

Profile of the Typical Single-Family Builder in 2009

Special Studies, July 1, 2010

Rose Quint

Assistant Vice President for Survey Research

Report available to the public as a courtesy of HousingEconomics.com

Data from an annual census of its members allows NAHB to construct detailed profiles of particular types of members—for example, those who specialize in single-family construction. Information from the latest member census shows that, in 2009, NAHB's typical single-family builder member did about \$1.36 million in business activity, employed 7.5 people, and started 19 housing units.

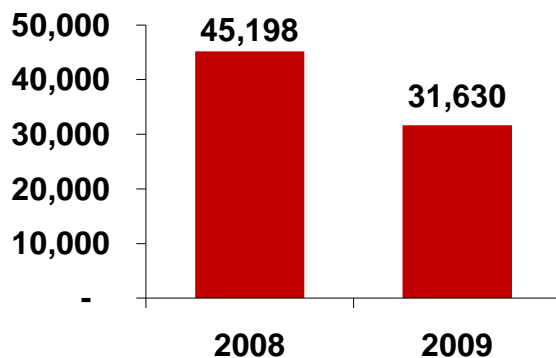
A relatively small percentage of these single-family builders also engage in multifamily construction, and these tend to be somewhat larger operations—whether measured in terms of housing starts, dollar volume of business, or employees. Member census results further show that the number of NAHB single-family builder members declined by 30 percent between 2008 and 2009, reflecting the well-documented downturn in the housing industry.

The following sections describe the profile of the typical single-family builder in more detail.

Number of Single-family Builder Members

In 2009, NAHB had an estimated 31,630 builder members whose primary business was single-family building, about 30 percent below the 45,198 number estimated for 2008 (Exhibit 1).¹ This decline in membership reflects the dismal conditions of the single-family home building sector in 2009, a year when single-family starts fell by 28 percent—from a 2008 number that had already declined 56 percent from its peak and represented the lowest annual single-family starts number recorded by the Census Bureau since it began tracking the data in the 1950s.

Exhibit 1. Number of Single-Family Builders
(NAHB members whose main operation is single-family building)



