

## RESIDENTIAL Fast Facts

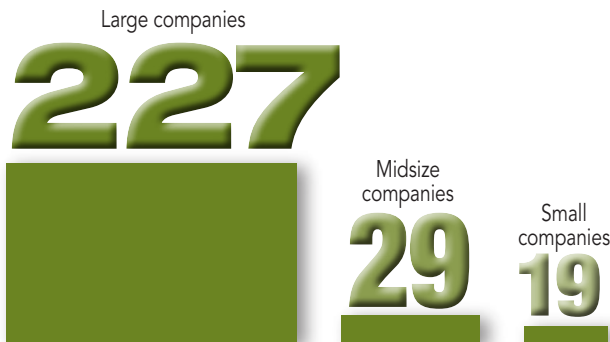
The residential sector makes up

**35%**

of the entire installing electronic security industry's business.

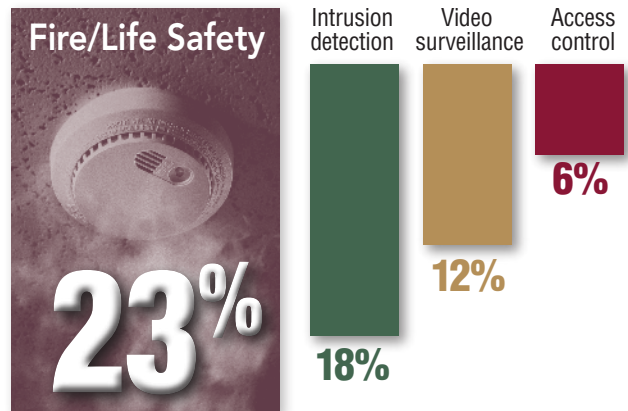
- Average residential net account attrition rate is **5 percent**.
- Home automation and home theater account for **4 percent** of all security contractors' revenues.
- Average total sales price that a company charges for a residential alarm system is **\$1,095**.
  - SMALL: **\$1,025**
  - MEDIUM: **\$1,023**
  - LARGE: **\$1,323**
- Moving is the No. 1 reason residential accounts are lost at **44 percent**, while nonpayment leads to attrition **21 percent** of the time.
  - SMALL: **46% Moved**  
**21% Nonpayment**
  - MEDIUM: **43% Moved**  
**18% Nonpayment**
  - LARGE: **37% Moved**  
**34% Nonpayment**
- Dealers/integrators say the residential market accounts for **12 percent** of their video surveillance sales revenue.
  - SMALL: **19%**
  - MEDIUM: **7%**
  - LARGE: **5%**
- Dealers/integrators say **5 percent** of their revenue is derived from residential access control sales.
  - SMALL: **11%**
  - MEDIUM: **4%**
  - LARGE: **4%**

### Average Number of Residential Installations Per Month



For the second year in succession the residential market notched increases in monthly installations across the board. Large companies (\$10 million or more per year in revenues) improved by a whopping 106 projects, or 88 percent; midsize (revenues between \$1 million and \$9.9 million) by seven projects, or 32 percent; small (revenues less than \$1 million) by three projects, or 19 percent. Some of the upswing may be attributable to consolidation, particularly involving large companies such as ADT and Stanley. More than six in 10 respondents averaged 24 or fewer residential installations. The average for these projects was 55 per month, the median 13.

### Percentage of Residential Sales by Business Type



Alarms, whether intrusion or fire, are the leading residential systems markets for installing security contractors. In fact, both categories grew during the period, fire/life safety by 3 percentage points and intrusion by 1 point. In all categories, small companies (less than \$1 million in revenues) rely on residential customers more heavily than other providers with a total of 89 percent, followed by midsize (35 percent) and large operators (22 percent). Note: graph not intended to add up to 100 percent.

### New Privately Owned Housing Units Started (2001-2010, in thousands of units)

YEAR	TOTAL	NORTHEAST	MIDWEST	SOUTH	WEST
2001	1,602.7	149.2	330.4	732	391.1
2002	1,704.9	158.4	349.6	781.5	415.5
2003	1,847.7	162.6	374.1	838.7	472.3
2004	1,955.8	175.4	355.7	908.5	516.2
2005	2,068.3	189.7	357.4	996.1	525.1
2006	1,800.9	167.2	279.5	910.3	443.8
2007	1,355	142.9	210.1	681.1	320.9
2008	905.5	121	134.9	453.4	196.2
2009	553.9	61.8	97.1	278.2	116.8
2010	586.9	71.6	97.9	297.5	119.9

In concert with residential security business picking up, the housing market exhibited its first rise in new construction since 2005. All four regions of the country showed gains in 2010, with the sharpest rises taking place in the South (almost 20,000 units) and Northeast (nearly 10,000). Next is the West at more than 3,000 houses, followed by the Midwest with 800 homes. Still, the overall market remains at its lowest pace in more than 10 years. By a more than 2-1 margin, the South continues to be the most active market.

Source: U.S. Census Bureau