SORCI 2026

SORCI

STATE OF RESIDENTIAL CONSTRUCTION INDUSTRY
ANNUAL REPORT

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Executive summary

The 2026 State of Residential Construction Industry (SORCI) Report, prepared by the Association of Professional Builders (APB) in partnership with leading construction technology and industry organizations, analyzes data from residential builders across the United States, Australia, Canada, and New Zealand.

Now in its sixth year, the SORCI Report draws on insights from 8,462 total participants since 2020. Data for this edition was collected in late 2025.

While builders across all four markets faced common challenges, including poor financial literacy, underinvestment in marketing, and struggles with time allocation, each country's residential construction industry displayed distinct characteristics shaped by regulatory environments, market conditions, and adoption patterns.

United States

Project delivery improved in the United States in 2025 as project management software continued to replace spreadsheets. However, significant gaps persisted beneath this surface-level improvement. Financial stress testing revealed that while only a minority of builders reported operating at a loss, over half were effectively unprofitable once accounting accuracy was considered. Marketing investment stayed low, with most builders allocating only a small percentage of revenue to this area, even though clear evidence links higher marketing investment to better gross markups and net profit margins.

Canada

Canadian builders displayed wide variation in performance in 2025, with outcomes driven more by internal systems than market demand. Canada recorded


BUILD: GO WEST DEVELOPMENT
PHOTO: DAVID O. MARLOW

the highest median lead volume among surveyed countries, yet builders achieved the lowest effective hourly rate, highlighting a disconnect between activity and economic efficiency. Financial stress indicators were among the highest of all markets, highlighting that accounting gaps and overstated profitability played a central role in limiting returns.

Australia

Australian builders demonstrated a strong preference for fixed-price contracts, with adoption rates higher than in other markets, alongside rapid uptake of new technology platforms. This combination reflects a high level of operational maturity. However, financial stress testing showed that profitability challenges persisted despite these advantages, reinforcing that strong tools and contract structures alone did not eliminate underlying financial literacy constraints.

New Zealand

New Zealand builders operated under the most pronounced financial pressure in 2025. The country recorded the highest levels of both self-reported and stress-tested unprofitability, indicating widespread vulnerability to market conditions. At the same time, New Zealand led all markets in health and safety software adoption, reflecting a strong compliance focus. Builders also operated a lower-volume, higher-value model, with fewer leads but higher effective hourly returns than other regions.

Cross-Market Patterns

Several recurring trends appeared across all four countries, reflecting common challenges in time management, financial accuracy, and business development.

Builders working the longest weeks earned less annually than those maintaining moderate schedules, with effective hourly rates declining sharply as hours increased. Organizational charts were a contributing factor in this efficiency difference, with those who adopted these charts saving hours weekly that accumulated to multiple weeks annually. Yet only half of builders implemented this basic tool.

Poor financial literacy created widespread problems. Only a small minority of builders correctly understood critical financial metrics, including Work In Progress (WIP) adjustments and expense ratios. Poor financial understanding produced dangerous accounting errors. Financially literate builders reported lower net profits but held a higher percentage of revenue as cash, while their financially unaware peers reported higher net profits, despite holding lower cash positions. These builders paid taxes on profits that existed only on inaccurate financial statements.

While half of all builders cited generating quality leads as their biggest marketing challenge, most continued to underinvest in marketing. Builders allocating a greater share of revenue to marketing consistently achieved higher gross markups and net profit margins. Yet despite this correlation, a significant proportion spent nothing on advertising, and the majority did not contact their databases via email.

Mental health outcomes improved modestly, with fewer builders reporting worse well-being than the previous year. However, among builders whose mental health worsened, the majority also signed fewer contracts than the previous year. This pattern shows a link between business performance and personal well-being.

Technology adoption accelerated across all markets. AI usage nearly doubled, with applications concentrated on marketing and client communication. Health and safety software adoption varied dramatically by region. Extremely high adoption in New Zealand and Australia contrasted sharply with minimal uptake in the United States and Canada. Project management software continued to displace spreadsheets, with adoption reaching levels where manual systems are now rarely used.

More builders recognized the importance of systemization, with the largest percentage prioritizing it as their top improvement goal for the coming year. However, these same builders allocated below-average percentages of their time to working on their businesses. This disconnect between intention and execution defined the year's central challenge. Builders understood what needed to be done but lacked either the time, systems, or both to execute effectively.

Optimism remains strong, despite mixed 2025 outcomes. The vast majority of builders projected revenue growth and are targeting double-digit net profit margins for 2026. Whether this optimism produces results will depend on improvements in financial literacy, increased marketing investment, and greater focus on the strategic aspects of their companies. The data reveals that solutions exist and work when used. The industry's challenge remains turning knowledge into action.

About this report

This report serves as a benchmarking tool for building company owners, providing data-driven insights into industry standards and emerging trends. It enables builders to compare their results with industry peers, uncover operational gaps, and make informed strategic decisions.

Survey Methodology

The 2026 SORCI Report draws on six years of research into the residential construction industry. Since 2020, 8,462 builders from the United States, Australia, Canada, and New Zealand have participated in annual surveys, creating an extensive dataset that enables the identification of long-term trends and patterns.

Data for this edition was collected in late 2025, with advanced analytical tools, including Artificial Intelligence (AI), enabling deeper cross-correlation of multiple data points accumulated over six years. These tools proved effective at identifying patterns in how building companies operate as they scale and highlighting operational differences between new home builders and remodelers in different markets. However, AI analysis was carefully verified in the specific context of the residential construction industry to ensure insights reflected the realities of residential construction rather than generic business principles.

Industry Partners

APB acknowledges the industry partners whose collaboration made this research possible:

Builder Content Marketing, Builder Lead Converter, BuilderPad, Buildertrend, BuildersVA, Buildxact, CBUSA, CoFi, ECI Software, HazardCo, Hover, Houzz, JobTread, Ressio, Smarter Websites, The Arrow Agency, Wunderbuild, and Your CFO Partner.

Their support in data collection and distribution ensured broad industry representation across multiple markets and business types.

About the Association of Professional Builders

The Association of Professional Builders (APB) is a business coaching company that works exclusively with owners and directors of residential home building companies that focus on new homes or large remodeling projects. APB's mission is to improve the construction industry for both builders and consumers by helping building companies become systemized and profitable. By systemizing operations, builders gain the capacity to scale sustainably while reducing the operational burden of business ownership.

Key issues & snapshots

Three key findings from the 2025 data reveal the structural differences that most clearly separate top-performing builders from the rest of the industry.

Systemization Separates High Performers from Their Competitors

Documented processes create measurable performance advantages across every business function. Companies that have all five core sales systems documented and active (defined in the Sales section) report median markups of 32%, compared to 20% for builders with no systems.

Team systems deliver similar advantages. Only 6.4% of builders have implemented all seven core Human Resources (HR) and communication systems (outlined in the Team section). These builders reported gross markups of 33%, compared to 24.1% for companies with minimal implementation.

Marketing execution also remained weak, despite system availability. Nearly one third of builders did not post anything to Facebook, while 58.9% did not contact their databases via email at all, despite widespread customer relationship management (CRM) adoption.

Operational systemization creates the foundation for scale. Non-systemized builders hit a revenue ceiling at $2.3 million, while systemized builders reached a median of $3.9 million in annual revenue. Highly systemized builders also worked the same 50-hour week as the industry average, with total owner returns reaching $490,220 compared to $235,000 for their non-systemized peers.


BUILD: EIKON HOMES
PHOTO: KRISTINA PEARL PHOTOGRAPHY

Working Longer Doesn't Mean Earning More

The systemization advantage extends beyond revenue and margins to how builders allocate their time and energy.

Builders working 60+ hour weeks earned $15,000 less in annual earnings than those maintaining schedules of 40 to 50 hours per week. Those working fewer than 40 hours per week earned effective hourly rates of $73.53, while those working 60+ hours earned just $32.05 per hour.

Structural tools create this efficiency gap, with builders implementing organizational charts saving 168 hours annually, effectively reclaiming four weeks of their lives. Yet only 55% maintain this basic tool.

Those working 60+ hours without organizational charts are 2.5 times more likely to prioritize increasing margins, yet the data reveals their challenge is structural rather than pricing-related.

Half the Industry Operates on Phantom Profits

The efficiency gaps created by missing systems and excessive hours become dangerous when combined with widespread poor financial knowledge.

Only 12% of builders correctly understand all four critical financial metrics (outlined in the Financials section). These financially literate builders reported 5% net profit compared to 9% for their uninformed peers, but their numbers reflect reality, while others overstate profitability through incomplete accounting.

Financial literacy gaps create widespread vulnerability. In the United States, 17.1% of builders reported losses, yet detailed analysis revealed 51.4% operating unprofitably. This pattern repeated across all markets, exposing zombie companies that generate cash flow while slowly eroding equity.

The WIP knowledge gap is particularly dangerous. While 60% of builders claimed they know how to calculate WIP adjustments, follow-up testing revealed that 79.2% of those builders were unable to correctly explain how WIP is calculated. Without accurate WIP accounting, builders make decisions based on fundamentally flawed financial data.

New home builders face a specific cash flow trap. Smaller companies hold nearly $88,000 in cash, which may appear healthy but typically represents prepaid deposits for work not yet completed. As these builders grow beyond $3 million in annual revenue, they become increasingly reliant on signing new contracts to fund existing jobs, remaining solvent only as long as growth continues.

The Compounding Effect

Builders lacking systems work excessive hours while making strategic decisions based on inaccurate financial data, creating a compounding disadvantage that widens year over year.

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REVIEWS

Profile of participants

This dataset reveals how building company characteristics, business models, and operational approaches have evolved since 2020.

Design-build adoption continues to grow across all markets. Two-thirds of builders now operate on this model. This matters for profitability because design-build gives builders control over the client journey, allows them to charge for pre-construction services, and provides better leverage on scope and margin.

Builders using the design-build model are more likely to combine it with fixed-price contracts, creating a profitability stack that provides greater control over scope, pricing, and workflow than either approach delivers on its own.

Fixed-price contracts were the dominant model in 2025. Among new home builders, 77.5% reported operating on fixed-price contracts, while 75.8% of remodelers did the same. Adoption of fixed-price contracts increased year over year for both new home builders and remodelers, continuing the shift away from cost-plus contracts, with Australia leading adoption across surveyed markets.

Builders operating on fixed-price contracts also achieved stronger financial outcomes. Fixed-price builders charged higher median markups of 25%, compared to 20% for cost-plus contracts. They also generated higher median annual revenue of $3 million, versus $2.1 million, despite working with smaller average job sizes ($600,000 versus $850,000). This reflects stronger operational systems and pricing confidence.

