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New Report: Construction Industry's Worker Shortage Hurts Housing Affordability and Supply

Washington, D.C. – The construction industry faces a shortfall of 200,000 workers, according to a new report released today by the Home Builders Institute (HBI).

The first-ever HBI Construction Labor Market Report notes that shortages of skilled trade workers directly employed by home builders and subcontractors remain widespread throughout all regions. Builders nationwide cite the difficulty in filling positions as among their top concerns, ranking third behind high lumber prices and regulatory burdens.

“The home building industry faces a major shortage of skilled workers,” said Ed Brady, HBI’s president and CEO. “This persistent challenge endangers the affordability and availability of housing and hinders a robust economic recovery.”

The report, based on research of the Economics Group of the National Association of Home Builders, will be issued semi-annually. The first one is compiled using year-end 2020 data. Citing more recent numbers, Brady said the total shortage of construction workers rose even higher to 309,000 in January 2021.

The share of builders reporting a worker shortage was 60 percent. The percentage is especially high relative to the acceleration for total housing starts, which increased from a seasonally adjusted annual rate of under 1 million single-family and multifamily units in April 2020 to a rate of roughly 1.5 million at the end of 2020.

The numbers reported pertain to labor directly employed by builders, though builders employ additional workers through subcontractors. “We estimate that builders subcontract more than 80 percent of the construction in the typical home they build,” said Brady. “And worker shortages for subcontractors continue to be even more severe.”

HBI's chief executive stressed that labor represents approximately 30 to 40 percent of the cost of a typical new home. "That share of the costs is rising, due to the shortage of available labor," he said. "When you consider that scarcity of labor causes construction delays, which then creates further costs, you can see how both housing supply and affordability are negatively affected."

HBI is the nation's largest provider of training for skilled workers for the residential construction industry. The nonprofit trains approximately 10,000 students each year through an industry-recognized curriculum in 220 sites around the U.S., including in high schools, military bases, community colleges, prisons, training facilities and Job Corps centers.

"As a nation, we need to build the next generation of skilled tradespeople," Brady said. "That means recruiting more women. It means training and placing minority, lower income, and at-risk youth for job opportunities as an important way to fight against social inequity. It means providing trade skills education to veterans and transitioning military. And it means reaching out to high school students, and those who influence their decisions, to change their perception of careers in the trades," said Brady.

[Please click here to download The HBI Construction Labor Market Report \(Spring 2021\).](#)

About Home Builders Institute (HBI)

The Home Builders Institute (HBI) trains skilled workers for the building industry. Through pre-apprenticeship training, certification programs and job placement services, HBI provides graduates with the skills and experience they need to build a career and change their lives. Visit www.hbi.org for more information on HBI and follow us on [Twitter](#), [Facebook](#), [Instagram](#), and [LinkedIn](#).