

Who Are NAHB's Builder Members?

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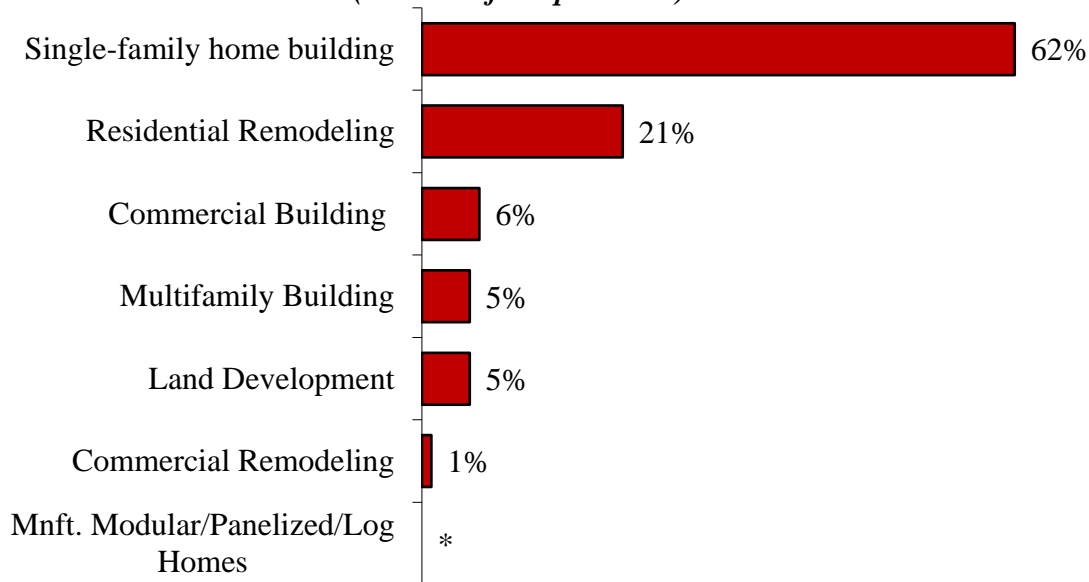
Every year since 2008, the National Association of Home Builders (NAHB) has conducted an annual census that collects company and demographic data from its members. It subsequently publishes these results here in HousingEconomics.com.

This article updates previous studies with results from the 2017 annual member census on the characteristics of NAHB's builder members. Builder members are defined as those whose primary business is single-family home building, multifamily building, residential or commercial remodeling, commercial building, land development, or manufacturing of modular/panelized/log homes. Associate members are involved in a wide range of support industries and professions including, among others, trade contractors, manufacturers, retailers/distributors, designers, and architects. Findings from the 2016 Builder Census can be found in the May 1, 2017 Special Study and Associate Census in the June 1, 2017 Special Study. At the end of 2017, there were 37,190 builder members representing 32 percent of the total NAHB membership. Associate members make up the remaining 68 percent and will be highlighted in a future article.

62% of Builder Members Build Single-Family Homes

Sixty-two percent of NAHB's builder members are primarily single-family builders (spec/tract, custom, or general contracting), 21 percent are residential remodelers, 6 percent are commercial builders, 5 percent each are multifamily builders and land developers, and one percent are commercial remodelers. Less than 0.5 percent of builder members are manufacturers of modular/panelized/log homes (Exhibit 1).

Exhibit 1. Share of Builder Members by Primary Business Activity - 2017
(Percent of Respondents)



*Less than 0.5%

The composition of NAHB's builder membership changed slightly from 2016 to 2017. The share of builder members primarily involved in single-family home building rose from 60 percent to 62 percent, and the share who identify as land developers went from 4 to 5 percent during this period. At the same time, the share who are residential remodelers dipped from 23 percent to 21 percent.

