



**The Results Are In!**  
**ASA's FINAL Quarterly Market Survey of 2023:**  
**What Are ASA Member's Forecasting for the New Year?**

Welcome to ASA's final Quarterly Market Survey of 2023!!

We're keeping it brief and simple this time with a look ahead at what ASA-member distributors think about market conditions in 2024.

Again, these are questions that fellow ASA-member distributors want to know the answers to.

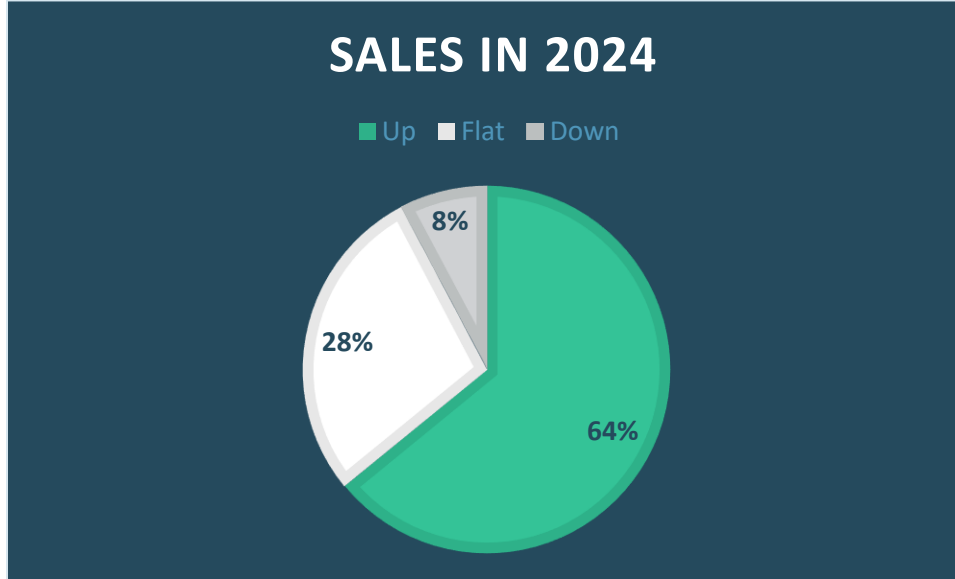
Some of the questions have been kept open-ended to allow for distributor elaboration, which enhanced the value of the report.

Your responses and identity have been kept strictly confidential.

Read the results now!

## How do you think your sales will be in 2024?

THE DISTRIBUTOR SAYS:



## What factors do you attribute in your response to question 1?

THE DISTRIBUTOR SAYS:

- I think there will be a fair amount of work in our market next year. HOWEVER, we have started to see invoicing outpacing orders written monthly. I anticipate a slower start to the year that will pick up as the weather improves. The unionized workforce shortage may constrain some planned construction.
- Less excess inventory in the pipeline. Manufacturers are getting better at managing labor. Manufacturers now use multiple sources for raw materials in the event of supplier issues.
- There are significant projects planned for our state.
- Opportunities in our space and STRATEGY.
- Always the intangible that we cannot predict. However, with EASING interest rates and the continued demand in housing and subsequent commercial projects that follow. We estimate a 3-5 % growth.
- Keep all employe, no cuts.
- Price increases to take effect in the early part of 2024. INDIVIDUAL strategy. Business remains consistent.
- Growth from acquisitions, increased share of wallet based on new product lines, and reorganization of the sales team.
- I just think things will have to slow down, we have been at a record pace for two years and can't imagine that continuing.
- Discussions with our larger customers and discussions with other distributors and manufacturers.
- Slowing economy, EPA regulations

- The slowdown of some projects due to the economy and interest rates and growth into some new areas will offset each other for a flat year compared to 2023.
- Increase in construction activity.
- Increased market share in plumbing parts
- Lower interest rates
- Market growth, expansion of tech, AI, mortgage stabilization
- More market share; SERVICE
- We had massive turnover/retirements in 2023 and I think we will be stabilized and can begin looking to grow.
- Favorable economic conditions, small price inflation investments made in 2023 that will contribute to 2024 sales growth.
- Normal market growth, small increase in residential construction, good commercial construction numbers
- Business softened in the first two quarters, recovering in the second two quarters.
- Continued 3-5% inflation.
- Slower growth
- High mortgage rates that effect new home sales; Inflation — price of construction goods (affordability of a home)
- Acceleration in sales due to destocking at distributor level, increased activity related to new residential construction, tied to potential interest rate changes in 2024.
- Focus on driving growth and all the tools and processes in place to support this effort.
- Q2 and Q3 were down quarters for us in 2023, but Q4 we started to experience a comeback. Also, with interest rate holding and the housing market continuing to tighten we expect movement.
- Increase in commercial work.
- Interest rate
- Inflation
- General business sentiment in our market area and evidence that inflation and interest rate increases are pressuring project costs.
- Regional deployment and infrastructure projects
- Intercompany factors include synergizing our product portfolio.
- Slowing business
- Housing shortage; Affordability of existing homes; softening of interest rates.
- We are in Columbus, Ohio. It's the fastest-growing city in the U.S. Construction never stops!

