

What's Going on in the Reroofing Industry?

RESULTS FROM THE Market Index Survey for Reroofing conducted in October present some interesting contrasts to findings from the previous survey, which was conducted in July. Findings from the steep-slope market segment in the most recent survey indicated market expansion, a welcome sign after the July survey indicated contraction. However, the October results from the low-slope market segment provided signs of market expansion *and* market contraction. Findings for the reroofing industry as a whole were optimistic.

IIBEC cosponsored the October survey with 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.

SURVEY PARTICIPANTS

The survey asks several questions regarding the demographics of the participant pool. In October, 20% of respondents were consultants; the rest were contractors. **Figure 1** summarizes the breakdown of participants by market segment and the annual gross revenues of their firms. Across all regions in the survey, respondents from the US South Atlantic (Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia) and US East North Central (Illinois, Indiana, Michigan, Ohio, and Wisconsin) regions generated the most revenue (16% and 15% of total reported revenues, respectively). With 10% of the total reported revenues for the survey, Ontario was the highest revenue-generating region in Canada.

SHIFTING INDICATORS ABOUT THE VOLUME OF BUSINESS

Since launching in January 2020, the Market Index Survey for Reroofing has included two

questions about business volume trends. The first 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 asks them to provide a similar quarter-to-quarter comparison of the volume of their firm's project contracts. The responses are indexed by 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. An index score of 50 or higher suggests expansion or optimism, and a value below 50 indicates contraction or pessimism. Indexes are provided for the reroofing industry as a whole, as well as the three market segments in which respondents work: primarily steep-slope, primarily low-slope, and blend of steep-slope and low-slope reroofing (see **Fig. 2**).

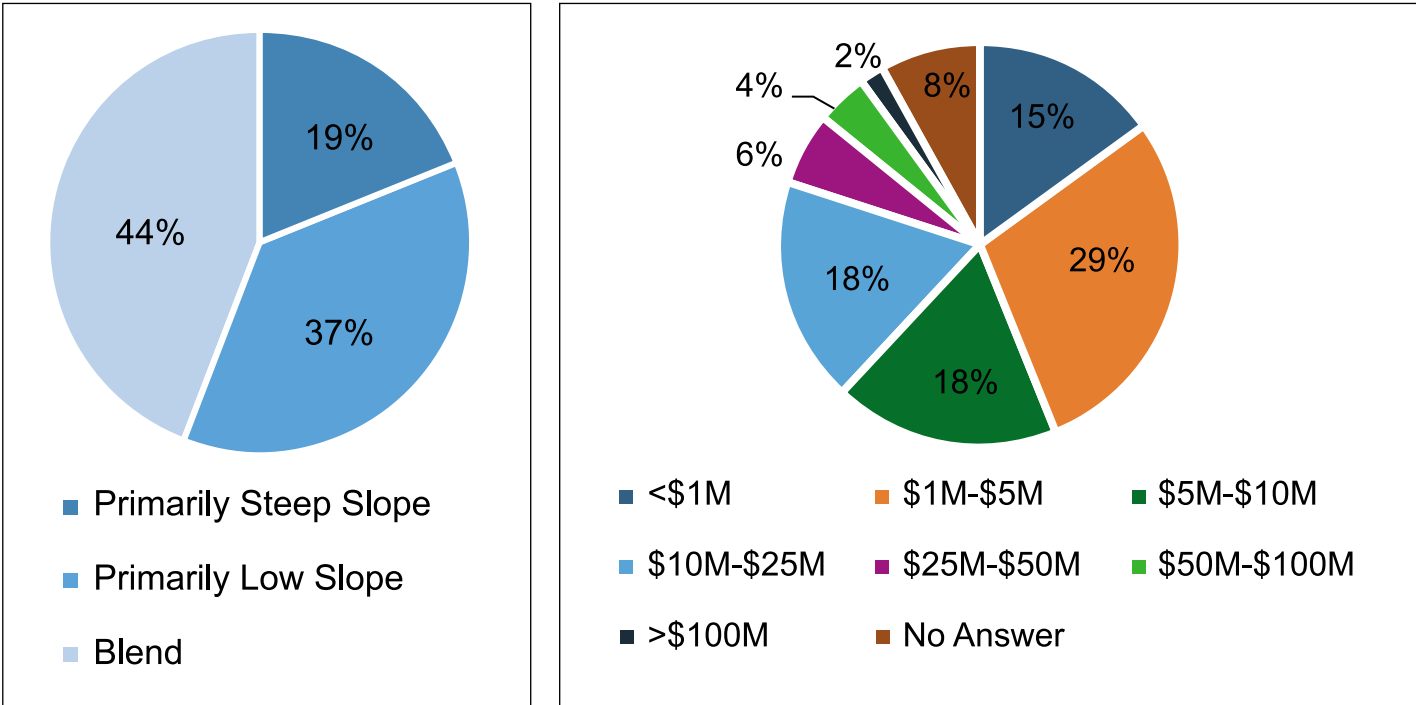


Figure 1. Classification of survey participants by market segment (left) and annual gross revenues in US dollars (right).

