Kitchen & Bath Market Index (Q3 2024 KBMI)

NKBA | KBIS

JOHN BURNS RESEARCH & CONSULTING

October 2024

KBMI
KITCHEN & BATH MARKET INDEX
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[Cover image] Design: Paige Maurer, CKBD
Photo: Kristen Turick Photography

[Page 2 image] Design: Kristin Petro, CKBD
Photo: Antonio Torres Sr.

About this report

Conducted jointly by the National Kitchen & Bath Association and John Burns Research and Consulting, the Kitchen & Bath Market Index Survey examines residential kitchen and bath industry demand, future demand expectations, and issues and challenges that industry professionals are facing in their businesses. The Q3 2024 report is based on findings from 419 members of the NKBA community across four primary industry segments, which are listed below:

- Design
- Building and construction
- Retail sales
- Manufacturing

The Q3 2024 Kitchen & Bath Survey ran from Oct 1–13, so responses, commentary, and sentiment reflect the latest shifts in the US residential kitchen and bath industry.

Design: Jake T. Galang, CKBD | Photo: Christopher Lee

Executive summary

Design: Doug Walter, CMKBD | Photo: Philip Wegener Photography

Q3 2024 KBMI Overview

The Q3 2024 Kitchen & Bath Market Index (KBMI) fell to 53.4 from 53.7 in Q2 2024 (ratings above 50 signal expansion). Demand for kitchen and bath products and upgrades remained tepid amid ongoing economic uncertainty weighing on US consumers.

Kitchen and bath pros expect 8% growth in 2025 vs. 1% in 2024.

- Price-adjusted volumes continued to contract in the low-single digits range as revenue growth averaged only 0.7% YOY in Q3 2024. Full-year 2024 revenue growth expectations averaged 1.3% (YOY), down from 2.7% in Q2 2024.
- Consumer uncertainty is the primary factor holding firms back from stronger growth, followed by the skilled labor shortage.
- K&B manufacturers' orders declined **2% YOY**. Middle-market consumer demand remains impacted by recent inflation, yet many suppliers are adapting to offer lower-cost products and alternatives.
- K&B retailers' foot traffic fell **4% quarter over quarter** as showrooms continued to compete with online retailers.
- Despite muted sales, Q3 2024 K&B project deferrals and cancelations remain low.

Kitchen and bath (K&B) pros expect their market will recover in 2025, with revenue growth ranging from 4-9% year over year (YOY), with smaller firms expecting higher growth, on average.

- Manufacturer capacity remains poised to meet future demand with few capacity shortages and the segment expects 2025 growth of **9% YOY** on average.
- Lead quality remained stable or increased slightly at the high end (projects priced over $150K). Increasing K&B project sizes reflect a shift toward resilient high-end consumers.
- Project backlogs improved in the design segment and remained steady for building and construction firms.

K&B retail and distribution firms reported that their suppliers raised prices by **4.1% YOY** in 3Q24, up from **3.9%** in 2Q24.

- Mark-ups were highest for tile, sinks, lighting, hardware and countertops.
- K&B retail and distribution firms reported that their suppliers raised prices by 4.1% YOY in Q3 2024, up from 3.9% in Q2 2024.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Q3 2024 KBMI Additional Insights

- Consumer uncertainty mixed with hope emerged as the theme in this quarter's Kitchen and Bath Market Index survey.
- K&B pros feel that underlying demand is there, yet many consumers are holding back until various factors, including interest rates and politics, are resolved.
- Remodeling-in-place as a substitute for relocation is on the rise, bolstering the otherwise tepid market for kitchen and bath products/projects.
- Professionals broadly expect a rebound in sales next year.

> Consumer demand will remain tepid until additional interest rate cuts are realized and the election is behind us.
>
> - Dealer in the Northeast

> I think consumers will be ready to pursue projects after the presidential election. I just feel that consumers are too unsure right now and the natural response is to hold back until whatever they are worried about subsides.
>
> -Kitchen Cabinet Manufacturer

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

3 Regional Takeaways from the Q3 2024 KBMI

1 Sales are weakest in the Southwest and California.

Many consumers in the Golden State feel uncertain as several factors, including the election, the economy, and higher costs weigh on them. Southwest firms also commented on ongoing **bifurcation between wealthy and more reluctant middle-income consumers.** Even so, K&B professionals in these areas anticipate **2025 growth** of 7-8% on average.

2 Proactive business strategies abound among Southeast firms.

Companies across the Southeast described steps they will take in the new year to achieve their hoped-for 10% average growth rate.

Examples include upgrading showroom displays, increasing marketing spending, networking with builders, and improving social media presence.

3 Gen-X and millennials emerging as a force in the Midwest.

Kitchen and bath professionals in the large Midwest region, including Illinois, noted stronger Gen-X and millennial performance. On average pros in the region expect revenue growth of **8%.**

We've added new content to this report, including a view of 2025 revenue growth expectations by company size.

In Q3 2024, K&B firms' 2025 outlook differed by company size (page 13):

- On average, large companies serving the US kitchen and bath market, with revenue of **$100 million or more**, expect growth of 4% in 2025.
- Firms with revenues of **$5 million to $99 million** expect 6 to 7% growth.
- Smaller K&B companies with revenues **under $5 million** expect growth in the 7% to 10% range. One reason is that smaller companies in the residential sector generally tend to experience more volatility in sales.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

We are pleased to share the Q3 2024 NKBA / John Burns Kitchen & Bath Market Index (KBMI).

Overview of the KBMI Index

The Kitchen & Bath Market Index (KBMI) measures market growth in the US residential kitchen and bath industry. As a composite diffusion index, ratings above 50 indicate industry expansion; ratings below 50 indicate industry contraction.

The KBMI is calculated as a weighted average of 3 sub-indices:

Current Activity Index
Sales growth in the current quarter vs. the prior year

Industry Health Index
Sentiment on the economic health of the kitchen and bath industry

Near-Term Activity Index
Expected sales growth in the upcoming quarter (next 3 months)

KBMI Index Rating:

53 out of 100

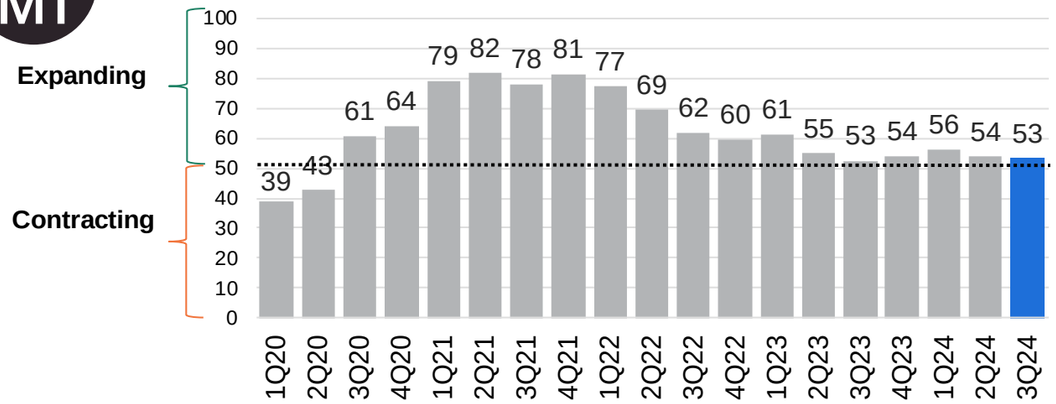
The KBMI Index rates 53 out of 100 in Q3 2024 (down from 54 in Q2 2024). This is far below the high ratings registered during the post-Covid market recovery (82 in Q2 2021). While it is poised for expansion, the kitchen and bath industry continues to be impacted by economic uncertainty.

Conducted jointly by the National Kitchen & Bath Association and John Burns Research and Consulting, the Q3 2024 report reflects findings from 419 NKBA members across four segments: design, building and construction, retail, and manufacturing.

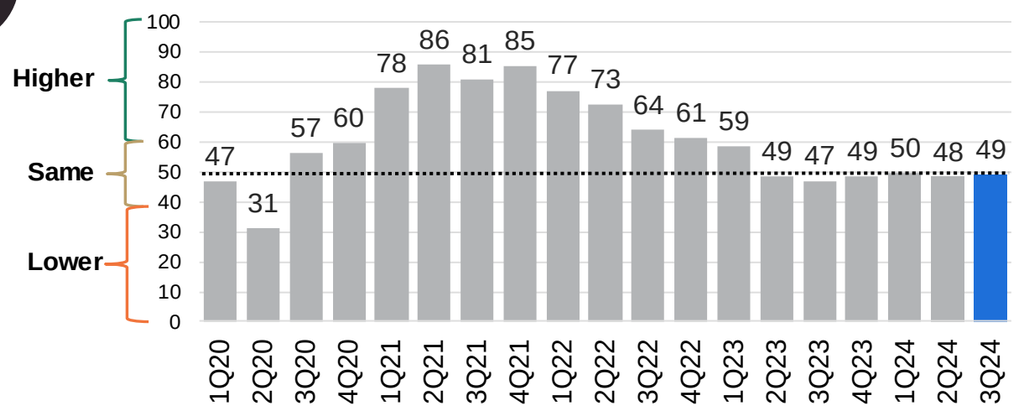
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

The KBMI Index shifted down slightly in Q3 2024.
Current activity is still contracting yet expectations for near-term growth are stronger.

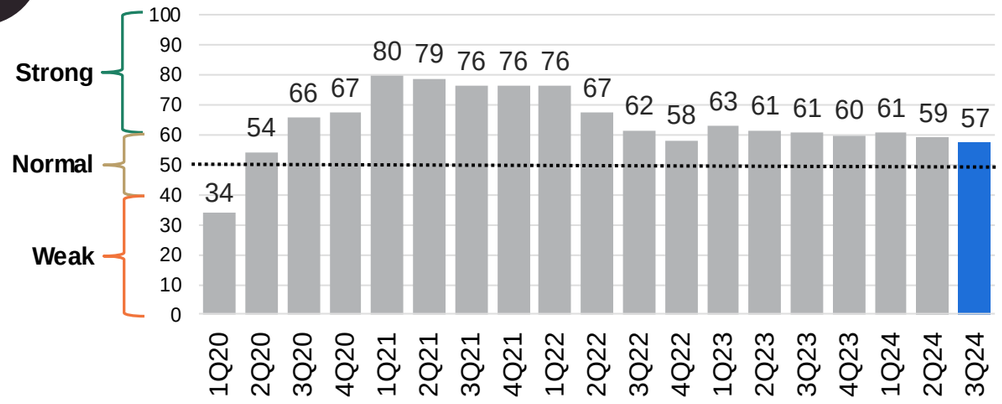
Kitchen & Bath Market Index (KBMI)



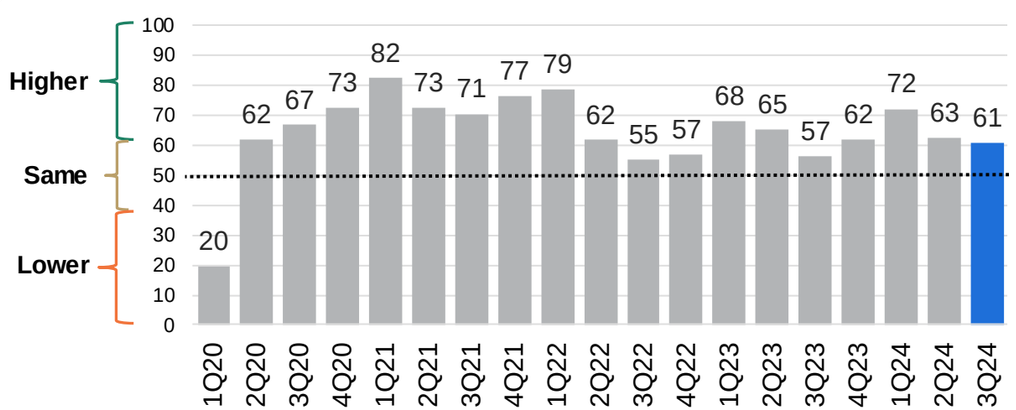
Current Kitchen & Bath Activity



Health of the Kitchen & Bath Industry



Near-Term Kitchen & Bath Activity (Next 3 Months)



Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

The Kitchen & Bath Market Index tracks four key segments.

Responses from these firms include information about US residential kitchen and bath projects and sales only (excludes commercial activity).

Design

- Kitchen Designer
- Bath Designer
- Interior Designer
- Architect
- Draftsman
- Planner

Building and construction

- Builder
- Remodeler
- Installer
- Fabricator
- Developer
- Trades Professional
- Design-Build Professional

Retail sales

- Dealer
- Multi-Branch Retailer
- Showroom
- Online Kitchen and Bath Seller

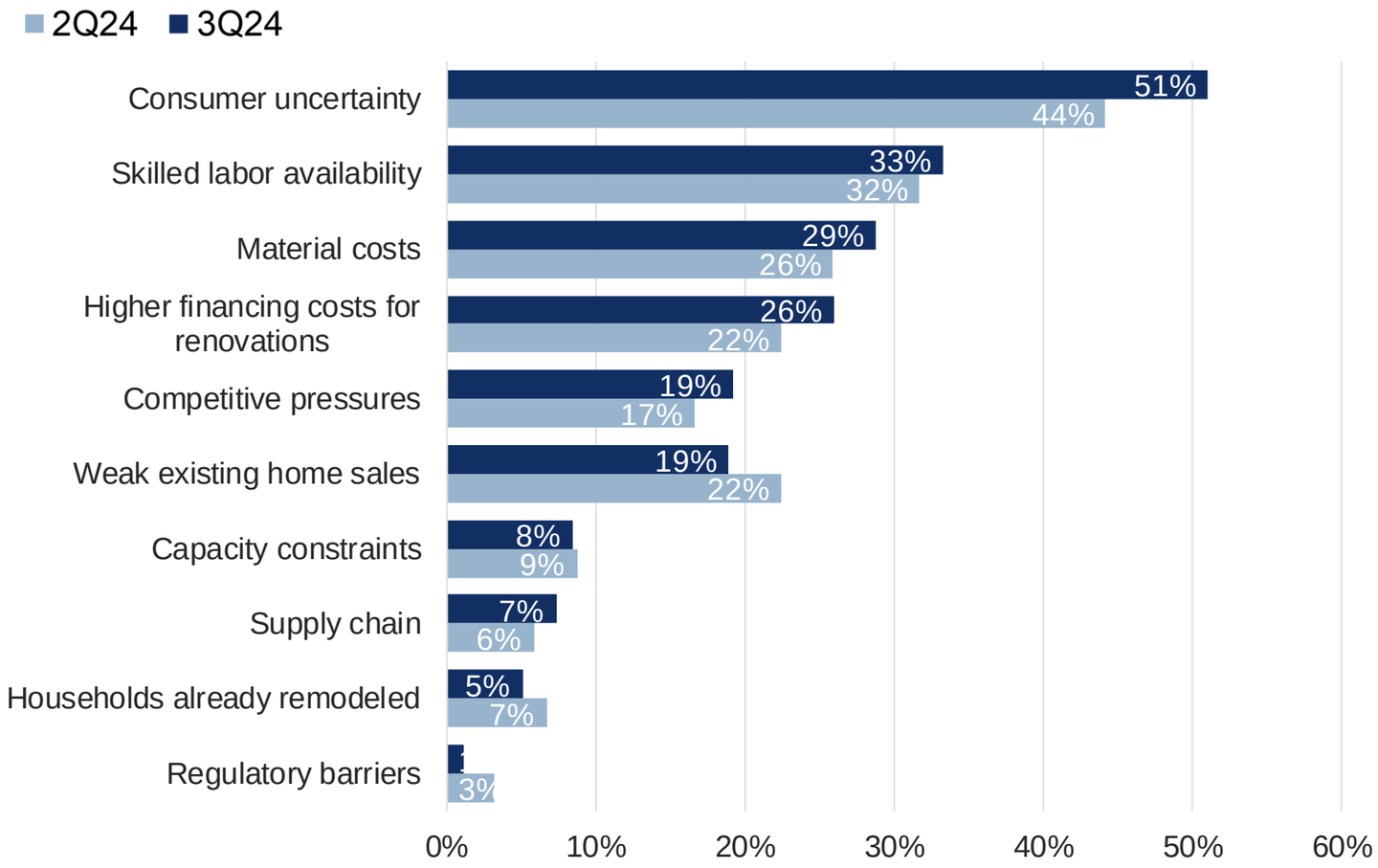
Manufacturing

- Manufacturer
- Cabinet Shop
- Supplier
- Wholesale Distributor
- Manufacturers' Rep

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Consumer uncertainty intensified as the dominant constraint to growth for K&B firms, followed by labor issues, material costs and higher financing costs.

Share of Kitchen and Bath Firms Citing the Following as a Top Constraint to Growth in the Next 6 Months (Q3 2024 vs Q2 2024)



K&B firms continue to report that demand would be significantly higher if consumer uncertainty were resolved. Over half of K&B firms now cite this as a 'top constraint.'

Another one-third of K&B firms cite availability of skilled labor.

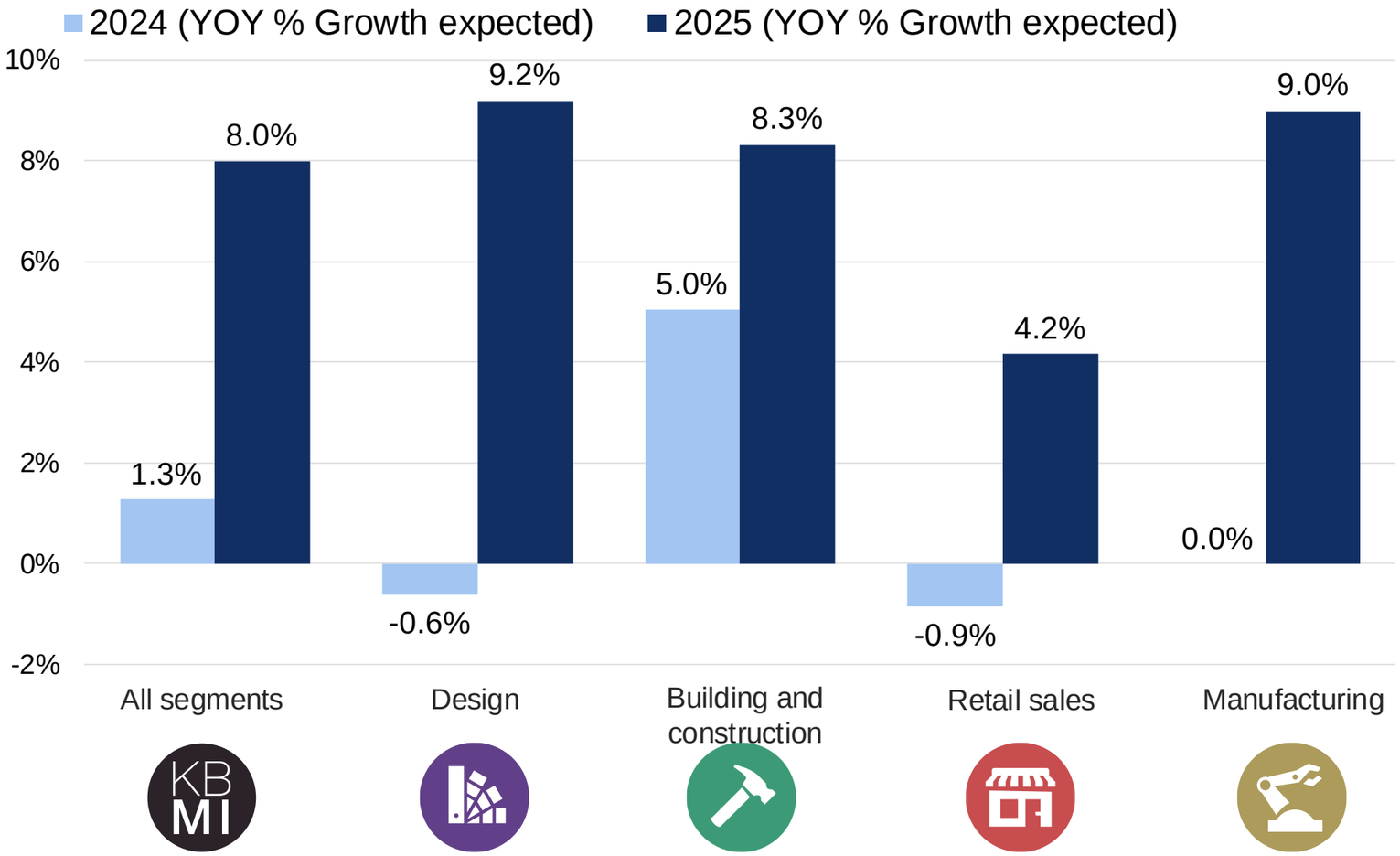
Weak existing home sales ranked lower, with only 19% of firms saying it is holding them back.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Professionals across the US kitchen and bath community are planning to achieve stronger growth in 2025 on average.

Residential Kitchen and Bath Expected 2024 and 2025 Sales Growth (3Q24)

Represents the average amount that K&B firms anticipate their sales to increase in 2024 and 2025



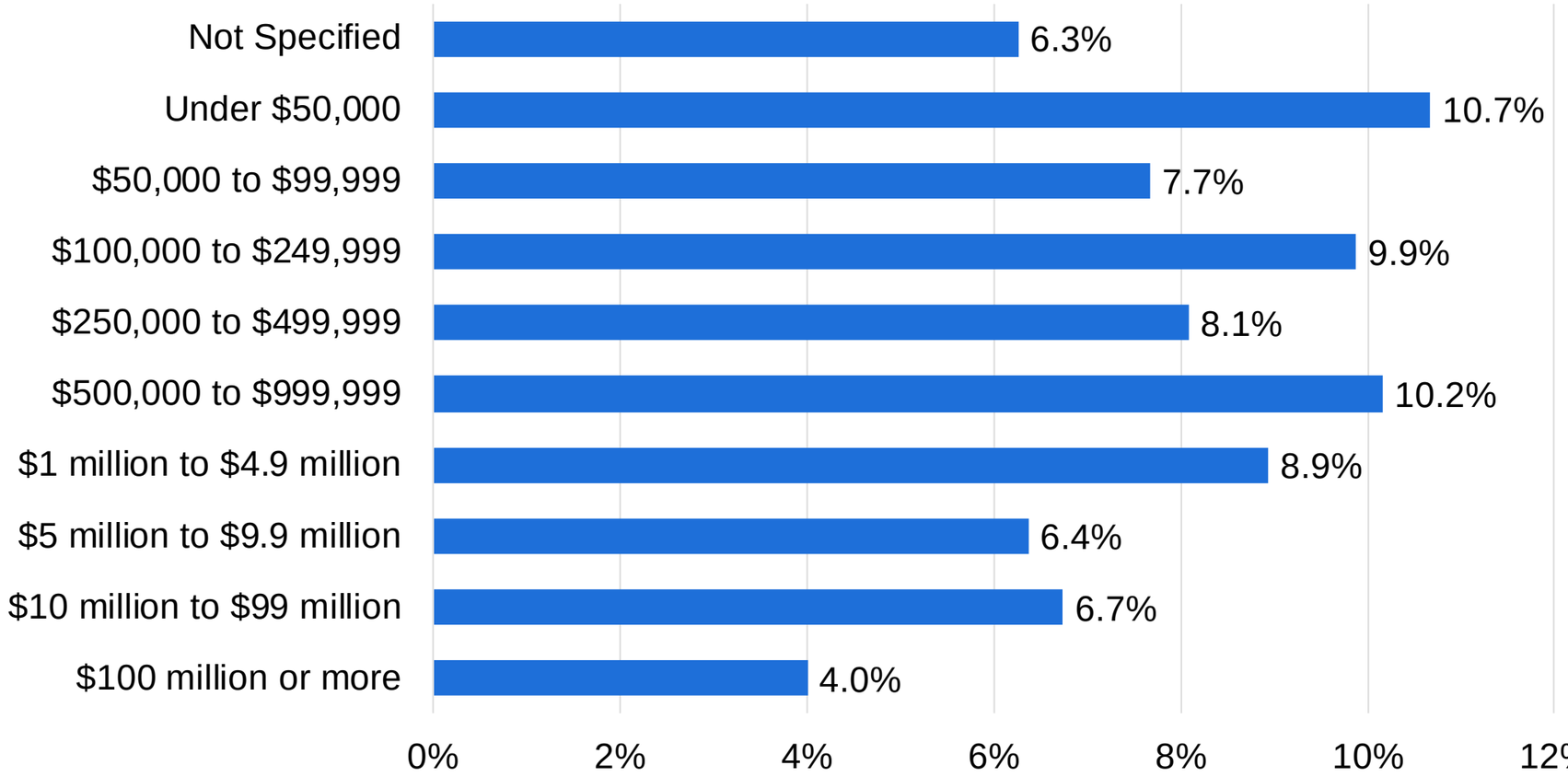
Note: These averages are not revenue-weighted. See page 13 for a view of 2025 revenue expectations by firm size.

