

## Expect Rebound in Decking Demand Through 2014, Freedonia Predicts

America's demand for decking will revive from the 0.6% annual drop between 2004 and 2009 to increase 2.7% per year and reach 3.5 billion lineal feet—worth \$6.2 billion—in 2014, the Freedonia Group forecasts.

According to the Cleveland-based market research firm, wood products will continue to dominate the decking market, but demand will rise just 0.5% per year, going from 2.6 billion lineal feet in 2009 to 2.67 billion in 2014. As a result, wood's share of the market in volume terms will drop to 77% of the market in 2014 from 86% in 2009.

In contrast, wood-plastic composite and plastic lumber decking will enjoy double-digit growth rates. Wood-plastic composite decking, which saw demand shrink 1.4% per year between 2004 and 2009 to reach 349 million lineal feet, will enjoy 12.9% annual growth through 2014 to hit 640 million lineal feet.

Meanwhile, plastic and other lumber (PVC, mainly), which had seen demand fall 2.1% per year to total 73 million lineal feet in 2009, is forecast by Freedonia to grow 13.9% per year over the next five years, rising to 140 million lineal feet in 2014.

Freedonia tied its predictions to the housing market's expected recovery. The residential market accounted for 59% of all decking demand in 2009, it said, noting that the percentage normally would be much higher had it not been for the recession in homebuilding. Nonresidential market demand will rise 2.4% annually through 2014, it said.

## 84's Loan, BFS' Earnings Show How Government Can Help a Dealer

The folks who run independent lumberyards typically like to describe themselves as self-sufficient, self-made men and women who succeed based on hard work and a firm handshake. But two recent events suggest that having Uncle Sam on your side can also be a big help.

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# Remodeling's Top ROIs

Top 10 house remodeling projects ranked by percentage of job cost recovered when the home is resold.

Project	Project cost	Value of project at sale	Percent of project cost recovered
* <b>Entry door replacement</b> / 20-gauge steel / mid-range	\$1,218	\$1,243	<b>102.1%</b>
<b>Garage door replacement</b> / mid-range	\$1,291	\$1,083	<b>83.9%</b>
* <b>Siding replacement</b> / fiber cement / upscale	\$13,382	\$10,707	<b>80.0%</b>
<b>Minor kitchen remodel</b> / mid-range	\$21,695	\$15,790	<b>72.8%</b>
<b>Deck addition</b> / wood	\$10,973	\$7,986	<b>72.8%</b>
* <b>Window replacement</b> / vinyl / upscale	\$14,284	\$10,368	<b>72.6%</b>
* <b>Siding replacement</b> / foam-backed vinyl / upscale	\$13,973	\$10,119	<b>72.4%</b>
* <b>Siding replacement</b> / vinyl / mid-range	\$11,357	\$8,223	<b>72.4%</b>
* <b>Window replacement</b> / wood / mid-range	\$12,027	\$8,707	<b>72.4%</b>
<b>Attic bedroom</b> / mid-range	\$51,428	\$37,142	<b>72.2%</b>
* <b>Window replacement</b> / vinyl / mid-range	\$11,066	\$7,920	<b>71.6%</b>
<b>Basement remodel</b> / mid-range	\$64,519	\$45,186	<b>70.0%</b>
<b>Garage door replacement</b> / upscale	\$3,545	\$2,476	<b>69.8%</b>

SOURCE: REMODELING MAGAZINE'S COST VS. VALUE REPORT, WWW.REMODELING.HW.NET

If retail customers ask you which remodeling project done by a pro or a dealer's installed sales unit will deliver the biggest bang for the buck, tell them to put in a new steel front door. The latest Cost vs. Value report by REMODELING, a sister publication to PROSALES, finds that replacing a steel entry door returns an average of \$1.02 in added resale value for every dollar spent on the project. That's the only job on REMODELING's list that turned a profit; the best of the other projects increased a home's value by about 70% to 83% of the project's cost. The report is based on surveys of remodelers regarding project costs and polls of Realtors about post-project resale values. For more, including numbers for 33 markets nationwide, go to [www.remodeling.hw.net](http://www.remodeling.hw.net).

Event No. 1 was 84 Lumber's announcement in mid-February that it had closed on a refinancing deal that paid off the last \$40 million of a \$195 million, 18% interest loan that had hobbled the dealer since it was forced to get the money in April 2008. Of that, \$20 million will come in the form of federal loans from 84's home governments in Pennsylvania under the federal government's Section 108 loan guarantee program. These loans require only interest payments during the first two years of their 17-year life.

Other dealers have complained to PROSALES about the deal, suggesting 84 got the loans because officials in the LBM giant's home county and related jurisdictions concluded 84 was too big to fail. Indeed, when the Department of Housing and Urban Development announced the granting of the loans, it said the funding should help 84 create and retain at least 422 jobs.

Event No. 2 happened a few days later, when Builders FirstSource (BFS) reported it had swung to a

## Spread the Word!

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