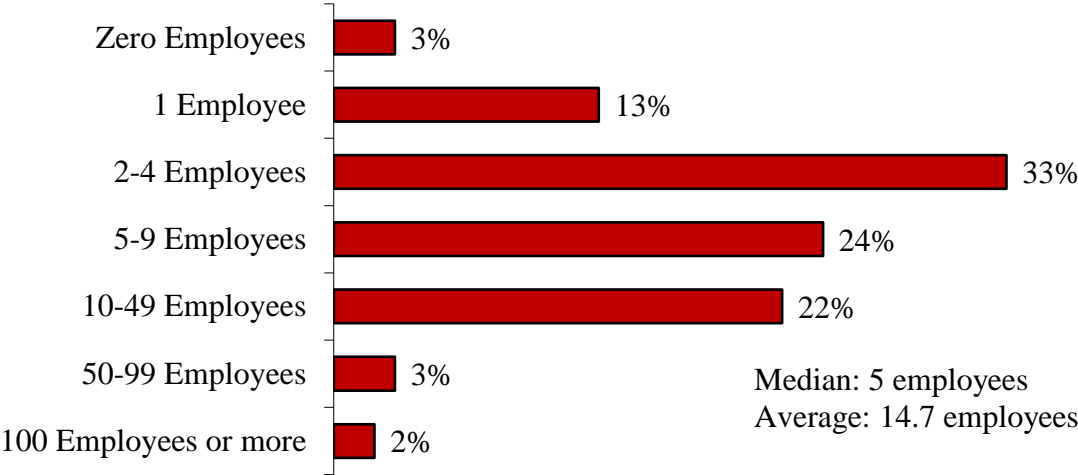
70% of Builders Have Fewer than 10 Employees

In 2017, builder members had a median¹ of 5 employees on payroll. Thirteen percent had 1 employee, 33 percent had 2 to 4 employees, 24 percent had 5 to 9, 22 percent had 10 to 49, and 5 percent had 50 or more paid employees. Three percent had no employees on payroll (Exhibit 2).

¹ This article will use median values, as averages can be inflated by a few high production builders. Medians are largely unaffected by these outliers because it calculates the middle most value, not taking into account how high the highest values are. An increase in a median's value indicates an overall shift of all the builders, not a change in a few large builders.

The median number of employees in 2017 (5) was unchanged from 2015 and 2016. From 2008 to 2014, the median number of employees on payroll was 4.

Exhibit 2. Total Number of Employees on Payroll - 2017
(Percent of Respondents)

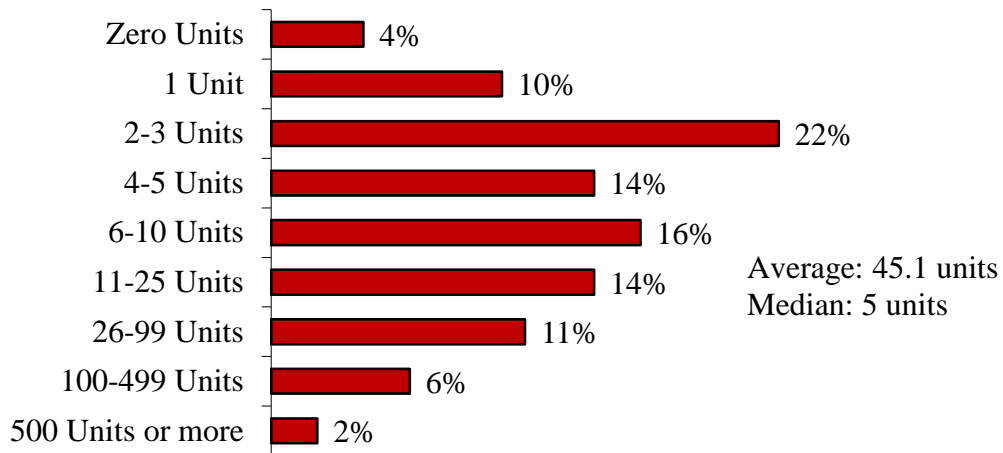


The median number of employees on payroll varies significantly by the company’s primary activity. Manufacturers of modular/panelized/log homes had the largest payrolls, with a median of 18 employees in 2017, followed by multifamily builders and commercial builders (a median of 12 employees each), and commercial remodelers (8 employees). In contrast, companies within the following primary activities had a median of only 4 employees on payroll: single-family builders, residential remodelers, and land developers.

