



HOME REMODELING & REPAIR SURVEY

FIRST QUARTER 2009

2008 was a tumultuous year for the U.S. economy and specifically for the housing market. As expected, our business saw declines in requests for moving services, architects, and designers. Perhaps less expected, ServiceMagic.com grew service requests by 27 percent in 2008 and continues to grow in 2009.

What's driving this growth? According to an analysis of 1 million home improvement requests, the new economy appears to be changing home improvement choices, rather than depressing the industry overall.

We believe homeowners now realize they may be in their current residence longer. This means they are addressing smaller, more affordable projects that increase the "live-in" value - their own enjoyment - of their home. For example, rather than undertake a major kitchen remodel, homeowners are turning to low-cost/high-return projects such as countertop replacements.

Additionally, we saw growth in service requests for:

- Repair and maintenance
- Energy efficiency improvements
- Home theater, hot tubs & awning installations – projects that boost "staycation" appeal

In addition to the home improvement project data, ServiceMagic.com is also sharing results of our exclusive consumer and professional sentiment polls. This additional survey reports optimism for this year and beyond. Many homeowners who said they postponed a remodeling project are considering doing it in 2009 and the majority of service professionals are optimistic their businesses will perform better this year.

We look forward to providing our reports more regularly to offer a unique look at home improvement industry trends,

Best regards,

Craig Smith

PURPOSE

ServiceMagic.com is the nation's leading website connecting homeowners to prescreened, customer rated contractors. With more than four million service requests from homeowners in 2008, ServiceMagic.com is providing valuable data to the public in terms of how home project spending trends have changed in both overall size and scope, as well as specific categories of projects that have seen increases and decreases due to the decline in economic conditions.

NOTES ON DATA

In preparing our data for this release, we accounted for variations of data in order to present a clear picture of how the home improvement landscape is changing.

- 01 ServiceMagic.com experienced 13% overall growth in service requests from homeowners in Q1 2009 over Q1 2008. All regional- and category-specific data contained in this report were normalized to account for this growth, unless otherwise stated.
- 02 Due to point-in-time variations such as seasonality, all data presented here presents a First Quarter '08 vs. First Quarter '09 comparison unless otherwise indicated.
- 03 This report is separated into two parts:
 - a. The index (data) from ServiceMagic.com
 - b. Results from a survey of 517 homeowners and 375 service professionals, conducted in April 2009

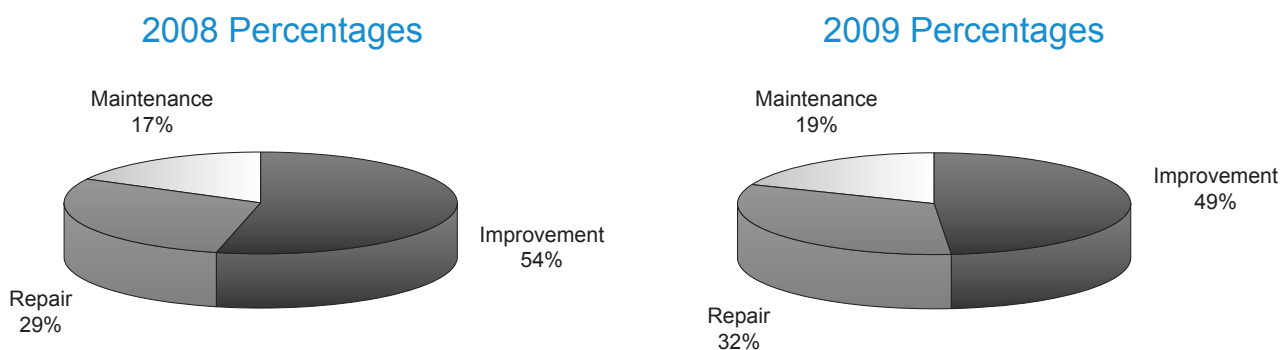
NATIONAL SUMMARY

Overall, we're seeing data trends and survey results that indicate homeowners now see their homes as lifestyle-enhancers and longer-term investments – more so than perhaps they originally planned when they purchased it. They want to increase the “live-in” value of their home for their own enjoyment – not just because they want to increase their property value. They are investing in their homes *for themselves*.

Not only are homeowners more interested in maintaining and repairing their current home, but they continue to invest in smaller components of remodeling projects as well as green or energy-efficient initiatives.

This is supported by:

- 01 A stark rise in projects that indicate a smaller remodel mind-set. Countertop projects have risen dramatically (39%) nationally while major kitchen remodels are down 19%.
- 02 Homeowners are still investing in their homes as evidenced by the significant rises in the repair categories, such as heating, air conditioning and plumbing.



- 03 Another bright spot in our home improvement data is energy-efficient or “green” projects. We've seen increases in insulation and solar requests, as well as extremely high interest in a new task - the home energy audit. The home energy audit greatly increased activity in the home inspection category. Combined, these trends reflect the homeowner's enthusiasm for energy efficiency and willingness to take advantage of cost savings and tax breaks associated with these investments.

Recently, ServiceMagic.com began asking homeowners whether they'd be interested in learning how their home projects can be made environmentally friendly and/or energy-efficient. 46% of homeowners indicated they want to learn more about that option.

- 04 Also in alignment with the concept that more homeowners want to increase their enjoyment of their homes, we've seen a surprising increase in certain categories some might consider “luxury” items, such as:
 - a. Hot Tubs, Spas and Saunas
 - b. Audio/Visual & Computers – perhaps taking advantage of lower prices on HDTVs and other media center components

NATIONAL SERVICE REQUESTS

ServiceMagic.com received 4.2 million service requests from homeowners in 2008. The following lists shows changes in requests, comparing Q1 '08 to Q1 '09. As previously mentioned, the largest shifts are seen into components of remodels instead of complete remodels (e.g. countertops instead of a complete kitchen remodel), and increases in some repair categories.

Top Increases in Service Requests

Home Inspection	+101%
Awnings	+76%
Audio Visual & Computers	+50%
Countertops	+39%
Glass and Mirrors	+35%
Paving	+31%
Fireplace and Wood Stoves	+30%
Heating & Furnace Systems	+28%
Septic Tanks and Wells	+28%
Insulation	+26%
Carpet & Upholstery Cleaning	+26%
Pest Control	+26%
Garage and Garage Doors	+22%
Window Coverings	+21%
Appliances	+17%
Air Conditioning	+15%
Plumbing	+15%
Furniture Repair & Refinish	+13%
Mold & Asbestos Services	+11%
Sheds and Enclosures	+11%
Tree Service	+10%

Top Decreases in Service Requests

Moving	-38%
Architects and Engineers	-29%
Windows	-29%
Designers and Decorators	-28%
Organizers	-28%
Waste Material Services	-28%
Handyman Services	-27%
New Home Builders	-25%
Rental Services	-25%
Additions	-19%
Remodel-kitchen	-19%
Remodel-basement	-19%
Locksmith	-17%
Cleaning and Maid Services	-17%
Remodel-other	-14%
Landscaping	-14%
Remodel-Sunroom	-13%
Painting	-13%
Drywall & Plaster	-11%
Carpenters	-11%
Remodel-Bathroom	-10%



REGIONAL DATA

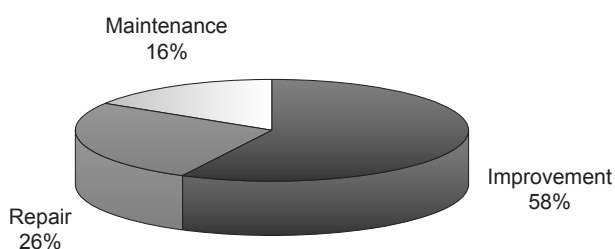
Great Plains

Great Plains Region Overall Service Request Activity - Q1 2009 over Q1 2008: +18%

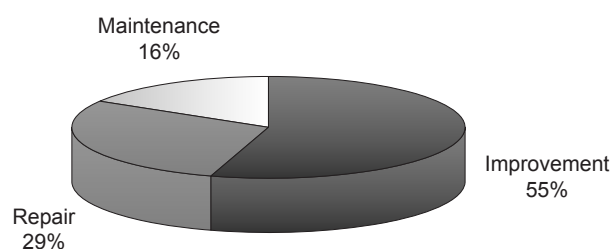
Great Plains Summary:

