

March 2022

Nationwide Agency Forward U.S. Construction Survey Report

METHODOLOGY



Audience

Homeowners

U.S. homeowners that have completed a major home repair or renovation in 2021 or intend to complete one in 2022

Small Business Owners

Owners of US businesses in the construction industry with 1-25 employees and less than \$10M in revenue



Sample Size



N=1,000



N=200



Methodology

10 - Minute
Online Survey



Timing

Survey fielded
January 14th – 24th, 2022

KEY FINDINGS

1

Supply chain issues led to significant renovation project disruptions in 2021.

Homeowners report high material cost (57%), impacted timelines on their projects completed in 2021 (43%), increased cost in labor (42%), and impacted availability of materials needed (40%). Businesses have found it difficult to locate materials (72%), and when they do, they are more expensive (78%). Supply chain issues have also caused delays in receiving materials (69%), as well as added stress on employees from COVID-19 (65%).

2

In the face of rising project costs, homeowners are willing to do things differently to save.

Homeowners expect project costs to rise for both materials (63%) and labor (48%). Half are also concerned they will have to settle for materials that are available rather than their original preference. To combat these worries, 40% of homeowners said they would be willing to wait more than 3 months from signing a contract for work to begin if it meant protection from rising costs, and 94% said they'd be willing to store materials on their property.

3

While both homeowners and small construction business owners expect supply chain issues to continue, they are continuing with project work and have an optimistic outlook.

Almost six in ten homeowners experienced high material costs with their recently completed projects, a similar rate to expectations for those planning a project. About three in four small business owners said materials were more expensive and nearly eight in ten expected that to continue in 2022. Still, only 5% of those planning home renovation projects will halt their projects due to these difficulties, and 70% of small business owners are optimistic about what 2022 holds for their business.

KEY FINDINGS

4

Most homeowners are renovating for cosmetic reasons.

Top reasons for completing renovations including repairing normal wear and tear, making the home more enjoyable and updating dated features. Interior remodels are the most common type of renovation completed and these are usually done for cosmetic reasons on a voluntary basis. Kitchen and bathroom remodels top the list for desired upcoming projects in 2022. More than 4 in 10 say they would not at all consider selling their home after renovation, and 77% have plans or ideas for more work beyond their current projects.

5

Few homeowners have any insurance coverage for their renovation work, though many are engaging in relatively small-dollar projects.

85% of home renovation projects have a total budget of less than \$20,000, and nearly two-in-five (37%) have a budget of less than \$5,000. Just 30% of homeowners report having any insurance policy coverage – whether full or partial – for their projects.

6

Facing increased customer demand and a booming construction industry, businesses are hiring.

Over the past two years 63% of small construction businesses have made new hires and half have had to raise wages to retain labor. Just 12% say their business is struggling to find work, and 63% say their business is completely booked up for 1 month or longer. Over half (54%) report expanding their offerings over the same time period, and of those who did, 42% hired employees that specialize in these new offerings.



Detailed Findings



Renovation projects are typically completed to repair normal wear and tear, make the home more enjoyable, or change outdated aspects

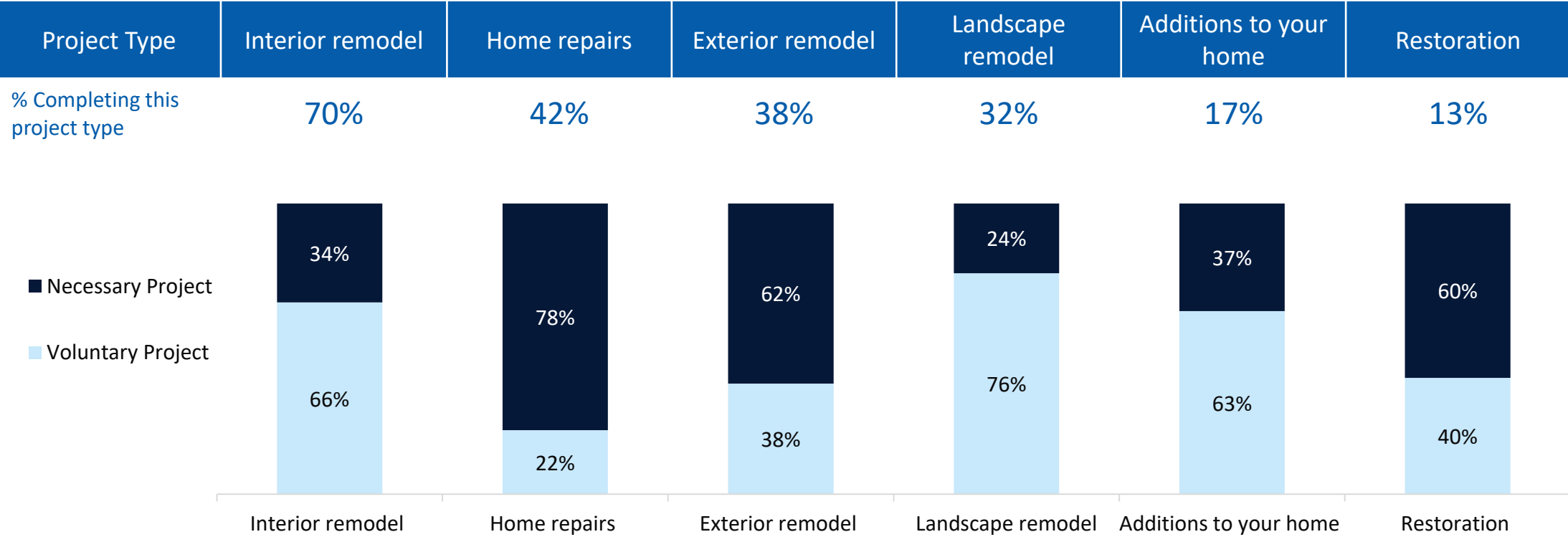


Q4: Which of the following are reasons why you're conducting these home renovation projects? Base: Homeowners (n=1,000)