22% of Builders (Plurality) only Build 2 to 3 Units a Year

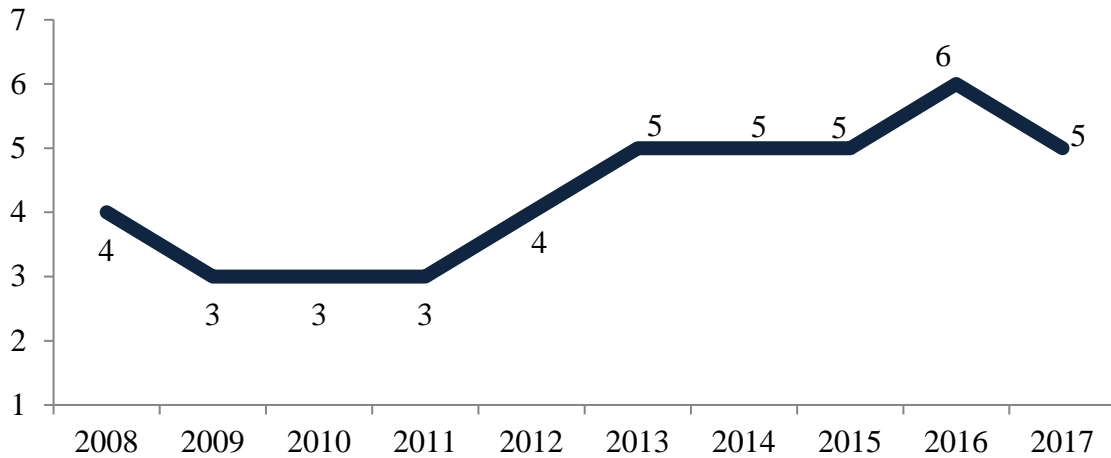
Ten percent of builders started only one unit, the plurality – 22 percent – started 2 or 3 units, 14 percent 4 or 5 units, 16 percent 6 to 10 units, 14 percent 11 to 25 units, 11 percent 26 to 99 units, 6 percent 100 to 499 units, and only 2 percent started 500 units or more. About 4 percent did not start any housing unit in 2017 (Exhibit 3). The median number of units started in 2017 was 5.

Exhibit 3. Total Number of Housing Starts – 2017
(Percent of Respondents)



The first year the member census was conducted, 2008, builders reported starting a median of 4 units. The median then slipped to 3 units between 2009 and 2011, but gradually increased thereafter: it rose to 4 units in 2012, to 5 units between 2013 and 2015, and to 6 units in 2016. The median number of units started returned to 5 in 2017.

Exhibit 4. Median Number of Housing Starts – History
(Median)



As expected, the median number of starts varies significantly across different groups of builder members. Single-family builders, for example, started a median of 5 units in 2017, while multifamily builders started a median of 66 units.

Median Dollar Volume Rises in 2017

The median dollar volume of business among builder members was \$2.7 million in 2017, about 13 percent higher than in 2016 (\$2.4 million). The median that builder members reported in 2017 marks the highest point in the census' 10-year series on builder revenue. Sixteen percent of builder members reported a 2017 dollar volume of less than \$500,000, 17 percent between \$500,000 and \$999,999, 40 percent between \$1.0 million and \$4.9 million, 13 percent between \$5.0 million and \$9.9 million, 4 percent between \$10.0 million and \$14.9 million, and 10 percent reported their dollar volume in 2017 at \$15.0 million or more. One percent of builder members reported no business activity in 2017 (Exhibit 5 & 6).

Exhibit 5. Annual Revenue - 2017
(Percent of Respondents)

