The image shows a city skyline with several tall buildings under a hazy, orange-tinted sky. In the foreground, a bridge with graffiti spans across a river. The graffiti includes the words 'NINJA STYLE', 'KUNG FU', and 'BREATHE'. The bridge is supported by concrete pillars. The overall scene is bathed in a warm, golden light, suggesting a sunset or sunrise.

The RenoRun Report: 2020 | Q1 | Austin

Overview

Construction Costs

102.9

Material Cost Index

▲ 3.0% VS. LAST QUARTER

14.4%

Avg. project overages

Avg. actual costs vs. expected costs

- In Q1 of 2020, we saw a ~3% increase in material costs. Lumber saw the biggest increase (5.9%) followed by insulation (3.8%). The COVID-19 crisis will increase costs, with disruption to global supply chains and increasing demand from China; lumber and drywall expected to increase most
- Project overages (actual vs. predicted costs) averaged around 15% for the residential contractors we surveyed in Austin; builders averaged 3.4 material runs a week and scored a very low on the ease of finding reliable sub-contractors in a timely way for projects

Building Permits (Supply Activity)

1,777

Building permits issued

▲ 7.8% VS. LAST YEAR

\$141 K

Avg. permit value

▼ 20.0% VS. LAST YEAR

- There has been over 7.8% growth in permits issued in Q1 of 2020 year on year; however, the average permit value decreased by 20%
- East, South East, and Central Austin saw the biggest surge in permits issued. North and South Austin saw a significant dip in permits issued

Real Estate Market (Demand Activity)

7,513

Real Estate Unit Sales

▼ 13.3% VS. LAST QUARTER

▲ 5.7% VS. LAST YEAR

1.57

Months inventory

▼ 25.4% VS. LAST QUARTER

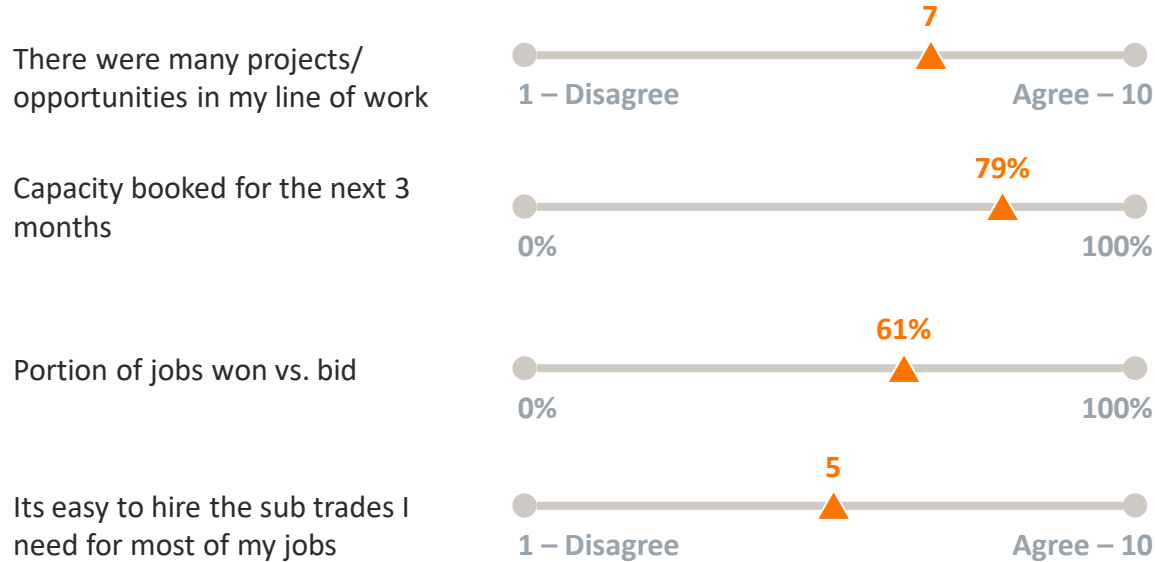
▼ 24% VS. LAST YEAR

- In Q1 2020, total units sold are up 5.7% year-on-year and median price jumped 11% to \$323,447, in-spite of COVID-19 shelter-in-place policies; however, fall in listing activity (-13%) and pending residential sales (-19%) signal that the true impact of COVID-19 will occur in Q2 and Q3
- Austin is currently in a “seller’s market”, where we say a significant decrease of 0.7 months (now 1.57 months) of inventory; potential buying behavior is anticipated to result in a notable decline in renovation work that isn’t already planned for, which might contract demand for GC services

