

Builder

DATA & ANALYSIS DESIGN MONEY BUILDING LAND BUILDER 100 PRODUCTS

Building

HOME > BUILDING > IF LABOR SHORTAGES PERSIST, WILL BUILDERS SEEK CONSTRUCTION ALTERNATIVES?

Posted on: February 06, 2013



IF LABOR SHORTAGES PERSIST, WILL BUILDERS SEEK CONSTRUCTION ALTERNATIVES?

Advanced framing, panelization, and modular manufacturing could gain ground.

By John Caulfield

Assembling a Modular House

[View All 5 Photos](#)



[Play slideshow](#)

Kevin Flaherty didn't have his hopes up. The director of marketing for the modular manufacturer [Champion Enterprises](#), Flaherty expected modest turnouts for the series of seminars on modular construction his company participated in during the International Builders' Show last month, the first one of which was scheduled right after the keynote address by former Disney Co. honcho Michael Eisner.

To Flaherty's surprise, that session was standing-room only. And its turnout signaled to Flaherty that more builders who are staring at the prospect of field-labor shortages are at least thinking about whether hooking up with a module supplier might make financial and practical sense under current employment and market conditions.

"We think [shortages] are really going to hit the fan in 2014," if projections about buyer demand and housing starts come to pass, says Flaherty. "So builders need to be ready for it."

Neither Troy, Mich.-based Champion nor other producers are kidding themselves that modular construction is suddenly going to break out of its 3% niche of total annual housing starts. But in markets where labor is already expensive, modular might attract some otherwise resistant builders and contractors looking for ways to sustain their production schedules by using sources that can deliver factory-built houses that are 70% or more completed before they are lowered onto jobsite foundations.

"In first-ring markets, where there is a lot of tract building, we'll struggle to have an advantage," says Dave Endy, co-owner of [Stratford Homes](#) in Long Lake, Minn., which produced about 200 homes from its two factories in 2012. "But we recently finished a project in [Jackson Hole](#), Wyo., where we had a huge cost advantage because labor rates there are high."

Slim Pickings

Those rates, in Jackson Hole and many other places, are likely to keep rising if the housing market's recovery stays on its current upward trajectory. "As the picture has become more optimistic about home building, the need for workers has continued to build," observes John Courson, president and CEO of the [Home Builders Institute](#) (HBI), which provides career training and placement in support of the national home building industry. And builders, he adds, prefer "job-ready workers" at a time when on-the-job training is less financially feasible.



Photos: Matthew Staver

Faster Delivery. As labor becomes scarcer and more expensive in some markets, some builders and contractors might be willing to lean towards modular manufacturing, which can deliver a completed house to a buyer within 90 days of an order.

Trending on Builder



Tri Pointe H Releases Its



Big in Japan Behind Asia Interest...



6 Kitchen Tr Pack a Punc

Podcasts



Why Century Communities' Liesel Values Competition



Podcast: 5 Ways Builders Can Build



Supply and demand are colliding because the construction industry has recovered very few of the two million workers it lost since the peak of the last housing boom. There has been some improvement lately, as residential construction jobs in January rose by 2.8% over the same month a year ago, according to the [U.S. Bureau of Labor Statistics](#). And [Trulia's chief economist Jed Kolko blogged recently](#) about how the government undercounts construction employment levels and available jobs. Still, the number of jobsite workers is likely to have a difficult time keeping pace with a housing industry that expects to build around 940,000 new housing units this year and 1.2 million units next year.

HBI recently surveyed 2,500 builders, of whom 600 responded, and 40% of those respondents said they would hire more subs in 2013. Three-fifths of respondents, however, expressed concern about subs' quality of training and skills in the field. In light of this situation, HBI, which currently has 125 training sites across the country, is attempting to expand its reach by licensing its pre-apprenticeship program—known internally as HBI PACT—and help licensees get a training site up and running in 90 days.

HBI has 13,000 students, of whom 9,000 are currently in skills training, says Courson. It can train workers in 14 to 16 weeks, “but it’s a matter of who’s paying for the training. Is it important enough [for state home-building associations] to be willing to pay for training programs?”

More about HandCrafted Homes

Find products, contact information and articles about [HandCrafted Homes](#)

More about Home Builders Institute

Find products, contact information and articles about [Home Builders Institute](#)



ABOUT THE AUTHOR

JOHN CAULFIELD

Keywords:

Subject:

- Modular Building
- Supply Chain
- Business

State:

- Michigan
- North Carolina
- Florida
- Wyoming

People:

- Kevin Flaherty
- Jerry Stump
- Bill Murray
- John Courson
- Dave Endy
- Brian Reading
- Fred Hallahan

Organization:

- NAHB
- Home Builders Institute
- Champion Enterprises
- Handcrafted Homes
- Southern Structures
- Stratford Homes
- Hallahan Associates

More from Builder

BUILDER INTEL

Beyond One-Size-Fits-All

What to Know About the Expanding Customization Options in Offsite Construction

BROUGHT TO YOU BY CERTAINTEED