



2025 Q2

Quarterly Contractor Activity Tracker





Navigating Contractor Trends: Insights from The Farnsworth Group & Home Improvement Research Institute



The construction industry is constantly evolving, shaped by economic conditions, market shifts, and industry-wide challenges. To track these changes, the Home Improvement Research Institute (HIRI) partnered with The Farnsworth Group to conduct the **Quarterly Contractor Activity Tracker**, providing a comprehensive view every 90 days of home improvement contractor project activities and factors influencing their operations. This study also examines how economic and industry trends are impacting contractors' businesses and attitudes.

The Farnsworth Group specializes in custom research tailored to the building products and home improvement markets, helping businesses make data-driven decisions. HIRI provides its members exclusive access to free research reports like this one, offering a wide range of broader home improvement information.

[Book a consultation with The Farnsworth Group](#) to leverage industry research expertise for your business or [become a HIRI member](#) to access a range of research reports on the home improvement market.

This quarterly report is intended to provide overarching home improvement project themes. For additional details and insight, login to your HIRI account or join HIRI at HIRI.org.

Looking ahead, contractors view the following as opportunities and challenges to their business growth:

Greatest Opportunities



Energy Efficiency and Renewable Energy Installations



Technology Integration



Eco-Friendly and Health-Conscious Materials

Greatest Challenges



Costs of Materials



Uncertainty in the Economy



Labor Retention, Availability, Cost, and Quality



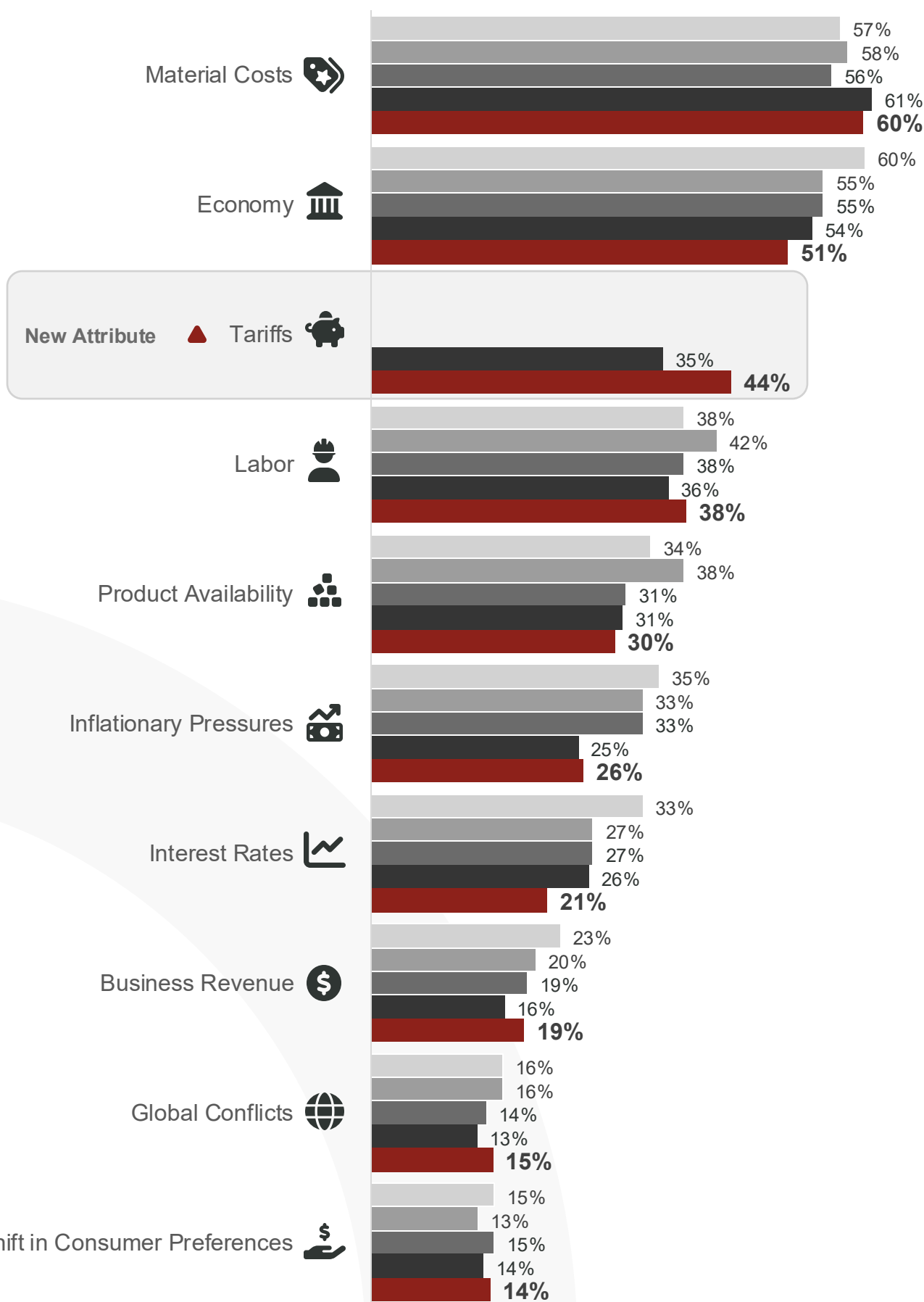
Tariffs

Material costs remain the top concern, while tariffs emerge as a growing factor and inflationary pressure concerns continue to ease.