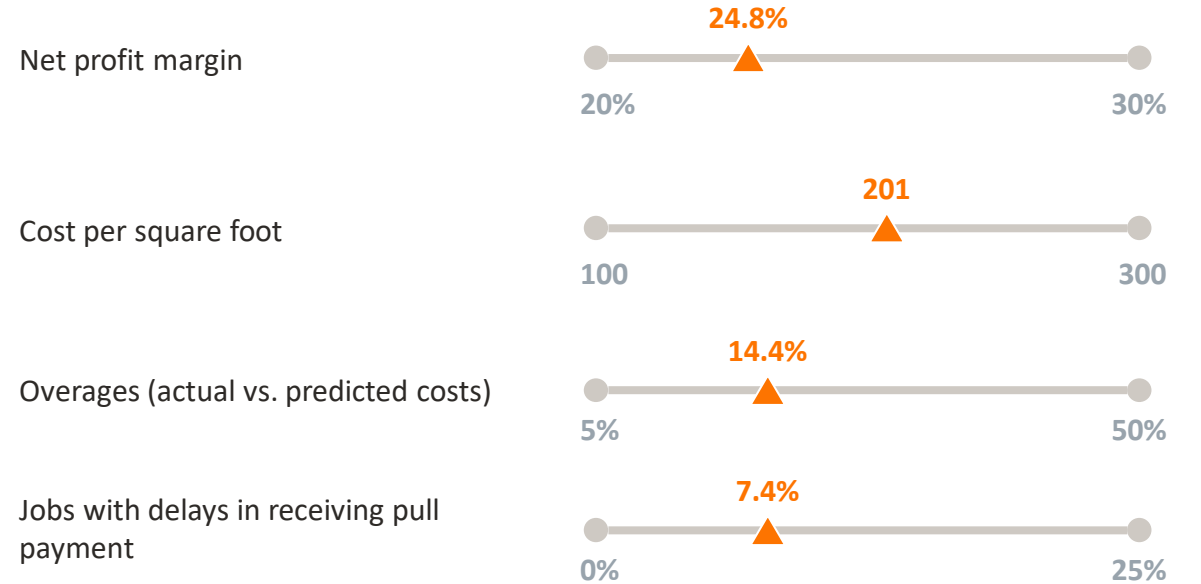
RenoRun Builder Survey



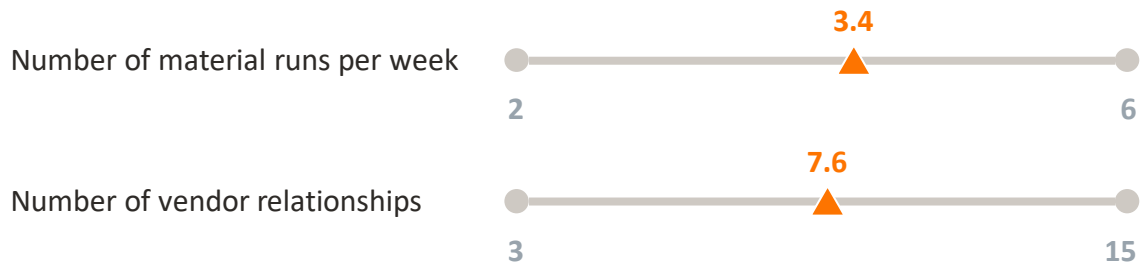
Builder Sentiment



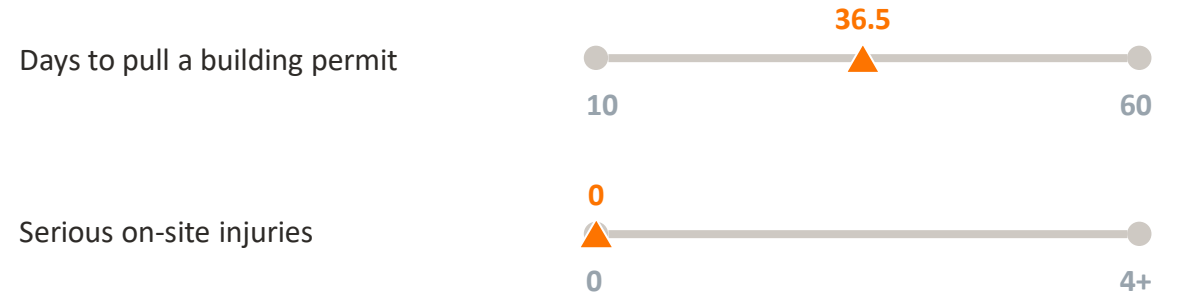
Profit and Loss



Suppliers



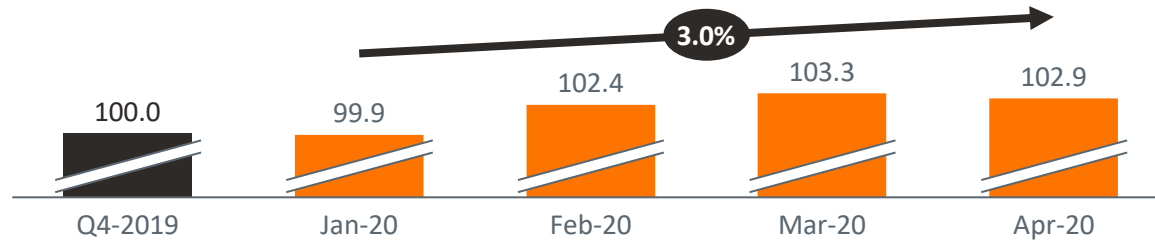
Permits and Safety



Construction Costs

Material Costs

RenoRun Material Cost Index, Base of Sept 2019



RenoRun Material Cost Index, by component, Base of Sept 2019

Metric	Apr. 2020	Change in the last 3 months	Change in the last 6 months	Expected change
RenoRun Material Cost Index	102.9	^ 3.0%	^ 2.9%	
Drywall	100.0	0.0%	0.0%	
Lumber	108.1	^ 5.9%	^ 8.1%	^
Insulation	103.8	^ 3.8%	^ 3.8%	
Steel	100.0	0.0%	0.0%	
Plywood/OSB	101.2	^ 3.2%	^ 1.2%	^
Hardware	100.0	0.0%	0.0%	
Concrete	102.6	0.0%	^ 2.6%	

- In Q1 of 2020, we saw a ~3% increase in material costs in Austin. Lumber prices saw the biggest increase (5.9%) followed by insulation (3.8%).
- The COVID-19 crisis is likely to increase costs, with disruption to global supply chains; alongside increasing demand from China, we anticipate lumber and drywall prices to increase the most.

Labor Costs

RenoRun Labor Cost Index, by Sub-Trade**

Sub-Trade	Metric	Low End	Average	High End
General Laborer	\$ per hour	\$20.3	\$24.7	\$29.2
Finishing Carpenter	\$ per hour	\$34.2	\$43.0	\$52.4
Framing Carpenter	\$ per hour	\$24.8	\$29.9	\$35.8