Interior remodels are by far the most common type of renovation, and these are mostly completed voluntarily for cosmetic reasons

Type of Renovation Projects
(Shown % Select)

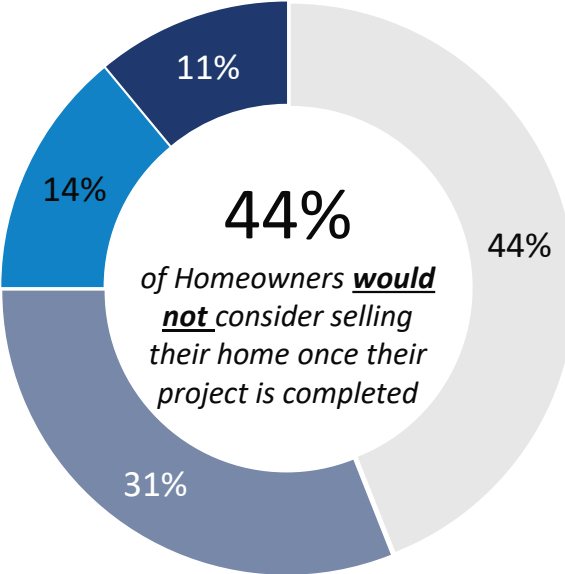


Q1: You previously mentioned that you've completed or intend on completing projects at your current residence(s), which of the following types of work or home renovation projects are these?
 Q3: Do you consider these home renovation projects to be a voluntary or necessary project? By a voluntary project, we mean something that's cosmetic, whereas a necessary project is something that's functional.
 Base: Total Homeowners (n=1,000)



4 in 10 homeowners – and half of homeowners with household incomes under \$50,000 per year – say they would not at all consider selling their home after renovation

Willingness to Consider Selling Home After Renovation (Shown % Select)



■ Not at all ■ Somewhat ■ Moderately ■ Extremely

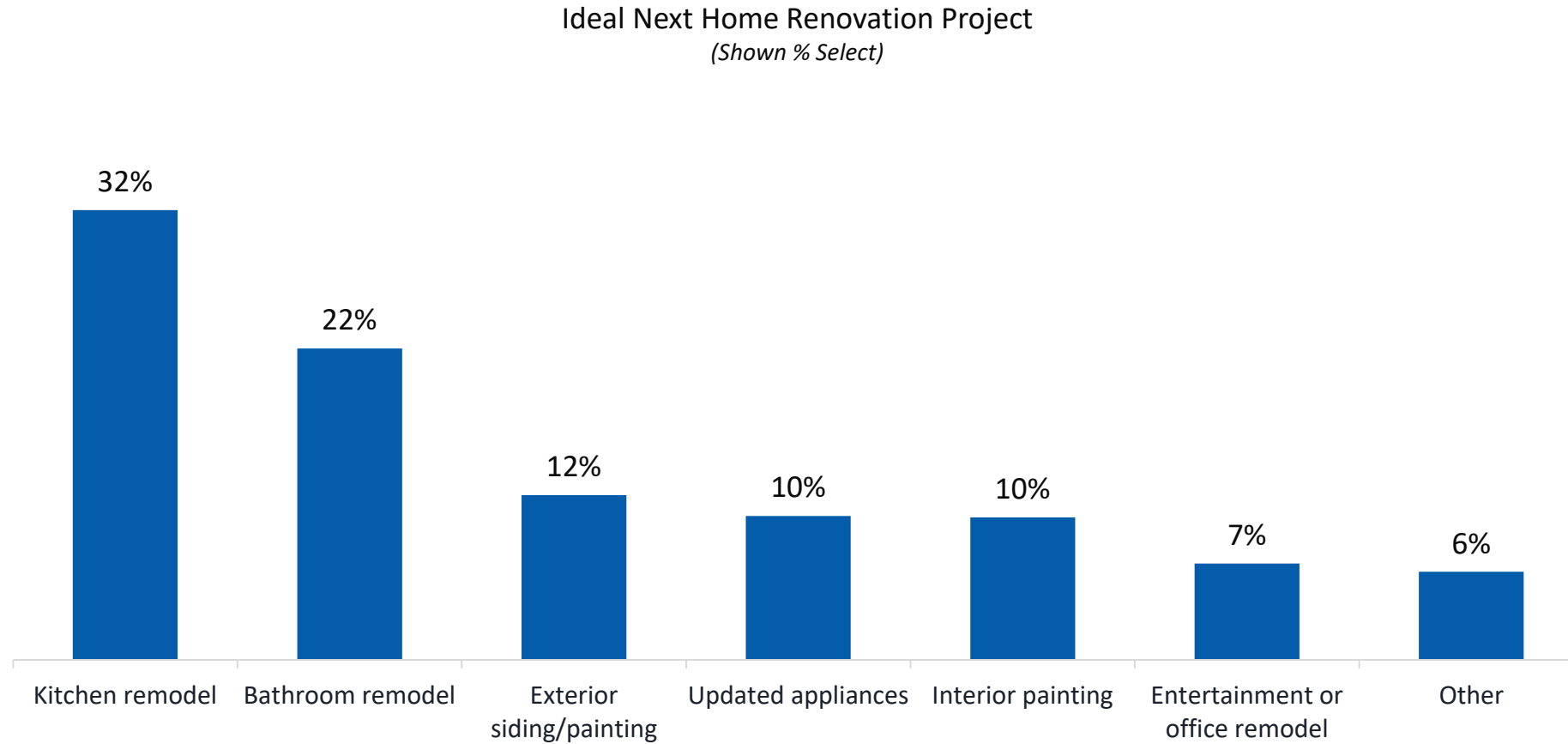
Unwillingness to Consider Selling Home After Renovation – By Annual Household Income (Shown % Select 'Not at all willing to consider')

