Conducted jointly by the National Kitchen & Bath Association and John Burns Real Estate Consulting, the Kitchen & Bath Market Index (KBMI) examines current kitchen and bath industry demand and future expectations, and monitors issues and challenges industry professionals are facing in their businesses.

Responses by Segment

- DESIGN: 47%
- RETAIL & SALES: 22%
- BUILDING & CONSTRUCTION: 20%
- MANUFACTURING: 11%

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
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**EXECUTIVE SUMMARY**

**Kitchen & Bath Market Index**

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Expanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBMI Total</td>
<td>71.0</td>
</tr>
</tbody>
</table>

**Current Business Conditions**

<table>
<thead>
<tr>
<th>Lower</th>
<th>Stayed the Same</th>
<th>Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBMI Total</td>
<td>67.5</td>
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</tr>
</tbody>
</table>

**Future Business Conditions**

<table>
<thead>
<tr>
<th>Lower</th>
<th>Stayed the Same</th>
<th>Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBMI Total</td>
<td>76.1</td>
<td></td>
</tr>
</tbody>
</table>

**Health of the Industry**

<table>
<thead>
<tr>
<th>Extremely Weak</th>
<th>Normal</th>
<th>Extremely Strong</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBMI Total</td>
<td>6.8</td>
<td></td>
</tr>
</tbody>
</table>

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
We are proud to release the Q1 2019 NKBA/John Burns *Kitchen & Bath Market Index* (KBMI), the industry’s definitive gauge of kitchen and bath industry conditions. This quarterly index is the result of a partnership between John Burns Real Estate Consulting and the National Kitchen & Bath Association. The Q1 2019 survey results include 322 responses from manufacturers, retailers, building/construction companies and design firms that are members of the NKBA.

The kitchen and bath industry is firing on all cylinders. A KBMI of 71 indicates an optimistic view of current and future kitchen and bath sales and profits. Sales are currently growing year-over-year for most players across manufacturing, design, retail sales and building/construction. Our survey shows:

- **Strong Q1 expansion.** The kitchen and bath industry expanded in Q1 2019, and the KBMI hit 71, up from 69.2 in Q4 2018 on a scale of 0–100, with 50 being flat.

- **2019 outlook remains positive.** The industry is more positive on *future conditions* (76.1 index reading) than on *current conditions* (67.5 index reading).

- **56% of the industry expects sales will grow in Q2 2019,** while 38% think sales will be flat YOY. Among the industry, manufacturers and building/construction companies are the most optimistic, with nearly 60% of players in these segments expecting growth and about 3% expecting lower sales in Q2.

- **Online sales growth outlook cools slightly in 2019.** By segment, manufacturers and retailers had the highest online sales growth rates in 2018 at 4.6% and 5.6%, respectively. These segments both expect slightly less growth in 2019, 4.4% among manufacturers and 4.3% among retailers.

- **Lack of skilled labor, higher operating costs, trade/tariff concerns and economic uncertainty remain the top challenges and concerns facing the overall industry.**

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
NKBA members across manufacturing, building/construction, retail/sales and design have highlighted five current and five emerging product and design trends to watch in 2019. Please see pages 22-46 in the report for more detail on the trends.

**Five Major Product and Design Trends**

- White and gray are still the most popular cabinet colors.
- Granite sales have shifted nearly entirely to quartz as consumers opt for lower maintenance.
- Shift from bowl to apron-front sinks with a preference for fireclay and stainless materials.
- Subway tiles are among the most popular kitchen backsplash and bathroom tile choices.
- Consumers are moving away from traditional flooring to luxury vinyl tile and plank for a variety of reasons, including design aesthetic, low price and easy maintenance.

**Five Emerging Product and Design Trends to Watch in 2019**

- Dark blue cabinetry: Consumers are increasingly asking for dark blue or navy cabinetry.
- Brushed brass finishes: Brass is back as new modern finish options appeal to younger buyers.
- Modern white oak flooring. Preference for clean, minimalistic design is driving demand for oak.
- Textured countertops/surfaces: Matte finish countertops with texture could be the next big thing.
- Smart kitchen fixtures: Demand for induction cooktops, steam ovens and smart fridges is rising.

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
At 71, the Kitchen & Bath Market Index indicates growth in the current quarter, a generally optimistic view of future kitchen and bath sales, and a positive view of industry health. Manufacturing was the strongest index at 74, while design, retail sales and building/construction firms all indexed lower, between 70.4 and 70.6.