Beyond contract structure, operational maturity also shapes financial outcomes. Companies that have been operating for 10 or more years achieved median markups of 25% compared to 21% for builders under three years old, while completing more projects annually, nine compared to five. Owner returns were nearly double in established companies, reaching $440,000 compared to $237,500 for newer builders. The advantage compounds when converted to hourly earnings, as established builders generate higher weekly revenue while capturing a larger percentage as profit and salary. Experience translates into operational efficiency and pricing confidence rather than simply higher volume, with mature builders commanding premium rates while maintaining sustainable workloads.

New home builders operate more efficiently than remodelers. New home builders generated $22,600 in revenue per job-week, compared to $15,385 for remodelers, a 50% advantage. Standardized scopes and repeatable processes allowed new home builders to move projects more quickly. United States remodelers ran higher volumes at 18 jobs per year, but their revenue per week still lagged behind new home builders.

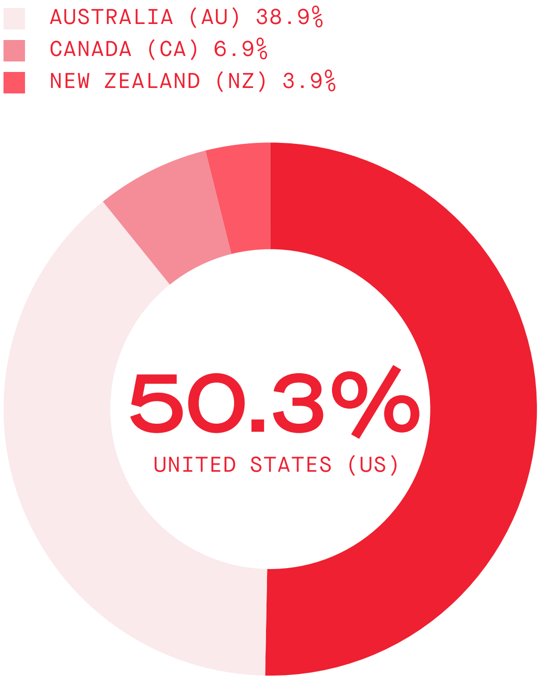
Remodelers showed a concerning pricing pattern on larger contracts. Their markup dropped as job size increased, from 30% on contracts under $300,000 to just 20% on jobs over $1 million. New home builders did the opposite, increasing markup to 25% on million-dollar projects. Owner returns for remodelers flattened at 14 to 15%, regardless of contract size, indicating remodelers reduced pricing on larger work without capturing proportional value.

The data also reveals regional variation in professional engagement. Association membership varies dramatically by geography. Nearly all Australian builders (96.4%) and all New Zealand builders (100%) belong to an industry association. North American participation lags at 72.4% in the United States and just 60% in Canada. These regional differences may reflect the presence of two established associations in Australia and New Zealand, compared with one each in the United States and Canada.

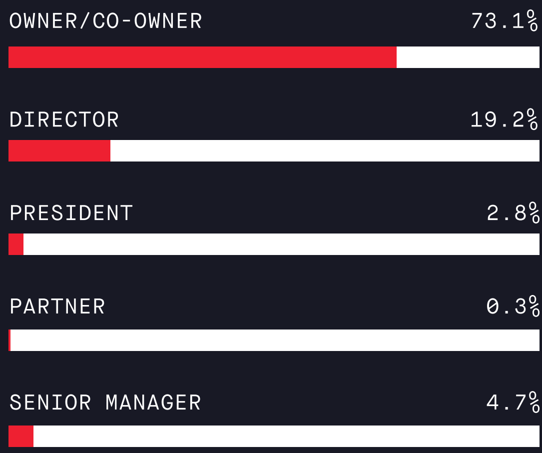
Family involvement remained common across all regions, with 53.6% of builders either in partnership with family members or employing them directly.

The profile data reveals fundamental characteristics that distinguish higher-performing builders from their peers. Design-build adoption has grown steadily, fixed-price contracts dominate the industry, and more experienced companies consistently generate higher returns. The contrast between new home builders and remodelers in revenue per job-week, combined with remodelers' tendency to reduce markups on larger projects, suggests different business models face distinctly different profitability challenges.

Which country do you operate in?



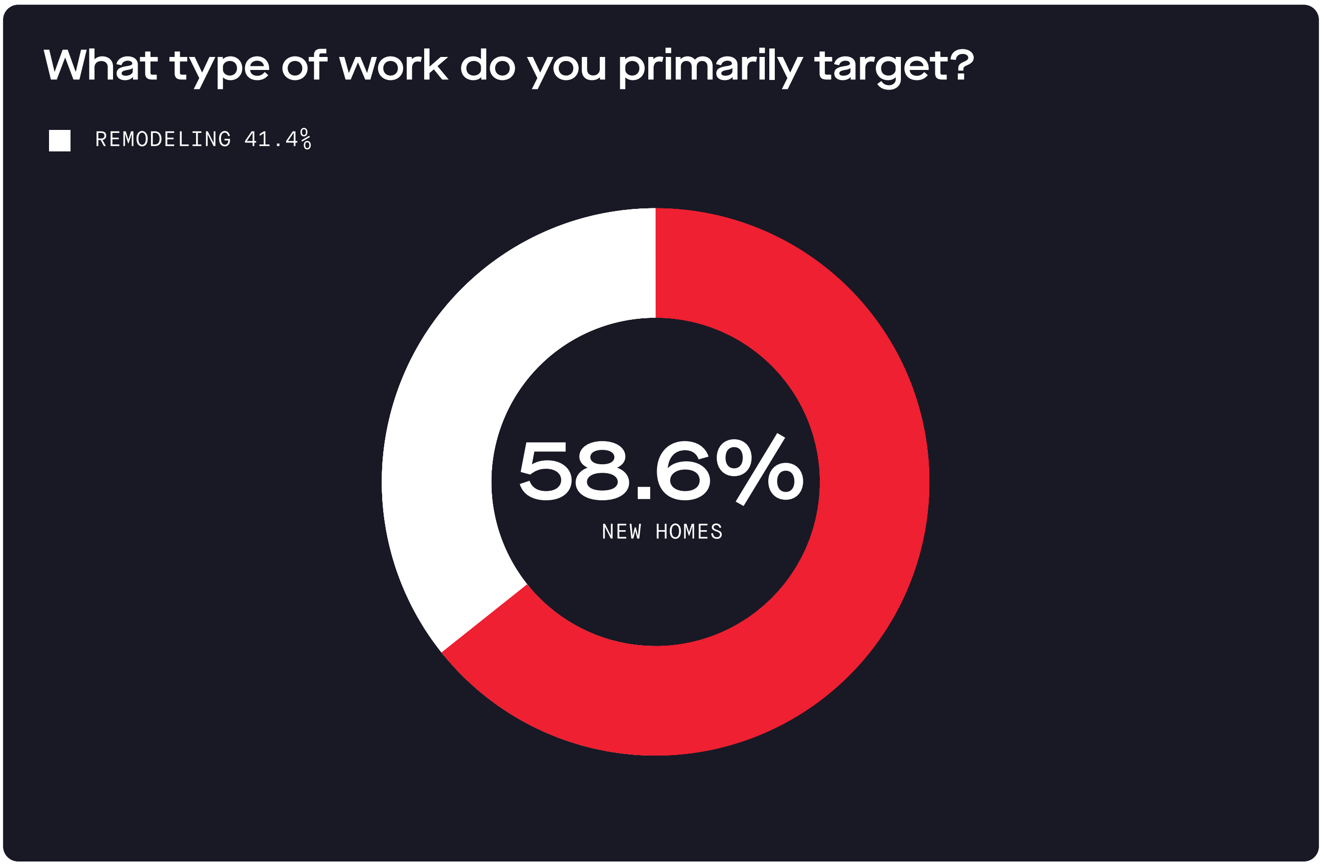
What is your role in the business?



What is your age?

% COMPARISON WITH PREVIOUS YEARS	2023	2024	2025
UNDER 25	0.1%	0.3%	0.0%
25–29	4.2%	2.2%	1.9%
30–39	25.9%	22.5%	25.3%
40–55	41.7%	52.2%	51.9%
OVER 55	28.0%	22.7%	20.8%

What type of work do you primarily target?



There is a swing towards remodeling compared to last year's data in all four countries.

	US	AU	CA	NZ
NEW HOMES	64.1%	50.0%	64.0%	64.3%
REMODELING	35.9%	50.0%	36.0%	35.7%

What is your business model?

NEW HOMES

74.9% DESIGN & BUILD

19.9% QUOTING PLANS

4.7% SPEC HOMES

I DON'T KNOW 0.5%

REMODELING

55.7% DESIGN & BUILD

42.3% QUOTING PLANS

0.7% SPEC HOMES

I DON'T KNOW 1.3%

NEW HOMES	US	AU	CA	NZ
DESIGN & BUILD	75.9%	72.9%	68.8%	88.9%
QUOTING PLANS	15.5%	27.1%	25.0%	11.1%
SPEC HOMES	7.8%	0.0%	6.2%	0.0%

REMODELING	US	AU	CA	NZ
DESIGN & BUILD	67.7%	42.9%	66.7%	60.0%
QUOTING PLANS	30.8%	55.7%	22.2%	40.0%
SPEC HOMES	0.0%	0.0%	11.1%	0.0%

What type of building contract do you use?

NEW HOMES

FIXED PRICE

COST PLUS/OPEN BOOK

NEW HOMES	US	AU	CA	NZ
FIXED PRICE	68.6%	90.0%	75.0%	100.0%
COST PLUS/OPEN BOOK	31.4%	10.0%	25.0%	0.0%

REMODELING

FIXED PRICE

COST PLUS/OPEN BOOK

I DON'T KNOW 3.4%

REMODELING	US	AU	CA	NZ
FIXED PRICE	69.2%	85.7%	55.6%	60.0%
COST PLUS/OPEN BOOK	24.6%	12.9%	44.4%	40.0%
I DON'T KNOW	6.2%	1.4%	0.0%	0.0%

Comparisons for contract types

MEDIAN MARKUP

MEDIAN REVENUE

AVERAGE CONTRACT VALUE

FIXED PRICE COST PLUS FIXED PRICE COST PLUS FIXED PRICE COST PLUS

The typical company in the survey has been in operation for 12 years.