> For 2025, I foresee opportunities in the kitchen and bath industry through increased demand for sustainable, eco-friendly materials and smart home technology integration, which can attract a more tech-savvy and environmentally-conscious clientele. However, challenges may arise from supply chain disruptions and rising material costs, requiring strategic planning and supplier diversification to mitigate potential delays or price hikes.
>
> – Kitchen design firm in the Northeast

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Smaller companies serving the US kitchen and bath market expect to achieve higher growth rates in 2025.

Kitchen and Bath Firms Expected 2025 YOY Growth (%), by 2023 Revenue



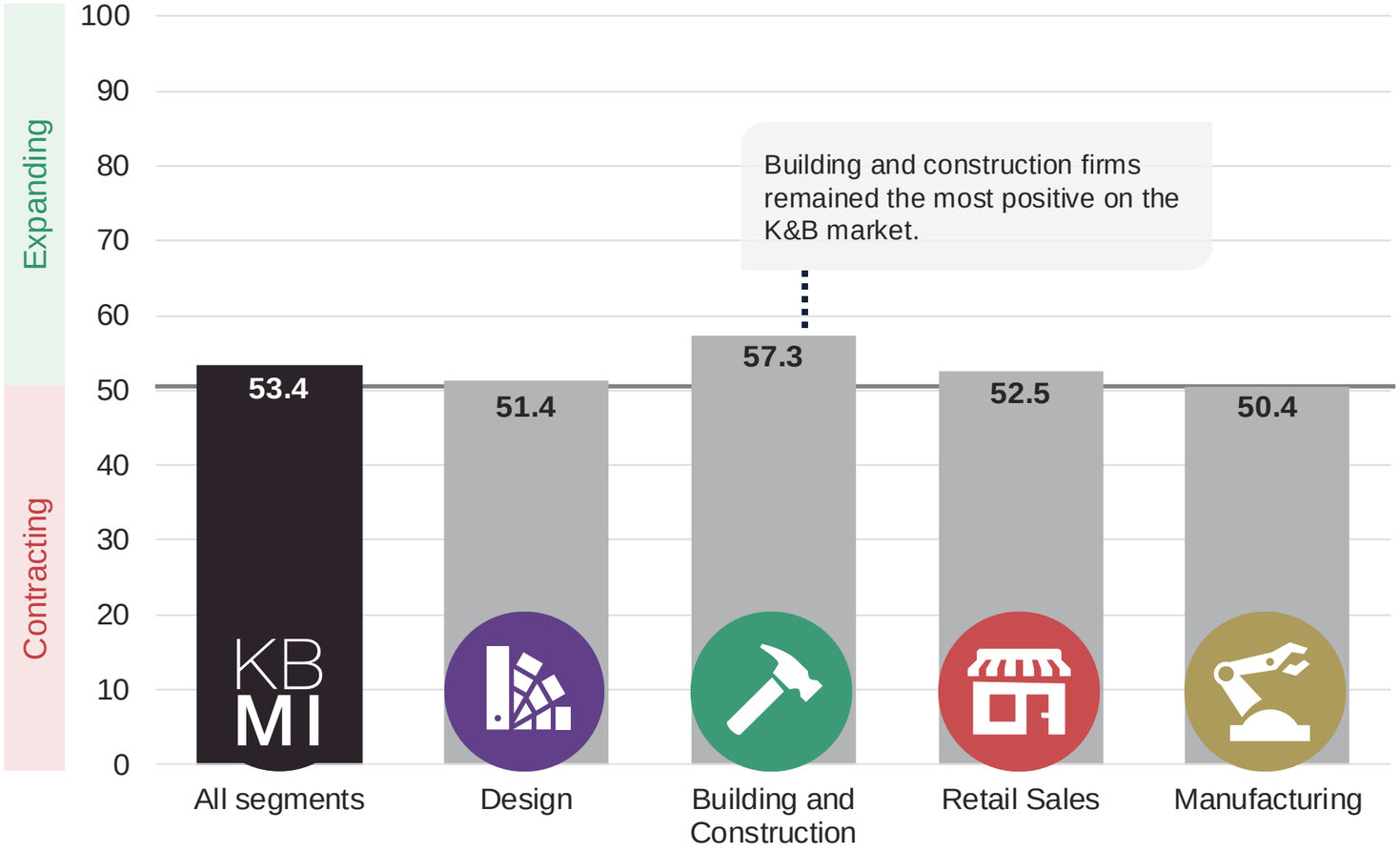
> While we continue to expand our presence. Our brand and reputation will drive further growth. Current competition cannot suppress our existence and our lower prices and higher quality."
> - Small interior design firm

Companies averaging revenues exceeding $100 million expect more muted 2025 growth of 4%.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Kitchen & Bath Market Index (KBMI, Q3 2024)

The KBMI is a composite diffusion index measuring current sales growth, industry health, and near-term growth expectations among US kitchen and bath industry professionals.



The KBMI—a measure of market growth in the US residential kitchen and bath industry—rated 53.4 on a 100-point scale in Q3 2024 (in the low "expanding" range). This is only slightly below last quarter's rating of 53.7 (in Q2 2024).

Kitchen and bath designers downgraded their rating as their project completions and revenues slowed vs last year.

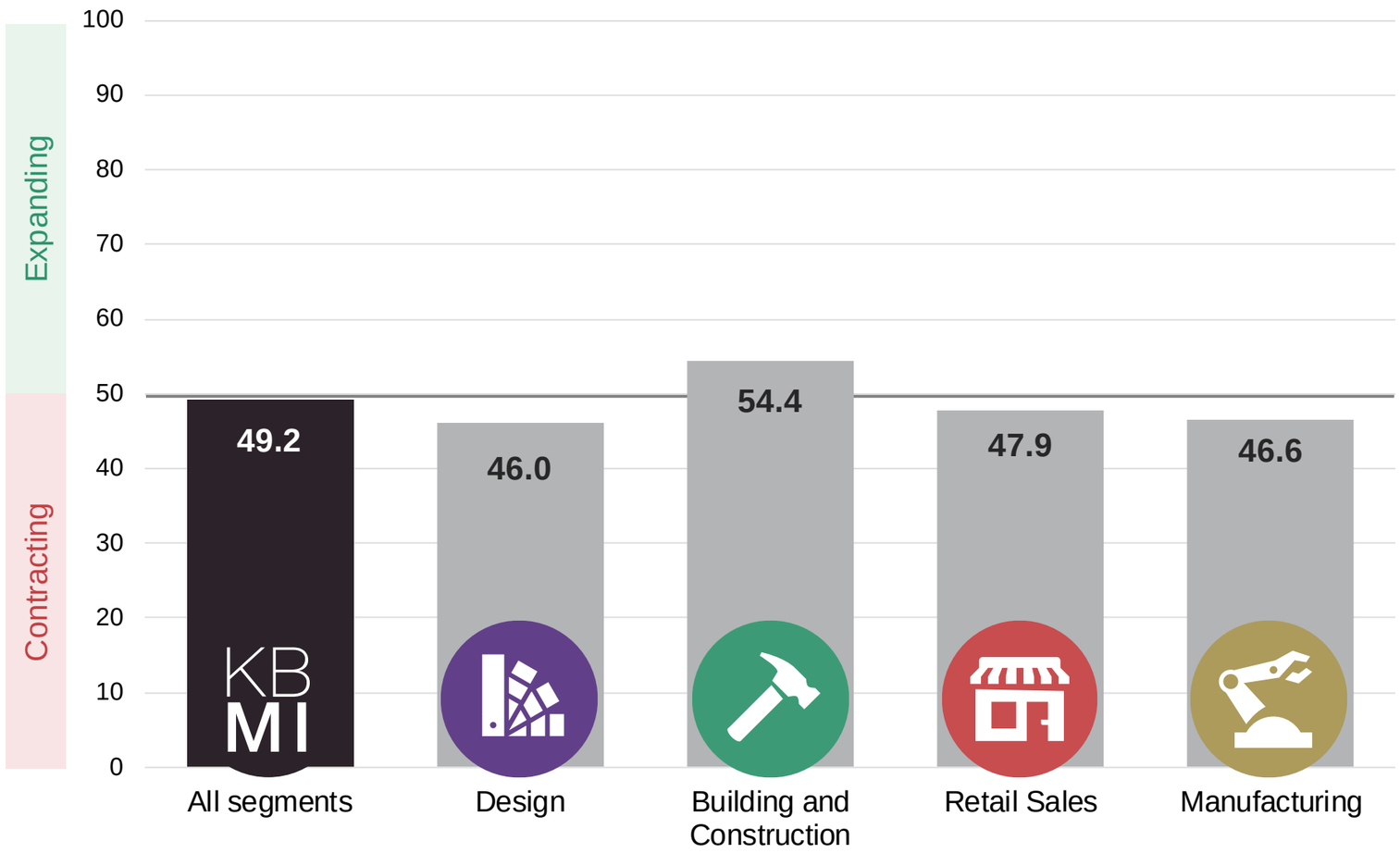
Retail sales firms' overall rating strengthened substantially during Q3 2024 in part due to the anticipation of a near-term uptick in sales.

Note: Ratings above 50 indicate industry expansion, while ratings below 50 indicate slowing activity. Composite KBMI weights are 55% current conditions, 30% industry health, and 15% next-quarter growth. See Methodology section for more details (page 65).

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Current Kitchen & Bath Activity Index (Q3 2024)

Rates current quarter (Q3 2024) residential kitchen and bath sales compared to one year ago (Q3 2023)



In Q3 2024, the Current Activity Index strengthened across all segments except for professional kitchen and bath design firms. The latter cited skilled contractor shortages as well as persistent uncertainty among consumers particularly with the pending presidential election.

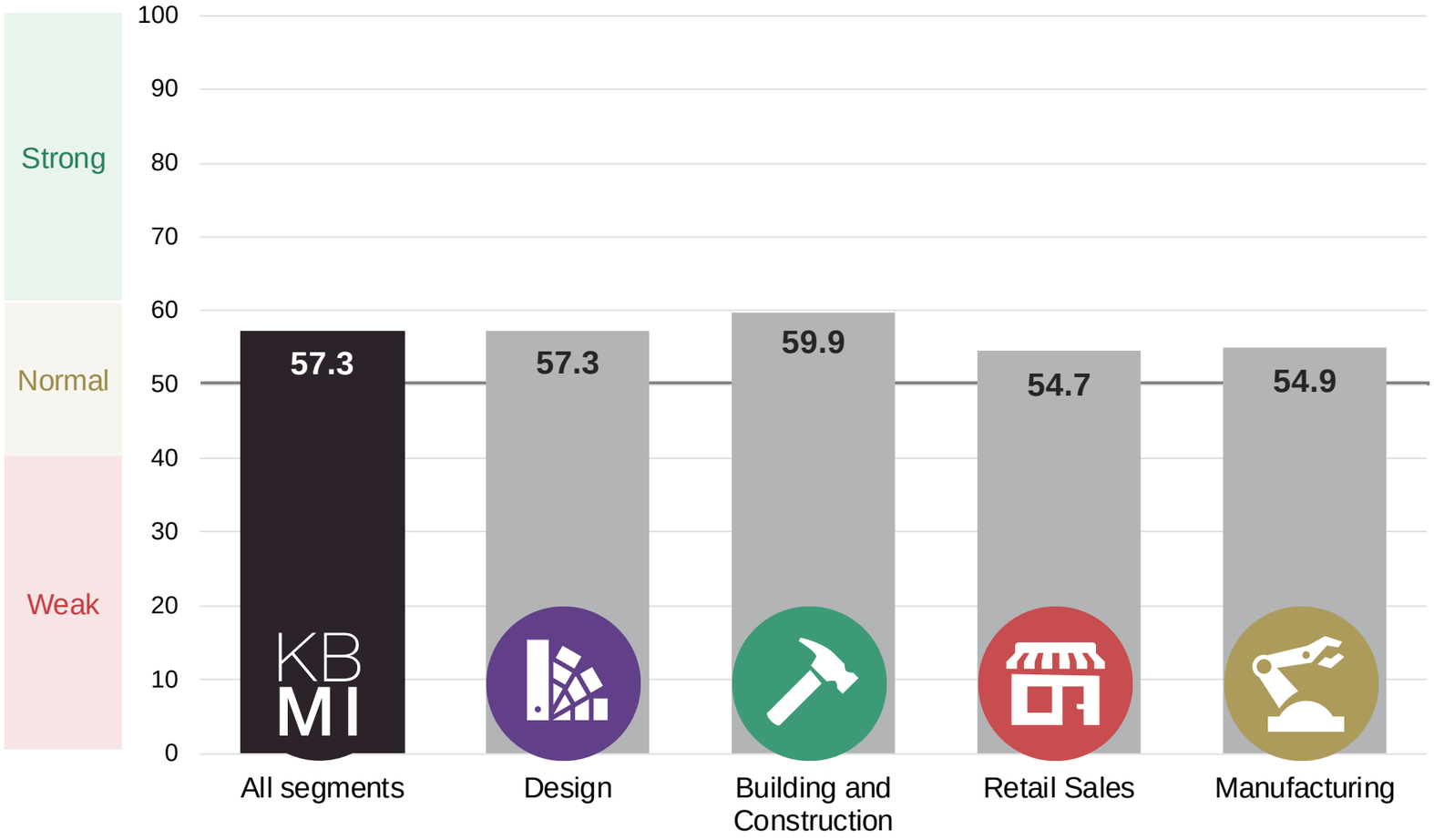
> We are optimistic that things will improve after the 2024 election...hopefully, consumer confidence will increase, and sales will as well.
>
> - Design firm doing projects across the US

Note: Ratings above 50 indicate industry expansion, while ratings below 50 indicate slowing sales activity compared to one year ago.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Kitchen and Bath Industry Health Index (Q3 2024)

Measures kitchen and bath firms' rating of the overall health of their segment of the industry, from extremely strong (10) to extremely weak (0)



Kitchen and bath professionals' rating of 57.3 for the Health of their Industry is in the "normal" range as of Q3 2024 (down from 59 last quarter).

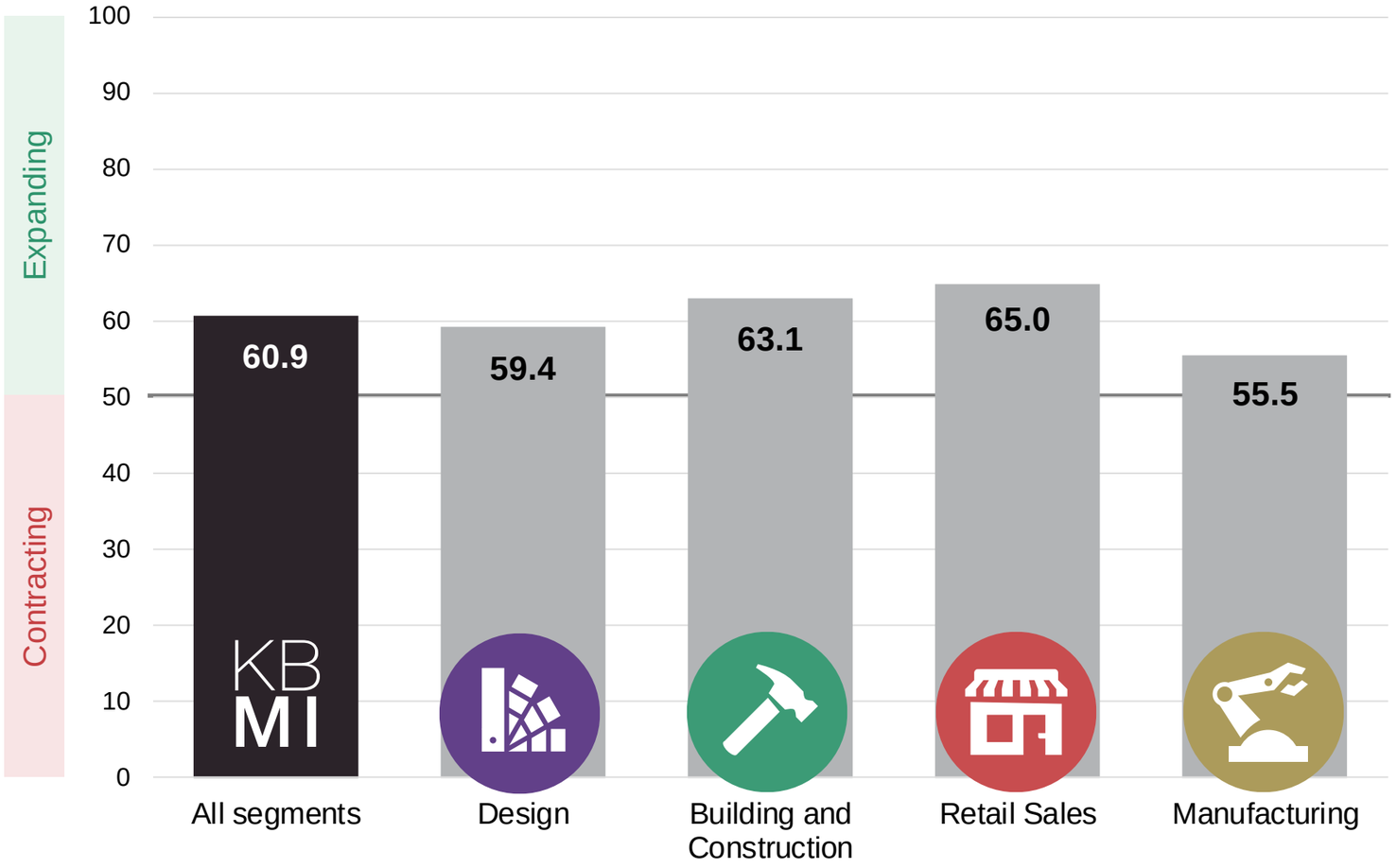
Confidence instilled by strong fundamentals (e.g., high home equity levels, aging homes, deferred projects) is being offset by the persistent impact of higher costs and ongoing consumer uncertainty.

Note: Ratings of 0–39 mean weak, 40–59 mean normal, and 60–100 mean strong industry health.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Near-Term Kitchen & Bath Activity Index (Q3 2024)

Represents kitchen and bath firms' sales expectations for the next quarter (Q4 2024) vs. the most recent quarter (Q3 2024)



Kitchen and bath professionals still expect sales conditions to improve during the next three months.

Retail firms' near-term index rating is highest at 65.

> Consumer demand is picking up. Continued interest rate reductions will help. - Showroom across the US

Note: Ratings above 50 indicate that the industry is expected to expand in the next quarter, while ratings below 50 indicate that slowing sales activity is expected.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Key Q3 2024 takeaways by kitchen and bath industry segment

Retailers' and manufacturers' performance worsened over the prior quarter. Design and building and construction firms continue to report opportunities in the market and benefit from their backlogs.

Design

- Design professionals expect to achieve sales growth of 9% in 2025 (vs. -1% reported in 2024).
- Resilient high-end consumers remained a growth area.
- Project completions in Q3 2024 quarter declined (3.4%) yet project backlogs strengthened.

Building and construction

- Firms in this building segment expect sales growth of 8% in 2025 (vs 5% growth in 2024).
- Resilient high-end consumers remained a growth area.
- Design-build firms' 2024 performance will be stronger than remodelers.

Retail sales

- Sluggish foot traffic
- Inventories rose slightly due to slow sales conditions.
- Retailers downgraded their 2024 revenue outlook to a 1% decline, yet they expect 4% revenue growth in 2025.
- Cost of goods rose 4.1% on average

Manufacturing

- Orders fell YOY by 2.1%
- Recent weak sales have led to elevated inventories.
- Manufacturers expect 9% sales revenue growth in 2025 (vs. flat in 2024) on average.
- Larger K&B companies (revenue over $100M) expect lower (single-digits) growth next year.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

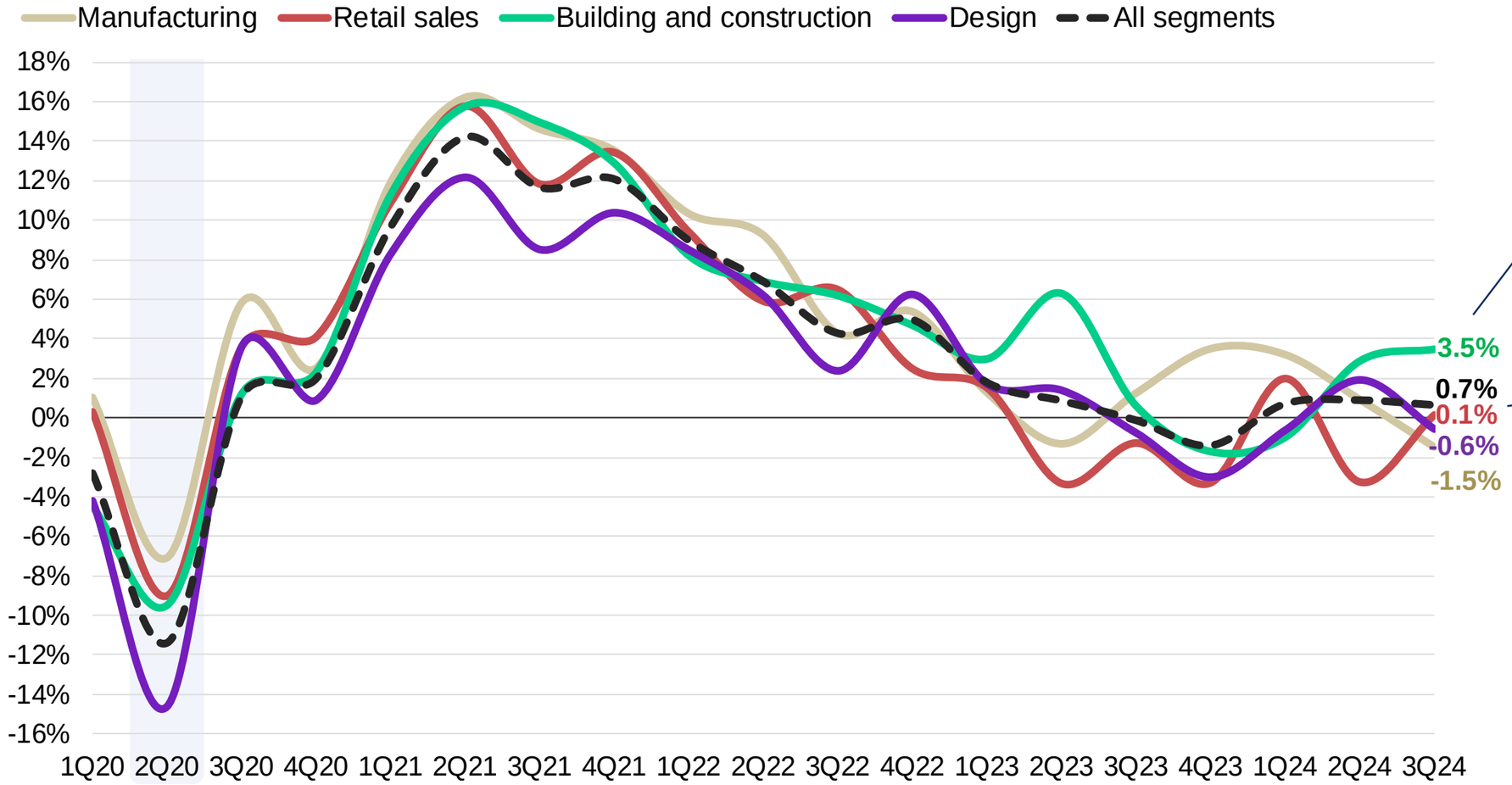
Industry sales

Design: Michelle Lecinski | Photo: Heather Kolasinski Tucker, Quick Pic Tours

US K&B industry sales remained flat in the Q3 2024, averaging 0.7 percent. Given higher price increases, sales volumes were flat or slightly negative.

