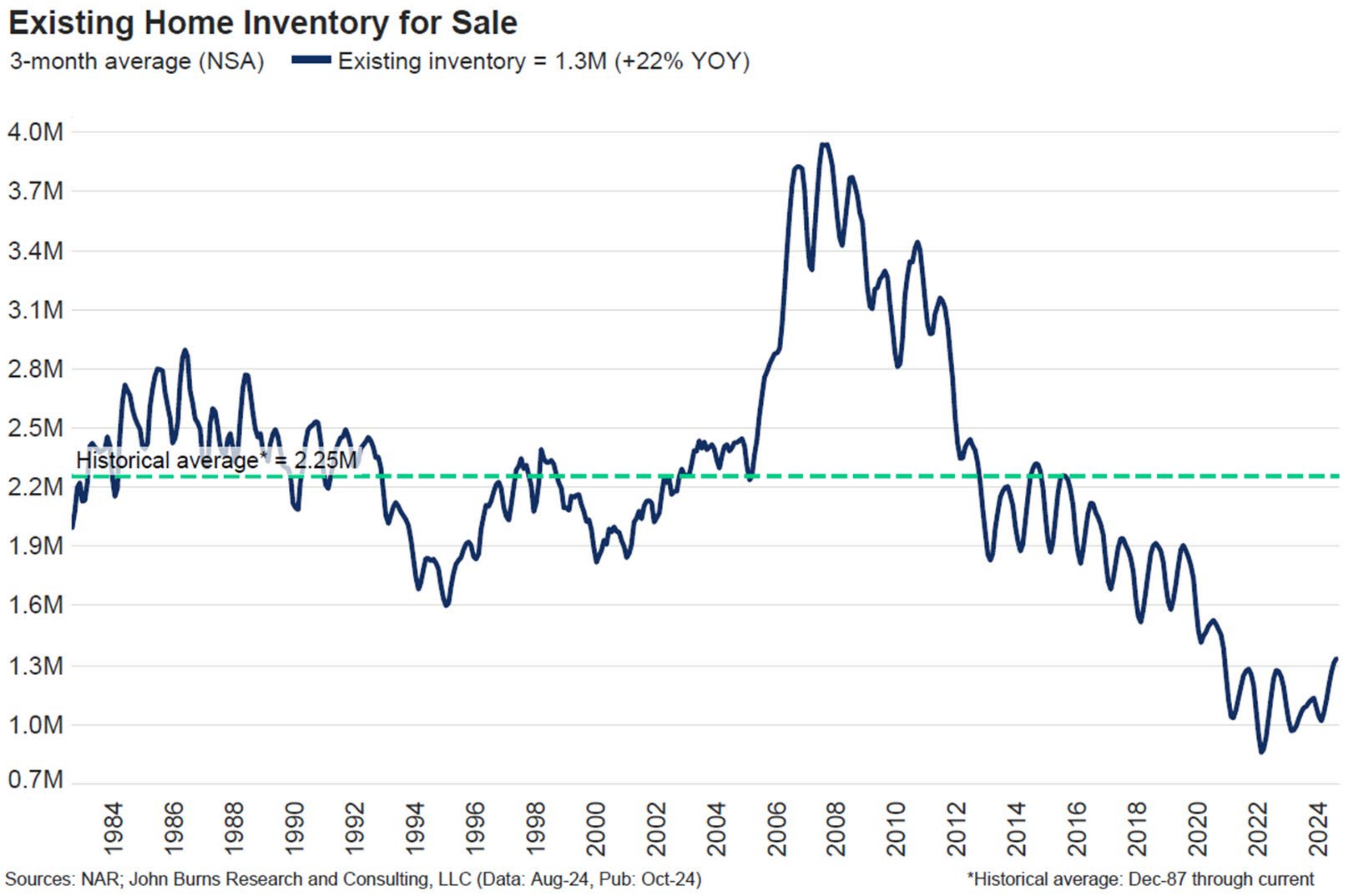
Homebuying activity is at a 30-year low.



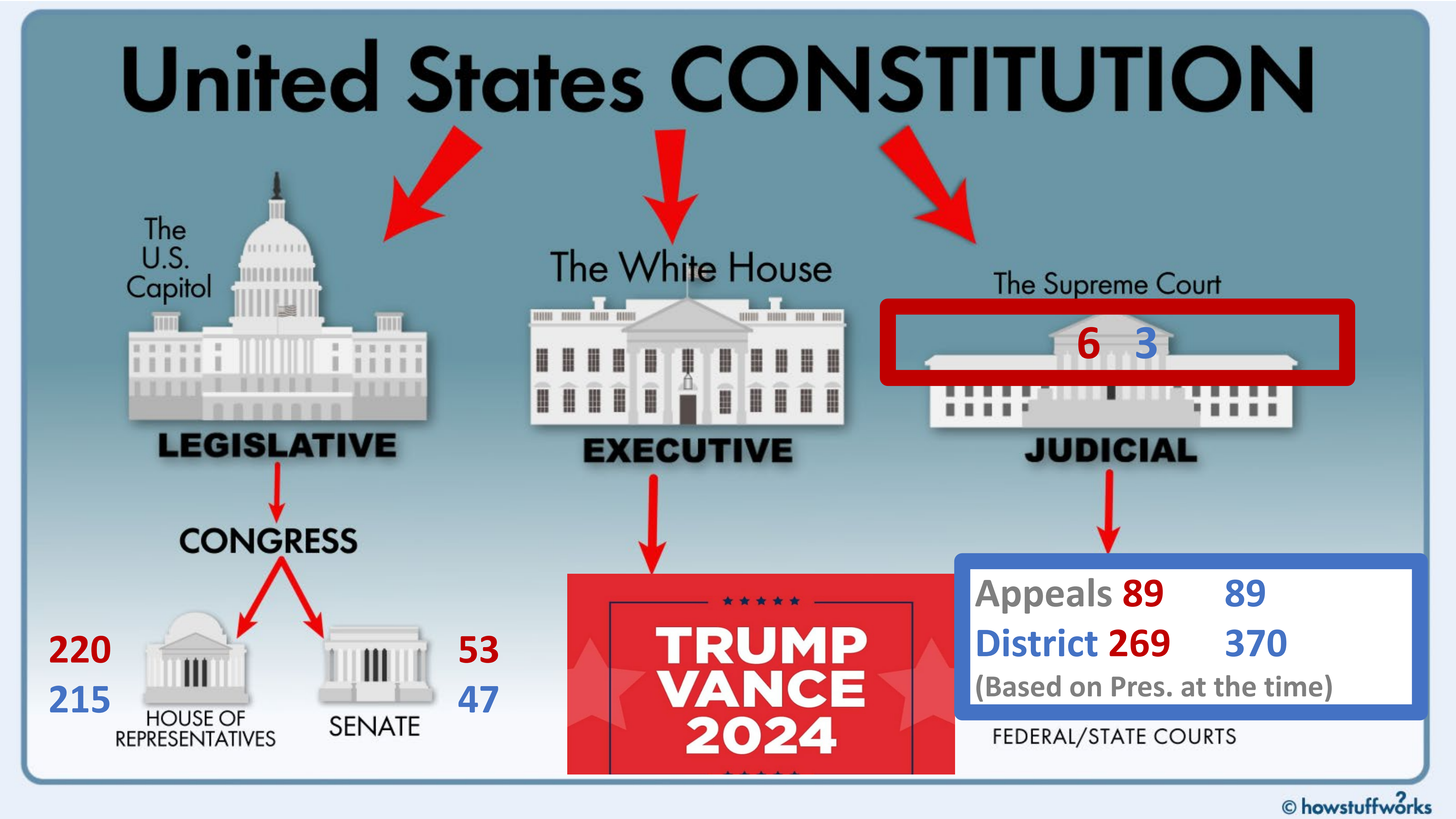
*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: ©2020 National Association of REALTORS®; John Burns Research and Consulting, LLC (Data: Aug-24, Pub: Oct-24)

There are more homes for sale than at any time in the last 4 years.



Resale inventory rose +22% YOY to 1.3 million units in August.


United States CONSTITUTION
The U.S. Capitol
LEGISLATIVE
CONGRESS
220
215
HOUSE OF REPRESENTATIVES
SENATE
53
47
The White House
EXECUTIVE
TRUMP
VANCE
2024
The Supreme Court
6 3
JUDICIAL
Appeals 89 89
District 269 370
(Based on Pres. at the time)
FEDERAL/STATE COURTS
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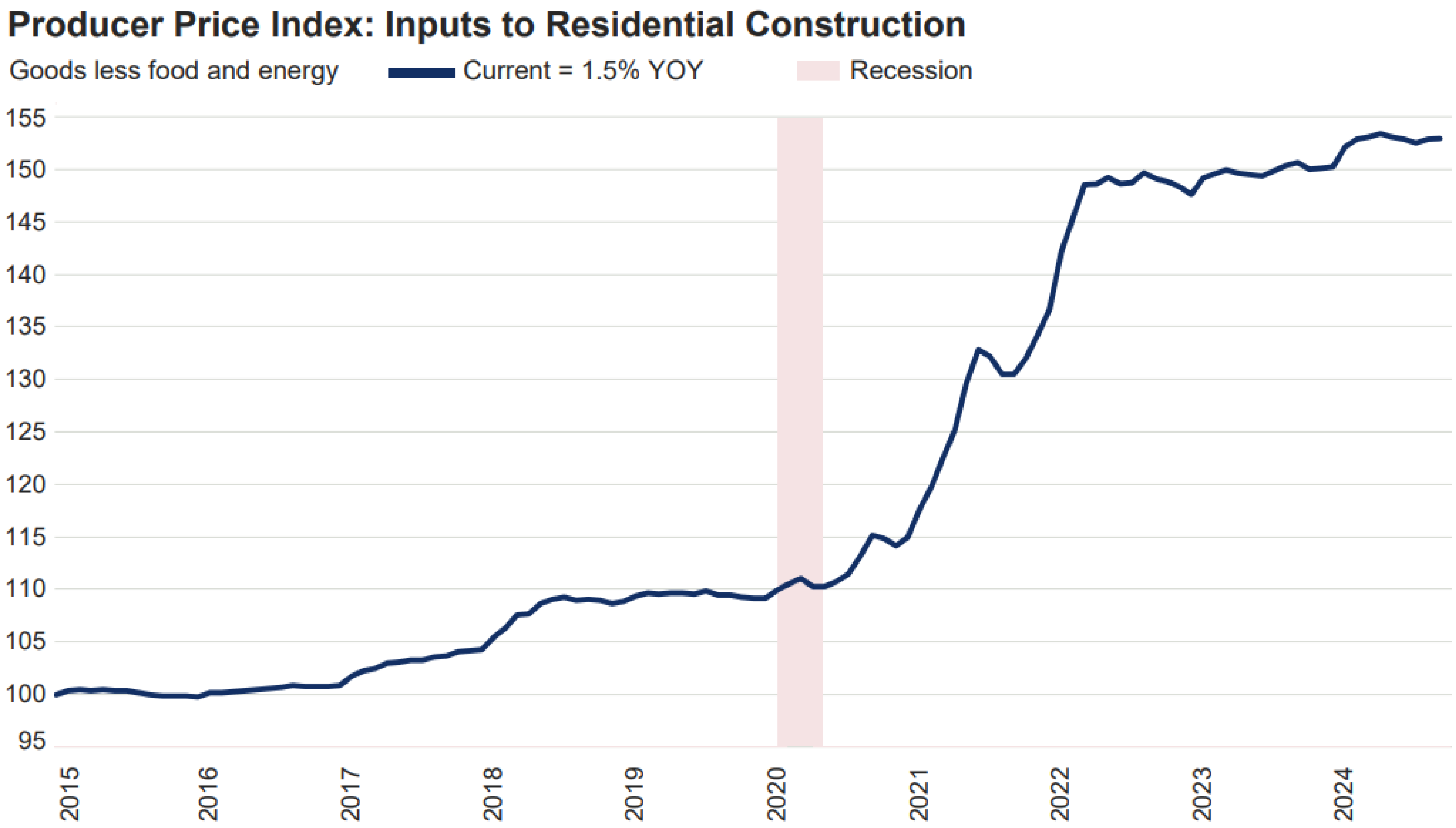
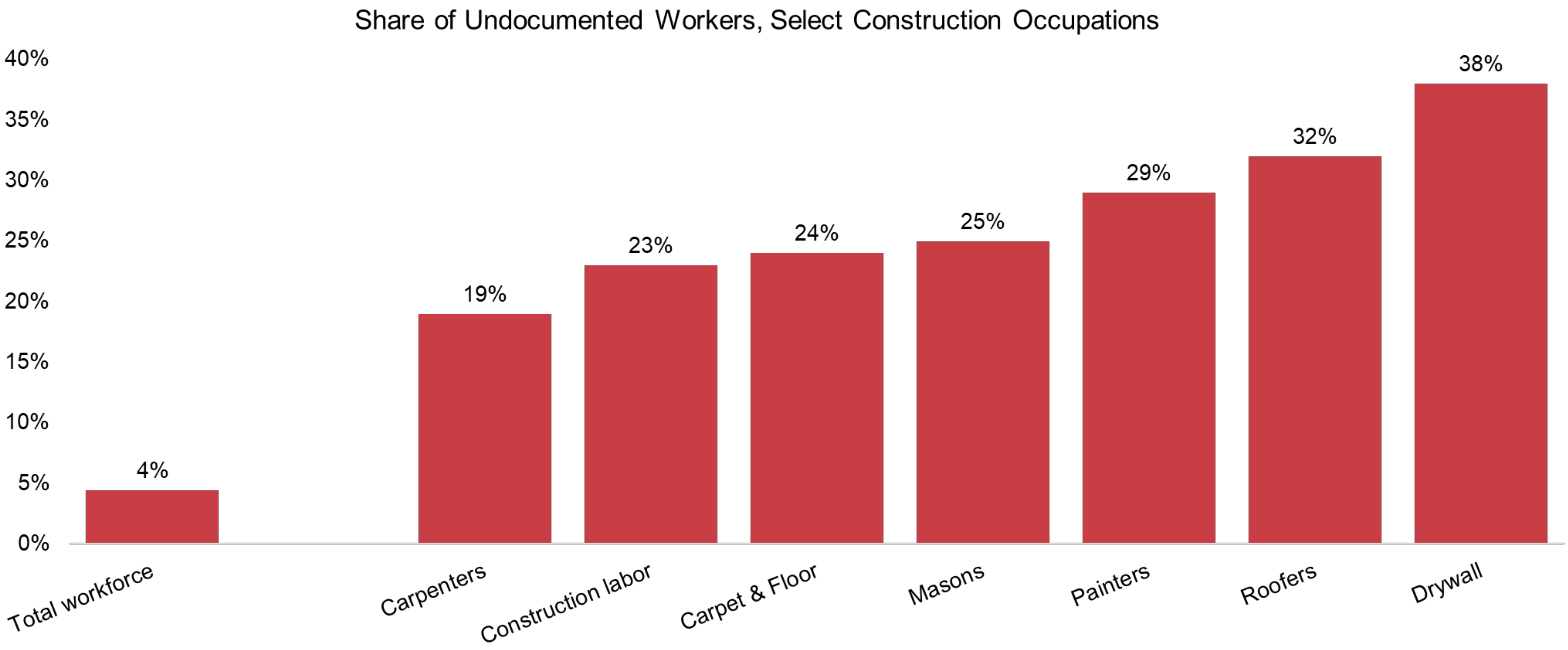
The new administration has proposed tariff policies that could directly impact housing.



Note: The Producer Price Index tracks changes in the price of more than 100 components of residential construction. This includes material inputs for most types of building products and additional costs like retailer margins.

Source: Bureau of Labor Statistics (Data: Sep-24, Pub: Nov-24)

Tighter immigration restrictions could exacerbate construction labor shortages.



Sources: Center for American Progress (Data: 2021)

The economy is holding up stronger than many expected a few months ago. But risks remain in 2025.

- **The stock market hit an all-time high in the wake of the election.** Roughly two-thirds of US households have at least some money tied to the stock market.
- **The Federal Reserve cut interest rates by another -25bps in November,** which immediately translates to easier access to capital for industries and products dependent on short-term interest rates (corporate debt, commercial real estate loans, HELOCs, adjustable-rate mortgages).
- **Long-term treasury yields rose after the election** as markets began to react to the potential impacts of Trump's proposed policies.
- **We're continuing to call for modest growth for housing in 2025.**

Outline

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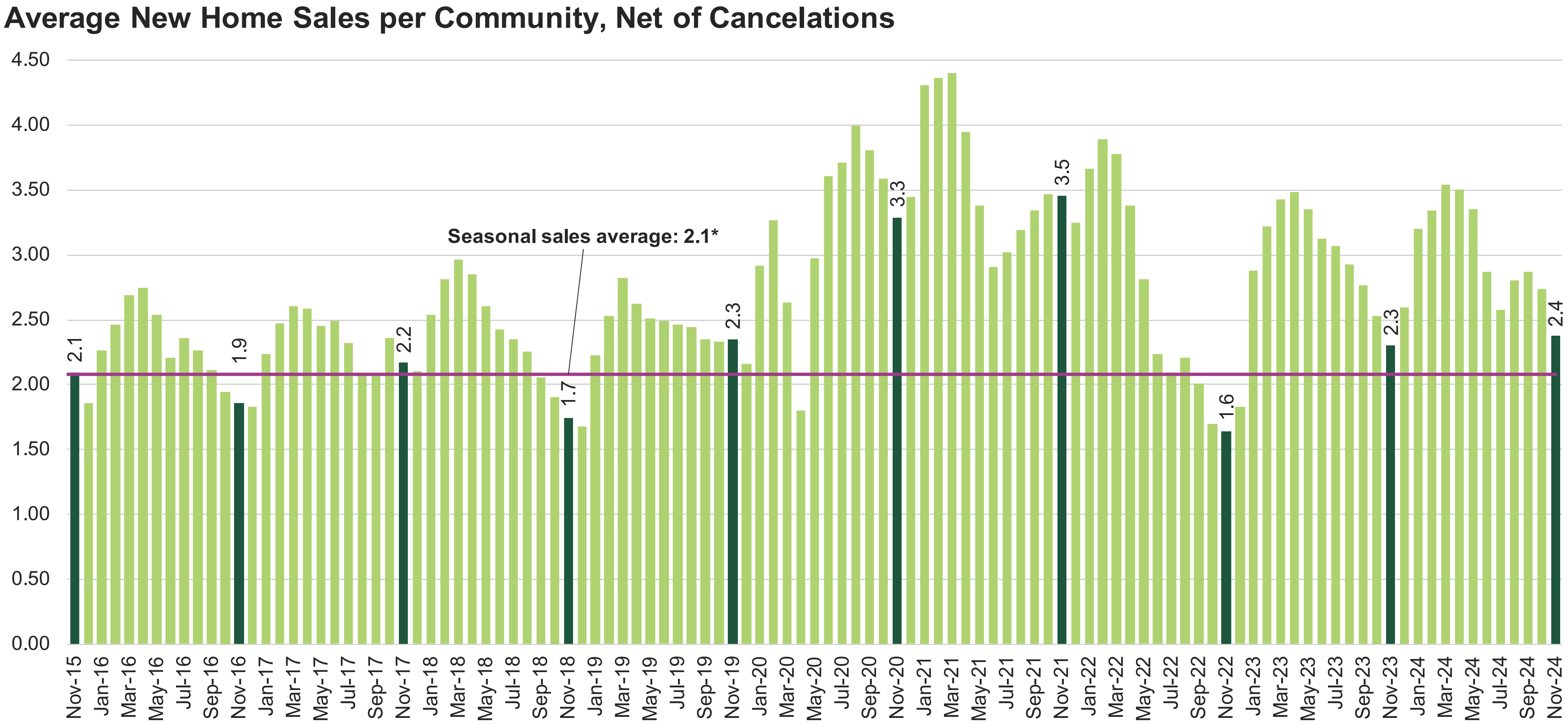
Builders averaged 2.4 net sales per community in November, +4% YOY and +14% above the 2.1 November average from 2012-2019 (normal years).

