

Remodeling Market Index: Special Questions

Third Quarter 2017

Economics & Housing Policy Group

Introduction:

Since 2001, the National Association of Home Builders (NAHB) has conducted a quarterly survey of its remodeler members. This survey is used to generate the NAHB Remodeling Market Index (RMI). The main section of the RMI survey asks remodelers to rate market demand for the remodeling market at the present time compared to 3 months earlier, as well as the volume of calls for bids, the amount of work committed for the next 3 months, the backlog of remodeling jobs and the number of proposals at this time compared to 3 months earlier. The results are combined into a single composite index that measures the overall strength of the remodeling market.

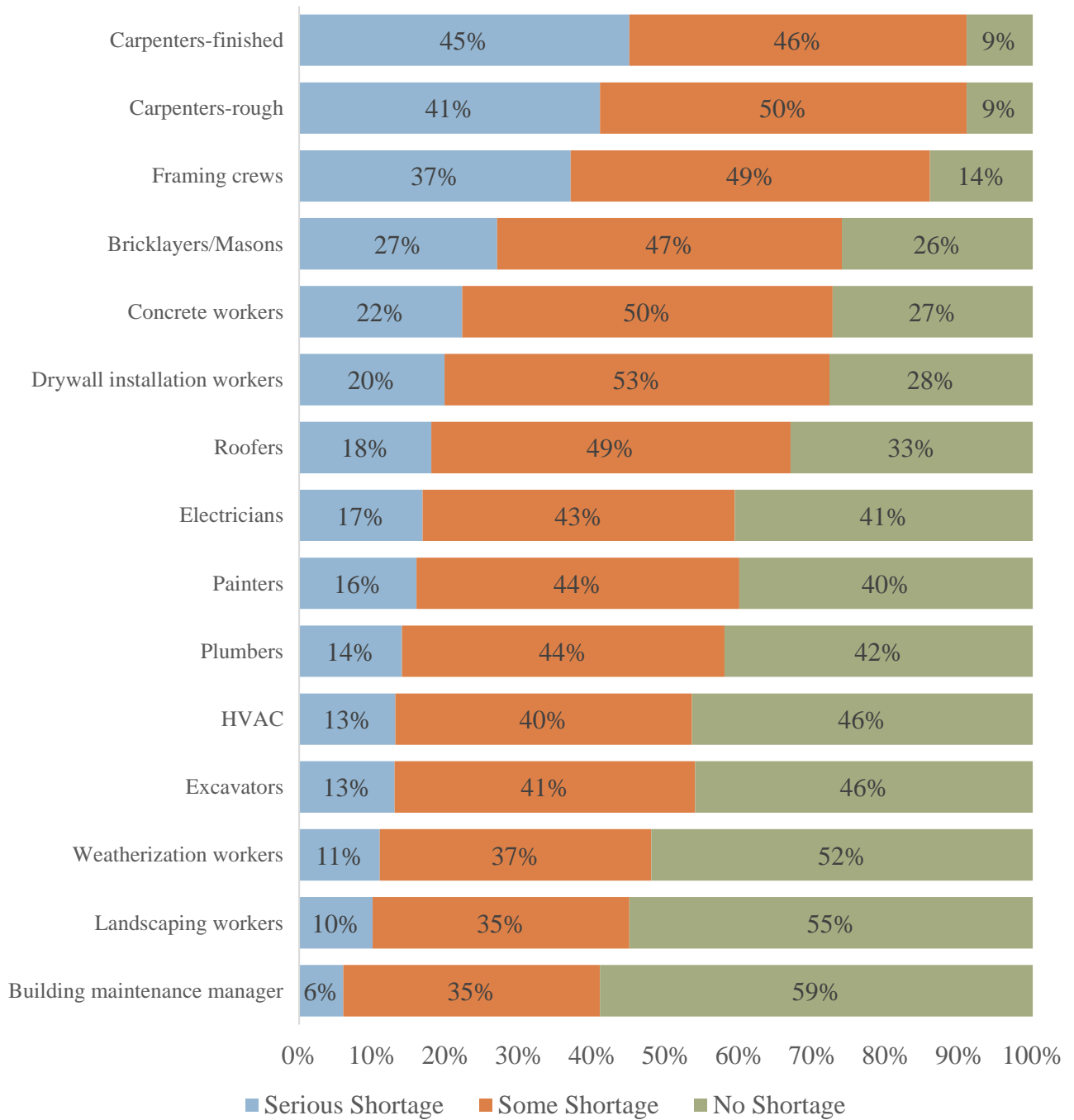
In addition to the questions that provide the data needed to compute the RMI, the survey often also includes a set of “special” questions on a topic of current interest to the housing industry. The third quarter 2017 special questions asked about the availability of labor and subcontractors for different trades e.g. carpenters, electricians, etc. The survey also asked if the cost of direct labor and subcontractors has changed over the past 12 months, and the effect labor shortage has had on business.