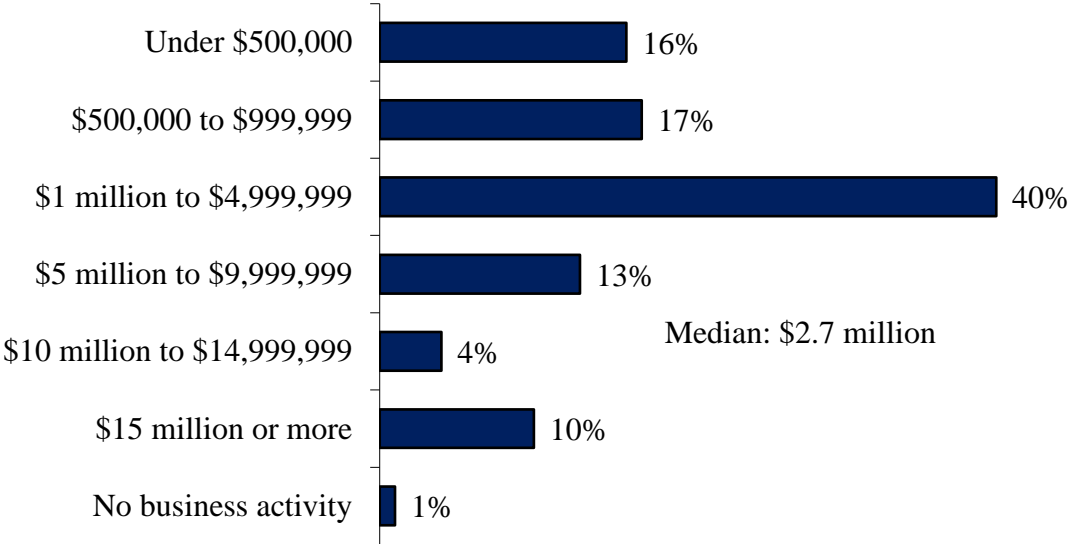
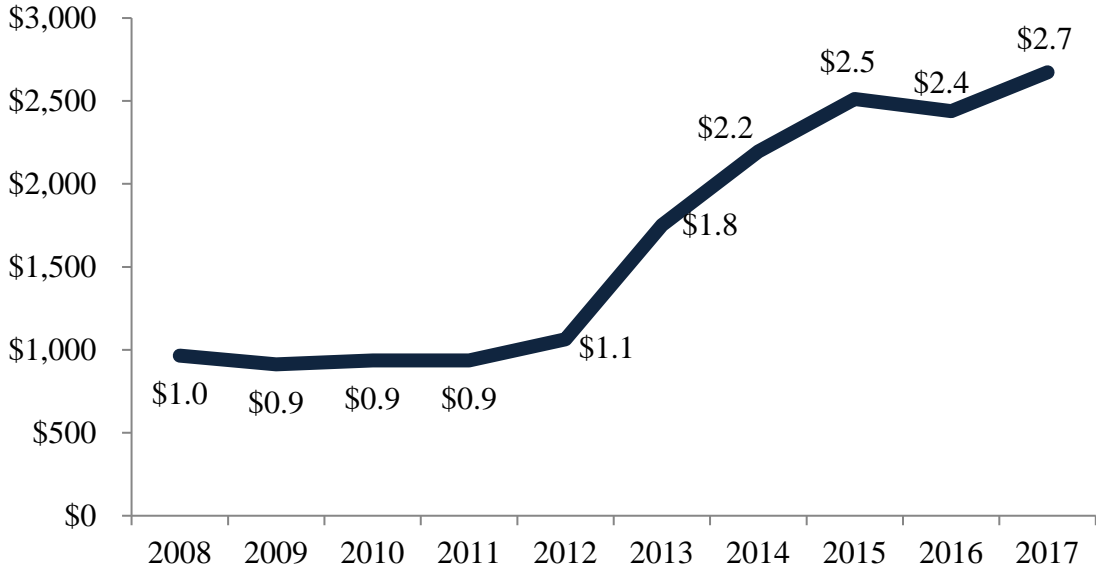


Exhibit 6. Annual Revenue – History
(Median - millions of dollars)

