



Manufacturers Hit by Housing Fallout

Sectors touched by real estate and residential construction performed the worst last year, study finds.

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Businesses involved in real estate and residential construction have been hit hard in the past twelve months. According to manufacturing industries data released by Raleigh, North Carolina-based financial analysis provider Sageworks, furniture sales were down 6 percent, and other wood product manufacturing was down 6 percent, while cement and concrete product manufacturing were down 5 percent. Auto parts suppliers were suffering as well, with sales falling .19 percent.

"Any business in or around real estate or residential construction is having difficulty, and that has been the case for probably the last year," said Sageworks CEO Brian Hamilton, who found the results unsurprising. "It stacks up neatly, nicely, and consistently with what we read each day in the news."

The drivers behind successful companies were more difficult to pin down. Machinery for agriculture, construction, and mining was up nearly 17 percent, semiconductors and other electrical components were up 9 percent, and navigational, measuring, electromedical, and control instruments were up almost 9 percent. Medical equipment and supplies also remain strong at about 8 percent.

While these sectors haven't escaped unscathed from the recession, the results suggest that the demand for these products buffered these manufacturers from the effects of the recession.

"It's related to businesses, products, and services people need independent of the economic climate," Hamilton said. He expects the retail sector will be the fastest to recover from the downturn, while industries related to real estate and residential construction will be the last to come back.