## What concerns do you have for 2024? Elaborate as much as possible.

### THE DISTRIBUTOR SAYS:

- Interest rates need to start coming back down as the pipeline dries up. I am concerned that a large project in our region will dry up the labor force and prevent other work from happening. Deflation in certain commodity markets is also worrisome. The geopolitical situation in the world is scary. If we are dragged into an overseas war, it could be devastating. Consolidation in the manufacturer, manufacturer rep market, and the wholesaler market is leaving less and less competition.
- Many manufacturer management teams are turning over to younger, less-experienced people while wholesalers are being forced to hire people with no experience, creating a burden on manufacturers' representatives to train both sides on the industry, the market, products, etc...
- Competition from large companies has ramped up somewhat in the state after being all but dormant the past few years.
- Concerns over the Fed continuing to increase interest rates and general economic slowdown caused by this.

- The concern is the ever-rising tension at home and abroad. Our country is filled with hate and disrespect for one another, and that concern can affect the construction industry. World events continue to escalate and could seriously damage the supply chain.
- The interest rate to build will cut a large part of the money to build commercial and industrial building.
- Slowing demand, smaller projects, ample available products throughout the market means a more competitive landscape.
- Traction of new products and timing from salesforce realignment. Recruiting and hiring also remain a concern.
- The economy is slowing down, interest rates are remaining high, wages are high also.
- Interest rates continue to slow down construction projects.
- Slowing economy — seeing the excess funds slow and the new construction slowing due to higher interest rates. The regulations on the HVAC side create many opportunities as well as challenges.
- Macro-economic conditions affecting projects, the residential housing market, the uncertainties of an election year.
- Our federal government's regulations.
- Residential housing market continues flat.
- Black swan events
- Election and uncertainty. Wars and multiple distractions for business.
- The vacancy rate in Chicago is increasing, and with interest rates rising, there will not be as many buildings going on in Chicago.
- I have concerns about the election year and the games the government will play with the economy. I have concerns about our labor and knowledge shortage, and the detriment the high interest rates are having on our profitability as well as future building projects.
- Unforeseen economic turbulence. Uncertainty around the election. Interest rate environment.
- Acquisitions, more of our customers continue to be acquired by private equity. I'm concerned they may take a national distribution agreement and cut out the local wholesalers.
- Interest rates are slowing down the economy, price sensitivity is increasing.
- Lack of labor. Fuel prices
- The election, uncertainty in international geopolitical activity, Ukraine, Taiwan, China, etc.
- Elections, extremist Republicans closing the government, inflation resurging, labor shortages with our customers.
- Interest rates. Election year
- The election and the results that come from an election.
- Political
- It will stay flat.
- Languishing inflationary and interest rate pressures; lack of skilled labor
- Election year, inflation,
- Economic concerns. Housing markets, rates, inflation.
- Dropoff in business, stock market drops off.
- Labor shortages. Housing affordability
- Supply chain! Can we get the product when we need it and will it be affordable? What with the increasingly frequent hurricanes due to the availability of PVC.