- The Great Plains region, somewhat insulated from the declining housing market, reflects the highest increase nationwide in home improvements, repairs and remodels
- Homeowners focused heavily on discretionary items such as Hot Tubs/Spas/Saunas, Audio/Visual and Decks, indicating improvement of their homes for their own satisfaction
- The Great Plains region had the highest number of categories that saw significant (more than 20%) increases

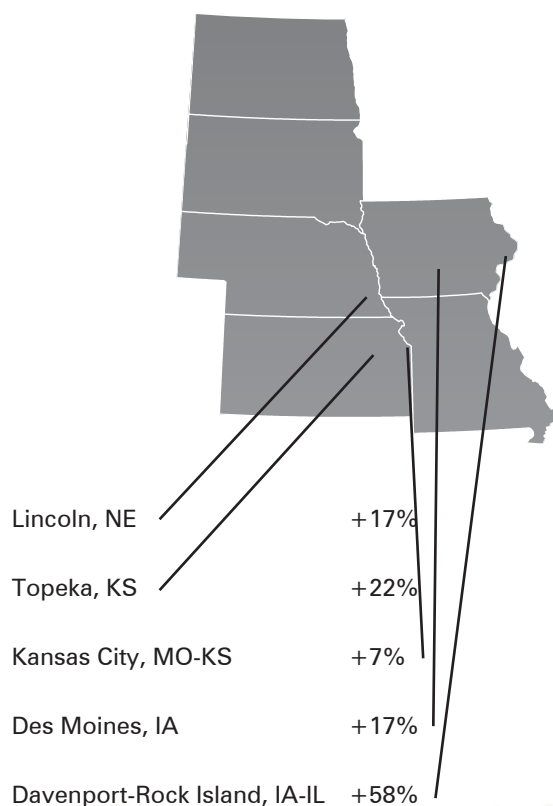
2008 Percentages



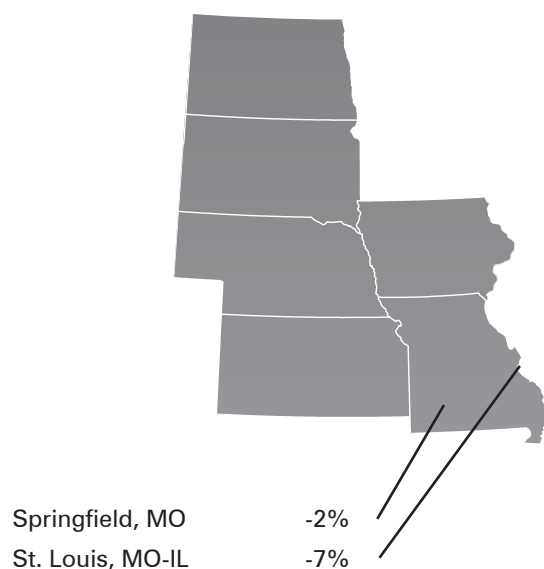
2009 Percentages



Top cities in Great Plains region showing increase for service requests



Top cities in Great Plains region showing decrease for service requests



Great Plains Summary of Service Requests:

Increases of 20% or more

Countertops	+113%
Home Inspection	+102%
Audio Visual & Computers	+99%
Glass & Mirrors	+71%
Hot Tubs & Saunas	+57%
Decks	+56%
Furniture Repair & Refinish	+54%
Pest Control	+52%
Fans	+52%
Fireplace & Wood Stoves	+50%
Garage & Garage Doors	+46%
Septic Tanks & Wells	+45%
Disability Services	+44%
Heating & Furnace Systems	+42%
Flooring & Carpet	+42%
Plumbing	+40%
Cabinets	+36%
Siding	+35%
Air Conditioning	+34%
Appliances	+33%
Tile	+32%
Insulation	+31%
Mold & Asbestos Services	+27%
Paving	+26%
Fences	+25%
Carpet & Upholstery Cleaning	+24%
Foundations	+24%
Doors	+22%
Carpenters	+22%
Shed & Enclosures	+22%
Concrete	+22%

Decreases of 20% or more

Moving	-46%
Home Security Services	-23%
Windows	-20%

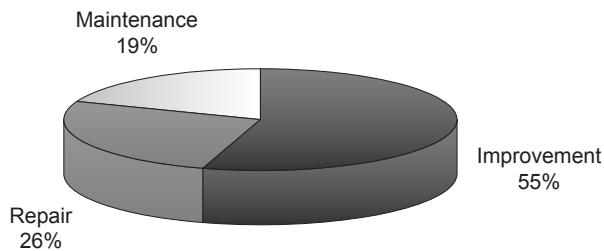
Deep South

Deep South Region Overall Service Request Activity - Q1 2009 over Q1 2008: +8%

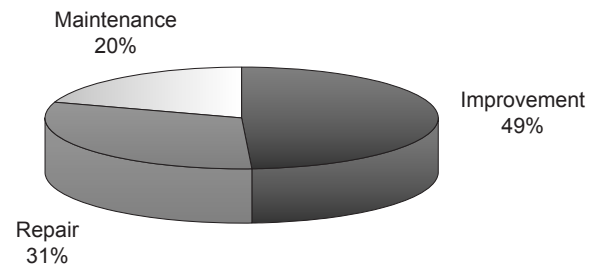
Deep South Summary:

- Plumbing requests showed a 36% increase
- With a 59% increase in audio/visual, people in the Deep South invested heavily in home theaters
- The area shows heavier increases in requests for air conditioning install/repair as well as fireplace/wood stoves

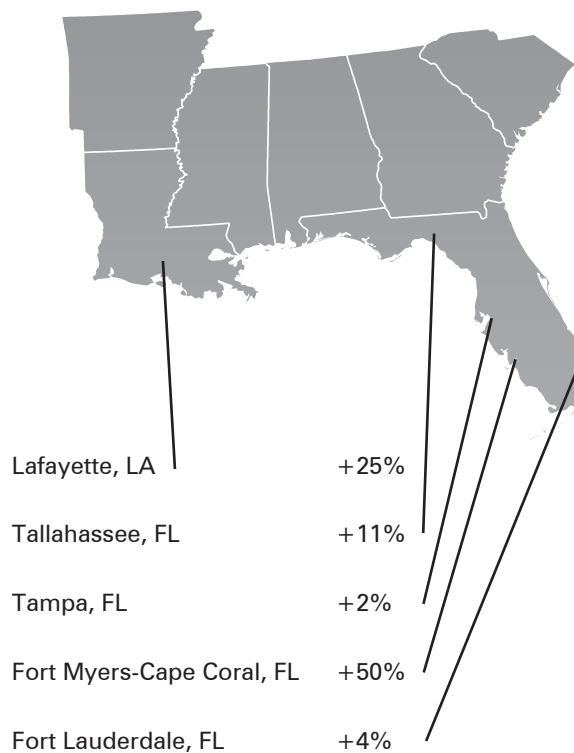
2008 Percentages



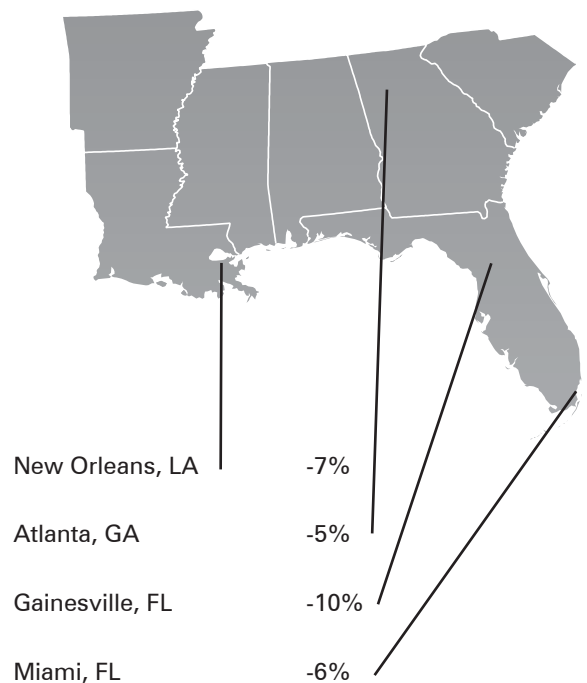
2009 Percentages



Top cities in Deep South region showing increase for service requests



Top cities in Deep South region showing decrease for service requests



Deep South Summary of Service Requests:

Increases of 20% or more

Home Inspection	+69%
Audio Visual & Computers	+59%
Fireplace & Wood Stoves	+51%
Air Conditioning	+48%
Insulation	+48%
Glass & Mirrors	+46%
Septic Tank & Wells	+46%
Countertops	+44%
Window Coverings	+41%
Carpet & Upholstery Cleaning	+40%
Pest Control	+40%
Plumbing	+36%
Paving	+34%
Garage & Garage Doors	+30%
Furniture Repair & Refinish	+26%
Appliances	+22%

Decreases of 20% or more

Moving	-41%
Organizers	-35%
Architects & Engineers	-27%
Remodel-Basement	-27%
Windows	-26%
Waste Material Services	-26%
Handyman Services	-24%
New Home Builders	-22%
Designers & Decorators	-21%
Rental Services	-20%
Excavation	-10%

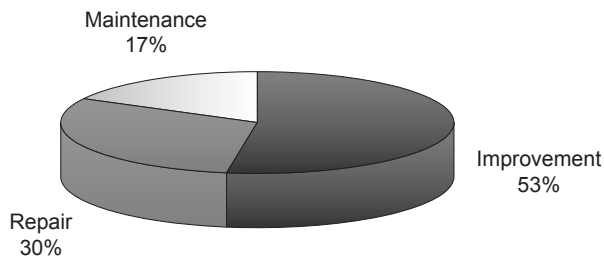
Midwest

Midwest Region Overall Service Request Activity - Q1 2009 over Q1 2008: +7%

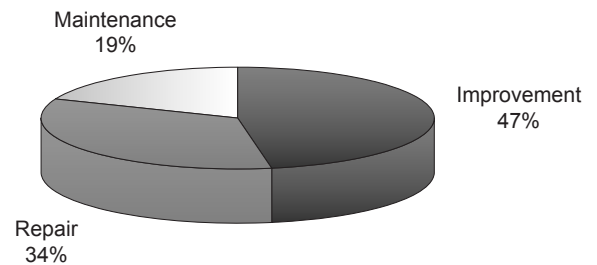
Midwest Summary:

- Requests for tree service professionals rose dramatically, along with other outdoor projects such as paving, sheds, lawn care and roofing
- The increase in countertop requests is nearly double the decrease in general kitchen remodels
- Homeowner service requests in Detroit rose an adjusted 11% quarter/quarter. Like Las Vegas, Detroit was one of the earliest markets to be hit by the foreclosure crisis

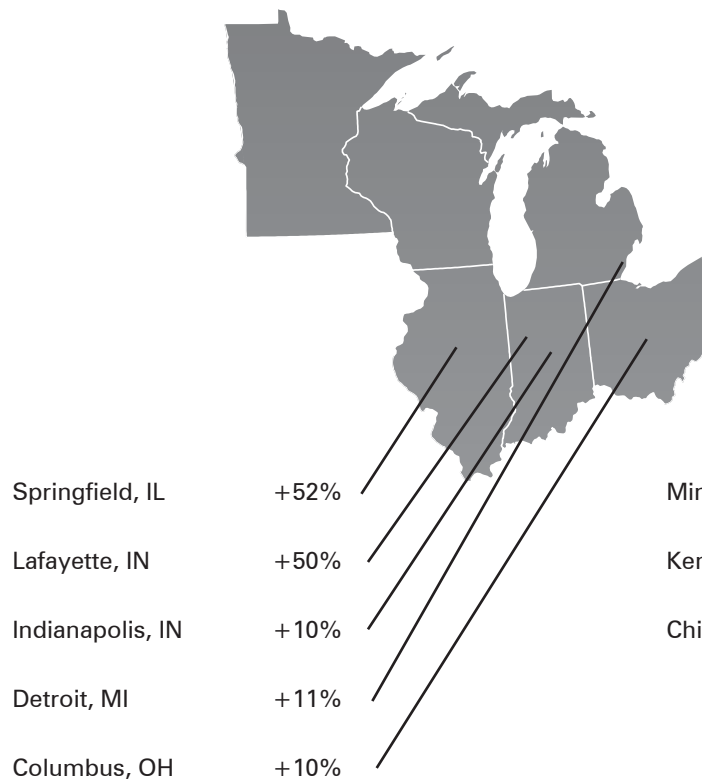
2008 Percentages



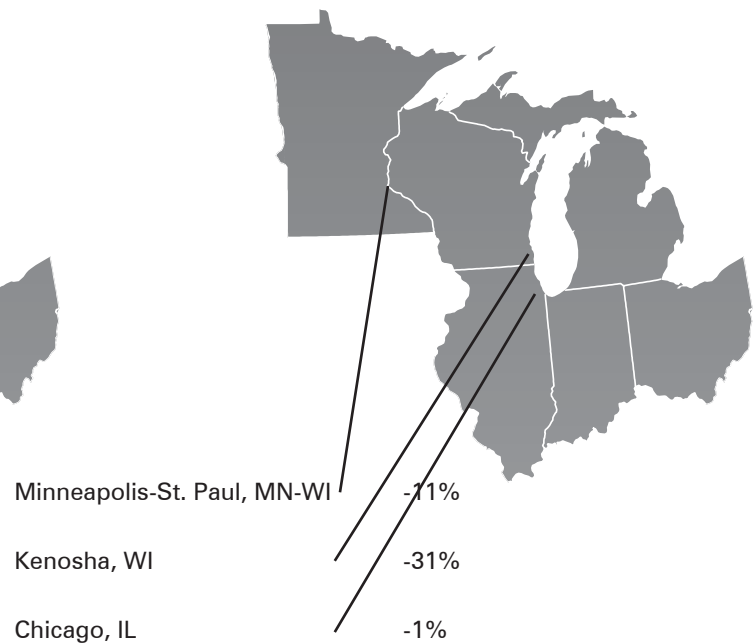
2009 Percentages



Top cities in Midwest region showing increase for service requests



Top cities in Midwest region showing decrease for service requests



Midwest Summary of Service Requests:

Increases of 20% or more

Home Inspection	+123%
Awnings	+71%
Tree Service	+56%
Paving	+44%
Countertops	+43%
Audio Visual & Computers	+42%
Insulation	+42%
Sheds & Enclosures	+39%
Fireplace & Wood Stoves	+36%
Fans	+35%
Pest Control	+31%
Heating & Furnace Systems	+28%
Foundations	+28%
Garage & Garage Doors	+26%
Glass & Mirrors	+26%
Appliances	+26%
Gutters	+24%
Carpet & Upholstery Cleaning	+24%
Concrete	+24%
Mold & Asbestos Services	+24%
Roofing	+22%
Lawn & Garden Care	+21%

Decreases of 20% or more

Moving	-39%
Rental Service	-28%
Snow Removal Service	-28%
Windows	-28%
Designers & Decorators	-25%
Remodel-Kitchen	-25%
Organizers	-24%
Remodel-Basement	-23%
Additions	-23%
Locksmith	-23%
New Home Builders	-22%
Architects & Engineers	-21%

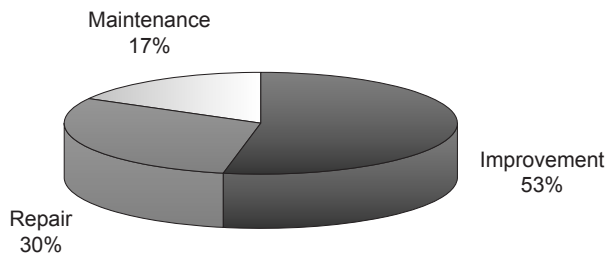
Southwest

Southwest Region Overall Service Request Activity - Q1 2009 over Q1 2008: -1%

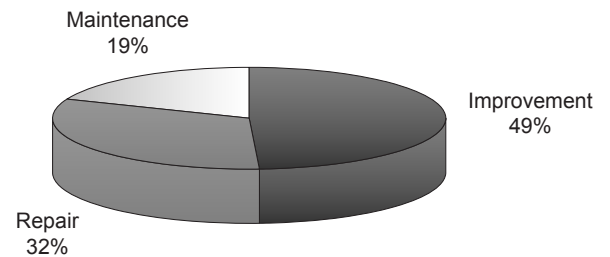
Southwest Summary:

- The Southwest is not as heavily impacted in the general remodeling categories as other regions
- The moving category showed the biggest decline
- The designers/decorator category also suffered significantly

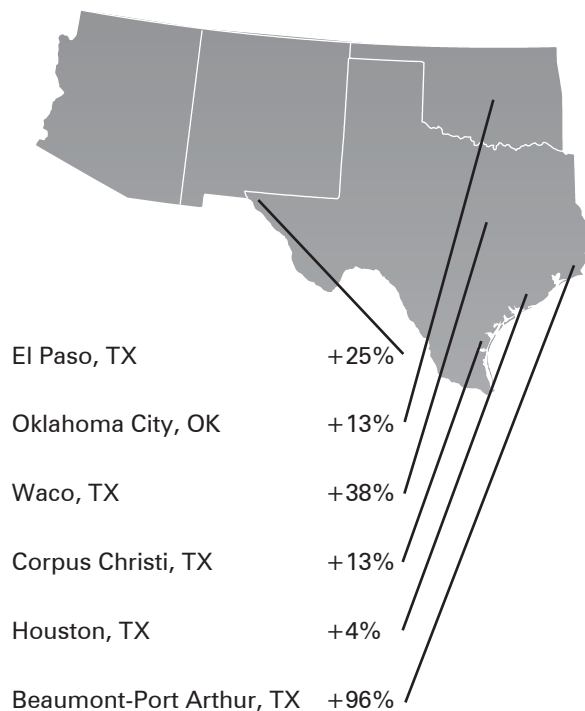
2008 Percentages



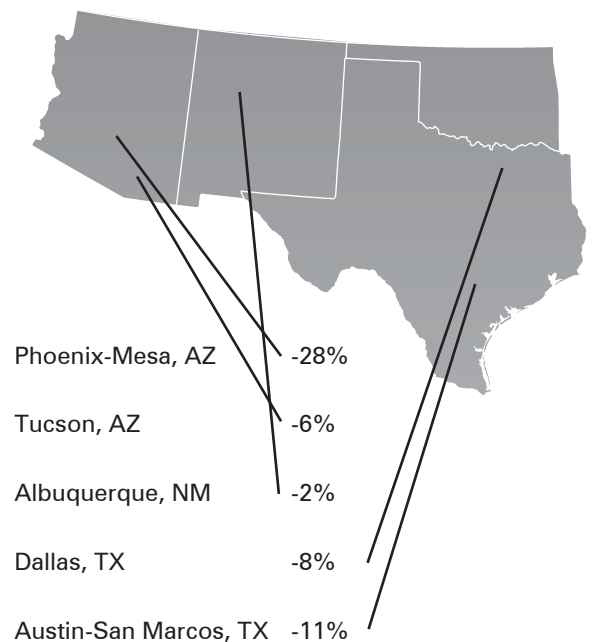
2009 Percentages



Top cities in Southwest region showing increase for service requests



Top cities in Southwest region showing decrease for service requests



Southwest Summary of Service Requests:

Increases of 20% or more

Home Inspection	+76%
Awnings	+46%
Audio Visual & Computers	+44%
Sheds & Enclosures	+32%
Glass & Mirrors	+29%
Countertops	+28%
Air Conditioning	+24%
Fireplace & Wood Stoves	+23%
Window Coverings	+23%
Pest Control	+21%
Insulation	+20%
Carpet & Upholstery Cleaning	+20%

Decreases of 20% or more

Moving	-41%
Windows	-35%
Waste Material Removal	-34%
Rental Services	-31%
Designers & Decorators	-26%
Handyman Services	-25%
Remodel-Sunroom	-21%
Locksmith	-21%
Painting	-21%



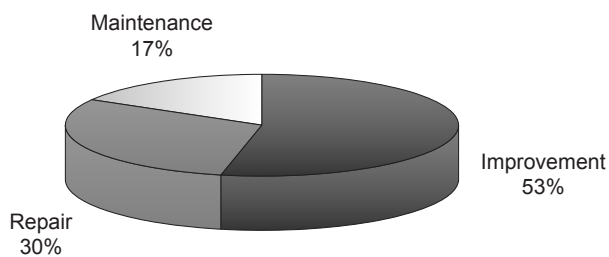
Upper South

Upper South Region Overall Service Request Activity - Q1 2009 over Q1 2008: -1%

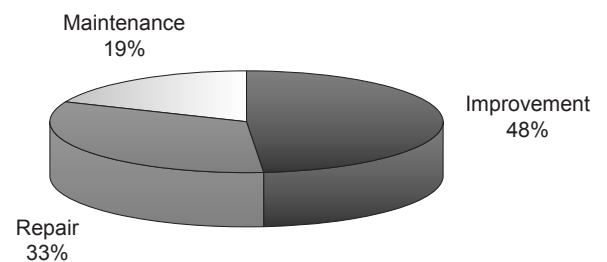
Upper South Summary:

- People in the Upper South appear to be staying put, with heavy decreases in the moving, home building and architect categories
- They're investing heavily in countertops, insulation and audio/visual

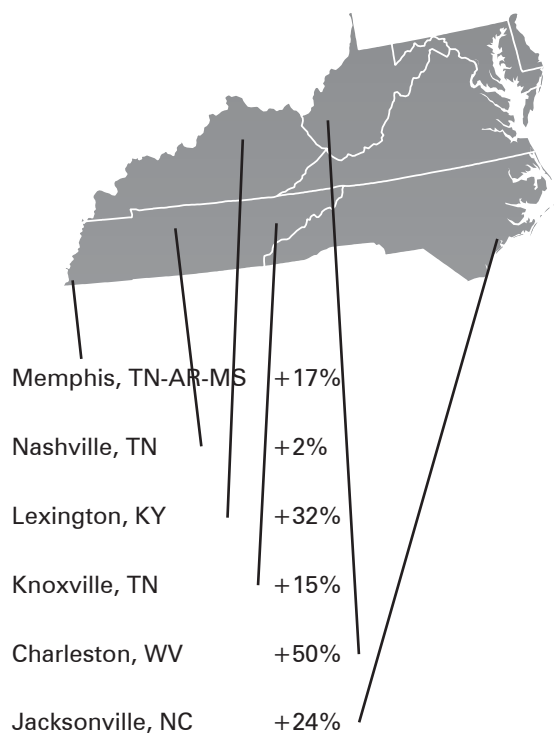
2008 Percentages



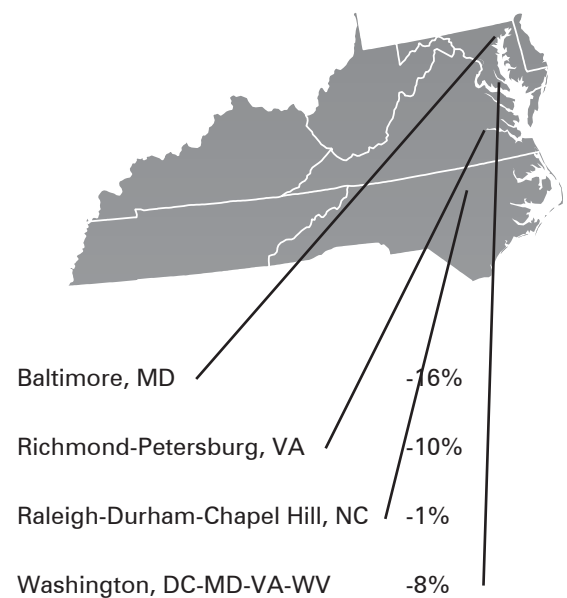
2009 Percentages



Top cities in Upper South region showing increase for service requests



Top cities in Upper South region showing decrease for service requests



Upper South Summary of Service Requests:

Increases of 20% or more

Home Inspection	+139%
Fireplace & Wood Stoves	+65%
Audio Visual & Computers	+44%
Insulation	+48%
Heating & Furnace Systems	+45%
Countertops	+38%
Carpet & Upholstery Cleaning	+35%
Glass & Mirrors	+33%
Pest Control	+33%
Paving	+28%
Air Conditioning	+25%
Septic Tanks & Wells	+25%
Appliances	+24%
Mold & Asbestos Services	+23%