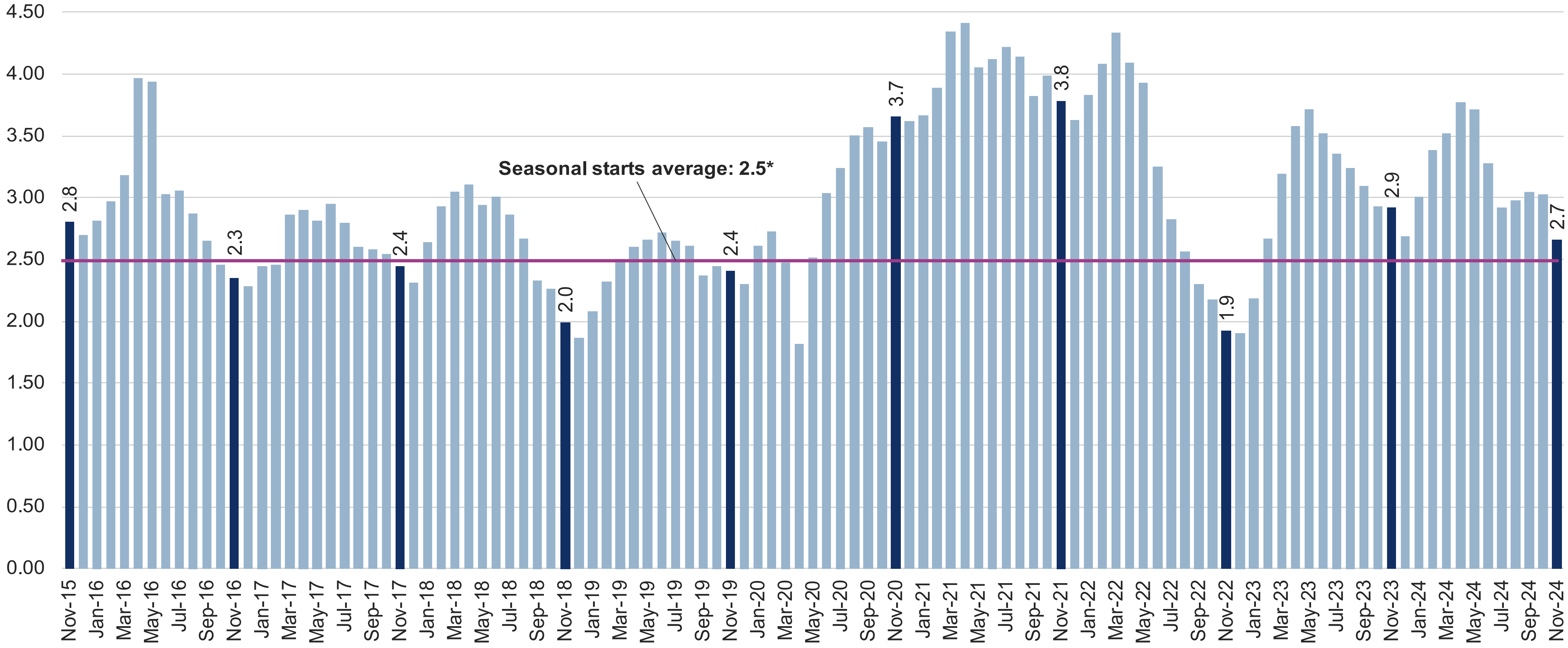


*Seasonal sales average reflects the average for the month of November from 2012 to 2019.

Source: John Burns Research and Consulting, LLC, independent survey of ~18% of all US new home sales, NSA (Data: Nov-24, Pub: Dec-24)

Builders averaged 2.7 single-family starts per community in November, +8% above the 2.5 November average from 2012-2019 (normal years).

Single-Family New Home Starts per Community



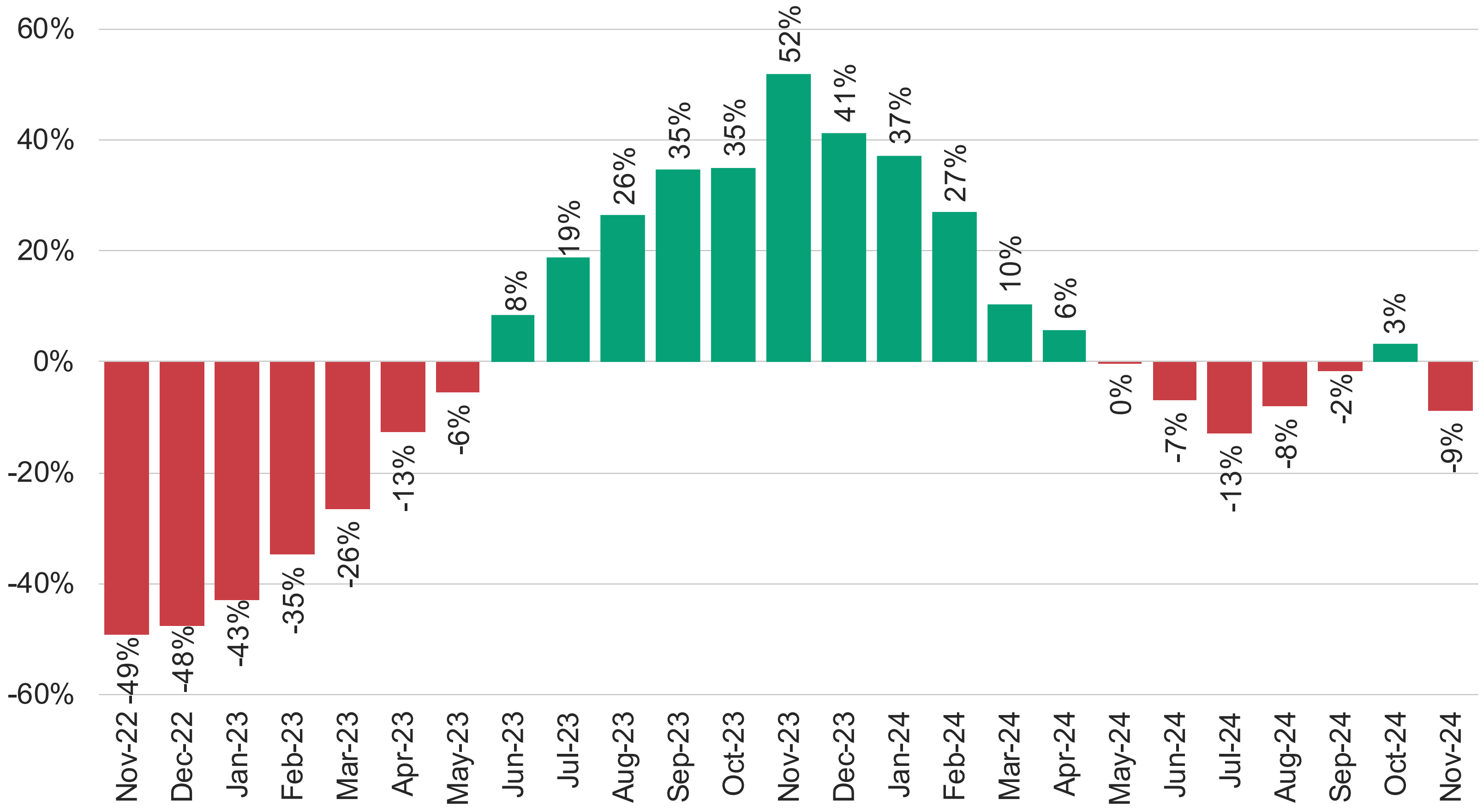
*Seasonal starts average reflects the average for the month of November from 2012 to 2019.

Source: John Burns Research and Consulting, LLC, independent survey of ~18% of all US new home sales, NSA (Data: Nov-24, Pub: Dec-24)

Average single-family starts per community fell -9% YOY from robust +52% growth one year ago.

Single-Family Housing Starts per Community YOY % Change

All builder responses YOY, weighted averages



Builders have been tapping the brakes on starts rates following the spring sales peak in April to align with cooler demand and steadily rising finished inventory since the beginning of the year.

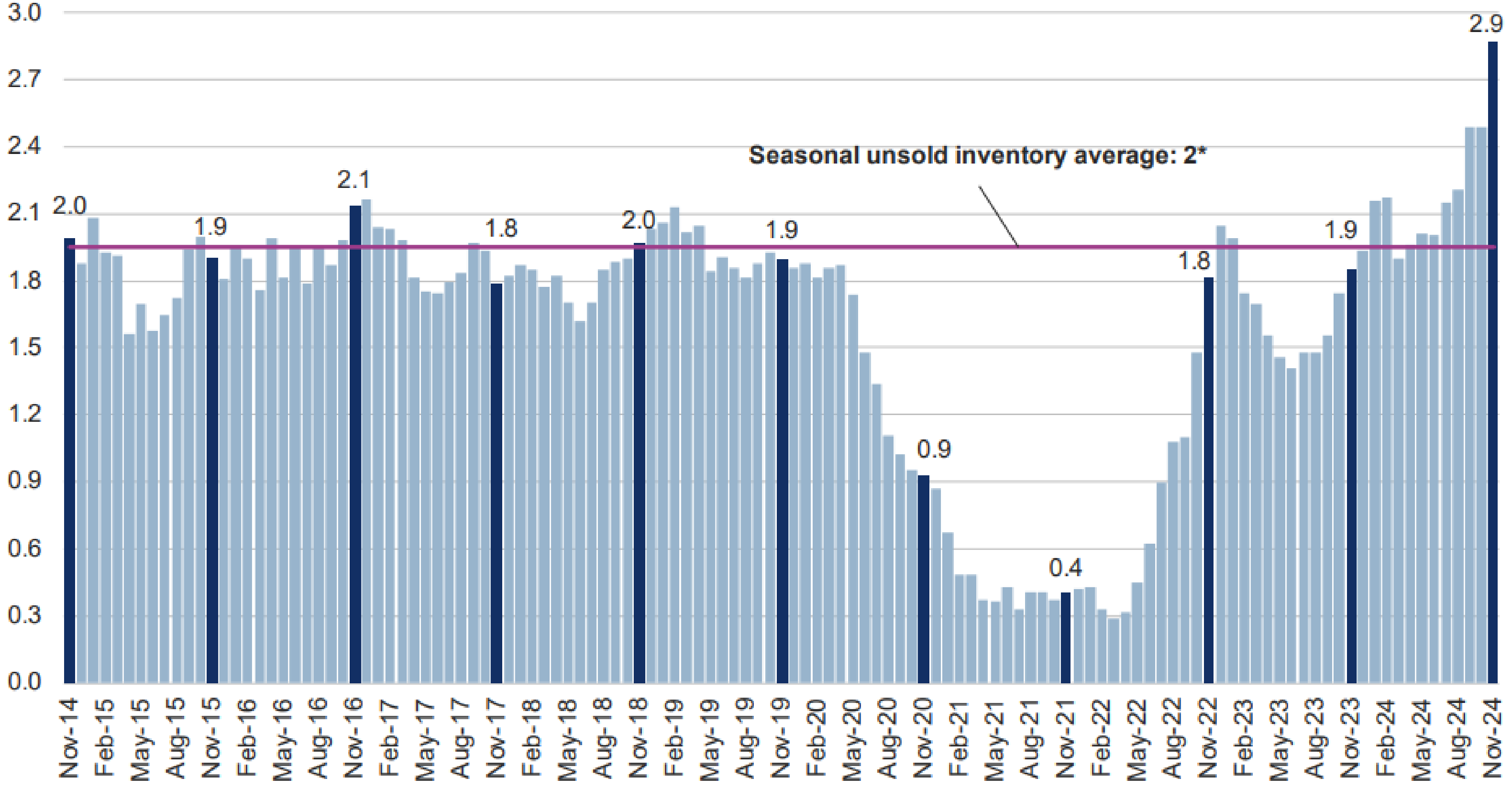
Few builders indicate they are ramping up starts or stockpiling components in advance of expected policy announcements following the inauguration. However, many builders express concern for the impacts of tariffs and potential labor shortages in 2025, per our Question of the Month. Most are taking a “wait and see” approach.

Source: John Burns Research and Consulting, LLC, independent survey of ~18% of all US new home sales, NSA (Data: Nov-24, Pub: Dec-24)

Unsold finished inventory averaging 2.9 homes per community increased +53% YOY and +15% MOM.

Number of Unsold, Finished New Homes per Community

All responses, weighted averages



*Seasonal unsold inventory average reflects the average for the month of November from 2012 to 2019.

Note: Inventory levels can be influenced by builder strategies, type of community (such as active adult), and seasonality that varies significantly by market.

Source: John Burns Research and Consulting, LLC, independent survey of ~18% of all US new home sales, NSA (Data: Nov-24, Pub: Dec-24)

Finished inventory averaging 2.9 homes per community nationally sits at the upper limit of the 2–3 homes that we consider a normal range.

Many builders are intentionally building more inventory than usual to:

- Facilitate quick move-ins for buyers, supported by rate incentives
- Capitalize on weak resale inventory and builders' willingness to compensate buyers' agents.

40% of builders averaged 1–2 finished homes per community, which we consider a normal range, though entry builders often target 3–6 inventory homes.

19% of builders report 4 or more finished inventory homes per community in November.

New homes are becoming simpler in design, meaning fewer windows.

Paisley at Rienda
Rancho Mission Viejo, CA
Tri Pointe Homes | WHA | Ver Designs | FORMA

We estimate each new single-family home will have 3 fewer window units in 2027 than in 2015.

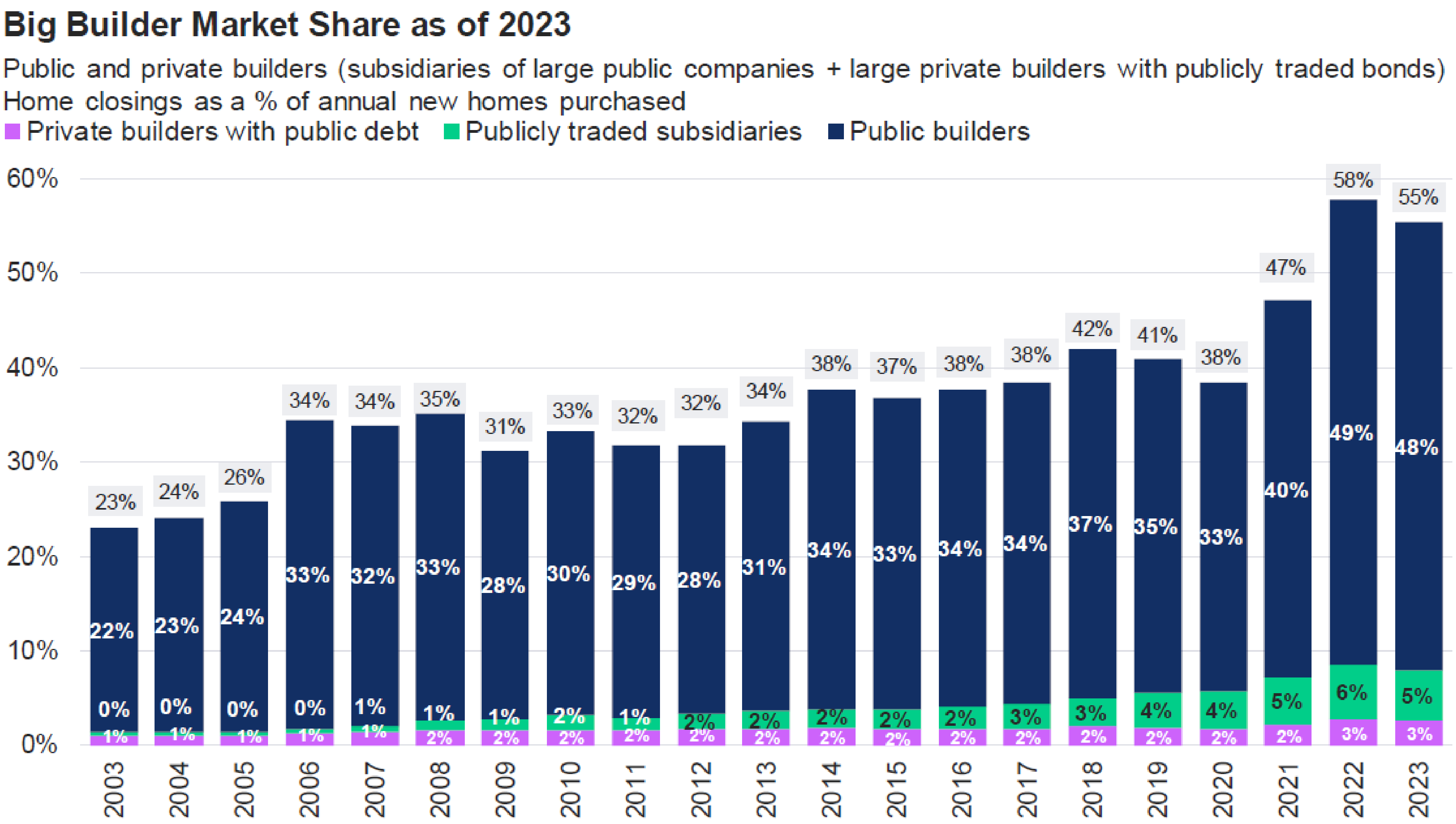
21 units per home

19 units per home

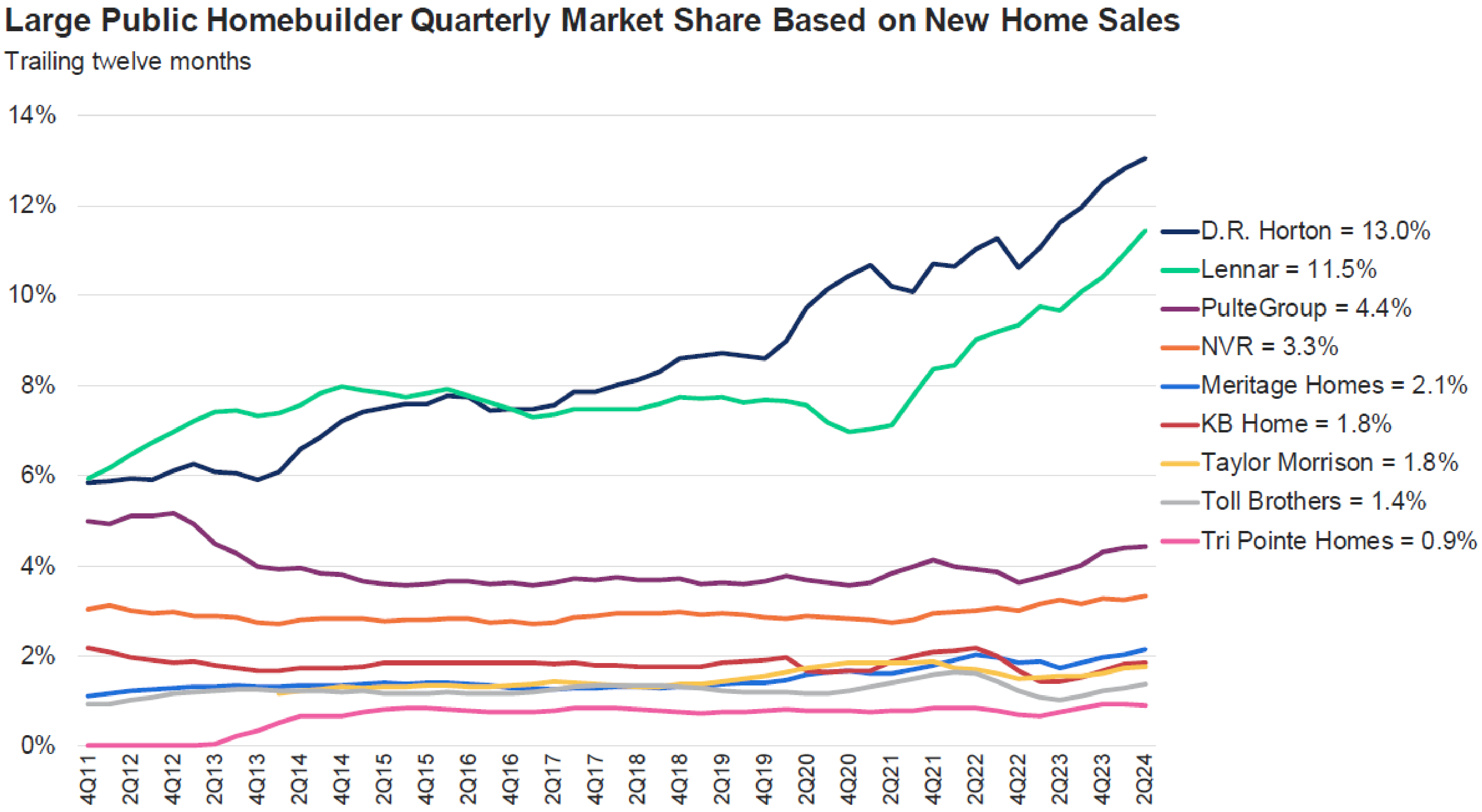
18 units per home

Source: John Burns Research and Consulting Demand Meter (Data 3Q24, pub. Oct-24).