Scores above 50 indicate industry growth, while scores below 50 indicate slowing activity.

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Overall, the current business conditions index is 67.5. Manufacturers' rating index scored above the total weighted average at a 71.7, while building/construction firms were under the average at 66.1.

**Current Business Conditions**

**Sales last quarter vs. same period prior year**

<table>
<thead>
<tr>
<th>KBMI Total</th>
<th>Building/Construction</th>
<th>Design</th>
<th>Retail Sales</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>67.5</td>
<td>66.1</td>
<td>66.9</td>
<td>67.1</td>
<td>71.7</td>
</tr>
</tbody>
</table>

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
At 76.1, the industry expects Q2 2019 business conditions to improve, according to the survey. Manufacturers are the most optimistic about Q2 sales, while design firms are slightly less optimistic than the industry as a whole.

**Future Business Conditions**

Sales next quarter vs. same period prior year

<table>
<thead>
<tr>
<th>Higher</th>
<th>76.1</th>
<th>75.6</th>
<th>76.2</th>
<th>77.1</th>
<th>79.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stayed the Same</td>
<td>KBMI Total</td>
<td>Design</td>
<td>Retail Sales</td>
<td>Building &amp; Construction</td>
<td>Manufacturing</td>
</tr>
</tbody>
</table>

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
The overall kitchen and bath industry currently rates industry health at a 6.8 out of 10. Retail sales professionals, building/construction companies and design firms are slightly less optimistic than the total industry, while manufacturing businesses rate industry health slightly higher at 6.8 out of 10.

**Health of the Industry**
Segment rating from extremely strong to extremely weak

<table>
<thead>
<tr>
<th>Extremely Strong</th>
<th>KBMI Total</th>
<th>Retail Sales</th>
<th>Building/Construction</th>
<th>Design</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>6.8</td>
<td>6.6</td>
<td>6.6</td>
<td>6.7</td>
<td>6.8</td>
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<tr>
<td>9</td>
<td></td>
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</tbody>
</table>

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
SALES ENVIRONMENT
Among the kitchen and bath industry, manufacturers and designers are slightly more optimistic about 2019 sales growth outlook (5.4%) than building/construction companies (5.3%) and retail sales (5.2%). We believe seasonally lower confidence is a factor impacting responses (and is something we will be able to control for in the future).

2019 Industry Growth Outlook
Weighted average sales growth outlook (%): prior quarter vs. current quarter comparison

- KBMI Total: Prior quarter 5.4%, Current 6.6%
- Manufacturing: Prior quarter 5.4%, Current 7.1%
- Design: Prior quarter 5.4%, Current 6.4%
- Retail Sales: Prior quarter 5.3%, Current 7.2%
- Building/Construction: Prior quarter 5.2%, Current 6.3%

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Among kitchen and bath industry professionals, building/construction companies and manufacturers are the most optimistic about next quarter with 60% and 59%, respectively, expecting sales growth in Q2 2019.

Q2 2019 Growth Expectations
Will your segment expand, stay the same, or contract next quarter?

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Kitchen and bath professionals expect slightly lower online sales growth in 2019 than 2018. Total weighted average online sales growth expectations in 2019 are 3.5% compared to 3.9% actual growth in 2018.

### E-Commerce Growth Outlook

2018 online sales growth YOY vs. expected 2019 online sales growth

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 Online Sales Growth (actual)</th>
<th>2019 Expected Online Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBMI Total</td>
<td>3.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Retail Sales</td>
<td>5.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Building/Construction</td>
<td>3.2%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Design</td>
<td>2.6%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)  
Note: This graph represents only responses that said they had online sales.
The availability of skilled labor, cost of materials and labor costs topped the list of industry challenges and concerns in the first quarter. Trade issues, economic uncertainty, consumer confidence and overall repair and remodel activity were also significant concerns in 1Q19.