Residential Kitchen and Bath YOY Sales Growth

Represents average YOY sales change reported by respondents in all segments



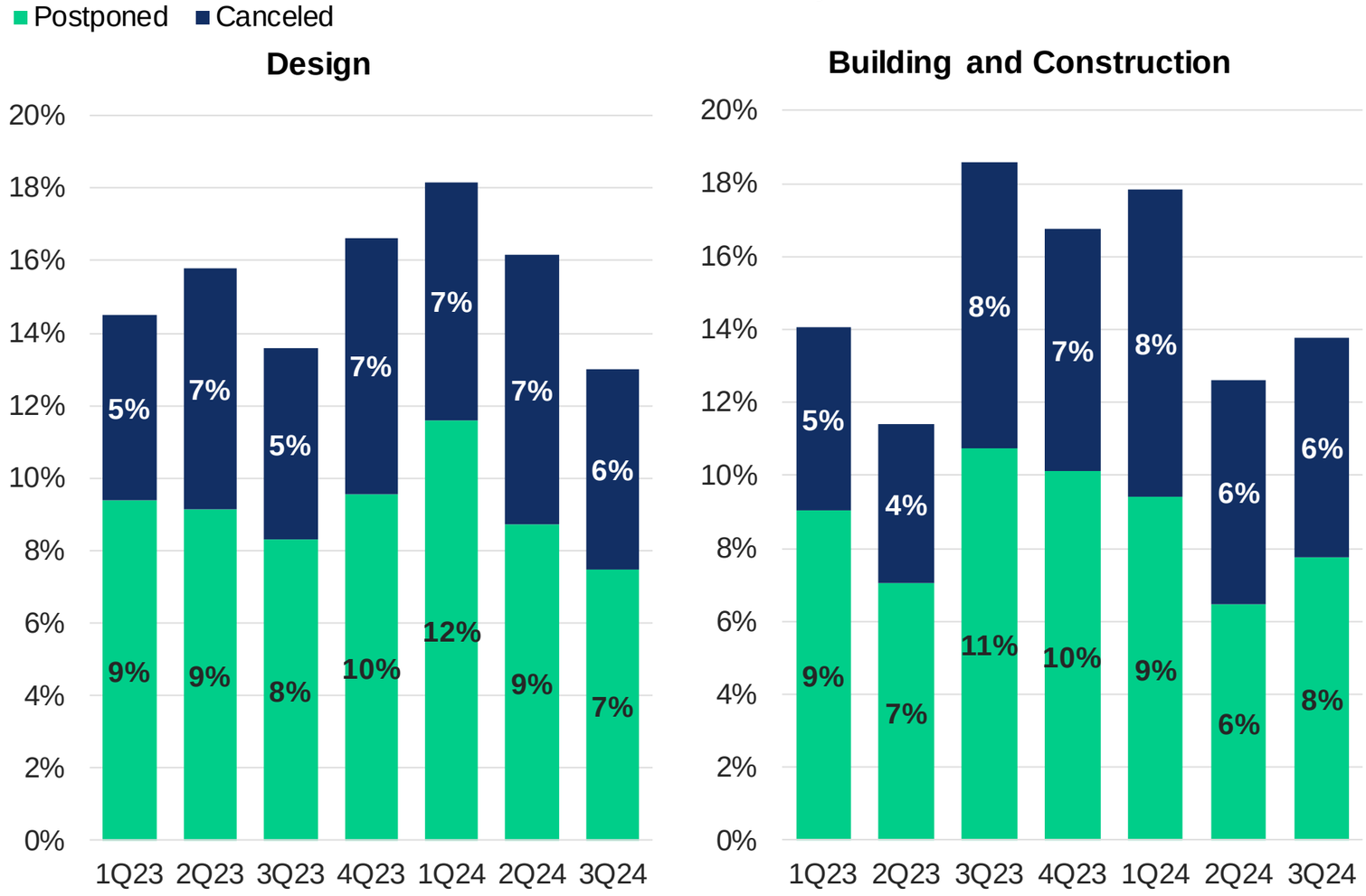
Building and construction ticked up as homes in late stages of construction add K&B products.

Retailers' sales remained flat in Q3 2024 as consumers continued to adjust to higher prices and economic uncertainty.

Sources: NKBA; John Burns Research and Consulting, LLC (Data:Q3 2024, Pub: Oct-24)

K&B project cancelations and postponements lowered somewhat in Q3 2024.

Share of Planned Residential Kitchen and Bath Projects That Did Not Continue

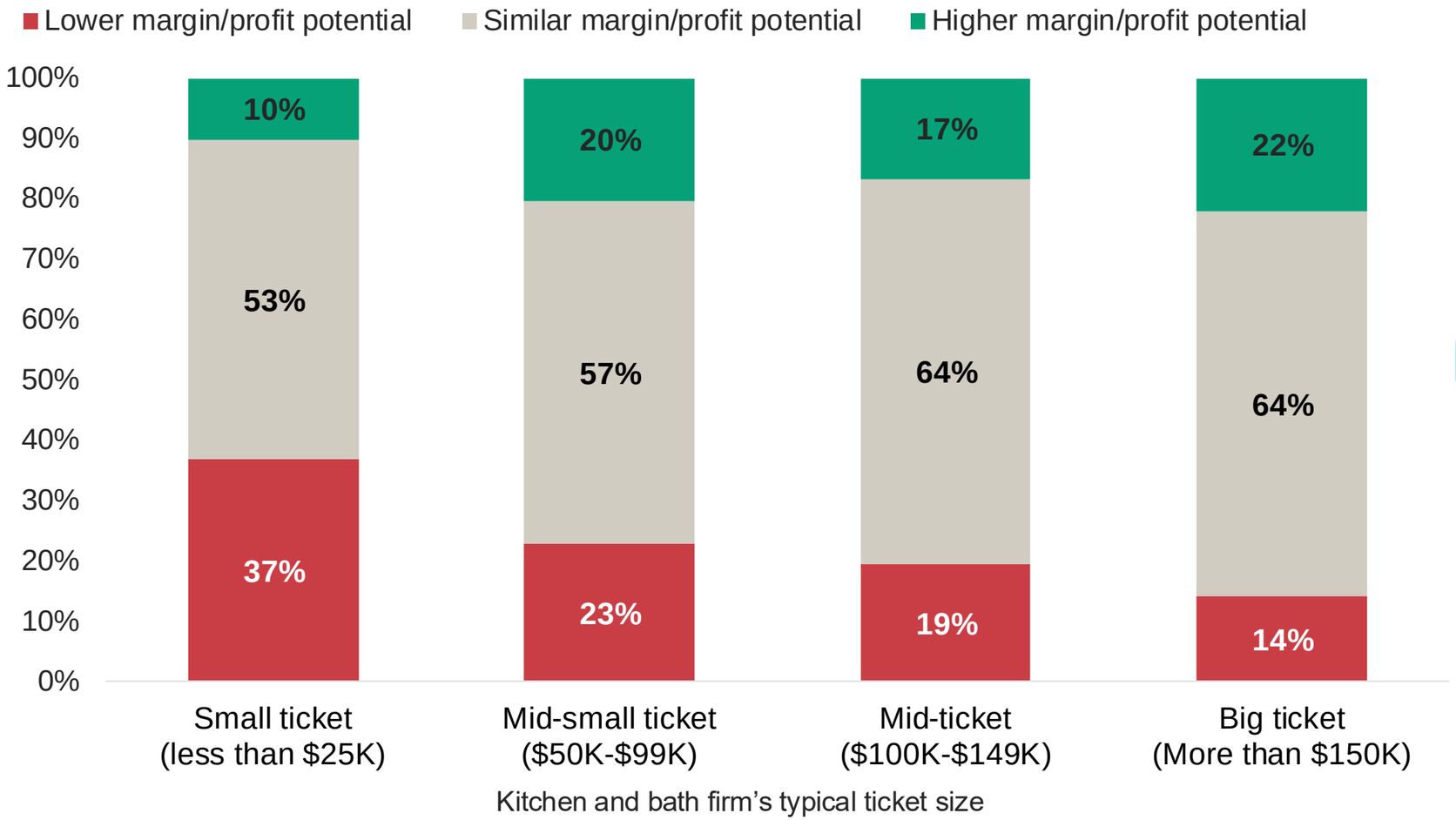


> I have about 20% of potential gross sales waiting on election results.
>
> - Remodeler in Missouri

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

K&B lead quality deteriorated further in Q3 2024 for small-ticket projects (less than $25K).

Change in Lead Quality for Kitchen and Bath Projects vs. Prior Quarter (Q3 2024)



K&B firms confirmed that lead quality for higher-ticket projects (over $150K) remained stable or increased slightly in Q3 2024 as wealthier consumers remained more resilient.

> I think we can grow, but I'm concerned about lower-cost projects. I feel like I'm working on more projects, but lower budgets will have me working on more projects to keep the same level of sales.
>
> - Kitchen design firm across the US

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24); Note: includes design and building and construction segments.

Slower sales were most concentrated in California, Texas, and the Southwest. We are seeing preliminary signs of an upswing in the Southeast and North.

"I feel that the slowdown this summer will turn around in the Seattle area. The trend of not moving, not building new, aging home inventory and aging in place clients, only makes my focus in the remodeling sector stronger."

- Kitchen design firm in the Northwest

"The prices of everything are way too high! We are high-end, and no one can afford our kitchens. Sales are way down! We are starting to do small jobs with a lot less profit."

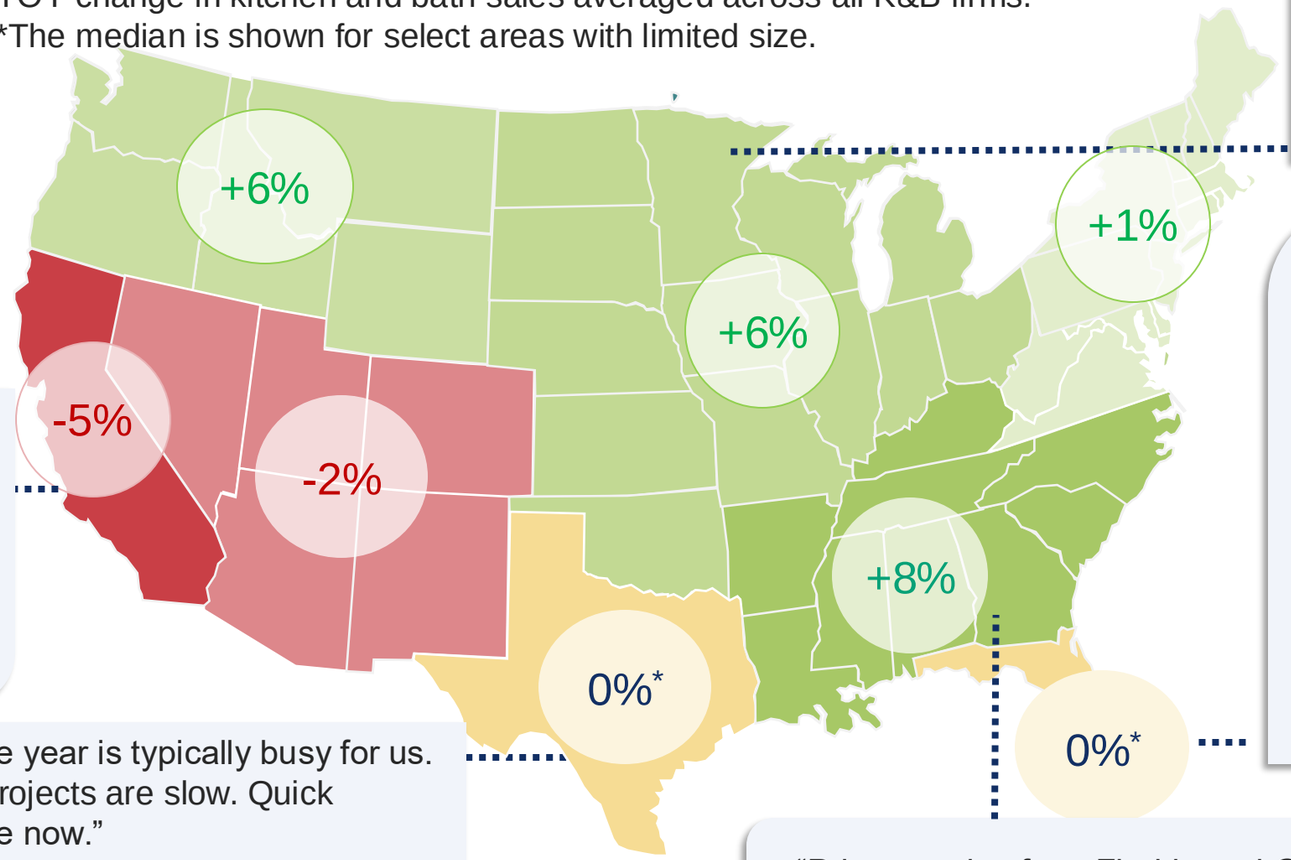
- Remodeler in California

"The beginning of the year is typically busy for us. Larger remodeling projects are slow. Quick projects are available now."

- Design-build firm in Texas

Residential Kitchen and Bath Sales Growth by Region (Q3 2024 YOY)

YOY change in kitchen and bath sales averaged across all K&B firms.
*The median is shown for select areas with limited size.



"Dealers that offer a wider variety of products are over performing."

- Manufacturer's Rep in the Midwest

"Jacksonville and Florida, in general, are strong markets where continued population growth and historic real estate value are supporting continued remodeling investments. Homeowners have confidence in their home equity, and most are enjoying the low mortgage rates they have from years ago, so remodeling is easier to justify compared to relocating."

- Design build firm in Florida

"Primary sales from Florida and Georgia look good."

- Manufacturer's Rep in the Southwest

Note: Texas and Florida had smaller samples in the N=12-17 range. The median value for Florida is shown.
Sources: John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

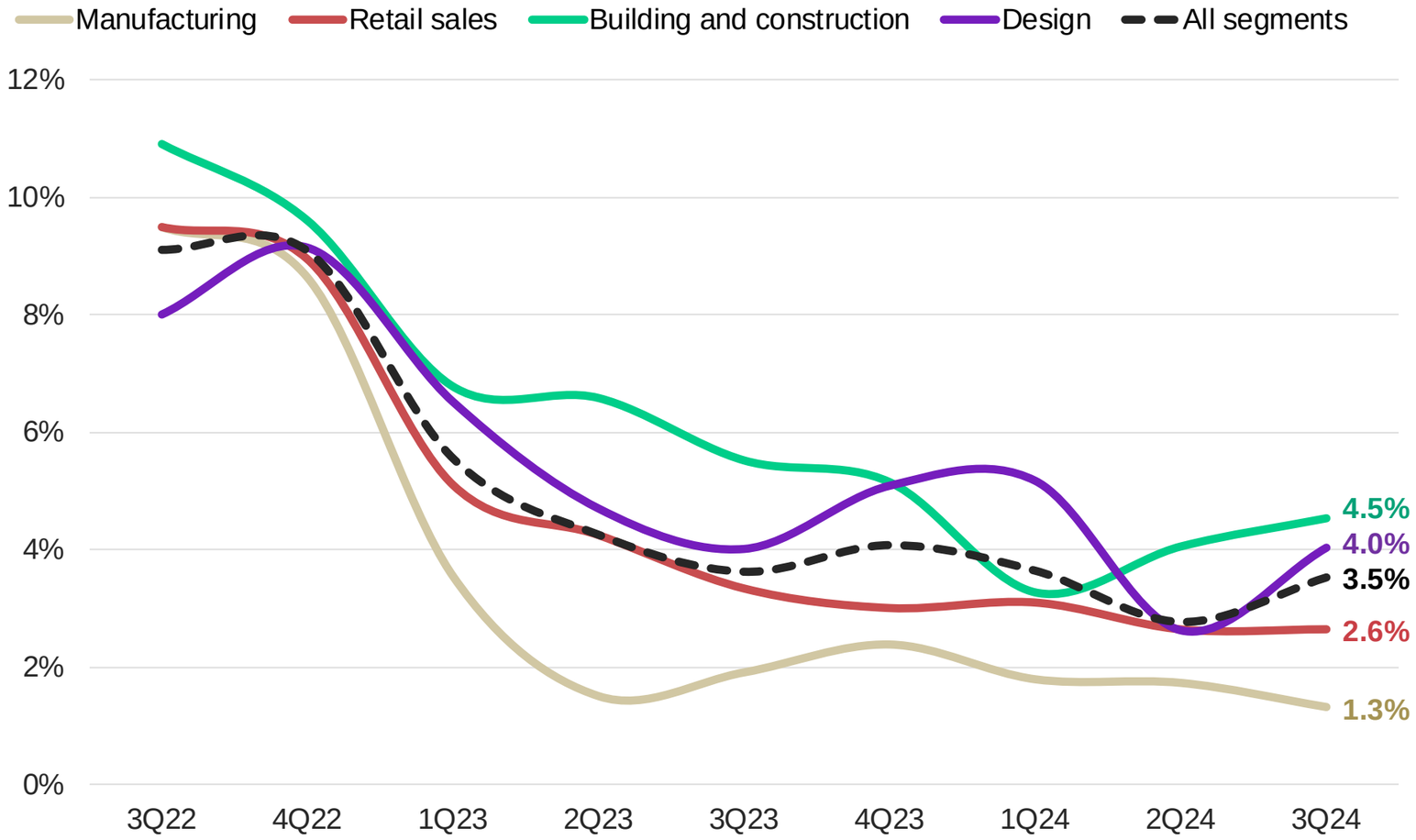
Market conditions

Design: Barbie Weis | Photo: W. W. Wood Products, Inc.; Shiloh Cabinetry

K&B pricing growth accelerated again in Q3 2024 YOY among design and building segments.

Residential Kitchen and Bath YOY Price Growth

Represents average YOY price change reported by respondents in all segments



K&B firms' average price increase was 3.5% in Q3 2024 as higher labor and material costs continued to weigh on the industry. For comparison, general US inflation as measured by the CPI was slightly lower at 2.6% in Q3 2024.

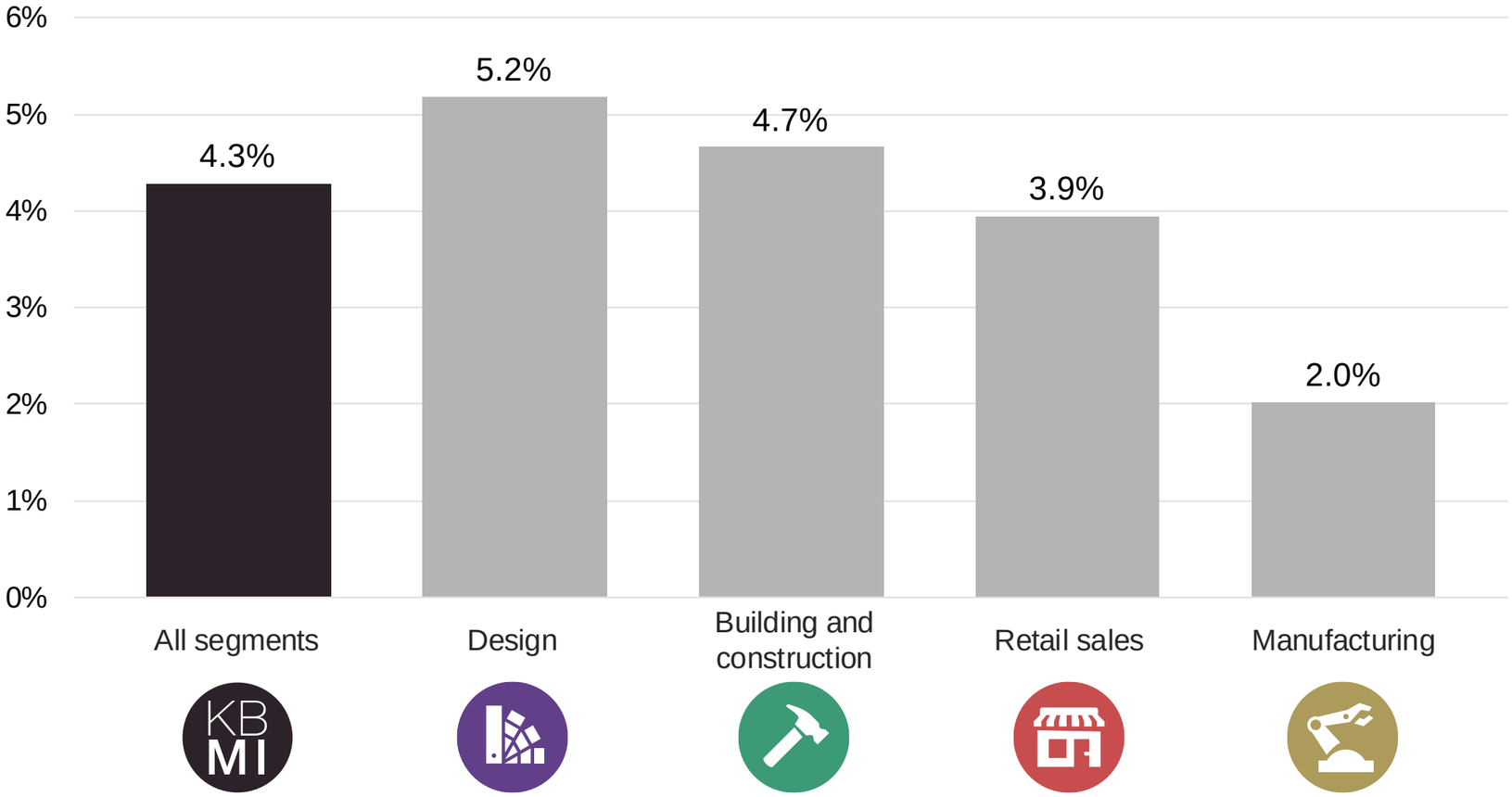
Supply chain disruptions, including from the recent storm and port strike issues, led price increases to accelerate slightly.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24). Note: US inflation is measured by the CPI-U.

The US K&B industry expects average annual price increases in the 2.0% – 5.2% range in 2024.

Kitchen and Bath Professionals' Price Increase Expectations for Full-Year 2024

Firms were asked: By what percentage do you expect your full-year 2024 prices to increase/decrease compared to 2023?



K&B firms' average expectation for FY 2024 price increases was 4.3% in Q3 2024, although it varies by K&B segment and is also influenced by changing product mixes.

For comparison, general US inflation was 2.6% in Q3 2024.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Retail and manufacturing segment firms reported elevated lead times for cabinets.

