

Pessimism Creeps Into Reroofing Outlook

SINCE THE FOURTH quarter of 2020, IIBEC and other industry stakeholders have sponsored the quarterly Market Index Survey for Reroofing, which gathers information from contractors and consultants on market conditions in the US and Canadian reroofing industry. Findings from the July survey suggest that the second quarter of 2024 continued a trend of growth in the low-slope market segment, as well as ongoing optimism among respondents working in both the low-slope and steep-slope segments.

However, responses from participants who work primarily in the steep-slope segment indicated pessimism about the volume of business in that part of the reroofing market.

In addition to IIBEC, the sponsors of the July survey were the Asphalt Roofing Manufacturing Association, Canadian Roofing Contractors Association, Chemical Fabrics and Film Association, EPDM Roofing Association, Metal Construction Association, National Roofing Contractors Association, National

Women in Roofing, Polyisocyanurate Insulation Manufacturers Association, Roofers Coffee Shop, and Single Ply Roofing Industry.

THE PARTICIPANT POOL

The survey asks several questions to capture information about the demographics of the participant pool. Figure 1 summarizes the responses for the questions regarding the respondents' market segments, business types, and annual gross revenue.

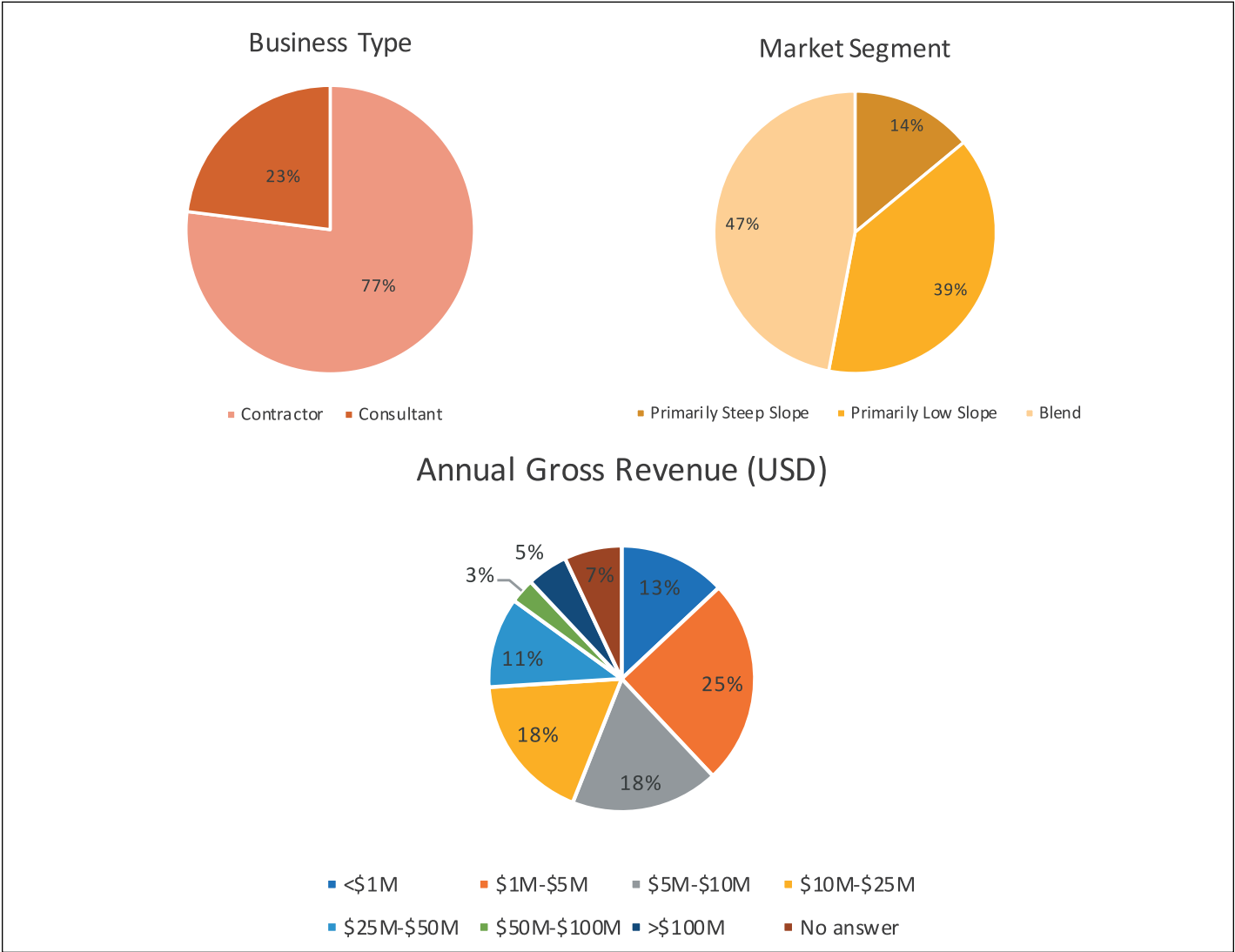


Figure 1. Demographic profile of survey respondents.

MIXED INDICATORS REGARDING BUSINESS VOLUME