Decreases of 20% or more

Moving	-38%
New Home builders	-31%
Architects & Engineers	-30%
Handyman Services	-28%
Waste Material Removal	-26%
Rental Services	-26%
Designers & Decorators	-23%
Remodel-Kitchen	-21%
Landscaping	-21%
Windows	-21%

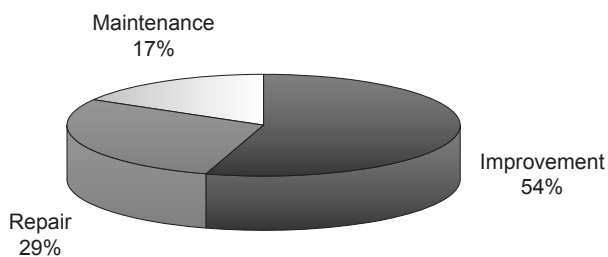
Northeast

Northeast Region Overall Service Request Activity - Q1 2009 over Q1 2008: -3%

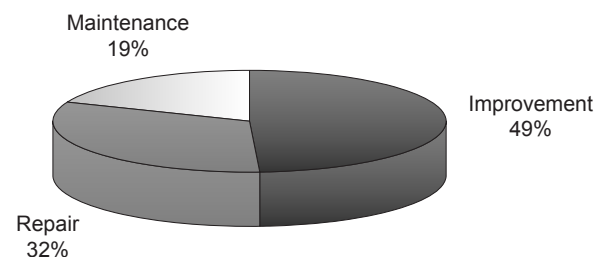
Northeast Summary:

- Heavily impacted by seasonality, the Northeast saw a huge increase in weather-related requests including heating and snow removal
- Other maintenance and repair items are a priority such as garages, appliances and paving

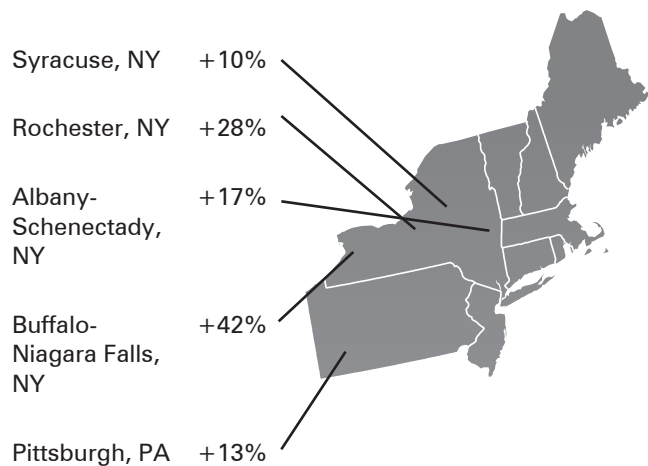
2008 Percentages



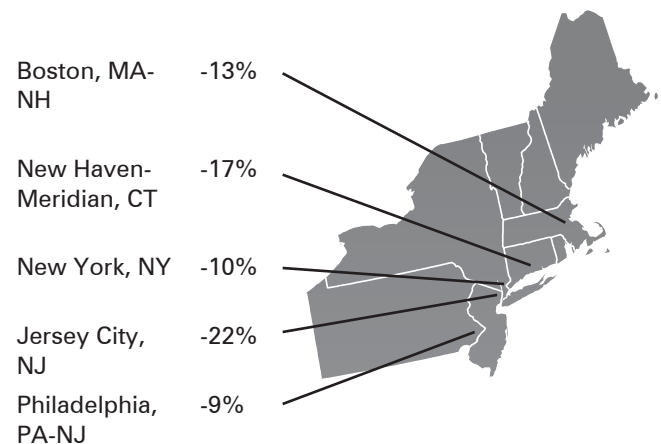
2009 Percentages



Top cities in Northeast region showing increase for service requests



Top cities in Northeast region showing decrease for service requests



Northeast Summary of Service Requests:

Increases of 20% or more

Home Inspection	+148%
Snow Removal Service	+80%
Audio Visual & Computers	+57%
Paving	+44%
Glass & Mirrors	+39%
Countertops	+32%
Septic Tanks & Wells	+24%
Garage & Garage Doors	+23%
Heating & Furnace Systems	+23%
Appliances	+20%

Decreases of 20% or more

New Home Builders	-36%
Designers & Decorators	-34%
Architects & Engineers	-33%
Handyman Services	-33%
Moving	-30%
Waste Material Removal	-29%
Additions	-28%
Windows	-28%
Remodel-Other	-27%
Organizers	-26%
Remodel-sunroom	-26%
Remodel-Kitchen	-26%
Locksmith	-25%
Renal Services	-24%
Foundations	-24%
Carpenters	-22%
Landscaping	-21%
Cleaning & Maid Services	-21%

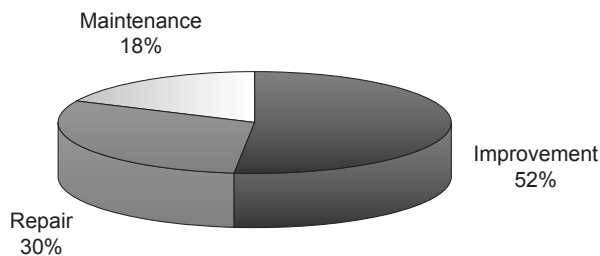
Mountain

Mountain Region Overall Service Request Activity - Q1 2009 over Q1 2008: -9%

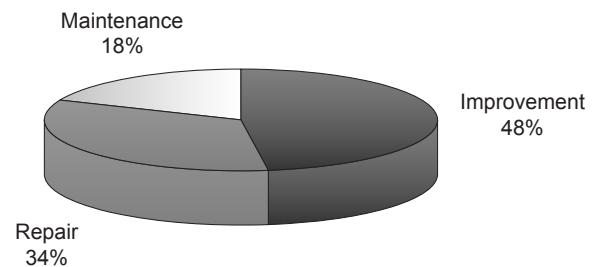
Mountain Summary:

- The unadjusted rate for service requests shows a 13% increase in Las Vegas, a market heavily-impacted by foreclosures
- Decline in general remodeling categories
- Homeowners are focusing on surface enhancements such as countertops, garage doors, carpet & upholstery cleaning and window coverings

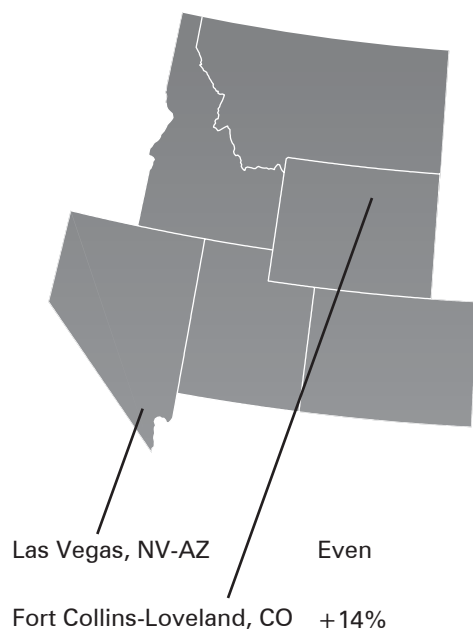
2008 Percentages



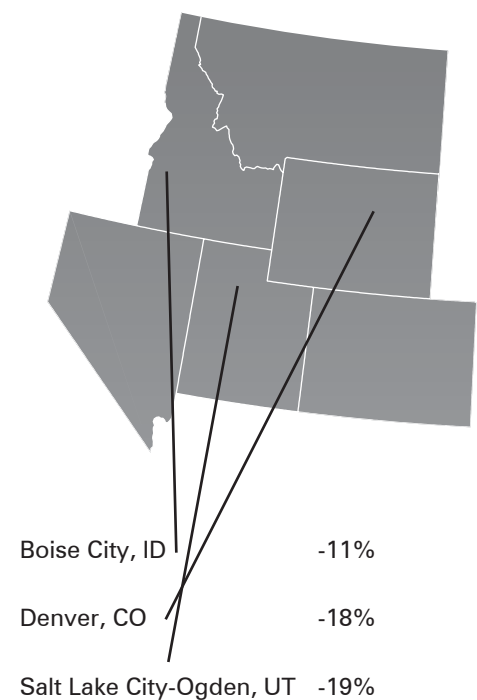
2009 Percentages



Top cities in Mountain region showing increase for service requests



Top cities in Mountain region showing decrease for service requests



Mountain Summary of Service Requests:

Increases of 20% or more

Home Inspection	+76%
Septic Tanks & Wells	+40%
Audio Visual & Computers	+38%
Countertops	+35%
Glass & Mirrors	+32%
Window Coverings	+31%
Awnings	+25%
Pest control	+22%

Decreases of 20% or more

Snow Removal Service	-67%
New Home Builders	-43%
Organizers	-40%
Moving	-40%
Architects & Engineers	-36%
Remodel-Sunroom	-35%
Windows	-34%
Additions	-32%
Designers & Decorators	-30%
Locksmith	-30%
Gutters	-29%
Fans	-26%
Ceilings	-24%
Cleaning & Maid Services	-23%
Rental Services	-23%
Remodel-Basement	-22%
Carpenters	-22%
Remodel-Kitchen	-21%
Air Conditioning	-20%
Waste Material Removal	-20%
Decks	-20%

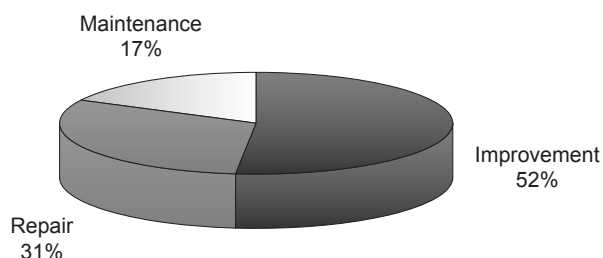
Pacific

Pacific Region Overall Service Request Activity - Q1 2009 over Q1 2008: -14%

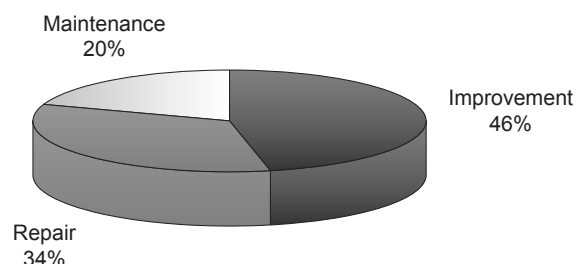
Pacific Summary:

- Deeply impacted by the troubled housing market, the Pacific Region is the only region to show a decline in real ServiceMagic homeowner service requests (-1%, -14% adjusted)
- However, homeowners in the Pacific Region matched the national enthusiasm for countertops and home audio/visual projects
- The Pacific Region shows the largest number of categories in decline

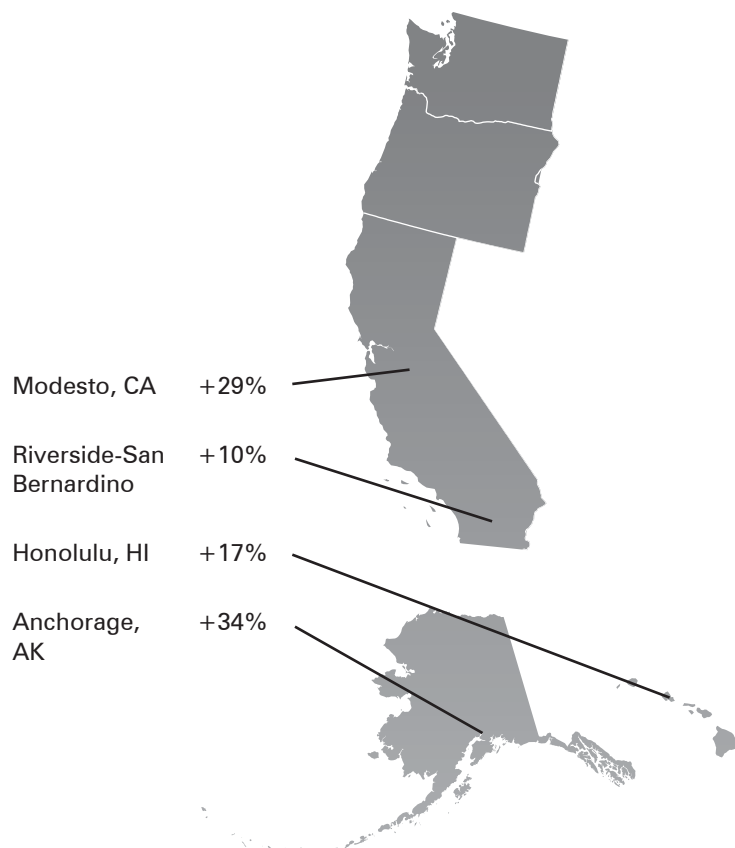
2008 Percentages



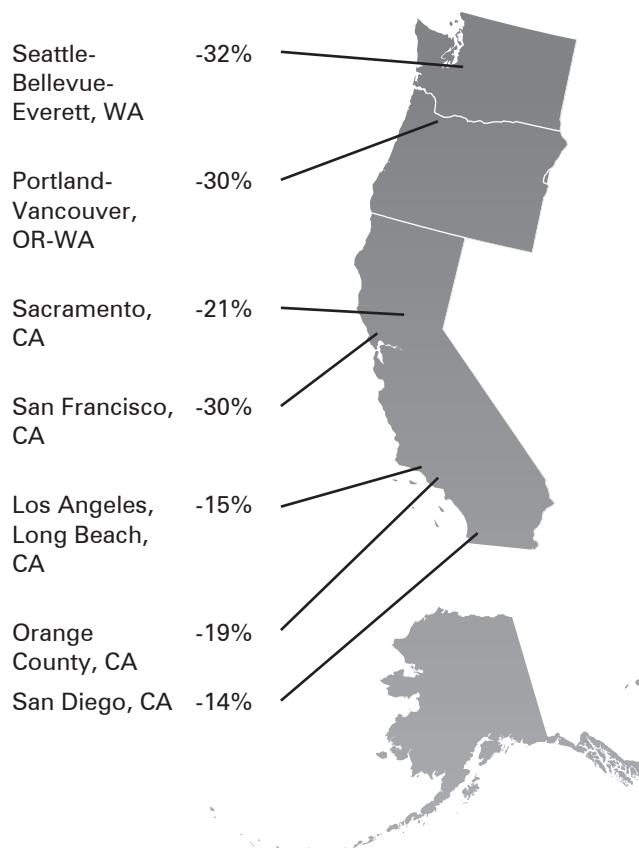
2009 Percentages



Top cities in Pacific region showing increase for service requests



Top cities in Pacific region showing decrease for service requests



Pacific Summary of Service Requests:

Increases of 20% or more

Home Inspection	+66%
Countertops	+38%
Audio Visual & Computers	+37%
Awnings	+34%
Glass & Mirrors	+31%
Septic Tanks & Wells	+27%
Carpet & Upholstery Cleaning	+26%
Pest Control	+22%
Window Coverings	+22%
Garage and Garage Doors	+22%

Decreases of 20% or more

Snow Removal Service	-51%
Architects & Engineers	-43%
Organizers	-40%
Remodel-Other	-40%
Designers & Decorators	-40%
Windows	-38%
Fences	-37%
Waste Management Removal	-36%
Roofing	-35%
Additions	-35%
Handyman Services	-34%
Skylights	-33%
New Home Builders	-32%
Siding	-32%
Decks	-31%
Moving	-31%
Remodel-Kitchen	-30%
Remodel-Bathroom	-29%
Cleaning & Maid Service	-28%
Drywall & Plaster	-26%
Rental Service	-25%
Disaster Recovery Service	-25%
Remodel-Sunroom	-24%
Carpenters	-24%
Landscaping	-23%
Demolition Service	-23%
Brick & Stone	-23%
Foundations	-23%
Concrete	-21%
Painting	-20%
Lawn & Garden Care	-20%



SERVICEMAGIC CONSUMER SURVEY - APRIL 2009

01 Do you feel better about your home being a secure investment than you did three months ago?



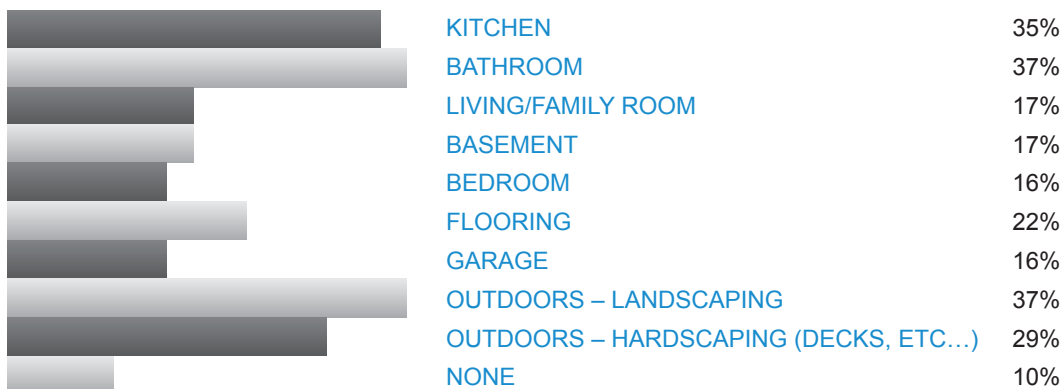
02 Are you more or less likely to put money into property value-increasing home improvement projects home now vs. twelve months ago?



