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**Kaiser Associates:
2024 Residential
Roofing Outlook**

In Spring 2024, Kaiser Associates surveyed 102 contractors engaged in residential roofing in the United States on their current practices, preferences, and future outlook

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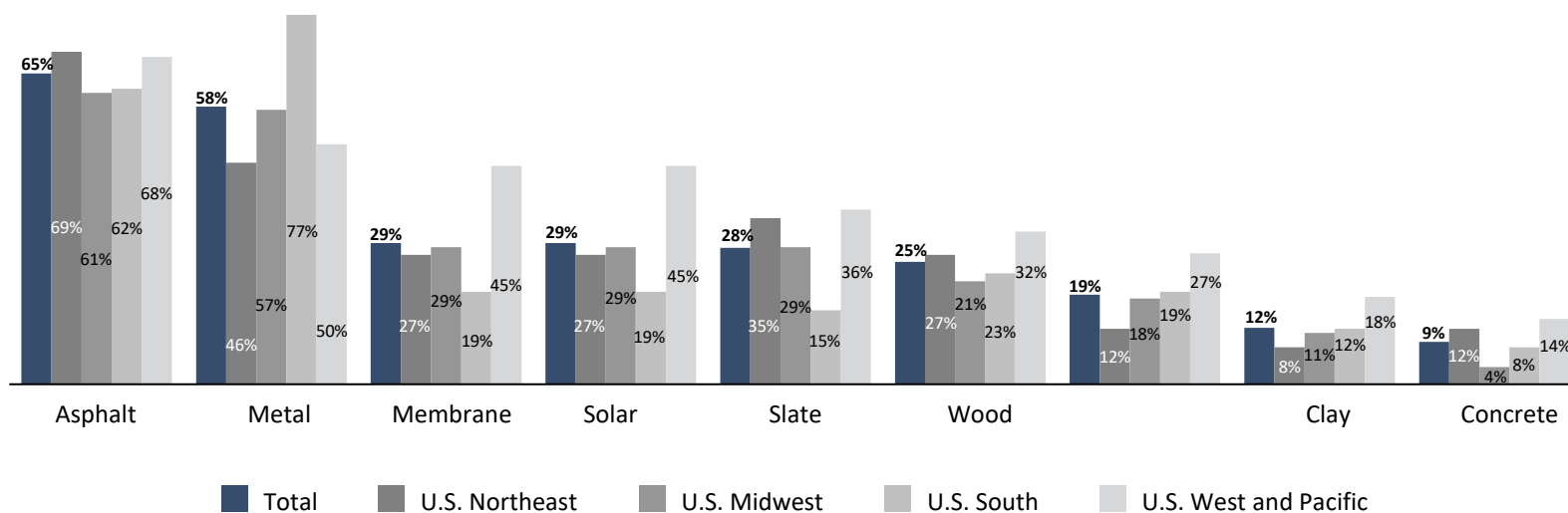
Current State of Residential Roofing

Residential roofing is characterized by the continued dominance of asphalt and metal, incumbency of existing roof materials in tear-offs, and high levels of contractor influence

Asphalt remains the most-commonly offered material, closely followed by metal roofing

Current Residential Roofing Material Use (Percent of Contractors Reporting Installing Material)

Q: Which of the following materials did your roofing business install for your new and replacement residential roofing projects in 2023?



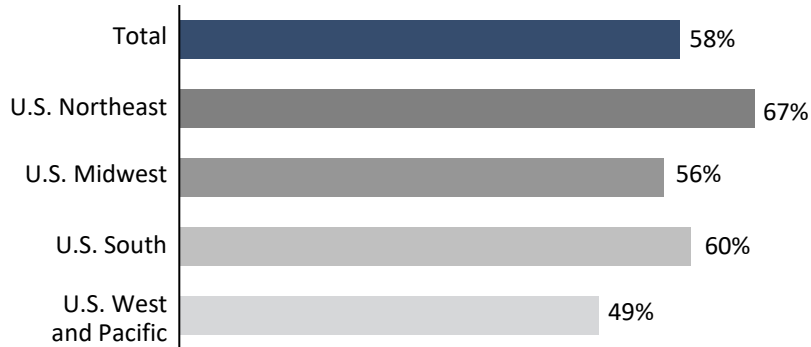
n = 102, Survey administered Spring 2024

- **Asphalt and metal remain the two most common residential roofing materials**, offered by 65% and 58% of surveyed contractors, respectively. **Solar roofing remains more niche**, despite increasing popular interest, and is offered by less than a third of surveyed contractors
- Roofing material use does exhibit regional variation. The **U.S. South, in particular, emerges as a stronghold for metal roofing**, with more contractors in the South reporting offering metal than offering asphalt
- The **U.S. West and Pacific stands out in its openness to many newer-to-residential materials, with membrane and solar** especially recording higher rates of availability than the national average

Customers match incumbent roof materials 1 out of 2 times

Incumbency Advantage of Existing Roof Material

Q: In what percentage of your roof replacement projects did your roofing business use the same material as the original roof?