Painter	\$ per square ft.	\$1.9	\$2.4	\$2.9
Drywall Contractor	\$ per square ft.	\$1.0	\$1.7	\$2.6
Plasterer	\$ per square ft.	\$1.1	\$1.6	\$2.3
Tile-installer	\$ per square ft.	\$7.0	\$10.2	\$13.4
Plumbers	\$ per fixture	\$174.2	\$216.5	\$258.8
Electricians	\$ per pot light	\$85.4	\$98.6	\$112.1

**Disclaimer: We are in early stages of gathering labor cost data for Austin; above are figures for the Canadian market as a directional example of what the final output will be. If you would like to be notified when these figures are finalized for Austin, please email andrew@renorun.com to be added to the list.

Building Permits

Overview

Total Permits Across Austin City

Permit Type	Q1 2020	Year on Year growth
New Build		
Permits issued	1,369	▲ 6.8%
Avg. permit value	167,195	▼ -18.7%
Additions/remodels		
Permits issued	407	▲ 11.2%
Avg. permit value	53,844	▼ -31.7%

- Across Austin, Q1 2020 permits issued indicate signs of year-on-year growth (~8% growth); however, there was a significant decline (~20%) in average permit value.
- East, South East, and Central Austin saw the biggest surge in permits issued; North and South Austin saw a significant dip in construction activity.
- Due to the COVID-19 slow down, in general, builder activity is anticipated to decrease in Q2 and Q3.