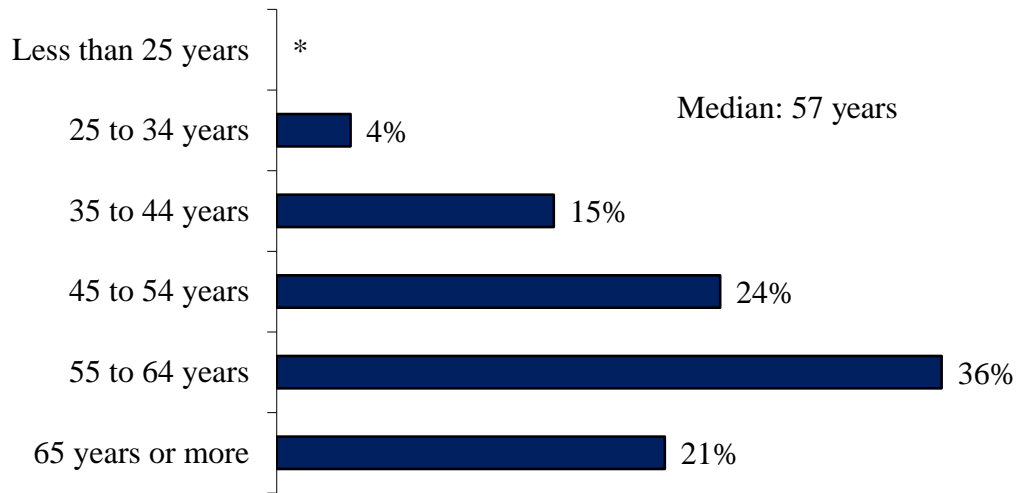


Levels of revenue also vary widely across categories of builder members. Multifamily builders had the highest median revenue in 2017 (\$7.3 million), compared to \$0.8 million among residential remodelers, \$1.6 million for commercial remodelers, \$3.2 million for single-family builders, \$3.6 million for modular/panelized/log home manufacturers, \$3.7 million for land developers, and \$4.2 million for commercial builders.

Age, Race and Ethnicity

The median age of NAHB builder members in 2017 was 57 years. Fifty-seven percent of builder members are 55 or older. Of the remaining, 24 percent are 45 to 54 years of age and approximately 19 percent are younger than 45 (Exhibit 7).

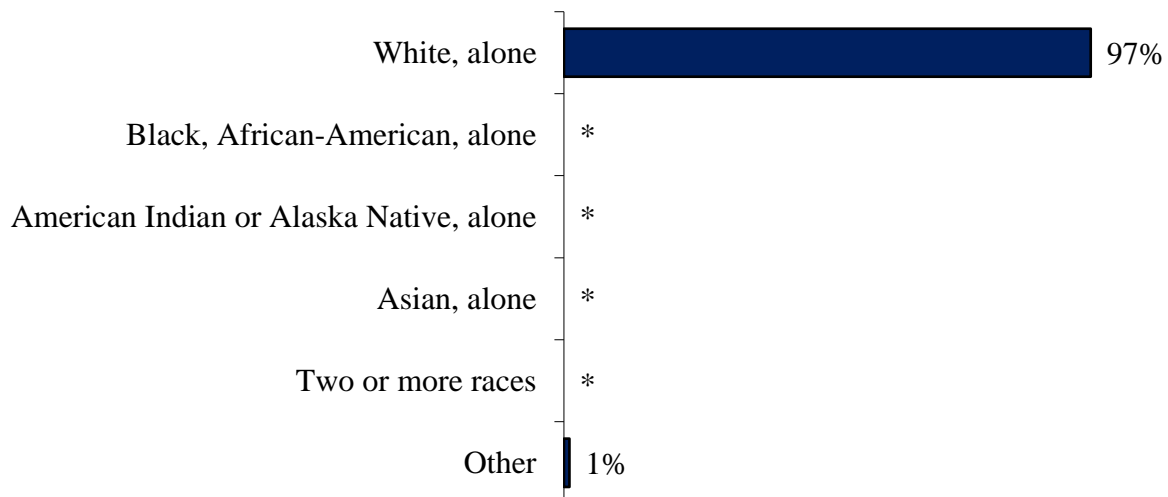
Exhibit 7. Age - 2017
(Percent of Respondents)



*Less than 0.5%

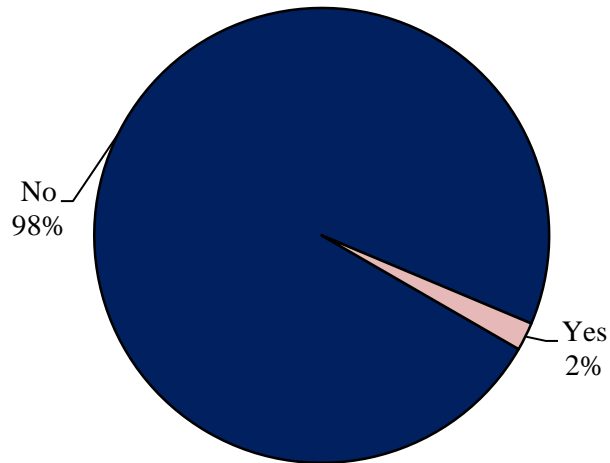
The vast majority (97 percent) of NAHB’s builder members are White, alone. Less than 0.5 percent identified themselves as Black or African-American, alone; American Indian or Alaska Native, alone; Asian, alone; or as two or more races. One percent identified themselves as part of some other race. In terms of ethnicity, only two percent report being of Hispanic/Latino/Spanish origin (Exhibits 8 and 9).