Average Kitchen and Bath Product Lead Time in Weeks Reported by Segment (Q3 2024)

Retail (Dealers, Multi-branch retail, Showrooms, Online sellers)

Product	3Q24 Lead Time	Change vs. 2Q24
Bath tubs	3.9 weeks	0.0 weeks
Cabinets	7.9 weeks	0.7 weeks
Countertops	3.4 weeks	0.2 weeks
Dishwashers	2.9 weeks	0.6 weeks
Faucets	3.1 weeks	0.4 weeks
Hardware	2.2 weeks	0.3 weeks
Lighting	2.5 weeks	0.4 weeks
Mirrors	2.9 weeks	0.3 weeks
Ranges/stoves	3.5 weeks	0.0 weeks
Refrigerators	3.6 weeks	-0.2 weeks
Shower units	4.1 weeks	-1.1 weeks
Sinks	3.2 weeks	0.0 weeks
Tile	2.2 weeks	0.6 weeks
Toilets	1.9 weeks	0.4 weeks
Vanities	6.1 weeks	0.3 weeks

Manufacturing (Includes Supplier, Wholesale, Cabinet Shops)

Product	3Q24 Lead Time	Change vs. 2Q24
Bath tubs	3.2 weeks	-1.3 weeks
Cabinets	5.7 weeks	-0.8 weeks
Countertops	7.4 weeks	5.3 weeks
Dishwashers	4.9 weeks	1.5 weeks
Faucets	3.5 weeks	0.0 weeks
Hardware	3.5 weeks	1.9 weeks
Lighting	4.9 weeks	2.8 weeks
Mirrors	4.9 weeks	3.0 weeks
Ranges/stoves	3.4 weeks	0.3 weeks
Refrigerators	5.9 weeks	2.3 weeks
Shower units	3.6 weeks	-2.0 weeks
Sinks	4.6 weeks	2.2 weeks
Tile	5.8 weeks	4.1 weeks
Toilets	5.2 weeks	1.8 weeks
Vanities	4.9 weeks	-0.3 weeks

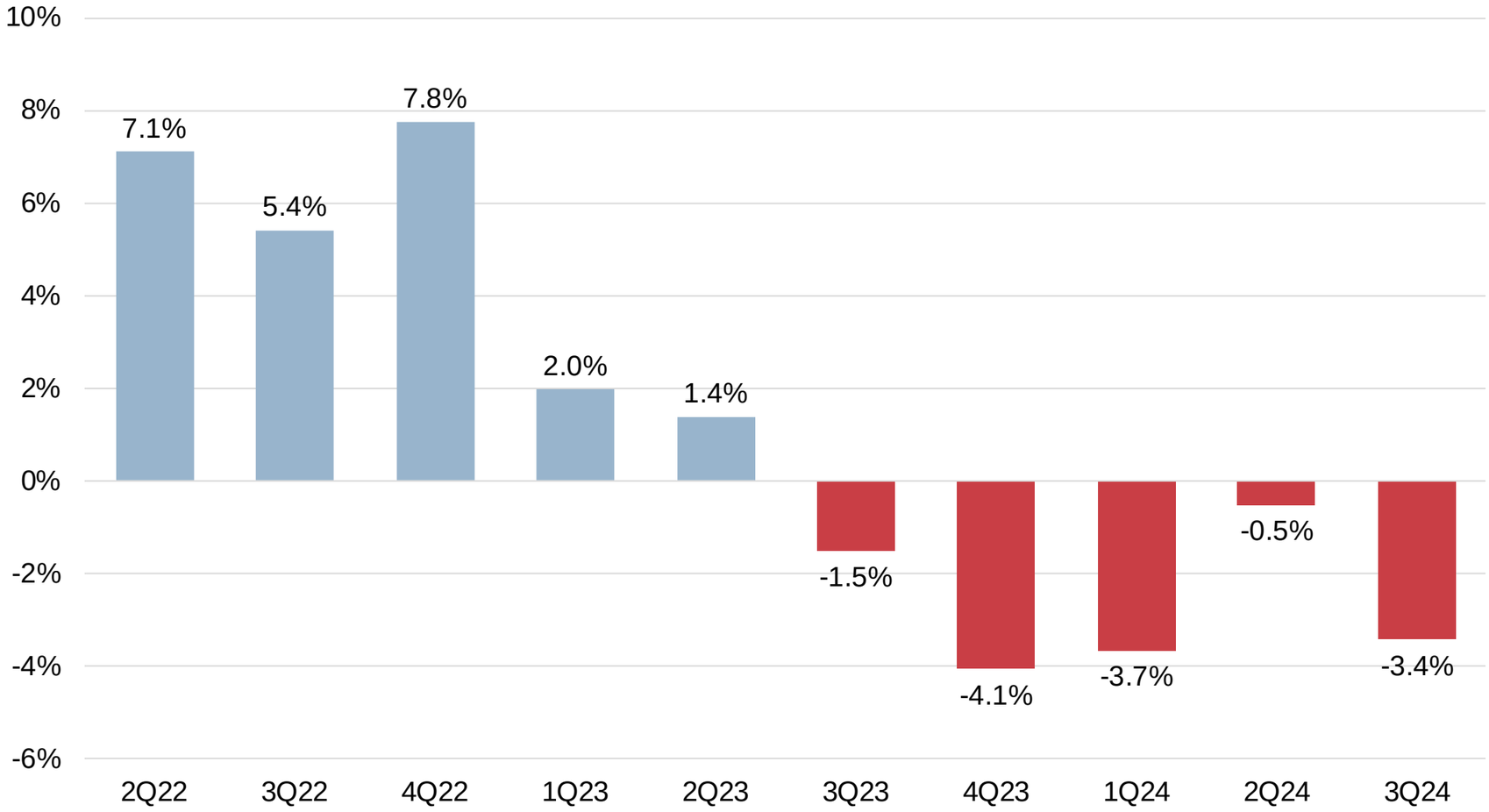
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Design segment update

Design: Michelle Lecinski | Photo: Heather Kolasinski Tucker, Quick Pic Tours

Design firms' K&B project completions remained negative in Q3 2024.

YOY Growth in Designers' Residential Kitchen and Bath Project Completions



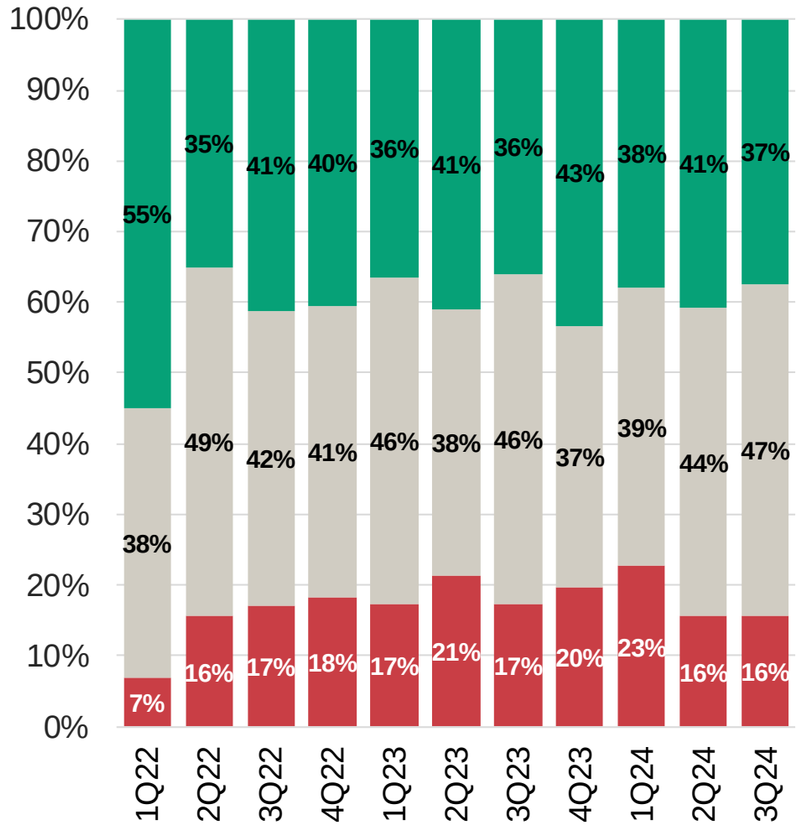
General affordability constraints, along with higher prices and lending costs, are dissuading consumers from moving forward with discretionary spending on professional design services.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

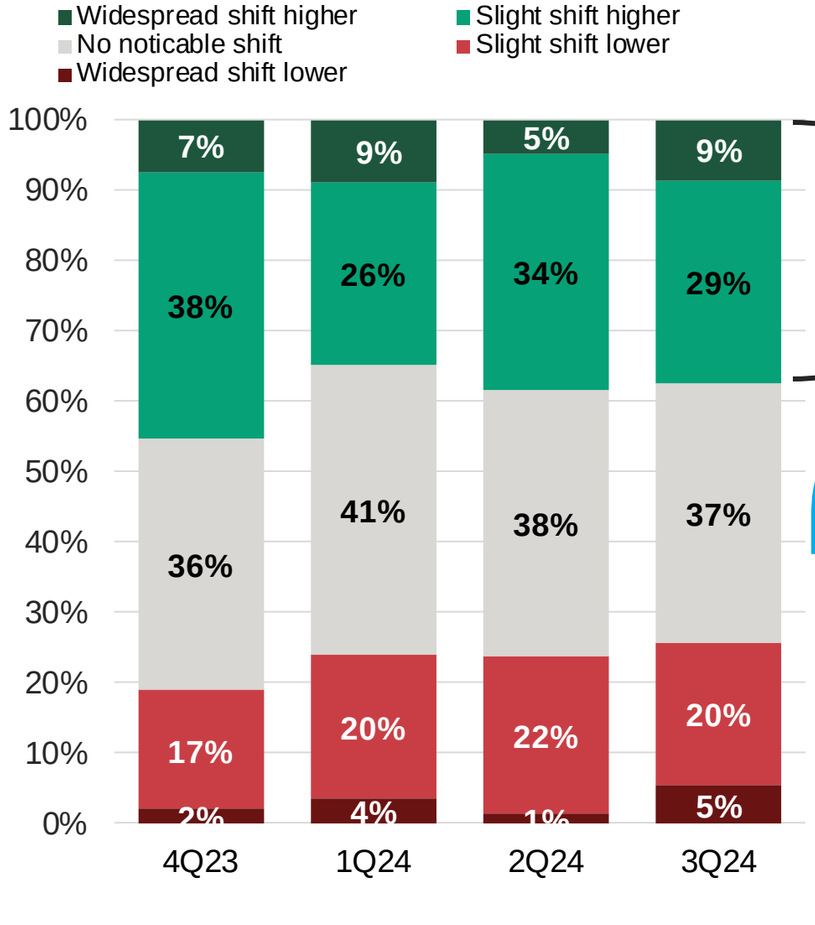
Resilient high-end consumers are still upgrading: 37% of design firms said project scopes are getting larger.

Kitchen and bath designers report shifting demand for product scopes and price points

Average Size/Scope of Projects (vs. Prior Year)



Product Grades/Price Points Demanded (QOQ)



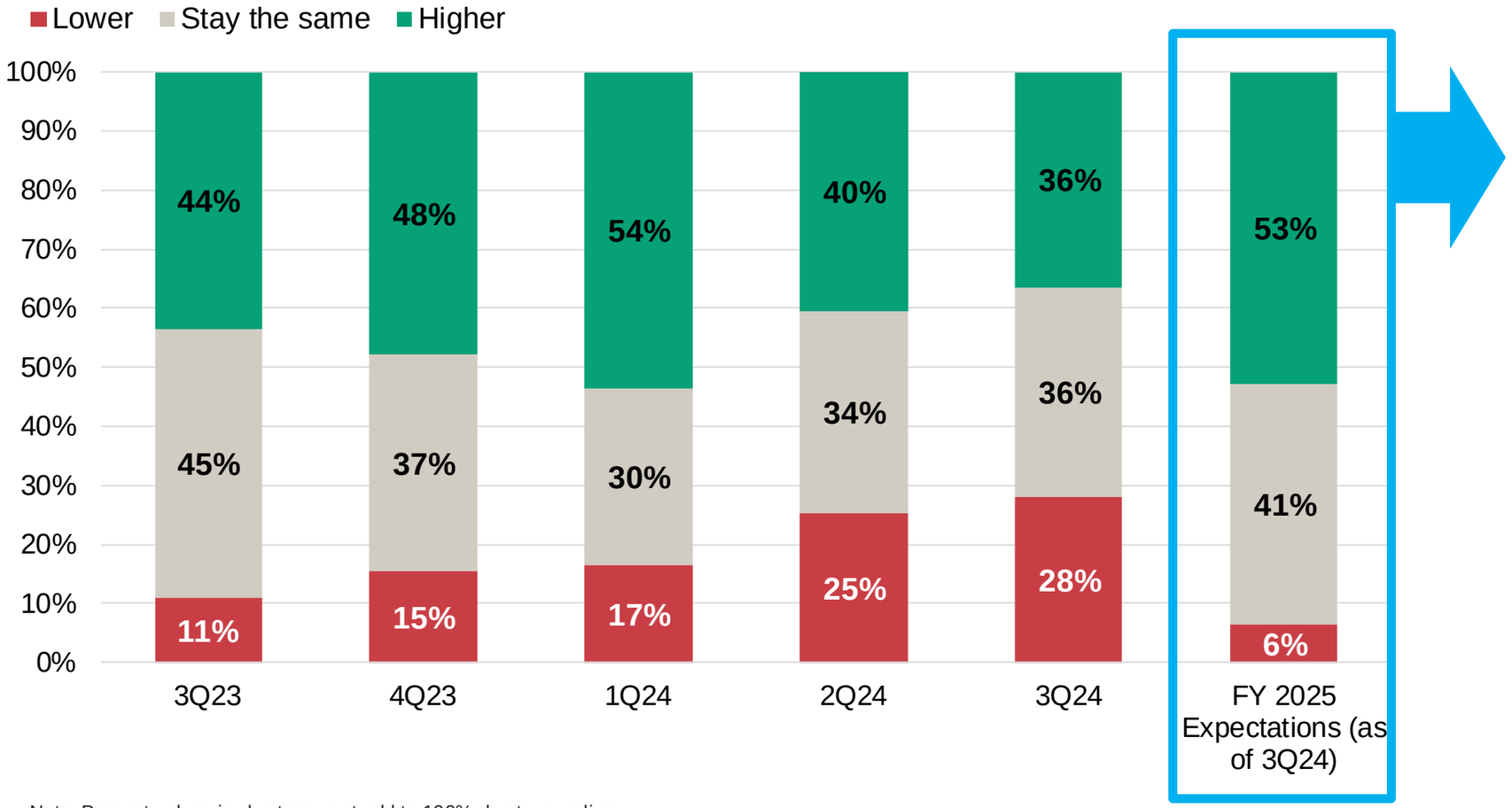
The share of design firms reporting “higher” price points/product grades demanded also remains elevated (38%).

> I think people are uncertain, although people who use an interior designer are in a luxury market, and usually do not get affected. This time around, the politics are playing a huge role, especially in the suburbs.
>
> - Interior design firm in the Northeast

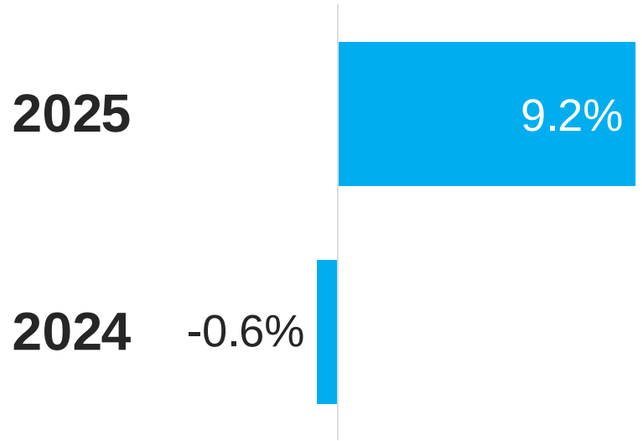
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24):

Despite a challenging year, on average US-based kitchen and bath design firms expect 9% growth in 2025.

Kitchen and Bath Design Firms' Full-Year 2024 Sales Revenue Expectations Compared to 2023, and Expectations for 2025



Design Firms' YOY sales growth forecast for:



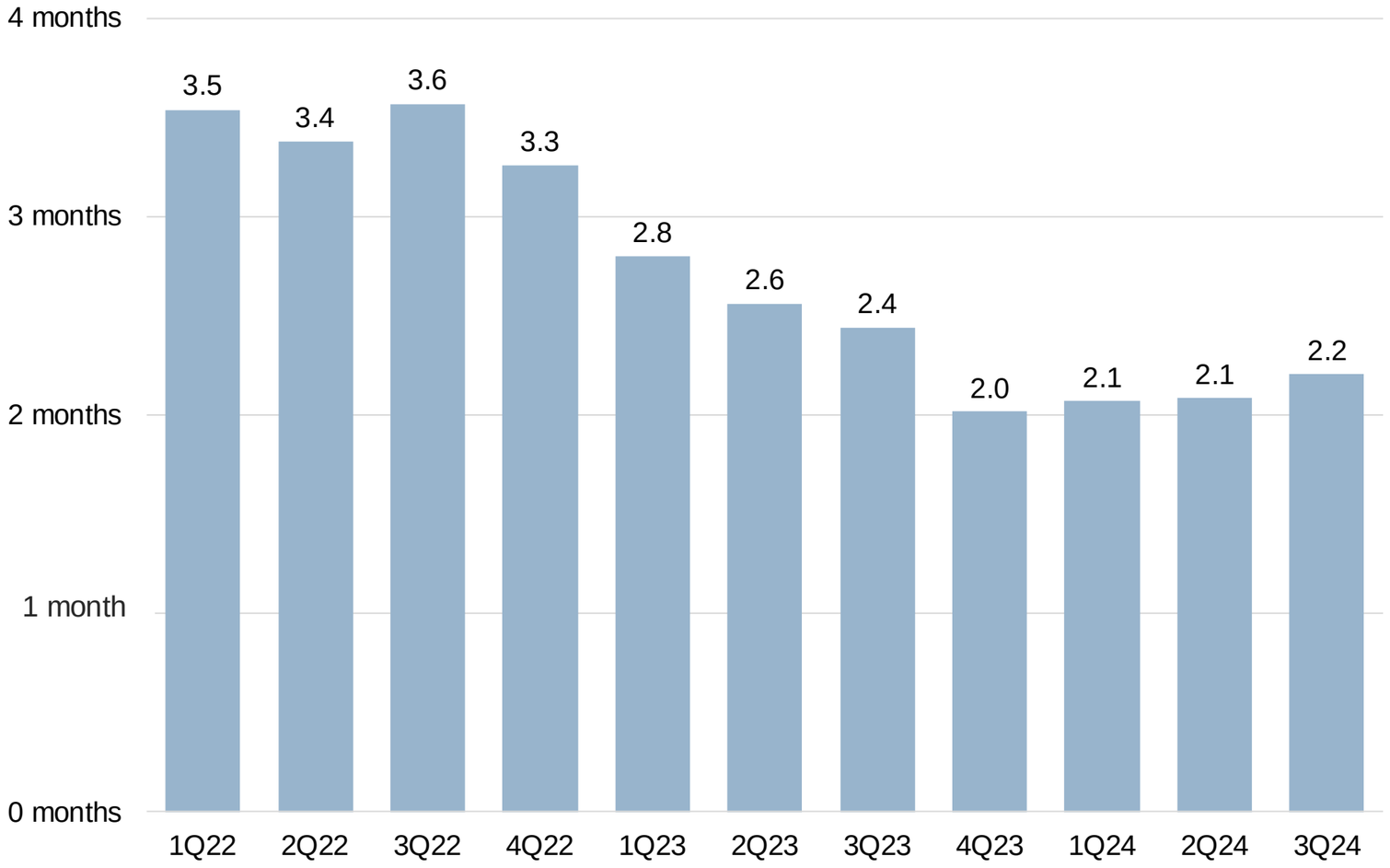
> Things still seem uncertain, yet it does seem that potential clients are watching to see what the interest rates do. We are cautiously optimistic about 2025.
>
> - Interior design firm across the US

Note: Percent values in chart may not add to 100% due to rounding.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Design firm backlogs remained resilient in Q3 2024.

Average Kitchen and Bath Project Backlogs for Design Firms



Stable or increasing backlogs are a positive sign that the K&B design segment is processing new leads.

Design firms for which most projects are “luxury” averaged an even stronger backlog of 2.3 months.

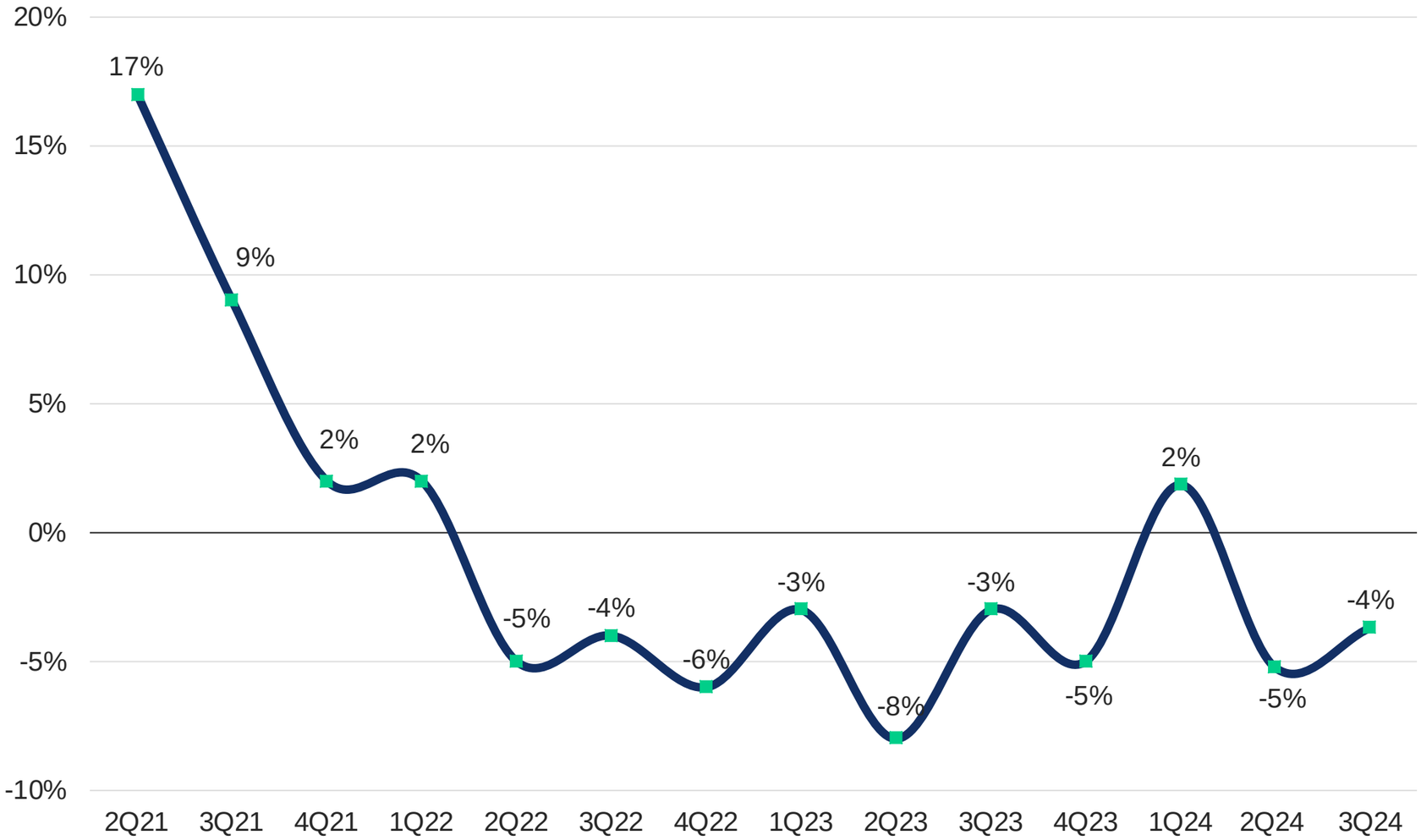
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24):

Retail segment update

Design: Beth Brunner | Photo: Kara Mercer Photography

K&B retail foot traffic continued to stagnate in Q3 2024.

Kitchen and Bath Retailers' Average QOQ Change in Foot Traffic (%)



Note: Only includes retail firms with in-person foot traffic. Online retailers are excluded

Sources: John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

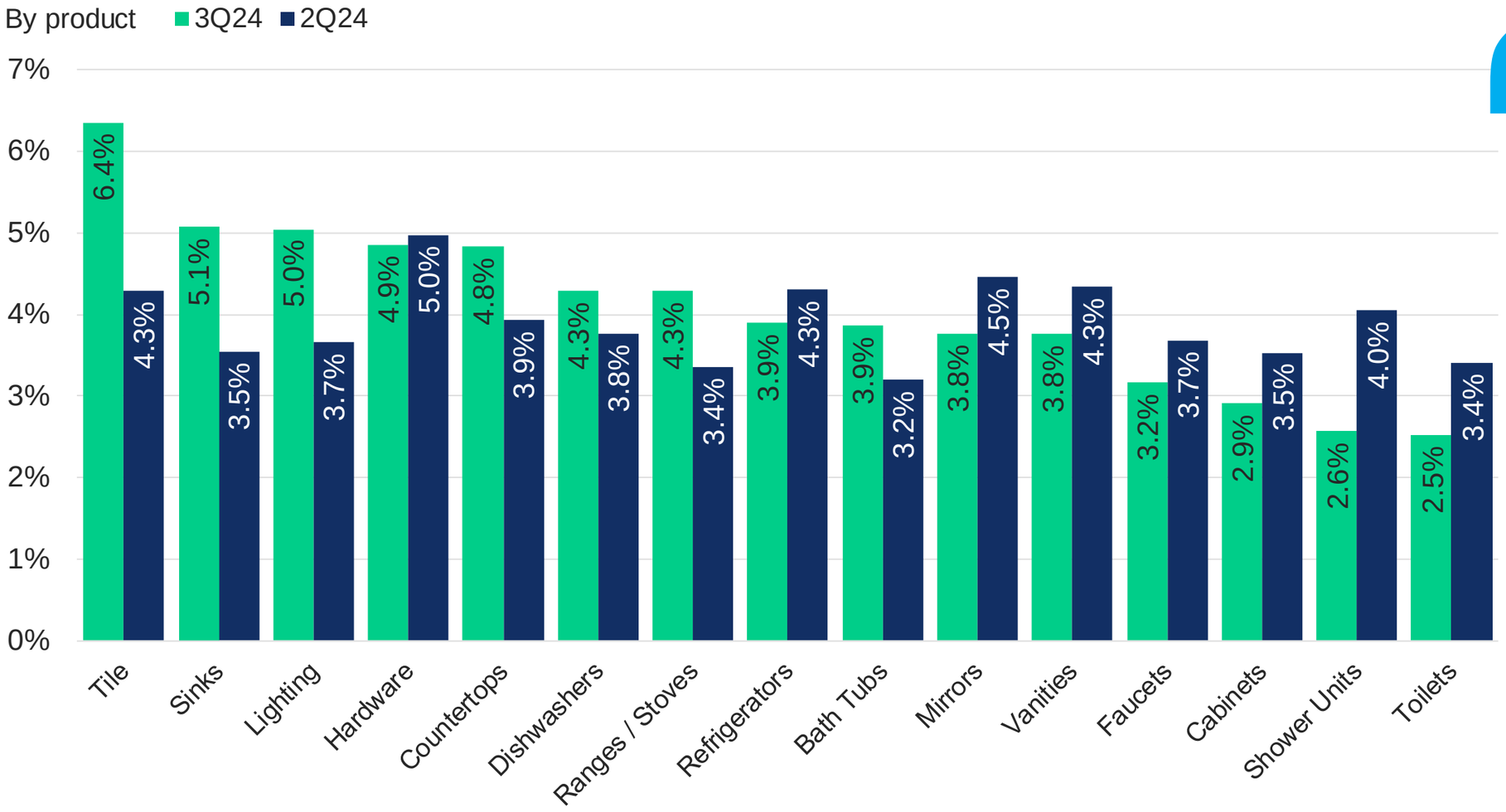
Ongoing competition from low-cost online offerings and/or lower-cost service providers continued to impact foot traffic in K&B showrooms.