Permits by Area



New Build



Additions/
Remodels

X # of Permits

% Year on Year Growth

North Austin



120 ▼ -7.7%



64 ▲ 14.3%

Central Austin



175 ▲ 16.7%



131 ▲ 6.5%

South Austin



246 ▼ -17.7%



88 ▼ -13.7%



North East Austin



264 ▼ -18.3%



16 ▼ -36.0%

East Austin



225 ▲ 27.8%



46 ▲ 7.0%

South East Austin



339 ▲ 66.2%

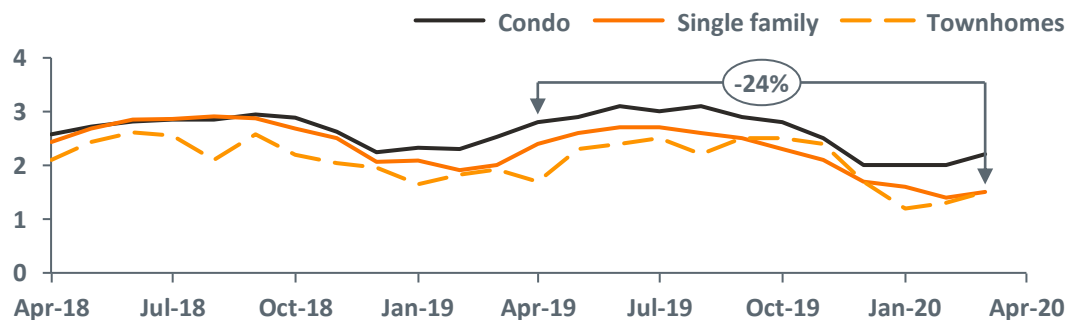


62 ▲ 264.7%

Real Estate Market

- Local shelter-in-place orders went into effect on March 24 in Austin, but the situation had little impact on overall home sales; total units sold are up 5.7% year-on-year and median price jumped 11% to \$323,447.
- Austin is currently in a “seller’s market” where there was a significant decrease of 0.7-1.57 months of inventory.
- Declines in listing activity (-13%) and pending residential sales (-19%) signal that the true impact of COVID-19 on the housing market will occur in Q2 and Q3.
- Homebuyers could experience closing delays due to COVID-19 safety precautions and should prepare for additional employment verifications at closing and beyond to meet new lending requirements.
- Changes to buying behavior could mean that renovation work that isn’t already planned for is likely to decline, which could constrict demand for GC services over the next 6 months.

Months of Inventory



REAL ESTATE ACTIVITY, BY STRUCTURE

Metric	2020 Q1	Change From	
		Last Quarter	Last Year
Overall			
Total Units Sold	7,513	-13.3%	5.7%
Median Price (\$)	323,447	1.8%	11.0%
Months Inventory	1.57	-25.4%	-24.0%
Single Family			
Total Units sold	6,754	-14.2%	6.0%
Median Price (\$)	325,667	2.3%	10.9%
Months Inventory	1.50	-26.2%	-24.9%
Townhomes			
Total Units Sold	88	20.5%	-4.6%
Median Price (\$)	247,668	-6.2%	-3.5%
Months Inventory	1.33	-39.4%	-25.9%
Condo			
Total Units Sold	663	-5.7%	3.7%
Median Price (\$)	313,550	1.5%	22.0%
Months Inventory	2.07	-15.1%	-13.4%

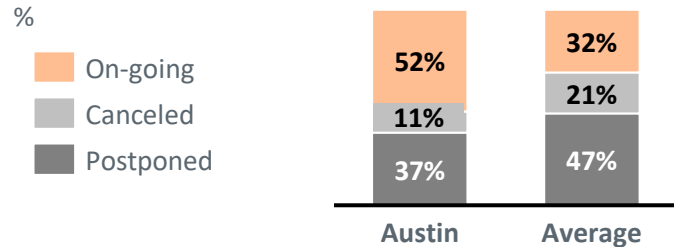
State of Construction During COVID-19

Impact on your Business

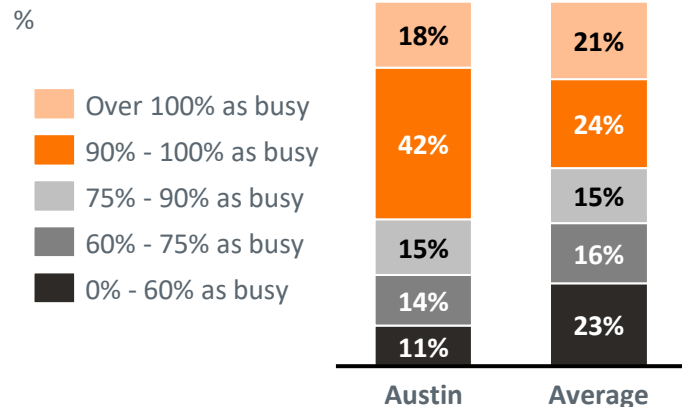
Austin builders are faced with a challenge; **about 50% of projects are delayed or canceled.**

Still, most are expecting a recovery; **~60% are expecting to be 90% as busy or more** once restrictions are lifted.