Years in business comparison

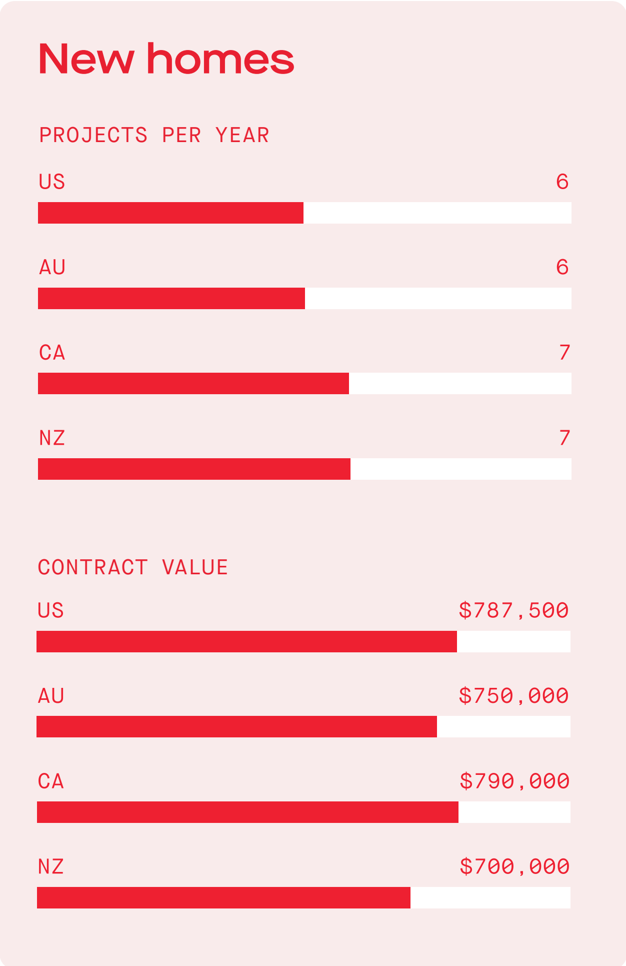
PROJECTS PER YEAR VS. GROSS MARKUP

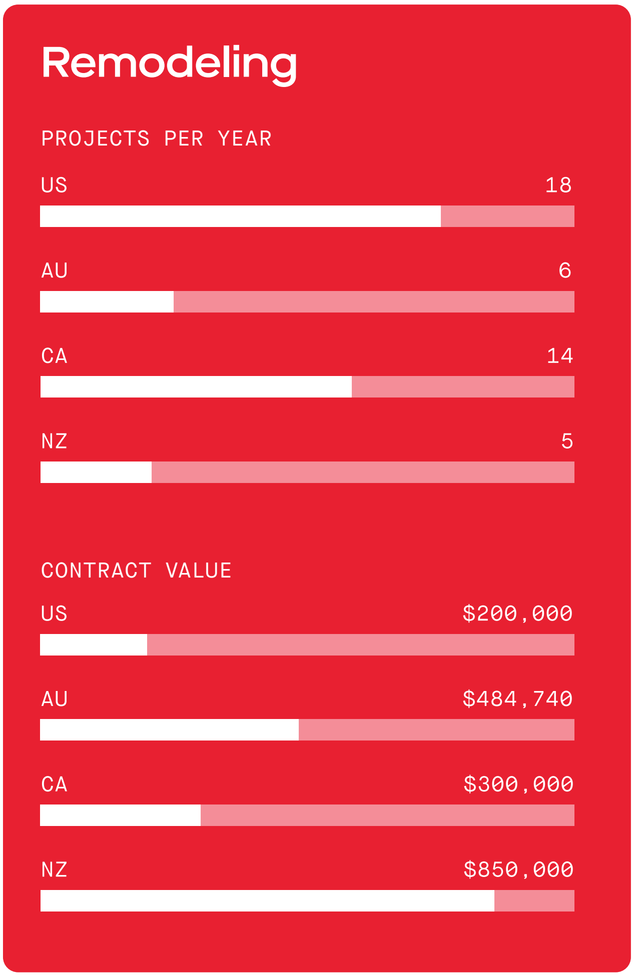
0-3 YEARS	5 projects	21% GROSS MARKUP
4-9 YEARS	7 projects	25% GROSS MARKUP
10+ YEARS	9 projects	25% GROSS MARKUP

REVENUE PER YEAR VS. OWNER'S RETURN

0-3 YEARS	$1,000,000	$237,500 OWNER'S RETURN
4-9 YEARS	$2,471,000	$306,510 OWNER'S RETURN
10+ YEARS	$3,500,000	$440,000 OWNER'S RETURN

How many projects do you start each year (on average)?





The bigger the contract, the smaller the margin for remodeling companies.

Remodelers in the US are running much higher volume than their peers in other countries.

Gross markups increased by 2–3% for new home builders compared with last year.

What is the contract value of those jobs (on average)?

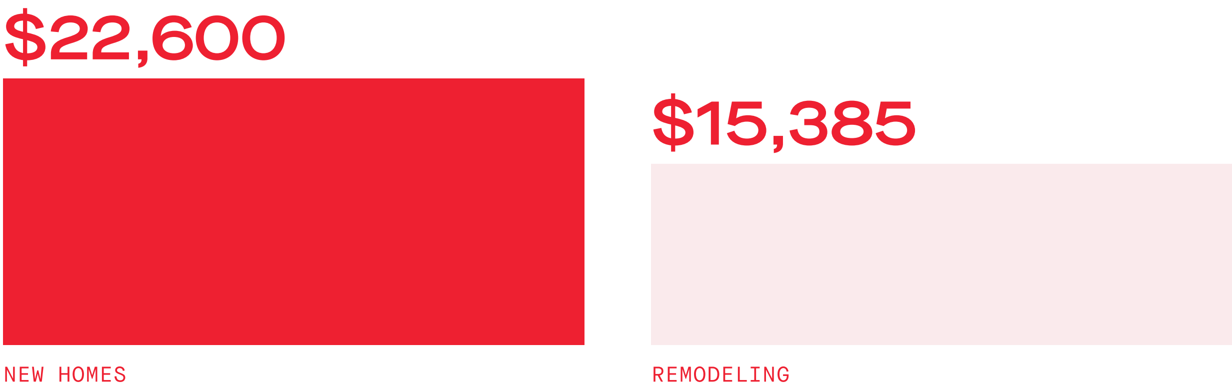
NEW HOMES

<$300K	26% markup	19.7% OWNER'S DRAWINGS
$300K–<$600K	25% markup	12.5% OWNER'S DRAWINGS
$600K–<$1M	25% markup	12.1% OWNER'S DRAWINGS
$1M+	25% mark up	10.7% OWNER'S DRAWINGS

REMODELING

<$300K	30% markup	15.7% OWNER'S DRAWINGS
$300K–<$600K	25% markup	15% OWNER'S DRAWINGS
$600K–<$1M	24% markup	14% OWNER'S DRAWINGS
$1M+	20% mark up	14.7% OWNER'S DRAWINGS

REVENUE PER JOB PER WEEK



↑ 50% Building companies that focus on new homes have a 50% higher revenue per job per week than remodeling companies.

Are you in business with a family member (i.e. your spouse, parent, sibling, child)?

27.8%

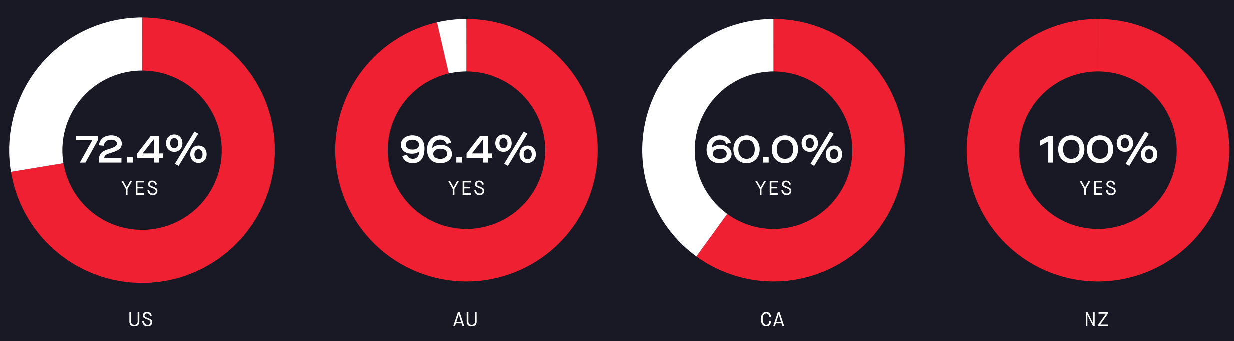
of builders are in partnership with a family member

25.8%

of builders employ family members

Are you a member of an association?

MEMBER OF AT LEAST ONE ASSOCIATION



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Sales

While adoption of documented sales systems continued to grow across all markets, significant gaps remain in the tools and training that support those systems.

Systems and Training Impact Profitability

The use of documented sales systems continues to grow. Just over half (58.1%) of builders now follow a documented process, up from 53% in 2024. Canadian builders lead at 60%, followed by the United States at 59.7%.

Builders with a documented sales process reported markups of 26.5% in new homes and 30% in remodeling. Builders without a process reported 21% and 20% respectively.

More systems drive higher markups and margins. Companies running all five core systems (documented process, scripts, charging for quotes, regular training, and an objections manual) saw median gross markups of 32%, compared to 20% for builders with no systems in place.

Among builders who cited generating quality leads as their primary challenge, those using scripts converted 30% of leads into sales-qualified prospects, compared to just 10% for builders without scripts, demonstrating that scripts improve lead qualification as much as they improve closing rates.

However, only 26.1% of builders held regular sales training in 2025, and just 12.8% used an objections manual. Builders with objections manuals had median gross markups of 29.5%, compared to 25% for those without, and net profit margins reached 10%, compared to 8% for those without. The gap suggests builders recognize the value of sales systems in principle but struggle to implement the ongoing training and documentation required to sustain them.

Pricing Depends On Process and Lead Source

Survey results show that 58.6% of builders now charge for their time during the quoting process. The practice is most common in Australia at 70%, followed by Canada at 56%. Charging for quotes was associated with higher gross markups, with new home builders achieving 25% and remodelers 26%, compared to 22% for builders who did not charge for quotes.

Beyond quoting practices, builders who rely heavily on referrals face clear pricing challenges, with gross markups falling by roughly 5 percentage points from

27% to 22%. This gap reflects the pricing pressure that comes from relying on warm introductions, where builders feel obligated to offer competitive pricing to maintain relationships rather than commanding premium rates based on marketing-driven positioning.

Challenges Impacting Sales Performance

Two primary challenges dominated sales performance in 2025, with generating quality leads cited by 35.3% of builders as their number one sales challenge, closely followed by unrealistic client expectations at 34.7%. Both challenges are closely linked to process rather than demand alone, reinforcing the importance of structured sales systems in improving conversion outcomes and managing client expectations.

Contract signing patterns varied across the industry, with 43.4% of builders signing more contracts than in 2024, while 37.3% signed fewer. Despite mixed 2025 performance, 73.1% expect to sign more contracts in 2026, with optimism highest in New Zealand at 85.7%.

Sales Outlook for 2026

Builders implementing sales systems, including documented processes, scripts, objections manuals, and regular training, will see higher markups than their competitors. Those reducing referral dependency and charging for quotes will command premium pricing, while builders operating without systematic sales tools will face continued pricing pressure and qualification challenges.

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"Your System works for me 24/7 & my Business is no longer running my life!"

CHRIS FOX
FOX CONSTRUCTION

WATCH THE FULL CASE STUDY

"So within, two weeks or the website going live, this client came in... And we were able to get them under contract very quickly."

