

STUDY: DEMAND FOR GARAGE DOORS WILL INCREASE

THE REPORT BEHIND THE REPORT

As briefly noted in our winter issue, a new “Garage & Overhead Doors” report predicts a steady increase in garage door demand. According to the 120-page document published by The Freedonia Group in October 2018, demand for residential garage doors is forecast to increase 4.8 percent per year to \$2.2 billion in 2022, and combined demand for residential and commercial garage doors is forecast to increase 4.5 percent per year to \$3.6 billion in 2022.

The report also outlines specific trends that are anticipated to drive sales in the next three years. Further, it explains how the majority of these sales gains will stem

from increases in the new garage door market as rebounding housing starts begin to boost demand.

This is all excellent news for our industry.

We contacted The Freedonia Group to explore the methodology behind these statistics and to find out how they were able not only to determine but also to quantify specific trends in our industry.

We interviewed Carolyn Zulandt, the Freedonia analyst who conducted the research for the “Garage & Overhead Doors” report. Here are the questions and answers we think will be of greatest interest to our readers.



Is this the first time you've published a report on garage doors? If not, how long have you been issuing a study on the garage door industry?

While this is the first edition of our “Garage & Overhead Doors” title, Freedonia has published reports on the larger windows and doors industry in both U.S. and global markets since the early 1990s. Those reports included garage doors in their scope, but they did not offer the level of detail provided in this study.

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What sources were used to develop your conclusions for 1) the residential garage door market and 2) the commercial sectional door market?

For this report, as with all our studies, we spoke with a number of industry participants such as company presidents, vice presidents, segment managers, and regional sales managers, to get a sense of the most important trends affecting the industry and what they expect for the future.

We also used consumer surveys, including email-type surveys that we distributed ourselves, and nationwide survey data. This type of primary information is used for assessing and confirming the trends noted in trade magazines, trade association publications, and general construction or product news articles, as well as what is reported in manufacturer publications and presentations.

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Can you describe your methodology in gathering and analyzing your data?

The garage and overhead doors data for this report were generated as part of a comprehensive data set for window and door products that our company continuously updates. The data set quantifies window and door demand by product type and market as well as by material.

Our methodology involves quantifying unit demand for the various window and door products by market (residential/commercial) and application (new/replacement). Then, we access value terms, checking all demand and pricing estimates against known data sources, including government manufacturing statistics, trade data, and the information we have received from primary sources.

You're forecasting a 4.5 percent annual increase in residential garage door sales for the next few years. What is the most significant factor that might 1) mitigate or 2) accelerate that growth?

The most significant factor that may mitigate growth in residential garage doors is consumers' wariness of economic uncertainty and higher interest rates. This may delay new home purchases and contribute to an even more significant deceleration in new housing.

Faster-than-expected growth could come from trends in the replacement market; for example, if consumers continue to see their

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incomes rise and choose to invest in home improvements like garage door upgrades that significantly add value to their homes.

Consumers wanting to move might reconsider if they find home prices are too high or if they are unwilling to pay higher interest rates. They may decide to stay in their current homes and spend more on remodeling projects such as higher-priced, better-insulated garage doors.

Your report says that builders are increasingly recognizing the value of higher-quality, higher-cost garage doors. How did you gather this data from builders?

This is the type of question and information we gather during our primary-source phone calls and through manufacturer/builder/consumer surveys that we distribute prior to writing the study.

What were the primary factors that made you conclude that interest in higher-priced garage doors will be motivated by boosting curb appeal and property values?

Consumer surveys were key here. They indicated that homeowners find garage doors to be a very important element affecting curb appeal. A well-maintained garage door is important for keeping up property value and reflects well on the neighborhood. Television programs such as those on HGTV are underscoring and influencing these trends, highlighting the importance of aesthetically pleasing garage doors.

We've all been watching the trends in housing starts. Why do you forecast a continual growth in these numbers?

Our construction indicators, including housing starts data, are developed by our in-house economics team. But I can say that housing

starts over the next five years are expected to see a significant slowdown compared to what we saw over the 2012-2017 period, when we were still enjoying a rebound from the crash in housing post-

2006. Starts bottomed out in 2009 and then leveled by 2012. These numbers were still below those seen in 2008.

In the short term, we do expect new housing to benefit from some catch-up in the propensity for home ownership by millennials. Many in this cohort decided to rent when they entered the job market during or after the recession, and now they are ready to buy.

However, we are also seeing a persistent mismatch between the units constructed and those demanded. New units coming on the market are not the lower-end starter homes that first-time homebuyers want. This is an ongoing trend as builders find it unprofitable to supply lower-end homes due to labor-force shortages and regulatory demands on new housing. As such, the houses on the market continue to be unaffordable for a sizable share of potential buyers. This combination of factors will help constrain housing starts going forward.

How did you assess "the homeowner tendency to trade up to better-quality, more-expensive products"?

Conversations with manufacturers and retailers, as well as survey results, have indicated that homeowners are more likely to purchase a better-quality replacement garage door, compared to what they previously owned or what a builder likely chose to install.

Since garage doors are already a sizable investment, homeowners seem to be more willing to spend the extra dollars to buy a product that offers better aesthetics or performance features like insulation or impact resistance (in Florida, for example).

How much of your report is focused on residential garage doors, and how much is focused on commercial sectional doors?

The report is divided roughly evenly between residential garage doors and commercial overhead doors.

The kind of data in your report can indeed be valuable. How did you arrive at a price tag of \$4,300 to purchase the report?

We use multiple factors to set a price, including how time- and resource-intensive it was and how many we think we might sell based on how similar studies have sold in the past. ■

About The Freedonia Group

The Freedonia Group, a division of MarketResearch.com, is an international industrial research company publishing more than 100 studies annually. To purchase the 120-page report, visit www.freedomiagroup.com, www.marketresearch.com, or www.profound.com.