Including subsidiaries, publicly-traded companies now comprise 55% of new home sales.

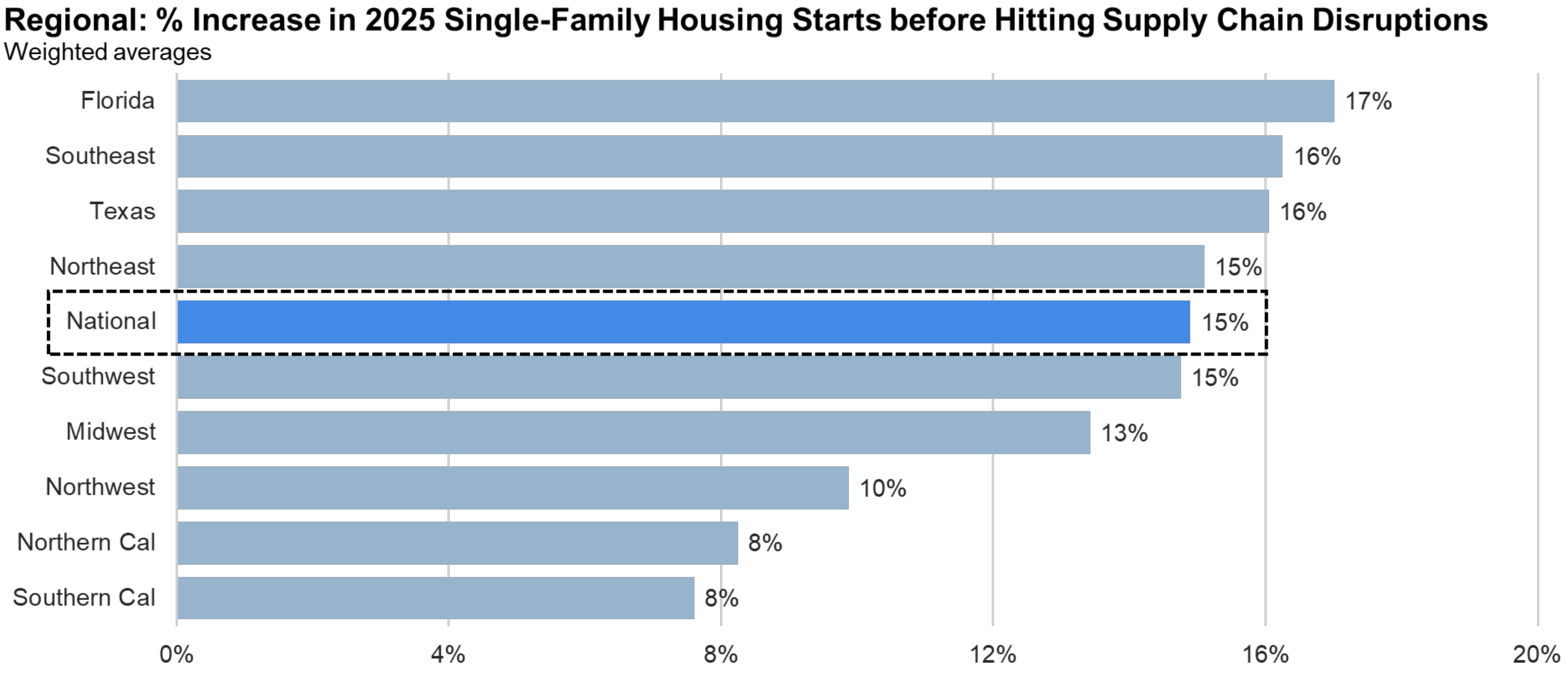


DR Horton and Lennar now sell almost 25% of all the new homes in the country.



Sources: Bloomberg; public homebuilder public filings; John Burns Research and Consulting, LLC (Data: Builders' most recent quarter, Pub: Aug-24)

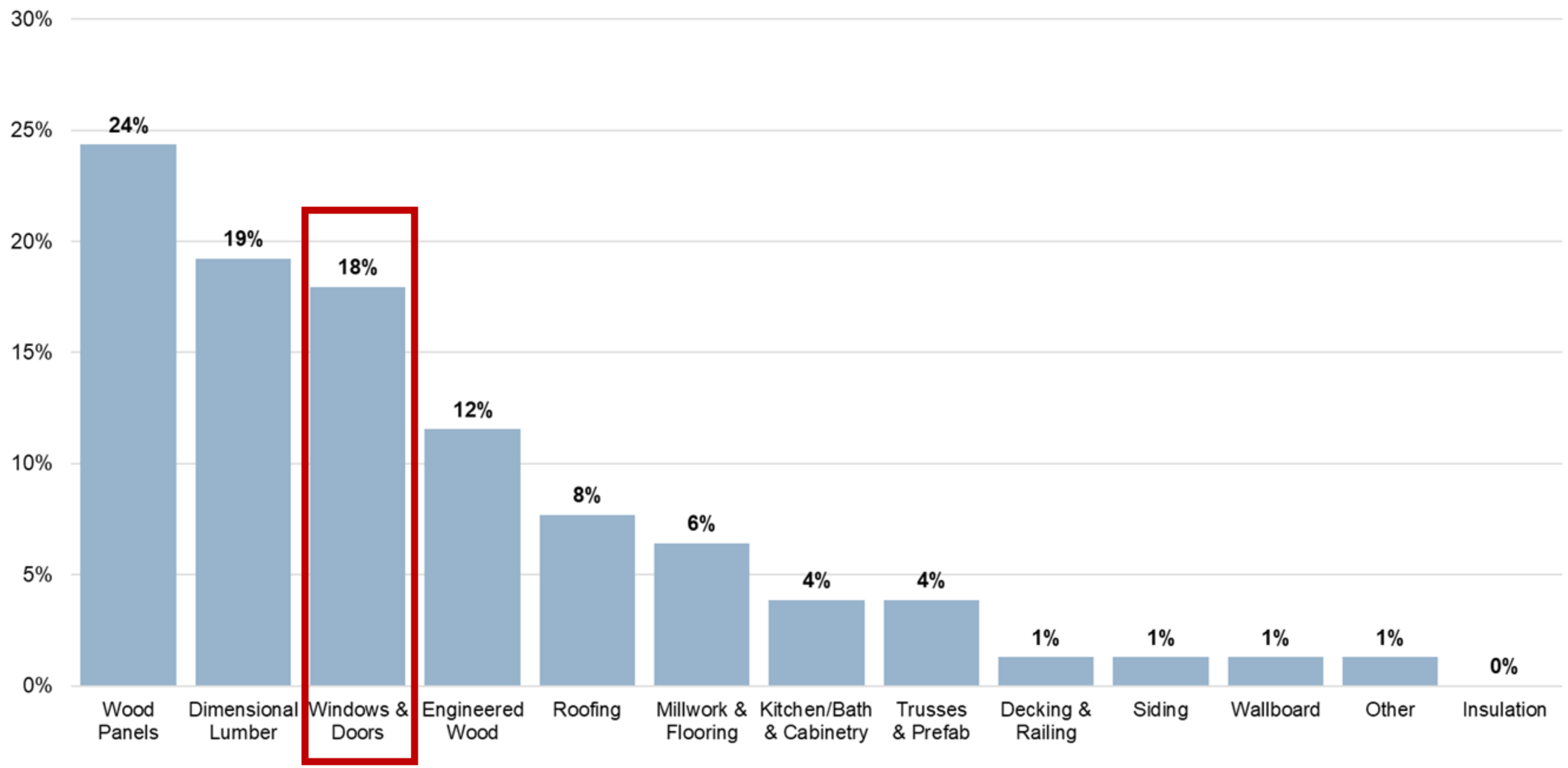
Nationally, homebuilders think they can grow 2025 single-family starts +15% before hitting supply disruptions (implies ~1.1M SF starts)



Source: John Burns Research and Consulting, LLC, independent survey of ~18% of all US new home sales, NSA (Data: Sep-24, Pub: Oct-24)

Building materials dealers are still concerned about potential supply chain disruptions in 2025 should housing starts grow more than 10%.

Building Products Dealers' Concern Around Product Shortages



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

Outline

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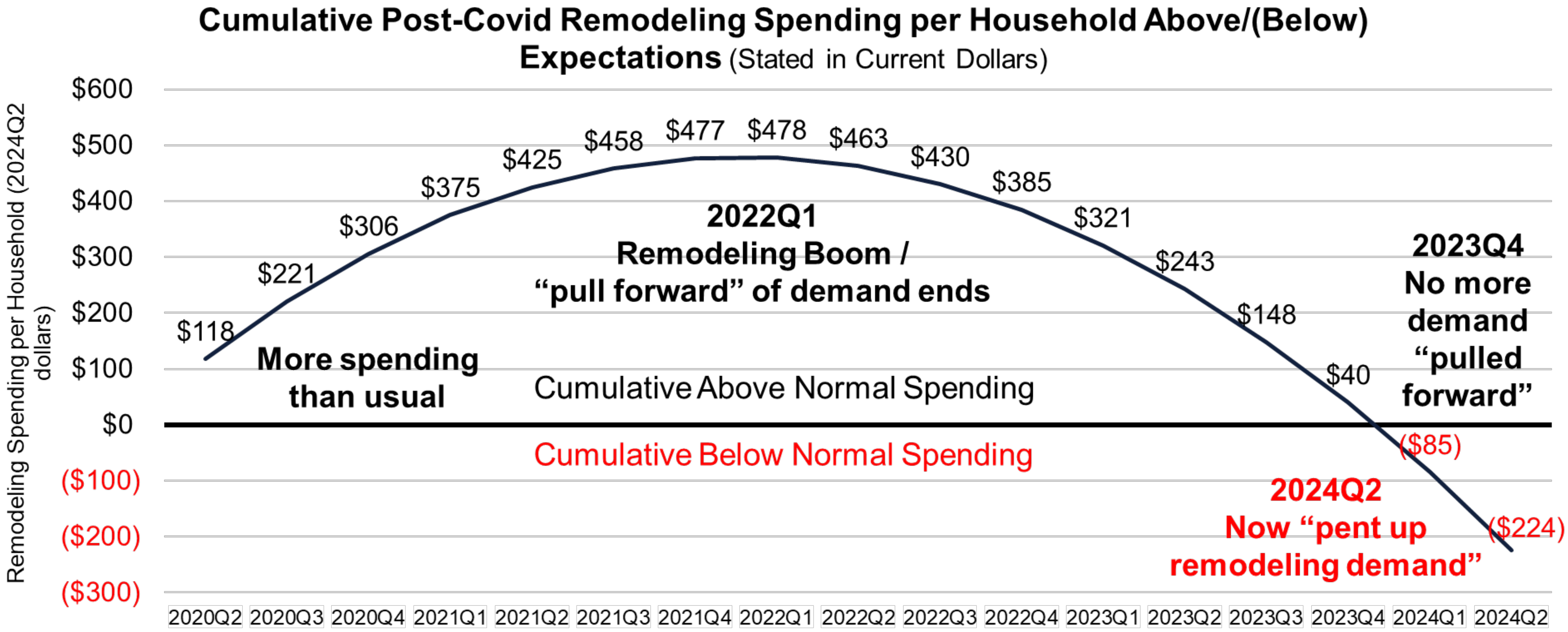
The remodeling boom has now flipped to remodeling pent-up demand.

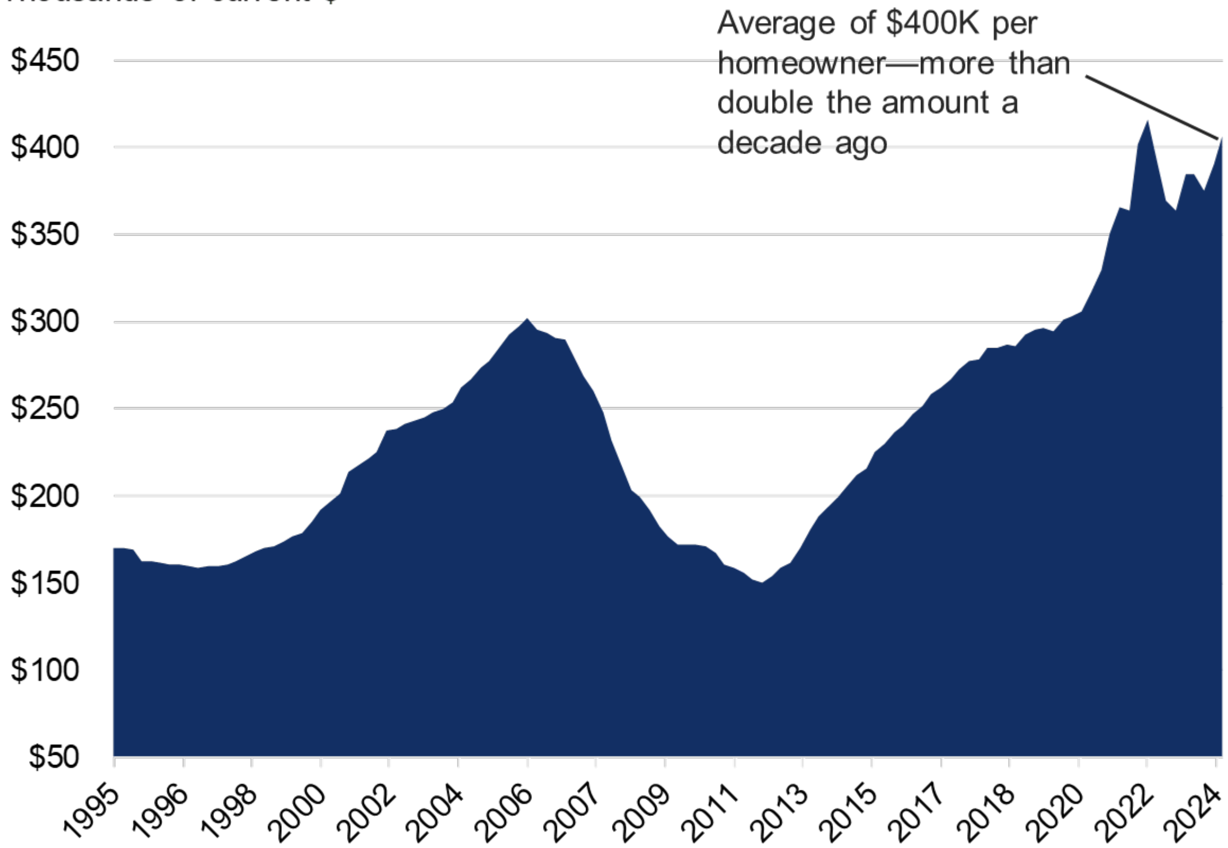


Sources: John Burns Research and Consulting; Census, BEA (Data: June-24, Pub: Aug-24)

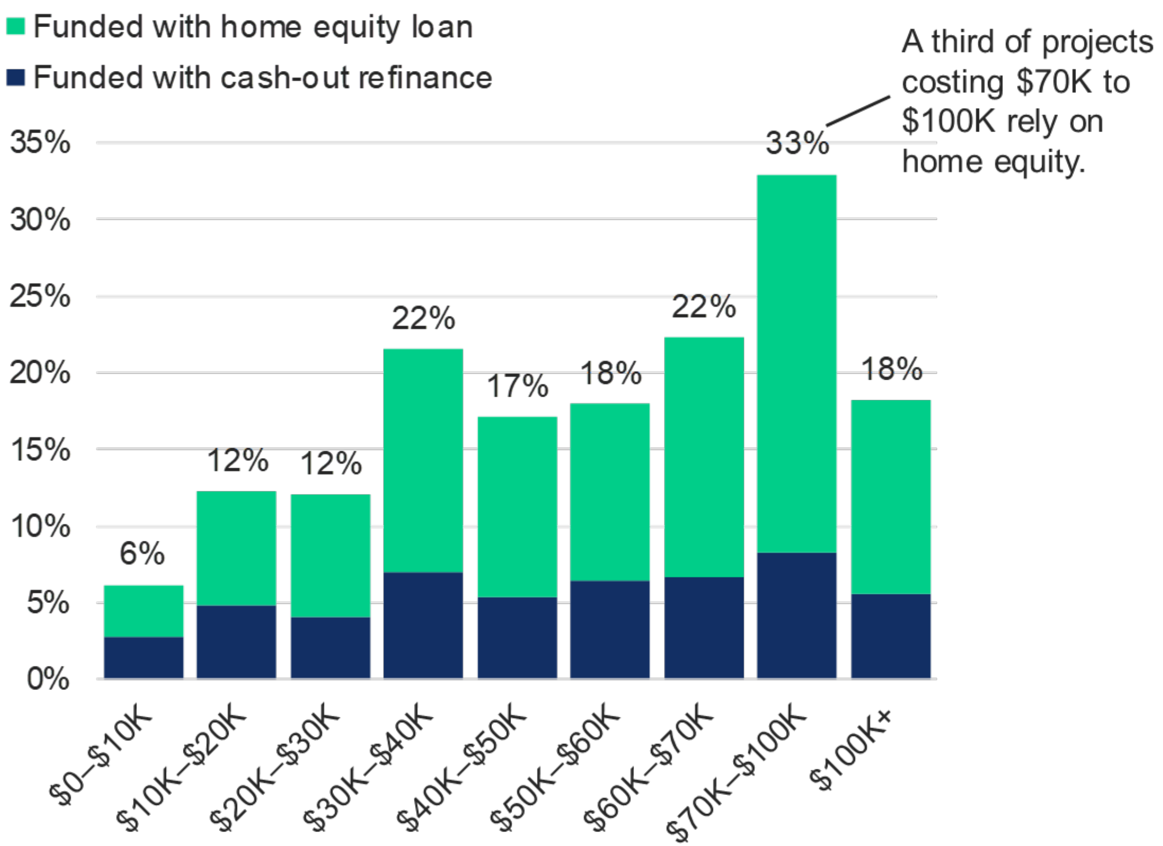
US home equity averages around $400K per owner household, providing massive dry powder to fuel growth in large remodels.