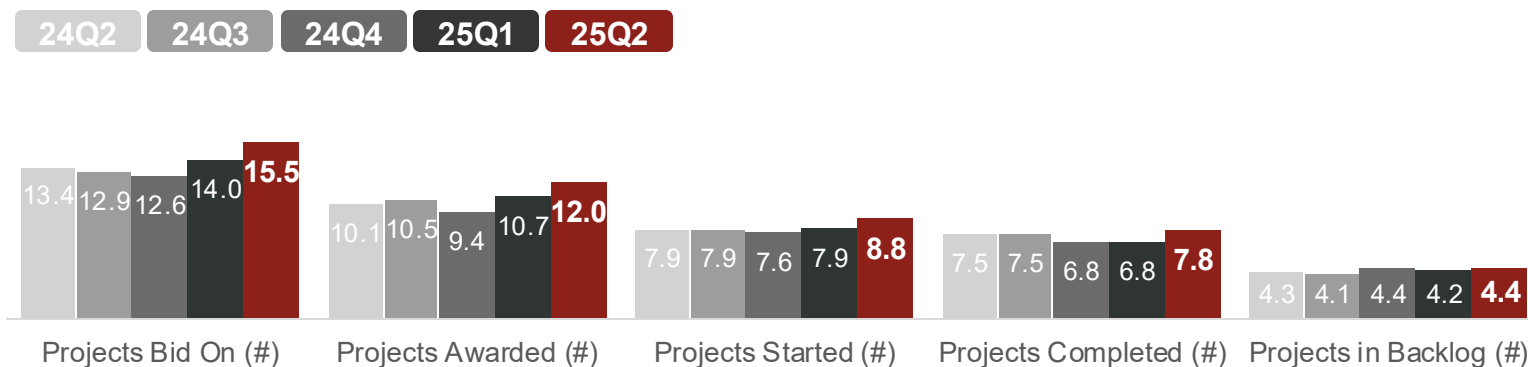
Macroeconomic Challenges to Business

- 24Q2
- 24Q3
- 24Q4
- 25Q1
- 25Q2



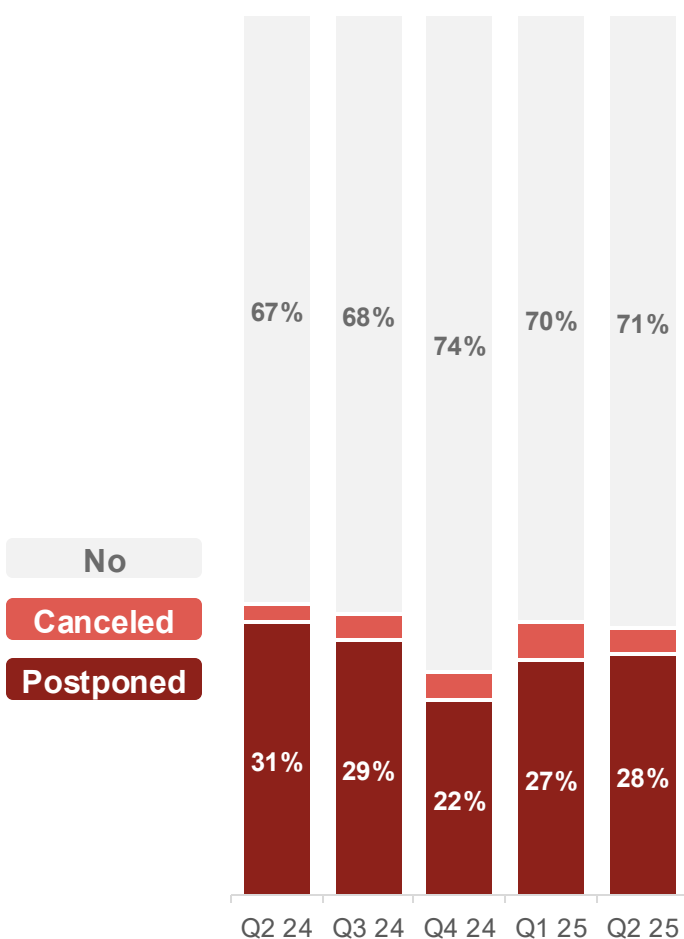
Q2 saw increased bidding and awards, with stable starts and completions; backlog levels remained flat despite stronger pipeline activity.

Avg # of Projects in Pipeline (past 3 months)



Postponed or canceled jobs remain steady at 31%, with schedule, material availability, and availability of labor as the top drivers.