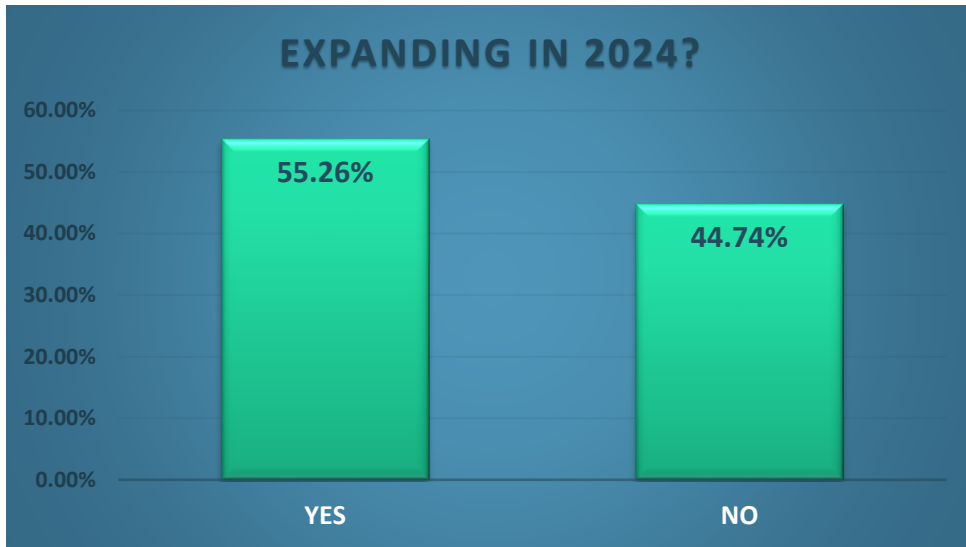
## What excites you about 2024 business prospects? Elaborate as much as possible.

### THE DISTRIBUTOR SAYS:

- I am excited to gain market share. We have a great young team that is looking forward to growth and I think we are outpacing our competitors in a few areas. We continue to have solid inventory, knowledgeable people and good reputation. We are investing in technology and people for the long haul.
- COVID is viewed as a nuisance now and trade schools are now able to fill the classrooms and have live classes. Tradeshows, counter-days and travel to wholesalers and contractors is opening up more.
- There is much capital investments coming into the state. The post-pandemic atmosphere has given way to normal commerce. We are all looking for normalcy.
- E-commerce opportunities
- I represent a good core of company in service and this market is growing.
- Our ability to create the right strategy to go-to-market training enhancements.
- New products and salesforce reorganization.
- Hoping to continue to grow and capture new customers and continue nurturing the relationships we do have.
- That the labor market seems to be improving, so finding additional talent should be possible. The number of larger projects our customers are quoting.
- The regulations on the HVAC side creates many opportunities as well as challenges. Could be a big opportunity for those that have KNOWLEDGE and training.
- Some new opportunities in key markets that we are strategically positioned to capitalize on.
- New product launches.
- Favorable trade rates to the dollar. Slow global economy creates market lulls that lower cost and allow for reset of goods.
- Locations outside of Chicago.
- Not much.
- It's a new year! Investments made in 2023 paying dividends in 2024.
- New product offering. Growing more into the PVF industry
- Onboarding and growth of two new companies acquired in the second half of 2023.
- Looking into geographical growth through acquisition.
- People with money are still buying
- There is business out there and we must go take our share.
- It finally seems COVID impacts are behind us, more normalcy has returned to the market. Also, I feel we can take advantage of the actions that competitors have taken.
- We have so much potential within our existing geography and with excellent employees, we will expand our business next year.
- Completing ERP changeover
- The amount of projects
- New industry in the area
- New products
- The eventual relief in costs from an improving inflation cycle and resulting reduction in interest rates.
- I am excited if rates/inflation come down in mid-2024.
- Should have time to consolidate market share.
- Growth of repair/remodel volume. Softening of interest rates
- We have huge opportunities for 2024 related to the construction boom in Columbus, Ohio.

## Do you plan to expand in 2024?

THE DISTRIBUTOR SAYS:



### ELABORATE:

- We are looking to purchase a supplier out of our immediate market to expand our footprint.
- Acquisitions, new products and expanding products to broader footprint.
- Acquiring a location
- Currently doubling warehouse square footage.
- Expanding into new states
- Opened a Milwaukee branch in late 2023 and looking to open another branch in early 2025.
- We plan to saturate our existing markets, but not physically buy/build a new location in 2024.
- New locations, new team members, potential acquisition
- 1 new location
- We will relocate to two locations, open a new one and potentially close on 3 acquisitions.
- We are adding additional human capital to our operations.
- Expanding the capacity at existing facilities and looking to buy small distributors.
- Always looking for acquisitions and new territories.
- Expand into vertical market segments and existing.
- Very active M&A funnel, new product development
- We'll add employees but not locations

## Do you plan on hiring more people in 2024?

THE DISTRIBUTOR SAYS:

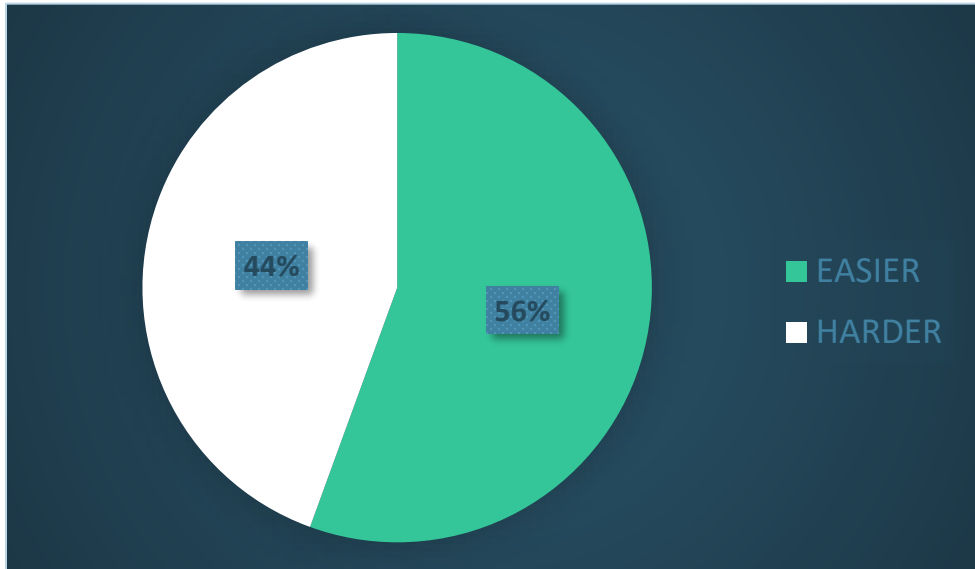


### ELABORATE:

- If we expand, we have no choice but to hire.
- Will hire as needed to fill areas of need.
- "Hunter" sales associates / corporate technical trainer
- Key investments in certain corporate functions to support growth.
- We plan on staying lean.
- Always looking for additional talent to replace our aging workforce.
- As sales continue to grow so does the need for added positions.
- More sales, operations
- Not until we see higher sales.
- We are hiring a sales manager, 2 inside sales, 2 outside sales, a dedicated outside sales for our showroom, and 2 drivers for our warehouse.
- Modest hiring in 2024 to support sales growth, new branch openings and digital investments.
- 2-5% increase in staff
- I will likely add 1 salesperson and 1 warehouse.
- We still have open needs and trying to grow and fill these needs
- We've hired and trained in 2023 to grow sales in 2024.
- When we open new locations.
- To support growth
- We expect that we'll grow by 25% or more due to the construction boom.

## Do you think it will be easier or harder to hire employees in 2024?

THE DISTRIBUTOR SAYS:



ELABORATE:

- I think people want to work with us, especially as our competitors change their philosophies and are becoming less relationship-focused.
- Mostly because we're fully staffed for the first time since 2019.
- Less available jobs / more challenging business conditions
- The labor market remains tight with low unemployment.
- Larger companies in our market have had layoffs or hiring has slowed.
- The talent pool is only growing and competitors treat their employees poorly. This creates an opportunity for us.
- Depends on the position and skill set needed.
- The same
- More companies are terminating people.
- We don't have much trouble finding qualified and motivated employees.
- Hasn't really been an issue to date.
- The workforce is still tight.
- 2023 candidates were superior to 2021 and 2022 candidates, also, salary requirements have also retreated modestly.
- Same since COVID.
- Millennials that want to work are scarce.
- Harder - tough job market