The third quarter 2017 survey was sent electronically to 2,032 remodelers and by mail to 17 remodelers. The results in this report are based on 248 responses, a response rate of about 12 percent. Results are broken down by the size of the remodeler as well as by the four Census regions (sample size makes it impossible to produce results with more granular levels of geographic detail).

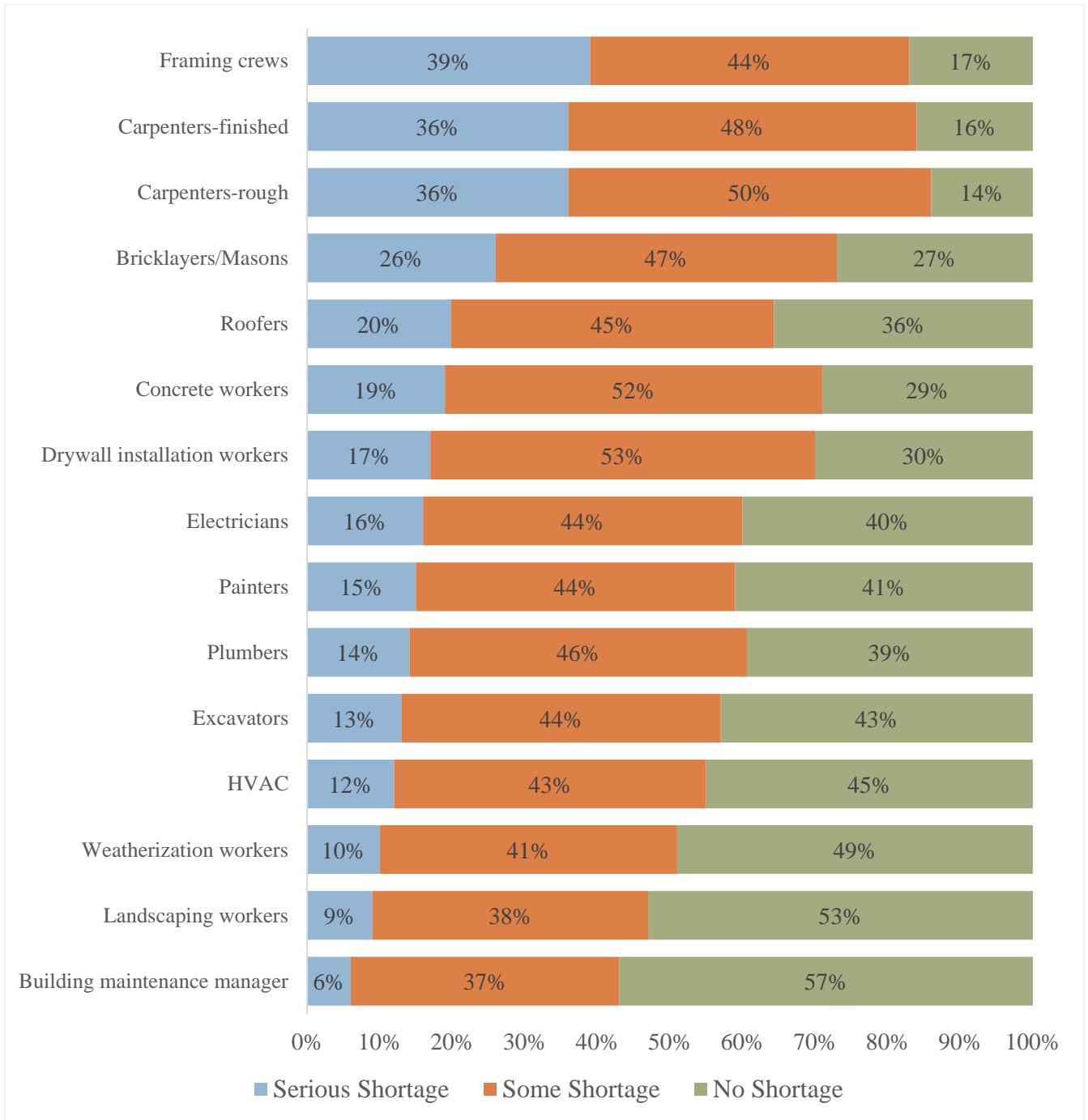
Q4. How would you rate the availability of the following trades in your area?