Even so, many respondents expressed “cautious optimism” and that consumer demand is picking up.

> We hope that after the elections, consumer confidence will come back and that the holidays will be strong.
>
> - Showroom in the Northeast

The cost of goods for K&B products ticked up in Q3 2024, led by substantial increases in tile, sinks, lighting and countertops.

Kitchen and Bath Retailers Reported YOY Price Change from Suppliers



> We are experiencing higher costs from suppliers.
>
> - Remodeler in Missouri

15-category average increase:

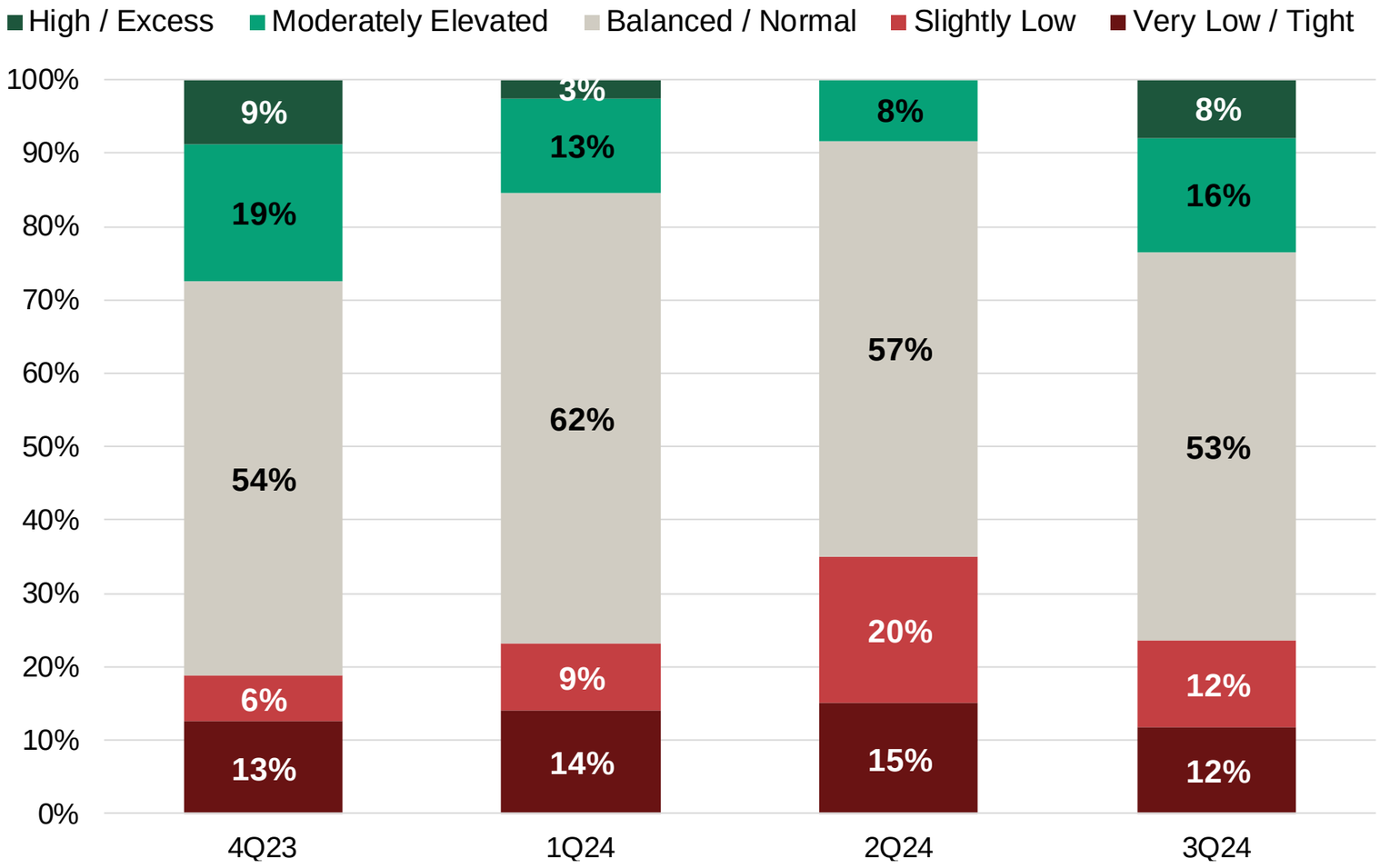
4.1%

*Up from 3.9% in Q2 2024

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24);

Most firms that sell K&B products report balanced inventories.

Retailers' Current Inventory Status for Residential Kitchen and Bath Products



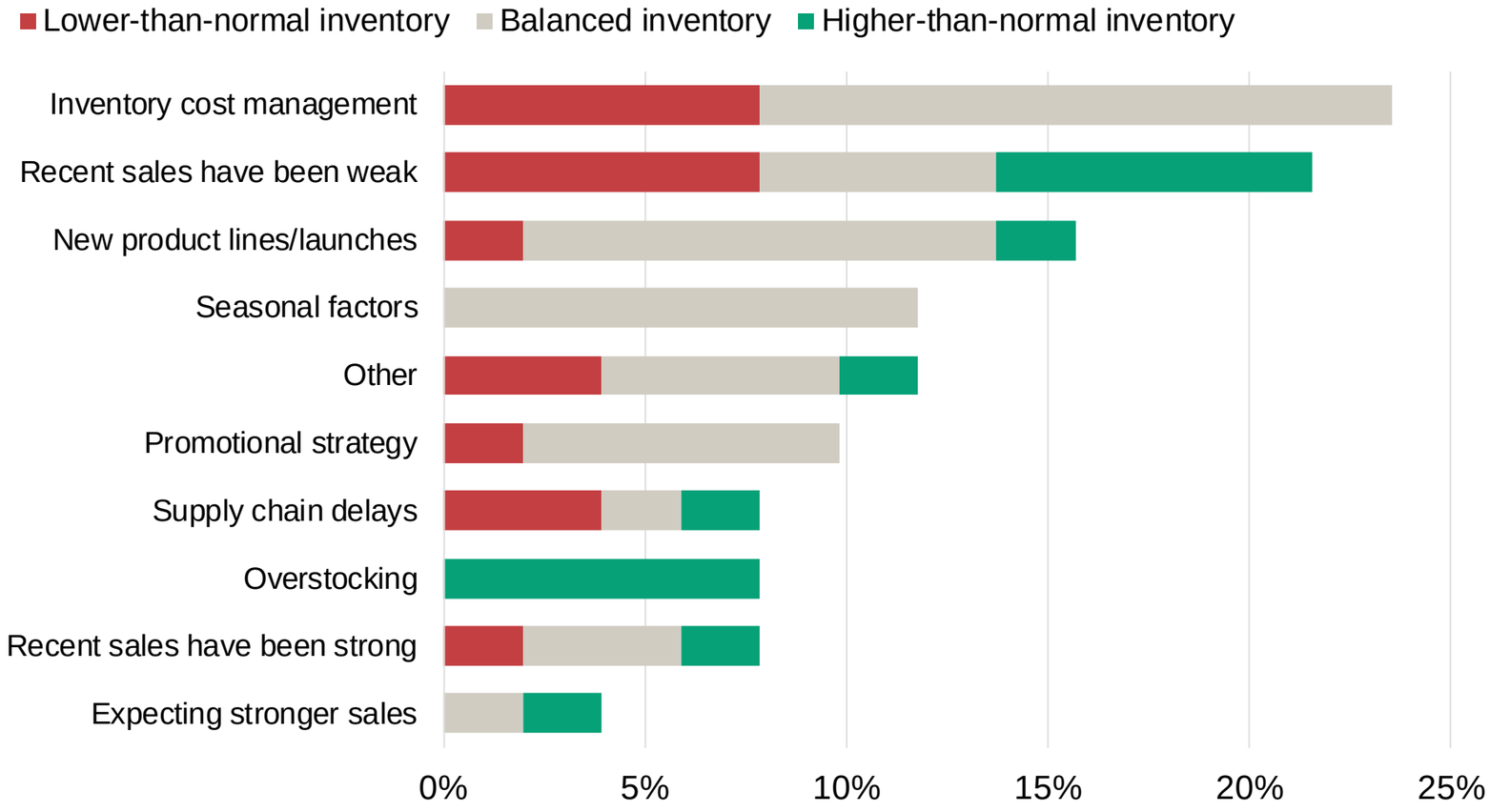
One in four retailers reported holding lower inventories, mainly resulting from slower sales conditions, although this is down from last quarter.

> With the additional sales we have increased inventory. Our sales have increased dramatically because of the shift to cost efficiency for the customer.
>
> - Supplier in the Northwest

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Amid challenging sales conditions, kitchen and bath retailers focus on inventory cost management and product mix.

Share of K&B Retail Firms Citing Each of the Following as a Primary Reason for Their Q3 2024 Capacity and Inventory Position (by Inventory Level %)



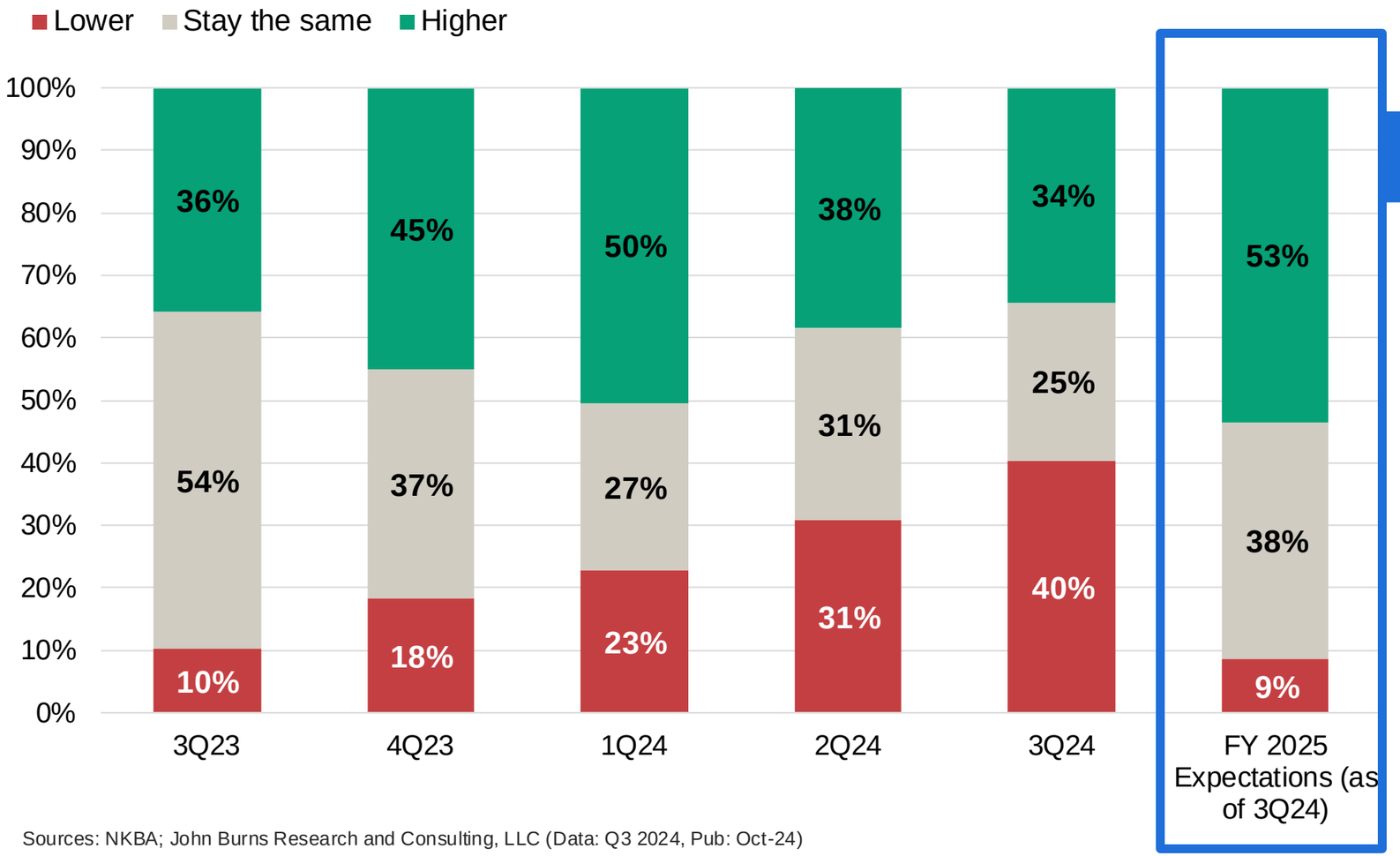
> We are introducing new products and expanding the markets we serve.
>
> - Manufacturer across the US

Note: Respondents were able to select multiple reasons. 'Lower-than-normal inventory' group includes respondents who indicated 'Very low' or 'Low' inventory levels; 'Higher-than-normal inventory' group includes respondents who indicated 'Moderate' or 'High' inventory levels (from previous slide).

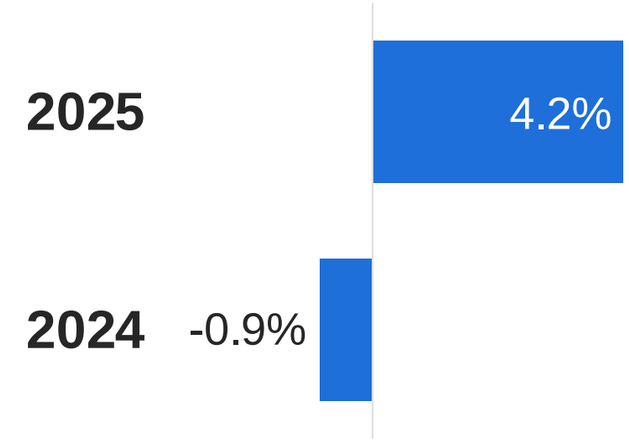
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Retail firms downgraded their 2024 revenue expectations but look to a brighter year in 2025 as election uncertainty resolves.

Kitchen and Bath Retail Firms' Full-Year 2024 Sales Revenue Expectations Compared to 2023, and Expectations for 2025



Retail Firms' YOY sales growth forecast for:



> We anticipate pre-election to be soft, with pickup afterward, but anticipate a soft December. With Q1 looking to be stronger.
>
> - Online K&B retailer

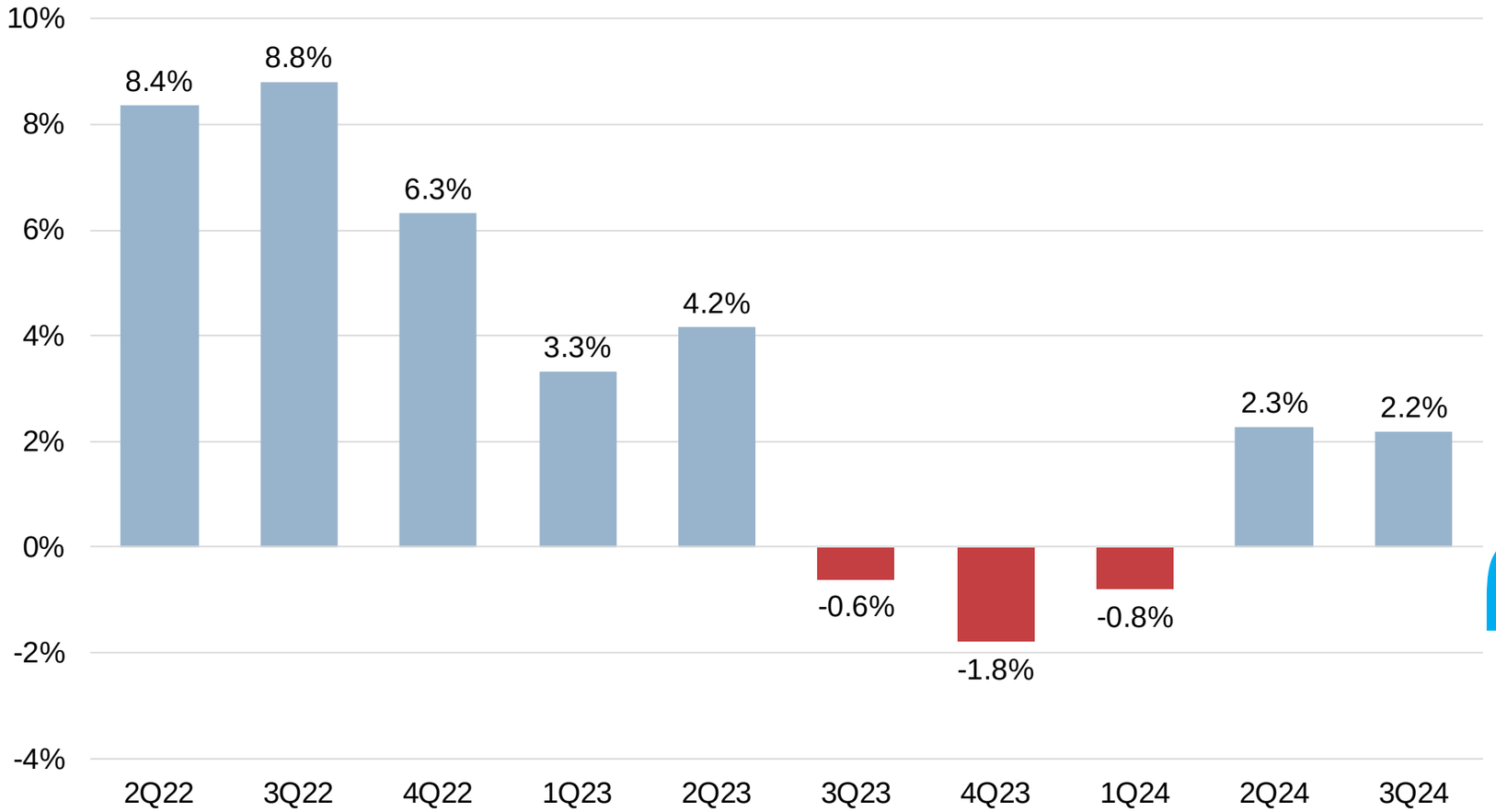
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Building and construction segment update

Design: Cindy Steele | Photo: Ross Pushinaitis

Project completion growth among building and construction firms averaged 2.2% in the third quarter reflecting slow growth conditions.

YOY Growth in Building and Construction Firms' Residential Kitchen and Bath Project Completions



Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Single-family remodeling and construction was the strongest end market, in comparison to multifamily projects.

Many respondents characterized their project mix as either 1) smaller/piecemeal projects and/or 2) high-end projects.

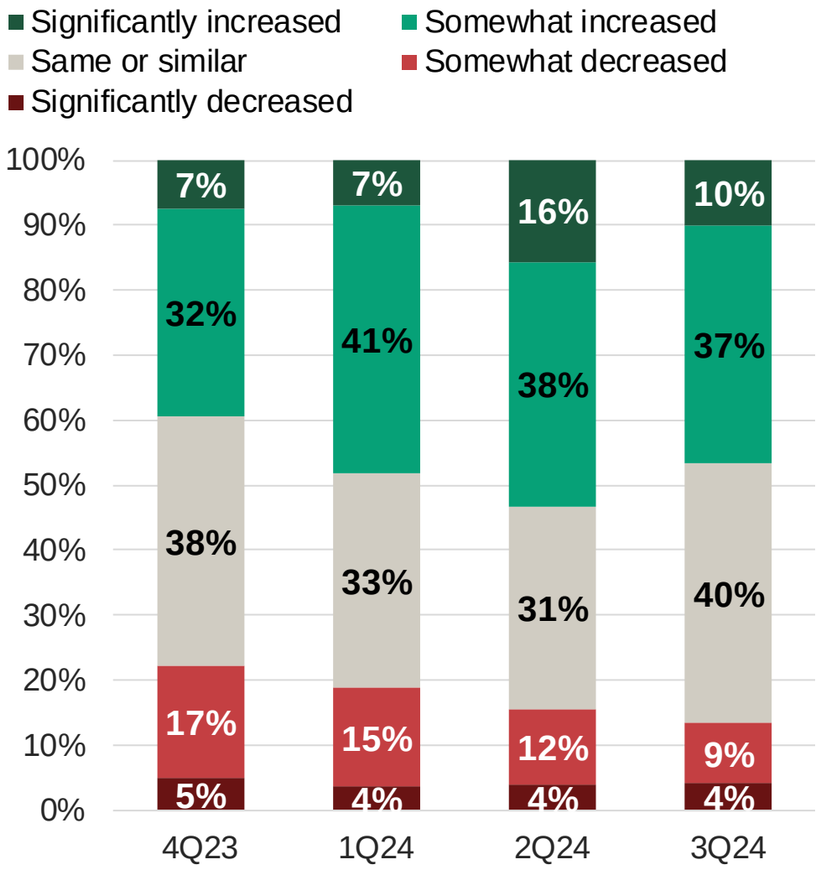
> We are seeing a trend towards more partial remodels like shower change outs and countertop change outs vs. full remodels.
>
> - Remodeler in the Midwest

> Middle class clients are more reluctant to put money in their homes due to current real-estate slow down. This doesn't seem to be the case for upper class. Our focus for growth will be high-end homes.
>
> - Design-Build firm the Southwest

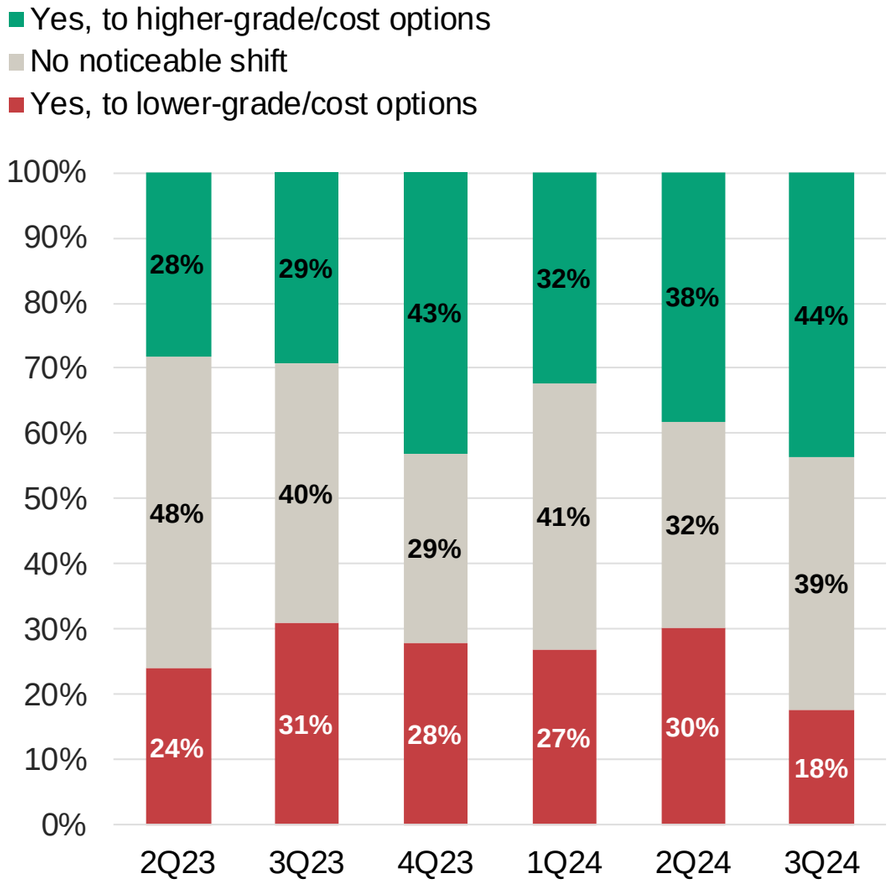
Building and construction firms continued to report a shift to higher-end projects.