| | |
|------------------------|------------|
| Under \$25,000 | 51% |
| \$25,000 to \$49,999 | 50% |
| \$50,000 to \$74,999 | 41% |
| \$100,000 to \$149,999 | 42% |
| \$150,000+ | 38% |

Q18: Would you consider selling your home once you've completed your home renovation project? Base: Homeowners (n=1000)



Kitchen and bathroom remodels are top priorities for homeowners in 2022

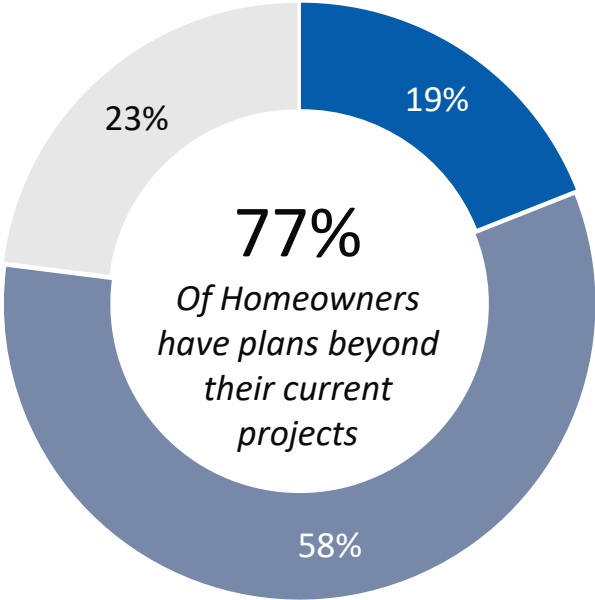


Q18a: If you had the opportunity to take on one project this year and it didn't cost you anything, which of the following would it be? Base: Homeowners with upcoming project (n=1000)



Supply chain disruptions have not discouraged homeowners from making plans to complete another project this year

Plans for Future Home Renovation Projects in the next 12 months
(Shown % Select)



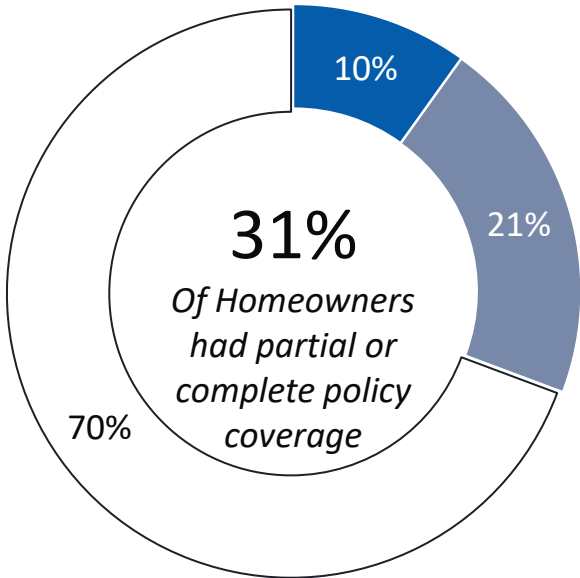
- Yes, I plan to start my next project within the next 12 months
- I have some ideas but no immediate plans
- No, I have no plans for another project

Q17: After your current/next project, do you have any plans to undertake another home renovation project? Base: Homeowners (n=1,000)



Homeowners choose to complete home renovations even though few projects are covered by their insurance policies; however, most of these projects are relatively low budget

Policy Coverage for Recent Home Reno Project
(Shown % Select)



- Yes, all of the work was covered
- Yes, a portion of the work was covered
- No

Budget for Home Renovation Projects
(Shown % Select)

| | |
|-------------------------------|-----|
| Under \$1,000 | 6% |
| Between \$1,000 and \$4,999 | 31% |
| Between \$5,000 and \$9,999 | 26% |
| Between \$10,000 and \$19,999 | 22% |
| Between \$20,000 and \$49,999 | 11% |
| \$50,000 or more | 3% |

37% of projects have budgets of less than \$5,000

Q2: What is the budget for your home renovation projects? Base: Homeowners (n=1,000)

Q5: For the home renovation project you completed in 2021, did your homeowners insurance policy cover all or a portion of your home renovation project? Base: Homeowners who completed a home renovation project in 2021 (n=750)