Type of Labor	<u>Labor Availability</u>			<u>Subcontractors</u>		
	Directly employed by your firm			Availability		
	Serious Shortage	Some Shortage	No Shortage	Serious Shortage	Some Shortage	No Shortage
Carpenters-rough	41	50	9	36	50	14
Carpenters-finished	45	46	9	36	48	16
Electricians	17	43	41	16	44	40
Excavators	13	41	46	13	44	43
Framing crews	37	49	14	39	44	17
Roofers	18	49	33	20	45	36
Plumbers	14	44	42	14	46	39
Bricklayers/Masons	27	47	26	26	47	27
Painters	16	44	40	15	44	41
Landscaping workers	10	35	55	9	38	53
Drywall installation workers	20	53	28	17	53	30
Concrete workers	22	50	27	19	52	29
Weatherization workers	11	37	52	10	41	49
HVAC	13	40	46	12	43	45
Building maintenance manager	6	35	59	6	37	57

**Q4. Availability of following types of labor - LABOR (Directly employed by your firm)
(Percent of Respondents)**



**Q4. Availability of following types of labor – SUBCONTRACTORS’
(Percent of Respondents)**



**Exhibit 4. Availability of Labor – by Region
(Percent of Respondents)**

	Total	Region			
		Northeast	Midwest	South	West
CARPENTERS - FINISHED					
Serious Shortage	45	36	44	44	53
Some Shortage	46	46	52	46	39
No Shortage	9	18	5	10	9
CARPENTERS - ROUGH					
Serious Shortage	41	18	48	37	49
Some Shortage	50	64	45	54	44
No Shortage	9	18	6	9	7
FRAMING CREWS					
Serious Shortage	37	21	46	33	40
Some Shortage	49	54	44	55	42
No Shortage	14	25	10	12	17
BRICKLAYERS/MASONS					
Serious Shortage	27	37	19	31	23
Some Shortage	47	37	47	49	46
No Shortage	26	26	33	19	31
PAINTERS					
Serious Shortage	16	7	17	13	23
Some Shortage	44	30	49	45	43
No Shortage	40	63	34	42	34
ELECTRICIANS					
Serious Shortage	17	4	12	24	17
Some Shortage	43	32	52	33	56
No Shortage	41	64	36	44	27
ROOFERS					
Serious Shortage	18	11	10	25	21
Some Shortage	49	50	58	39	55
No Shortage	33	39	32	36	25
PLUMBERS					
Serious Shortage	14	4	10	17	17
Some Shortage	44	36	41	47	47
No Shortage	42	61	48	36	36
EXCAVATORS					
Serious Shortage	13	4	9	16	16
Some Shortage	41	31	44	42	41
No Shortage	46	65	47	42	43
HVAC					
Serious Shortage	13	11	16	12	13
Some Shortage	40	22	39	43	48
No Shortage	46	67	46	45	38
WEATHERIZATION WORKERS					
Serious Shortage	11		10	13	15
Some Shortage	37	23	41	44	28
No Shortage	52	77	49	43	57
BUILDING MAINTENANCE MANAGER					
Serious Shortage	6	8	6	6	5
Some Shortage	35	25	38	38	33
No Shortage	59	67	56	56	63
LANDSCAPING WORKERS					
Serious Shortage	10		9	14	10
Some Shortage	35	4	48	32	43
No Shortage	55	96	43	55	47

Exhibit 4. Availability of Labor – by Region (Continued)
(Percent of Respondents)

	Total	Region			
		Northeast	Midwest	South	West
DRYWALL INSTALLATION WORKERS					
Serious Shortage	20		17	23	26
Some Shortage	53	37	56	54	55
No Shortage	28	63	27	22	19
CONCRETE WORKERS					
Serious Shortage	22	18	21	21	29
Some Shortage	50	50	51	51	48
No Shortage	27	32	28	28	23