Kitchen and bath building and construction firms report shifting demand for product scopes and price points.

Average Size/Scope of Projects Compared to Last Year



Product Grades/Price Points Demanded (QOQ)

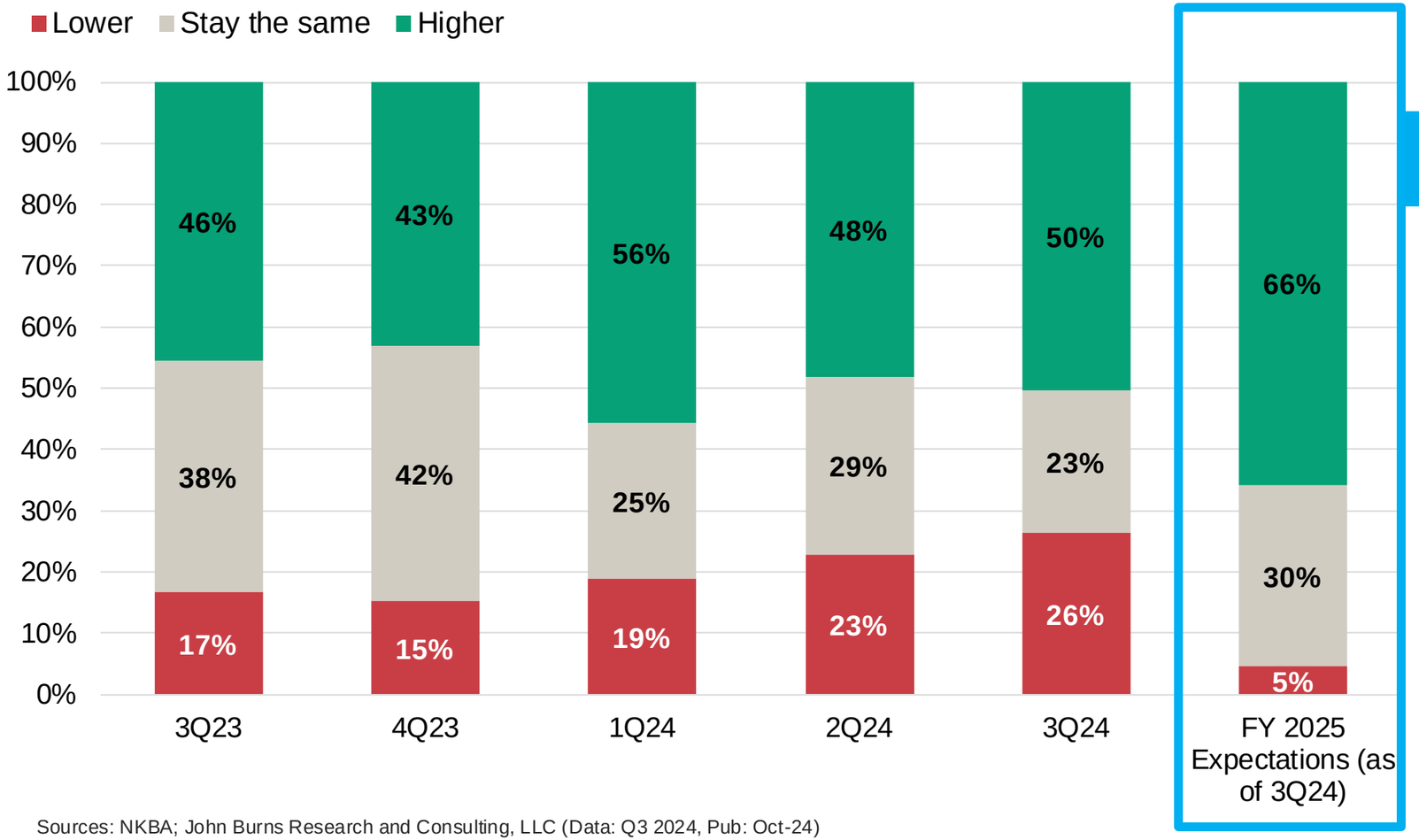


This widening divergence between large and small projects reflects the progressive weakening of the middle-income consumer segment (especially in light of recent inflation). High-income and net-worth segments remain considerably more resilient.

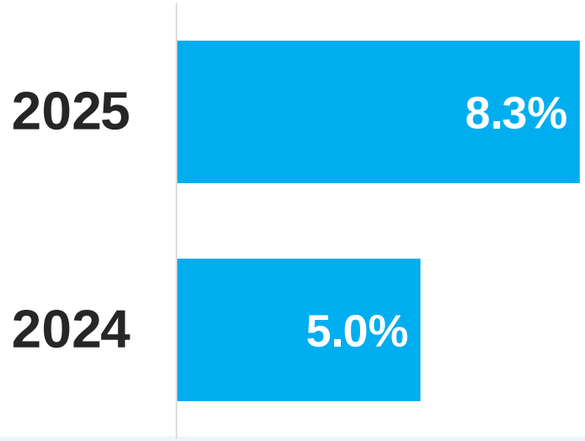
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24):

Building and construction firms expect stronger growth in 2025.

Kitchen and Bath Building and Construction Firms' Full-Year 2024 Sales Revenue Expectations Compared to 2023, and Expectations for 2025



Building and Construction Firms' YOY sales growth forecast for:

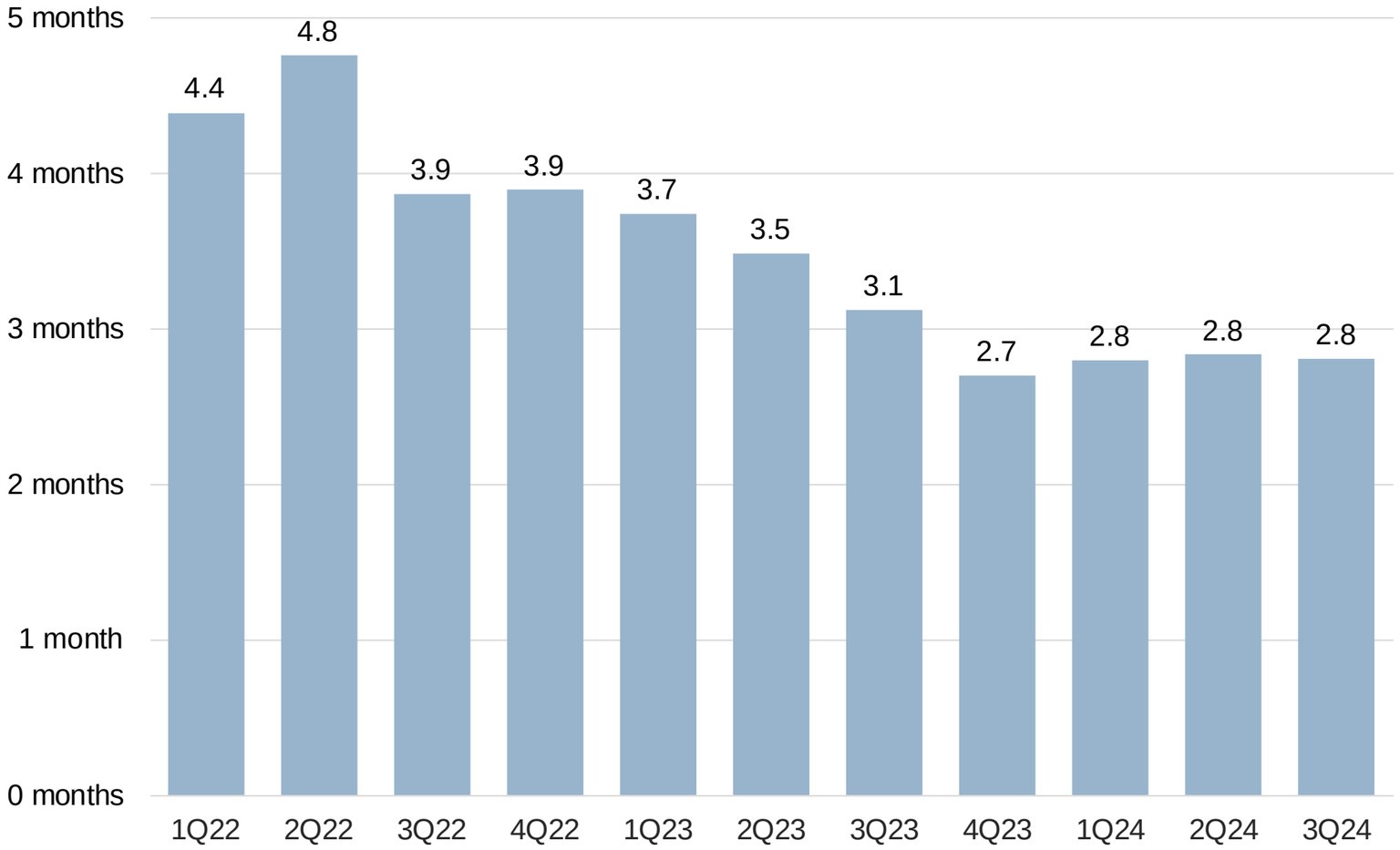


> Our segment will remain strong. Interest rates coming down will help homeowners finance larger projects like additions and whole home remodeling.
>
> - Design-build firm in Northeast

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

K&B renovation and construction backlogs are steady.

Average Kitchen and Bath Project Backlogs for Building and Construction Firms



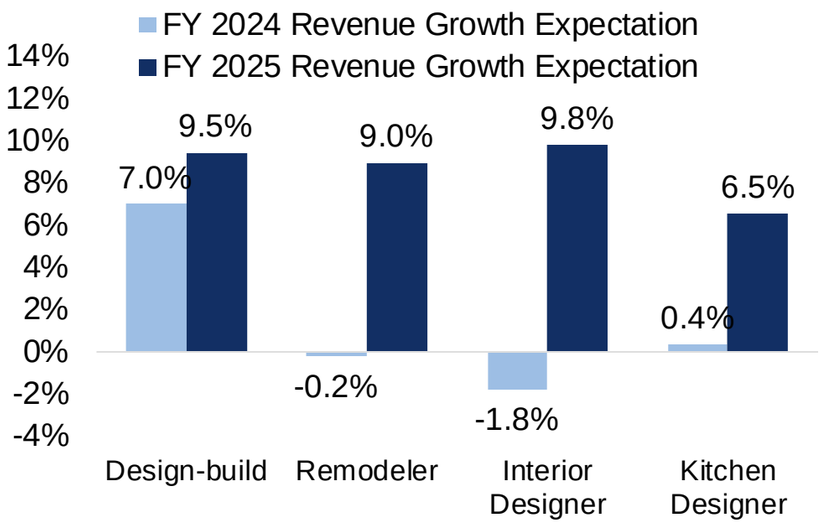
> My clients are either interested in getting on our schedule and are willing to wait 6 months (price is not an issue) or they are only interested in price. Clients interested in only price usually do not call me back.
>
> - Design-build firm in Southwest

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

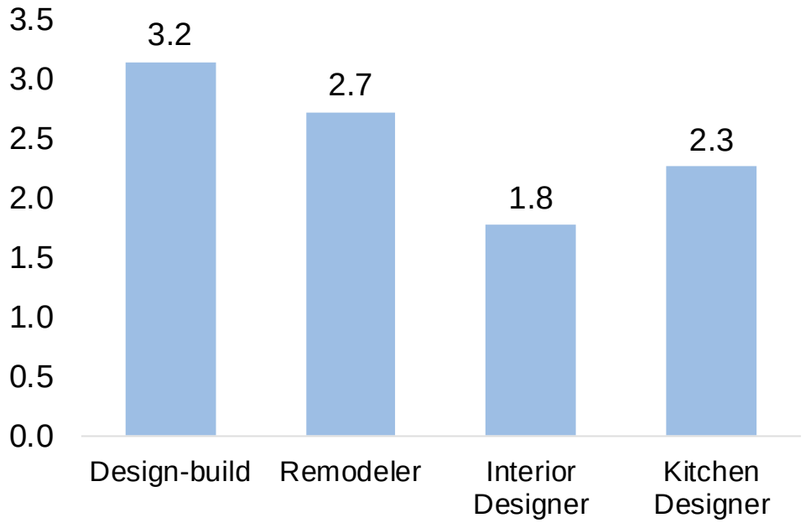
Design-build firms are outperforming residential remodelers in the K&B space and expect a strong year in 2025, too.

US Design-Build firm performance in the KBMI sample (Q3 2024)

Full-Year 2024 Sales Revenue Expectations Compared to 2023, and Expectations for 2025



Average Project Backlog (in weeks)



Design-Build firms' median/typical value:

Revenue:
$1M – 4.9M

Years in operation:
20-49

Ticket Size:
$100K-$149K

Note: Analysis covers select groups in Design and Building and Construction with larger samples. Excludes builders, fabricators, installers, trades professionals, planners, architects, and other. Sample size here is N=25 for remodelers, N=45 for interior design firms, N=46 for kitchen design firms, and N=61 for design build firms.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

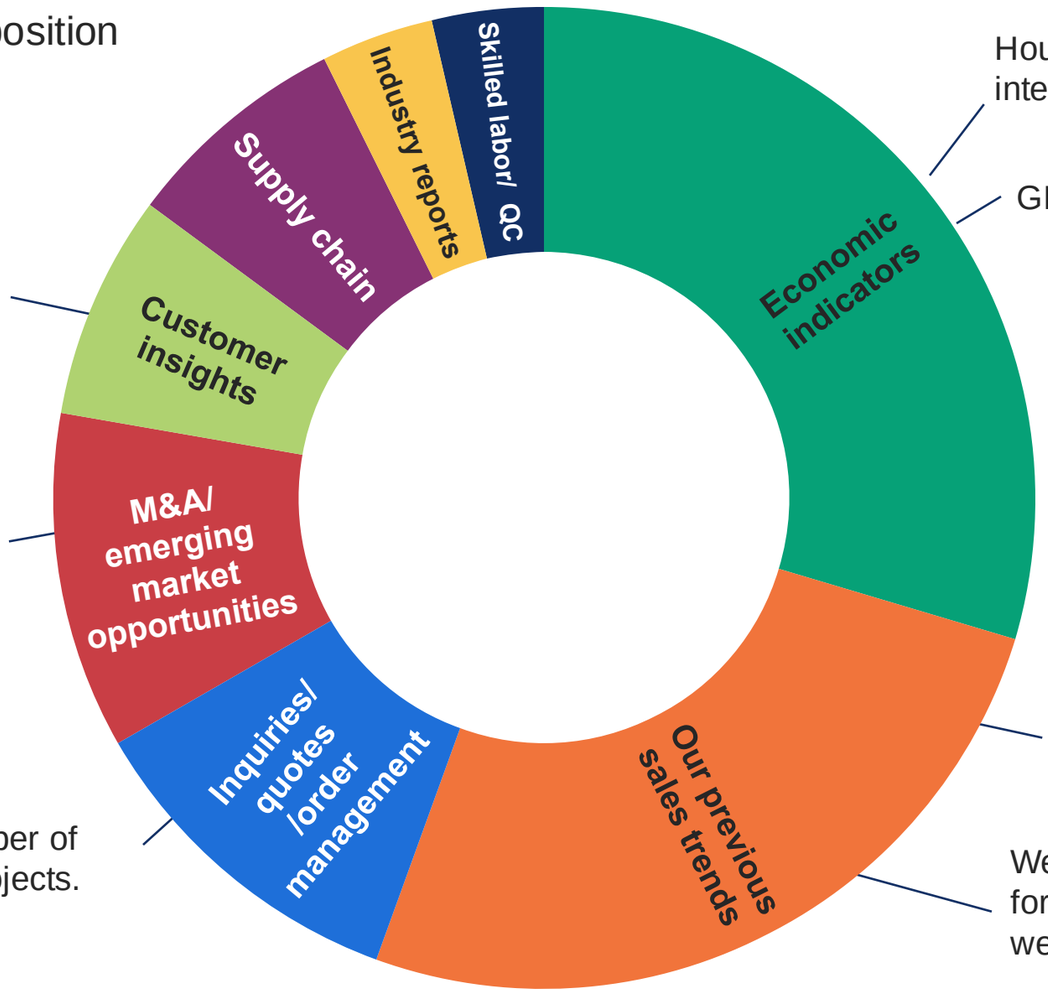
Manufacturing segment update

Design: Elizabeth Lord-Levitt, CMKBD | Photo: MG Photography

Kitchen and bath manufacturers draw from a variety of leading indicators.

Which key leading indicators do you consider when assessing your current inventory position and future market trends?

The chart displays the share of total mentions.

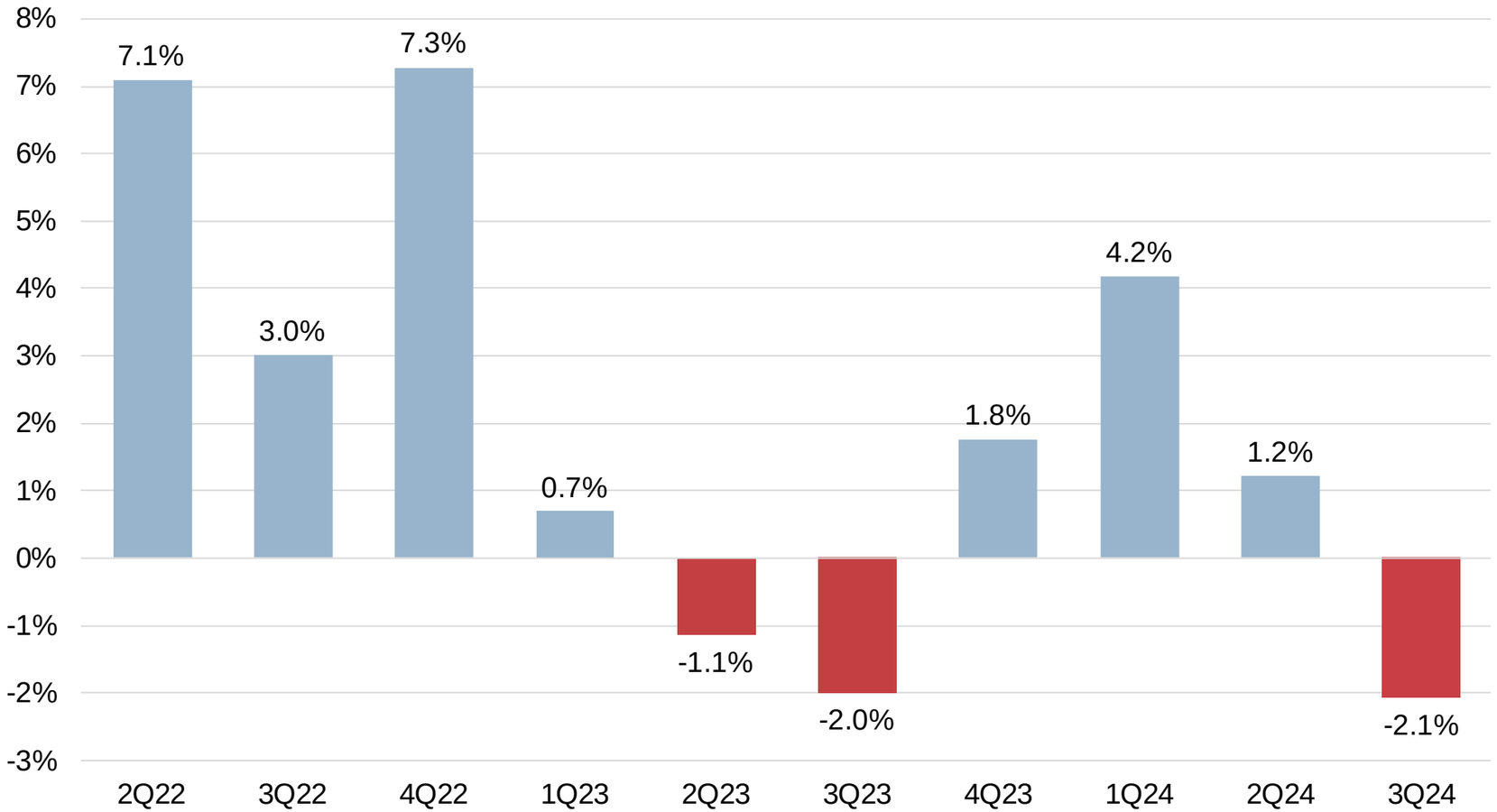


Note: Retail Sales is no longer asked to report project completions.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

K&B manufacturers' order growth declined 2.1% YOY in Q3 2024.

YOY Growth in Manufacturers' Orders for Residential Kitchen and Bath End Use



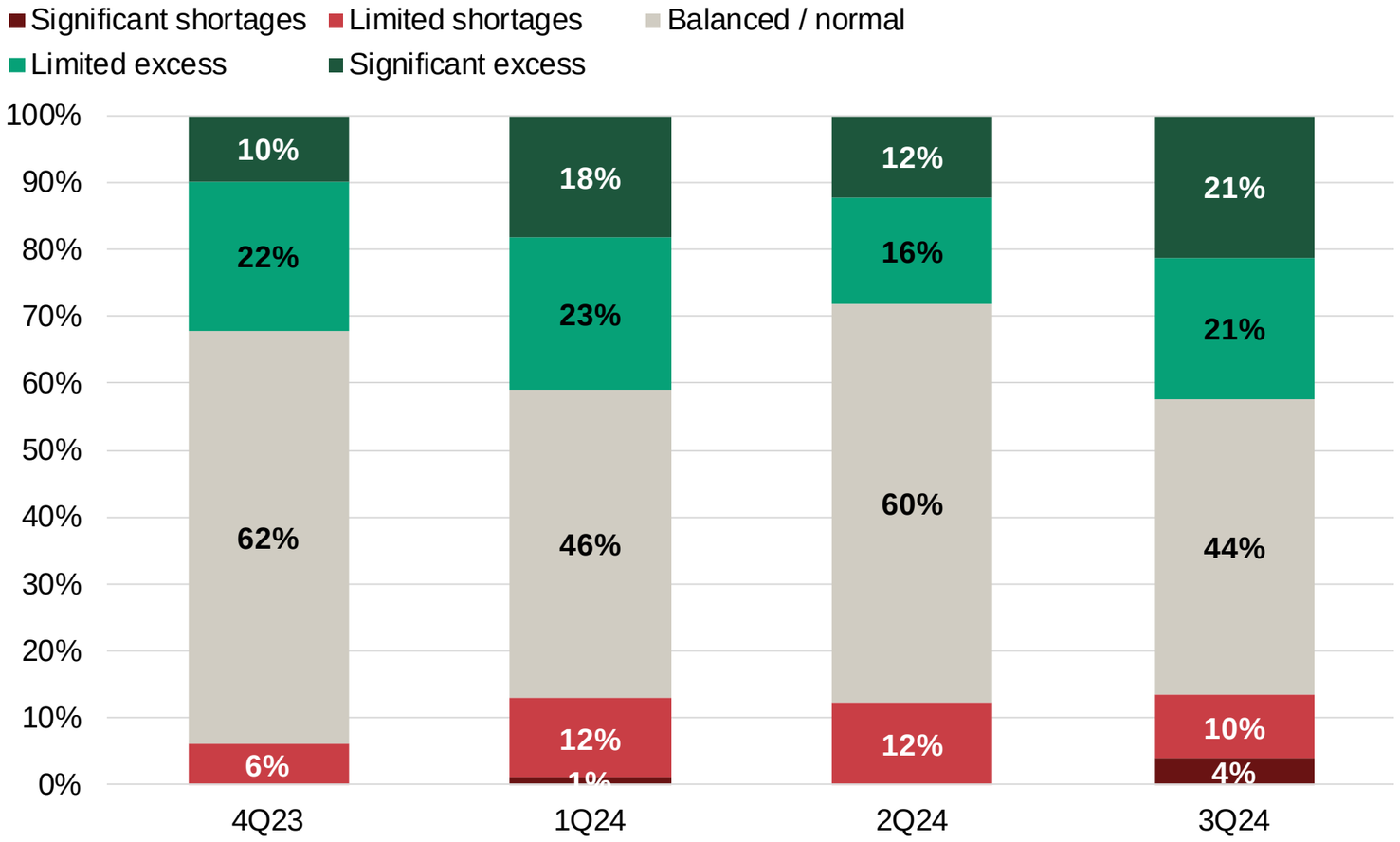
> Due to the current political landscape and high interest rates, existing home transactions, new home sales and repair/remodel will remain stagnant at best for the next six months.
>
> - Major manufacturer across the US

Note: Retail Sales is no longer asked to report project completions.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

The supply side of the K&B industry is poised to meet future growth in 2024, with limited capacity shortages or constraints.