The pandemic caused substantial stress for construction businesses in 2021, increasing consumer demand while disrupting the labor market and supply chain

Reported Construction Business Experiences and Challenges in 2021

(Shown % Select Agree [Top 2 Box on 4-pt scale])



Q31: Thinking about the past year, how much do you agree or disagree with the following statements? Base: Small Business Owners (n=200)



Few businesses are struggling to find residential construction work, with almost two-thirds booked up for one month or longer

Demand for Residential Construction Business Services
(Shown % Select)

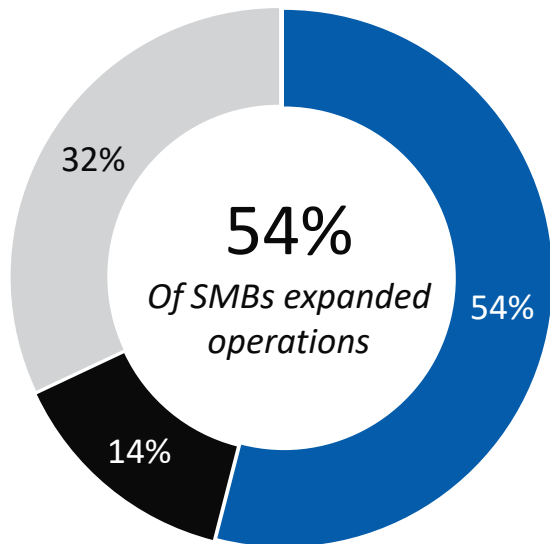


Q33: Which of the following best describes the demand for your construction business' services among residential customers?
Base: Business owners (n=200)



Businesses expanded their offerings during the pandemic to stay in demand and take advantage of new opportunities

Changes in Business Offerings since 2020
(Shown % Select)



- Expanded types of projects and services
- Narrowed types of projects and services
- Continue to operate the same

Reasons for Expanding Business
(Shown % Select)

| | |
|-------------------------------------------------------------------------------------|-----|
| My business needed to increase its demand | 44% |
| People working from home created new opportunities for my business | 43% |
| My business hired employees that specialize in new offerings | 42% |
| My business had the financial means to expand offerings | 38% |
| The pandemic created new opportunities for different types of projects and services | 36% |
| My business trained current employees that specialize in new offerings | 35% |

Q22: Has your construction business pivoted on the residential projects and services it offers to clients over the past 2 years due to market conditions? Base: Business Owners (n=200)

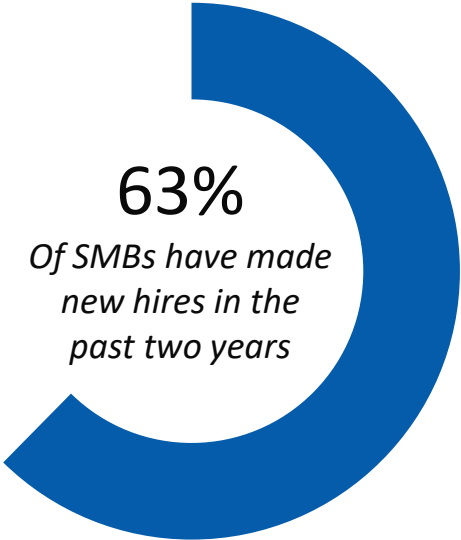
Q23: Which of the following are reasons why you've expanded the types of residential projects and services your business offers? Base: Business Owners (n=200)



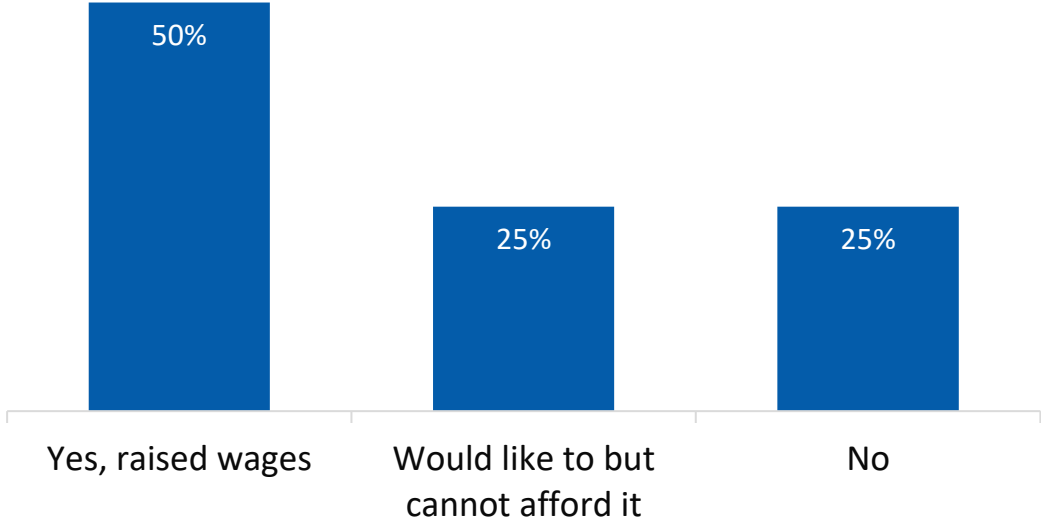
Almost two-thirds of small construction businesses made new hires in the past two years, and half have raised employee wages

Another 25% feel pressure to raise wages but cannot afford it currently.

