

Harvey not hitting labor pool — yet



REAL ESTATE

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When Hurricane Harvey tore into the Texas coast a couple of months ago, builders in Dallas-Fort Worth braced for the impact.

The housing industry has been stretched thin in North Texas with a shortage of labor and rising prices for materials.

With Harvey causing billions of dollars in damage and wrecking thousands of homes in southern Texas, builders expected the worst. But so far, the storm has blown by North Texas builders.

“We were watching pretty closely to see what would take place,” said Ted Wilson, principal with Dallas-based housing consultant Residential Strategies. “Down in the Houston market, there is a real shortage of Sheetrock workers, painters and flooring people. That really hasn’t translated to problems here.”

Coming out of the Great Recession, homebuilders struggled to get back in gear. More than half of the builders in North Texas left the business during the economic downturn. And many laborers and suppliers didn’t return to the market when the economy turned the corner.

This year, single-family home starts in North Texas will top 30,000 units for the first time since before the housing crash. Still, new-home production in the area lags its pre-recession levels by more than a third.

Builders have struggled to find enough labor, financing and land to supply enough new homes to meet market demand.

So the devastation caused by Harvey, which damaged or destroyed homes and apartments stretching from Corpus Christi to Louisiana, caused builders more than 200 miles to the north to sweat.

Wilson said part of the reason might be that money for repairs on the coast has taken a while to reach homeowners.

But he also says there is more labor in the construction market.

“The concerns about labor are not as severe as they were a year ago or certainly two years ago,” Wilson said. “There has been some training and bringing in new people.”

In a third-quarter survey of D-FW homebuilders, Residential Strategies found that labor and materials pricing concerns have dropped this year.

“We haven’t heard of anything noticeable in this market in terms of labor shortages caused by the hurricane,” Wilson said.

“Obviously it’s a big deal down in Houston, but it’s not filtering up here.”

Apartment builders are saying much the same thing.

Last week, at a Dallas seminar on apartment building and sales, major developers said they weren't seeing a posthurricane spike in prices.

“With Harvey, we heard a lot of chatter, but the chatter has died down,” said Matt Brendel, senior vice president with Irving-based apartment builder JPI.

Brendel said construction cost pressures are still there but have subsided a bit.

“We were seeing about 10 to 15 percent inflation a handful of years ago,” he said. “We are seeing more like 4 to 5 percent inflation. And that's almost all labor.”

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