Manufacturers' Current Production Capacity for Residential Kitchen and Bath Products



Most manufacturing segment firms reported having balanced / normal capacity. A growing minority (21% in Q3 2024) reported significant excess capacity.

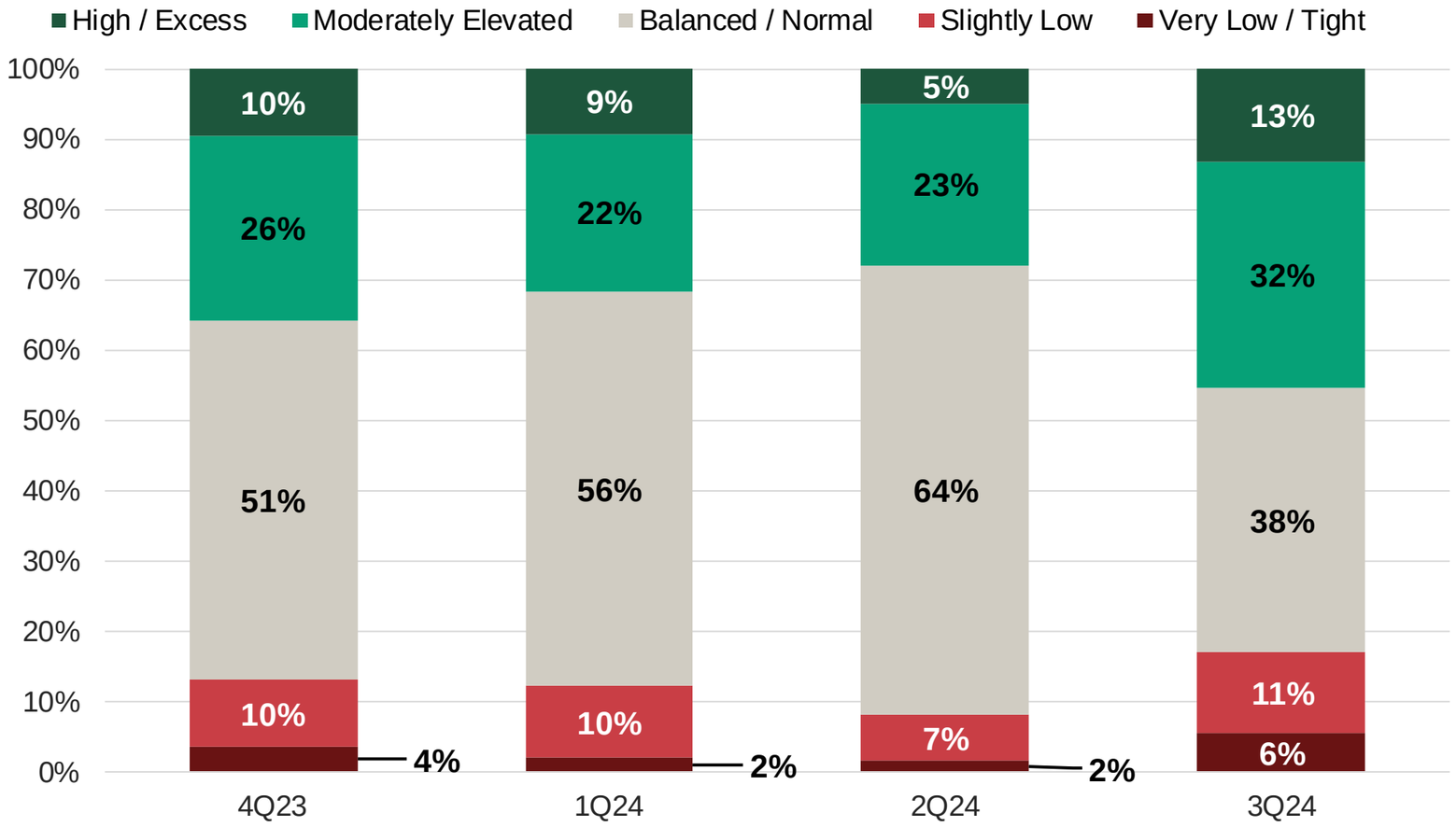
> Our cabinet maker is at capacity so finding another cabinet maker to meet our higher demands for more projects is a focus.
>
> - Cabinet shop in Kentucky

Note: % values may not add to 100% each quarter due to “unsure” response counts being excluded from graph.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Softer sales lately have led to somewhat elevated inventories. Some manufacturing firms are also increasing inventories in anticipation of stronger demand.

Manufacturers' Current Inventory Status for Residential Kitchen and Bath Products

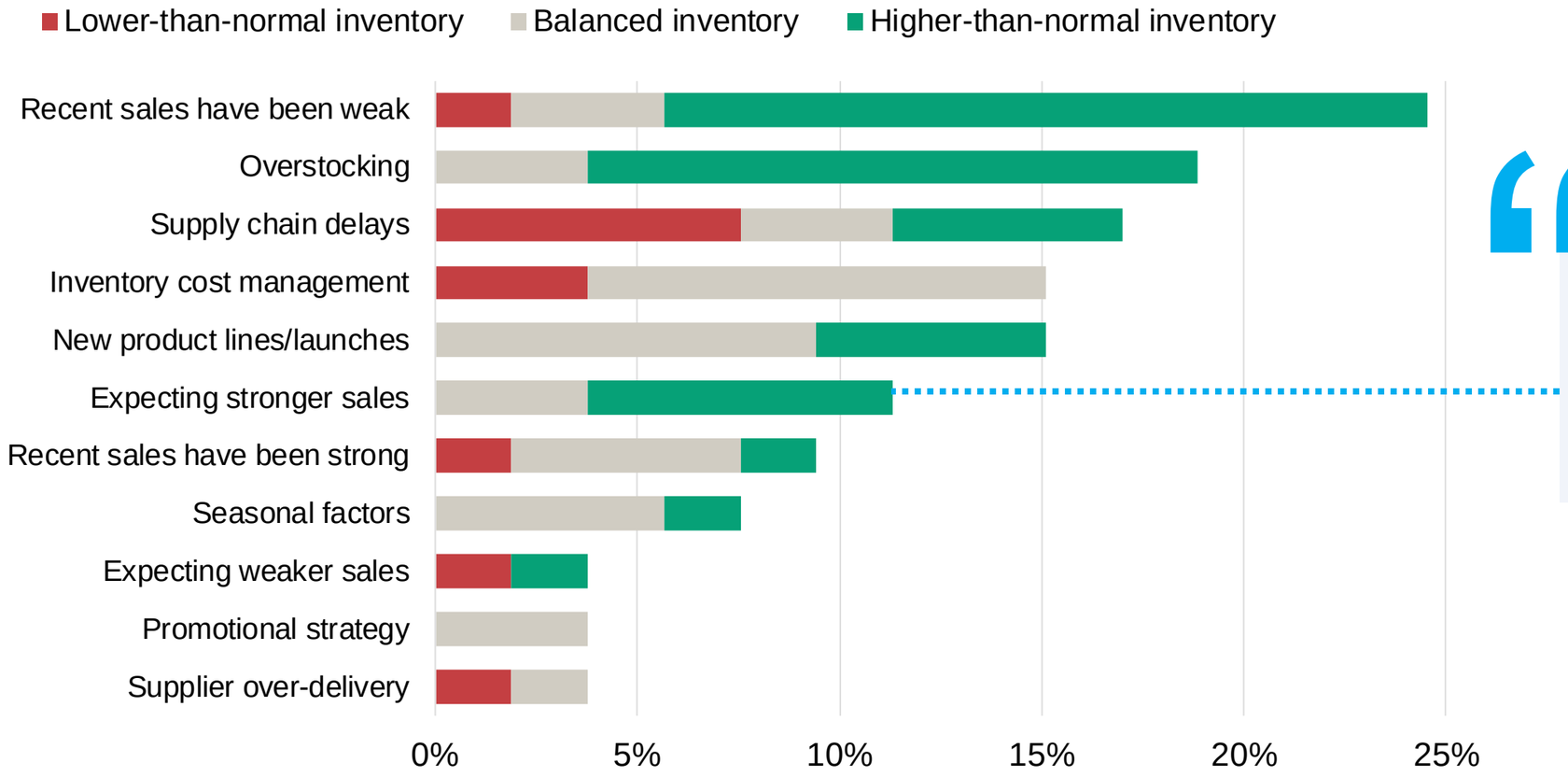


> As for leading indicators we look at, mortgage rates are a huge determining factor. We expanded our product offering and to be 'go to market' ready, we bolstered inventory.
>
> - Manufacturer across the US

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Weak sales and overstocking were the leading causes of higher inventory. Other respondents say they expect sales to strengthen.

Share of K&B Manufacturing Firms Citing Each of the Following as a Primary Reason for Their Q3 2024 Capacity and Inventory Position (by Inventory Level %)



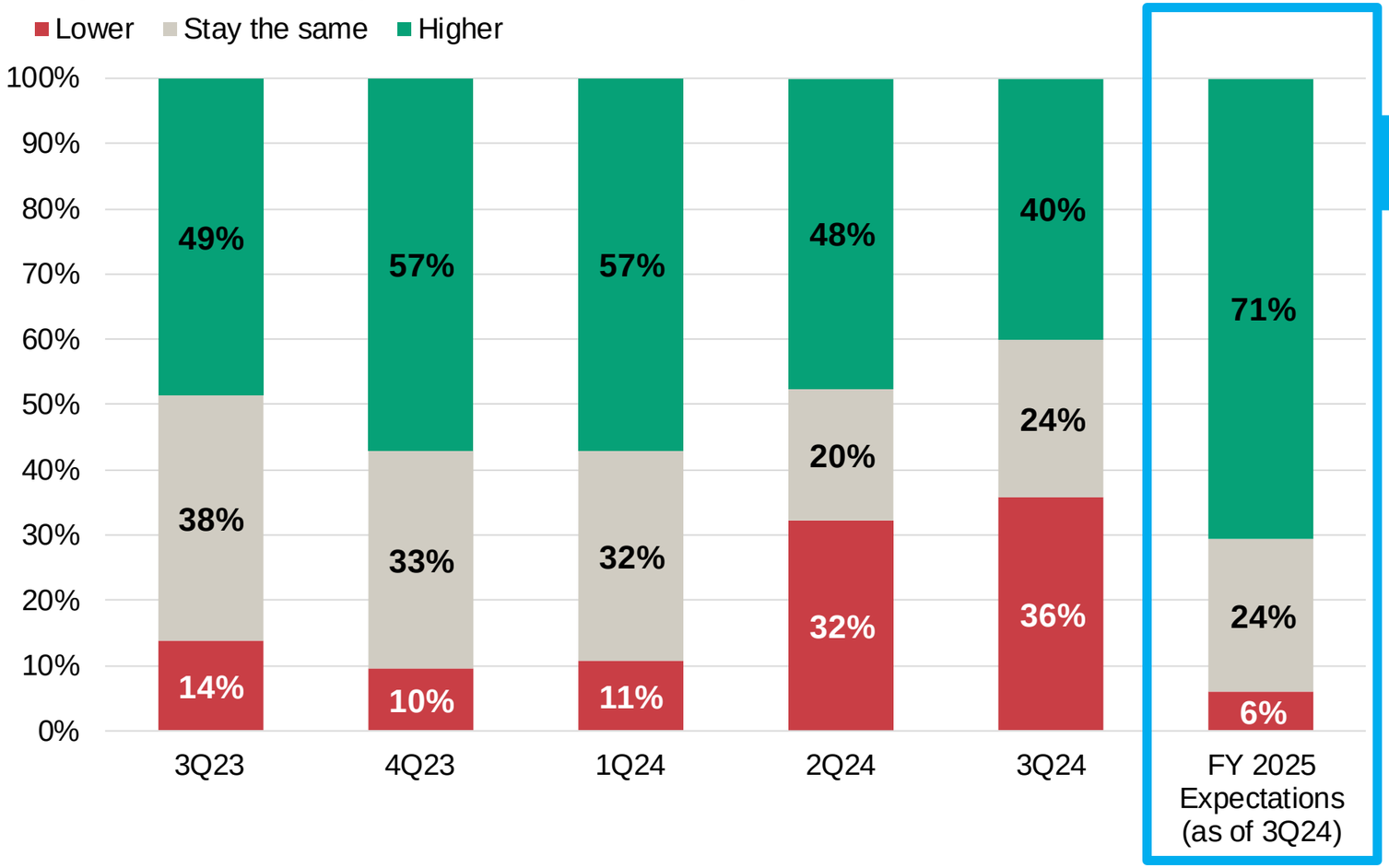
> With the additional sales we have increased inventory. Our sales have increased dramatically because of the shift to cost efficiency for the customer.
>
> - Supplier in the Northwest

Note: Respondents were able to select multiple reasons. 'Lower-than-normal inventory' group includes respondents who indicated 'Very low' or 'Low' inventory levels; 'Higher-than-normal inventory' group includes respondents who indicated 'Moderate' or 'High' inventory levels (from previous slide).

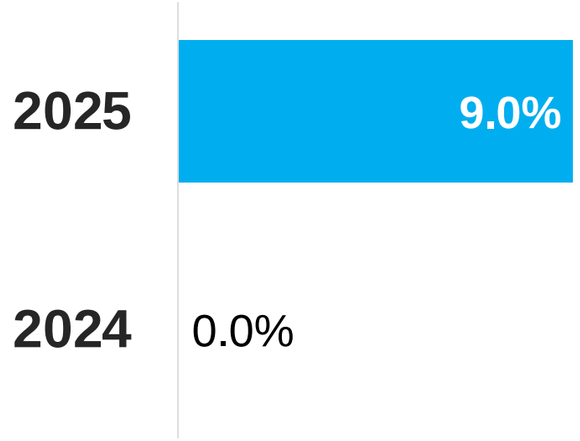
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Approximately two in five manufacturers and distributors expect renewed growth in 2024 (down 8% from Q2 2024); 36% now expect full-year revenue declines.

Kitchen and Bath Manufacturing Firms' Full Year 2024 Sales Revenue Expectations Compared to 2023, and Expectations for 2025



Manufacturing Firms' YOY sales growth forecast for:



> We believe consumer demand will remained muted through the balance of the year and into early 2025. Depending on the overall economy and interest rate environment, we hope to see a meaningful rebound begin in Q1 or Q2 at the latest.
>
> - Manufacturer across the US

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Regional commentary

California commentary reflects widespread consumer uncertainty but also pockets of “cautious optimism.”

California: Demand Outlook

“My outlook for consumer demand is cautious. Many factors, such as the election, the economy and job security, will affect spending in the next six months.” - Interior design firm

“Orange County is a unique bubble: demand is good, spending is ok, but increased costs in materials and labor is a problem. Election worries and the economy are the biggest barriers.” - Interior design firm

“Clients seem to want to do extensive remodels but when they receive the pricing they cut back on their projects.” - Kitchen design firm

“Consumers seem uncertain and uneasy in general, possibly due to the election year and economic outlook.” - Remodeler

“Lower interest rates should help more customers do HELOCs and remodel their home.” - Design build firm

California: Showrooms

“Once the election is over and if the interest rates keep falling, the outlook should be very high for 2025.” - Showroom

“I am cautiously optimistic as I witnessed a small increase in showroom traffic with the last interest rate decrease. Customers are slow to purchase and tend to wait until the last minute. Of course (Murphy’s Law), the product is out of stock, and they now cannot wait. Now, it requires more showroom time to re-select, resulting in more employee costs associated with the sale and a less-than-satisfied customer feeling they had to settle with their second choice. No win on either side.” - Showroom

California: Demographics

“Costs are too high, and all groups are in shock with the high prices.” - Remodeler

“Underperformance is across the board” - Interior design firm

“Boomers and silent are still our biggest market because we’re certified Universal Design professionals.” - Kitchen & bath design firm

2025 Revenue Growth Expectations:

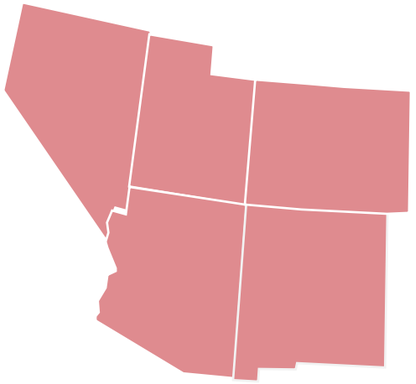
7%

Average backlog:

2.4 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Southwest firms see continued bifurcation in the market, citing relative strength among upper-class homeowners and luxury new construction.



Southwest: Market Segments

“Middle class clients are more reluctant to put money in their homes due to the current real estate slow down. This doesn't seem to be the case for the upper class. Our focus for growth will be high-end homes.”
- Design-build firm in Colorado

“I see a drop in clients moving forward with larger scope projects. Clients are also looking into cost saving options.” - Design-build firm in Colorado

“Our quality and reputation puts us into a level that is above the average. More affluence and higher home values is our target level.” - Design-build firm in Utah

Southwest: Demographics

“Boomers are under performing. High-end new build clients are over performing.” - Dealer in Arizona

“Gen Z doesn't typically engage in our services.”
- Design build firm in Colorado

Southwest: Demand Outlook

“We have a positive outlook for the next 6 months with the interest rates and the lack of affordable housing.” - Trades professional in Utah

People are still waiting for financing to come down.
- Wholesale distributor, Nevada

“The economy needs to improve for consumers to have more interest in purchasing.”
- Dealer in Colorado

“A lot is happening, although those putting projects on hold are commenting that they will wait and see until after the election.”
- Kitchen & bath design firm in Arizona

“Custom cabinets and qualified cabinetmakers are in high demand in Arizona.”
- Design-build firm in Arizona

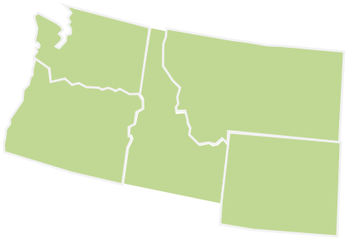
2025 Revenue Growth Expectations:

8%

Average backlog:

2.4 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)



Northwest firms cite concerns over consumer budget constraints.

Northwest: Demand Outlook

“I feel that the slight slow down this summer will turn around in the Seattle area. The trend of not moving, or not building new homes, along with aging home inventory and aging-in-place clients, only makes my focus in the remodeling sector stronger.”
- Kitchen design firm

“Consumers are too wary of the election to spend right now. Hopefully that changes in January/February.” - Interior design firm

“Consumer demands continue to be price-based first then quality-based second.”
- Supplier

“The election is a huge challenge depending on the winner. I have decided to quote my jobs at a higher rate, and for more overall hours to mitigate the lower margins.”
- Interior design firm

Northwest: Market Segments

“Clients with money will always have money. We may scale back the project scope due to budget constraints. Quality over quantity is still the focus.”
- Interior design firm

“We happen to be in a historically wealthy market, so we hope the demand goes up or at least stays the same.”
- Interior design firm

Northwest: Demographics

“Boomers are trending higher than others”
- Interior design firm

“It seems the high-end market budgets are tighter and am seeing a bit less of the luxury market. I'm hoping that changes in 2025.” - Kitchen design firm

“Millennials in the tech world are underperforming.”
- Design-build firm

2025 Revenue Growth Expectations:

6%

Average backlog:

2.4 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Hawaiian firms cite continued market bifurcation and strength in the high-end segment. Rebuilding from the 2022 Maui wildfires continues.

Hawaii Commentary

"Consumer demand and spending will be less for the next six months due to uncertainty and all-around high prices."
- Kitchen design firm

"Only the high-end clients are moving forward."
- Interior design firm

"Remodeling and new/re-builds of Lahaina and Kula will be at the forefront for all design firms on Maui."
- Interior design firm

"Gen Z and the Greatest Generation are underperforming, but anyone trying to move to Hawaii has to be incredibly wealthy to buy, own, remodel or build."
- Interior design firm

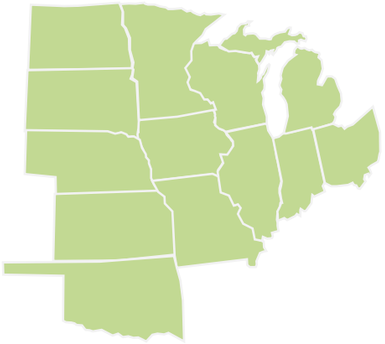
"Home Center business is underperforming."
- Installer

"Typically speaking, the last quarter of the year will spike, followed by a slow market until after tax time."
- Installer

Note: Hawaii data is included in the Northwest.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Midwest firms note relative strength among Millennials and Gen-X consumers.



Midwest: Demand Outlook

"Clients are willing to spend more for upgraded cabinet materials such as rift cut white oak. Also, clients are willing to spend more on good quality quartz countertops."
- Cabinet shop

"Many consumers are waiting to start remodeling projects."
- Design-build firm

"It should be better than what it has been with more repeat and referral customers coming in the door."
- Dealer

"I think demand will decrease. People are fed up with interest rates. There is going to be a drop in the interest rate around March, which might stimulate some economic movement, but time will tell if that drop stays or bounces back higher."
- Design build firm

"Will depend on the election. The economy has to improve for some to make a move."
- Showroom

"We have continued slow sales. Dealers and consumers seem shocked at the higher prices and are unsure about the economy and whether to spend on remodeling projects. They are hesitant about the future."
- Wholesale distributor

Midwest: Demographics

"No one group specifically, but aging in place is being talked about much more."
- Kitchen design firm

"We have a lot of secondary home renovations happening in near rural areas."
- Design-build firm

"Millennials are over-performing."
- Design-build firm

"The millennial sector seems to be increasing slightly."
- Design-build firm

"We are seeing more 40-55-year-olds purchasing high-cost remodels."
- Remodeler

2025 Revenue Growth Expectations:

8%

Average backlog:

2.1 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Commentary from Illinois suggests strength emerging in the Gen-X segment.

Illinois: Demand Outlook

“I am hopeful that homeowners will be willing to start investing in their homes again in the first quarter of 2025. Election years have historically been off for us.”
- Design-build firm

“Demand is going up and down simultaneously. Many see the lower interest rates as a sign to remodel, while others think rates will come down much lower, or still can't afford to remodel their kitchens and baths!”
- Design-build firm

“Customer Demand will be high. Customers are at their peak in the winter for us. “
- Installer

“The market seems steady with no indicators of a major slowdown yet.”
- Interior design firm

Illinois: Market Segments / Demographics

“We have noticed a stronger growth with the Gen-X group and a decline with the Boomer market.”
- Design-build firm

“Homeowners stand out as a strong segment for us”
- Installer

“New construction among millennials and Gen-X is strong.”
- Interior design firm

Note: Illinois data is included in the Midwest.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Northeast firms discussed demand being held back by consumer uncertainty / the economy. Boomers continued to perform in this area.

Northeast: Market Segments / Demographics

"Boomers are over-performing in our area due to living-in-space remodels and reconfigurations. Gen-X is performing as expected, and millennials are under-performing compared to historical data; however, they feel more financial pressures due to the drastic cost of living differences in the generations." - Dealer in Virginia

"Beach properties and rentals are still doing well. Affordable new construction is doing well at $400K or less. House flipping has slowed down."
-Dealer in Virginia

"Boomers are outpacing Gen X. Millennials are out of the market at this time" - Design-build

"Gen-Z cannot afford to live in our market"
-Design-build firm in Massachusetts

"We tend to get a lot of Gen-X and Boomers because they are building their forever home or are remodeling their kitchen after living with it for 15-20 years."
- Kitchen design firm

Northeast: Demand Outlook

"I believe 2025 will have consumers out remodeling again. The economy is getting better, and interest rates are going down." - Design-build firm

"I think consumers are uncertain regarding the economic future for themselves and the USA, and this holds them back from even starting a renovation project"
- Design-build firm in Virginia

"Demand is there, but clients are taking their time with selections before committing."
- Design-build firm in Massachusetts

"We have high-end projects that seem ready to spend and want everything top of the line. Middle-class families are hesitant due to the economy." -Design-build firm

"Until the election, no clients will discuss moving forward on the projects. On top of that, the contractors are acting as 'designers' and doing all the selection/supply, mostly from Big Box suppliers, bringing the whole level of quality down..." - Interior design firm

2025 Revenue Growth Expectations:

8%

Average backlog:

3.2 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

New York/New Jersey commentary suggests strength among Gen-X consumers.