## What are your thoughts on more possible deflation in commodity pricing?

### THE DISTRIBUTOR SAYS:

- I am concerned anytime our inventory is developed. It is also a concern that nationals will use lower regional pricing in one area to gain an advantage in an area with higher market pricing.
- Hopefully it will be minimal, and we can continue to find creative ways to minimize the impact.
- Commodities will rise and fall as the market dictates. I believe much of the glut will even out (sell down) by the end of Q1.
- Good chance but will be slow.
- I believe deflation has reached its peak. If construction declines, then will see more pushback on pricing.
- The prices will not decrease, they will stay the same.
- Plastics, carbon, stainless still have some room on the downside / copper could increase with the EV market.
- We experienced deflation most of 2023 and expect it to occur in parts of 2024.
- I think we will see some but not to the extent of the large increases of the past few years.
- We will handle it as it comes. Out of our control.
- We do see the possibility of deflation on commodities continuing, however, with the political uncertainties around the world, things could quickly change and have upward pressure on commodity pricing.
- If it happens it will be temporary.
- It helps us with the supply chain costs for metals.
- It is already here in certain categories.
- We are seeing it now with steel and copper tubing.
- I think deflation has largely ended in the commodity space, but the year-over-year impact will be felt at least through Q3 2024.
- I think it will hit bottom soon and return to normal 3-5% increases per year.
- If business levels do retract in the first half of 2024, you could see some deflation.
- PVC pipe is very concerning.
- I expect some but not a lot.
- Do not like that it devalues our inventory. It will ride up or down based on the demand.
- Wary but know it is coming.
- Doesn't have a huge impact on us.
- I see it as a likely continuing headwind.
- Deflation is still around and will be for another year or so.
- While this would be welcome, stagflation and/or deflation could cause damage to our economy and negatively impact business activity.
- I fully expect to see more deflation on items outside of plastics.
- I believe costs are stabilizing with mild inflation that should be covered with moderate price increases.
- Hope it happens but I don't think it will.

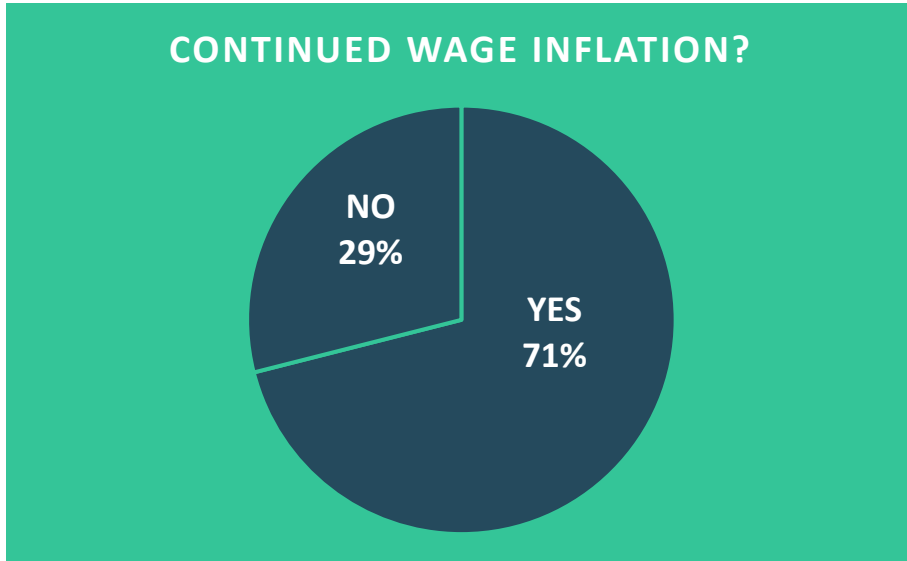
## Thoughts on commercial construction conditions? Are you seeing more mega-projects vs. small / medium-sized projects?

### THE DISTRIBUTOR SAYS:

- Right now, in our area there is a mega project. The smaller commercial work (schools, multifamily) is being quoted, and hopefully the labor force can accommodate it.
- I think commercial construction will increase in 2024. I think a lot of the new projects that were put on hold due to COVID have started breaking ground this year and will start or complete builds in 2024.
- It will greatly depend on means of finance. Those with funds will move forward and those having to borrow will move forward with more caution. I think as interest rates decline, small projects will continue, and mega-projects will commence as planned.
- Medium-sized projects.
- Less big project. same amount on medium-size project
- Overall, commercial construction conditions have remained strong / solid backlog heading into 2024 / smaller, medium-sized construction projects throughout our footprint.
- NO, a significant part of business, but seeing small to mid-size projects.
- We do mainly residential.
- We have both large and small projects being quoted.
- Seeing smaller/medium-sized projects continued to the move. Mega projects that have been in the works for multiple years are still moving, but we aren't seeing new mega-projects come up.
- Our area of the country continues to see the announcement of more mega-projects; however, our backlog is primarily filled with small to medium projects.
- Due to the commercial construction, we have been able to maintain our revenues. A lot of multifamily buildings are being built.
- Still strong through 2024 with tech projects that are beyond the economic system.
- Seeing more medium projects
- We are seeing more small and governmental projects (jails, municipal buildings, local school buildings), and less large "mega" commercial projects.
- Yes. Infrastructure money is beginning to make its way to the project board. Waterworks and electrical investments appear to be leading the way.
- In our market, we are seeing more medium-sized projects.
- No change here both areas are fairly active.
- Mid-sized projects
- I see more medium-sized projects.
- We align more with residential, so we feel that multifamily and single family will improve in 2024, slightly.
- We locally have all size projects and see that that will continue to the last quarter in 2024.
- In our area... all sized projects are ongoing
- Small
- There has been a slowing of projects (across all sizes) and more cost engineering activity lately as project owners rationalize their investment and returns.
- Pockets of commercial projects will stay strong - smaller to medium-sized projects.
- Construction is booming in every size market. We have two mega projects related to tech in central Ohio and the city is expected to grow from 3 mil to 7 mil in the next 5-7 years. That means housing, schools, shops, etc.