<table>
<thead>
<tr>
<th>Not a Concern</th>
<th>Somewhat of a Concern</th>
<th>A Significant Concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of skilled laborers</td>
<td>8.6</td>
<td></td>
</tr>
<tr>
<td>Cost of materials</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Labor costs</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>Trade issues</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Economic uncertainty</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Consumer confidence</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Repair/remodel activity</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Stock market volatility</td>
<td>7.2</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Home prices</td>
<td>6.9</td>
<td></td>
</tr>
<tr>
<td>Government regulations</td>
<td>6.8</td>
<td></td>
</tr>
<tr>
<td>Availability of professional employees</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Interest rates</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>New construction (starts)</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Employee retention</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Private label products</td>
<td>5.2</td>
<td></td>
</tr>
</tbody>
</table>

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Lack of Skilled Trades Remains #1 Concern

Here and on the following pages, respondents offered opinions to open-ended questions.

“For a company like us with more than 800 employees, it is still hard to find skilled workers. We’re trying to kill all imports but we cannot replace the imports here in the US when you don’t have a labor force looking for jobs to make kitchen cabinets. You can’t just pick up guys from the street and pay them minimum wage. I don't have a problem paying $30/hour or even $100/hour if the person is qualified, but paying $15/hour for people who don’t even want to work is a huge challenge in any business.”

“Skilled labor that can provide installations above and beyond the norm. I like to do detailed and creative designs, and retaining highly skilled tradespeople can be an issue. We need more skilled laborers. Contractors tend to pull guys off street corners and it’s ruining the reputation of our industry.”

“Finding remodeling sub-contractors that can perform is our biggest challenge. I have a backlog of prospects that I have to ask to wait at least three months to start jobs. Some of them don't mind waiting. Some do. Thus, I'm losing jobs because I can't start soon enough because of lack of good, reliable labor.”

“Skilled labor is my biggest challenge. Good trades are out there but they’re so busy that it can be challenging to depend on them for scheduling my jobs because they are so over-committed. Many of the tradespeople I was using are getting older and want to be less physically involved, but I am not seeing that many younger people moving into those vacancies.”

“Finding skilled carpenters! The price of subs is rising rapidly and without any consistency. Finding full-time qualified designers is also challenging. It’s why remodel lead times are so long in this industry.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Economic Uncertainty and Tariffs Are Slowing Decision Making for Consumers and Business Owners

“The anti-dump tariffs will impact us over the next quarter or two. It already affected our distribution and availability of product. The immediate scarcity of materials has adversely affected our lead times.”

“The tariffs are impacting our cost of materials — and it's not over.”

“The current threat of the anti-dumping suit as brought forth by the AKCA is going to challenge the entire market and challenge the availability of affordable, in-demand and quick-turnaround cabinets. Unfortunately, this will drive the cost of remodeling up, creating a difficult environment for consumers.”

“Uncertainty! Will there be tariffs? Will consumers spend differently? Will homes hold their value?”

“Ability of homeowners to predict financial activity is a huge challenge. They want to spend money on their kitchens and baths, but do not know what is going to happen with stocks and tariff negotiations.”

“We need to grow to handle all the new work, but we’re uncertain of how long the strong economy will last. We don’t want to increase overhead and liability too much just to have the market fall off.”

“The economy worries me. Home values are projected to decline, which will impact mindsets.”

“Finding new clients who are ready to move forward and begin a project is a challenge. Right now, people are researching and waiting to see how the economy goes before pulling the trigger to start a project.”

“Concerns about the overall economic stability of the country are huge.”

“The implication of possible tariffs and planning our business for them is a major challenge.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Industry Pros Say Overcoming Consumers’ Unrealistic Expectations about Remodeling Projects is Still a Big Challenge

“Educating consumers to have realistic expectations regarding outcomes, costs and scope is our biggest business challenge today. **Overcoming the overall lack of knowledge of homeowners** toward hiring professionals to do a job, if they want a professional result, **is such a challenge.**”

“**Providing value at a reasonable cost for the client is our biggest challenge.** Most don’t understand what we do as professionals and why we should be paid what we charge.”

“Renovation TV programming and its negative impact on consumers' understanding of the cost and process of remodeling is a big problem.”

“**Aligning customer expectations with the reality of remodeling costs is a major challenge.**”

“The **consumer’s lack of knowledge** of the cost of remodeling is our biggest pain point.”

“**Clients' budgets are our biggest challenge.** With Internet and TV shows, people have a distorted view on what is affordable and what can actually be done within a budget... TV and Internet projects and costs with a huge pricing range that isn't reflected in our area and the actual costs of a project.”

“Many new **clients have a false understanding** of the level of complexity and the amount of coordination required to successfully complete a remodel. I spend extra time educating clients about the process.”

“**Unrealistic timelines and pricing** in home-improvement projects depicted in the media.”