Home Equity per Homeowner

Thousands of current $



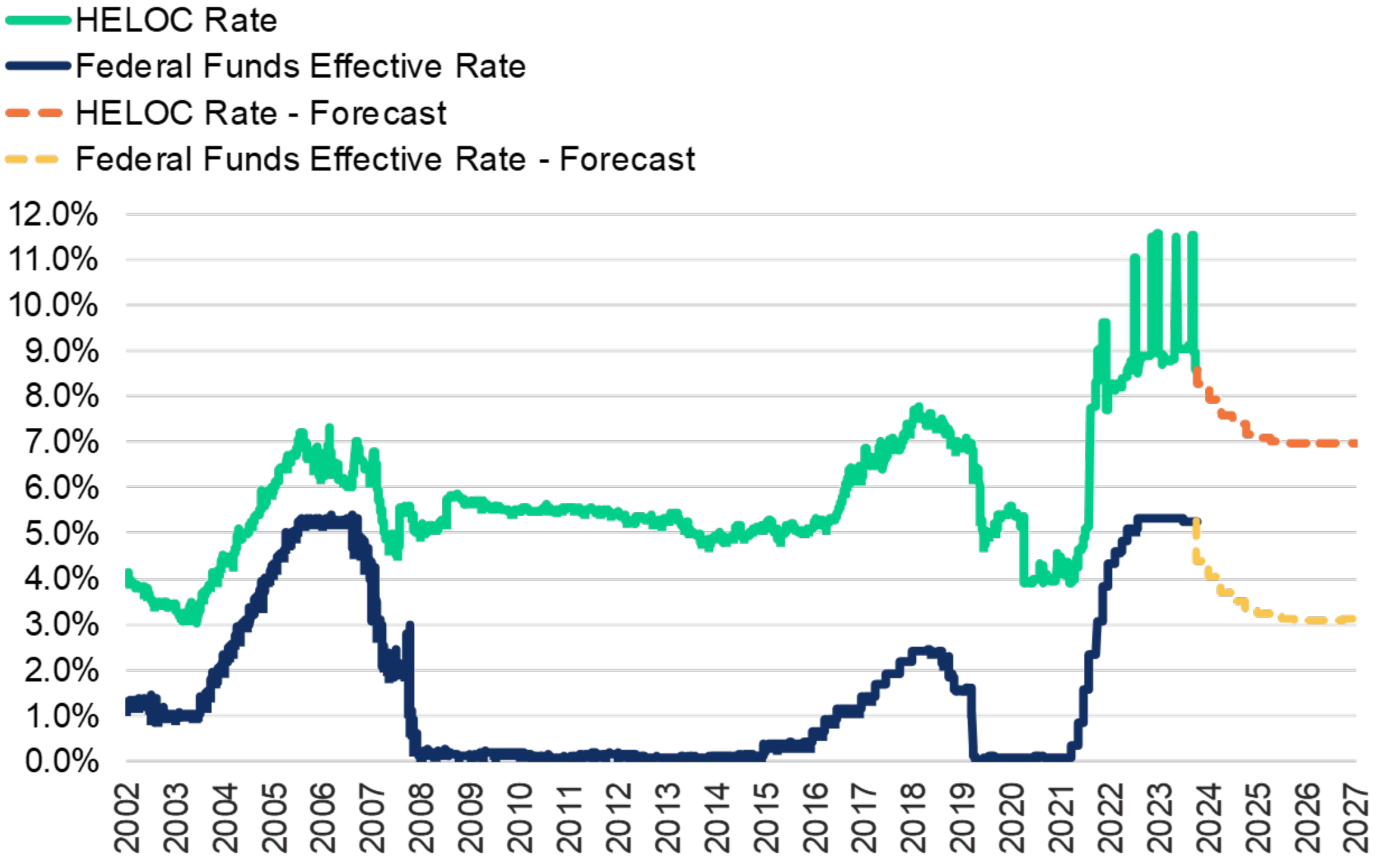
Share of Remodeling *Spending* Financed with Home Equity, by Total Project Spend (2022–2023)



Source: John Burns Research and Consulting, LLC (Data: Jul-24, Pub: Oct-24)

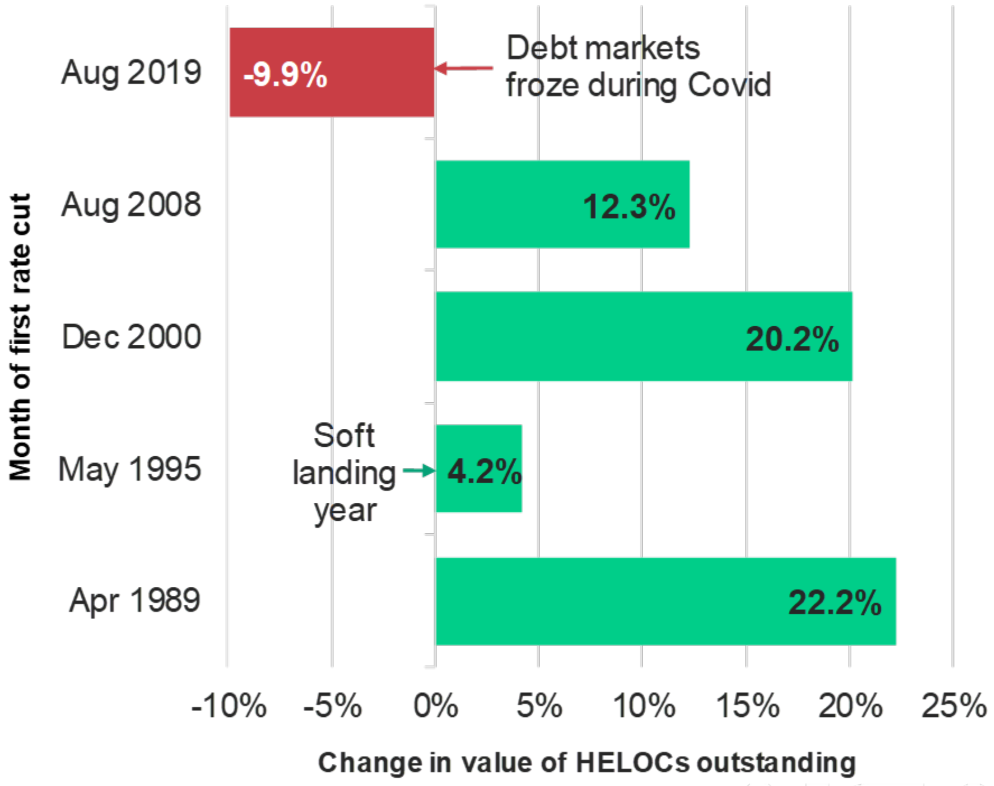
We expect HELOC rates to decline over 2025, in lockstep with a Fed rate-easing cycle. HELOC balances generally expand following the first rate cut.

Home Equity Line of Credit Interest Rate ($30,000 Credit Line) and Federal Funds Effective Rate



Change in Value of HELOCs Outstanding in the 12 Months after First Rate Cut

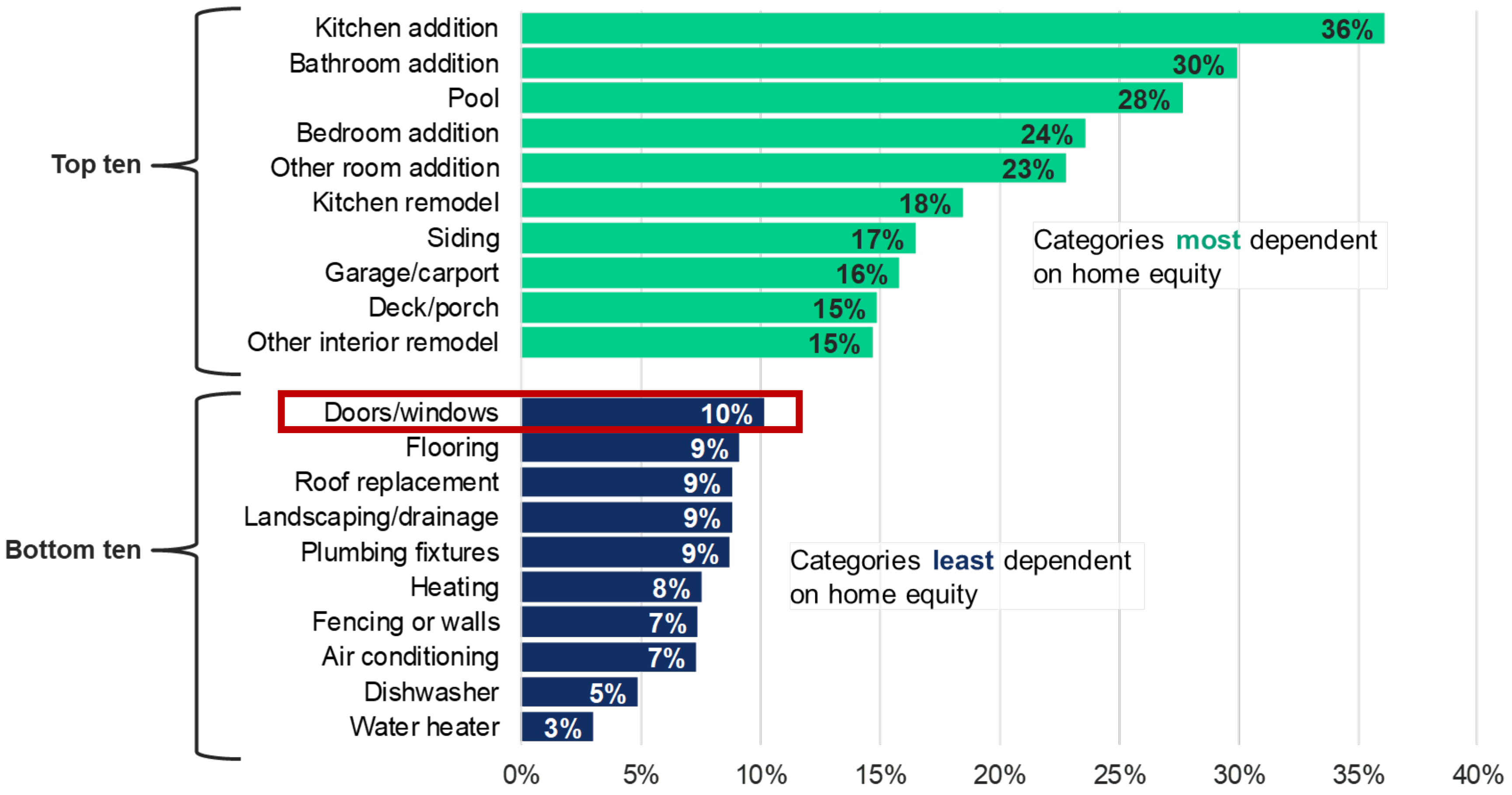
Billions of dollars, not seasonally adjusted



Source: John Burns Research and Consulting, LLC (Data: Jul-24, Pub: Oct-24)

Larger discretionary remodeling projects benefit disproportionately from home equity withdrawals and lower financing costs.

Share of remodeling spending financed with home equity, by project type in 2022–2023

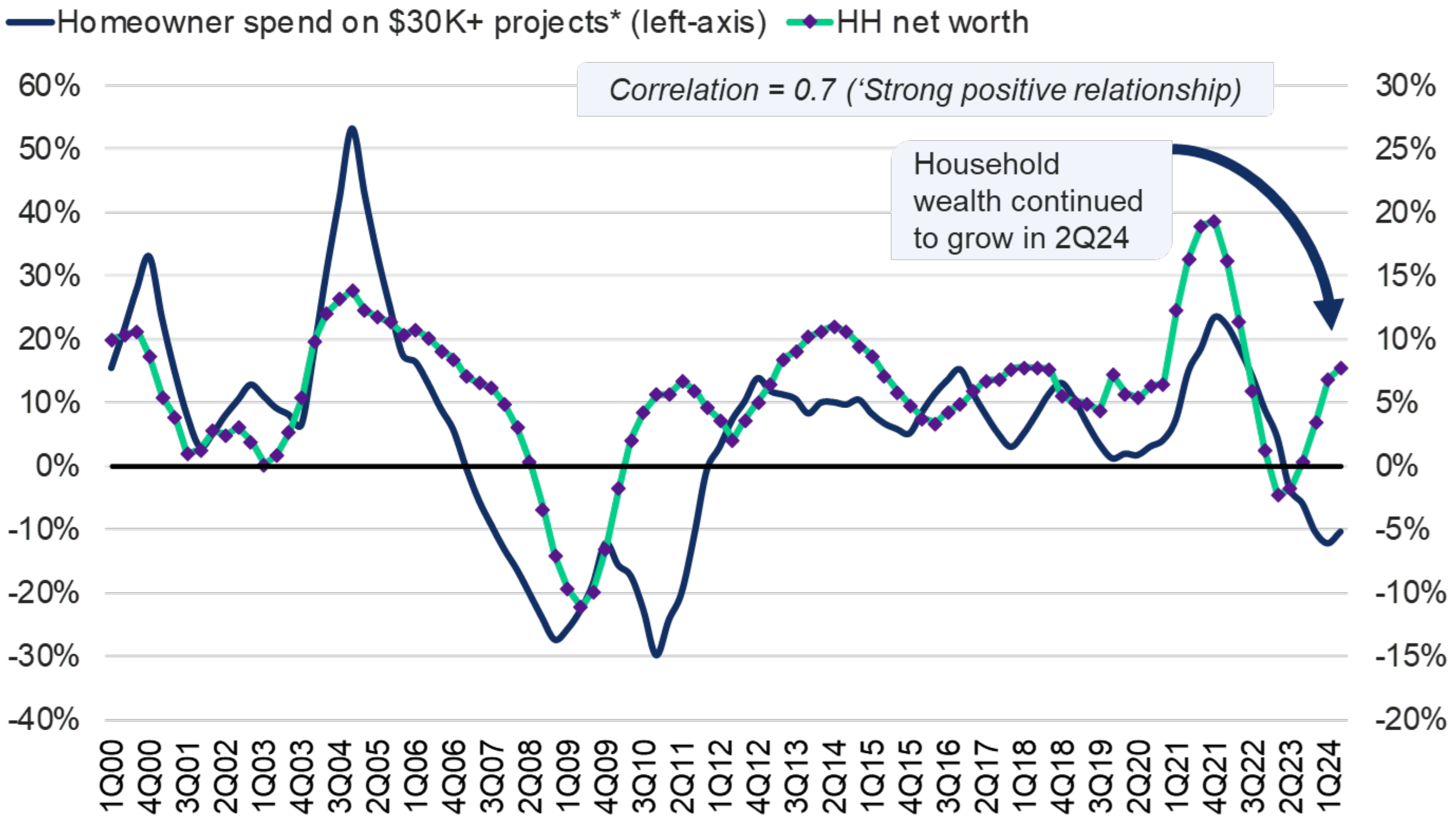


Source: John Burns Research and Consulting, LLC, 2023 American Housing Survey (Pub: Oct-24)

Rising household wealth is a near-term catalyst supporting remodeling spending by affluent households that drive an outsized share of R&R.

YOY Growth: Homeowner Spend on Large Projects vs. Household Net Worth

4-quarter trailing average of quarterly figures, percent



The US remodeling market has shifted to the wealthy.

In 2022–2023, the top 5% of homeowners by income accounted for:

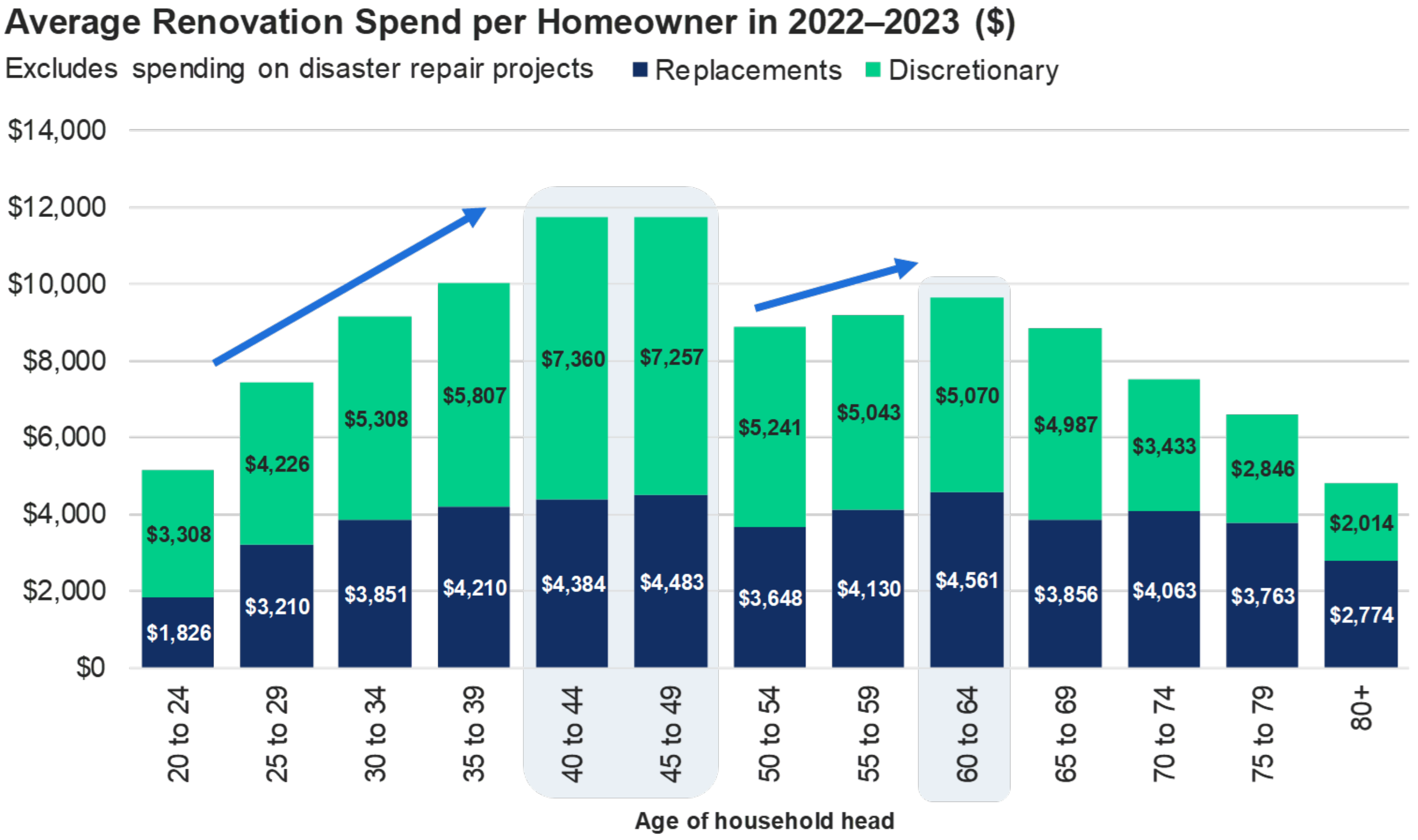
- 32% of room additions spend
- 23% of kitchen remodels spend
- 20% of deck additions spend
- 18% of bath remodels spend

Household wealth (housing and financial) is strongly associated with spending on large home improvement projects.