Made New Hires Since 2020
(Shown % Select)



Raised Wages to Hire or Retain Labor Since 2020
(Shown % Select)

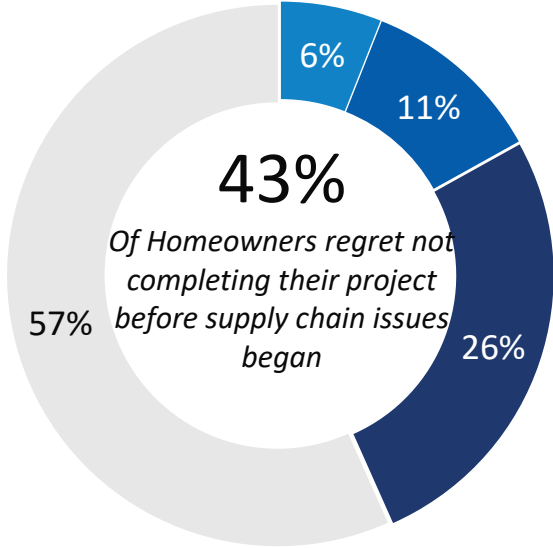


Q25: In the past 2 years, have you had to raise wages to hire or retain labor? Base: Business Owners (n=200)
Q26: In the past 2 years, have you had any new hires for your construction business? Base: Business Owners (n=200)



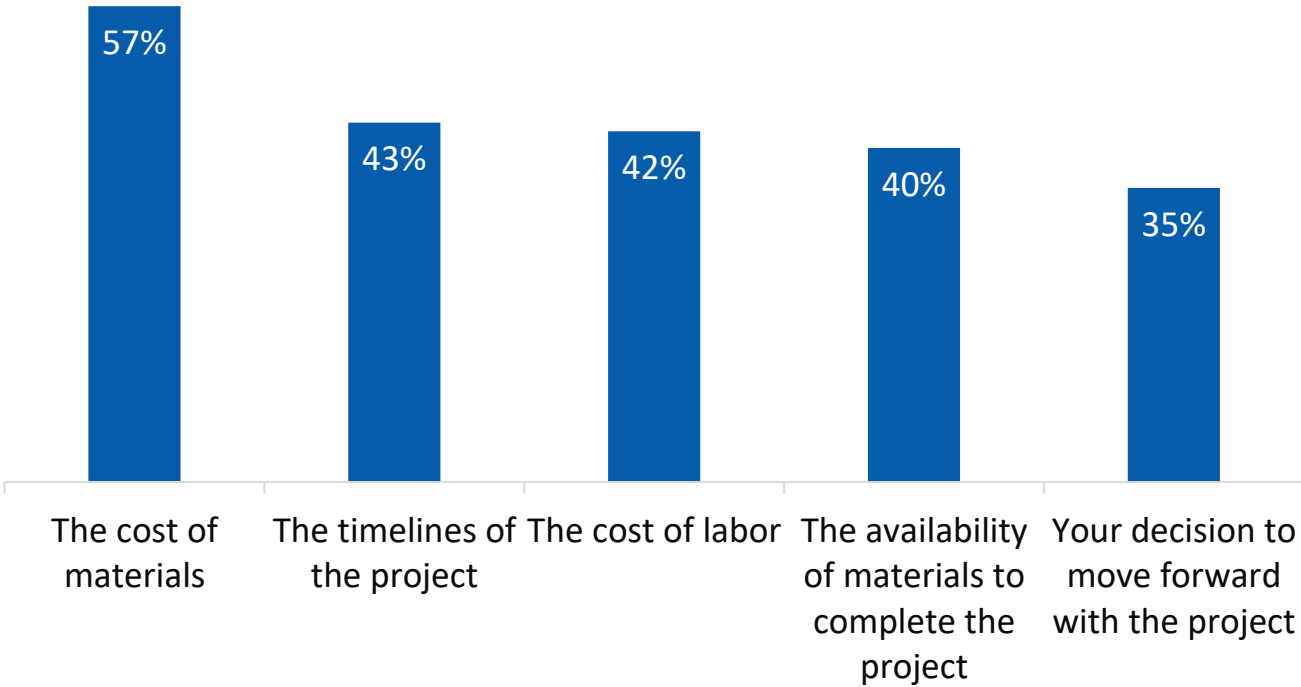
Supply chain disruptions led to higher costs and delays for homeowners' renovation projects in 2021

Regrets Relating to Project Timing and Supply Chain Disruption
(Shown % Select)



- Seriously regret it
- Moderately regret it
- Somewhat regret it
- Don't regret it at all

Impact of Supply Chain Disruption on Aspects of 2021 Home Renovation Projects
(Shown T2B Extreme/Moderate Impact)



Q9: Looking back on the home renovation project that was completed in 2021, do you have any regret in not completing this project before the US supply chain issues created by the pandemic? Base: Homeowners who completed a home renovation project (n=750)

Q7: Thinking back to the home renovation project you completed in 2021 and the US supply chain issues created by the pandemic, how much of an impact did the supply chain issues have on each of the following? Base: Homeowners (n=750)

Increased costs and lack of availability of desired materials are seen as the top barriers to future renovation projects