“**HGTV and other DIY programs make people think they can get a great kitchen or bath remodel fast and cheap. We have to RE-educate people about the true reality, and it’s always a painful conversation.”**

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
NOTEWORTHY KITCHEN AND BATH TRENDS
FIVE BIG PRODUCT AND DESIGN TRENDS

1) WHITE AND GRAY CABINETRY
   • White and gray cabinets remain the most popular, but in warmer tones than in recent years.

2) QUARTZ COUNTERTOPS
   • Quartz and quartzite surfaces in light colors are the most popular countertops by far.

3) SUBWAY TILES
   • Clean, classic subway tiles in larger formats are more popular than ever with consumers.

4) APRON-FRONT KITCHEN SINKS
   • Consumers are increasingly selecting apron-front “farmhouse” sinks over traditional bowl sinks.

5) LUXURY VINYL FLOORING
   • Luxury vinyl plank and tile are popular alternatives to traditional wood flooring and ceramic tile.
#1 TREND - WHITE AND GRAY CABINETRY

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
White and Gray Painted Cabinetry Are Still the Most Popular Choices in the Kitchen and Bath

“White shaker-style cabinets still rule, with some colors.”

“I have been selling the same stuff — white and gray — in the kitchen and bath.”

“Warm white cabinetry with contrasting islands are more popular.”

“White cabinets remain strong with accent colors; selling pulls instead of knobs.”

“HGTV is persuading people to go all-white, in kitchens especially.”

“In our segment, white shaker cabinetry is still king, followed closely by gray shaker.”

“White kitchens are still in high demand. Some color on islands, but most want all white.”

“Still seeing major demand for white uppers and gray lowers.”

“Selling both warm and cool white in the kitchen and bath, but very little color.”

“Still selling all-white cabinets. Light wood tones are coming back, but they’re not here yet.”

“Gray and white cabinets are still the most popular choice.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
#2 TREND - QUARTZ COUNTERTOPS

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Consumers Have Almost Completely Shifted from Granite to Quartz; Light Colors Are Most Popular

“We've seen a shift from natural stone slabs to 100% engineered stone/quartz.”

“90% of customers are now choosing quartz over granite.”

“There has definitely been a shift from granite to quartz. Light colors are the most popular.”

“Haven't sold granite in 10 years. Quartz is the number-one choice now.”

“Almost all projects are using quartz surfaces now. Light colors are picked almost always.”

“Clients only want quartz. I haven’t sold granite in five years.”

“Quartz is dominating countertop selection. Seeing increased demand for quartzite.”

“Quartz has virtually eliminated granite in our market.”

“Quartz is now requested 90% of the time over granite.”

“The biggest shift has been from granite to quartz surfaces. We were pretty much exclusively granite for years, and over the past of couple years, quartz has become the only choice.”

“Quartz sells far better than all natural stone tops combined.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
"Granite is dead. Quartz is in high demand, but **the increase in price owing to tariffs is giving clients second thoughts right now.**"

"Consumers are looking for materials like quartz or granite but that are **far less expensive.**"

"Definitely a shift from granite to quartz surfaces. They like the white/gray marble look without the maintenance, so that's the reason most people go to quartz."

"The complete shift from granite to quartz was fast, but **I expect that to change with the cost of quartz being so volatile owing to tariffs.**"

"**The tariff uncertainty has definitely affected the cost** of components and the availability of some quartz products, particularly imported brands."

"While engineered stone tops have sold very well for years, I notice a significant shift toward quartzite. People like the colors and grain/veining of those products without the maintenance."

"We have seen a shift from granite to quartz, though **I feel with prices of quartz going up, there will be a shift back to granite or other materials.**"

"We've seen a definite shift to quartz and quartzite surfaces. Equal preferences on sinks, but prices on the tops are going up."

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
#3 TREND - SUBWAY TILES

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Consumers Love Subway Tiles but Are Now Requesting It in Larger Sizes That Require Less Grout

“Tile in baths and kitchen backsplashes have shifted to longer format subway tiles (i.e., 12x3 in. for walls and 12x24 in. for floors).”

“Larger format subway tiles and wall cladding options in showers continue to increase in popularity. Consumers appreciate a more seamless look and fewer to no grout lines.”

“Subway tiles are huge right now. The sizes are trending larger, people want less grout.”

