

HOME SV PROS' EDITION













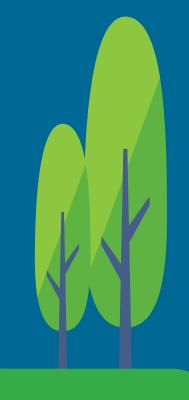




7.4% sales increase vs.

4.2% for independent businesses in places without such an initiative.





Independent hardware retailers return 2x more to local economies than big-box chains.





HOME SWEET HOME PROS' EDITION



The Purpose

To quantify the local economic impact when professional contractors, builders and trades people concentrate their purchases for a home improvement project through **local**, **independently owned businesses** versus national home center chains.

The Project



• Because a typical home building project involves a variety of both goods and services we used a "hypothetical project approach" to this research.

 The budget for this hypothetical home building project was \$1 million, divided as follows:

\$350,000

35% of overall project budget **Building Materials**

\$150,000

15% of overall project budget Hardware Supplies

\$50,000

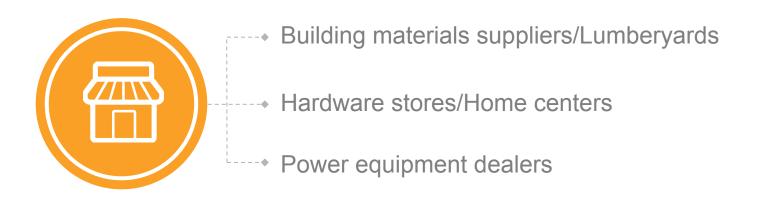
5% of overall project budget Power Tools/
Equipment

\$450,000

45% of overall project budget **Professional Fees/Labor**

The Merchants

For the purpose of this study we identified three retail sectors that contractors/builders might patronize for the goods needed to build a home of this scale.



Within these retail sectors, contractors/builders have two distinct choices – independently owned retailers and national chains.

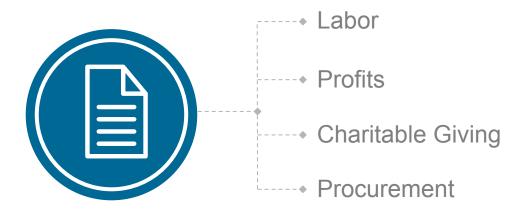


The Methodology

Has been developed and tested over years of related analysis by **Civic Economics**, which quantifies the actual proportion of revenue that is re-circulated into the local communities by both chain and independent retailers.

The Methodology

The lion's share of local economic impact generated by businesses is generally attributed to four categories...



In this study, Civic Economics examined the local economic impact generated by both independent LBM and tool retailers and chain retailers within these four categories.



The Results

Based on our findings we used real-world data from study participants to determine what percentage of each dollar spent on the different goods and services for our "hypothetical home building project" would end up being re-circulated in the local community.

We then compared these figures to the percentage of each dollar

Building Materials \$350,000

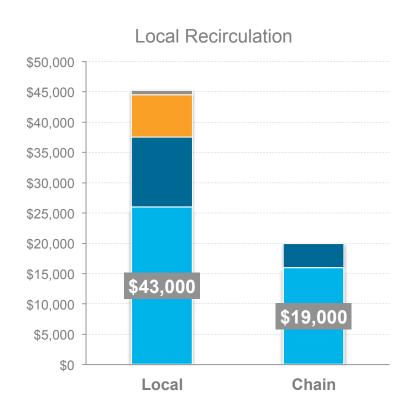


Of our hypothetical \$1 million project, our contractor/builder will need \$350,000 of building materials. This would include all of the lumber, millwork, concrete and various building related materials.

When purchased through locally owned merchants about \$75,000 remains in the local community, compared to only about \$39,000 when purchased from a chain.

An Additional \$36,000 Stays Local

Hardware \$150,000



Of our hypothetical \$1 million project, our contractor/builder will need \$150,000 of hardware items. This would include fasteners, builders' hardware, fixtures and more.

When purchased through locally owned merchants about \$43,000 remains in the local community, compared to only about \$19,000 when purchased from a chain.

An Additional \$24,000 Stays Local

Power Tools/Equipment \$50,000



Of our hypothetical \$1 million project, our contractor/builder will need \$50,000 of hardware items. This would include items that would be used in construction but across multiple jobs.

When purchased through locally owned merchants about \$12,000 remains in the local community, compared to only about \$5,000 when purchased from a chain.

An Additional \$7,000 Stays Local

Cumulative Impact \$550,000



At the end of the project, excluding labor costs, about \$550,000 would be spent on supplies.

If these expenditures were made at locally owned \$129,650 would stay in the local community.

If these same expenditures were made at chain stores, only **\$64,025** would remain in the local economy.

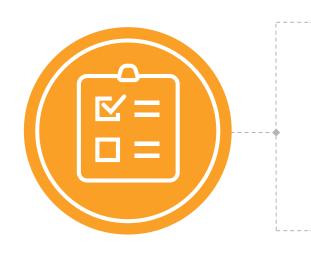
An Additional \$65,625 Stays Local



Conclusions

Conclusions

Every graph and every scenario illustrated the same outcome...



In our "hypothetical home building project" the builders/contractors would have spent comparable amounts whether with the biggest chains or the smallest independents. But of that spending, 51% more would remain in her community.

"The study found that purchasing building products and tools from locally-owned retailers keeps more than twice as much of that money in the local economy as identical purchases made at big-box chain stores."

Conclusions

How might that knowledge help communities grow and consumers make more informed decisions? Consider the following...



- Nationwide in 2016, a total of **\$243 billion** was spent on single-family residential construction in the private sector.
- Nationwide in 2016, a total of **\$243 billion** was spent on single-family residential construction in the private sector.
- If contractors shifted just 10% of those purchases to locally owned suppliers, hometowns would enjoy the benefits of an additional \$1.5 billion in economic activity.



Spreading the Word



Spreading the Word

Together, NRHA and Independent We Stand will utilize this information to engage in media outreach. We will also continue to provide retailers with tools they can utilize to inform consumers in their individual markets about the importance of shopping local.



Calculator

We wanted professionals to be able to easily see how their shopping decisions have a direct impact on the livelihood of their communities.

Independent We Stand has developed a calculator that will allow professionals to enter the amount of their annual purchases to see





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