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TRUMP IMMIGRATION RULES LIKELY TO EXACERBATE HOME BUILDERS' LABOR SHORTFALL

Foreign-born workers account for nearly 30% of all those employed in construction trades

By Chris Kirkham
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The U.S. home-building industry, which relies heavily on immigrant labor, could face significant challenges under stricter immigration enforcement rules outlined during President Donald Trump's first week in office.

Foreign-born workers account for nearly 30% of all those employed in construction trades, according to 2015 research from the National Association of Home Builders, and the share is even higher among occupations that are central to home building, such as roofers and drywall installers.

Labor shortages have already been a persistent problem for home builders throughout the housing recovery, as many older construction workers retired or migrated to other professions when the housing industry collapsed a decade ago. Others returned to Mexico and haven't come back.

Those factors have combined to create a labor shortfall that experts say is holding back the overall pace of home construction. Eight years into the current economic expansion, single-family home construction remains 25% below the prior 30-year average. Adjusted for population, single-family home construction is barely back to troughs of recessions in the early 1980s and 1990s.

The home building industry has long supported immigration reform that creates a guest worker program for construction trades and provides a path to legal status for those already in the country.

"I don't think we'll have a full housing recovery until we work that out," said Patrick Hamill, chief executive of Oakwood Homes, a major builder in Colorado and Utah.

He said the current rhetoric from Mr. Trump is going in the opposite direction.

"Ultimately we've got to get something solved, because people are working under the table, and feeling scared," he said. "I like his rhetoric when it relates to enforcing the rules we have, but how do we deal with what we already have here? We're not going to send five [million] or six million people back to Mexico."

At a home-building industry conference after the election last November, Toll Brothers Chief Executive Douglas Yearley underscored the importance of immigrant labor and said he hoped Mr. Trump would proceed carefully.

"Our business is an immigrant-based business; then again, so are his hotels and so are his casinos," he said.

Overall, immigrants account for nearly half of all drywall and ceiling-tile installers, 43% of roofers and nearly 60% of plasterers and stucco workers, the research from the National Association of Home Builders found. Nearly 53% of immigrant construction workers were born in Mexico, the study found, and another 30% were from the rest of the Americas.

A survey by the group in December found that the cost and availability of labor was the top issue facing the industry, with 82% of builders surveyed expecting to face problems in 2017, up from 78% a year earlier.

Svenja Gudell, chief economist at real estate tracker Zillow, said stricter policies on immigration would have a "very significant impact" on how much builders can ramp up supply as demand increases.

"When you ask builders 'Why aren't you building more?', labor shortages are at the top of their list," she said.