“Consumers are leaning more toward larger scale tiles and cleaner materials in general.”

“Larger subway tiles in the shower are in high demand.”

“Subway tiles are now everywhere, thanks to HGTV, but now we’re starting to see larger sizes.”

“Larger subway tiles with black grout.”

“Subway tiles for backsplashes, showers, bathtub surrounds — they’re everywhere.”

“Everyone wants subway tiles, there’s decreasing demand for tiles 6x6-in. or smaller.”

“Subway tiles are still very popular, but we’re starting to see larger sizes requested.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
#4 TREND - APRON FRONT KITCHEN SINKS

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
“Everyone wants an apron-front farm sink, whether modern or traditional.”

“There’s been a big shift from under-mount sinks to all types of farm sinks.”

“Seeing under-mount stainless sinks shift to stainless apron-front sinks.”

“Shift from traditional bowl stainless sinks to farm sinks.”

“We’re seeing a shift from farmhouse cast-iron sinks to ceramic farmhouse sinks.”

“Fireclay farmhouse sinks are the most popular. We’re not selling cast iron anymore.”

“Seeing demand continue to increase for apron-front sinks.”

“Fireclay apron-fronts are on the rise, enameled cast iron is becoming harder to get.”

“There has been a massive shift to farmhouse sinks.”

“We’re now selling farmhouse sinks more than any other type of kitchen sink.”

“We’re shifting from enameled cast iron to stainless farm sinks.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
#5 TREND - LUXURY VINYL FLOORING

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Ease of Maintenance, Low Cost Are Driving Demand for Luxury Vinyl Tile and Plank Over Traditional Flooring Materials

“We are seeing a movement from hardwood floors to luxury vinyl for ease of maintenance.”

“There continues to be more interest in luxury vinyl tile for bathrooms.”

“I've had more interest in luxury vinyl flooring in the last six to eight months.”

“All around more interest in LVT and LVP flooring. It’s saving consumers a lot of money.”

“We’re getting an increase in requests for LVP flooring.”

“More homeowners are asking for engineered products and LVT.”

“We’re getting more requests for LVT than ceramic.”

“Shift to LVT from other flooring surfaces.”

“LVP for floors in both the kitchen and bath are in high demand.”

“Luxury vinyl flooring is more popular than I would have thought. We’re starting to see demand shift from darker to lighter colors, too.”

“Consumers want to be able to update flooring easily, so you’re seeing a shift from tile to LVT.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
EMERGING KITCHEN AND BATH DESIGN TRENDS

5 EMERGING DESIGN TRENDS IN 2019

1) DARK BLUE CABINETRY
2) BRUSHED BRASS HARDWARE
3) MODERN WHITE OAK FLOORING
4) TEXTURED COUNTERTOPS AND SURFACES
5) SMART KITCHEN FIXTURES AND APPLIANCES

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
DARK BLUE CABINETRY

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
“White and gray are still popular, but we’re seeing increasing demand for very dark blues.”

“See a shift to more color in kitchen cabinets, more demand for deep blues.”

“A shift from gray cabinets to deep, rich blue cabinets (like navy).”

“Accent colors in the kitchen are shifting from gray to blue.”

“Although interest in white painted cabinetry is still high, it is less popular than it had been and is being replaced by other colors such as gray and blue and more textured stained woods.”

“Blues are becoming stronger in design in cabinetry.”

“Navy cabinetry with brushed brass hardware is really hot right now.”

“Seeing a lot of demand for dark blue lowers and white upper cabinets.”

“Still a lot of white cabinets and subway tile, but I have seen a shift to incorporate blues and greens more so in the last 12 months than in previous years.”

“Navy cabinets are probably the most popular new color choice over the last year.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
BRUSHED BRASS HARDWARE

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
“Finally starting to see interests shift to brushed brass hardware.”

“Shifts are to brushed brass over the standard stainless.”

“Consumers are loving some of the new brushed brass finishes on the plumbing fixtures.”

“Matte brass is a common request, but we’re mixing it with stainless fixtures and appliances in the kitchen.”

“Shift from brushed nickel to more brushed, muted bronzes and brasses.”

“Shifts from cool metals to warm metals like brushed brass in cabinet hardware and faucets.”

“Gold tones are back...and being used in contemporary design now, too, not just traditional/classic. And it’s now OK to cross and combine styles...like traditional vanities with contemporary faucets. People are taking more risks.”

