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Michigan home construction permits expected to rise 8% this year

*More skilled workers needed to meet demand,
Home Builders Association of Michigan warns*

DETROIT – Michigan home builders say they're eager to meet an expected 8 percent rise in demand for new housing, but the lack of skilled workers threatens to undermine their goals – and ultimately the state economy.

“Not having enough qualified workers to do the job is very frustrating for home builders, would-be-home owners, and I think for state officials as well,” said Bob Filka, CEO of the Home Builders Association (HBA) of Michigan. “Home construction is an essential building block of the state economy.”

The good news is that the HBA of Michigan's annual building forecast, released today, indicates an 8 percent increase in new single-family home construction this year. Projections show 13,701 single-family home permits will be pulled across the state, up from 12,735 in 2014.

An overwhelming majority of Michigan home builders – 72 percent – point to workforce-related problems as one of the industry's top issues, according to an HBA Michigan member survey.

“We saw many scattered site builders have delays of two or even three months in getting framing crews to their sites last year,” Filka said. “Workforce issues and the bad weather were the big culprits in keeping permits for home construction flat in 2014.”

In addition, while overall employment increased across the state last year, full-time employment did not grow as anticipated.

Gov. Rick Snyder is expected to address the skilled-worker shortage issue, which is a focus of his administration, when he gives the keynote at the [Great Lakes Builders Show](#) on March 5. Up to 4,000 home builders, contractors, remodelers and other industry professionals are expected at the show, which will be held March 4-6, at Ford Field.

Filka said Detroit was selected to host the event because the city is rebuilding from the ground up, just as the building sector is doing following the Great Recession. The last large-scale Midwest building industry show was held more than five years ago in Chicago.

HBA of Michigan's had anticipated modest industry gains in 2014, but the actual number – 12,735 – fell short of the 15,966 forecast. Even so, 2013 and 2014 were the two strongest years for permits dating back to 2007. Total single-family home permits pulled in Michigan in 2014 were valued at \$2.9 billion.

This year's projection is based upon five econometric factors and is intentionally more conservative than in previous years, Filka said. The HBA of Michigan points to four main factors that will determine if the forecast is met or exceeded: workforce expansion in the state's building industry; continued increase in the number of full-time employees working in Michigan, oil prices remaining relatively low; and a return to more average weather conditions in February and March.

Results of the HBA of Michigan member survey show that more than 36 percent believe the industry is doing much better than last year, while nearly 57 percent say that it is doing slightly better.

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About the Home Builders Association of Michigan: The Home Builders Association of Michigan (HBAM) is a professional trade association, chartered in 1948 with the National Association of Home Builders. HBAM is comprised of 26 local home builder associations totaling nearly 4,500 builder/associate members throughout the state. It works positively to promote the building industry and impact legislative, regulatory and legal issues affecting housing affordability. Learn more at HBAofMichigan.com.

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