Q1: Due to COVID-19, what portion of your projects were impacted?



Q2: Compared to last year, how busy do you expect to be after restrictions are lifted?

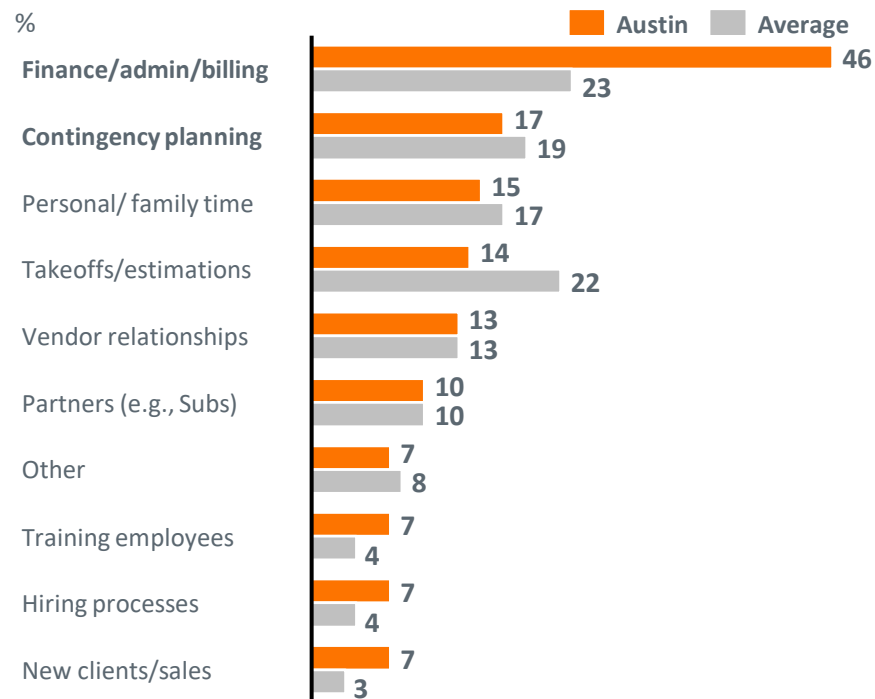


Preparing for the Re-Start

In uncertain times, Austin contactors' first focus is ensuring that they are **financially able to manage different potential scenarios** over the next few months and **working on contingency plans.**

Builders are trying to **limit costs in the short-term**, while keeping up on projects they can operate safely and preparing the next ones.

Q3: During the slow-down, what parts of your business will you most focus on improving?

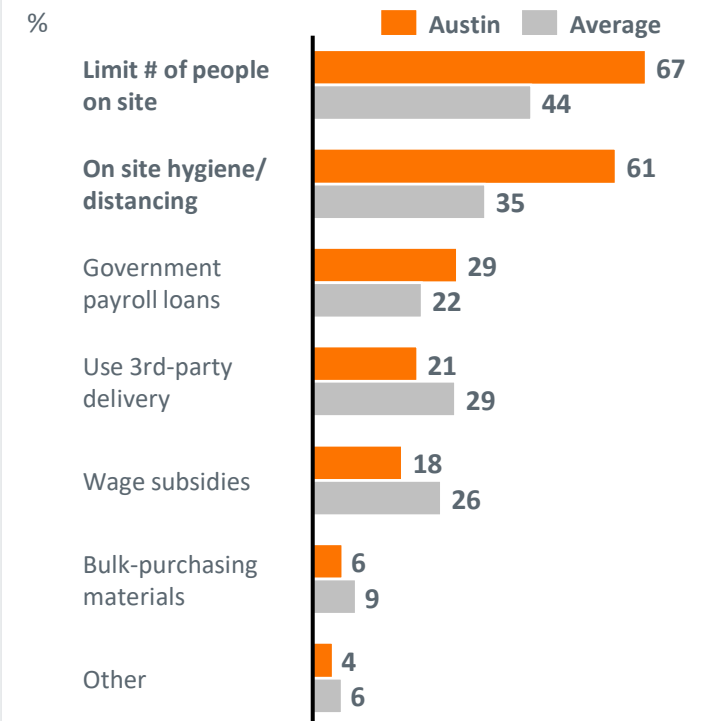


Focus During Slowdown

In Austin, builders focused on **limiting the number of people on site and keeping them safe** by following proper hygiene recommendations.