Project Cancellation / Postponement

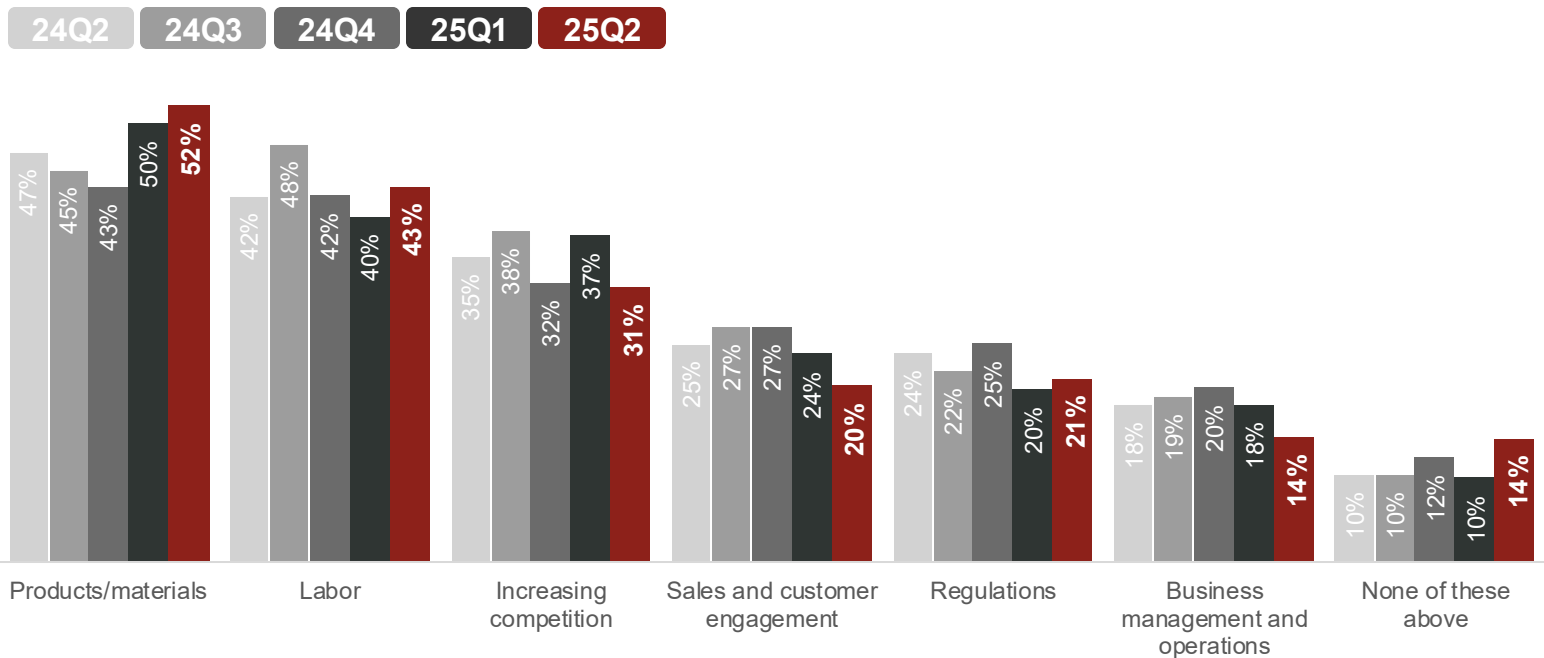


Drivers of Cancellation / Postponement



Product and material concerns climbed to 52%, while most other challenges remained stable or declined modestly from previous quarters.

Project Challenges Experienced



Challenges Faced When Working With Homeowners

24Q2 24Q3 24Q4 25Q1 25Q2



Homeowner Indecision
39% | 42% | 41% | 47% | 49%



Cost Constraints
26% | 28% | 23% | 34% | 33%



Timely Payment
34% | 31% | 29% | 30% | 29%



Scheduling Conflicts
21% | 22% | 28% | 25% | 23%



Homeowner Interference
31% | 24% | 25% | 24% | 25%



Homeowner Miscommunication
23% | 27% | 23% | 22% | 23%