“Gold and brass finishes are becoming very popular, particularly on lighting fixtures.”

“Brushed brass is a great alternative to the original brassy color and adds a bit of ‘bling’ to the design without being overpowering.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
MODERN WHITE OAK FLOORING

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
“Dark wood floors are no longer being asked for, and we have had clients re-sand and lighten floors that are just a couple of years old.”

“Starting to see white oak come back.”

“Luxury buyers want wide-plank modern oak flooring.”

“Modern white oak is hot right now.”

“Wide-plank French oak with interest is going to be the next big flooring trend.”

“White oak flooring is coming back, but homeowners want lighter satin finishes.”

“White oak in a more Scandinavian style is gaining popularity.”

“Starting to see demand for lighter wood floors in the kitchen, more demand for white oak.”

“Consumers ask for wide-plank French oak because they saw it on HGTV, but it’s hard to get (special order).”

“High-end light oak flooring is getting hot.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
TEXTURED COUNTERTOPS AND SURFACES

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
Textured Countertops and Surfaces

“Granite is almost non-existent in the California market. Quartz and quartzite leather finish is really the hot ticket right now.”

“Countertops with a weathered look is becoming more in demand. The finish looks like ceruse.”

“A shift toward more texture, both visual and tactile, on surfaces.”

“The leathered countertop finish is going to be one of the next big trends.”

“Finishes are shifting some from gloss to matte on countertops.”

“People want the slate/soapstone look and, more importantly, feel without the maintenance.”

“We’ve seen a move from granite to quartz to ultra-compact surfaces and textured surfaces.”

“Quartz is the number-one countertop product now and we’re seeing growing demand for ultra-thin countertops and leathered finishes.”

“Consumers want the look and feel of real stone countertops without the maintenance, so we’re starting to see increased demand for texture on engineered surfaces.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
SMART KITCHEN FIXTURES AND APPLIANCES

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
“I've been using more induction cooktops in high-end homes where homeowners would previously have only considered gas.”

“Shift toward induction cooktops and away from gas. Seeing more demand for LED lighting.”

“Shift to much more lighting, especially LED. Shift to smart controls for lighting. Induction and steam ovens are also gaining in popularity.”

“Increased requests for steam ovens and induction cooktops.”

“More technologically advanced appliances (speed ovens, PITT cooking, etc).”

“Steam ovens and dual microwave/conventional oven combos are more popular.”

“High demand for steam ovens. General shift toward integrated smart-home technologies.”

“Seeing more demand for A/V components for smart technology.”

“More consumers are asking for smart-home technology and steam ovens.”

“There’s more interest in smart technology and products that are for living in place.”

“Technology is becoming the must-have in modern kitchens. Anything to save time and convenience is what consumers want.”

Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
KBMI METHODOLOGY

The NKBA / John Burns Real Estate Consulting *Kitchen & Bath Market Index (KBMI)* gauges the pulse of the kitchen and bath industry in the US. The KBMI is based on a quarterly survey of the NKBA membership conducted jointly by NKBA and John Burns Real Estate Consulting.

The NKBA membership base comprises thousands of industry professionals including remodelers, installers, fabricators, trades, kitchen designers, bath designers, interior designers, architects, planners, product manufacturers, cabinet makers, kitchen and bath product suppliers, wholesale distributors, manufacturers' representatives, dealers, retailers, showrooms and kitchen and bath e-tailers.

The KBMI is a diffusion index comparing weighted responses of NKBA members on three key aspects of their business: most recent quarterly sales; expectations about next quarter’s sales growth, and an overall perception of the health of the kitchen and bath industry.

The KBMI survey asks NKBA members to rate latest quarterly sales and next quarter sales expectations as “higher,” “the same” or “lower” than the same period in the prior year. NKBA members also rate the health of the overall kitchen and bath industry on a scale from 0 to 10; 0 being “extremely weak” and 10 being “extremely high.”

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<th>Number of Responses</th>
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<td>Current Sales</td>
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<td>Online Sales</td>
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Sources: NKBA; John Burns Real Estate Consulting, LLC (Data: Apr-19, Pub: May-19)
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 that would affect project marketability or success potential.

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

The future is difficult to predict, particularly since the economy and housing markets can be cyclical, as well as 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 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 do 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 there be such major shifts affecting 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.
Kitchen + Bath Market Index

Please contact any of us with questions, feedback or requests for more information.

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