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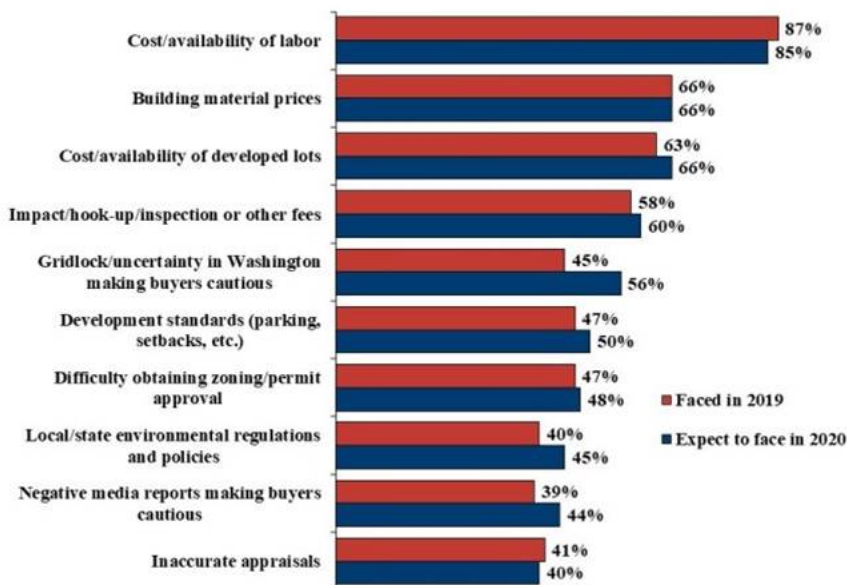
Eye On Housing

Top Challenges for Builders: Cost/Availability of Labor in 2019 & 2020

BY [ASHOK CHALUVADI](#) ON [FEBRUARY 7, 2020](#)

Cost and availability of labor topped the list of problems builders faced in 2019, and is expected to return to the number one spot in 2020, according to *special questions on the December survey* for the NAHB/Wells Fargo Housing Market Index. The survey results showed that cost and availability of labor were a significant issue for 87% of builders last year. In 2020, however, a slightly smaller share – 85% of the builders – expect them to continue being a problem. The second most widespread problem in 2019 was *building materials* cited by 66% of builders. Unlike *cost and availability of labor*, the share of builders expecting building materials to be a problem this year is the same as share reporting it a problem last year.

Top 10 Significant Problems Faced in 2019 and Expect to Face in 2020



Source: HMI Special Survey, NAHB EcHp.

In 2011, *cost and availability of labor* was reported as a significant problem by only 13% of builders. The share increased to 30% in 2012, 53% in 2013, 61% in 2014, 71% in 2015, 78% in 2016, 82% in both 2017 and 2018, before peaking at 87% in 2019. Meanwhile *building materials prices* was reported as a

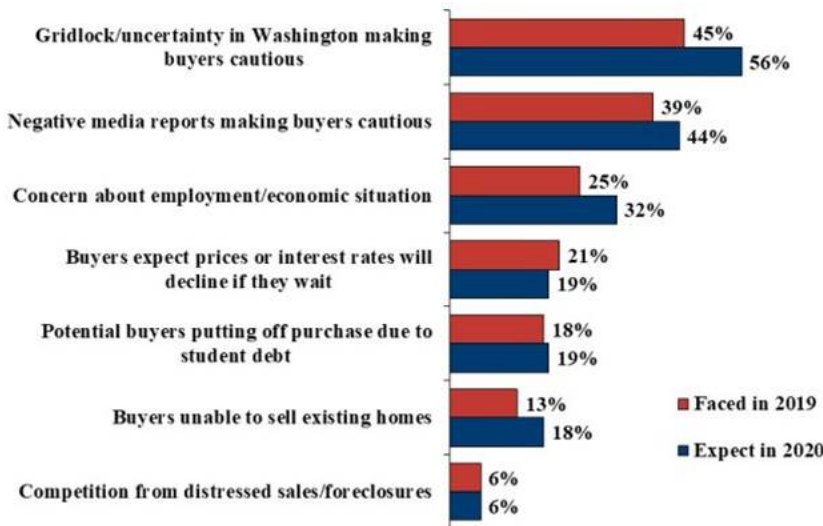
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significant problem by 33% of builders in 2011, followed by 46% in 2012, 68% in 2013, 58% in 2014, 42% in 2015, 48% in 2016 and 77% in 2017, 87% in 2018 and 66% in 2019.

Another significant problem that builders faced in 2019, and is expected to face in 2020 is *cost and availability of developed lots*. In 2011, *cost and availability of lots* was reported as a significant problem by 21% of builders. The share increased to 34% in 2012, 46% in 2013, 55% in 2014, 58% in 2015, 60% in 2016, 58% in both 2017 and 2018, 63% in 2019 and 66% of builders expect it be a problem in 2020. Compared to the supply-side problems of materials, labor and lots, problems attracting buyers were not as widespread last year, but builders expect many of them to become more of a problem in 2020.

Gridlock/uncertainty in Washington making buyers cautious was a significant problem for 45% of builders in 2019, compared to 56% who expected it to be an issue in 2020. *Negative media reports making buyers cautious* was a significant problem for 39% of builders in 2019, but 44% expect it to be a problem in 2020. *Concern about employment/economic situation* was a problem for only 25% of builders in 2019, but 32% expect it to be a problem in 2020.

Share of Single-Family Builders Reporting Problems Attracting Buyers



Source: HMI Special Survey, NAHB EcHp.

For additional details, including a complete history for each reported and expected problem listed in the survey, please consult the full [Survey Report](#).



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