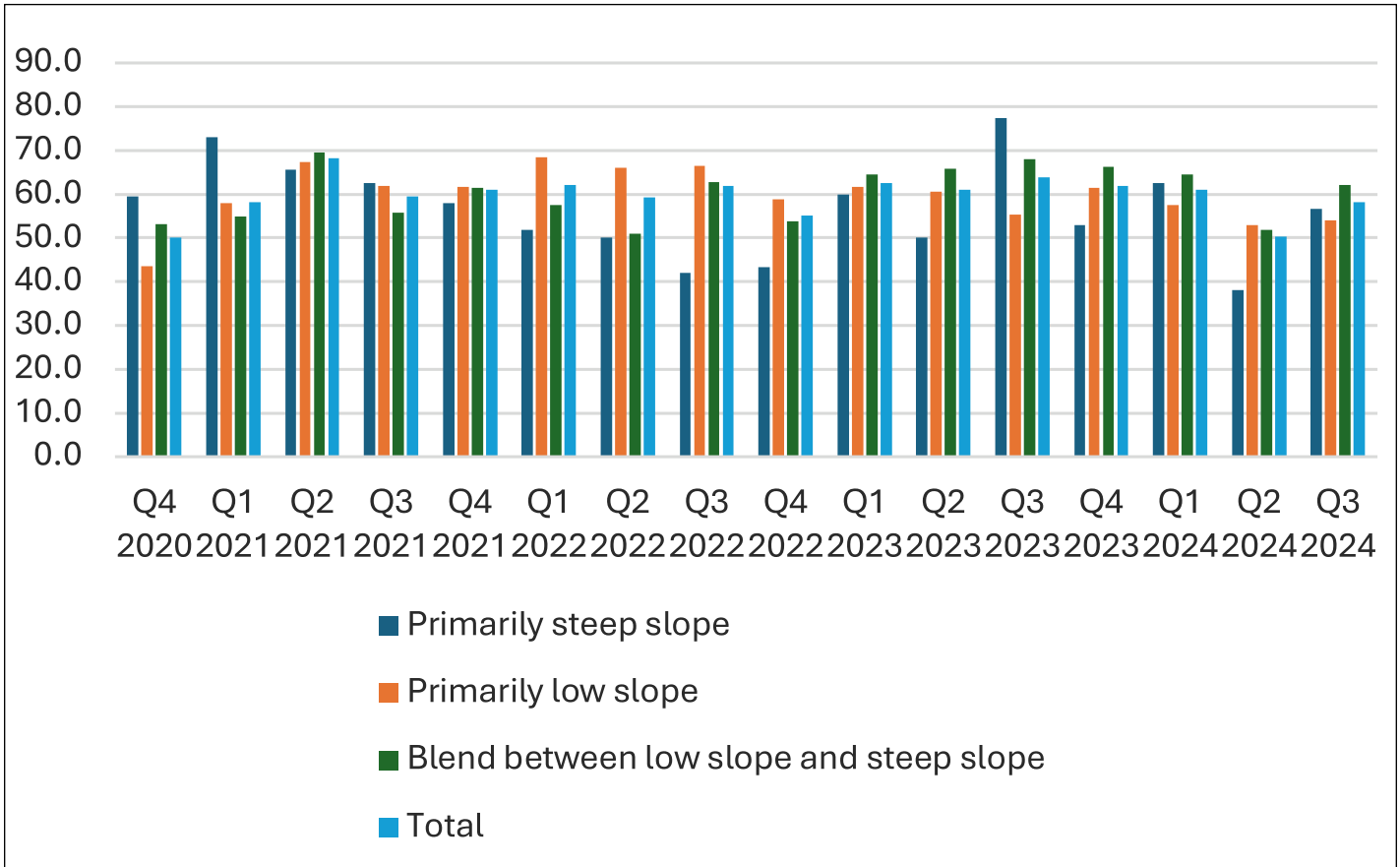
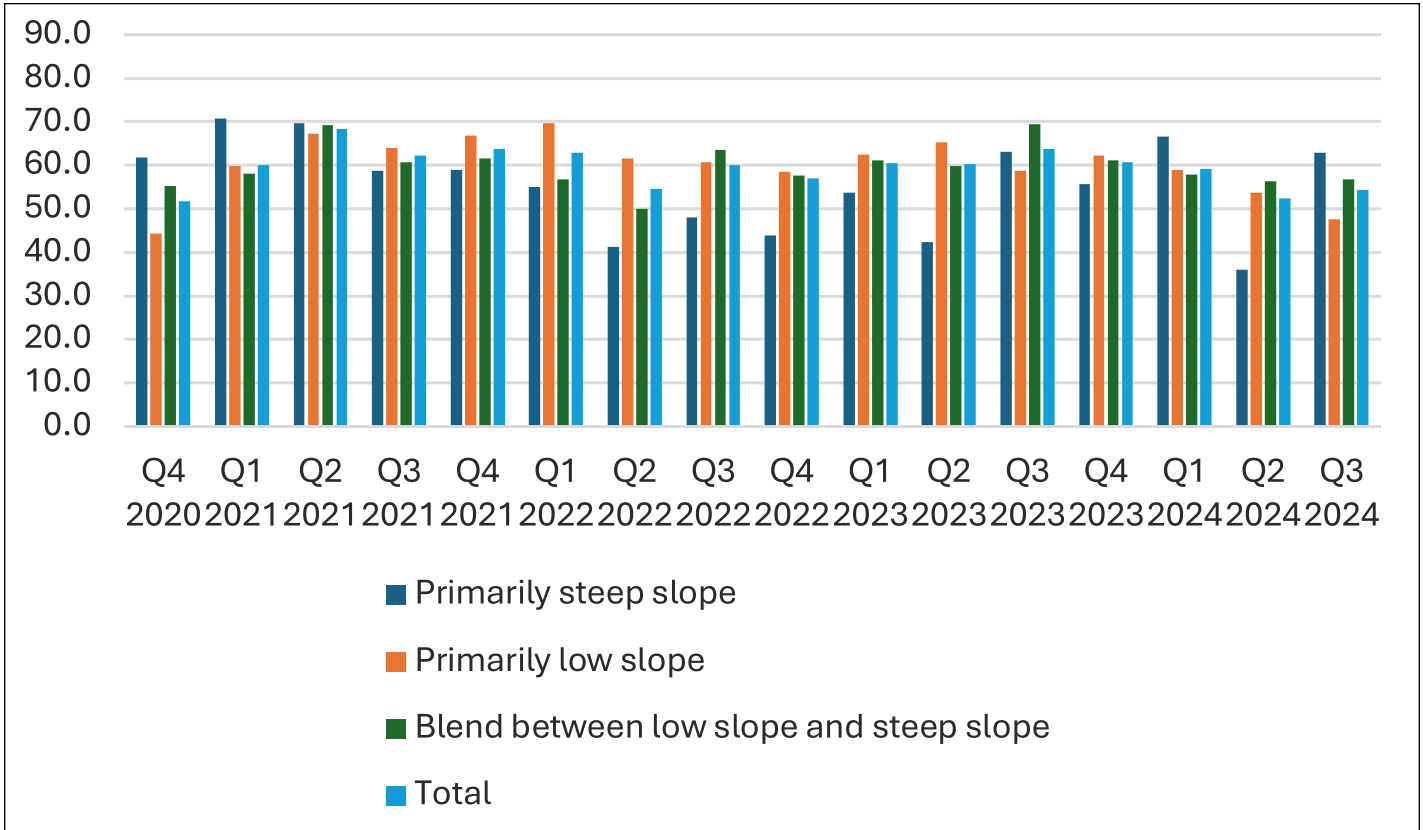