The recent growth in household wealth suggests that spending on $30K+ will soon recover, as wealthier households are less sensitive to interest rates.

Note: *Homeowner spend includes fix and flip activity.
Source: John Burns Research and Consulting, Federal Reserve Flow of Funds, 2023 American Housing Survey (Data: 2Q24, Pub: Oct-24)

Remodeling spending intensifies as households age into their 40s, driven by life events and wealth accumulation.



Life events, such as increased family size, major financial changes, and relocations, drive above-average remodeling spending for households headed by someone 40 to 49 years old.

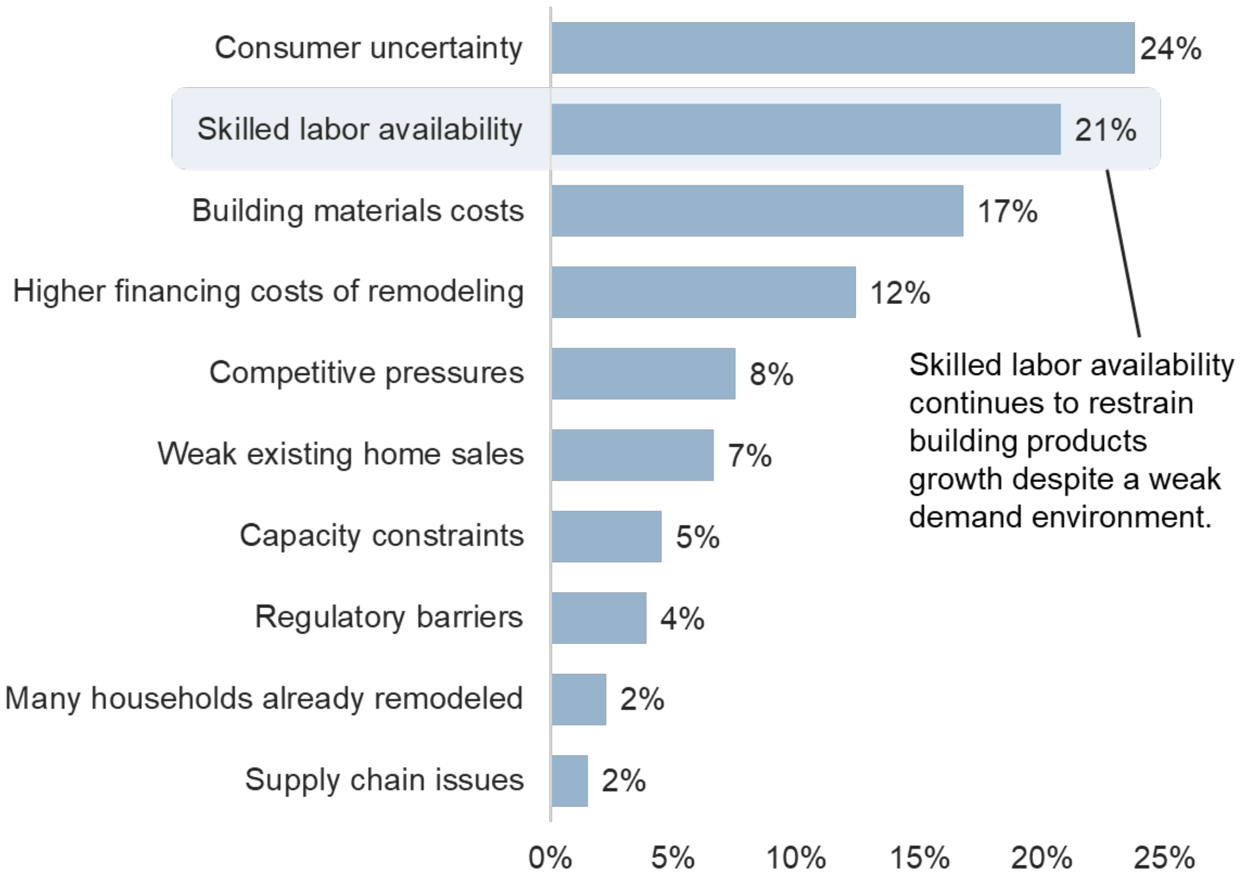
There is a subsequent wave of remodels as households approach retirement in preparation for aging in place.

Our demographics team anticipates strong growth in households entering the 35–44 age range in the next 3 years.

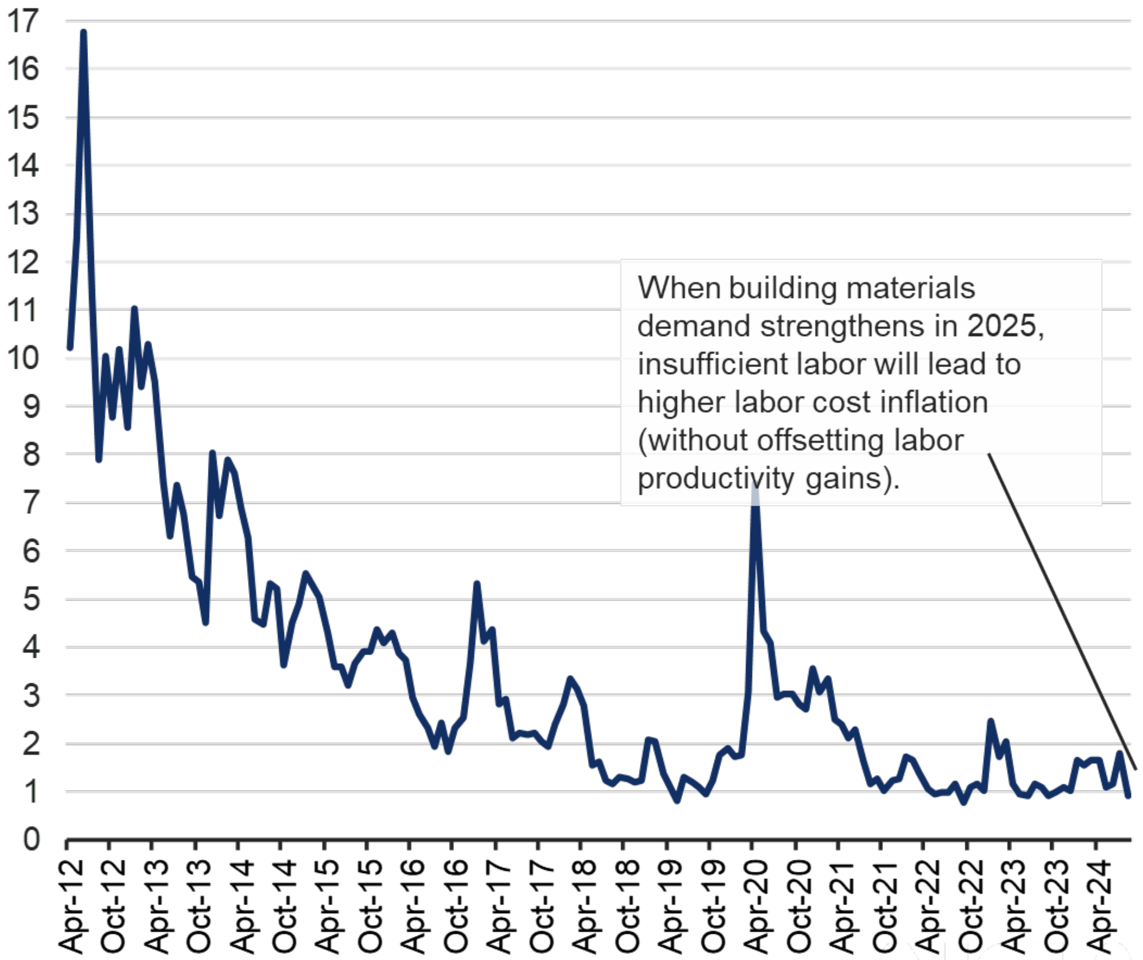
Sources: John Burns Research and Consulting, LLC; 2023 American Housing Survey (Pub: Oct-24)

Despite a weak building products demand environment, skilled labor availability impedes growth for professional remodelers.

Top Factors Cited by Professional Remodelers as Holding Them Back from Growth (3Q24)



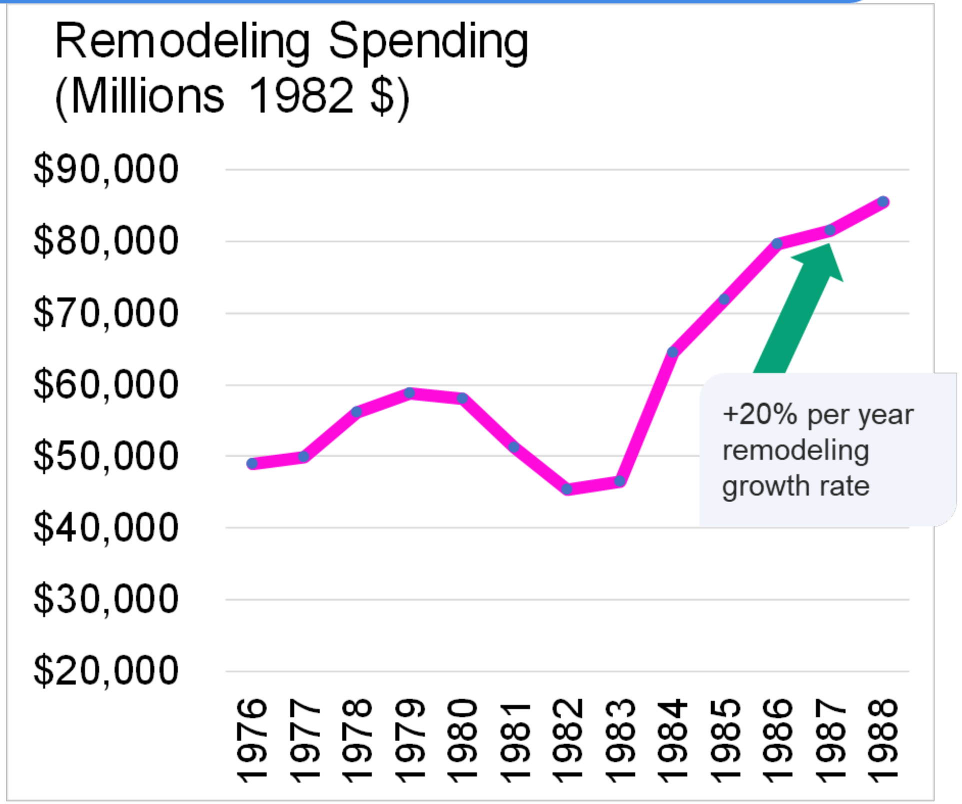
Construction: Unemployed Persons per Job Opening



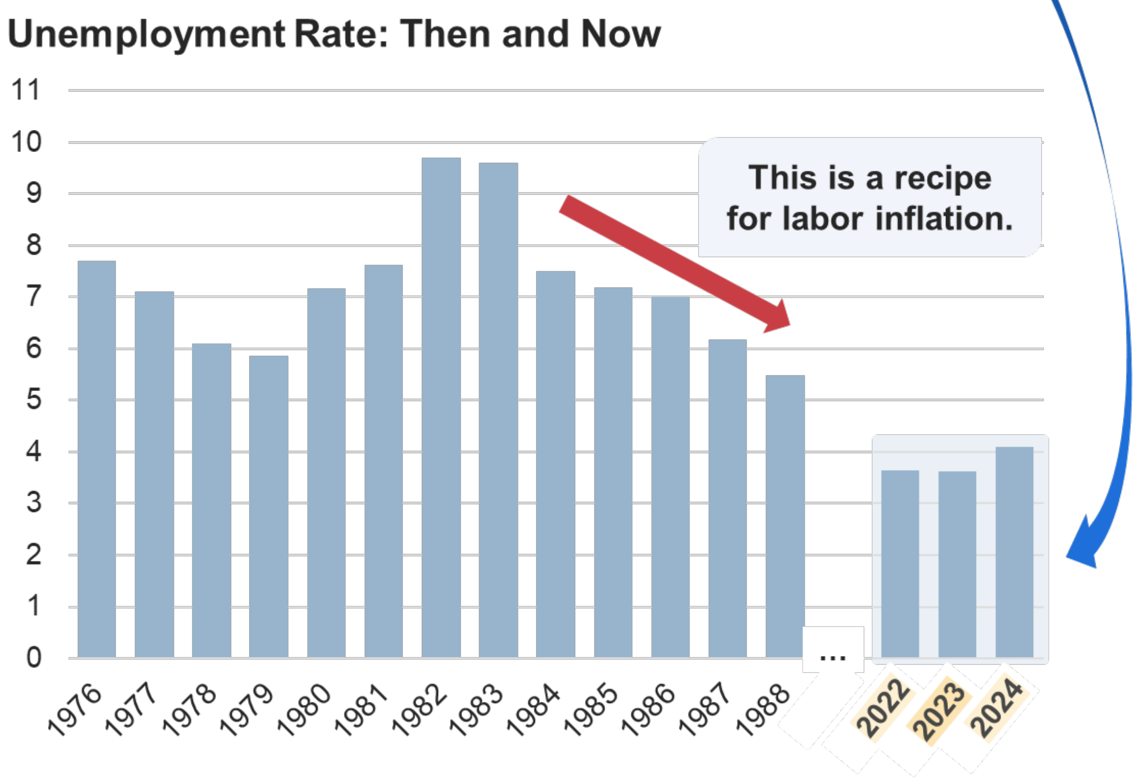
Sources: US Bureau of Labor Statistics; Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Oct-24)

Past cyclical downturns in building products coincided with large pools of unemployed construction labor. This is not the case today.

Is the 1980s remodeling deferral followed by boom an analog for what we should expect?

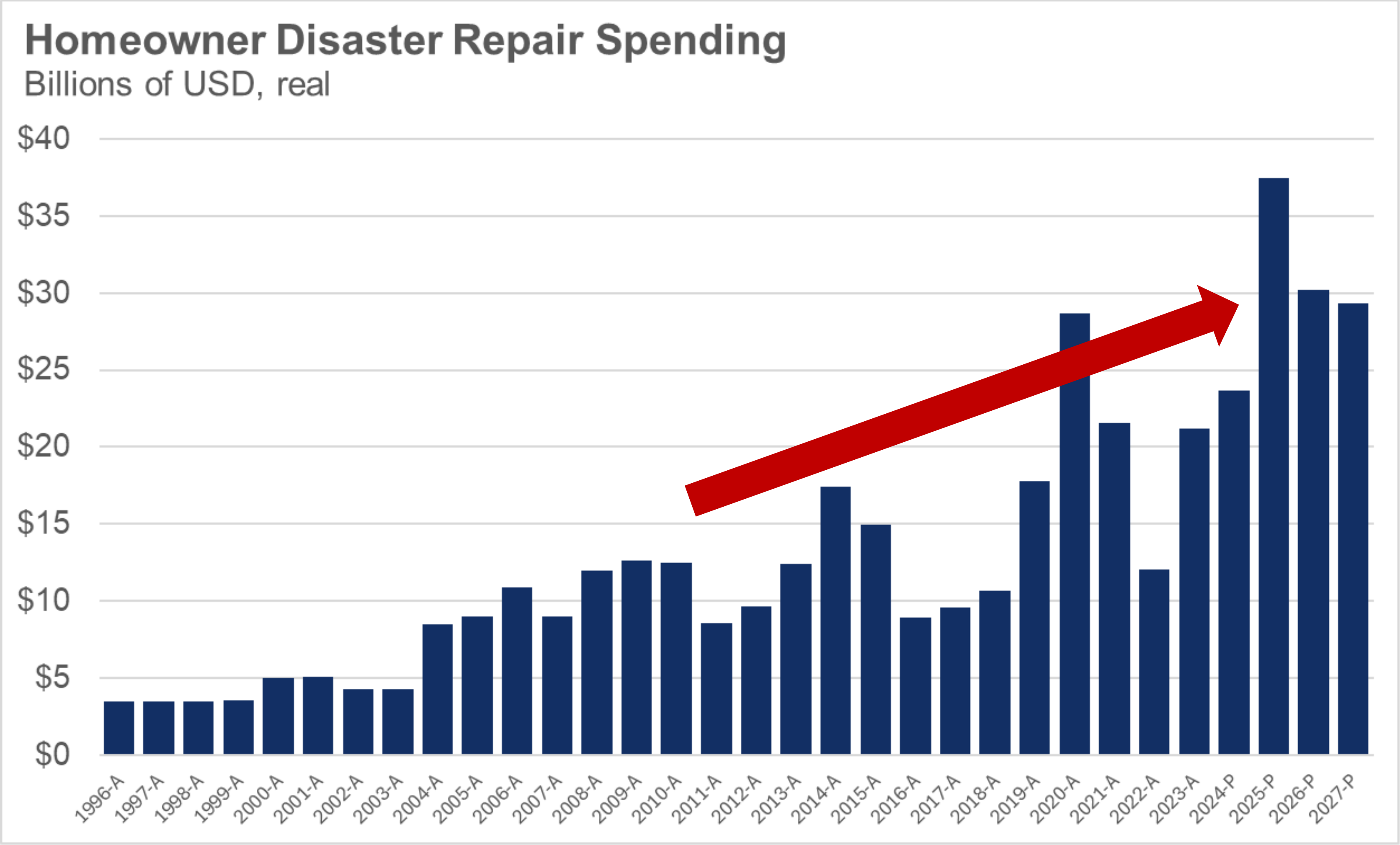


The unemployment rate is ~4% today, compared to ~10% when the 1980s boom began.



Sources: US Bureau of Labor Statistics; Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Oct-24)

Significant increases in disaster repair spending over the past several years add to labor shortages. We expect *record* disaster spending in 2025.