JASON BURGESS
BURGESS HOMES

WATCH THE FULL CASE STUDY

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KELLY ANDERSON
IRONWOOD CUSTOM BUILDERS

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Builders Double Down on Sales Systems and Software to Achieve Growth in 2026

— MARINE SARGSYAN, HOUZZ

The building industry is rapidly adopting formal sales methodologies to improve performance. Nearly three in five builders now use a documented sales process (58.1%), up from 53% in 2024. Similarly, builders are more likely to use sales scripts (up from 26.7% to 31.9%) and objections manuals (up from 8.7% to 12.8%). These trends show that builders are increasingly standardizing systems that boost efficiency. This shift has even more impact when paired with construction management software, which centralizes these processes.

Adopting formal sales processes correlates with better financial performance and higher-quality leads. Remodelers with a documented sales process had gross markups that are 50% higher, along with net margins of 8%, compared with 6% for firms without one. Remodeling companies that use sales scripts saw a higher share of sales-qualified leads (30% versus 17.5%), better gross markups (27% versus 25%), and higher net margins (10% versus 7%), respectively. Firms that invest in regular sales training also achieve markups nearly 10% higher than those that do not.

While the industry progresses, builders continue to grapple with perennial sales challenges. Unrealistic client expectations and difficulty generating quality leads remain the top issues, affecting seven in ten builders.

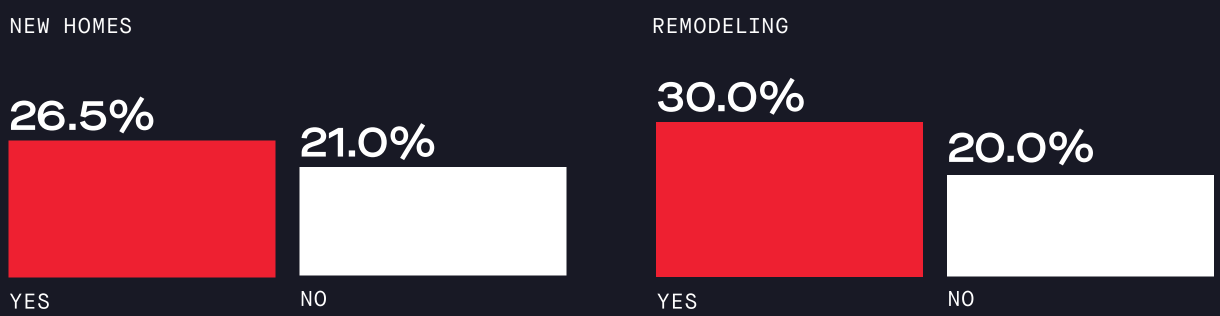
Construction management software can help address these challenges by providing the structure and visibility needed throughout the sales cycle and beyond. Automated follow-ups, lead management, and pipeline tracking help teams stay organized as volume increases, and many are now boosted by AI. By streamlining these crucial functions, builders can focus on high-value tasks such as client relationships and project execution, increasing efficiency and margins.

The overall outlook for 2026 among builders is strong. In 2025, 43.4% of builders signed more contracts than in 2024. Looking ahead, this confidence spikes dramatically with nearly three-quarters (73.1%) expecting to sign more contracts in 2026 compared with 2025. This suggests that many builders believe their investments in documented processes, training and lead management will translate to real growth, while software powered by AI can elevate these results.

Do you have a documented sales process?

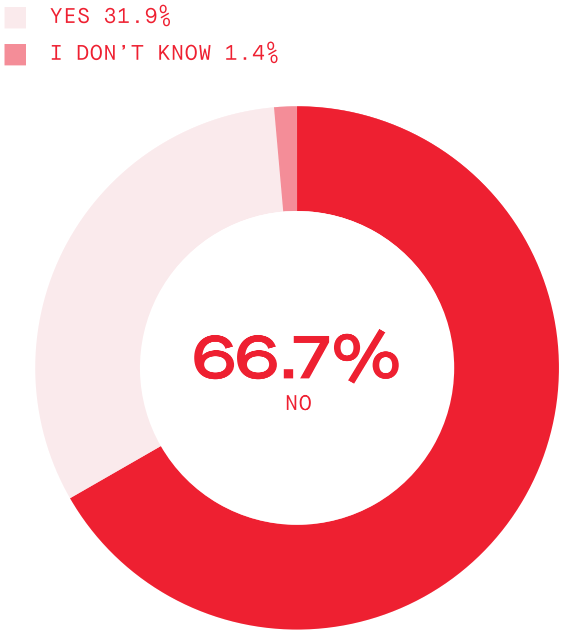
	US	AU	CA	NZ
YES	59.7%	56.4%	60.0%	50.0%
NO	38.7%	42.9%	40.0%	50.0%
I DON'T KNOW	1.7%	0.7%	0.0%	0.0%

Gross markups for companies with a documented sales process



Builders with a documented sales process have significantly better gross margins than those that don't.

Do you use sales scripts?

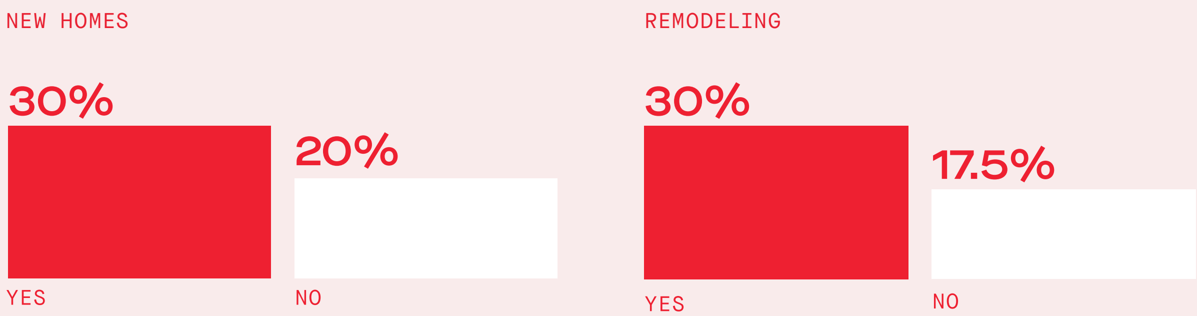


↑ 5.2%

The use of sales scripts has increased significantly in the last 12 months, with 31.9% of builders now using sales script compared to 26.7% last year.

New home builders that use sales scripts report a 50% higher share of qualified leads.

Percentage of sales-qualified leads based on the use of sales scripts



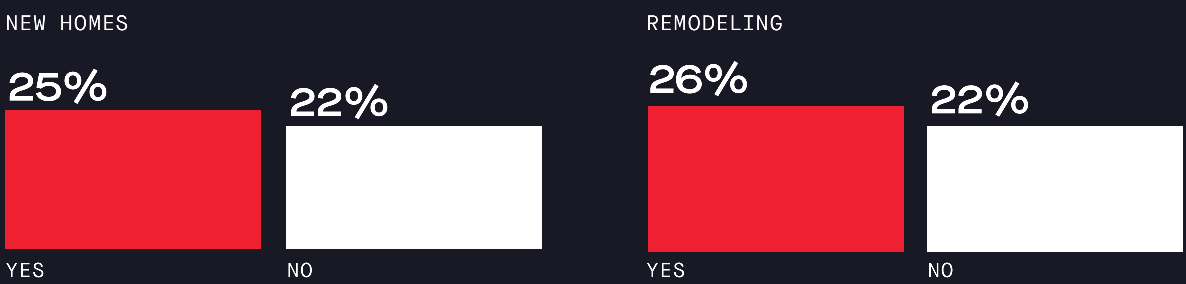
Do you charge for quotes?

(EITHER AS PART OF A DESIGN PROCESS OR AS A STANDALONE SERVICE)

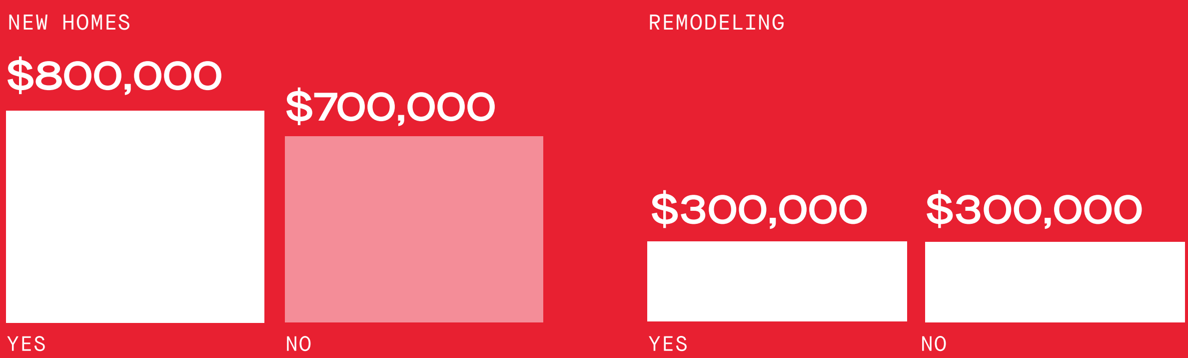
I DON'T KNOW 0.3%

	US	AU	CA	NZ
YES	51.4%	70.0%	56.0%	42.9%
NO	48.6%	29.3%	44.0%	57.1%
I DON'T KNOW	0.0%	0.7%	0.0%	0.0%

Median gross markups for companies who charge for quotes

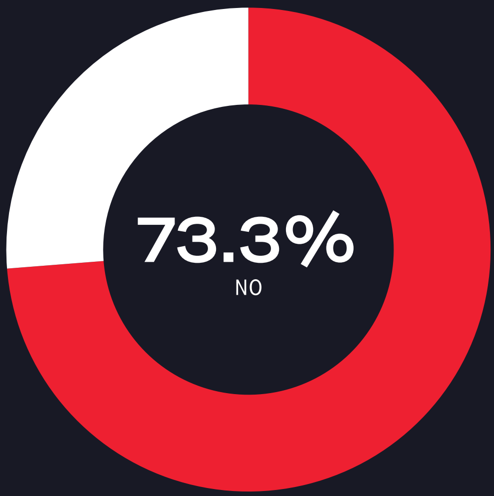


Median contract values for companies who charge for quotes



Do you hold or participate in regular sales training?

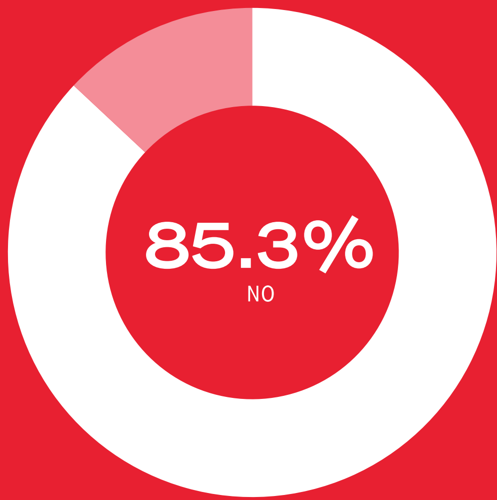
YES 26.1%



I DON'T KNOW 0.6%

Do you have an objections manual?