## Will there be continued wage inflation?

THE DISTRIBUTOR SAYS:

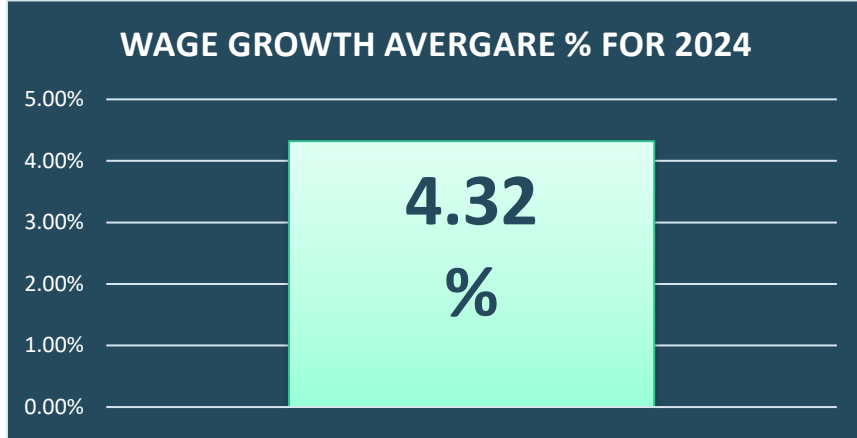


### ELABORATE:

- To get good people you need to pay them. We will need people.
- Wages are up now.
- Yes, as the choice candidates rise to the top so do their compensation.
- We returned to normal merit conditions in 2023.
- To keep good workers, yes
- Wages will always go up if COLA is increasing.
- While we see the inflation slowing, we feel there will be upward pressure from many of the larger 2023 union contract outcomes.
- With less candidates entering the labor pool, wages will continue to increase.
- But at a lower % increase
- I think wages have leveled off. Companies cannot continue to pay their staff more and stay in business.
- I think the market has equalized.
- I think it will level out in 2024.
- I think we've weathered that storm.
- With profits being tighter, wage increases will also tighten.
- Yes, but not at the same rate as previous years.
- People will try, but we will not buy into it. We use the ASA compensation reports for all positions.
- When you find a young, viable person willing to work, you must pay top dollar to keep them.

## What are you forecasting for wage growth in 2024?

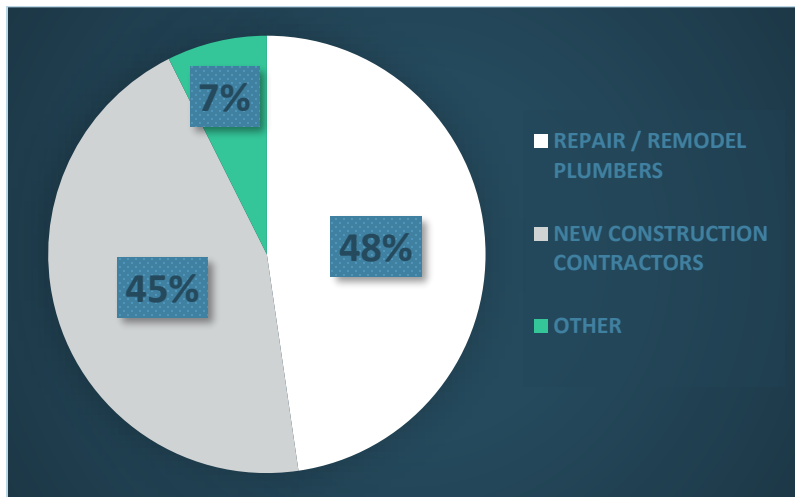
THE DISTRIBUTOR SAYS:



The average wage growth is projected at 4.32% for the year 2024.