**Exhibit 4. Availability of Subcontractors– by Region
(Percent of Respondents)**

	Total	Region			
		Northeast	Midwest	South	West
CARPENTERS - FINISHED					
Serious Shortage	36	18	43	35	38
Some Shortage	48	50	43	51	48
No Shortage	16	32	13	14	15
CARPENTERS - ROUGH					
Serious Shortage	36	14	45	34	40
Some Shortage	50	55	45	54	48
No Shortage	14	32	9	12	13
FRAMING CREWS					
Serious Shortage	39	18	46	37	44
Some Shortage	44	50	37	48	42
No Shortage	17	32	17	14	15
BRICKLAYERS/MASONS					
Serious Shortage	26	40	21	28	23
Some Shortage	47	25	45	52	49
No Shortage	27	35	34	20	28
PAINTERS					
Serious Shortage	15	9	11	15	22
Some Shortage	44	32	46	43	48
No Shortage	41	59	43	42	30
ELECTRICIANS					
Serious Shortage	16	4	16	18	18
Some Shortage	44	35	42	40	57
No Shortage	40	61	42	41	25
ROOFERS					
Serious Shortage	20	5	18	21	25
Some Shortage	45	32	46	42	55
No Shortage	36	64	37	37	20
PLUMBERS					
Serious Shortage	14	4	9	20	15
Some Shortage	46	43	44	44	54
No Shortage	39	52	47	36	31
EXCAVATORS					
Serious Shortage	13		7	20	14
Some Shortage	44	29	46	41	53
No Shortage	43	71	46	39	33
HVAC					
Serious Shortage	12	10	11	14	10
Some Shortage	43	20	39	43	56
No Shortage	45	70	50	42	33
WEATHERIZATION WORKERS					
Serious Shortage	10		8	13	11
Some Shortage	41	35	39	47	36
No Shortage	49	65	53	41	53
BUILDING MAINTENANCE MANAGER					
Serious Shortage	6		4	8	8
Some Shortage	37	30	36	41	35
No Shortage	57	70	60	51	58

Exhibit 4. Availability of Subcontractors– by Region (Continued)
(Percent of Respondents)

	Total	Region			
		Northeast	Midwest	South	West
LANDSCAPING WORKERS					
Serious Shortage	9		8	14	4
Some Shortage	38	5	55	31	48
No Shortage	53	95	38	54	48
DRYWALL INSTALLATION WORKERS					
Serious Shortage	17		16	18	22
Some Shortage	53	36	48	57	59
No Shortage	30	64	36	25	18
CONCRETE WORKERS					
Serious Shortage	19	9	18	17	27
Some Shortage	52	52	45	57	52
No Shortage	29	39	36	27	21