03 Are you more or less likely to put money into property value-increasing home improvement projects home now vs. three months ago?



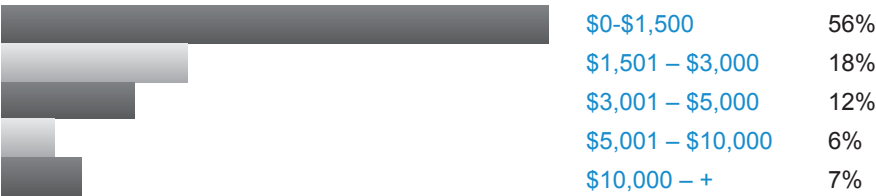
04 Choose up to three rooms you would like to address within the next year:



05 What room(s) of your home are you most likely to give maintenance attention to in the next 6-12 months? (Choose up to three)



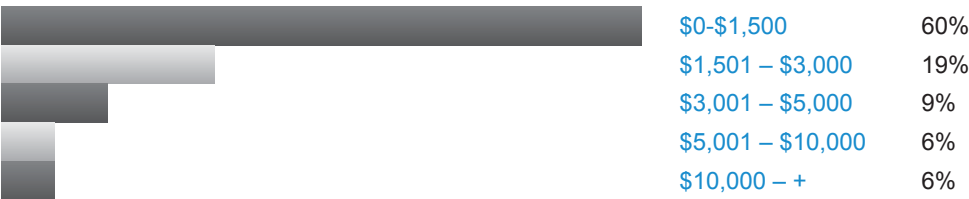
06 For this maintenance project, what price point do you anticipate spending:



07 What room(s) of the home are you most likely to repair in the next 6-12 months? (Choose up to three)



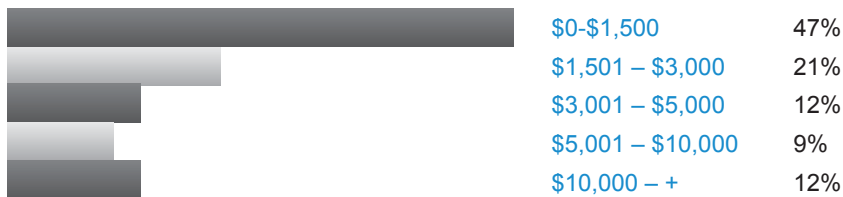
08 For this repair project, what price point do you anticipate spending:



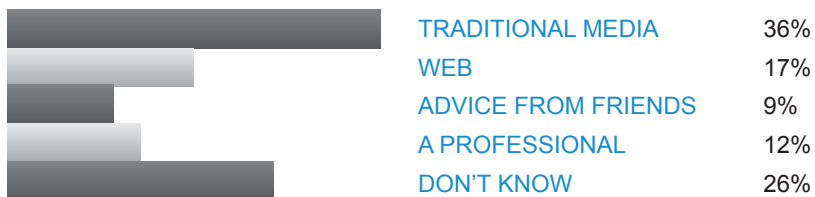
09 What room(s) of the home are you most likely to remodel in the next 6-12 months? (Choose up to three)



10 For this remodel project, what price point do you anticipate spending:



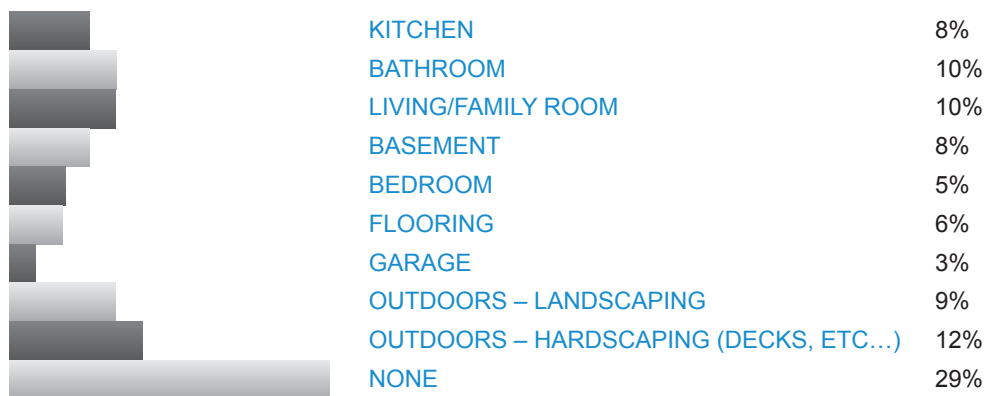
11 Where do you get inspiration for home projects?



12 What part of the home are you most likely to postpone giving attention to all together? (Choose up to three)



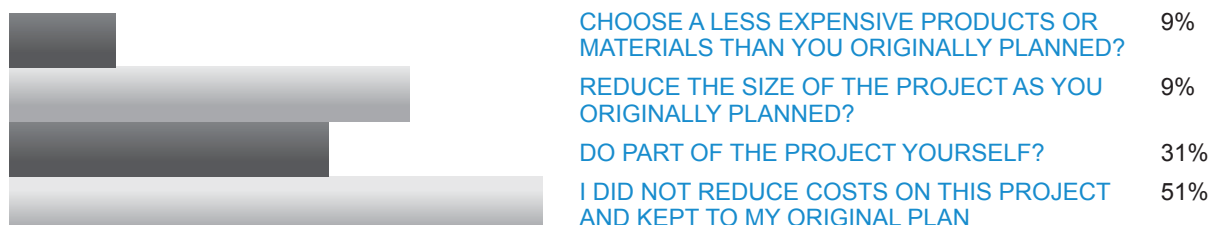
13 Did you complete a home improvement project in the last year in one of the following areas of your home?
(Choose up to three)



14 For this 2008/2009 home improvement/repair/maintenance project, what was the total cost of your project:



15 For this project, IF you reduced costs, did you:



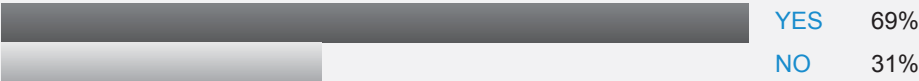
16 Did you postpone a home repair project last year?



17 What area of the house was the repair project you postponed?



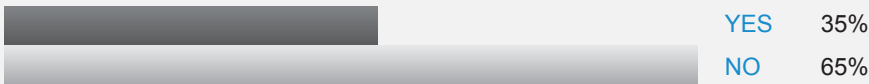
18 Are you more likely to consider doing that home repair this year?



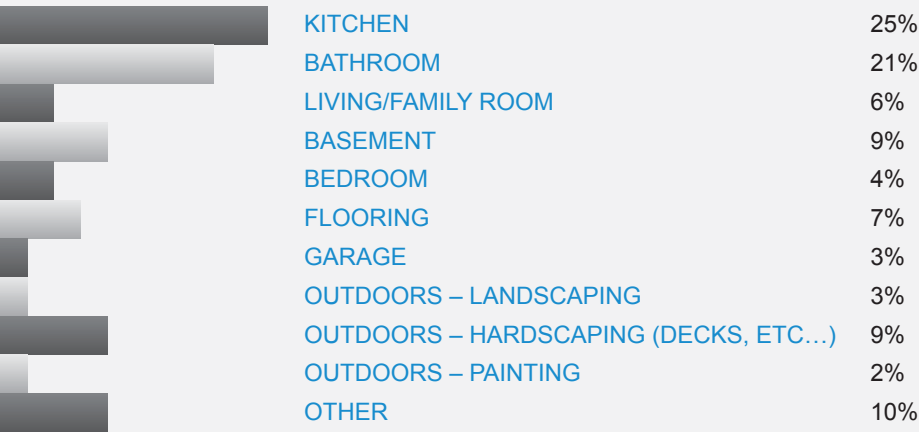
19 Are you more likely to consider a home repair project in 2010 vs. 2009?