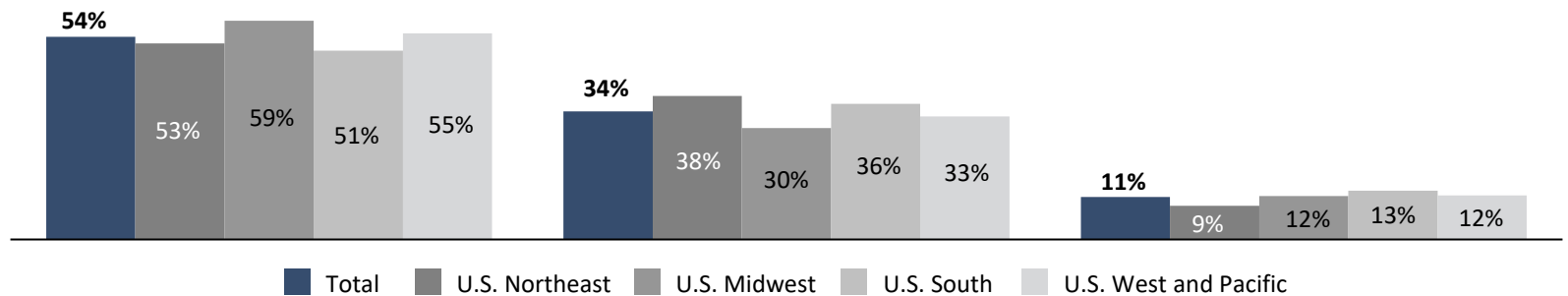
n = 102, Survey administered Spring 2024

- **Roof incumbency remains strong**, with contractors reporting that customers opt for the same replacement material in 58% of tear-offs
- **The U.S. West and Pacific exhibit the lowest roof incumbency**, aligning with the region's higher interest in novel roofing materials

Contractors have significant impact on roofing choice

Contractor Role in Roofing Material Choice

Q: In approximately what percentage of your residential roofing projects in 2023 did you play each of the roles below?



n = 102, Survey administered Spring 2024

- **Contractors remain influential in roofing material choices**; they report playing decision-making roles in 54% of roofing projects, and serving as influencers for 34% of roofing projects
- **The influence of contractors in residential roofing material choice remains consistent across the U.S.**

Key Takeaways

- **Residential roofing remains characterized by asphalt and metal**; reinforced by the relative "stickiness" of incumbent roof materials for tear-off projects
- **Contractors hold influencing or decision-making roles in 9 of 10 residential roofing projects**, and may serve as a critical lever for shifting material preferences

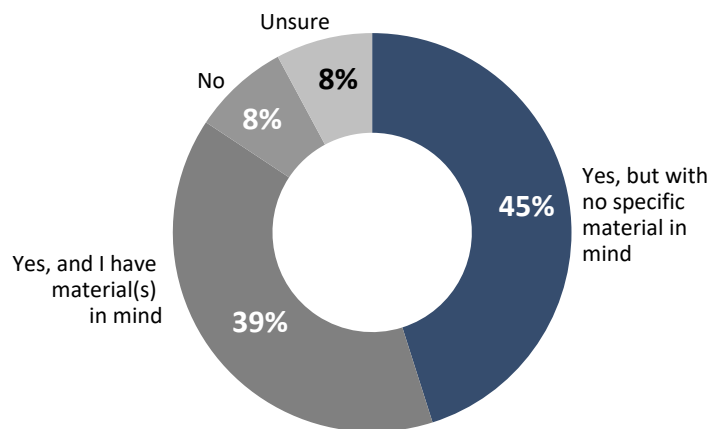
Future Residential Roofing Material Use

While contractors state high openness to new materials, few are actively considering new materials, and the industry ultimately anticipates asphalt and metal to remain very relevant

Contractors are open to new materials, but often lack direction

Contractor Openness to New Roofing Materials

Q : Are you open to adding additional roofing material(s) to your company's offerings in the next five years?