**Exhibit 4. Availability of Labor and Subcontractors– HISTORY
(Percent of Respondents)**

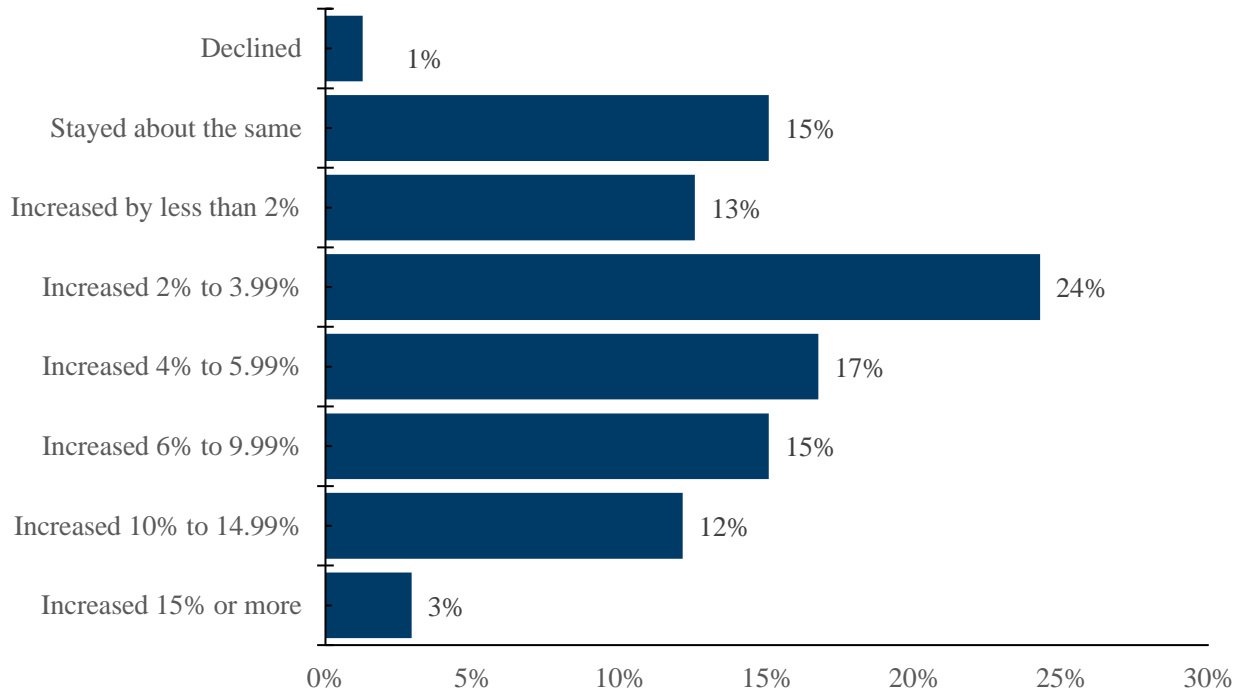
	Labor					Subcontractors				
	1st Qtr 2013	3 rd Qtr 2014	3 rd Qtr 2015	3 rd Qtr 2016	3 rd Qtr 2017	1st Qtr 2013	3 rd Qtr 2014	3 rd Qtr 2015	3 rd Qtr 2016	3 rd Qtr 2017
CARPENTERS - FINISHED										
Serious Shortage	10	30	41	45	45	8	27	36	36	36
Some Shortage	34	42	39	35	46	35	47	50	45	48
No Shortage	56	29	20	20	9	57	25	14	18	16
CARPENTERS - ROUGH										
Serious Shortage	6	24	29	35	41	6	25	29	30	36
Some Shortage	34	46	49	43	50	35	49	57	54	50
No Shortage	60	30	23	22	9	59	26	14	16	14
FRAMING CREWS										
Serious Shortage	7	18	25	26	37	7	25	30	29	39
Some Shortage	28	45	45	45	49	32	47	47	50	44
No Shortage	64	36	30	29	14	60	28	23	21	17
BRICKLAYERS/ MASON										
Serious Shortage	4	10	15	19	27	5	15	19	22	26
Some Shortage	23	38	32	34	47	25	44	41	44	47
No Shortage	73	52	53	47	26	70	41	40	33	27
PAINTERS										
Serious Shortage	2	7	9	11	16	3	9	11	14	15
Some Shortage	16	31	37	38	44	19	37	45	42	44
No Shortage	82	62	54	51	40	78	54	44	44	41
ELECTRICIANS										
Serious Shortage	3	5	11	11	17	3	6	13	12	16
Some Shortage	13	32	33	34	43	16	40	42	43	44
No Shortage	84	63	56	55	41	81	54	46	45	40
ROOFERS										
Serious Shortage	4	8	10	12	18	3	9	11	12	20
Some Shortage	15	27	35	34	49	19	35	41	41	45
No Shortage	81	65	55	54	33	78	55	48	47	36
PLUMBERS										
Serious Shortage	3	6	10	11	14	2	8	11	15	14
Some Shortage	15	27	32	33	44	17	34	38	44	46
No Shortage	82	67	58	56	42	81	58	50	41	39
EXCAVATORS										
Serious Shortage	1	5	7	9	13	1	6	9	12	13
Some Shortage	13	28	28	32	41	13	35	33	37	44
No Shortage	85	67	65	59	46	86	59	58	51	43
HVAC										
Serious Shortage	1	3	8	7	13	2	5	9	9	12
Some Shortage	11	22	27	32	40	14	30	34	40	43
No Shortage	88	74	66	61	46	85	66	56	51	45

Exhibit 4. Availability of Labor and Subcontractors– HISTORY (Continued)
(Percent of Respondents)