## What percentage of your business goes to repair / remodel plumbers vs. new construction contractors?

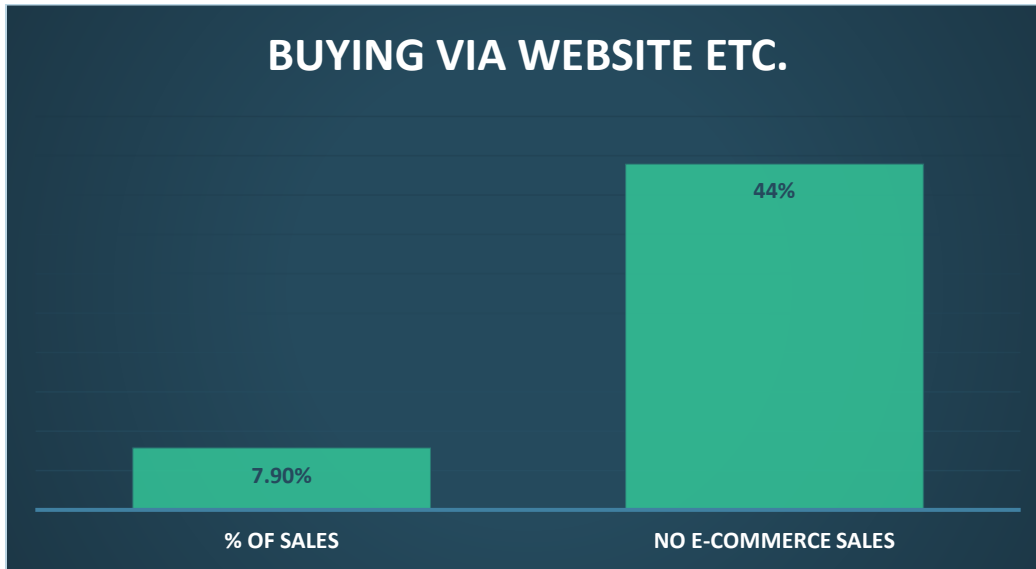
THE DISTRIBUTOR SAYS:



## What percentage of your contractors are buying through your website or e-commerce site vs. traditional order entry means?

THE DISTRIBUTOR SAYS:

**7.9%** is the average amount of sales respondents reported being made through web or e-commerce avenues. **44%** reported they had no sales and/or web/e-commerce sales presence.



## What do you think the impact of product inflation / deflation will be on 2024 sales?

THE DISTRIBUTOR SAYS:

- Minimal and limited to certain product lines.
- We saw some product deflation in 2023. We hope that was the brunt of it. We were able to do some creative negotiating between manufacturers and wholesalers to come to an amicable resolution.
- Minimal. If we were not affected greatly after the past year-and-a-half of rampant inflation, we would be affected as much as it goes down.
- We are looking at 2.5% or more.
- Inflation slows the building trade. Deflation slows profitability.
- Inflation will growth by 2-3% because of the gas and interest rates.
- While we might continue to see some deflation on commodities, overall, inflation should have a positive impact in 2024. We are seeing varying increases set to take effect at the start of the new year.
- Flat to deflation.
- A flattening of sales

- I think they will balance each other out and be a wash.
- It will hurt the end user's ability to spend.
- From a macro perspective, it will have downward impacts on 2024 sales.
- Flat sales year over year. The increase can be attributed to increased market share.
- Positive. Most products will see modest increases which will help sales numbers.
- We will ship more weight and have less sales.
- Sales decreases
- Depending on exposure to commodities I expect it to be neutral to deflation of 1.5%.
- 3% increase
- Minimal
- Price sensitivity
- Price increase has normalized. Little impact.
- I do not think it will vary dramatically. I see more predictability.
- Modest but real, hard to quote a %.
- Minimal
- A negative impact due to commodity pricing.
- Inflation
- Could be positive since we had significant price erosion already in 2023.
- I think this will be a minor impact - 2-4%
- 2024 will grow regardless of product pricing. Again, Columbus is the fastest-growing city in the US. We see expansion going on for the next 7-10 years. We need the product regardless of the cost.