Design Disputes
17% | 16% | 16% | 16% | 13%



Difficulty Meeting Timeline
12% | 15% | 13% | 13% | 13%



Collaboration with Other Contractors
14% | 16% | 13% | 11% | 11%



Scope Creep
10% | 9% | 9% | 7% | 10%



Homeowner Questioning Work Quality
15% | 15% | 14% | 6% | 6%

Labor availability and cost remain top concerns, while quality dipped after last quarter's high; training and retention held steady.



Labor Challenges Experienced

(among those with Labor Challenges)

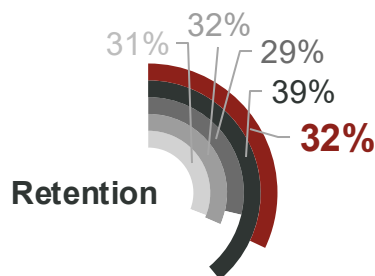
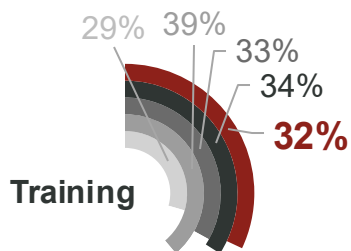
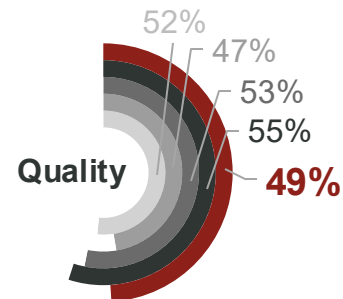
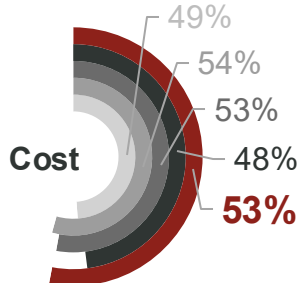
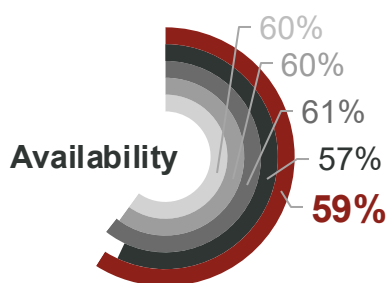
24Q2