Exhibit 8. Race
(Percent of Respondents)



* Less than 0.5% reported being Black or African-American, alone; American Indian or Alaska Native, alone; Asian, alone; or as two or more races.

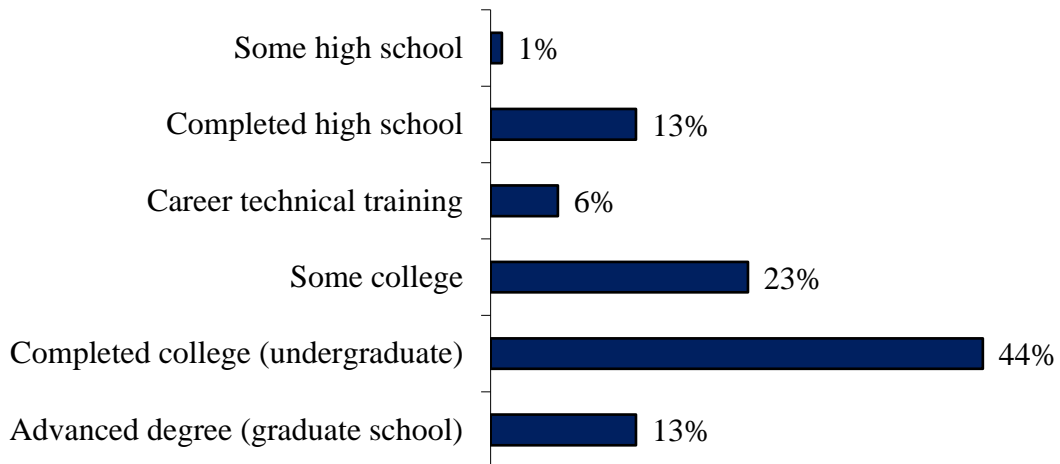
Exhibit 9. Ethnicity: Are you of Hispanic, Latino, or Spanish origin?
(Percent of Respondents)



57% Builder Members Have a Higher Education Degree

The share of NAHB builder members with a college or advanced degree has remained above 50 percent every year since 2008. In 2017, only 1 percent reported that they did not finish high school, 13 percent completed high school, 6 percent have had career technical training, and 23 percent have had some college education. The remaining 57 percent have an undergraduate or graduate degree (Exhibit 10).

Exhibit 10. Education - 2017
(Percent of Respondents)

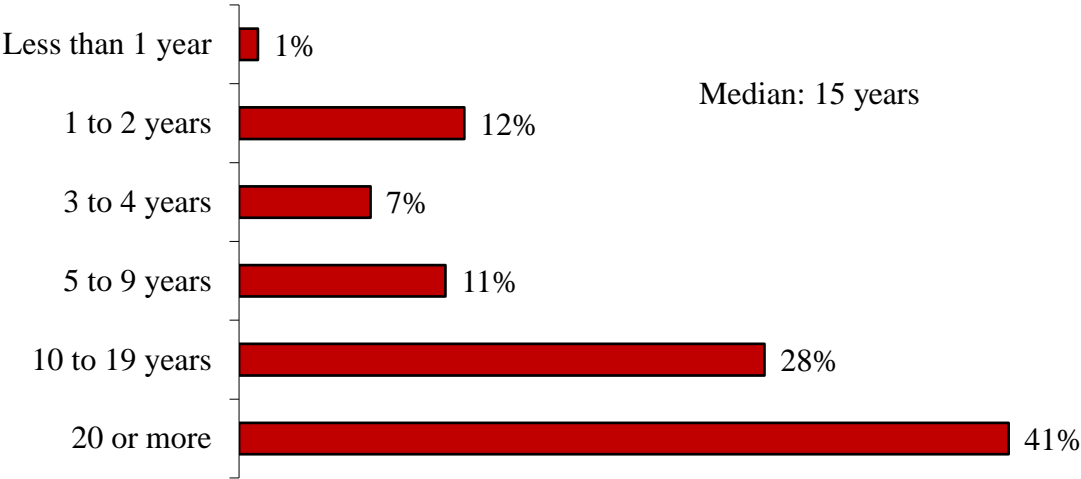


The share of builder members with a higher education degree (either undergraduate or graduate) differs across builder categories. For example, 77 percent of members in land development have a degree, compared to 43 percent of commercial remodelers.