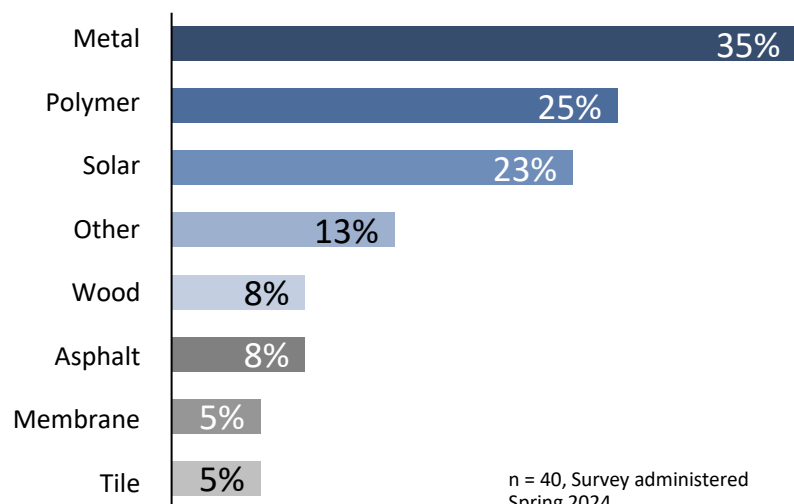


n = 102, Survey administered Spring 2024

- 84% of sampled contractors report **openness** to adding new roofing materials to their repertoire in the next five years
- However, **most contractors' openness is passive**, with only 39% of contractors reporting that they have specific new materials in mind

New Materials Currently Being Considered

Q: What material(s) are you currently considering?