24Q3

24Q4

25Q1

25Q2



Cost concerns remain elevated, while availability challenges eased slightly and quality issues continued their gradual decline this quarter.

Product and Material Challenges Experienced

(among those with Material Challenges)

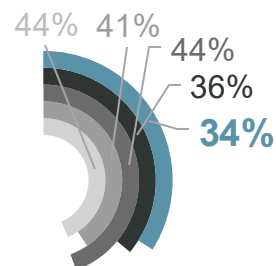
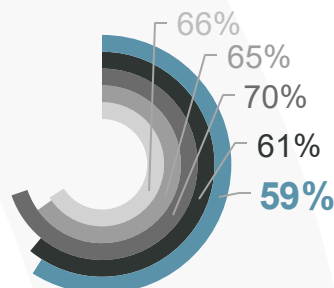
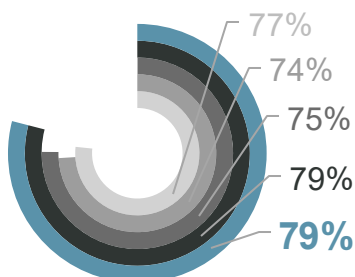
24Q2

24Q3

24Q4

25Q1

25Q2



Cost

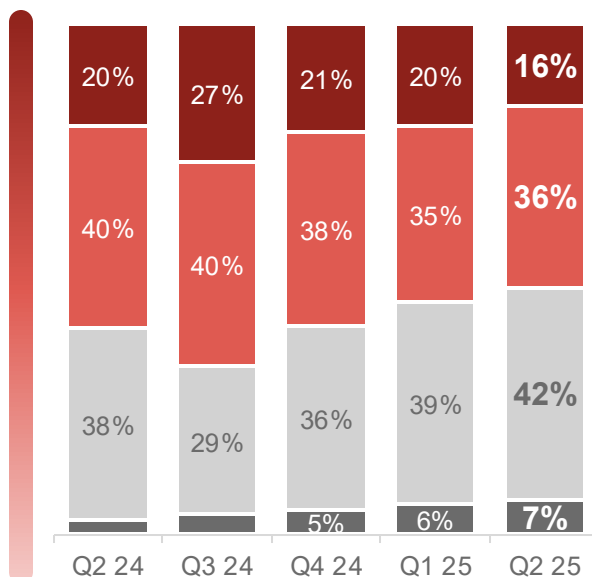
Availability

Quality



Much More
Competitive

Much Less
Competitive



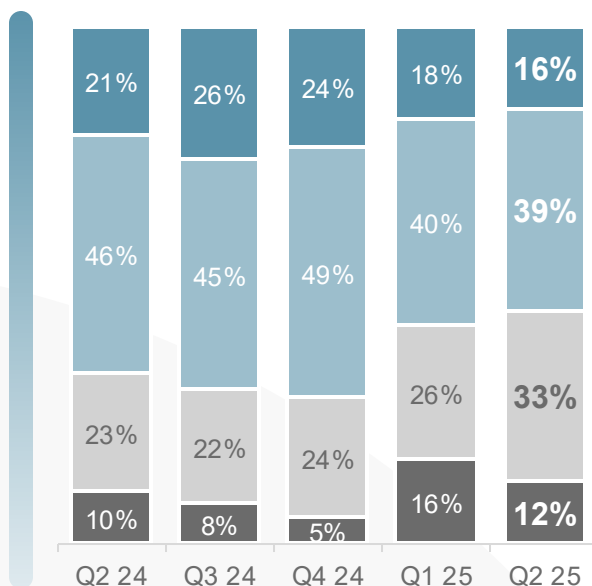
Change in Competition

(past 3 months relative to 1 year ago)

Market competition appears to be stabilizing, with 52% reporting increased competition—down from 67% in Q3 2024.