Figures 2 and 3 present indexes for responses to two questions about business volume that have been asked in every survey since the first one. The first question asks participants to compare the volume of customer inquiries received by their firm in the most recent quarter and in the same quarter of the previous year. The second question asks them to provide a similar quarter-to-quarter comparison of the volume of their firm's project contracts. The indexes are created adding the percentage of responses indicating that the volume increased when compared with the same quarter of the previous year and one-half of the percentage reporting no change, and then multiplying the sum by 100. A score of 50 or higher suggests expansion or optimism, and a value below 50 indicates contraction or pessimism.

For the reroofing industry as a whole, the Q2 2024 indexes for the customer inquiries question and the project contracts question were 52.3 and 50.3, respectively. Although these indexes exceed 50 (signaling optimism), they are several points lower than the Q1 2024 survey indexes of 59.2 for customer inquiries and 61.0 for project contracts. They also represent the lowest index values for the industry as a whole since the first survey (Q4 2021), when the customer inquiries index was 51.8 and the project contracts index was 50.1.

The indexes from the July survey for each market segment (primarily steep slope, primarily low slope, and blend of steep slope and low slope) were all lower than the indexes from the previous survey, which was conducted in April. However, the most dramatic changes were in the steep-slope segment. In April, the customer inquiries and project contracts indexes for that segment were 62.5, whereas the index for July was 38.0. The customer inquiries index for the steep-slope segment dropped from 66.7 in April to 36.0 in July.