	Labor					Subcontractors				
	1 st Qtr 2013	3 rd Qtr 2014	3 rd Qtr 2015	3 rd Qtr 2016	3 rd Qtr 2017	1 st Qtr 2013	3 rd Qtr 2014	3 rd Qtr 2015	3 rd Qtr 2016	3 rd Qtr 2017
WEATHERIZATION WORKERS										
Serious Shortage	3	2	8	5	11	2	4	8	4	10
Some Shortage	17	23	27	32	37	15	26	31	38	41
No Shortage	80	75	66	64	52	83	70	61	58	49
BUILDING MAINTENANCE MANAGER										
Serious Shortage	2	2	6	3	6	2	3	6	3	6
Some Shortage	13	15	22	22	35	10	19	24	27	37
No Shortage	84	83	72	75	59	88	78	70	70	57
LANDSCAPING WORKERS										
Serious Shortage	na	na	na	na	10	na	na	na	na	9
Some Shortage	na	na	na	na	35	na	na	na	na	38
No Shortage	na	na	na	na	55	na	na	na	na	53
DRYWALL INSTALLATION WORKERS										
Serious Shortage	na	na	na	na	20	na	na	na	na	17
Some Shortage	na	na	na	na	53	na	na	na	na	53
No Shortage	na	na	na	na	28	na	na	na	na	30
CONCRETE WORKERS										
Serious Shortage	na	na	na	na	22	na	na	na	na	19
Some Shortage	na	na	na	na	50	na	na	na	na	52
No Shortage	na	na	na	na	27	na	na	na	na	29
ACROSS ORIGINAL 12 TRADES¹										
Serious Shortage	4	10	15	17	22	4	12	16	17	20
Some Shortage	19	31	34	35	44	21	37	41	42	45
No Shortage	77	59	51	48	34	75	51	43	41	35

¹ Data for “Across Original 12 Trades” includes all trades with the exception of landscaping workers, drywall installation workers, and concrete workers.

Q5. Overall, how have total costs of labor (directly employed by your firm) for the same project changed over the past 12 months?



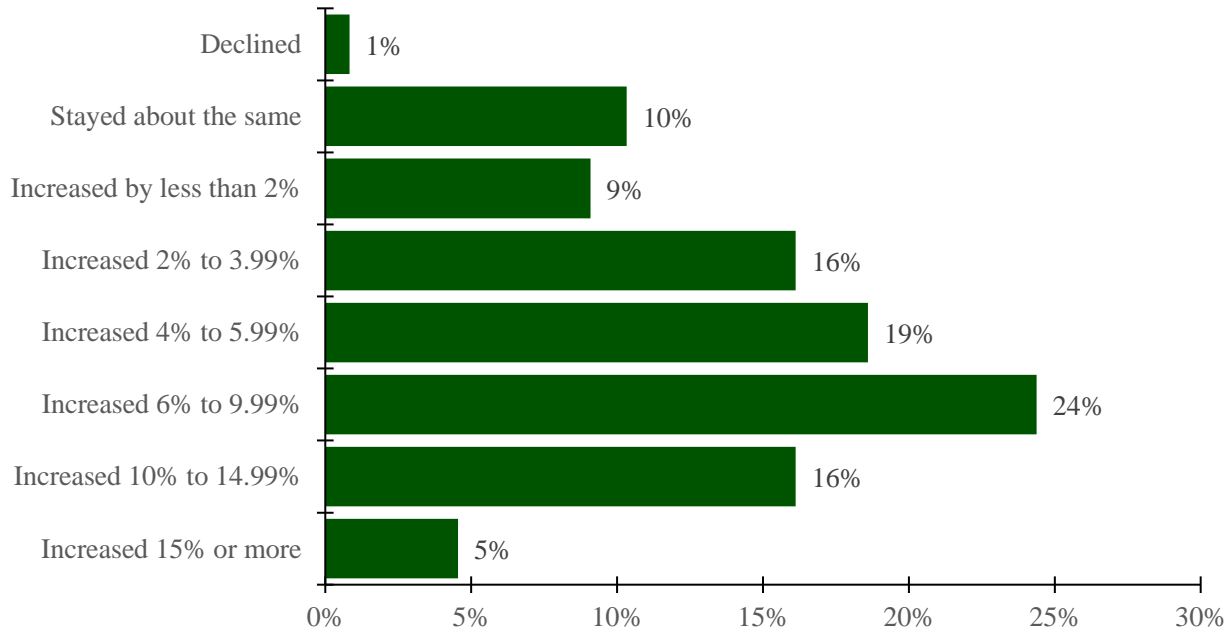
	Total	Region			
		Northeast	Midwest	South	West
Declined	1	4	2	1	
Stayed about the same	15	37	6	19	9
Increased by less than 2%	13	11	14	11	14
Increased 2% to 3.99%	24	4	27	27	26
Increased 4% to 5.99%	17	22	14	16	17
Increased 6% to 9.99%	15	11	22	12	14
Increased 10% to 14.99%	12	11	13	11	14
Increased 15% or more	3		2	2	7
Average*	4.8%	3.6%	5.2%	4.4%	NA
Responses	239	27	63	91	58

