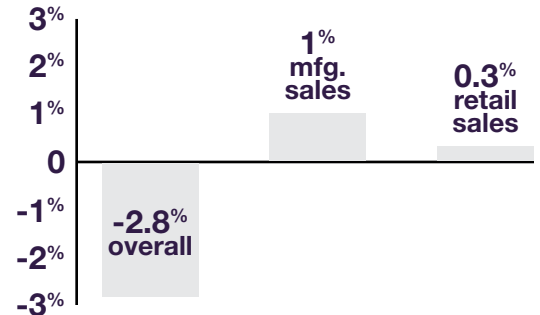


Q1 2020 Kitchen & Bath Market: KEY TAKEAWAYS

“The first quarter of 2020 brought unprecedented change — not just to our industry, but the economy as a whole,” said Bill Darcy, NKBA CEO. “We know that many kitchen and bath businesses, especially smaller ones, are hurting, and we hope that this report and its findings provide insights on how their fellow industry members are responding. And while the global health and economic crisis has negatively affected our members — there’s no doubt about that — we are pleased to see that work does continue and there are signs of brighter times ahead.”

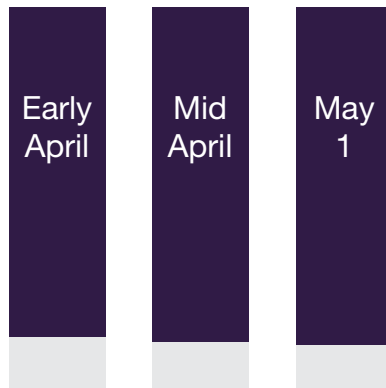
SALES NUMBERS

Those surveyed reported a 2.8% decline in sales in the first quarter of 2020 compared to the same period in 2019. The relatively small margin here may be attributed to what was a strong January and February for many. Manufacturing and retail sales actually saw minor increases (1% and 0.3%, respectively) in the quarter. Based on current conditions, members expect a YOY sales decrease of 13.7% for 2020.



SCHEDULING/CANCELLATIONS

New JBREC data shows cancellation rates are stabilizing, after bottoming out at 14% in early April. By mid-April, that had decreased to 12.6%, and 11.9% May 1.



Interior remodeling jobs tend to have a lower cancellation rate than exterior work

While 48% of building/construction firms report that 20% or less of active projects remain on schedule, another 34% say at least 60% or more of their jobs are moving ahead as planned.



First-time buyers are most likely to cancel projects, while retirees are most likely to postpone until 2021.

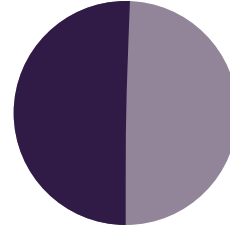
IMPACT OF SOCIAL DISTANCING & SHELTER IN PLACE



One in four retail sales companies say closing their showroom due to coronavirus guidelines had the biggest impact on their business, as closures make finding new leads a challenge. Still, some retailers have benefited from remote sales and curbside pickup of DIY products and supplies.



Some designers predict sheltering-in-place orders may lead to long-term gains in the space, with more consumers interested in renovation jobs. In fact, 8% say demand for future remodeling projects is higher than before the crisis and 17% say demand has not changed.

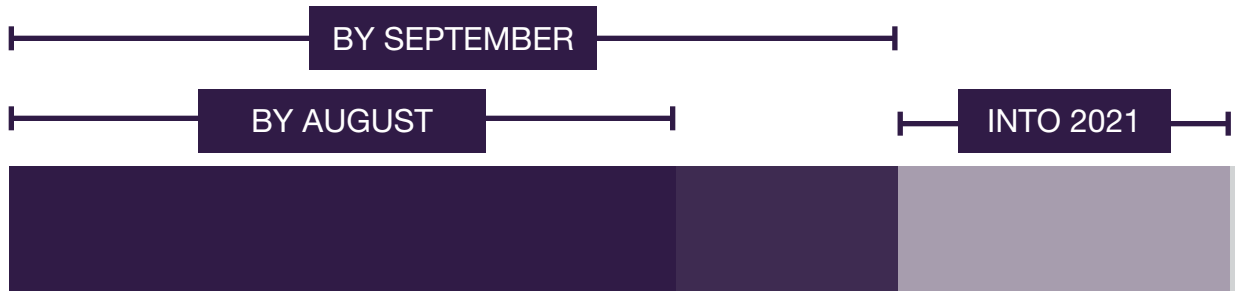


While over half (52%) of design firms have temporarily closed their brick-and-mortar locations, many are turning to new technology that may improve future business practices, such as e-design and virtual consults.



Designers have also noted that COVID-19 had lesser impact on supply chains that source American-made products.

ROAD TO RECOVERY



Over half of NKBA members anticipate that demand will return to normal levels by August of 2020, and more than two-thirds expect a recovery by September. Even so, 1 in 4 members are unsure or expect that conditions will not improve until next year at the earliest. Manufacturers and retail sales firms are on average more optimistic—expecting earlier recoveries—compared to design and building and construction firms.