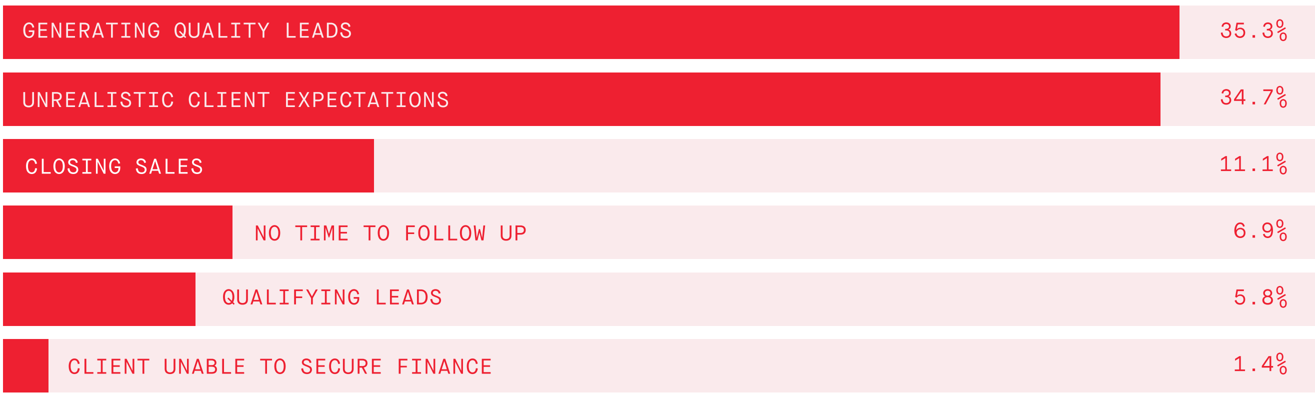
YES 12.8%



I DON'T KNOW 1.9%

2.5% ↑ Companies with regular sales training have a 2.5% higher gross markup.

What is your #1 sales challenge?



I DON'T KNOW 4.7%

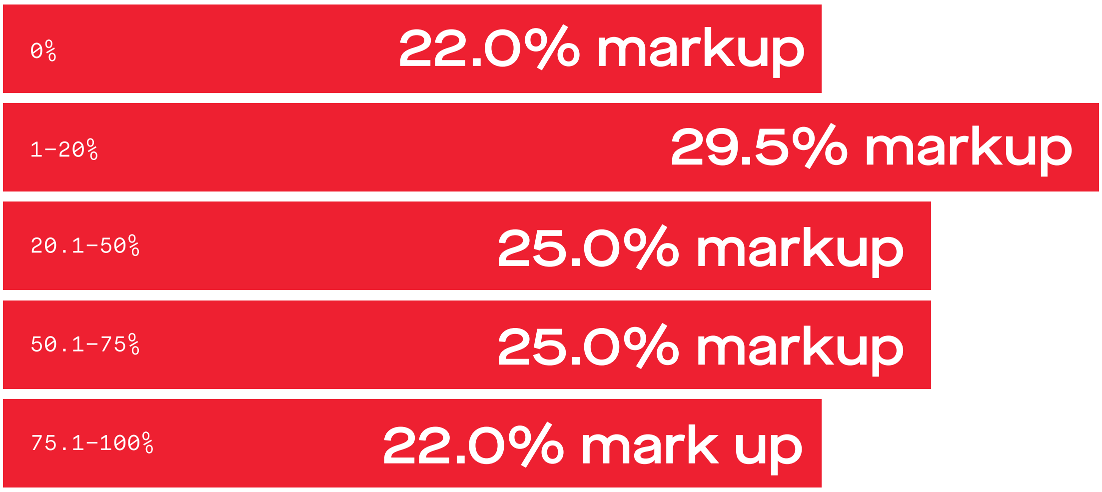
Builders who struggle with lead quality are still relying on referrrals and spend almost nothing on marketing.

What percentage of your sales are from referrals?

51.5%

of all sales are from referrals

PERCENTAGE OF SALES FROM REFERRALS



Companies need 3 referrals to sign one contract

25 leads

New home projects need 25 paid leads for one contract

21 leads

Remodeling projects need 21 paid leads for one contract

30%

of leads are sales qualified

Did you sign more or less contracts in 2025 compared to 2024?

US

MORE ↑ 42.8%

LESS ↓ 40.5%

SAME 16.2%

I DON'T KNOW 0.6%

AU

MORE ↑ 45.9%

LESS ↓ 32.6%

SAME 20.0%

I DON'T KNOW 1.5%

CA

MORE ↑ 45.8%

LESS ↓ 25.0%

SAME 25.0%

I DON'T KNOW 4.2%

NZ

MORE ↑ 21.4%

LESS ↓ 64.3%

SAME 14.3%

I DON'T KNOW 0.0%

Do you expect to sign more or less contracts in 2026 compared to 2025?

US

MORE ↑ 72.9%

LESS ↓ 4.4%

SAME 17.1%

I DON'T KNOW 5.5%

AU

MORE ↑ 72.9%

LESS ↓ 7.9%

SAME 13.6%

I DON'T KNOW 5.7%

CA

MORE ↑ 68.0%

LESS ↓ 4.0%

SAME 24.0%

I DON'T KNOW 4.0%

NZ

MORE ↑ 85.7%

LESS ↓ 0.0%

SAME 7.1%

I DON'T KNOW 7.1%

Custom Home Builder Triples Discovery Calls With This Automated Lead Gen Strategy

Russ Stephens, founder of the Association of Professional Builders, asserts there's a single strategy that eclipses all others for drawing high-quality leads in the construction industry.

Despite the fact there are so few builders leveraging this approach, in his words: "The builders who are doing it are absolutely smashing it. They don't have a lead problem at all."

Just ask Jackson Digney of Enduro Builders in Adelaide. Since implementing this strategy, Jackson's social media reach skyrocketed by an astonishing 4,230% in just six months.

He was fielding seven initial calls from prospects. Fast forward 12 months, and that number had more than tripled to 24. Site consultations — previously nonexistent — also jumped to eight, feeding directly into construction agreements.

Peter Butler
0481 613 997

Scott Bywater
0410 028 636

BUILDER Marketing CONTENT

Make No Mistake, the Way Consumers Buy Has Changed

While previously, they may have called three builders via the Yellow Pages and checked each one out, today, they're scouring the internet and making 80% of their decision well before the first contact is ever made.

Despite this, many builders view the digital world as an afterthought. According to the most recent SORCI data, 57.6% of builders neglect to share insightful blogs, and more than half remain silent on pivotal platforms like Facebook.

That's why content marketing pays off for those who embrace it. In fact, according to The Content Marketing Institute...

It Generates Three Times as Many Leads as Traditional Marketing and Costs 62 Percent Less

What's more Hubspot found businesses that employ strategic blogging witnessed a staggering 165% growth in leads.

Yet it's not just about the number of leads, it's about the quality.

For instance, the book "They Ask, You Answer" cites an example of a company achieving a modest 10% closing rate, the average in the industry.

Yet something magical happened when a potential buyer consumed 30 or more pieces of content before the sales meeting: the conversion skyrocketed to an incredible 80 percent.

The only downside to this strategy until now is that it required lots of work. Think about it:

Who Wants to Finish a Hard Day and Start Writing?

That's why Peter Butler and Scott Bywater from Builder Content Marketing have joined forces to take all the stress off your shoulders.

Now all you need to do is talk for 7-10 minutes, answering questions you likely share every day in conversations with your clients, and this'll be seen in 27 different places across the internet - including Facebook, Instagram, Linkedin, X, Google searches, email, and your own website.

That's right. You'll be everywhere.

What's more, the writing, the distribution, and the SEO are all taken care of - and everything is in YOUR VOICE, so there's no mismatch when talking to you in person vs. reviewing your content online.

> "*In the 2025 "APB Marketing Content of the Year" Awards, the 'Builder Content Marketing' program has had 5 finalists, with 3 outright Winners, Edwards Family Homes, Enduro Builders and Norm Wales Construction, this recognition speaks for itself - the system works.*

So if you're tired of losing business to competitors, depending on the unpredictable flow of referrals, and would like to develop enough authority with your clients to close building contracts at markups beyond 30 percent, download our free guide below:

SCAN ME

Download the Free Builder Marketing Playbook

Use your phone's camera to scan

buildercontentmarketing.com.au/apb/bcm-report/

Marketing

A widening gap emerged between tool adoption and execution in 2025. More builders recognized the value of content creation, social media presence, and CRM systems, yet failed to use them consistently.

Social Media Shows Mixed Activity Patterns

Facebook engagement improved modestly in 2025, with the percentage of builders posting nothing at all dropping from 37% in 2024 to 29.4%. Instagram participation was similar to previous years, though United States builders continued to lag behind their Australian counterparts. Video content adoption remained low, with only 15.6% of builders posting videos more than once weekly across all platforms.

Blog content continued growing. Building companies posting 12 or more articles annually increased to 14.4%, up from previous years. This expansion occurred despite content marketing being underutilized overall, indicating a subset of builders committed to consistent execution.

Content Consistency Drives Stronger Margins

The typical builder posts to Facebook just once weekly. Posting more frequently produced a 26% gross markup compared to 22% for less active builders. This difference shows that consistent visibility correlates with stronger pricing.

Blog content also demonstrated a clear relationship with gross markup performance. Builders publishing one to four articles per year achieved average markups of 25%, increasing to 28% for those producing nine articles, and 30% among companies publishing 12 or more articles.

Value-based lead magnets, such as free guides and plan ranges, produced 27% markups compared to 25% for other strategies. These approaches also generated significantly higher annual lead volumes.

However, consultations delivered the highest percentage of sales-qualified leads at 30%. This performance split highlights an opportunity for a two-step approach, using value-based content to drive lead volume, followed by consultations to qualify serious prospects.

CRM Adoption Grows but Usage Lags

CRM adoption increased in 2025, with more than three-quarters (75.6%) of builders now using these systems. Buildertrend maintained dominance in the United States at 28.2%, while in Australia, Wunderbuild overtook Buildxact to become the leading CRM at 15.7% adoption. However, email marketing had low usage rates, with 58.9% of builders never contacting their databases.

Marketing Challenges Reveal Investment Gaps

Marketing spend patterns revealed that builders often misdiagnosed their core challenges. The 13.9% of builders who reported lead volume as their primary challenge generated similar total lead numbers to quality-focused competitors but required more leads per signed contract, indicating that conversion efficiency and overall strategy, rather than raw lead volume, were the primary constraints.