* Average is calculated assuming the midpoint of the ranges, with the values bounded at the 2nd and 98th percentile of the distribution to eliminate the open-ended ranges (a technique usually called “Winsorising”)

Overall, how have total costs of labor (directly employed by your firm) for the same project changed over the past 12 months? - HISTORY

	3rd Qtr 2015	3rd Qtr 2016	3rd Qtr 2017
Declined	1	1	1
Stayed about the same	28	23	15
Increased by less than 2%	8	12	13
Increased 2% to 3.99%	21	21	24
Increased 4% to 5.99%	19	19	17
Increased 6% to 9.99%	10	13	15
Increased 10% to 14.99%	9	7	12
Increased 15% or more	3	4	3
Average*	4.0%	4.1%	4.8%
Responses	295	257	239

**Q6. How have total costs of subcontractors for the same house changed over the past 12 months?
(Percent of Respondents)**



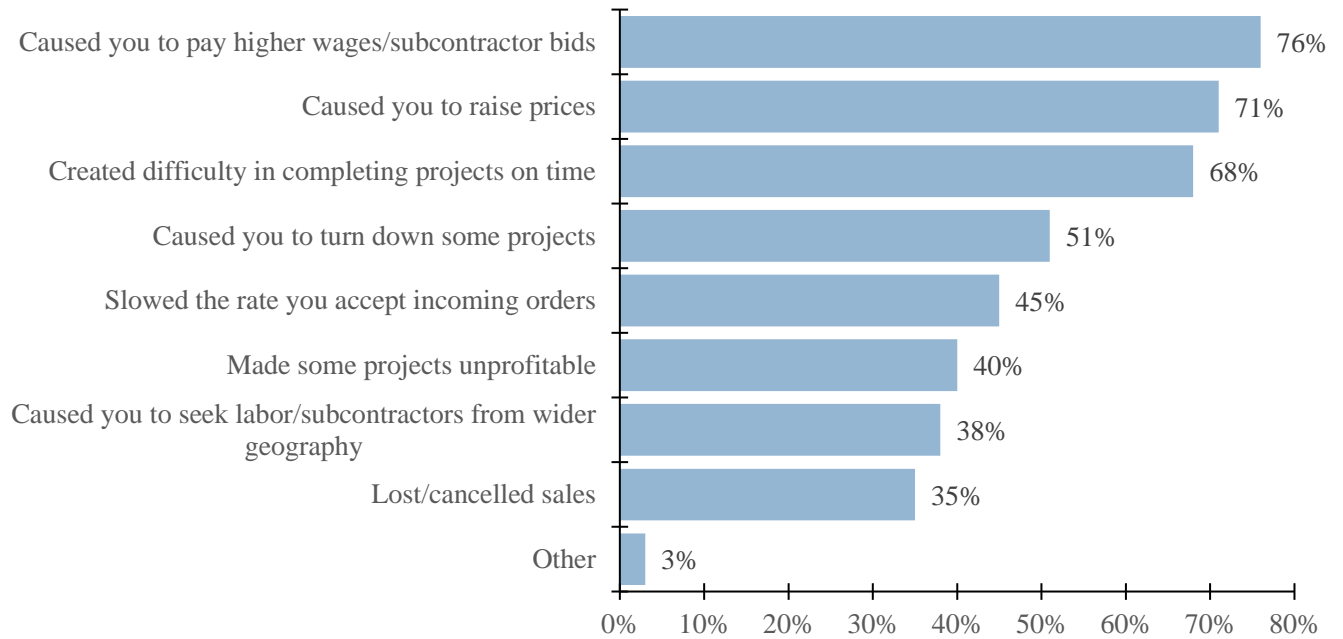
	Total	Region			
		Northeast	Midwest	South	West
Declined	1			2	
Stayed about the same	10	32	6	8	9
Increased by less than 2%	9	7	8	11	9
Increased 2% to 3.99%	16	7	19	15	19
Increased 4% to 5.99%	19	14	17	22	17
Increased 6% to 9.99%	24	25	28	24	21
Increased 10% to 14.99%	16	11	17	16	17
Increased 15% or more	5	4	5	2	9
Average*	6.0%	4.7%	6.5%	5.9%	6.5%*
Responses	242	28	64	92	58

* Average is calculated assuming the midpoint of the ranges, with the values bounded at the 96rd and 4th percentile of the distribution to eliminate the open-ended ranges (a technique usually called “Winsorising”).

