**The Mechanical Trades: Electrical, Plumbing and HVAC Contractors 2022**

**Overall Construction Sector Upbeat About 2022**

Construction companies, which hire mechanical tradespeople, are much more optimistic about 2022 than they were at the beginning of 2021, according to the Associated General Contractors of America’s (AGC) 2022 Construction Hiring and Business Outlook.

A major source of that optimism is the US government’s substantial funding of infrastructure projects. As with many other industries, however, construction companies are experiencing supply chain issues, increasing materials costs and labor shortages.

Of those construction companies responding to the AGC survey, 63% expect more highway and bridge projects and 51% more transportation projects from the infrastructure legislation to offer larger dollar values and 41% from warehouses and healthcare in the private sector.

**Top 10 2022 Concerns of Construction Companies, January 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Concern | Percent | Concern | Percent |
| #1: Material costs | 86% | #6: Increasing direct labor costs | 58% |
| #2: Supply-chain disruptions | 79% | #7: Worker quality | 52% |
| #3: Continuing impact of pandemic | 79% | #8: Other business/operational costs | 46% |
| #4: Worker shortages | 73% | #9: Federal regulations | 41% |
| #5: Workers’ vaccination requirements | 66% | #10: Subcontractors’ availability | 39% |

Equipment World (Associated General Contractors of America), March 2022

**Trades’ Business Confidence Moderates**

In The Farnsworth Group’s Q1 2022 Contractor Index, 47% of surveyed mechanical tradespeople expected their company revenues to change during the next 12 months, compared to 69% in the Q4 2021 survey and 32% expected them to increase 11%–20%.

33% said their average revenue per project had increased during the past 12 months, compared to 26% who said they had decreased. This was a significant decline from Q4 2021 when 51% said they had increased and 13% decreased.

On a 10-point scale, mechanical tradespeople indicated they were extremely busy with a score of 7.1, compared to 7.4 for Q4 2021 and their score for improving project closings was 6.1, compared to 7.2 for Q4 2021.

**Mechanical Trades’ Increase in Average Revenue/Project**

**During the Past 12 Months, Q1 2022 vs. Q4 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Increase Range | Q1 2022 | Q4 2021 | Increased Range | Q1 2022 | Q4 2021 |
| 0–5% | 28% | 4.8% | 21–30% | 8% | 33.3% |
| 6–10% | 24% | 21.4% | 31–50% | 0% | 7.1% |
| 11–20% | 40% | 31.0% | 51%+ | 0% | 2.4% |

 The Farnsworth Group, February and March 2022

**Bathroom Renovations Drive Jobs for Plumbers**

The pandemic’s effect on home improvement projects is well-documented and the 2021 Houzz Bathroom Trends Survey found 69% of homeowners said they considered their bathroom “old and outdated” creating many opportunities for contractors and plumbers.

Faucets continued to be the top feature upgrade for a bathroom renovation at 88% of surveyed homeowners. Showers were fifth, but still important to 82% of homeowners. Sinks increased 3 percentage points from the 2020 survey to 77%.

Approximately 25% of homeowners told Houzz they were removing the tub during a bathroom renovation. 84% (an increase of 6 percentage points) said they then enlarged their shower and 22% enlarged it by more than 50%.

**Indices of Adults 18+ Who Plan a Plumbing Home Improvement Project**

**During the Next 12 Months by Generation, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Generation | West Palm Beach, FL | Pittsburgh | Milwaukee-Racine, WI | Denver | Monterey-Salinas, CA |
| Gen Z | * 191
 | * 80
 | * 205
 | * 122
 | 77 |
| Millennials | * 125
 | * 85
 | * 140
 | * 116
 | * 128
 |
| Gen X | * 114
 | * 93
 | * 74
 | * 114
 | * 103
 |
| Baby Boomers | 54 | * 124
 | * 64
 | * 66
 | * 50
 |
| Silent Generation | * 63
 | * 135
 | * 43
 | * 81
 | * 173
 |

Based on The Media Audit’s 2021 surveys

**Electricians Benefit from Kitchen Lighting Upgrades**

The largest percentage (43%) of homeowners surveyed for the 2022 Houzz US Kitchen Trends Study said “changing the kitchen layout” was the major change of their kitchen renovation, which required not only contractors, but also electricians.

Undercabinet light fixtures and recessed lights tied as the top choices for their kitchen renovation among 66% of surveyed homeowners. Pendant lighting increased in popularity from the 2021 study becoming the top choice of 57% of homeowners.

More than twice as many homeowners chose pendant lighting as the top fixture above an upgraded kitchen island versus recessed lighting, or 67% and 30%, respectively. Slightly more (39%) wanted two light fixtures than three fixtures (36%).