Those builders who identified lead quality problems, representing half the industry, show above-average lead qualification rates and need fewer leads per contract. They also hold higher markups than volume-focused competitors. Yet their marketing spend hovers at just 1% of revenue, with notable percentages spending nothing on advertising. This spending level suggests these builders expect premium results from minimal investment.

Companies that cited return on investment as their primary challenge spend around 2% of revenue on marketing and use paid advertising actively. Despite this investment, almost none use free guides as their prominent lead-generation strategy. Most send paid traffic to generic contact forms rather than educational lead magnets, confirming their challenge stems from the offer structure rather than their spending levels.

The 16.4% of builders who were unable to identify any marketing challenge consistently lag across every marketing metric, including content creation, email frequency, CRM adoption, and paid advertising. Without active marketing systems in place, these builders generate no performance data to identify specific areas for improvement.

Marketing Outlook for 2026

Builders implementing consistent content, social media, and email processes will capture premium markups, while those with sporadic campaigns or treating marketing as optional will face continued pricing pressure despite owning the same tools as successful competitors.

Why So Many Builder Enquiries Aren't The Right Fit: The Builder's Trust Gap

— PETER BUTLER AND SCOTT BYWATER, BUILDER CONTENT MARKETING

Many builders are showing up in Google searches, getting clicks, and seeing website traffic rise, yet enquiries fail to convert into meaningful opportunities.

The issue rarely lies in the ads themselves, but in what happens after interest is generated.

In most cases, the real challenge is what marketing analysts refer to as The Builder's Trust Gap - the invisible space between discovery and decision where confidence fades, leads vanish, and opportunities are lost before an enquiry ever arrives.

Or worse still, the leads you do receive are unqualified rather than serious, financially ready, and aligned with your way of building. According to the data, this is a big issue, generating quality leads remains the biggest marketing challenge for builders, with 50% citing it as their number one challenge versus 13.9% on generating enough leads.

A key factor is the rise of shortcut marketing. Short-form ads leading to brief landing pages that cost thousands a month but lack real strategy or customer insight. That approach might work for lower-value products or quick retail purchases, but it's rarely effective for custom homes - where clients are making decisions worth hundreds of thousands, or even millions of dollars.

High-performing builders take a more considered approach. They start with research, understanding their clients' fears and motivations before writing a word of copy. They clarify their story, unique value, and ideal client persona so every touchpoint (from website and landing pages to case studies, emails, and educational content) aligns with those emotional drivers.

What's more, they understand the importance of creating a marketing ecosystem with multiple touch points of high quality content, which can do far more than a single-source of traffic alone. According to research inspired by the book, They Ask, You Answer, when prospects consume 30 or more pieces of relevant and valuable content before a meeting, conversion rates can soar from 10 to 80%.

For builders wanting to pinpoint their individual "trust gaps", a marketing audit can help. It highlights opportunities to strengthen credibility (and conversion rates) across your website, advertising, emails, blogs and videos, leading to stronger enquiries, steadier cash flow, and clients who reach out and are already sold on your brand.

Scan here to access a cash rebate for Builder Content Marketing

How frequently do you post on Facebook each week?

The average building company posts on Facebook just once a week.

	US	AU	CA	NZ
NEVER	31.5%	27.9%	32.0%	14.3%
ONCE PER WEEK	25.4%	28.6%	12.0%	21.4%
TWICE PER WEEK	14.9%	12.9%	20.0%	14.3%
3 TIMES PER WEEK	13.8%	12.1%	20.0%	21.4%
4 TIMES PER WEEK	5.5%	7.9%	8.0%	14.3%
5 TIMES PER WEEK	3.3%	4.3%	4.0%	7.1%
6 TIMES PER WEEK	1.1%	0.7%	0.0%	0.0%
7 TIMES OR MORE PER WEEK	4.4%	5.7%	4.0%	7.1%

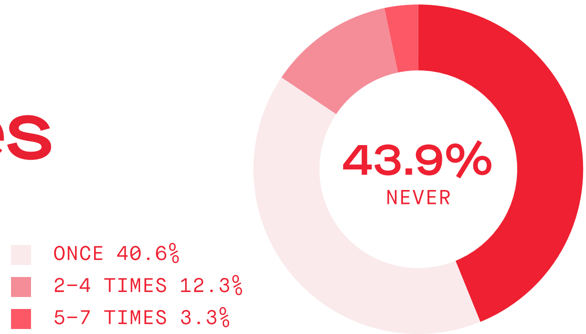
How frequently do you post on Instagram each week?

The average building company posts on Instagram just once a week.

	US	AU	CA	NZ
NEVER	34.3%	22.9%	28.0%	14.3%
ONCE PER WEEK	27.6%	31.4%	8.0%	21.4%
TWICE PER WEEK	11.6%	12.9%	24.0%	14.3%
3 TIMES PER WEEK	12.7%	12.9%	12.0%	21.4%
4 TIMES PER WEEK	4.4%	8.6%	16.0%	14.3%
5 TIMES PER WEEK	3.3%	5.7%	8.0%	7.1%
6 TIMES PER WEEK	1.1%	0.7%	0.0%	0.0%
7 TIMES OR MORE PER WEEK	5.0%	5.0%	4.0%	7.1%

How frequently do you post video content (weekly)?

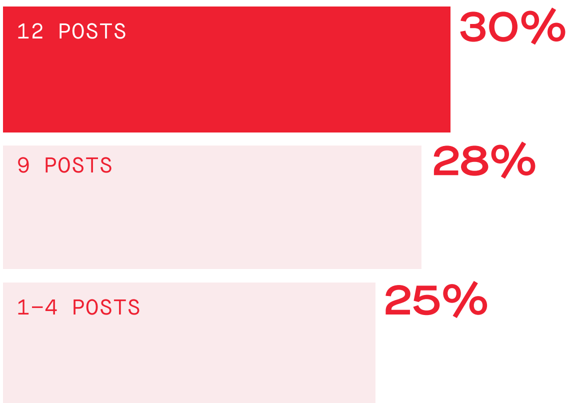
Almost half of all building companies don't post any video content.



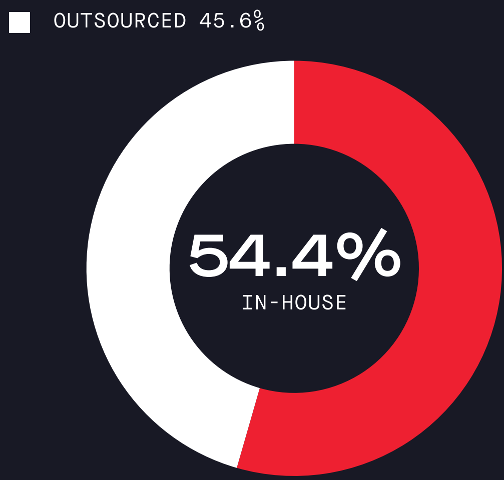
	US	AU	CA	NZ
NEVER	43.6%	42.9%	60.0%	28.6%
ONCE PER WEEK	41.4%	40.7%	28.0%	50.0%
2-4 TIMES PER WEEK	11.0%	13.5%	12.0%	14.3%
5-7 TIMES PER WEEK	3.9%	2.8%	0.0%	7.1%

How frequently do you publish a new content article/blog post each year?

GROSS MARKUPS FOR BUILDERS PUBLISHING NEW CONTENT ARTICLES EACH YEAR

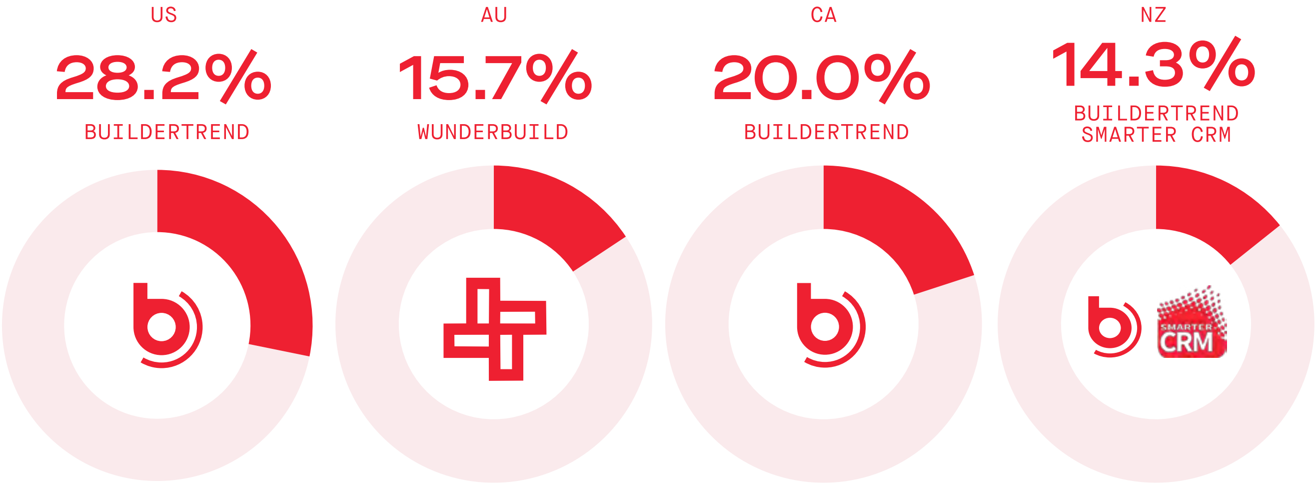


Who writes your articles/blogs?



	US	AU	CA	NZ
NEVER	49.2%	50.0%	52.0%	21.4%
1-4 POSTS PER YEAR	26.0%	20.7%	16.0%	35.7%
5-9 POSTS PER YEAR	9.4%	12.8%	16.0%	21.4%
10-12 POSTS PER YEAR	15.5%	16.4%	16.0%	21.4%

What Customer Relationship Management (CRM) system do you use?



	US	AU	CA	NZ
BUILDERTREND	28.2%	2.1%	20.0%	14.3%
JOBTREAD	16.6%	0.0%	16.0%	7.1%
SMARTER CRM	0.6%	15.0%	4.0%	14.3%
WUNDERBUILD	0.0%	15.7%	0.0%	7.1%
HUBSPOT	5.0%	5.7%	4.0%	0.0%
BUILDXACT	1.1%	10.7%	0.0%	0.0%
HOUZZ PRO	3.9%	0.7%	4.0%	0.0%
ARROW CRM	0.0%	4.3%	0.0%	0.0%
ZOHO	1.7%	0.7%	0.0%	7.1%
PIPEDRIVE	1.7%	0.7%	0.0%	0.0%
ACTIVECAMPAIGN	0.0%	2.1%	0.0%	0.0%
CONTRACTOR FOREMAN	0.6%	0.0%	0.0%	0.0%
MAILCHIMP	0.6%	0.0%	0.0%	0.0%
OTHER	18.8%	15.7%	12.0%	35.7%
NONE - I OUTSOURCE	1.7%	0.0%	4.0%	0.0%
NO CRM SYSTEM	18.8%	25.0%	36.0%	14.3%
I DON'T KNOW	1.1%	1.4%	0.0%	0.0%

How frequently do you email your database each month?