## How will your inventory investment change in 2024?

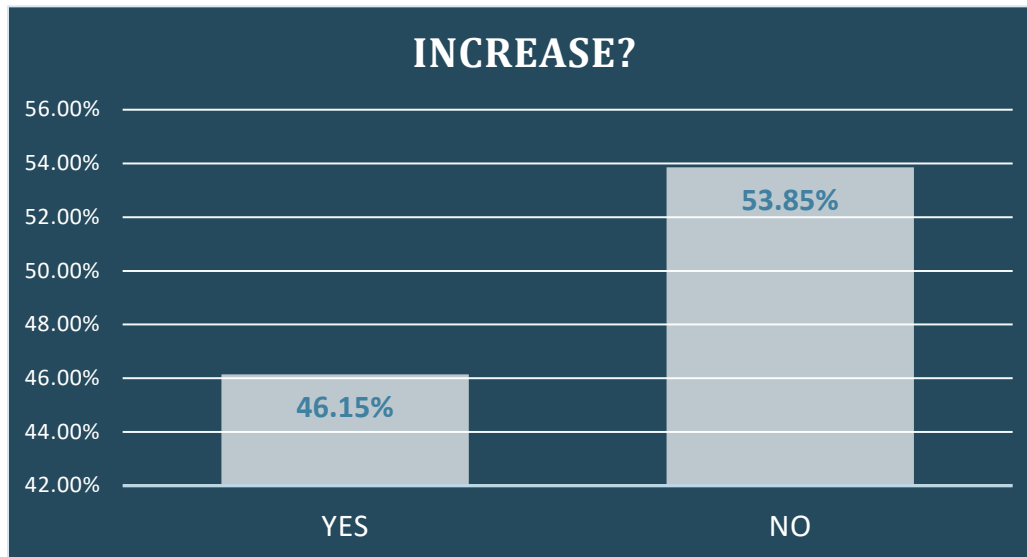
### THE DISTRIBUTOR SAYS:

- We may increase to service the large projects we anticipate happening. We hope to make money on the fill-ins and the emergency situations that arise.
- We maintain a high inventory position as it is. That will not change, but any fluctuations will be driven by project purchases.
- Should be stable and will adjust as needed.
- Balance inventory. Evaluate expenditures.
- I will keep a little bit more in stock, to make sure I serve my customer properly.
- Overall, flat. This is after decreasing our inventory investment quite dramatically in 2023.
- We are planning on reducing inventory.
- We expect it to remain about the same, which is about 20% lower than 2022.
- I hope to decrease our carrying inventory value due to improvements in lead times.
- Lowering the baseline level of inventory to be more in comparison to 2019.
- By improving supply chains, we will be looking to scale back on inventory held.
- Minimal changes
- It will be about the same. We have not seen a lot of price increases coming down the pipe for 2024.
- Increase
- Level
- Hoping to keep our inventory dollars the same while offloading deadstock and increasing high-turn items.

- It will decline.
- We are going to scrutinize our inventory purchases more in 2024.
- Remain stable.
- We will be careful with PVC and other deflating inventory.
- Inventory levels will climb slightly as we meet new demand.
- We were aggressive in 2023 reducing the inventory dramatically from the supply chain catching up. We still have some heavy lifting but see more normal purchasing behavior out of us.
- We plan to adjust based on sales trends; in some cases, we have already done that heading into 2024.
- Remain the same.
- Will probably shrink.
- Stay the same.
- Remain the same.
- No changes anticipated unless a product line is added or deleted.
- Keep it tight!
- Flat
- We expect it to grow by 20-25% because we'll need more products on hand to meet client demands.

## Do you expect to increase your capital expenditures in 2024?

THE DISTRIBUTOR SAYS:



ELABORATE:

- We have invested so much since COVID. It is time to finetune and get the investments of the last four years working well.
- We be purchasing a couple trucks next year, and there are a couple of necessary facility upgrades coming up, too.
- Continue to expand.
- Pretty flat budget for cap ex.
- Investments focused on trucks and improvements to operational productivity.
- We are having to invest for continued growth over the next 3-5 years.
- 2023 was the building expansion. 2024 will be considerably less.
- Will be about the same.
- We need some new trucks as well as exterior building maintenance.
- New branches, refurbing branches and digital investments.
- Office and warehouse upgrade at an acquired company
- Expenditure will be steady.
- 2023 we made unusually heavy long-term investments that we don't plan on repeating in 2024.
- Rebuilding a couple of branches that need larger facilities.
- Maintain the current expenditures.
- Investing in more capacity
- To keep up with our growth
- We expect more inventory, so we need more warehouse space.