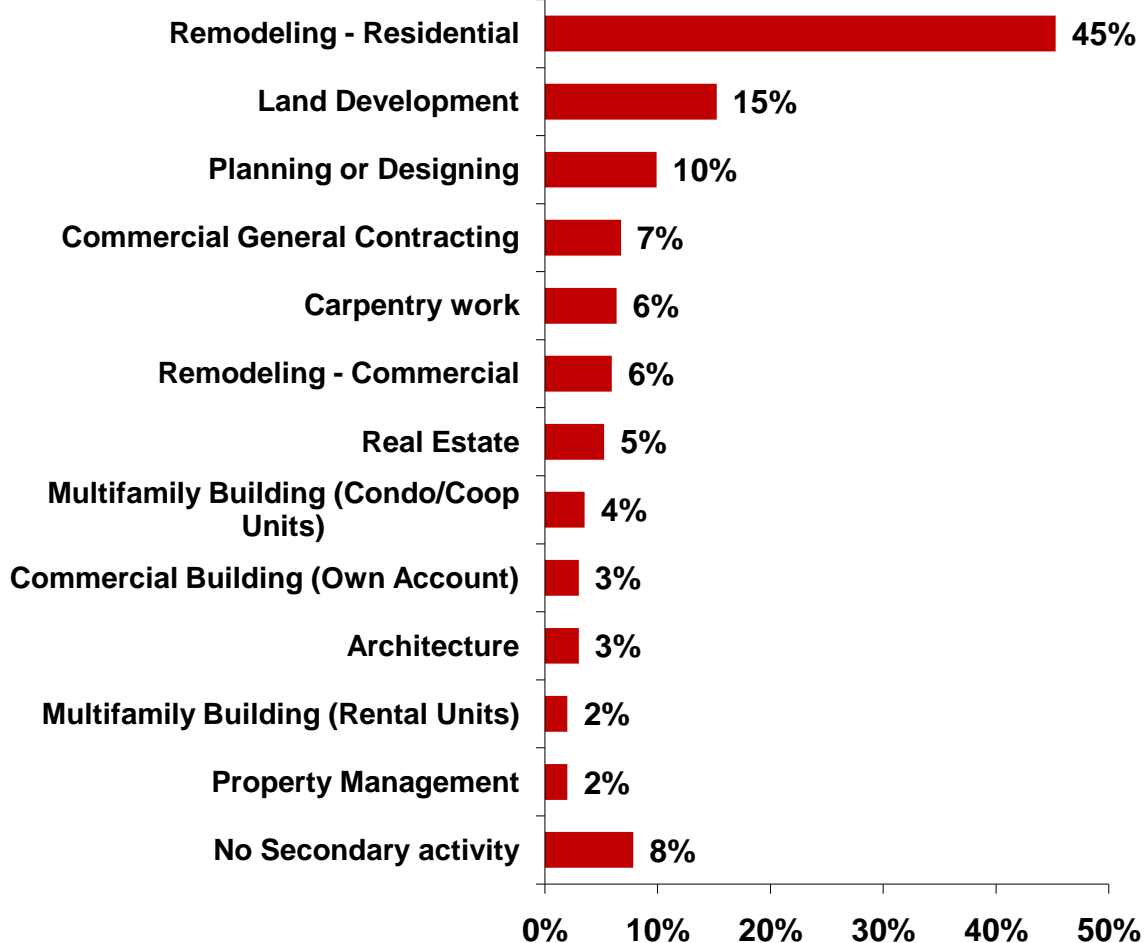
Source: NAHB 2009 Builder Member Census

Another 19,194 members reported that single-family building was a secondary operation for their company in 2009, fewer than half the number of members – 39,745 – with such a secondary operation in 2008.

Secondary Operations

The vast majority of single-family builders – 92 percent – engage in at least one type of secondary activity. Roughly 45 percent were involved with residential remodeling, 15 percent with land development, 10 percent with planning/ designing, and 7 percent with commercial general contracting (Exhibit 2).

**Exhibit 2. Other Important Operations for Single-family Builders
(Percent of Respondents)**



Source: NAHB 2009 Builder Member Census

Number of Housing Units Started

Most NAHB members whose primary business is single-family construction – over 90 percent – do not build any multifamily units. In 2009, these single-family-only builders started an average of 14 units. Among the relatively small share of single-family builders who do also build multifamily, the average number of units started in 2009 was 72 (48 single-family units and 24 multifamily). Across all NAHB members who are primarily single-family builders, the average number of starts was 17 single-family units and 2 multifamily units in 2009 (Exhibit 3).

**Exhibit 3. Number of Units Started in 2009 by Type of Single-Family Builder
(Percent of Respondents)**

	All Single-Family Builder Members	Those Who Build Only Single-Family Units	Those Who Build Both Single- and Multifamily
Single-Family Units			
Zero	8%	9%	5%
1-10	73	75	57
11-25	9	9	18
26-99	7	6	15
100-499	2	2	4
500 or more	1	0	2
Average	17	14	48
Median	3	3	6
Multifamily Units			
Zero	91	100	
1-10	6		70
11-25	1		14
26-99	1		8
100-499	1		8
Average	2	0	24
Median	0	0	6
Total Units			
Zero	8	9	
1-10	72	75	39
11-25	10	9	26
26-99	7	6	21
100-499	3	2	13
500 or more	1	0	2
Average	19	14	72
Median	3	3	14
Number of NAHB Members	31,634	29,183	2,451

Source: NAHB 2009 Builder Member Census

Dollar Volume of Business Activity

In general, NAHB's single-family builder members reported a median \$1.36 million in business activity for 2009, but again there was a substantial difference between those who do and do not also build multifamily units. Single-family builders who do not build multifamily units reported median revenue of \$1.16 million in 2009. Among single-family builders who also engage in multifamily construction, median revenue was \$3.23 million (Exhibit 4).

