

# Lemons to Lemonade: Kitchen Remodelers Benefiting from Spotty Construction Market

A shaky new construction market and record foreclosure rates are turning out to be beneficial for some in the kitchen remodeling business.

Buoyed by the economic realities, many homeowners are choosing to remodel their existing kitchens rather than risk jumping into the treacherous real estate climate, and that has meant an increase in cabinet renovation projects in some parts of the country.



Anthony Maucieri, owner of East Hill Cabinetry that serves a high-end clientele outside New York City, credits increased brand awareness through marketing and advertising for much of his company's growth in 2010. He sees continued slow growth heading into 2011.

"We see an improving market as 2010 has been much better than 2009," said Anthony Maucieri, president and founder of East Hill Cabinetry in Westchester County, N.Y. "We have some pent-up demand from the past couple of years, as well as a new group of clients who are remodeling rather than selling their homes at depressed prices. It comes down to home values—if you are not comfortable that your asset will retain its value, it is difficult to invest in it."

Maucieri, who serves a high-end clientele outside New York City, credits increased brand awareness through marketing and advertising for much of his company's growth, as well as a willingness to expand its offerings.

"We originally focused on cabinet updates, but expanded our services to kitchen and bathroom remodels," he said. "At our clients' request, we now offer a seamless renovation experience for homeowners by controlling the entire project from start to finish. This focus on service and client experience, in a field where you hear many more negative stories than positive, has separated us from our competition and has helped us grow in this difficult time."

Robert Johns, president of The Kitchen Source in Dallas, agrees that the kitchen remodeling market is improving as homeowners navigate the current economic climate.

"Business has been good because the customer is adjusting to what is the new normal," said Johns. "Homeowners are ready to spend but are still cautious when it comes to remodeling. As a consequence, they are undertaking more concise projects and are more prudent about value and price."

Dana Bower, marketing director for Lilly Ann Cabinets, a factory-direct distributor with showrooms in Toledo, Ohio, Las Vegas and Houston, has seen the benefits when homeowners choose to stay put rather than move.

"If we had to rate our current kitchen remodeling climate in our area, we would give it an eight on a 10-point scale," she said. "Business has been good overall because more and more people are opting to renovate their current homes instead of buying new. Of those who are buying new homes, however, there are a good number of them being purchased directly out of foreclosure, and these owners usually remodel before they move in."

Lilly Ann Cabinets expects strong growth in 2011 but knows that customers are still careful when it comes to major home renovations.

"Customers want value in what they buy now more than ever, so they are definitely very cautious in their remodeling purchases," said Bower. "Many of our customers are remodeling because they need to update their space and cannot afford to move, or because they need to sell their home and they want to up the value of their house. Customers who feel they are getting a genuinely good deal are more than ready to spend."

For next year, East Hill's Maucieri sees the new home market still influencing the remodeling sector.

"I think 2011 may look similar to 2010—slow growth with pockets of extreme activity and inactivity," he said. "There are still a lot of factors that are undetermined, and will have a great impact on growth. A lot of our market is going to be based on the housing market—and tied to volume as much as home value. Greater turnover usually results in a higher occurrence of remodeling projects." ♦