More Than Two-Thirds Have Been Members for a Decade or More

The median NAHB membership tenure among builders is 15 years, with 69 percent of builder members having more than a decade of membership. Eleven percent have been members 5 to 9 years, and 20 percent have been members for 4 years or less (Exhibit 11).

Exhibit 11. Tenure as NAHB Member - 2017
(Percent of Respondents)



A profile for each category of builder member is available in the following pages.

PROFILES BY BUILDER MEMBER TYPE

Single Family Builder in 2017

Number of Single-family builders	22,708
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Company Profile

1. No. of employees on payroll (Average):

Construction Employees	5.9
Non-construction Employees	4.6
Total	10.5

(Two percent of single-family builders have 50-99 employees and another 2 percent have 100 employees or more.)

2. No. of units Started (Average): Single Family **28.2**

Multifamily **2.9**

Total **31.0**

(Five percent of single-family builders started 100 to 499 units and 1 percent started 500 units or more.)

3. Dollar volume of company's business activity (Median): **\$3,159,168**

(Ten percent of the single-family builders had \$15 million or more in business activity.)

4. Build Age-Restricted Housing for People Age 55+: 17%

Member Profile

1. No. of years as a member of NAHB (Average): 17 years

2. Age (Median) 56 years

3. Gender: Male: 94% Female: 6%

4. Race/Ethnicity: White: 97% Hispanic: 2%

5. Education
59 percent of the single-family builders responding have completed college or have an advanced degree and 22 percent have some college education.

Residential Remodeler in 2017

Number of Residential Remodelers	7,638
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Company Profile

1. No. of employees on payroll (Average):

Construction Employees	4.9
Non-construction Employees	2.7
Total	7.6

(One percent of residential remodelers have 50 or more employees and one percent have 100 or more.)

2. No. of units Started (Average):

Single Family	4.7
Multifamily	0.0
Total	4.8

(Among residential remodelers who also build new housing units, 4 percent started 26 to 99 units)

3. Dollar volume of company's construction (Median): **\$794,067**

(Four percent of residential remodelers had between \$5 million and \$9.9 million in business activity.)

4. Build Age-Restricted Housing for People Age 55+: **12%**

Member Profile

1. No. of years as a member of NAHB (Average): **14 years**

2. Age (Median): **57 years**

3. Gender: **Male: 92% Female: 8%**

4. Race/Ethnicity: **White: 96% Hispanic: 3%**

5. Education

46 percent of residential remodelers have completed college or have an advanced degree and another 28 percent have some college education.

Commercial Builder in 2017

Number of Commercial Builders	2,028
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Company Profile

1. No. of employees on payroll (Average):

Construction Employees	18.5
Non-construction Employees	6.8
Total	25.3

(Ten percent of commercial builders have 50 or more employees and four percent have 100 or more.)

2. No. of units Started (Average):

Single Family	3.3
Multifamily	74.8
Total	78.2

(Among commercial builders who also build new housing units, 19 percent started 100-499 units in 2017 and two percent started 500 units or more.)

3. Dollar volume of company's revenue (Median): **\$4,154,425**

(Sixteen percent of commercial builders had \$15 million or more in business activity.)

4. Build Age-Restricted Housing for People Age 55+: **20%**

Member Profile

1. No. of years as a member of NAHB (Average): **16 years**
2. Age (Median) **57 years**
3. Gender: **Male: 90%** **Female: 10%**
4. Race/Ethnicity: **White: 94%** **Hispanic: 4%**
5. Education **60 percent of commercial builders have completed college or have an advanced degree and another 23 percent have some college education**

Land Developer in 2017

Number of Land Developers	1,695
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Company Profile

1. No. of employees on payroll (Average):

Construction Employees	4.3
Non-construction Employees	10.4
Total	14.7

(Five percent of land developers have 50 or more employees and 2 percent have 100 or more.)