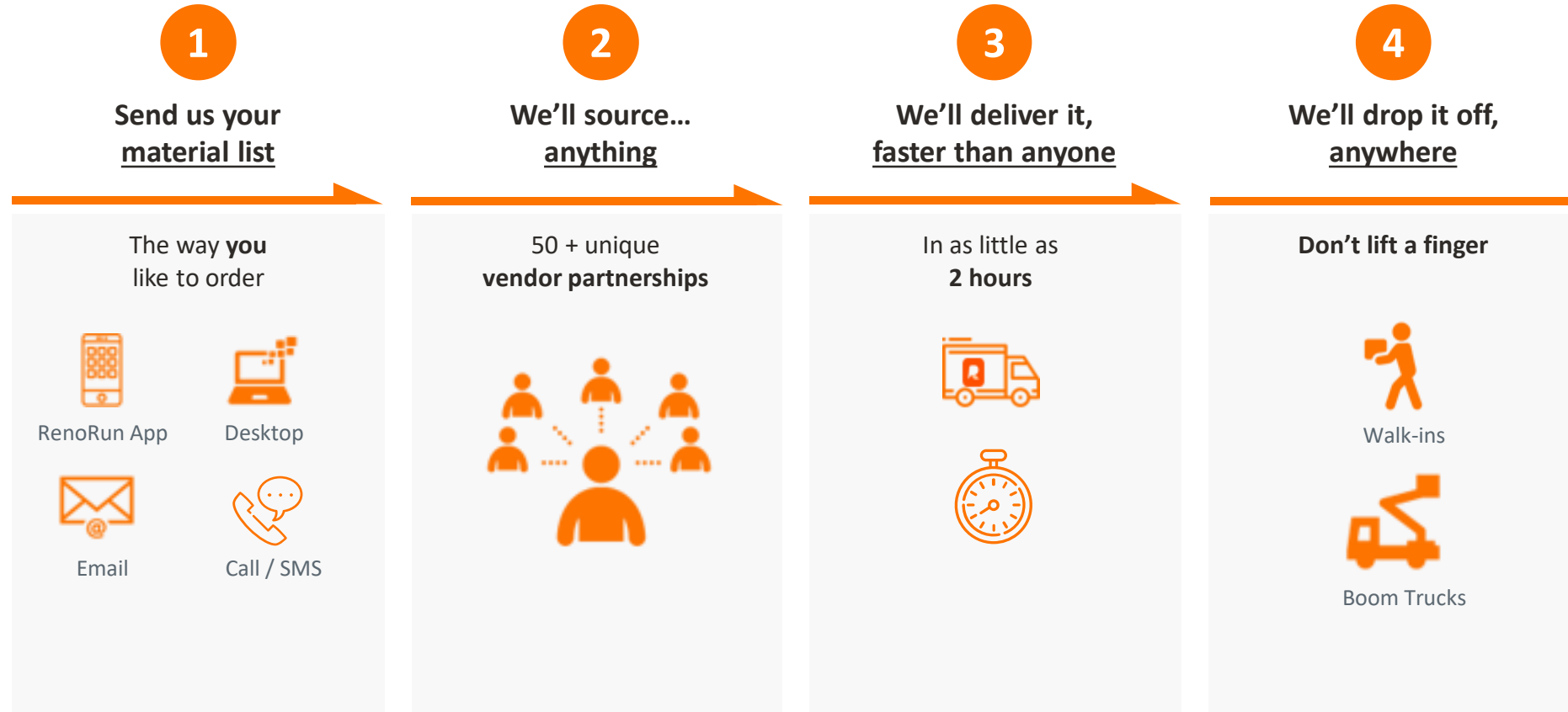
Details on government programs are still unclear; **builders have not invested into exploring them yet.**

Q4: What major changes/resources will you use to help during the slowdown?



About RenoRun: Your Building Materials Partner

One-stop shop for high-quality materials delivered on-site within hours



Thank you for reading the inaugural RR Insiders Report, featuring Q1 trends localized to Austin, Texas builders. Stay tuned for the next quarterly report to be released in Summer 2020. You may also get a call from one of our experts asking for your input in our next Insiders Report!



Questions? Feedback?

Please email andrew@renorun.com

Mobile: 438-988-5532

www.renorun.com