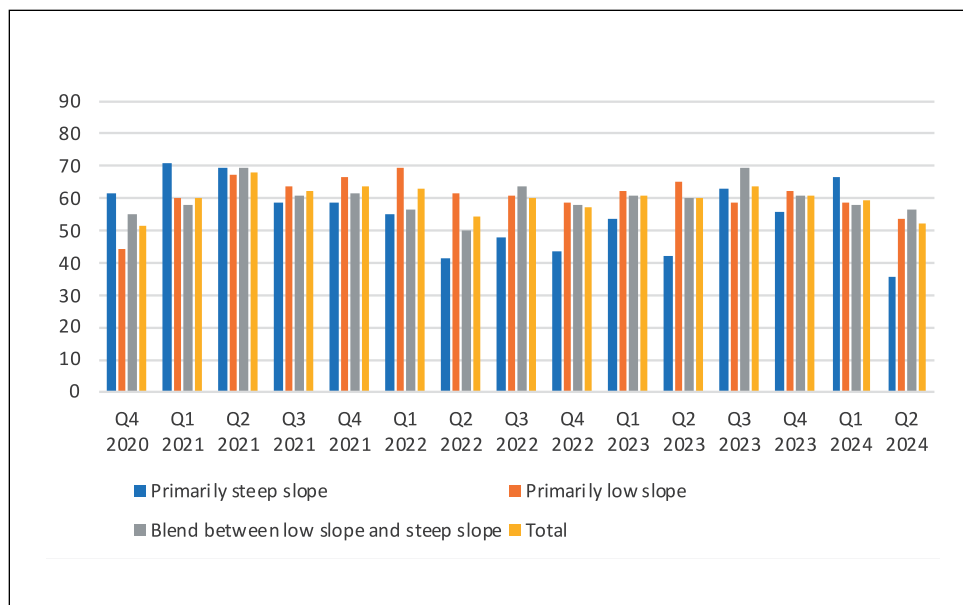


Figure 2. Customer inquiry indexes by market segment since the fourth quarter of 2020.

The index is equal to the percentage of respondents indicating that the volume of customer inquiries increased when compared to the same quarter of the previous year, plus one-half of the percentage of respondents reporting no change. The total is multiplied by 100 to create the index. A score of 50 or higher suggests expansion or optimism, while a value below 50 signals contraction or pessimism.

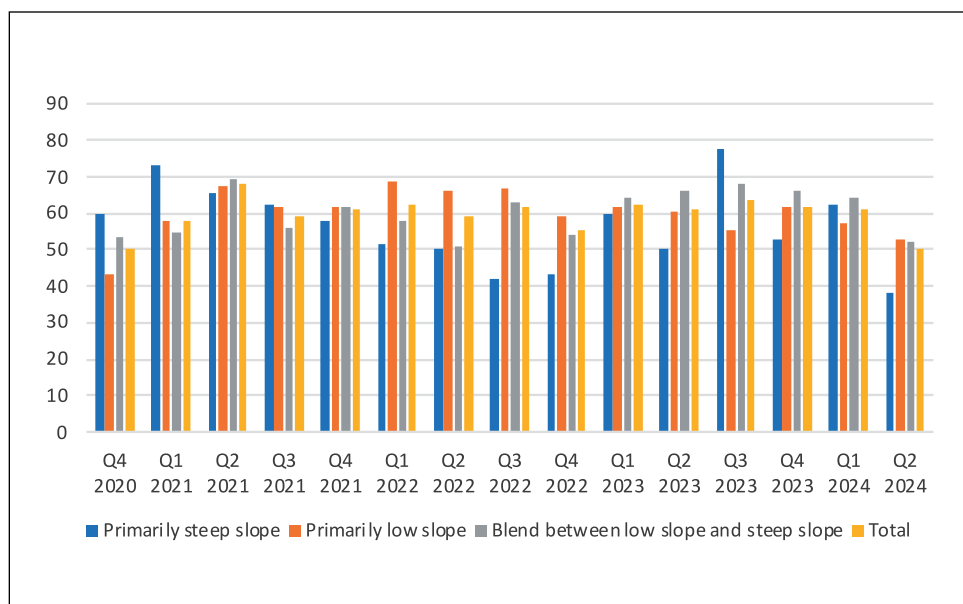


Figure 3. Project contract indexes by market segment since the fourth quarter of 2020.

The index is equal to the percentage of respondents indicating that the volume of project contracts increased when compared to the same quarter of the previous year, plus one-half of the percentage of respondents reporting no change. The total is multiplied by 100 to create the index. A score of 50 or higher suggests expansion or optimism, while a value below 50 signals contraction or pessimism.




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TRENDS IN PROJECT BACKLOGS AND VOLUME OF MATERIALS INSTALLED

The survey also tracks trends in two other aspects of the reroofing business: project backlogs in the month of the survey and the volume of

materials installed for the quarter compared with the volume in same quarter of the year before. The latter question, which was introduced in the Q2 2023 survey, is asked of contractors only. **Figures 4 and 5** show the trends in the responses to those questions. 