2. No. of units Started (Average):

Single Family	68.8
Multifamily	50.0
Total	118.8

(Among land developers who also build new housing units, 12 percent started 100-499 units and nine percent started 500 units or more.)

3. Dollar volume of company's revenue (Median): **\$3,724,136**

(Sixteen percent of land developers had \$15 million or more in business activity.)

4. Build Age-Restricted Housing for People Age 55+: **10%**

Member Profile

1. No. of years as a member of NAHB (Average): **18 years**
2. Age (Median) **61 years**
3. Gender: **Male: 93% Female: 7%**
4. Race/Ethnicity: **White: 99% Hispanic: 1%**
5. Education **77 percent of land developers have completed college or have an advanced degree and another 11 percent have some college education.**

Multifamily Builder in 2017

Number of Multifamily builders	1,637
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Company Profile

1. No. of employees on payroll (*Average*):

Construction Employees	18.5
Non-construction Employees	69.8
Total	88.3

(Nine percent of multifamily builders have 50 to 99 employees and 13 percent have 100 employees or more.)

2. No. of units Started (*Average*):

Single Family	8.5
Multifamily	276.8
Total	285.3

(Twenty-six percent of multifamily builders started 100 to 499 units while 16 percent started 500 or more units.)

3. Dollar volume of company's construction (*Median*): **\$7,290,855**

(Thirty-two percent of multifamily builders had \$15 million or more in business activity.)

4. Build Age-Restricted Housing for People Age 55+: **30%**

Member Profile

1. No. of years as a member of NAHB (*Average*): **21 years**

2. Age (*Median*): **58 years**

3. Gender: **Male: 94% Female: 6%**

4. Race/Ethnicity: **White: 98% Hispanic: 3%**

5. Education **69 percent of multifamily builders responding have completed college or have an advanced degree and another 18 percent have some college education.**

Commercial Remodeler in 2017

Number of Commercial Remodelers	520
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Company Profile

1. No. of employees on payroll (Average):

Construction Employees	8.6
Non-construction Employees	2.3
Total	10.9

(Two percent of the commercial remodelers have 50 to 99 employees.)

2. No. of units Started (Average):

Single Family	2.9
Multifamily	38.9
Total	41.8

(Among commercial remodelers who also build new housing units, 12 percent started 100 to 499 units.)

3. Dollar volume of company's construction (Median): **\$1,646,809**

(Two percent of commercial remodelers had \$15 million or more in business activity.)

4. Build Age-Restricted Housing for People Age 55+: **18%**

Member Profile

1. No. of years as a member of NAHB (Average): **15 years**
2. Age (Median) **60 years**
3. Gender: **Male: 86% Female: 14%**
4. Race/Ethnicity: **White: 95% Hispanic: 2%**
5. Education **43 percent of commercial remodelers responding have completed college or have an advanced degree and another 30 percent have some college education.**

Manufacturers of Modular/Panelized/Log Homes in 2017

Number of Manufacturers of Modular/Panelized/Log Homes	156
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Company Profile

1. No. of employees on payroll (Average):

Construction Employees	20.2
Non-construction Employees	11.2
Total	31.4

(Thirteen percent of the manufacturers of modular/panelized/log homes have 50 to 99 employees and seven percent have 100 or more employees.)

2. No. of units Started (Average):

Single Family	40.0
Multifamily	4.3
Total	44.3

(Fourteen percent of manufacturers of modular/panelized/log homes started 100-499 units.)

3. Dollar volume of company's revenue (Median): **\$3,643,406**

(Seven percent of manufacturers of modular/panelized/log homes had \$15 million or more in business activity)

4. Build Age-Restricted Housing for People Age 55+: **40%**

Member Profile

1. No. of years as a member of NAHB (Average): **14 years**

2. Age (Median) **55 years**

3. Gender: **Male: 83% Female: 17%**

4. Race/Ethnicity: **White: 100% Hispanic: 0%**

5. Education **58 of manufacturers of modular/panelized/ log homes have completed college or have an advanced degree and another 25 percent have some college education.**