Figure 2. Indexes for customer inquiries (top) and project contracts (bottom) by market segment since the fourth quarter of 2020.
 Each index is equal to the percentage of respondents indicating that the volume of customer inquiries or project inquiries increased when compared to the same quarter of 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.

For the reroofing industry as a whole, the Q3 2024 indexes for the customer inquiries question and the project contracts question were 54.4 and 58.2, respectively. These results expressed more optimism than findings from the Q2 2024 survey, when the customer inquiries and project contracts indexes were 52.3 and 50.3, respectively. However, both of the Q3 2024 indexes for the reroofing industry as a whole were several points lower than those from one year ago.

Between July and October, the indexes for the steep-slope segment shifted from pessimism to optimism, with the customer inquiries index rising from 36.0 to 62.9 and the project contracts inquiry increasing from 38.0 to 56.7. In the low-slope segment, the Q3 2024 project contracts index was 54.1, extending the optimism trend that began with the Q1 2021 survey. However, the low-slope customer inquiries index for Q3 2024 was about 6 points lower than the Q2 2024 index, dropping from 53.7 to 47.6. This was the first time since the first survey in January 2020 that an index for the low-slope market indicated market contraction. The indexes for respondents who work in both steep-slope and low-slope reroofing both signaled optimism. Since the survey began, indexes for the blended market segment have never indicated market contraction.