Sources: Qualified Remodeler; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

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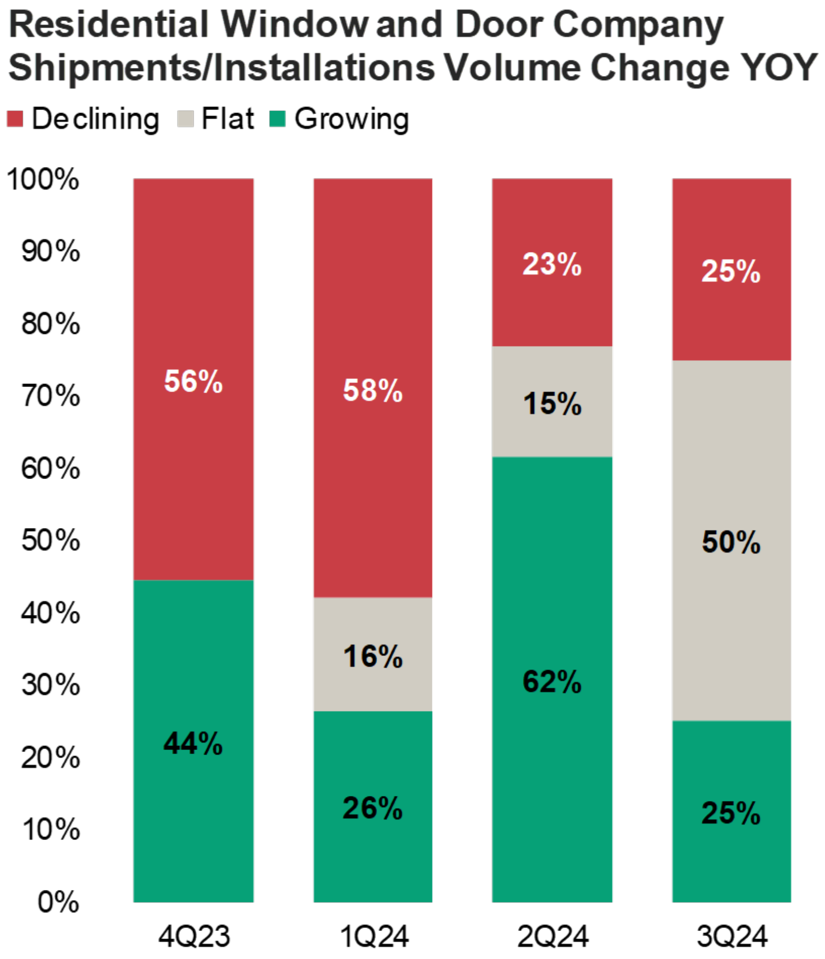
Survey background

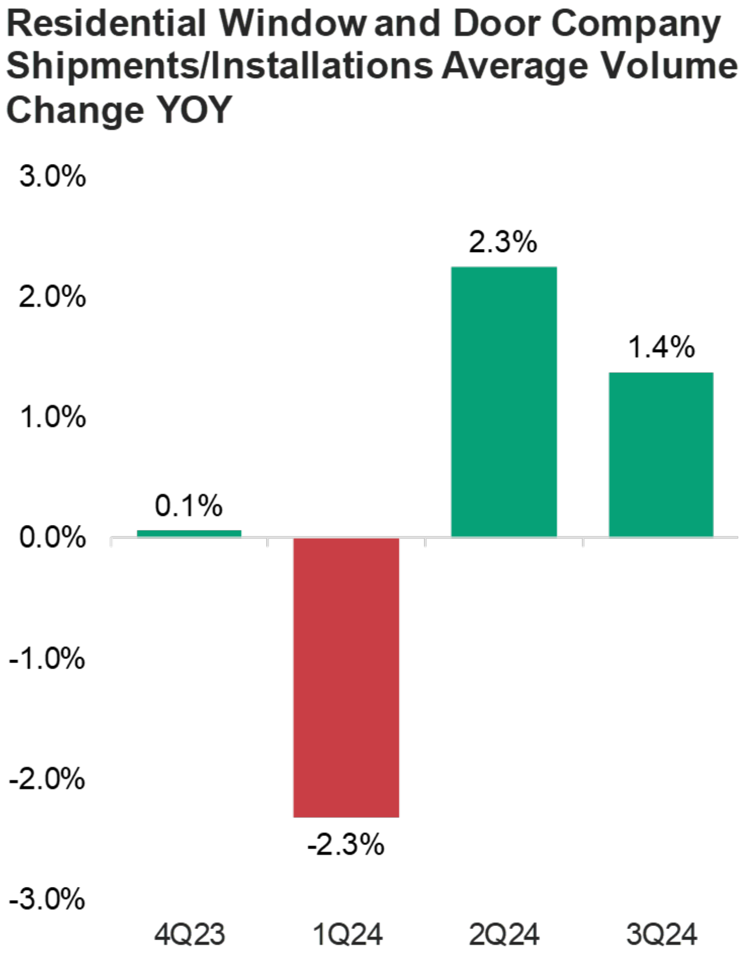
- Exclusive partnership between Window + Door Magazine and John Burns Research and Consulting
- Quarterly survey of residential manufacturers, glass shops, glazers, and installers
- Measurements of volumes, revenue, lead times and backlogs, supply chains, and guidance
- Quantitative data and qualitative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

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

- Missed shipments and revenue results.
- Benign material and labor inflation.
- Staffing plans to support growth.
- Optimistic 2025 expectations.

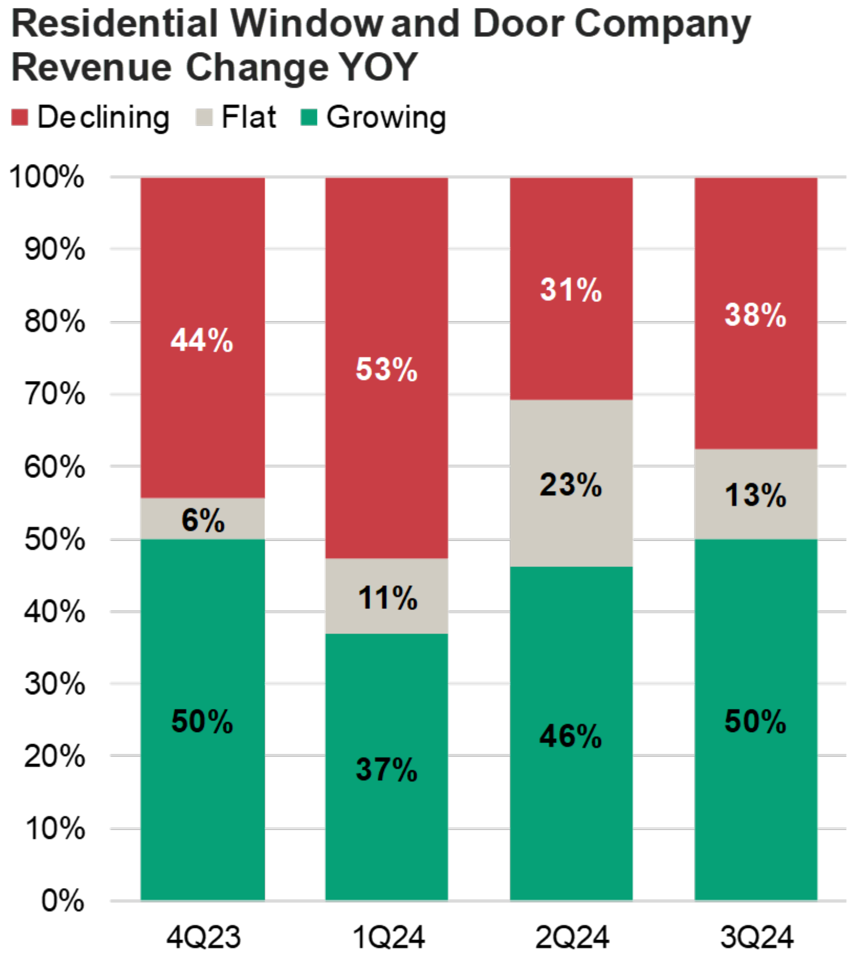
Only 25% of window and door companies reported volumes growing in 3Q24. Average volumes across all companies grew +1.4% YOY.

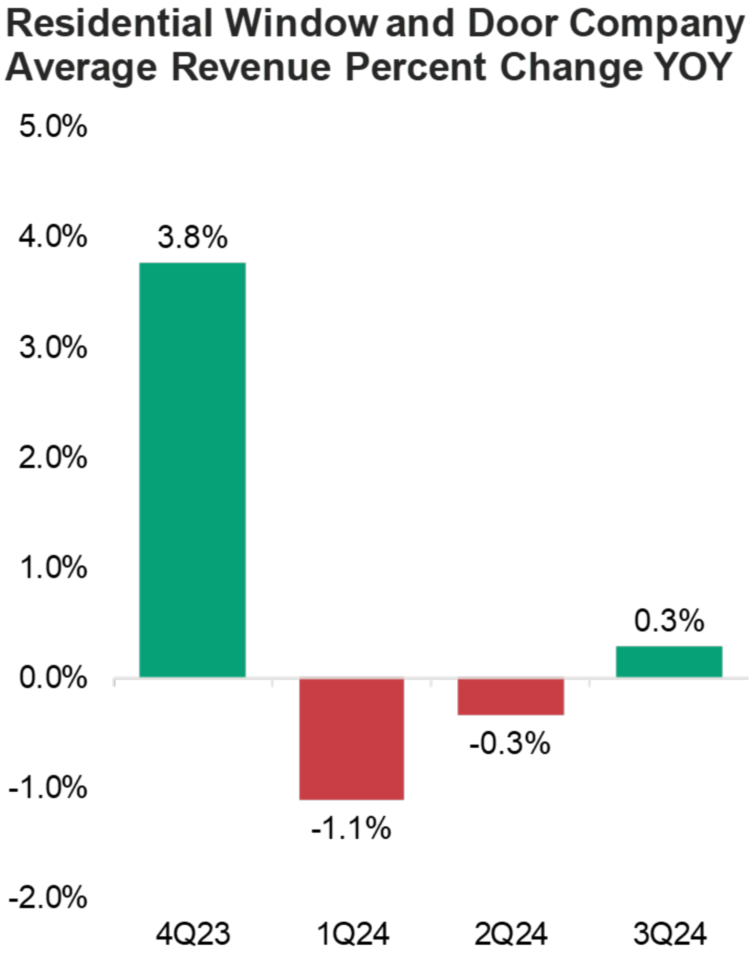




Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

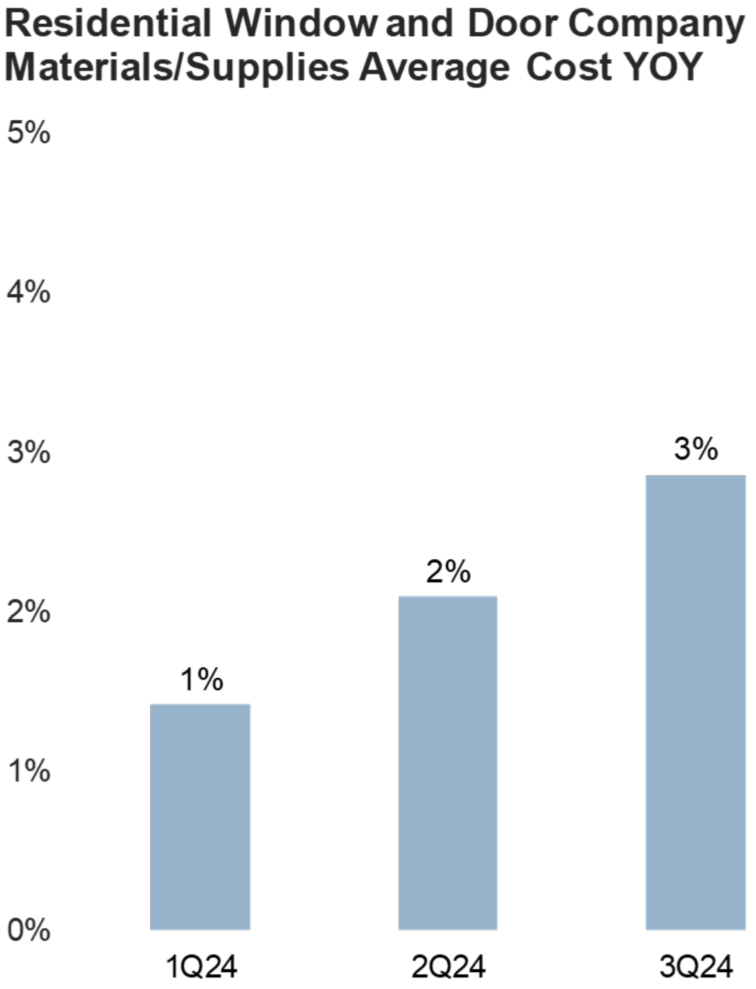
50% of companies reported YOY revenue increasing in 3Q24. Average revenue across all companies increased +0.3% YOY.

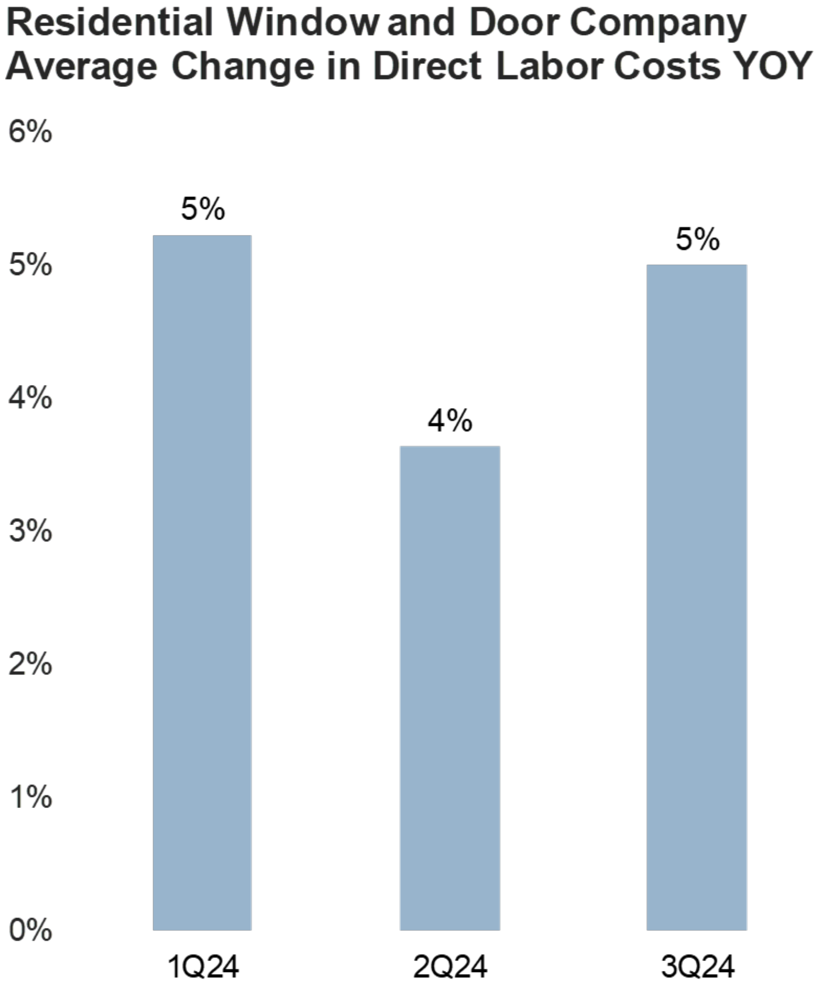




Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

Window and door companies reported slight YOY inflation in material input costs (+3% YOY) and direct labor costs (+5% YOY).



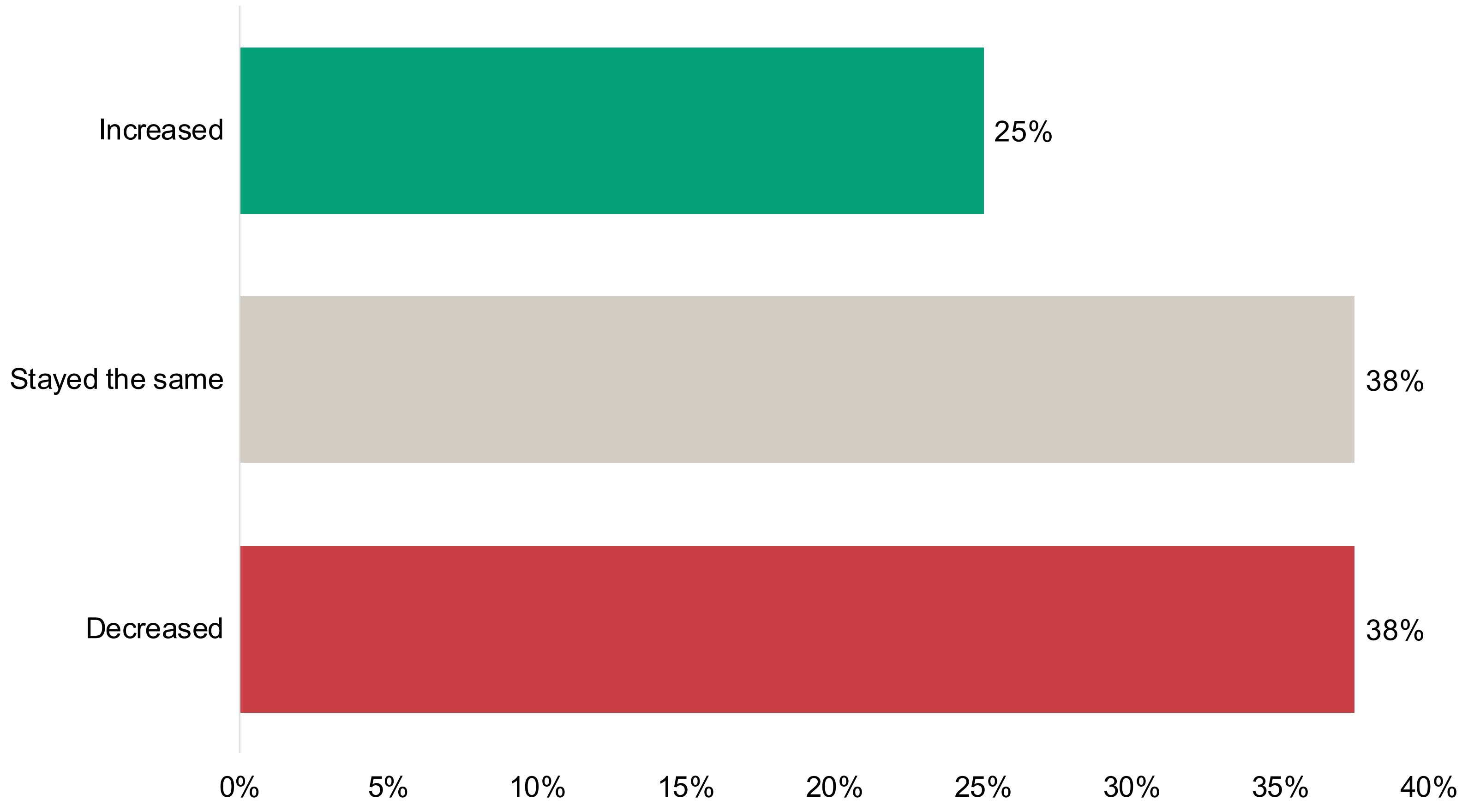


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

25% of companies reported growing project backlogs YOY in 3Q24.

