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 (Homeowners)
- N=200 (Small Business Owners)

**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.
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 remodelling is 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.

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.

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.

<table>
<thead>
<tr>
<th>Reason for Home Renovation Project</th>
<th>% Select</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairing wear and tear on the house</td>
<td>57%</td>
</tr>
<tr>
<td>To make my home more enjoyable</td>
<td>55%</td>
</tr>
<tr>
<td>To change something that’s outdated</td>
<td>49%</td>
</tr>
<tr>
<td>To update things more to my taste</td>
<td>48%</td>
</tr>
<tr>
<td>To make my home more eco-friendly</td>
<td>18%</td>
</tr>
<tr>
<td>To prepare the home for selling</td>
<td>16%</td>
</tr>
<tr>
<td>I’m getting what I want now before project costs rise too much</td>
<td>16%</td>
</tr>
<tr>
<td>To restore part of my home because of an accident or unintended disaster</td>
<td>14%</td>
</tr>
<tr>
<td>Working from home has changed my needs within the home</td>
<td>13%</td>
</tr>
</tbody>
</table>

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.

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.
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)

Ideal Next Home Renovation Project
(Shown % Select)

- Kitchen remodel: 32%
- Bathroom remodel: 22%
- Exterior siding/painting: 12%
- Updated appliances: 10%
- Interior painting: 10%
- Entertainment or office remodel: 7%
- Other: 6%

Referenced in Key Finding 4
Supply chain disruptions have not discouraged homeowners from making plans to complete another project this year

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)

- 10% Yes, all of the work was covered
- 21% Yes, a portion of the work was covered
- 70% 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]*)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials have been more expensive</td>
<td>78%</td>
</tr>
<tr>
<td>It has been difficult to find materials in stock</td>
<td>72%</td>
</tr>
<tr>
<td>My business has experienced delays in receiving materials we order</td>
<td>69%</td>
</tr>
<tr>
<td>COVID-19 created a lot of stress for my business</td>
<td>67%</td>
</tr>
<tr>
<td>COVID-19 created a lot of stress on my employees</td>
<td>65%</td>
</tr>
<tr>
<td>Demand for home renovation projects increased because of the pandemic</td>
<td>62%</td>
</tr>
<tr>
<td>It has been difficult to recruit new employees</td>
<td>55%</td>
</tr>
<tr>
<td>It has been difficult to stay in demand</td>
<td>55%</td>
</tr>
<tr>
<td>My business has struggled to compete with larger competitors</td>
<td>51%</td>
</tr>
<tr>
<td>Revenue in the past year improved because of more people working from...</td>
<td>51%</td>
</tr>
<tr>
<td>It has been difficult to retain current employees</td>
<td>50%</td>
</tr>
<tr>
<td>It has been difficult to keep up with customer demand</td>
<td>49%</td>
</tr>
</tbody>
</table>

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.

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)

- 54% Expanded types of projects and services
- 32% Narrowed types of projects and services
- 14% 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.*

**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)**

- 43% Of Homeowners regret not completing their project before supply chain issues began
- 57% Seriously regret it
- 26% Moderately regret it
- 11% Somewhat regret it
- 6% Don’t regret it at all

**Impact of Supply Chain Disruption on Aspects of 2021 Home Renovation Projects**

- The cost of materials: 57%
- The timelines of the project: 43%
- The cost of labor: 42%
- The availability of materials to complete the project: 40%
- Your decision to move forward with the project: 35%

**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)

<table>
<thead>
<tr>
<th>Homeowners</th>
<th>Business Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material costs being high</td>
<td>61%</td>
</tr>
<tr>
<td>Labor costs being high</td>
<td>39%</td>
</tr>
<tr>
<td>Difficulty obtaining materials desired</td>
<td>35%</td>
</tr>
<tr>
<td>Seasonal challenges</td>
<td>34%</td>
</tr>
<tr>
<td>Preferred contractors being booked up</td>
<td>22%</td>
</tr>
<tr>
<td>Not able to find a suitable contractor</td>
<td>19%</td>
</tr>
<tr>
<td>Not being comfortable with workers in home due to COVID-19</td>
<td>18%</td>
</tr>
<tr>
<td>Homeowner can't decide which project to start</td>
<td>17%</td>
</tr>
<tr>
<td>Homeowner can't decide on project specifics</td>
<td>15%</td>
</tr>
</tbody>
</table>

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)

- No, they have not affected me: 29%
- I briefly considered these issues but am proceeding anyway: 29%
- These issues have created real hurdles, but I am proceeding despite the difficulty: 13%
- I am considering these issues and unsure how to proceed: 22%
- I cannot start my project when I wanted because of these issues: 5%

71% plan to proceed with work despite supply chain disruptions and inflation.

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.

Length of Time Willing to Postpone Work to Lock In Price
(Shown % Select)

- Less than 1...: 16%
- 1-3 months: 44%
- 4-6 months: 27%
- 7-9 months: 7%
- 10-11 months: 3%
- A year or more: 3%

Willingness to Store Materials on Own Property to Lock in Price
(Shown % Select)

- Extremely: 94%
- Somewhat: 54%
- Not at all: 6%

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’)

- The material costs being high: 63%
- Delays with materials because of supply chain issues: 50%
- The labor costs being high: 48%
- Having to choose materials or supplies that are available, rather than...: 45%
- My contractor having difficulty obtaining materials to complete the...: 40%
- Delays because of a labor shortage: 36%
- Having a hard time finding a suitable contractor: 33%
- Being able to decide on the specifics of the project: 32%
- My preferred contractors being booked up: 31%
- Being able to decide on which renovation project to start first: 27%

58% plan to proceed with projects despite supply chain issues

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

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

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

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