Grow
Significantly

Decline
Significantly



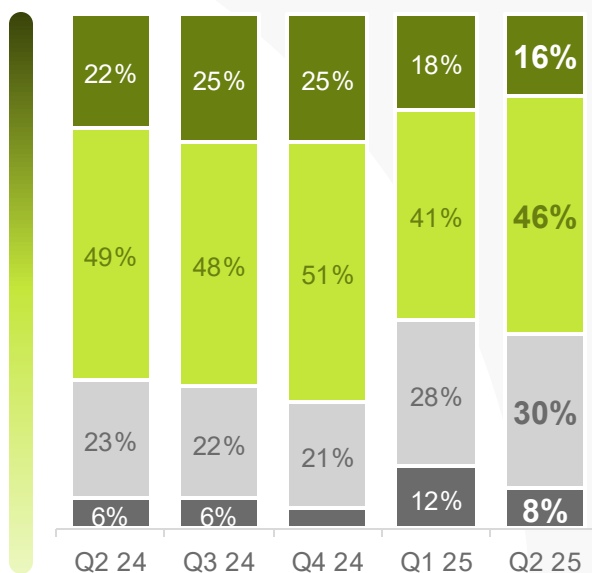
Change in Home Improvement Market

(over next 12 months)

Expectations for market growth have softened to 55%; opportunities in energy efficiency and sustainable renovations show small gains.

Grow
Significantly

Decline
Significantly



Change in Firm Revenue

(over next 12 months)

62% of businesses expect revenue growth, though optimism remains below 2024 levels when 70–73% projected increases.

Objectives & Methodology



Research Objectives

1. Evaluate how broader economic trends, market conditions, interest rates, and the housing industry's health affect contractors' operations and strategic decision-making
2. Understand the types of projects contractors are engaged in along with the evolution of these engagements over time
3. Explore labor shortages, material availability issues, and the adoption of new technologies, assessing their impact on efficiency, productivity, and project timelines
4. Investigate the challenges faced during different project phases and assess contractors' satisfaction levels with key stakeholders
5. Determine contractors' current project backlog, anticipated future workload, and emerging project trends

Project Methodology

- Online survey administered June 2025
- The sample for Q2 2025 study included 507 respondents
- Sample is weighted by region, firm size, and trade group to ensure national professional contractor representation
- ▲▼- indicates statistically significant increase or decrease from the prior quarter.

Get Improved Market Strategy With Customized Research

Customer Behaviors & Attitudes

- Learn where customers shop, when and why to identify marketing and sales opportunities through the path to purchase
- Profile customers for effective targeting
- Quantify product usage to define market opportunity
- Prioritize selection criteria to know what you must deliver

Brand Health & Performance

- Monitor brand performance to measure marketing success
- Capture brand perceptions to define market position
- Understand brand equity to improve category growth success
- Define brand usage to determine share opportunity

Product Development & Pricing

- Explore product uses and needs to establish viable concepts
- Validate concepts to increase adoption at launch
- Define price & feature combinations to win at point of sale
- Determine preferred messaging and packaging to attract buyers

Market Sizing & Structure

- Define total product sales volume to know market potential
- Define brand share to determine acquisition opportunity
- Define product distribution structure to inform channel strategy
- Define share by customer type to develop marketing and sales strategy



THE
Farnsworth
GROUP



results@thefarnsworthgroup.com



[the-farnsworth-group](https://www.linkedin.com/company/the-farnsworth-group)



HOME IMPROVEMENT
RESEARCH INSTITUTE



contact@hiri.org



[home-improvement-research-institute](https://www.linkedin.com/company/home-improvement-research-institute)