**Indices of Adults 18+ Who Plan an Electrical Home Improvement Project**

**During the Next 12 Months by Generation, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Generation | Miami-Ft. Lauderdale | Indianapolis | Little Rock | Austin | Phoenix |
| Gen Z | * 168
 | * 107
 | * 137
 | * 109
 | 82 |
| Millennials | * 146
 | * 139
 | * 131
 | * 127
 | * 143
 |
| Gen X | * 98
 | * 105
 | * 87
 | * 70
 | * 111
 |
| Baby Boomers | 36 | * 73
 | * 95
 | * 82
 | * 46
 |
| Silent Generation | * 45
 | * 28
 | * \*
 | * 23
 | * 91
 |

Based on The Media Audit’s 2021 surveys \*insufficient data

**Increases in HVAC Equipment Shipments Boost Contractors’ Work**

Shipments for all primary HVAC systems increased during 2021, despite fewer new single-family homes sold during 2021 compared to 2020: gas warm air furnaces at +19.6%, oil warm air furnaces at +8.3%, air conditioners at +6.3% and heat pumps at +14.6%.

For January 2022, however, shipments of gas warm air furnaces and oil warm air furnaces decreased 13.6% YOY and 22.4% YOY, respectively, while shipments of air conditioners increased 5.6% YOY and air-source heat pumps increased 17.4% YOY.

Analysis of data from five 2021 representative consumer/market surveys conducted by The Media Audit found the average age of adults 18+ planning an HVAC home improvement project during the 12 months was 40.1 and their average household income was $69,900.

**Indices of Adults 18+ Who Plan an HVAC Improvement**

**Project During the Next 12 Months by Their Homes’**

**Market Value, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Market Value | Southern New Hampshire\* | Chicago | Des Moines, IA | Salt Lake City | Seattle-Tacoma |
| $100,000–$199,999 | * 117
 | * 108
 | * 128
 | * 121
 | 142 |
| $200,000–$299,999 | * 119
 | * 96
 | * 125
 | * 136
 | * 68
 |
| $300,000–$399,999 | * 126
 | * 97
 | * 31
 | * 161
 | * 101
 |
| $400,000–$499,999 | * 66
 | * 101
 | * 122
 | * 130
 | * 68
 |
| $500,000–$999,999 | 64 | * 134
 | * †
 | * 96
 | * 88
 |
| $1 million or more | * †
 | * 170
 | * †
 | * 35
 | * 120
 |

Based on The Media Audit’s 2021 surveys

\*Belknap, Cheshire, Hillsborough, Merrimack, Rockingham and Strafford counties †insufficient data

**Housing Market Challenges**

The housing market has a direct impact on project opportunities for trades professionals, both to build new homes and provide various services to owners of new and existing homes. According to multiple sources, millions of homes are needed to satisfy demand.

Housing starts increased 12.2% during the first two months of 2022. February 2022 privately-owned housing completions decreased 2.8% YOY on a seasonally adjusted annual rate, but single-housing completions increased 12.1% from January.

The National Association of Realtors (NAR) reports pending-home transactions decreased by 5.4% during February. The NAR forecasts a 2022 mortgage rate of 4.5% to 5.0% and a 7% decrease in total homes sold compared to 2021.

**More Valuable Insights**

The Media Audit database of 2021 proprietary consumer/market surveys also reveals what adults 18+ were spending for various home improvement projects. The table below compares those who completed a plumbing, electrical and HVAC home improvement project during the past 12 months and how much they spent. Unsurprisingly, larger percentages of adults 18+ spend more for HVAC home improvement projects than plumbing and electrical, some of which are DIY projects.

**How Much Adults 18+ Spent for a Plumbing, Electrical or HVAC Improvement Project During the Past 12 Months by Percentage, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Home Improvement Project | West Palm Beach, FL | Chicago | Little Rock | Denver | Portland, OR |
| **Plumbing** |  |  |  |  |  |
| Less than $500 | * 63.4%
 | * 61.2%
 | * 66.7%
 | * 65.5%
 | * 54.4%
 |
| $500–$4,999 | * 29.6%
 | * 31.7%
 | * 28.8%
 | * 30.3%
 | * 37.3%
 |
| $5,000 or more | * 7.0%
 | * 7.1%
 | * 4.6%
 | * 4.1%
 | * 8.3%
 |
| **Electrical** |  |  |  |  |  |
| Less than $500 | * 52.7%
 | * 51.5%
 | * 65.8%
 | * 46.1%
 | * 65.3%
 |
| $500–$4,999 | * 36.5%
 | * 38.7%
 | * 31.7%
 | * 47.1%
 | * 29.5%
 |
| $5,000 or more | * 10.8%
 | * 9.8%
 | * 2.5%
 | * 6.8%
 | * 5.2%
 |
| HVAC |  |  |  |  |  |
| Less than $500 | * 31.2%
 | * 34.5%
 | * 25.7%
 | * 32.5%
 | * 44.9%
 |
| $500–$4,999 | * 48.6%
 | * 46.5%
 | * 49.7%
 | * 39.8%
 | * 29.9%
 |
| $5,000 or more | * 20.2%
 | * 19.0%
 | * 24.5%
 | * 27.7%
 | * 25.2%
 |

Based on The Media Audit’s 2021 surveys

*Sources:* Associated General Contractors of America Website, 3/22; Equipment World Website, 3/22; The Farnsworth Group Website, 3/22; Houzz Website, 3/22; The Media Audit Website, 3/22; US Census Bureau Website, 3/22; Air-Conditioning, Heating, & Refrigeration Institute Website, 3/22; Builder Website, 3/22.

*Updated*: March 2022

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**Local Market and Station Information**