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 3 and 4** show the trends in the responses to those questions.

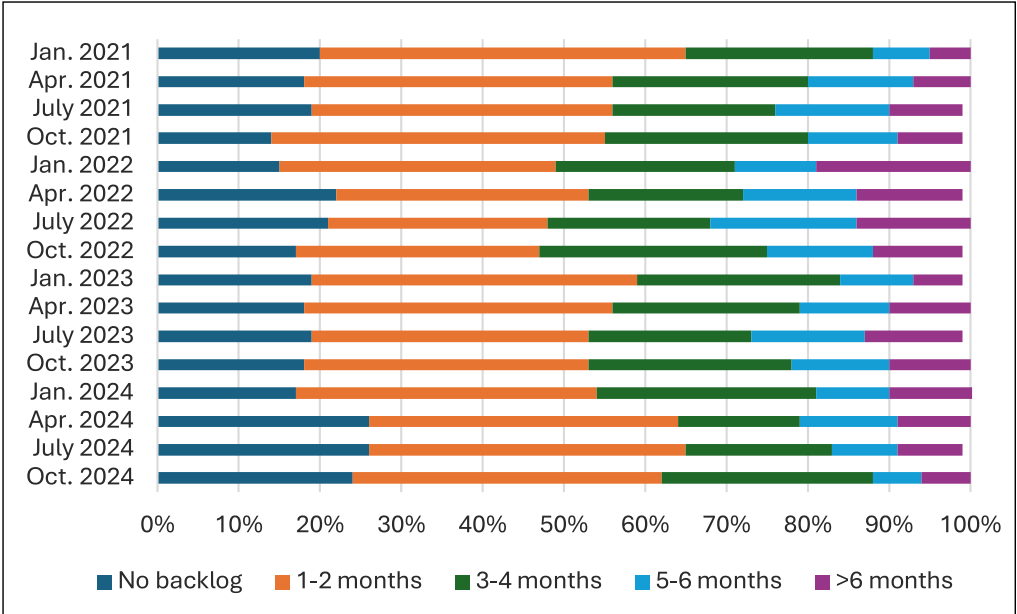


Figure 3. Project backlog trends by survey month.
Note: Due to rounding of percentages, totals may not equal 100%.

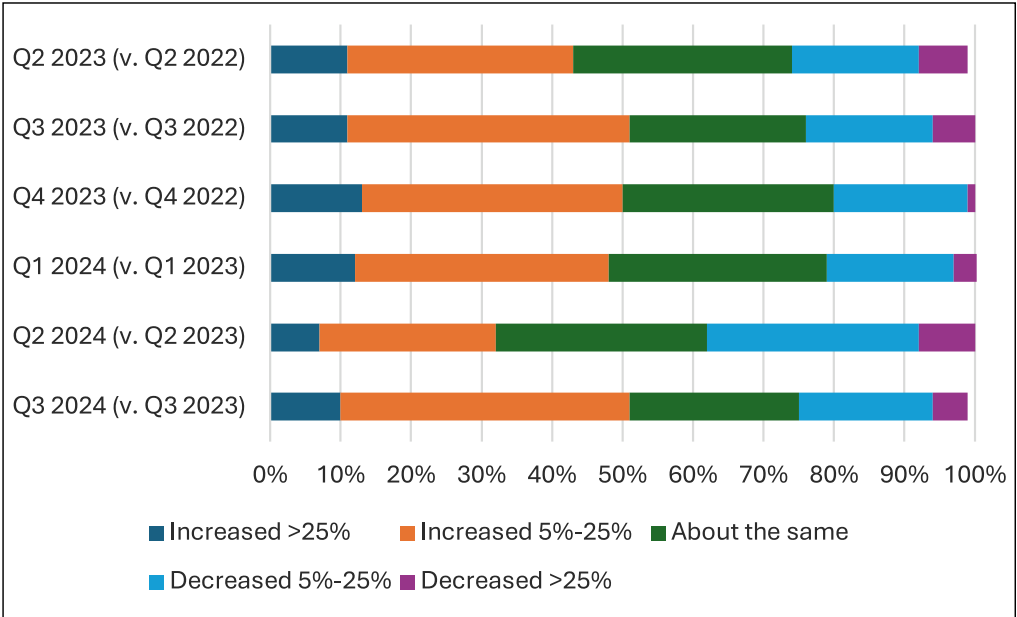


Figure 4. Trended comparison of the volume of materials installed versus the same quarter of the previous year.
Note: Only contractors may answer this question. Due to rounding of percentages, totals may not equal 100%.

JOIN THE PARTICIPANT POOL!

IIBEC 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 IIBEC’s weekly newsletter for announcements about survey participation and results.