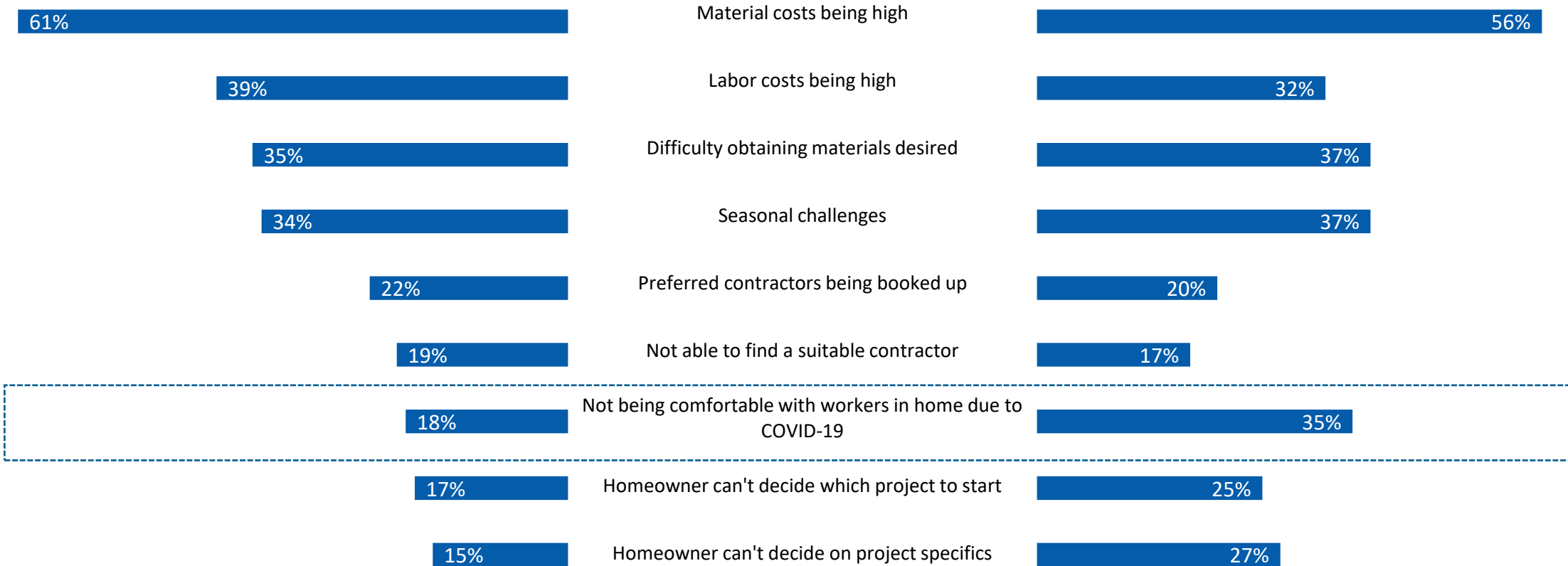
Perceived Barriers to Future Home Renovation Projects
(Shown: % Select)



Homeowners



Business Owners



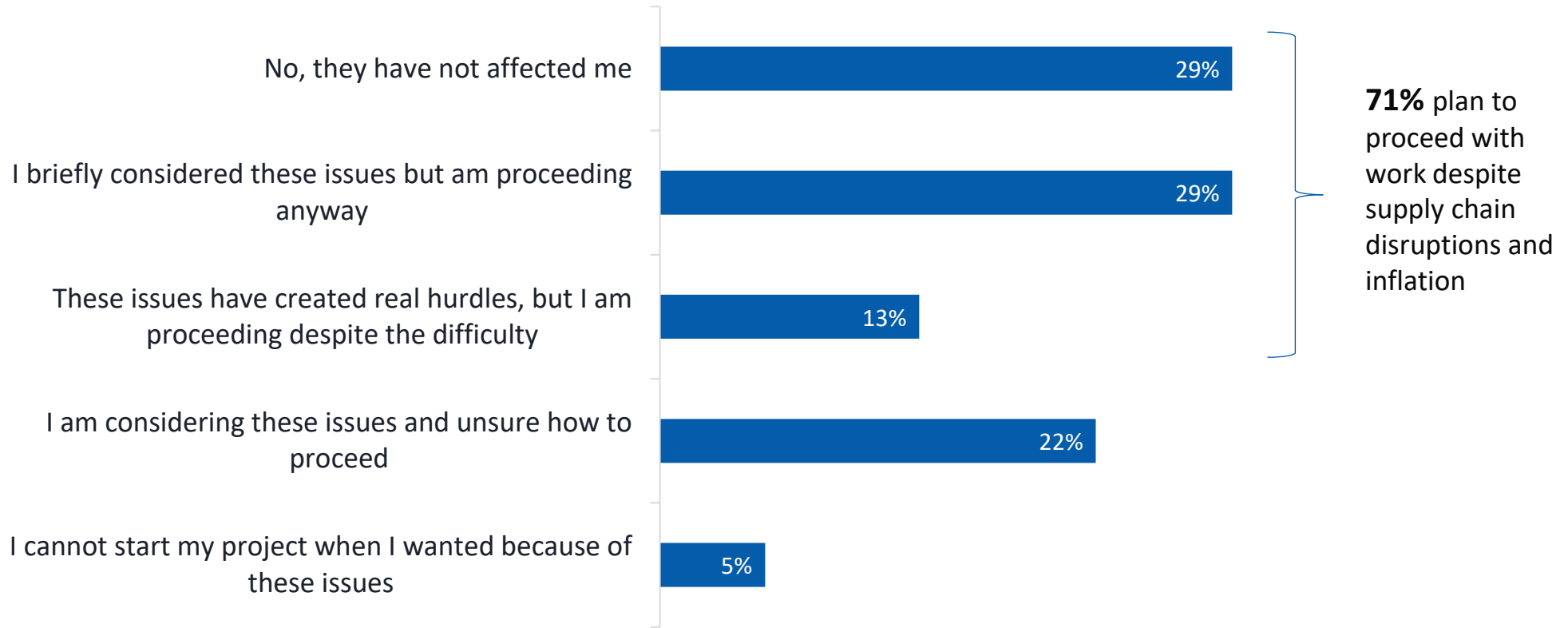
Q15: Still thinking about starting a home renovation project, do you consider any of the following to be barriers to starting that project? Base: Homeowners (n=1,000)