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

3Q24

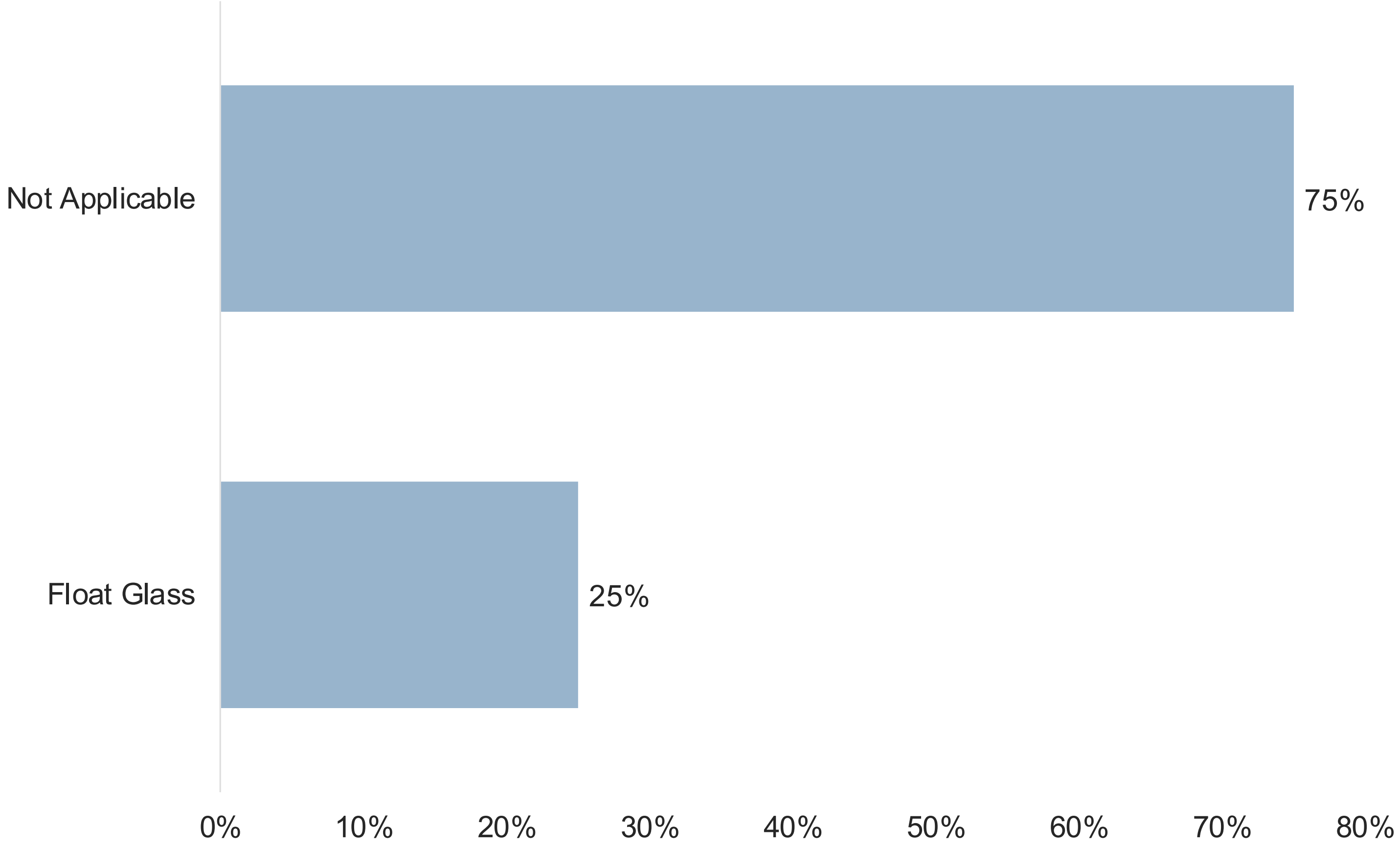


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

75% of manufacturers report no extended material lead times, allowing for improved cycle times.

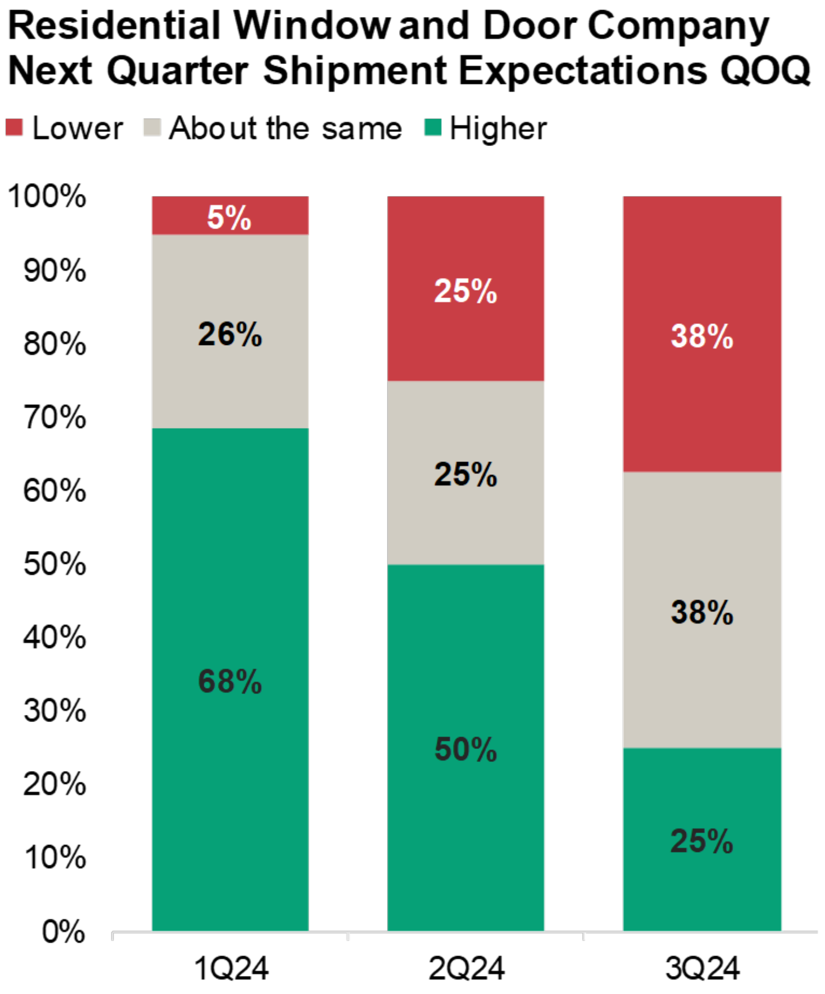
Products or Materials with Extended Lead Times

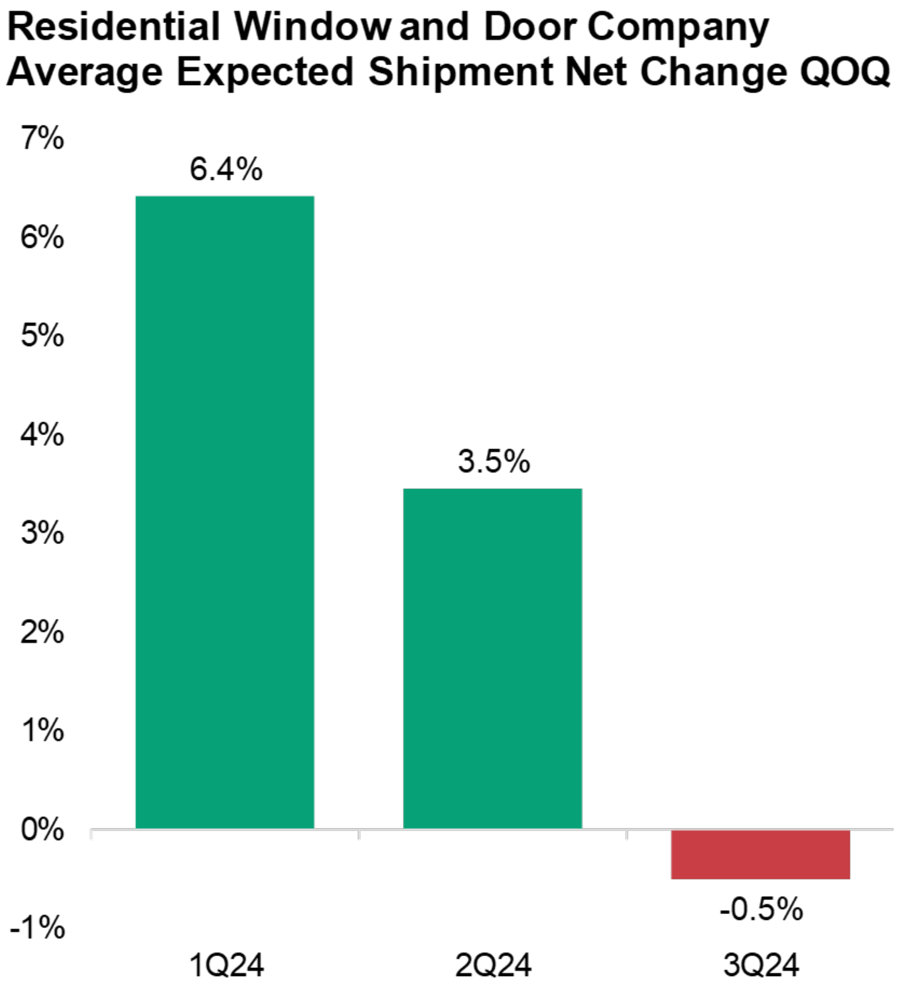
3Q24



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

25% of companies expect to ship more units in 4Q24 vs 3Q24. Companies expect shipments to decrease by -0.5% on average.

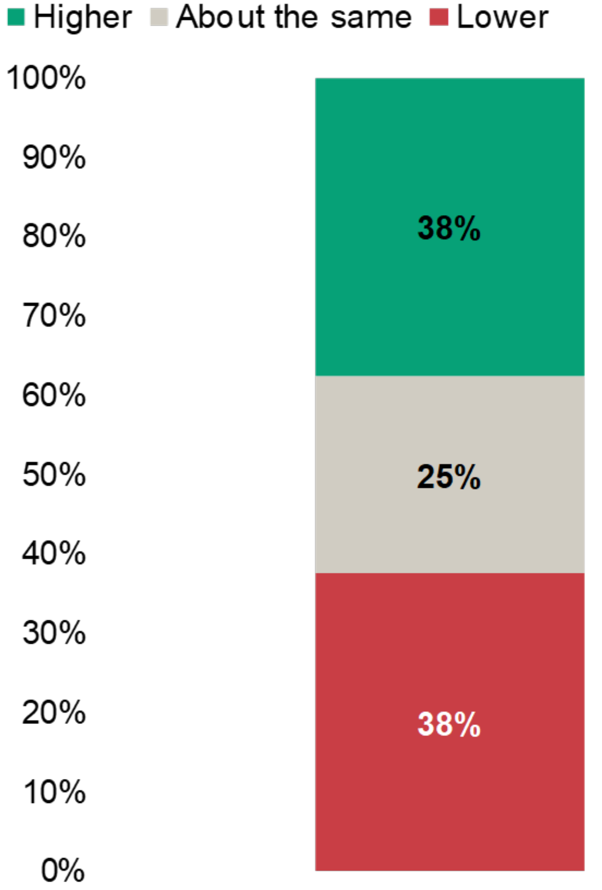




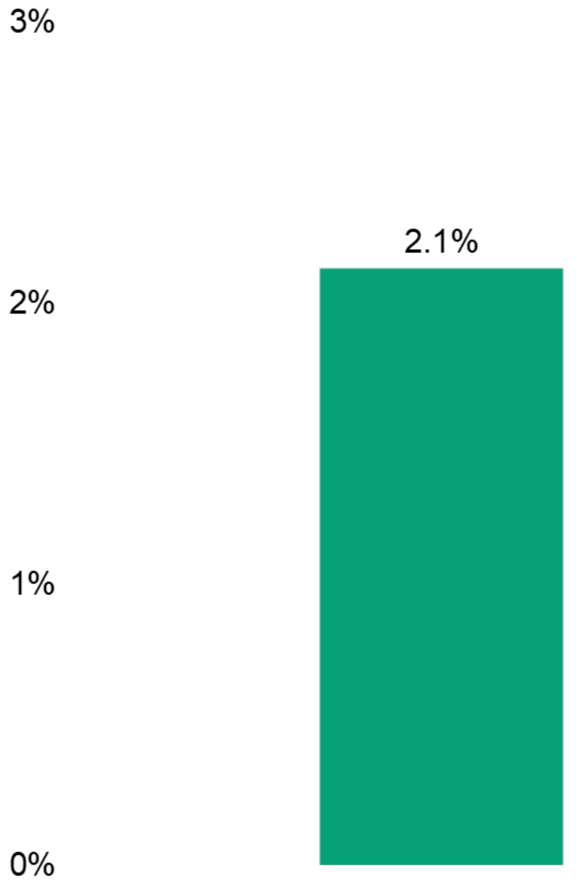
Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

83% of companies expect full-year 2024 revenue to be the same or slightly higher than 2023. Revenue is expected to increase by +2.1%.

Residential Window and Door Company Full-Year Revenue Expectations

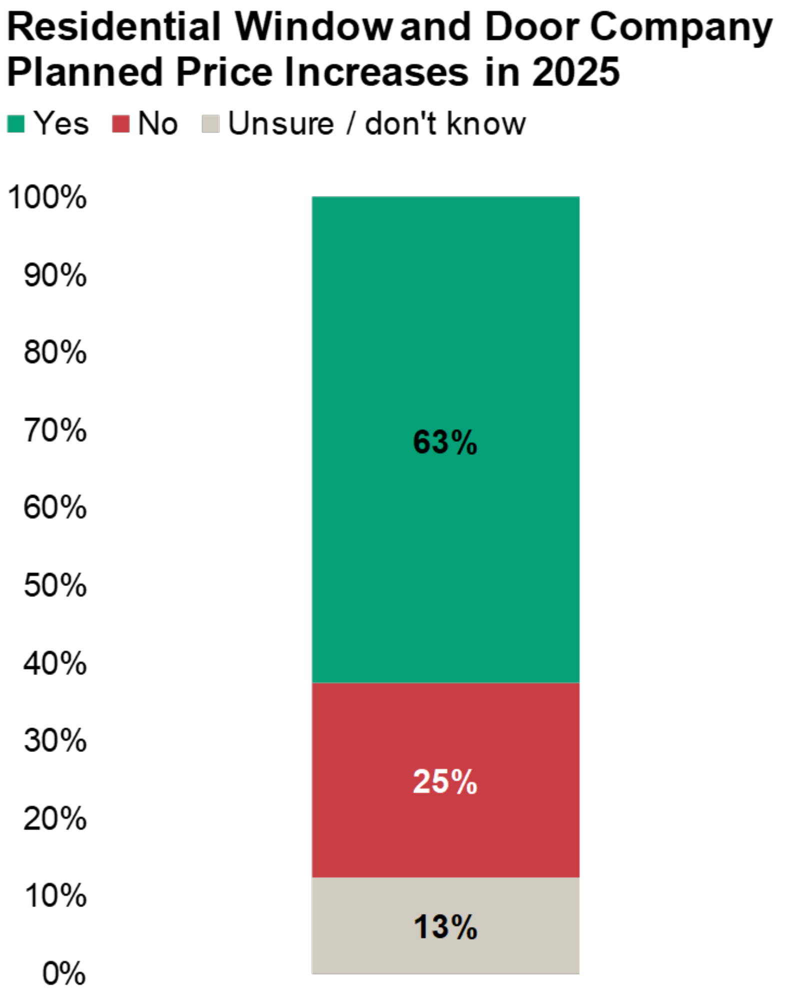


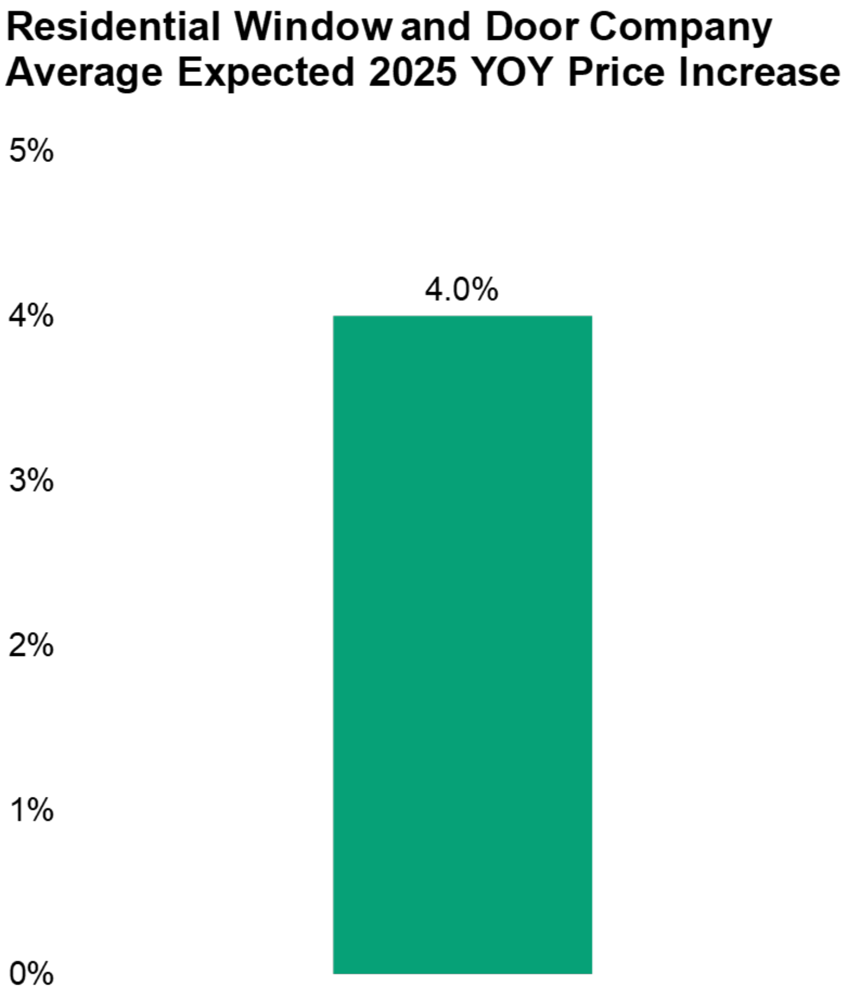
Residential Window and Door Company Average Full-Year Revenue Expectations



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

63% of companies expect to raise prices in 2025. Average prices are expected to rise by +4.0%.