**How have total costs of subcontractors for the same house changed over the past 12 months?
(Percent of Respondents) -HISTORY**

	3rd Qtr 2015	3rd Qtr 2016	3rd Qtr 2017
Declined			1
Stayed about the same	16	13	10
Increased by less than 2%	10	13	9
Increased 2% to 3.99%	19	22	16
Increased 4% to 5.99%	21	16	19
Increased 6% to 9.99%	13	15	24
Increased 10% to 14.99%	14	13	16
Increased 15% or more	6	7	5
Average*	5.4%	5.3%	6.0%
Responses	299	263	242

Q7. Please indicate if labor shortages over the past 12 months have had any of the following effects on your business.



	Total	Regions			
		Northeast	Midwest	South	West
Caused you to pay higher wages/subcontractor bids	76	54	79	81	76
Caused you to raise prices	71	46	68	80	72
Created difficulty in completing projects on time	68	67	77	64	64
Caused you to turn down some projects	51	46	53	48	55
Slowed the rate you accept incoming orders	45	33	42	44	53
Made some projects unprofitable	40	50	42	40	34
Caused you to seek labor/subcontractors from wider geography	38	21	44	40	34
Lost/cancelled sales	35	21	45	36	28
Other	3	8	2	1	5
Responses	233	24	62	89	58

Please indicate if labor shortages over the past 12 months have had any of the following effects on your business. – (HISTORY)

	3rd Qtr 2015	3rd Qtr 2016	3rd Qtr 2017
Caused you to pay higher wages/subcontractor bids	66	70	76
Caused you to raise prices	61	61	71
Created difficulty in completing projects on time	65	70	68
Caused you to turn down some projects	46	44	51
Slowed the rate you accept incoming orders	39	39	45
Made some projects unprofitable	32	36	40
Caused you to seek labor/subcontractors from wider geography	38	42	38
Lost/cancelled sales	27	25	35
Other	4	2	3
Responses	289	243	233

Remodeling Market Index
Third Quarter 2017 – Special Questions

Q4. How would you rate the availability of the following trades in your area?

Type of labor	Labor Availability Directly employed by your firm			Subcontractors Availability		
	Serious Shortage	Some shortage	No shortage	Serious Shortage	Some shortage	No shortage
Carpenters-rough	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carpenters-finished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electricians	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excavators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Framing crews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roofers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bricklayers/Masons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Painters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drywall Installation workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Concrete workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Weatherization workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HVAC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building Maintenance Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q5. Overall, how have total costs of labor (directly employed by your firm) for the same project changed over the past 12 months?

- | | |
|--|--|
| <input type="checkbox"/> Declined | <input type="checkbox"/> Increased 4% to 5.99% |
| <input type="checkbox"/> Stayed about the same | <input type="checkbox"/> Increased 6% to 9.99% |
| <input type="checkbox"/> Increased by less than 2% | <input type="checkbox"/> Increased 10% to 14.99% |
| <input type="checkbox"/> Increased 2% to 3.99% | <input type="checkbox"/> Increased 15% or more |

Q6. How have total costs of subcontractors for the same project changed over the past 12 months?

- | | |
|--|--|
| <input type="checkbox"/> Declined | <input type="checkbox"/> Increased 4% to 5.99% |
| <input type="checkbox"/> Stayed about the same | <input type="checkbox"/> Increased 6% to 9.99% |
| <input type="checkbox"/> Increased by less than 2% | <input type="checkbox"/> Increased 10% to 14.99% |
| <input type="checkbox"/> Increased 2% to 3.99% | <input type="checkbox"/> Increased 15% or more |

Q7. Please indicate if labor shortages over the past 12 months have had any of the following effects on your business. (Check all that apply).

- Caused you to pay higher wages/subcontractor bids
- Caused you to seek labor/subcontractors from wider geography
- Caused you to raise prices
- Created difficulty in completing projects on time
- Slowed the rate you accept incoming orders
- Lost/cancelled sales
- Made some projects unprofitable
- Caused you to turn down some projects
- Other: (Please specify) _____