**Exhibit 4. Dollar Volume of Business Activity in 2009
by Type of Single-Family Builder
(Percent of Respondents)**

	All Single-Family Builder Members	Those Who Build Only Single-Family Units	Those Who Build Both Single- and Multifamily
Less than \$ 1 M	46%	48%	24%
\$1M to \$4.9M	40	39	47
\$5M to \$9.9M	7	6	10
\$10M to \$14.9M	3	3	6
\$15 M or more	4	3	13
Median	\$1.36 M	\$1.16 M	\$3.23 M
NAHB Members	31,634	29,183	2,451

Source: NAHB 2009 Builder Member Census

Number of Employees

In addition to the overall volume of business conducted in a given year, number of employees may vary from builder to builder based on tendencies to use independent contractors rather than payroll employees. In NAHB's May 2005 Housing Market Index survey, 80 percent of builders reported that they subcontracted out at least three-fourths of their construction work.

Subcontracting is especially common in particular trades such as plumbing and electrical wiring. On the other hand, builders' payrolls often include non-construction workers—in administrative, bookkeeping, marketing, or executive jobs, for example.

In NAHB's member census, single-family builder members in general reported that their firms had an average of 7.5 employees on their payroll in 2009, of which 4.2 were construction employees and 3.3 non-construction employees (Exhibit 5).

**Exhibit 5. Number of Employees on Payroll
by Type of Single-Family Builder
(Percent of Respondents)**

	All Single-Family Builder Members	Those Who Build Only Single-Family Units	Those Who Build Both Single- and Multifamily
Construction Employees			
Zero	15%	15%	11%
1 Employee	24	25	17
2-4	39	40	30
5-9	14	13	25
10-49	7	7	13
50-99	1	1	1
100 or more	0	0	3
Average	4.2	3.7	9.9
Median	2.0	2.0	4.0
Non-construction Employees			
Zero	33	35	18
1 Employee	28	29	22
2-4	26	25	32
5-9	7	7	9
10-49	5	4	16
50-99	0	0	1
100 or more	0	0	2
Average	3.3	2.7	9.8
Median	1.0	1.0	2.0
Total			
Zero	2	2	1
1 Employee	18	18	9
2-4	42	44	29
5-9	22	22	26
10-49	13	12	29
50-99	1	1	4
100 or more	1	1	3
Average	7.5	6.4	19.8
Median	3.0	3.0	6.0
Number of NAHB Members	31,634	29,183	2,451

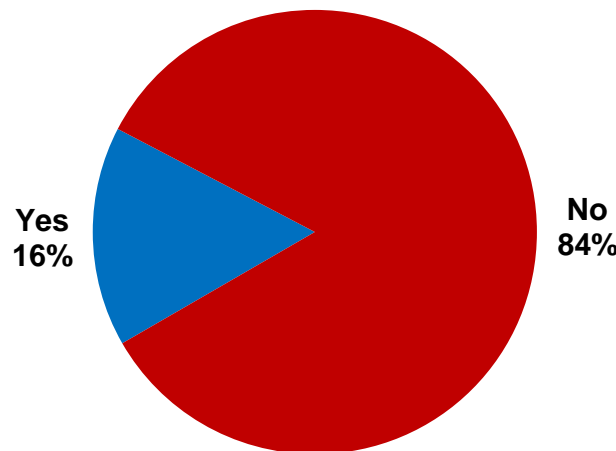
Source: NAHB 2009 Builder Member Census

Once again, the numbers are larger for single-family builders who also build multifamily structures. Single-family builder members who do not build multifamily units reported an average of 6.4 employees on their payroll in 2009, of which 3.7 were construction employees and 2.7 non-construction employees. Single-family builders who also build multifamily units reported an average of 19.8 paid employees in 2009, of which 9.9 were construction employees and 9.8 non-construction employees.

Age-Restricted Housing

Although they may not have built any in 2009, 16 percent of single-family builder members reported that they build age-restricted housing for people 55 and older (Exhibit 6).