	US	AU	CA	NZ
NEVER	58.6%	58.6%	72.0%	42.9%
ONCE	22.1%	22.9%	12.0%	21.4%
2-4 TIMES PER MONTH	13.8%	10.0%	4.0%	35.7%
5+ TIMES PER MONTH	5.5%	8.6%	12.0%	0.0%

What is your #1 marketing challenge?

GENERATING QUALITY LEADS	50.0%
GENERATING ENOUGH LEADS	13.9%
RETURN ON INVESTMENT (ROI)	13.3%
WASTED ADVERTISING SPEND	6.4%

I DON'T KNOW 16.4%

Generating quality leads remained the biggest marketing challenge for builders in 2025, just as it was in 2024.

26%

of builders that say they don't have enough leads also say they don't advertise.

What is your primary marketing strategy for generating new leads?

REFERRALS/WORD OF MOUTH/FORMER CLIENTS	43.6%
CONTACT US PAGE (EG YOUR WEBSITE)	21.7%
FREE GUIDE	9.4%
CONSULTATION	8.9%
PLAN RANGE	3.9%
FREE QUOTE	2.5%
OTHER	6.4%

I DON'T KNOW 3.6%

Results by primary marketing strategy

VALUE BASED MAGNETS VS. ALL OTHER STRATEGIES

ALL VALUE-BASED MAGNETS*	27% markup	25.5% SALES QUALIFIED LEADS
ALL OTHER STRATEGIES	25% markup	23.0% SALES QUALIFIED LEADS

*FREE GUIDE, PLAN RANGE & CONSULTATION

FREE GUIDE & PLAN RANGE VS. CONSULTATION VS. ALL OTHER STRATEGIES

FREE GUIDE & PLAN RANGE	27.5% markup	25.0% SALES QUALIFIED LEADS
CONSULTATION	25.5% markup	30.0% SALES QUALIFIED LEADS
ALL OTHER STRATEGIES	25% markup	23.0% SALES QUALIFIED LEADS

DIGITAL MARKETING THAT DELIVERS

OUR BUILDERS WIN HIGH-VALUE PROJECTS

AND GROW WITH CERTAINTY

★★★★★

Leads tripled in 3 months!

"10-15 quality leads per month"

SURFSIDE HOMES

★★★★★

Highest ever value project!

"The team at Arrow have been fantastic"

Pitch Perfect Building

★★★★★

Doubled leads in 2 Months

"Credible, honest, reliable, how rare!"

evermore

ARROW AGENCY

*Book your **free** Discovery Call with Helena.*

Advertising

Investment in paid advertising showed a direct correlation with revenue growth and gross margins in 2025, yet nearly one in three builders allocated nothing to advertising. Channel selection, willingness to outsource, and consistent investment were the strongest indicators of performance across the industry.

Multi-Channel Strategies Drive Revenue Growth

Facebook remained the dominant paid advertising channel in 2025, used by 42.8% of builders. Google Ads followed at 32.5%, with Instagram at 30.6%. However, 29.2% of respondents reported spending nothing on advertising, relying instead on referrals and word of mouth.

Regional adoption patterns varied substantially. New Zealand builders had the highest Facebook adoption at 64.3%, followed by Canada at 48% and Australia at 45.7%. United States builders used Facebook the least, at 38.1%. Traditional media continued its decline, with TV advertising dropping to just 0.3% usage and radio at 5.6%.

Channel diversification produced measurable revenue and margin advantages. Companies with no advertising generated median revenue of $3.6 million, with 20% gross margins. Those advertising across three or more channels achieved median revenue of $5.6 million, with a 28% gross margin.

The most effective approach combined social media with search advertising. Builders using both platforms together generated 102 leads, with a 29% gross margin. Those using only social platforms generated 31 leads at a 25% gross margin, while search-only builders captured 60 leads at a 26% gross margin.

Outsourcing and Specialization Improve Results

Outsourcing of advertising management continued to rise in 2025. Half of all builders (50.6%) now outsource Facebook advertising, up from previous years. Google Ads had even higher outsourcing rates at 72.6%, reflecting the platform's technical complexity. Builders who outsourced their Facebook advertising generated approximately 50% more leads annually and 30% higher-quality leads compared to those managing campaigns in-house.

Investment Levels Correlate with Profitability

Marketing spend as a percentage of revenue showed a direct correlation with profitability. Builders spending nothing on marketing had the lowest gross markup at 20%. Those investing 1 to 3% of revenue saw markups of 25 to 26%. Builders committing 4% or more to marketing achieved peak performance with 29% gross markup and 9% net profit margins.

The median marketing spend stayed at 1% of revenue in 2025. Only 12.1% of builders reduced their marketing investment compared to the previous year, while 41% increased spending and 43.1% maintained their budgets. Looking ahead to 2026, builders plan to double their advertising investment to a median of 2% of revenue. The percentage of builders planning to invest 4% or more nearly tripled from 10% in 2024 to 28.1%.

Paid-first builders generating less than 9% of leads from referrals produced $6.5 million in revenue while working 46-hour weeks and taking home $671,000. Referral-dependent builders generating 80% or more from referrals produced $3.75 million in revenue, worked 55-hour weeks, and took home $602,000. This shows that paid-first builders generated $2.75 million more revenue while working nine fewer hours per week. They also reported higher markups, with a median gross markup of 26%, compared to 24% for referral-dependent builders.

Lead Generation Patterns and Referral Strategies

Lead generation volumes remained modest across the industry. The median residential building company generated 29.5 leads in 2025. Canadian builders led with 41 median leads, followed by the United States at 32, Australia at 25.5, and New Zealand at 24. Remodelers generated significantly more leads than new home builders, capturing 35 leads compared to just 22 for new home builders. New home builders also required significantly more leads to secure a signed

contract, with 13.3 leads per contract compared to 7.5 for remodeling, reflecting the longer decision cycles and higher commitment typically associated with new home projects.

Investment in search engine optimization (SEO) increased substantially in 2025. Nearly half of all builders (46.1%) now spend money on SEO services, up from 35.1% the previous year. The median monthly SEO spend was $500 globally, with New Zealand builders spending the most at $700 and the United States spending the least.

Referral dependency varied widely. While 30.8% of builders generated 80% or more of their leads from referrals, an emerging group of 15.3% had moved to a paid-first model, generating less than 9% of leads from organic sources. This contrast highlights two distinct approaches to lead generation within the industry, one passive and relationship-based, the other proactive and investment-driven.

When asked about their primary referral strategy, 43.1% of builders cited word of mouth. However, word of mouth represents a result rather than a strategy. Combined with the 11.4% who responded, "I don't know," more than half the industry operates without a defined system for generating referrals. For those with an active strategy, 28.1% relied on business partners such as architects, realtors, or designers, while events and networking accounted for 9.4%, and gifting was used by 2.5%.

Advertising Outlook for 2026

The data clearly highlights that builders who invest in advertising and reduce referral dependence earn more and work fewer hours, even after accounting for marketing costs. This trend is expected to continue in 2026, as builders increasing marketing investment toward the 4% threshold and moving away from referral-dependent models are likely to achieve materially stronger outcomes.

ARROW AGENCY

Why Advertising Is Becoming the Defining Line Between Growth and Stagnation in Residential Construction

— EMILY WILLIAMS AND HELENA TIVEY, THE ARROW AGENCY

The data draws a sharp line in the industry. Builders who treat advertising as a strategic investment are widening their lead, while those who avoid it are losing pricing power, visibility, and long-term stability.

Almost a third of builders (29.2%) still spent nothing on advertising, and this group consistently reported the lowest gross markups (20%). By contrast, builders investing 2 to 4% of revenue in advertising reported the highest markups (26 to 29%). This isn't coincidence. It's driven by three advantages: stronger demand, higher-quality clients, and the authority that comes from being discovered, not referred.

Paid advertising has consolidated around Facebook (42.8%), Google Ads (32.5%), and Instagram (30.6%). Yet nearly one in three builders still isn't advertising at all, a significant risk in a market where enquiries fluctuate with economic pressure and consumer sentiment.

One of the clearest performance gaps appears between in-house and outsourced Facebook advertising. Builders who outsource generate around 50% more leads, enjoy 30% higher lead quality, and spend 33% less as a percentage of revenue, while achieving superior return on investment (ROI). In an industry where the typical builder receives just 29.5 leads a year, predictable pipelines matter.

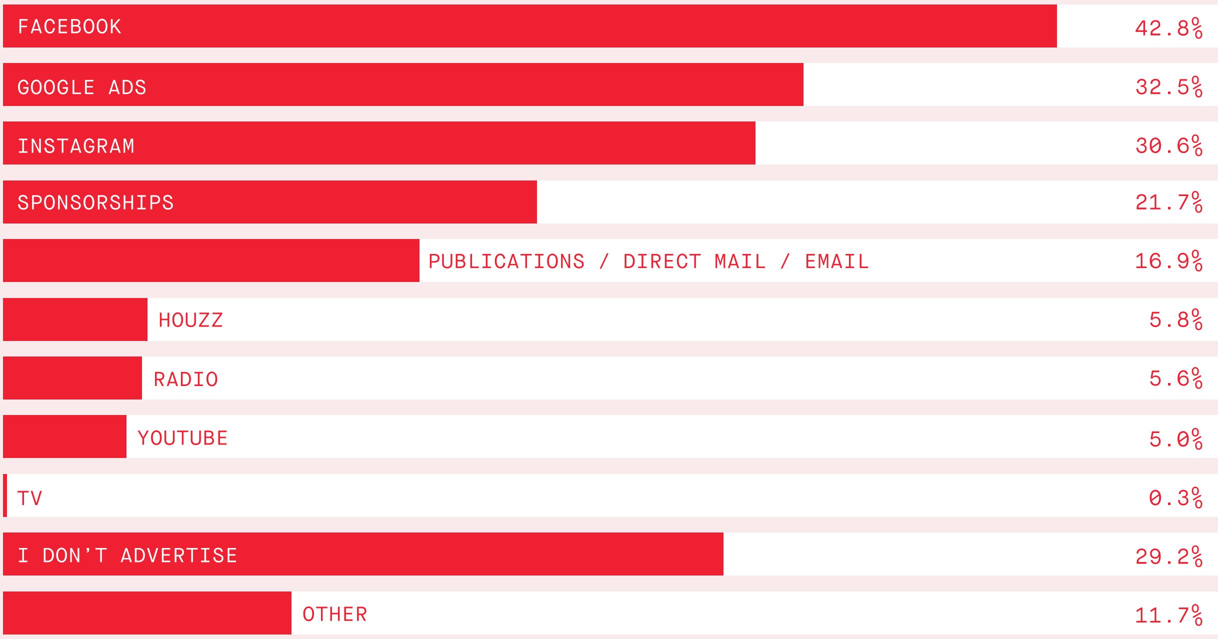
SEO is another critical blind spot. More than half of builders (53.9%) invest nothing, leaving themselves invisible to clients who begin researching months before making contact. Those who do invest gain compounding visibility that strengthens all other channels.

