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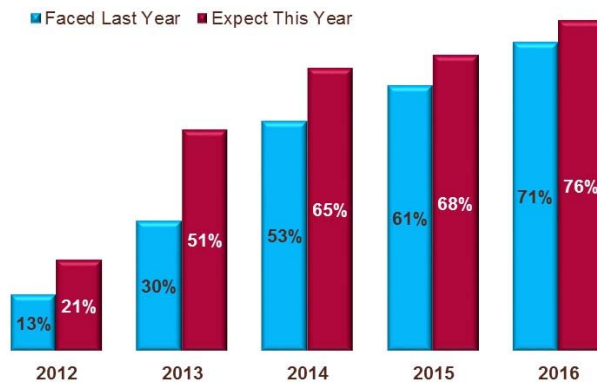
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Labor is Top Challenge for Builders

BY [ASHOK CHALUVADI](#) on [FEBRUARY 8, 2016](#) • [\(0\)](#)

Topping the list of problems builders faced in 2015 and expect to face in 2016 is the *Cost/Availability of Labor*, an issue for 76% of builders who expect it to increase in 2016 and which has increased in importance the past three years. In 2013, 53% of builders rated labor as a significant problem, followed by 61% in 2014 and 71% in 2015. An expected skilled labor shortage can constrain an improving housing market.

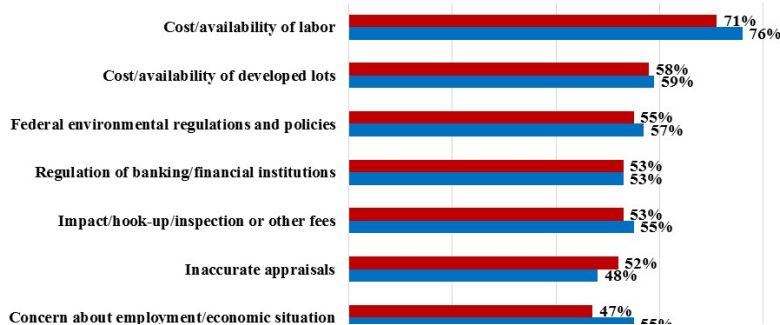
Share of Single-Family Builders Reporting Labor Cost/Availability Problems

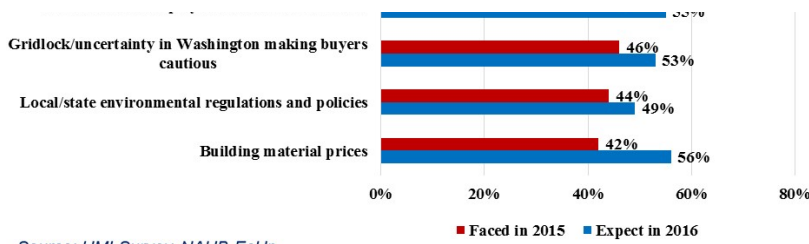


Source: HMI Survey, NAHB EChp.

The monthly NAHB/Wells Fargo Housing Market Index often includes a set of “special” questions on a topic of current interest to the housing industry. In January 2016, the special questions asked builders about the problems they faced in 2015 and expect to face in 2016.

Top 10 Significant Problems faced during 2015 and expect to face in 2016





Source: HMI Survey, NAHB Echp.

The second most significant problem was *Cost/Availability of Developed Lots* for 59% of builders for 2016. In 2013, the *Cost/Availability of Lots* was rated significant by 46% of builders who responded to the survey. That share increased to 55% in 2014 and again to 58% for 2015. Both the availability of labor and lots highlight the expected constraints of a recovering housing market.

Federal Environmental Regulations and Policies is expected to remain a significant problem for 51% of builders in 2016. In 2013, the federal environmental regulations and policies was rated a significant problem by 46% of builders, increasing to 53% in 2014 and then 55% in 2015.

Building Material Prices continue to be a problem for builders. In 2013, 68% of builders rated building material prices as a significant problem, but that share decreased to 58% in 2014 and further declined to 42% in 2015. However, 56% of builders responding to the latest survey expect it to be a problem in 2016.

At 55% each, the *Concern about the Employment/Economic situation* and *Impact/Hook-up/Inspection or other Fees* are other significant problems expected by a majority of builders in 2016. The *Concern about the Employment/Economic situation* was a significant problem in 2013 for 60% of reporting builders, the issue dropped in significance to 51% in 2014, and again dropped to 47% in 2015. On the other hand, the *Impact/Hook-up/Inspection or other Fees* was a problem faced by 46% of builders in 2013, 52% in 2014 and 53% in 2015.

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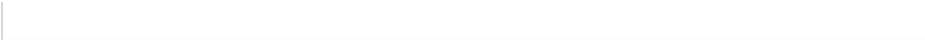
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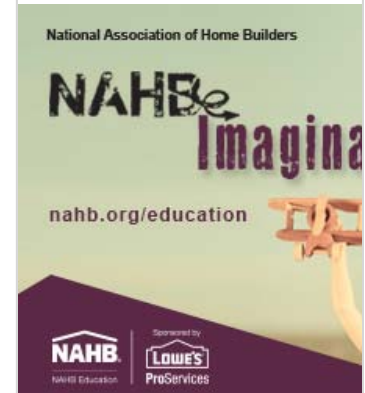
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