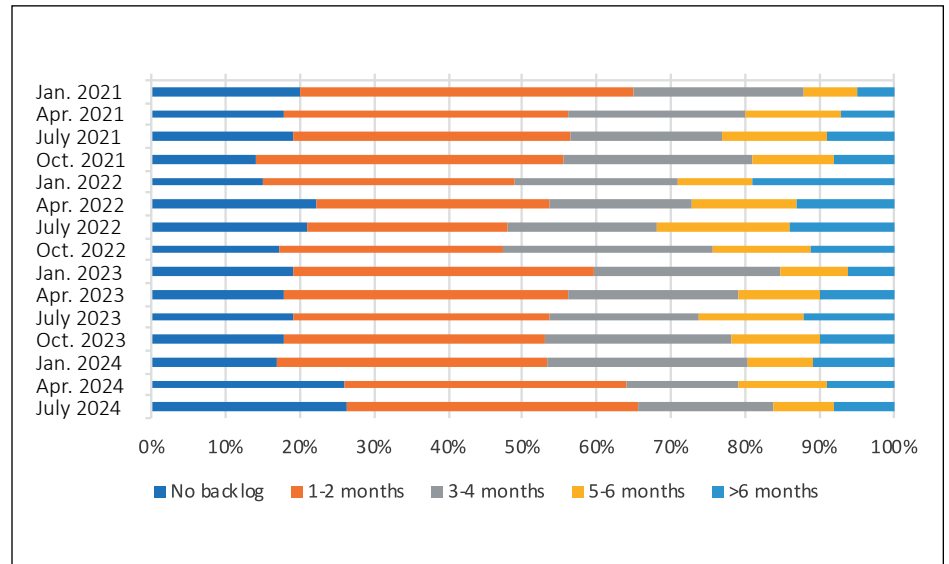


Figure 4. Project backlog trends by survey month.

Note: Due to rounding of percentages, totals may not equal 100%.

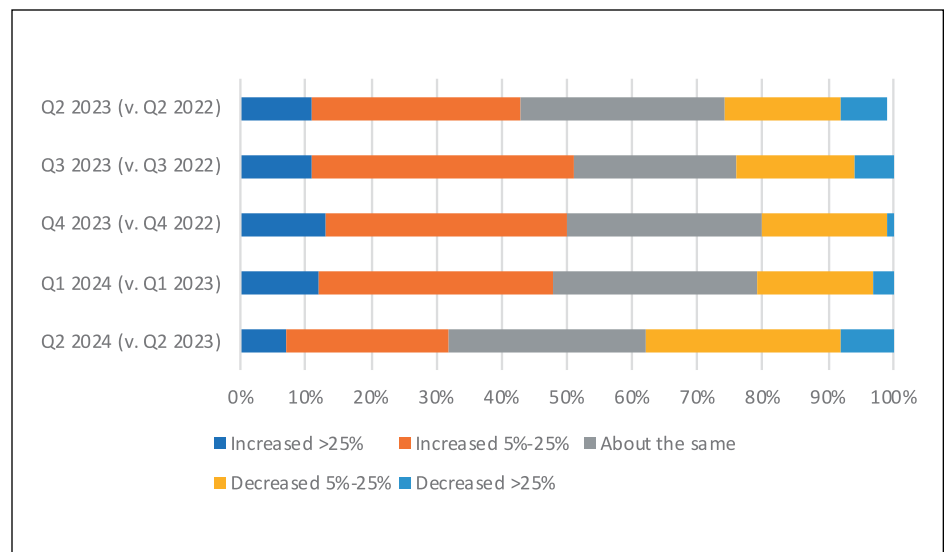


Figure 5. Trended comparison of the volume of materials installed versus the same quarter of the previous year.

Note: Only contractors may answer this question. Due to rounding of percentages, totals may not equal 100%.

JOIN THE PARTICIPANT POOL!

IBEC encourages its members to participate in future Market Index Surveys for Reroofing. By participating, you can help ensure that the data are robust and fully reflect industry trends. Check IBEC's weekly newsletter for announcements about survey participation and results.