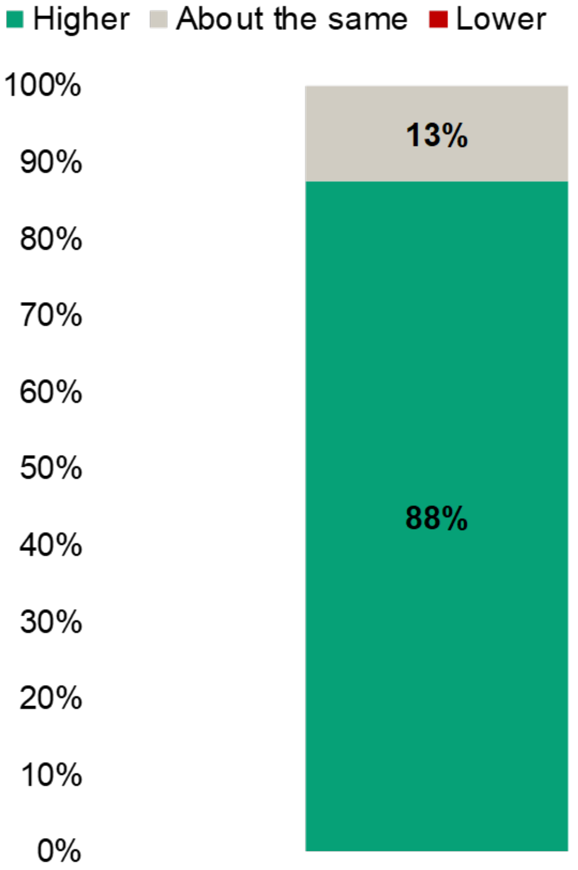




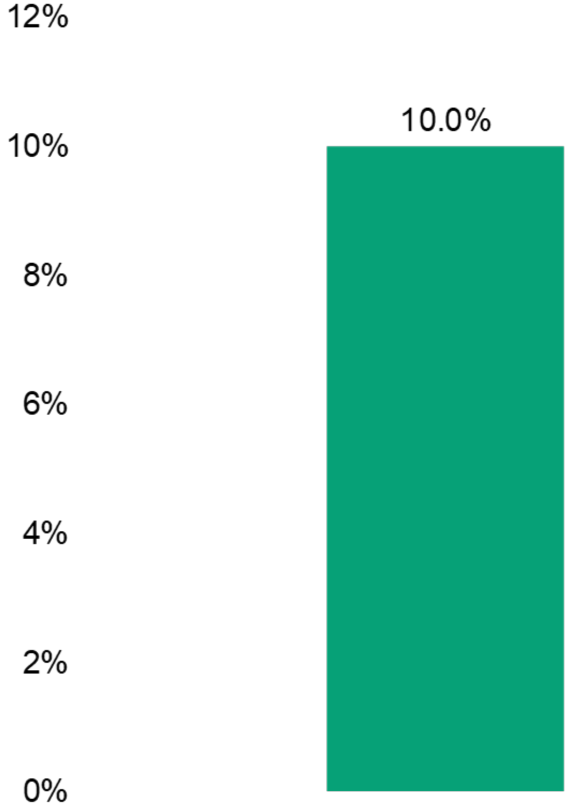
Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

Most of the companies expect a YOY increase in shipments for full-year 2025. Shipments are expected to increase by +10%.

Residential Window and Door Company Full-Year Shipment Expectations (2025)



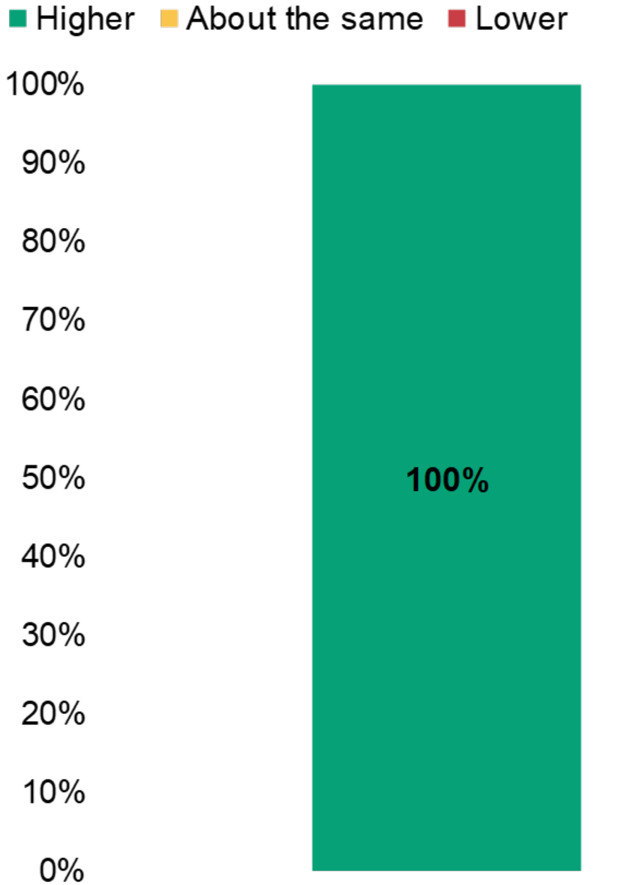
Residential Window and Door Company Average Full-Year Shipment Expectations (2025)



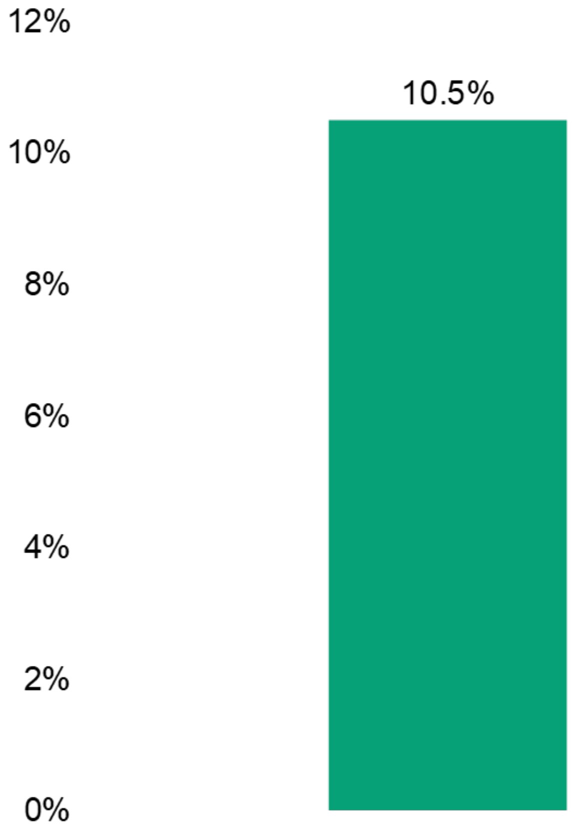
Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

All companies expect a YOY increase in revenue for full-year 2025. Revenue is expected to increase by +10.5%

Residential Window and Door Company Full-Year Revenue Expectations (2025)

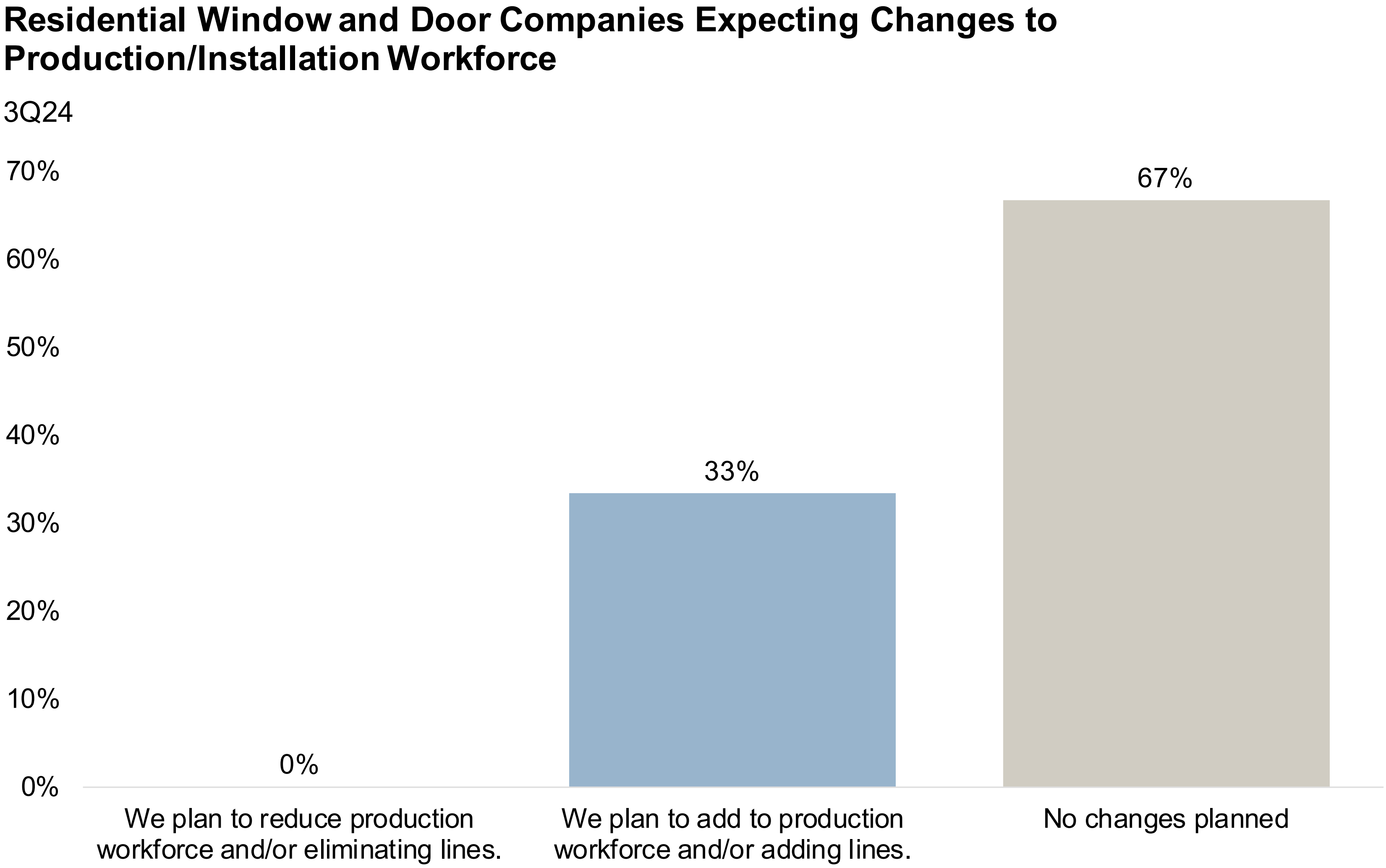


Residential Window and Door Company Average Full-Year Revenue Expectations (2025)



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

No window and door companies plan to reduce their production workforce.

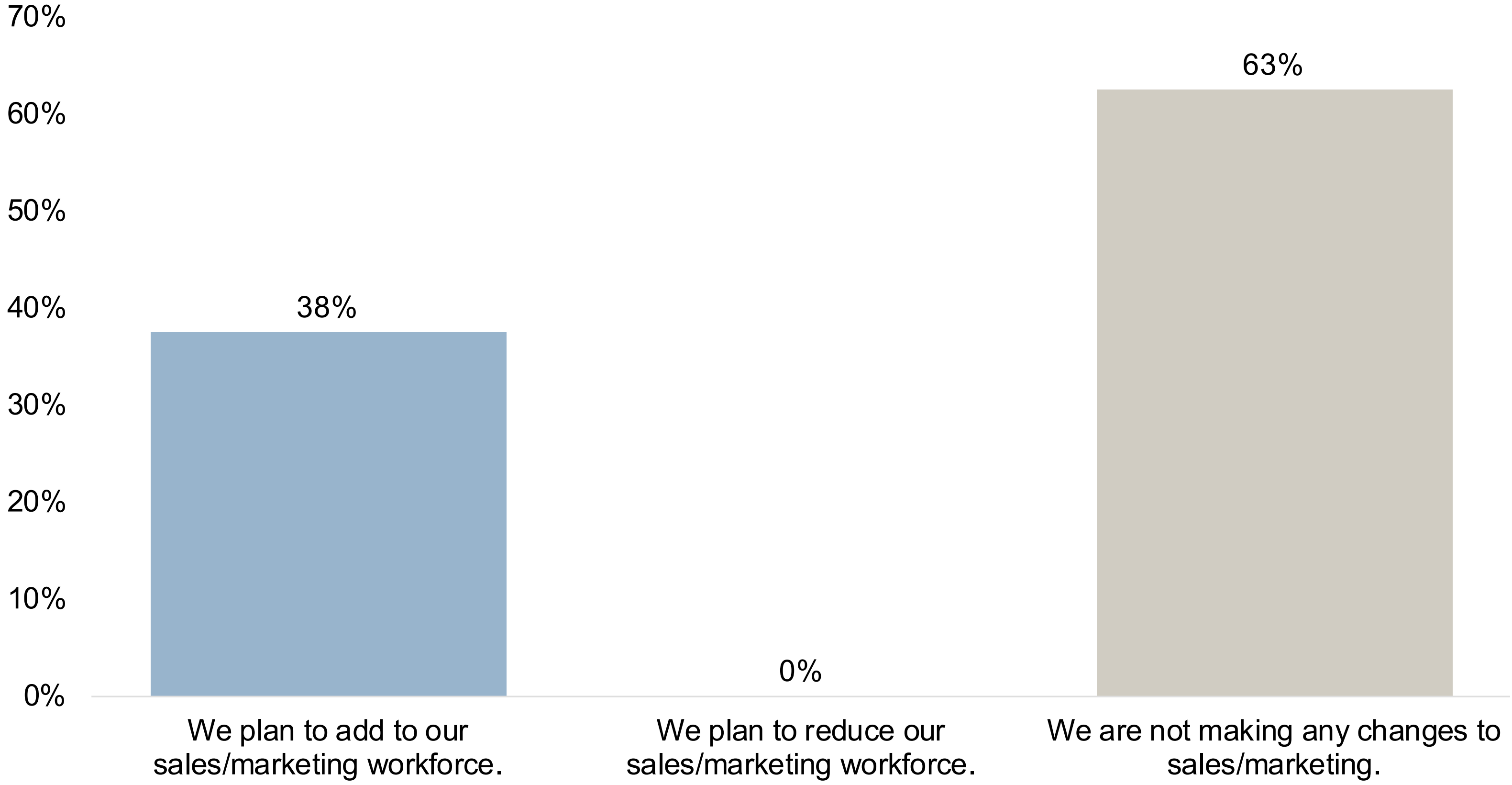


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

No window and door companies expect to reduce sales and marketing resources next year.

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

3Q24

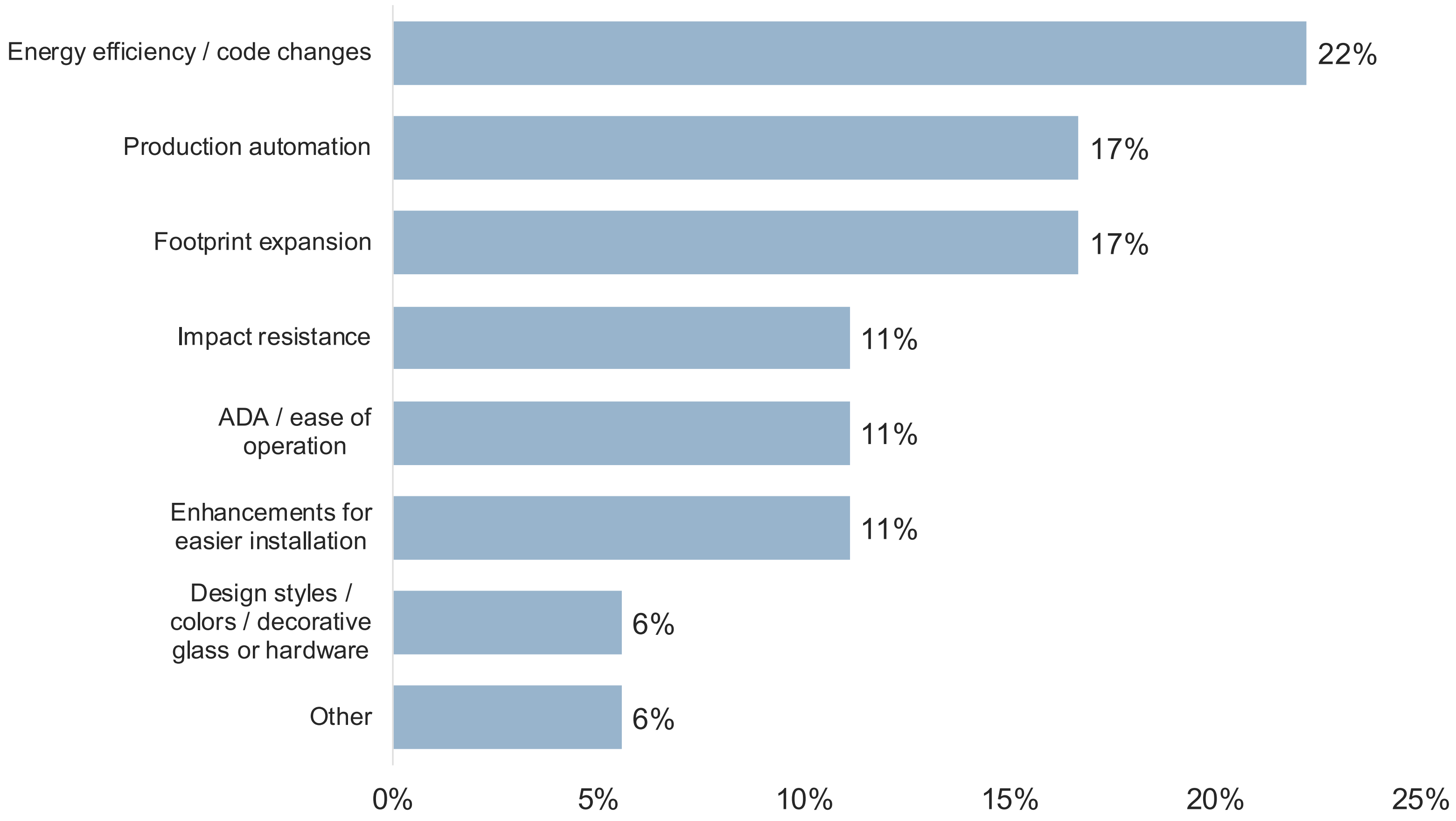


Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

Companies' main focus is product enhancements to address energy efficiency code changes.

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

3Q24



Sources: Window + Door magazine; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Nov-24)

Outline

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

Key Takeaways

1. **The labor market is slowing as the Fed begins cutting short-term rates.**
   - The labor market is easing, and hiring is slowing.
   - The economy is stronger than anticipated, but risks remain for 2025.

2. **New construction is declining YOY as builders are in a "wait and see" mindset.**
   - YOY single-family starts are down against a strong comp from last year, but in line with seasonal norms.
   - Homes continue to get smaller, as big production builders dominate the market.

3. **The R&R market continues to be in a state of deferral.**
   - As short-term rates fall, we expect home equity to be tapped to fund large remodeling projects.
   - Labor shortages will continue to be a barrier to strong growth, especially as disaster repairs in 2025 compete with other remodeling projects.

4. **Window and door companies expect strong volume growth in 2025.**
   - Companies note shrinking backlogs but are optimistic about demand conditions next year. Expectations for 2024 were not met, but the industry expects a turnaround next year.

The fenestration industry remains optimistic about demand from new construction and R&R. While near-term headwinds remain, the industry expects a return to growth.

Thirsty THURSDAY

QUENCH YOUR THIRST FOR

RESIDENTIAL TRENDS

Window & Door Industry Survey Outcomes

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John Burns Research and Consulting

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To participate in our quarterly W&D Survey, please scan this QR code.