Q34: We would like you to think about potential customers who are interested in home renovation projects. Which of the following do you think they consider to be barriers to starting a project? Base: Business Owners (n=200)



Homeowners with upcoming projects are considering the impact of supply chain disruptions and inflation, but most are choosing to proceed with work as planned

Impact of Supply Chain/Inflation on Planning for Upcoming Projects
(Shown % Select)

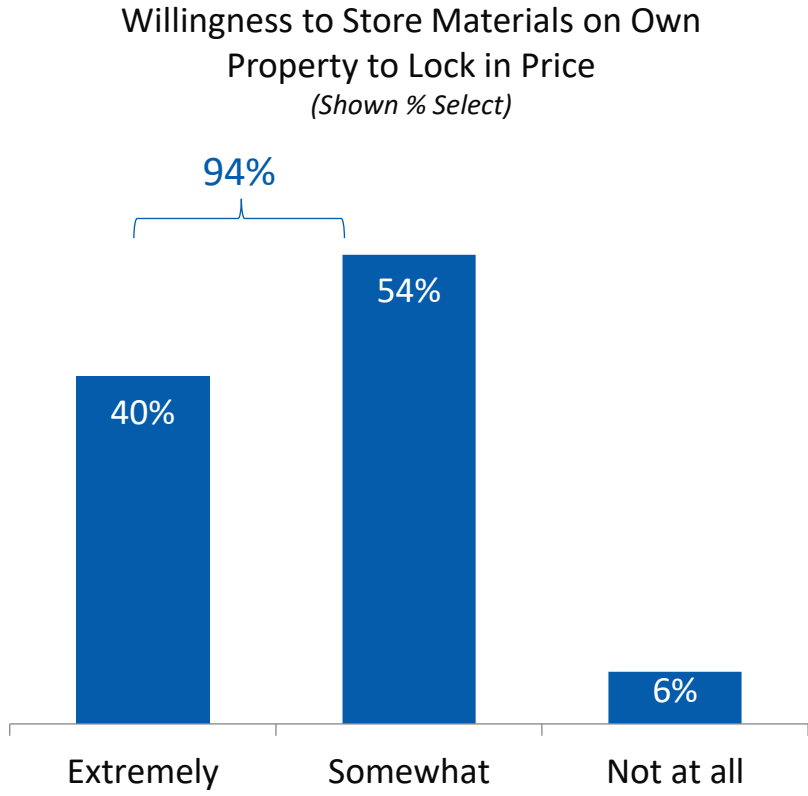
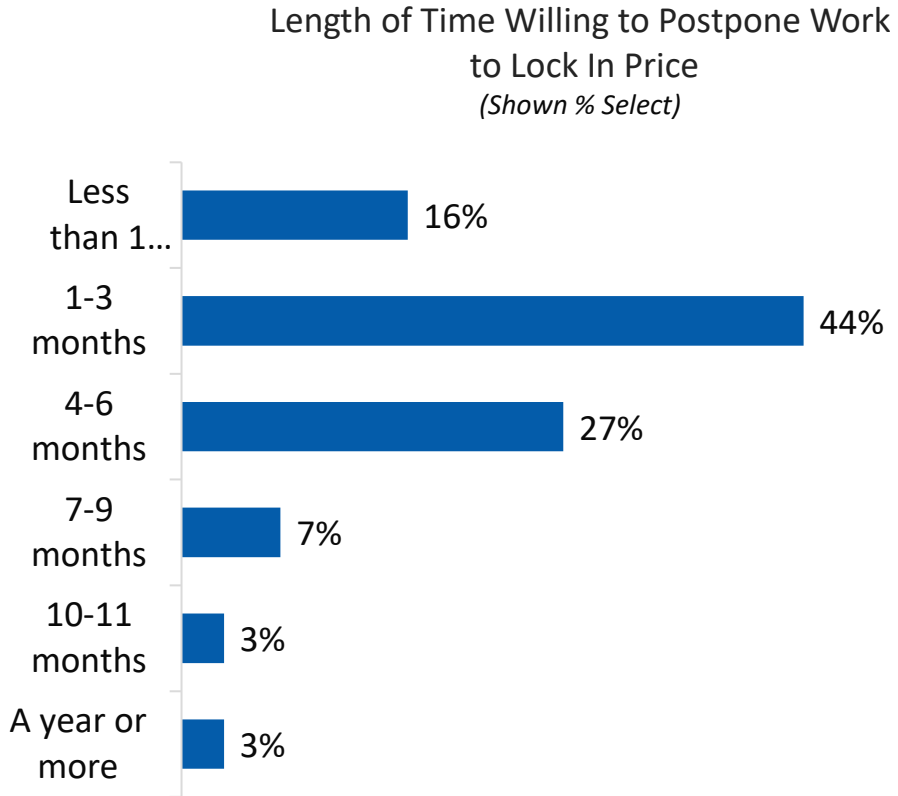


Q11: Have recent issues with the supply chain or inflation affected the planning of your project? Base: Homeowners with upcoming project (n=870)



However, homeowners are willing to adjust their plans if it means securing lower prices for labor and materials

40% would be willing to wait more than 3 months to begin work, and 94% would be willing to store construction materials in their home.