**Exhibit 6. Build Age-Restricted Housing for 55+ Population
(Percent of Respondents)**

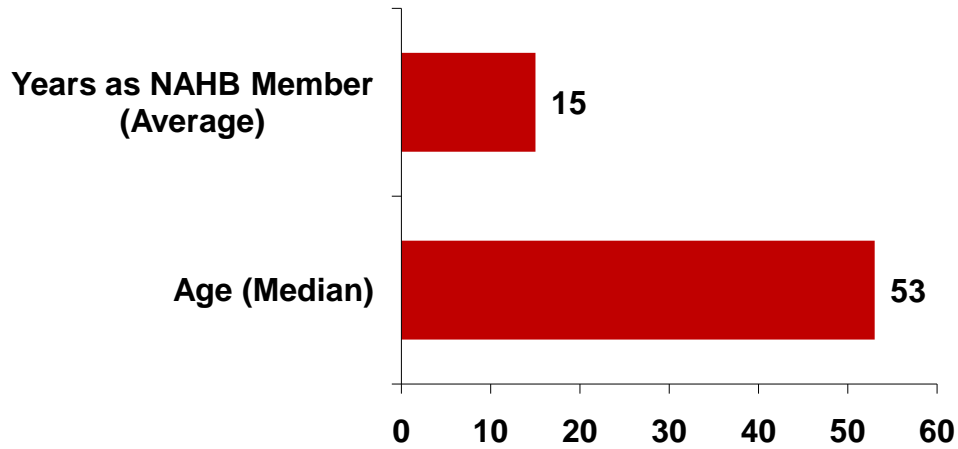


Source: NAHB 2009 Builder Member Census

Years as Member, Age, Gender, and Education

In addition to business data, the NAHB member census collects some information on the builders themselves. Single-family builders reported that they have been NAHB members for an average of 15 years, with 63 percent reporting membership of 10 years or more. The median age of NAHB single-family builder members is 53 years (Exhibit 7).

Exhibit 7. NAHB Single-Family Builders: Years as Member and Age

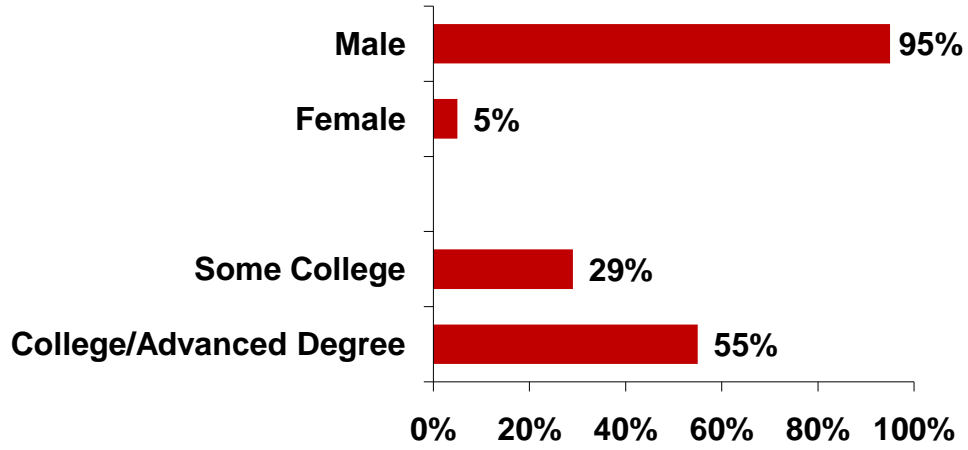


Source: NAHB 2009 Builder Member Census

There is a modest but discernable tendency for longer membership periods to be associated with larger single-family builders, especially when measured by dollar volume of business. Single-family builders who have been members for an average of 13 years had business volumes under \$1 million. Single-family builders who have been members for an average of 17 years had over \$5 million business volume.

The median age of single-family builders is 53 years, 95 percent are male, 55 percent have completed college or an advanced degree, and 29 percent have some college education (Exhibit 8).

**Exhibit 8. NAHB Single-Family Builders: Gender and Education
(Percent of Respondents)**



Source: NAHB 2009 Builder Member Census

¹ The NAHB member census was re-started in 2008 after a hiatus of several years, so numbers are not available for the years immediately prior to 2008.