New York/New Jersey: Market Segments / Demographics

"Millennials are under-performing! They all think this major sort of renovation can be handled like any other DIY project and they get stuck in analysis paralysis! They don't realize yet that consulting a pro will help get them out of deadlock and moving forward."
- Dealer in New Jersey

"X'er are strong, No Z's at all, Boomers OK."
- Design-build firm in New York

"We see an uptick in the Gen-X buyers."
- Design-build firm in New Jersey

"Gen X are remodeling the homes they are in with large additions and reworking the full house."
- Kitchen Design firm in New York

New York/New Jersey: Demand Outlook

"Consumers will be distracted. There are tons of things vying for their attention, and now that the globe has fully opened back up, travel is at the forefront of people's minds, and that is sucking up the discretionary income that they could use for remodeling."
- Dealer in New Jersey

"I believe less people will be spending on renovation projects as Christmas and the holidays are coming up."
- Design-build firm in New Jersey

"Our segment will remain strong. Interest rates coming down will help homeowners finance larger projects like additions and whole home remodeling."
- Design-build firm in New Jersey

Note: New York/New Jersey data is included in the Northeast.

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Households staying put in their current homes and remodeling emerged as a theme in our K&B Texas commentary.

Texas: Demand Outlook

“More consumers in our area are staying in their homes and updating. Interest rates are down, but costs of homes are up (I'm a real estate broker, too), so they are electing to update and keep their homes, especially with their existing lower rates and equity.”
- Interior design firm

“We are fairly optimistic—we are finally hoping to see people who have lived in their newly purchased "quarantine purchase” homes for several years, ready to stay put and remodel.”
- Design-build firm

“I think consumer demand will increase with the way homeowners want to invest more into real estate. I am able to see how materials are going to change over time, and there are cheaper options for almost anything.” - Design-build firm

Texas: Market Segments / Demographics

“Aging-in-place design is beginning to perform higher in my business.”
- Design-build firm

“We are solid in the north part of the Austin area, particularly Liberty Hill, where we have more work than most other cabinet vendors.” - Kitchen design firm

“Medical and financial professionals in large metro areas are the source of most of our business.”
- Kitchen design firm

“We aren't seeing millennials come in a lot - if at all - to redesign/remodel. First-time homeowners are almost non-existent as well in our market.” - Design-build firm

“Gen X and boomers don’t have ideas how much projects cost now. Millennials don’t have the funds to do larger projects.” - Design-build firm

2025 Revenue Growth Expectations:

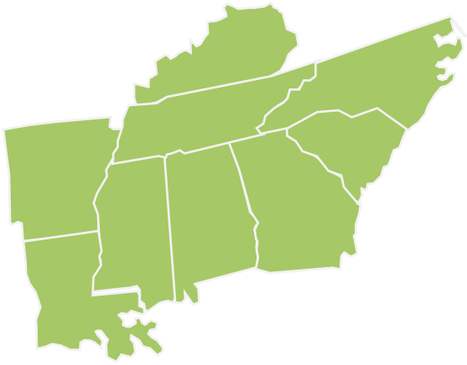
>10%

Average backlog:

1.9 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Southeast firms are largely cautiously optimistic. Many firms are taking steps to prime their businesses for growth in the new year.



Southeast: Demand Outlook

"Consumer spending in the next six months is conservative. Those who know the current pricing market go forward with their projects." - Remodeler

"I am hopeful interest rates and costs of goods and construction will decrease to support more growth."
- Kitchen design firm

"If the geopolitical landscape doesn't deteriorate into turmoil, I believe the next six months will be very good. We are poised to obtain more leads and do more jobs in 2025 than 2024. " - Remodeler in Tennessee

"Until the election is over, there will be a stagnation in sales. I suspect that by January, if interest rates hold steady, demand will increase." - Interior design firm

"Primary sales from Florida and Georgia look good."
- Manufacturer's rep

"People are still building and remodeling, so we have projects lined up through March already!"
-Cabinet shop in Kentucky

"Multi-family is exploding in the Charlotte region and builder-grade cabinetry is still in high demand. There is also a lux market that is thriving due to regional growth."
- Kitchen design firm

"Our outlook is unstable. Being an election year, I believe consumers are holding back from spending until they know the results of the election and have an idea of the track the economy projections will take." - Showroom in Tennessee

"Political landscape hinders decision making currently."
- Remodeler

"I have an optimistic outlook on consumer demand and spending for the next six months. People don't mind spending if they are getting quality products and professional service." – Kitchen design firm

2025 Revenue Growth Expectations:

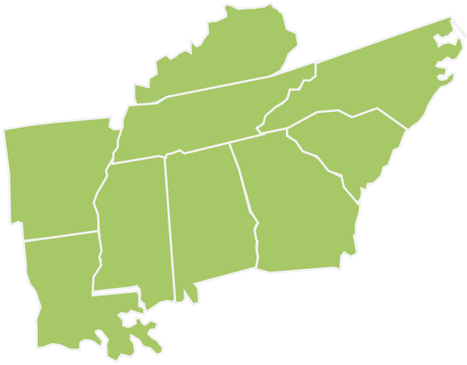
10%

Average backlog:

2.1 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Southeast firms are largely cautiously optimistic. Many firms are taking steps to prime their businesses for growth in the new year.



Southeast: Demographics

"Boomers are the bulk of my business. They mostly pay cash (no mortgage)." - Remodeler

"I think more Millennials are making their way into the market looking to purchase and or renovate."
- Kitchen design firm

Southeast: Opportunities and Strategies

"There's always room for growth in our region so its just a challenge to get in front of the clients or the ideal clients.
- Design build firm

"We are socially networking in the builder community"
- Dealer

"We are pushing our business farther from home and going after builders more." - Fabricator

"We are planning to ramp up the business to concentrate on Aging in Place remodels" - Interior design firm

"We are increasing our spend in marketing to create a stronger brand awareness in our market."
–Design-build firm in Georgia

"We plan to update our showroom displays."
- Kitchen design firm

"Add personnel that will free up existing staff to focus on K&B growth, improve our social media presence and update our website to focus on residential." – Kitchen design firm

"Will step up marketing and working with builders/contractors to help them understand the value of using cabinets made in the USA."
- Kitchen design firm in North Carolina

2025 Revenue Growth Expectations:

10%

Average backlog:

2.1 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Florida K&B firms face challenges, but many expect new growth opportunities for the Florida market in 2025, including from recent storms.

Florida Commentary

"I think it will take until the second quarter of next year to see a real change in spending from the consumer."
- Kitchen design firm

"Jacksonville and Florida in general are strong markets where continued population growth and historic real estate value is supporting continued remodeling investments. Homeowners currently have confidence in their homes' equity, and most are enjoying the low mortgage rates they have from a few years ago, so remodeling is easier to justify compared to relocating."
- Design-build firm

"All demographics groups are underperforming."
- Fabricator

"We will have new opportunities for remodelers from the storms and from builders."
- Fabricator

"The economy is a mess. We probably need to close the store."
- Showroom in Florida

"We will implement online consultations this way clients that cannot hire a full project designer, can get the help they might need from this service."
- Interior design firm

"We will increase training for new employees and add new employees to accommodate continued growth."
– Design-build firm

2025 Revenue Growth Expectations:

>10%

Average backlog:

2.5 months

Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q2 2024, Pub: Jul-24)

Methodology

Design: Kaitlyn Lounsbery | Photo: Ashley Avila Photography

Kitchen & Bath Market Index (KBMI)

This report gauges the pulse of the kitchen and bath industry in the United States. Conducted jointly by NKBA and John Burns Research and Consulting, the KBMI is based on a quarterly survey of members of the NKBA community.

The KBMI is a diffusion index comparing weighted responses of NKBA members on three key aspects of their business:

1) Most recent quarterly sales (Current Activity)
2) Perception of the health of the kitchen and bath industry (Health of the Industry)
3) Expected next quarter's sales growth (Near-Term Activity)

In survey work, a diffusion index is used to highlight the main results on how a market, field, or industry is generally performing within a given time point. Our KBMI diffusion index value (ranging from 0 to 100) demonstrates how far responses vary from the baseline (50).

For example, a value not far from the baseline indicates little change, whereas a value far from the baseline indicates great change.

Values less than 50 indicate a tendency toward contraction, and values over 50 indicate a tendency toward expansion.

Survey responses

Segment	Responses	% of Total
Design	139	33%
Manufacturing	73	17%
Building and Construction	137	33%
Retail Sales	70	17%
Total responses	**419**	**100%**

Index weighting

Metric	Weight	Response Choices
Current Business Conditions	55%	**Current quarter sales to prior year:** *Higher, The Same, Lower*
Future Business Conditions	15%	**Next quarter sales to current quarter:** *Higher, The Same, Lower*
Health of Industry	30%	**Rating on current economic health:** *0 (Extremely Weak), 5 (Normal), 10 (Extremely Strong)*
Kitchen & Bath Market Index	**100%**	

Note: % of total may not add to 100% due to rounding. *The current and future conditions diffusion indices are each calculated as: [100+100*(the share of respondents reporting "higher" minus the share of respondents reporting "lower")] / 2.

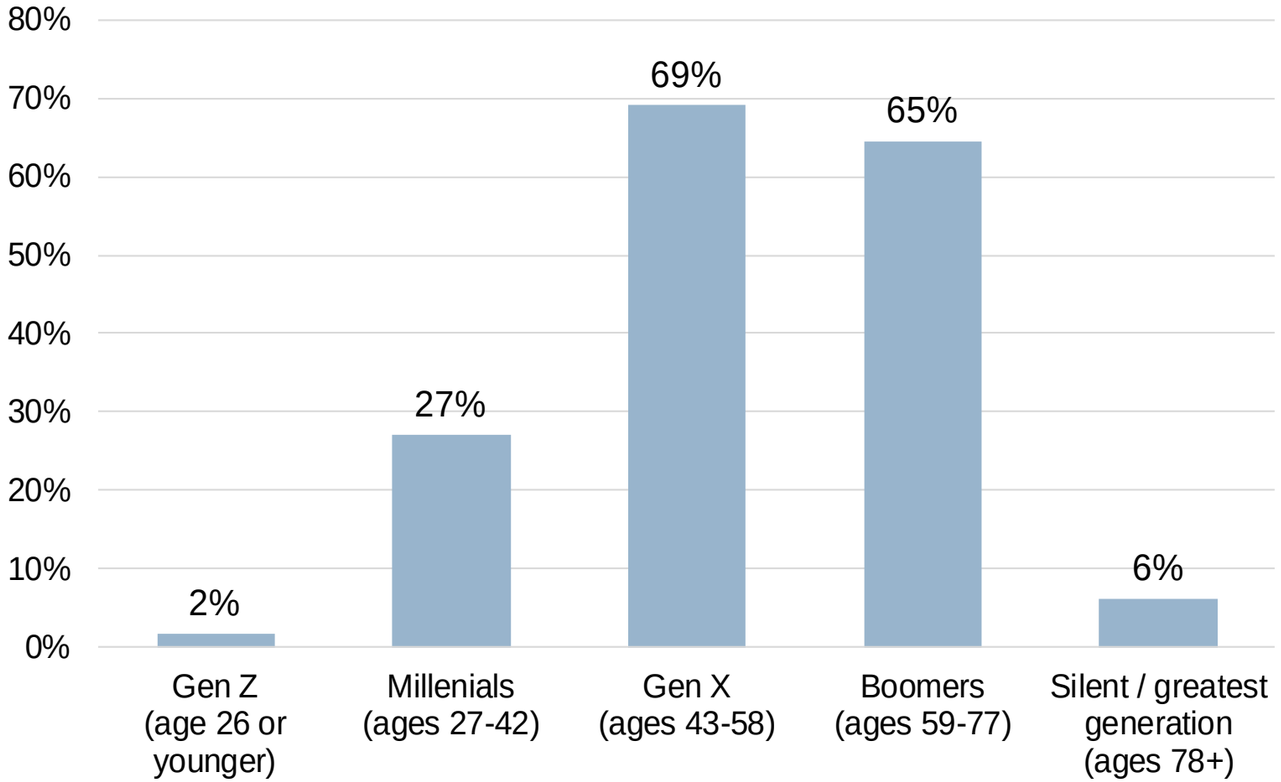
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

KBMI sample demographics

Conducted jointly by the National Kitchen & Bath Association and John Burns Research and Consulting, the Q3 2024 report reflects findings from 419 NKBA members across 4 segments: design, building and construction, retail and manufacturing.

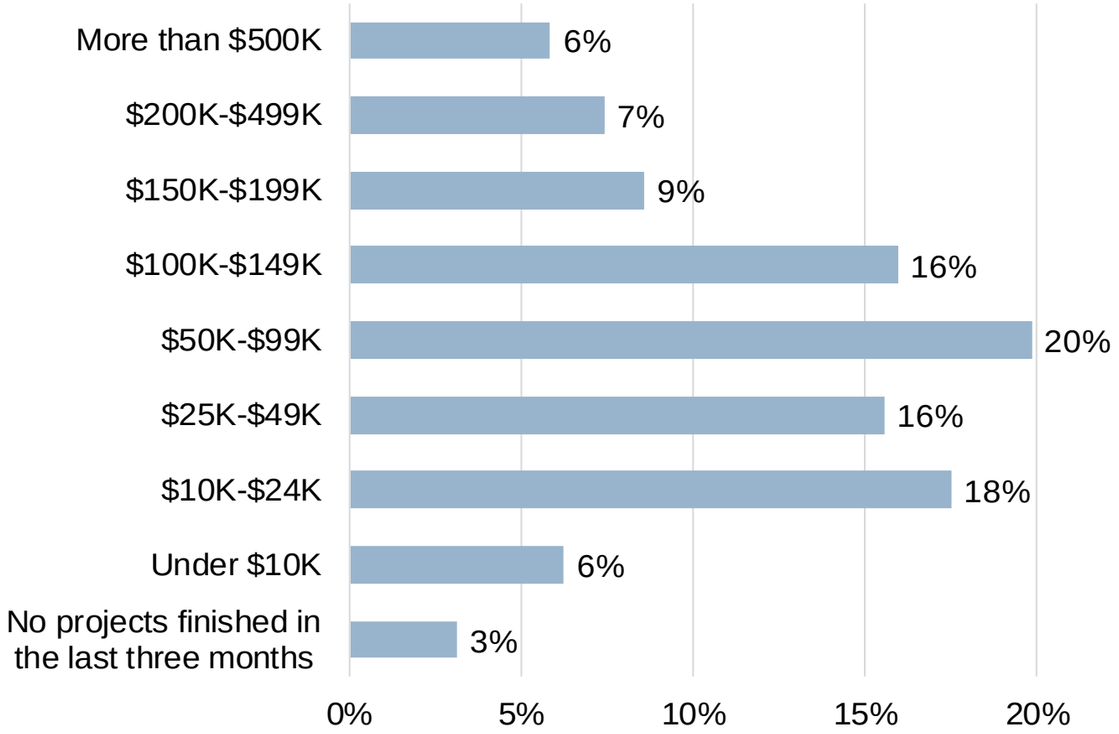
Typical Demographic Profile* of Kitchen and Bath Clients

3Q24 *Note: Respondents were asked to select all demographic profiles that their firm primarily engages with



Kitchen and Bath Professionals' Average Cost Billed to Customers* the Last 3 Months

3Q24 *Note: This question was posed to retailers/showrooms, designers, and builders/remodelers.



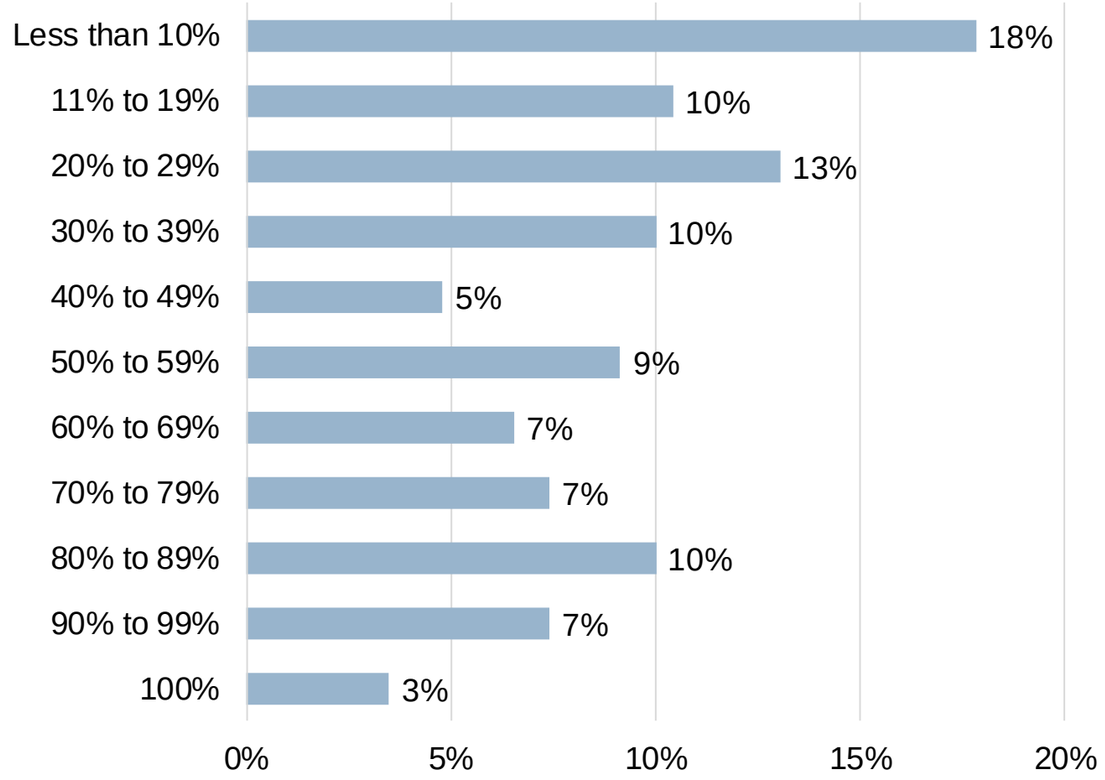
Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

KBMI sample demographics (continued)

The Q3 2024 KBMI panel of Design and Building and Construction firms is evenly distributed across firms that concentrate heavily on custom/luxury work and those that serve the remainder of the K&B market.

Share of Kitchen and Bath Firms Projects that are classified as 'Luxury'

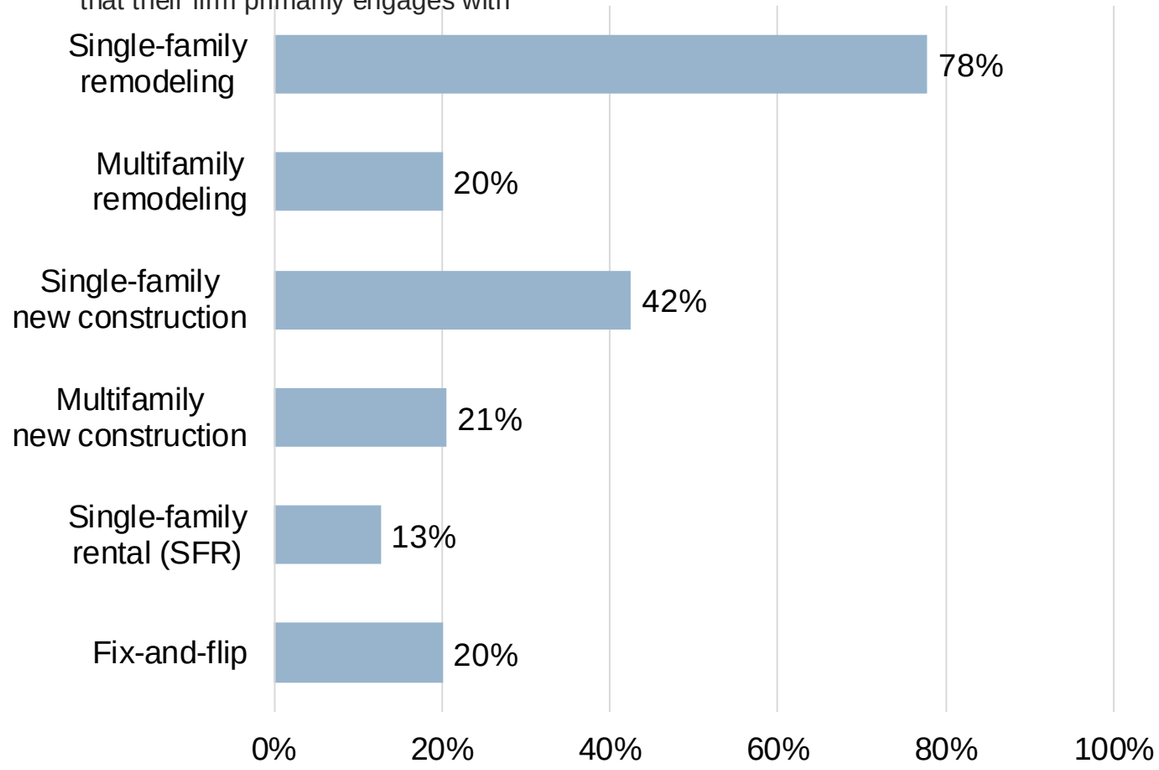
3Q24



Share of Kitchen and Bath Firms by End Market Exposure*

3Q24

*Note: Respondents were asked to select all end markets that their firm primarily engages with



Sources: NKBA; John Burns Research and Consulting, LLC (Data: Q3 2024, Pub: Oct-24)

Limiting conditions

The conclusions and recommendations presented in this report are based on our analysis of the information available to us from our research as of the date of this report. We assume that the information is correct and reliable and that we have been informed about any issues affecting project marketability or success potential.

Our conclusions and recommendations are based on the current and expected performance of the national and/or local economy and real estate market. Given that economic conditions can change and real estate markets are cyclical, it is critical to monitor the economy and real estate market continuously and revisit key project assumptions periodically to ensure they are still justified.

The future is difficult to predict, particularly given that the economy and housing markets can be cyclical and subject to changing consumer and market psychology. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. We do not express any form of assurance on the achievability of any pricing or absorption estimates or the reasonableness of the underlying assumptions.

In general, for projects out in the future, we are assuming “normal” real estate market conditions and not a condition of either prolonged “boom” or “bust” market conditions. We assume that economic, employment, and household growth will occur more or less in accordance with current expectations. We are not taking into account major shifts in the level of consumer confidence, in the ability of developers to secure needed project entitlements, in the cost of development or construction, in tax laws that favor or disfavor real estate markets, or in the availability and/or cost of capital and mortgage financing for real estate developers, owners, and buyers. Should such major shifts affect real estate markets, this analysis should be updated, with the conclusions and recommendations summarized herein reviewed and reevaluated under a potential range of build-out scenarios reflecting changed market conditions.

We have no responsibility to update our report analysis for events and circumstances occurring after the date of our report. This analysis represents just one resource that should be considered when assessing a market opportunity.

Design: Paige Maurer, CKBD | Photo: Kristen Turick Photography

Kitchen & Bath Market Index

NKBA

Tricia Zach

Head of Research

tzach@nkba.com

(908) 244-8898

NKBA

Carrie Kennedy

Market Research Analyst

ckennedy@nkba.com

(412) 973-3835

JBREC

Elizabeth La Jeunesse

Senior Manager,
Building Products Research

elajeunesse@jbrec.com

(513) 504-5949

JBREC

Matt Saunders,
CFA, CBE

Senior Vice President of Building Products Research

msaunders@jbrec.com

(773) 595-6139

JBREC

Ian Kennedy

Data Scientist II,
Building Products

ikennedy@jbrec.com

(781) 604-4435

Publishing

Ted Beam
Director of
Publishing Operations

Derek Stephens
Editor

Kathy Lyford
Editor