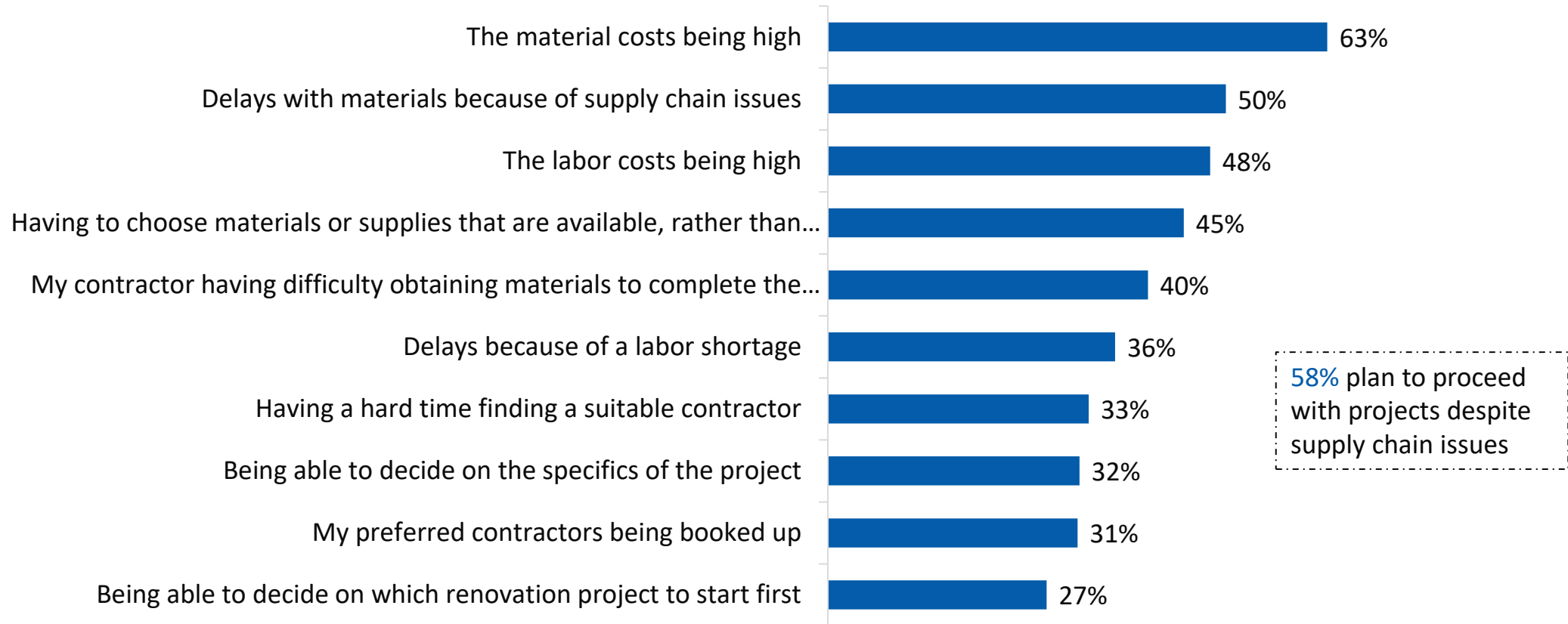
Q14: We would now like to ask you a question about a particular situation. Let's say you were going to start a home renovation project and by signing a contract early it meant locking in a price that's protected from future rising costs caused by pandemic-related supply chain issues for both labor and materials. If you locked in a price, how long would you be willing to wait from the time you sign your contract to the time work begins? Base: Homeowners (n=1,000)

Q16: If supply chain issues continue to worsen, contractors may ask their clients to store materials at their homes as they stock up on materials at a lower cost. If storing the materials at your home meant paying less for your overall project, how willing would you be to store materials on your property? Base: Homeowners (n=1,000)



Homeowners expect supply chain issues will continue to pose a challenge for upcoming renovation projects this year

Concerns about Upcoming Home Renovation Projects
(Shown % Top 2 Box 'Concerned')



Q10: Thinking about your upcoming home renovation project, how concerned are you about each of the following? Base: Homeowners with plans for 2022 renovation projects (n=870)



Businesses are optimistic about 2022 despite seeing continued pandemic-related disruptions, higher costs and lack of availability of materials

Outlook for Next Year
(Shown: % Agree, T2B)



Q32: Thinking about the year ahead, how much do you agree or disagree with the following statements? Base: Business Owners (n=200)



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THANK YOU

For media inquiries or to coordinate interviews with Nationwide leadership, please contact Graham Shippy

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