

That personal touch

Area clientele demand premium home remodeling

by Neil Adler

Home remodeler Steve Kirstein says it's important to have a great relationship with all of his clients.

He showed what he means when he walked into the home of clients Buddy and Ginger Pickle at 7129 Natelli Woods Lane in Potomac, kissed Ginger on the cheek and grabbed a few pieces of candy from one of Ginger's overstuffed jars.

"In this business, accountability and assuring the client that their project will be done right and on time is key," said Kirstein, principal of BOWA Builders Inc., a 12-year-old building and remodeling firm. "A big part of our success is that we manage our customers' expectations well."

Victoria Downing, vice president of Silver-Spring-based Remodelers Advantage Inc., a consulting company for remodeling contractors, agrees. "Even though many people can have nice, pretty projects," she says, "the companies that make the process less of a headache for their customers are the ones that will continue to grow and succeed. Home remodeling is a service."

The home remodeling industry is a booming service for many right now.

According to the U.S. Census Bureau, remodeling expenditures totaled \$142.9 billion in 1999, an increase of 7 percent from 1998, when expenditures were \$133.7 billion.

Approximately 70 percent of total remodeling expenditures last year went toward home improvements, which include additions and alterations. The remaining 30 percent went toward maintenance and repairs.

The Joint Center for Housing Studies of Harvard University reported that one in 10 homeowners spends more than \$5,000 a year on remodeling, and this

group accounts for more than 50 percent of total remodeling expenditures. And within two years of having a child, more than 75 percent of homeowners report a home improvement.

Locally, there are a number of remodeling companies focusing on different types of projects, from full-house renovations and additions to kitchen and bathroom expansions. Remodeling firms range in size from large companies like McLean, Va.-based BOWA Builders, which handles several large-scale projects in Montgomery County and has about 60 employees, to medium-sized firms with 10 to 20 workers like Cabin John-based Mark IV Builders Inc., to one-person shops like Mount Airy-based Cea Contracting Inc.

Mark Scott, president and owner of Mark IV Builders, said the area around Washington D.C. — including Montgomery County — is the most sophisticated market in the country for home remodeling.

"There is a drastically higher concentration of highly-competent remodelers here than anywhere else in the country," Scott said.

"The scale of projects undertaken today is much higher than it was 10 years ago. There is a lot of money here, and people feel comfortable about putting this amount of money into their houses."

The average household median income for county residents was \$67,300 in 1998, according to the Maryland Department of Planning, and Scott said an average addition or renovation costs about \$200,000 today, whereas 10 years ago it was between \$20,000 and \$30,000.

"Location is key in Montgomery County," Kirstein said. "People are faced with moving to a new location or staying at their existing one; but if they move, they might end up having a



Steve Kirstein, principal of BOWA Builders Inc., a 12-year-old building and remodeling firm, believes a steady client-builder relationship is the key to building a successful company. "In this business, accountability and assuring the client that their project will be done right and on time is key. A big part of our success is that we manage our customers' expectations well," he said.

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worse commute."

Charles Aud, owner of Cea Contracting and president of the Remodelers Council of the Home Builders Association of Maryland, added that, "from a living standpoint, people like where they live and want to stay where they're at — close to schools, shopping, etc."

Aud said he does more middle-of-the-road projects rather than the high-end work that BOWA Builders and Mark IV Builders tackle. "To do large-scale renovations and additions — like \$250,000 to \$500,000 projects — you have to have a lot of referrals and an incredible reputation," Aud said.

Cea Contracting focuses mainly on kitchen and bath additions and renovations, Aud said, because they have an immediate impact, as well as in-law suites and home offices.

"There is an ever-growing population of senior citizens who are being taken care of by their kids, and it's easier in many instances to take care of them at home rather than put them in a retirement community," he said. "And home offices are becoming increasingly popular as more people take advantage of flexible work policies."

Scott said his company has done 16 projects so far this year: three kitchen renovations, three kitchen expansions, and the rest have been mainly large-scale, full-house renovations with an average cost of about \$400,000. Scott added that, in previous years, his company would do one or two large-scale renovations a year.

Kirstein said the Pickle's project —

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an "average" large-scale addition — took about eight months to complete and included a "seamless" match up between the existing framework and the addition, which resulted in a two-car garage, a bedroom, an office and a living room equipped with couches and a home entertainment center. The project also included a reworking of the kitchen, which according to Kirstein has won numerous awards.

Kirstein said BOWA Builders has 14 residential construction crews — each with a full-time superintendent — and pulled in \$17 million in residential construction over the last year. "We keep looking for it to slow down, but our phone keeps ringing off the hook," he said.

But home remodeling has become so popular in the area that companies sometimes aren't able to keep up with the demand, even turning away work due to a labor shortage.

And Downing said it is not going to get any better. "Lots of companies are turning work away, and I know of one company that has a backlog until May.

"People have to realize that if they want to get capable people, they will have to wait."

Scott has 12 employees but said he needs three to five more workers to help satisfy the heavy demand from customers in the area. "One problem is that the average age in this industry is in the mid-40s," Scott said. "There are very few young people in this business; people are pushing their kids toward computers and the technology industry.

"People think of the remodeling industry as a blue-collar industry, but a lot of people make \$50,000 or more."

Aud said he could use two more workers to help take some of the workload off of his own shoulders, being a one-person company. "The labor shortage is a big issue, both locally and nationally," Aud said. "There are stereotypes created about this kind of work.

"We're trying to get into middle and high schools to pique kids' interest before they get out in the real world. Computers are so saturated and over-publicized. That's where kids are going."

Kirstein said his company could always use more quality people, adding that if "we find a quality person we will hire them and find something for them to do."

Customers are also a lot more informed today than in previous years. "They have more options today to help them get educated," Kirstein said, referring to the Internet, television programs and print publications devoted to the home remodeling industry. "And nothing is better for us than a customer who comes in with ideas and knows what look they want."

But Kirstein said along with more informed customers come higher expectations. "People are expecting as standard things that never used to be standard, such as kitchen finishes — now we use granite, marble or limestone," he said. "These premium finishes require a higher level of skill."

Which is fine with Kirstein, just as long as his customers are satisfied and a friendly relationship is maintained. And if a client wants to throw in a few pieces of candy whenever Kirstein stops by, he considers it a bonus. ■