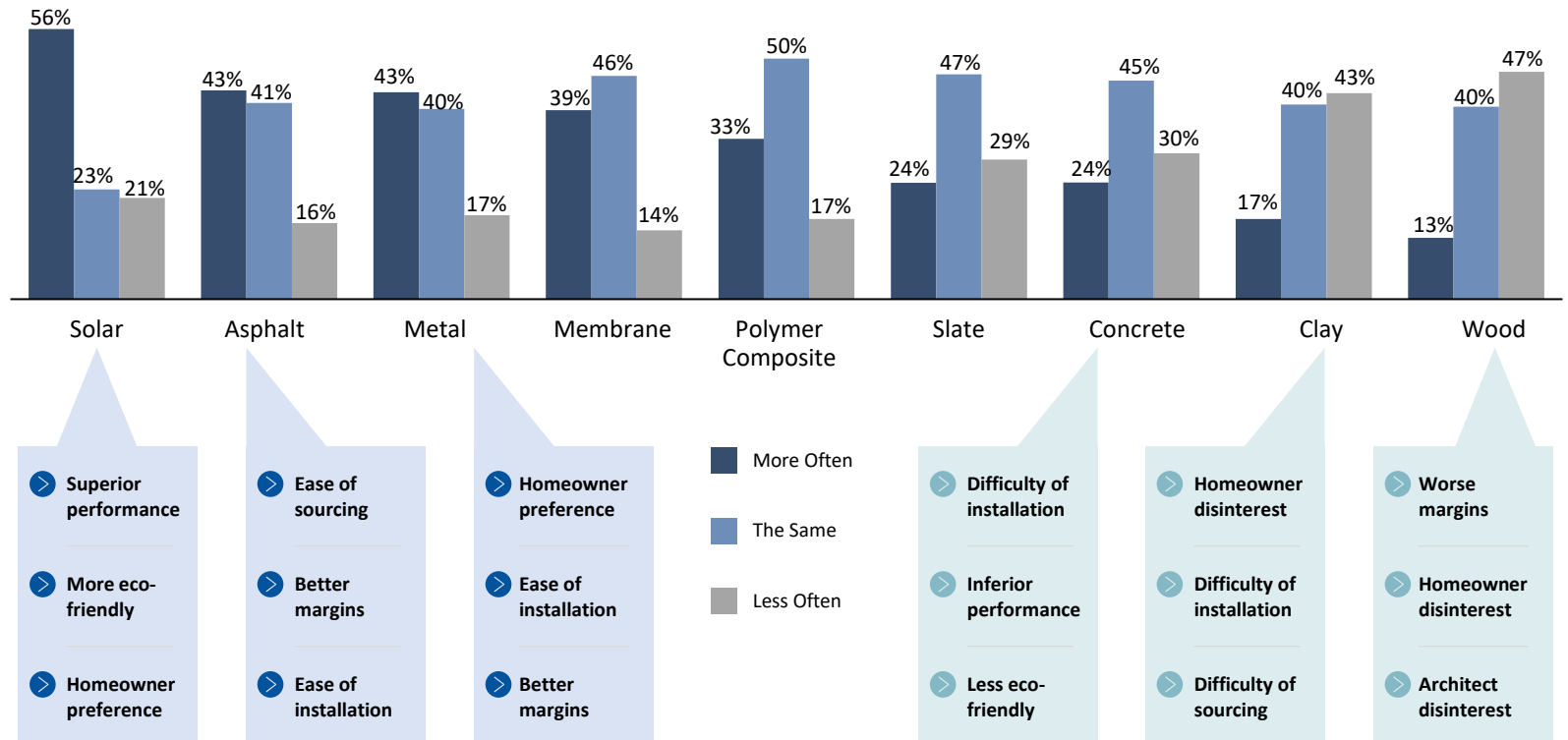
n = 40, Survey administered Spring 2024

- **Metal is the most-commonly mentioned new material being considered**, suggesting that interest in metal has not yet reached its peak
- The **second-most often considered material is polymer-based shingles**, reflecting homeowner desire for high-performance materials mimicking traditional roofing materials

Solar, asphalt, and metal are predicted to increase in use; wood, clay, and concrete predicted to decrease

Contractor Outlook on Future Material Use

Q: Do you think your roofing business will be installing this material more often, less often, or the same amount in the next five years?



n = 102, Survey administered Spring 2024

- As expected, **most contractors anticipate an increase in solar roofing adoption**, citing performance, environmental friendliness, and increasing homeowner preference as drivers
- However, contractors also expect an exacerbation of the status quo, and name **asphalt and metal as the second and third materials most likely to increase in use in the future**. Increase in **asphalt use is primarily driven by its ease of access, while metal's rise is attributed to homeowner preference**. However, both materials share ease of installation and superior margins as secondary drivers for increased adoption
- Most contractors expect **use of wood, clay, and concrete roofing to decrease** in the next five years

Key Takeaways

- While contractors are open to new materials in theory, they **will require direction from distributors and manufacturers to identify viable options that are best suited to their region**
- To encourage adoption, manufacturers and distributors should focus on **highlighting the profitability, ease of use, and likelihood of homeowner interest** for newer materials

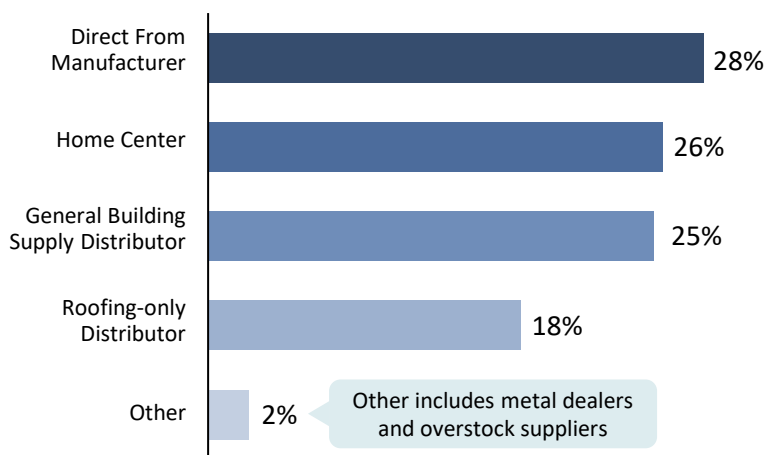
Residential Roofing Purchasing Trends

Frequent use of multiple channels and infrequency of vendor preference underscores distributors' need to differentiate on key preference drivers such as quality, price, and service

Wholesalers and retailers enjoy similar frequency of use

Contractor Use of Procurement Channels

Q: How often does your roofing business uses the following channels to purchase roofing supplies for residential roofing projects, in percentage terms?



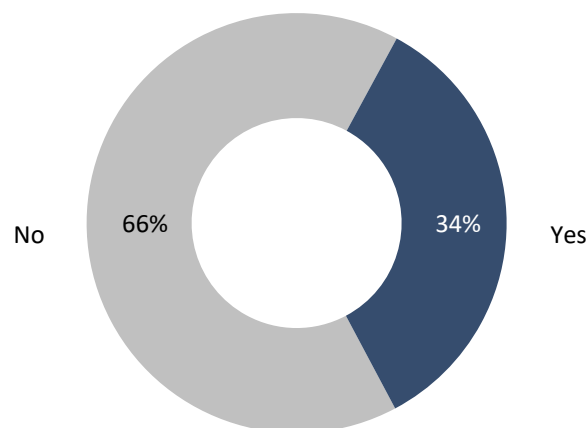
n = 102, Survey administered Spring 2024