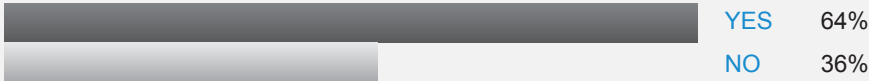
20 Did you postpone a home remodel project last year?



21 What area of the house was the remodel project you postponed?



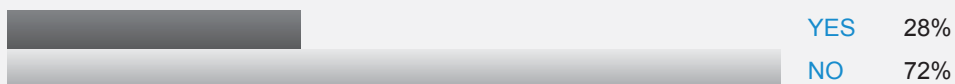
22 Are you more likely to consider doing that home remodel project this year?



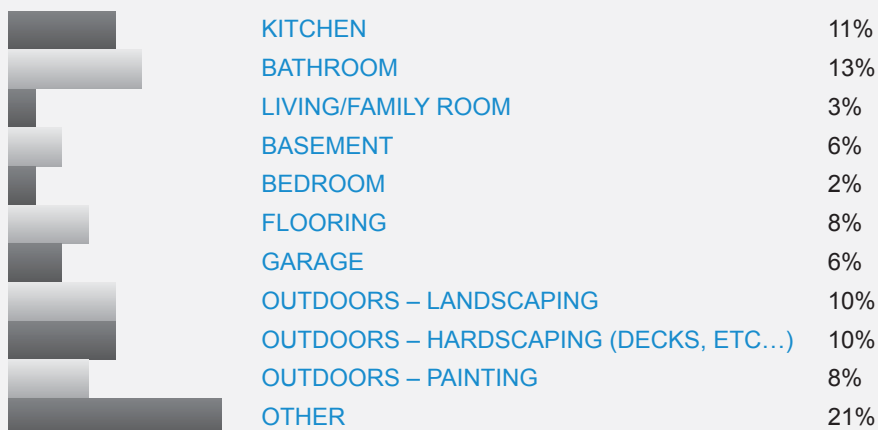
23 Are you more likely to consider a home remodel project in 2010 vs. 2009?



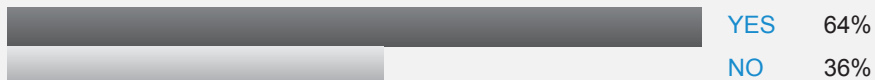
24 Did you postpone a home maintenance project last year?



25 What area of the house was the maintenance project you postponed?



26 Are you more likely to consider doing that home maintenance project this year?



27 Are you more likely to consider a home maintenance project in 2010 vs. 2009?



SERVICEMAGIC SERVICE PROFESSIONAL SURVEY - APRIL 2009

01 Has your business seen a drop in total revenue in the last 12 months?



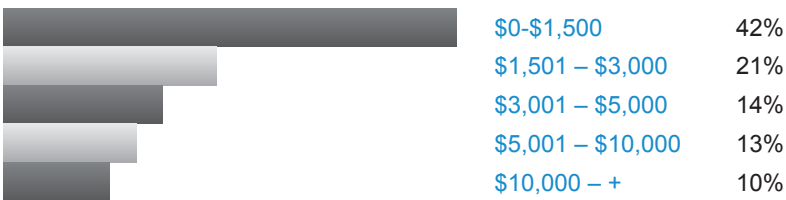
02 Do you think the decrease in revenue is primarily the result of the economy?



03 Where are the majority of clients putting their money for repair work?
(responses from those who indicated a preference)



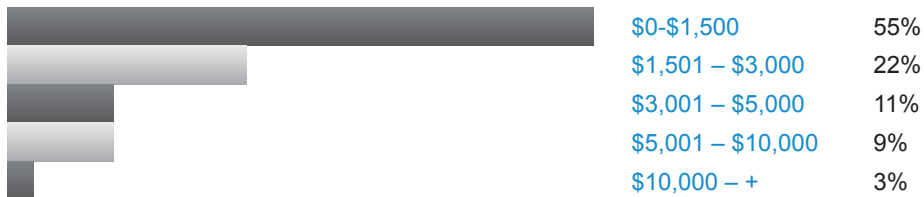
04 What is the average a homeowner is spending this year on repair projects?
(responses from those who indicated a preference)



05 Where are the majority of clients putting their money for maintenance work?
(responses from those who indicated a preference)



06 What is the average a home owner is spending this year on maintenance projects?
(responses from those who indicated a preference)



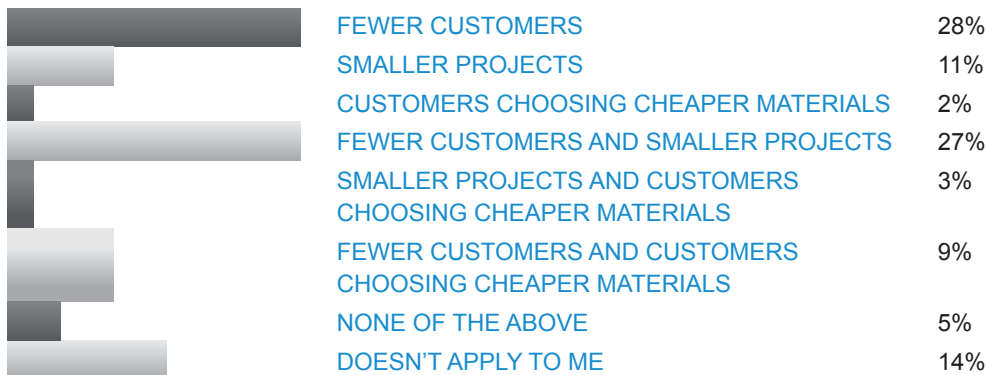
07 Where are the majority of clients putting their money for remodel projects?
(responses from those who indicated a preference)



08 What is the average a home owner is spending this year on remodel projects?
(responses from those who indicated a preference)



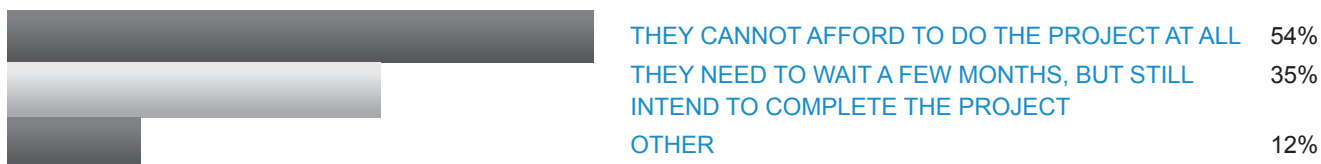
09 If your company has experienced a decrease in revenue, what has been the biggest factor in the decrease?



10 Where are your customers getting their inspiration for home projects?



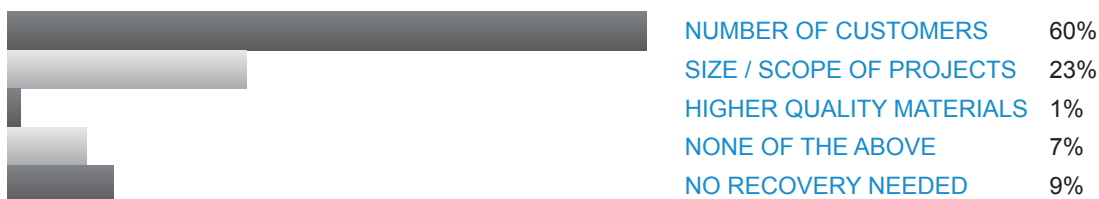
11 When homeowners decided not to move forward with a project, what is the most common reason they provide?



12 Looking ahead to the rest of 2009, are you optimistic about your company's performance?



13 What will be the first part of your business to recover?



14 When do you anticipate a significant increase in service requests to stabilize business?