- Across the sample, roofing contractors purchase from the **manufacturer, home center, and general distributors in equal measure**
- While the commercial roofing sector has continuously consolidated, **residential roofing is still frequently completed by small businesses**, even general contractors, thus leading to the **continued prevalence of the home center channel in this category**

Single-vendor preference remains relatively uncommon

Contractor Likelihood of Vendor Preference

Q: Does your business have a single distributor that you'd prefer to shop at over all others?



n = 102, Survey administered Spring 2024

Most Preferred Home Center:
Home Depot

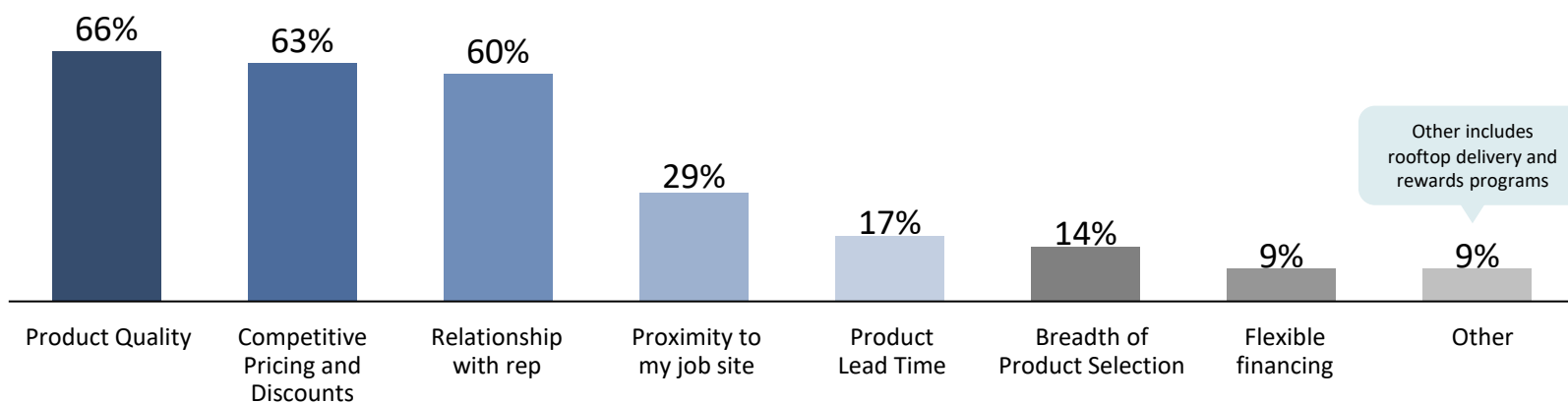
Most Preferred Distributor:
Beacon Roofing Supply

- Only a **third of surveyed contractors reported having a single most-preferred vendor**, reflecting contractors' preference and willingness to compare, price-shop, and maintain multiple vendor relationships

Quality, price, and relationships are leading preference drivers

Contractor Rationale for Vendor Preference

Q: Why is that distributor your company's preferred distributor? Select up to 3 most-applicable reasons



n = 35, Survey administered Spring 2024

➤ **Product quality, pricing, and sales rep quality** emerged as top rationales for distributor preference among roofing contractors

➤ Interestingly, contractors reported a **surprising degree of ambivalence to distributor proximity and lead time**, with less than a third of contractors citing said qualities as drivers of vendor preference. This is another indication that the **industry has moved past the extreme supply chain constraints that characterized the pandemic era**

Key Takeaways

➤ Residential roofing contractors continue to be highly diverse in size, requiring **attention to enhancing the purchasing experience across all major shopping channels**

➤ Many residential **roofing contractors have not identified an established, preferred vendor**, providing an opportunity for distributors to generate loyalty and boost recurring sales

➤ As we exit the pandemic era, distributors should **shift from emphasizing material availability to highlighting product quality, pricing, and quality of service**

About Kaiser Associates

Kaiser Associates was founded in 1981 with a simple yet powerful mission: to help executives make more informed strategic and operational decisions by incorporating external insight and analysis. Today, Kaiser has a highly selective and elite client base comprised of many Global 500 corporations, private equity firms, and government entities. Our fact-based strategy, rigorous analytics, and implementation expertise generate original, granular insights that help our clients turn their most difficult challenges into game-changing growth and productivity opportunities.



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