Cost per qualified lead (CPQL) is also widely misunderstood. Nearly half the industry (49.7%) targets a CPQL of $0, relying solely on referrals or misinterpreting the metric entirely. Only 24.5% identify realistic benchmarks of $50 to $100, the range required to attract serious, finance-ready clients.

Referrals are important, but they're not the high-margin engine many assume. Builders generating 0 to 9% of leads from referrals had the highest markups, while those relying on referrals for 80%+ of leads had the lowest. Referral-dependent builders inherit the price expectations of their network; paid-first builders establish value on their own terms.

With 41% of builders increasing spend in 2025 and the 4% or more investment group almost tripling to 28.1%, the message is clear: the builders winning today are the ones creating demand, not waiting for it.

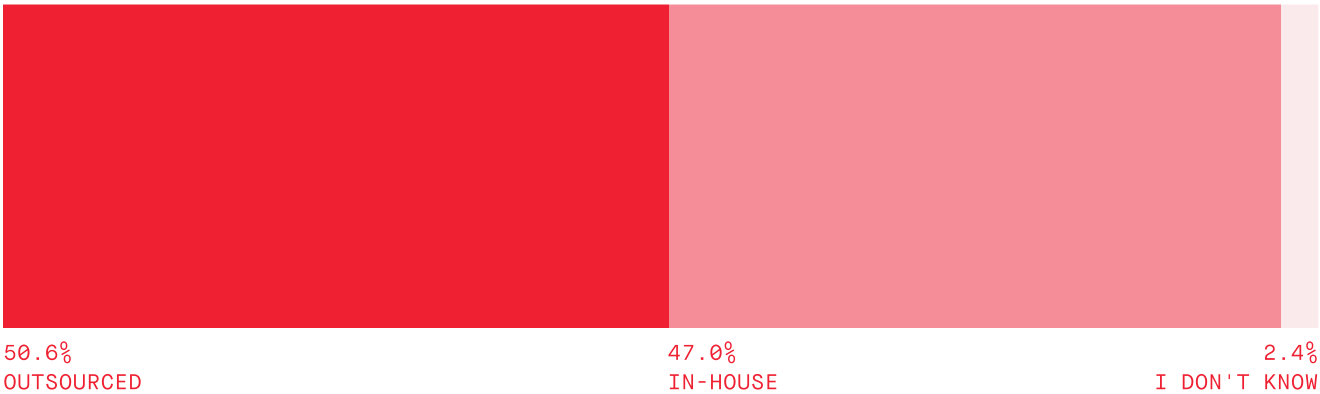
Where do you spend money on advertising?



New homes require 13.3 leads to secure a contract, compared to remodelers who need 7.5 leads.

	US	AU	CA	NZ
FACEBOOK	38.1%	45.7%	48.0%	64.3%
GOOGLE ADS (SEARCH AND DISPLAY CAMPAIGNS)	30.9%	32.9%	40.0%	35.7%
INSTAGRAM	22.7%	36.4%	44.0%	50.0%
SPONSORSHIPS	23.2%	16.4%	28.0%	42.9%
PUBLICATIONS / DIRECT MAIL / EMAIL	22.1%	6.4%	20.0%	50.0%
HOUZZ	8.3%	2.1%	8.0%	7.1%
RADIO	3.9%	4.3%	20.0%	14.3%
YOUTUBE	3.3%	5.7%	8.0%	14.3%
TV	0.0%	0.7%	0.0%	0.0%
I DON'T ADVERTISE	28.7%	32.9%	20.0%	14.3%
OTHER	14.4%	8.6%	16.0%	0.0%

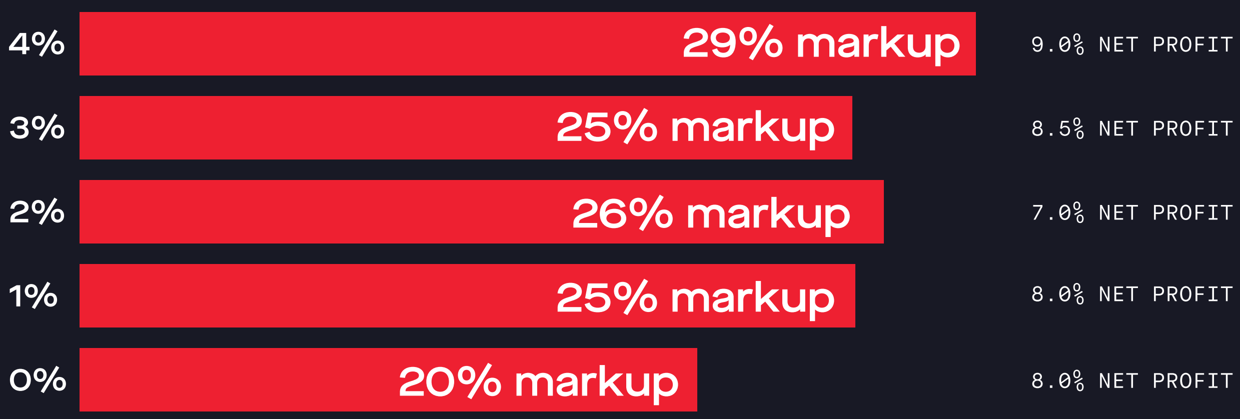
Who does your paid advertising on Facebook?



Who does your paid advertising on Google Ads (search and display campaigns)?

What percentage of your revenue did you spend on marketing in 2025?

Most building companies spent 1% of their revenue on marketing in 2025.



Is that more or less than the amount spent in 2024?

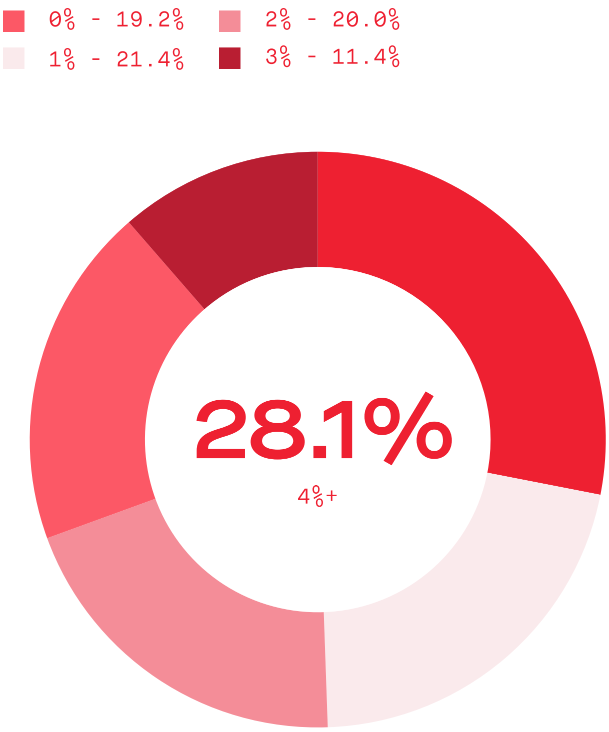
More 41.0%

Same 43.1%

Less 12.1%

I DON'T KNOW 3.8%

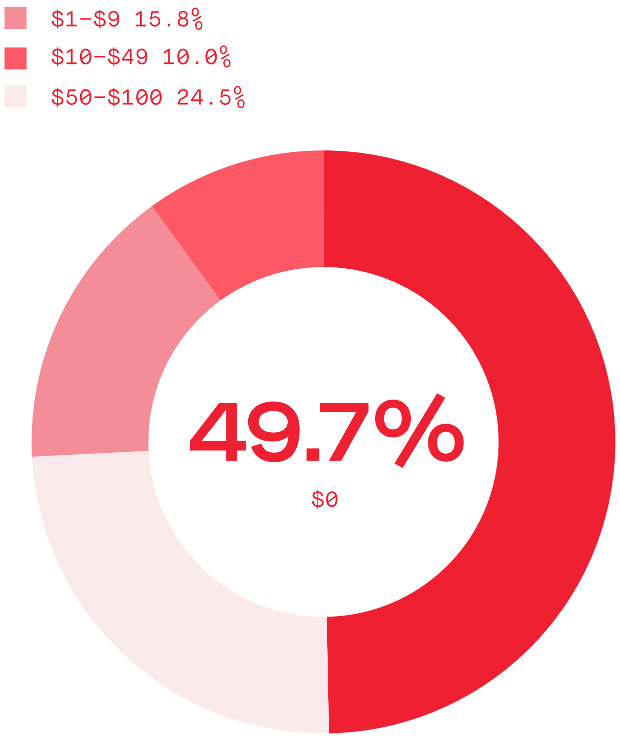
What percentage of revenue do you plan to spend on paid advertising in 2026?

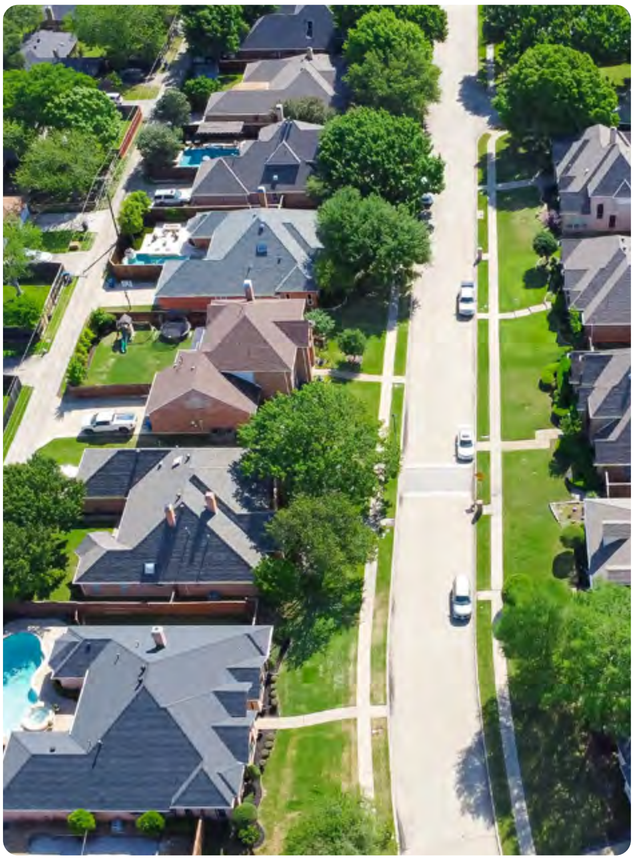


↑ 1%

Builders are planning to significantly increase their marketing investment in 2026 to 2% of revenue, doubling the spend recorded in 2025.

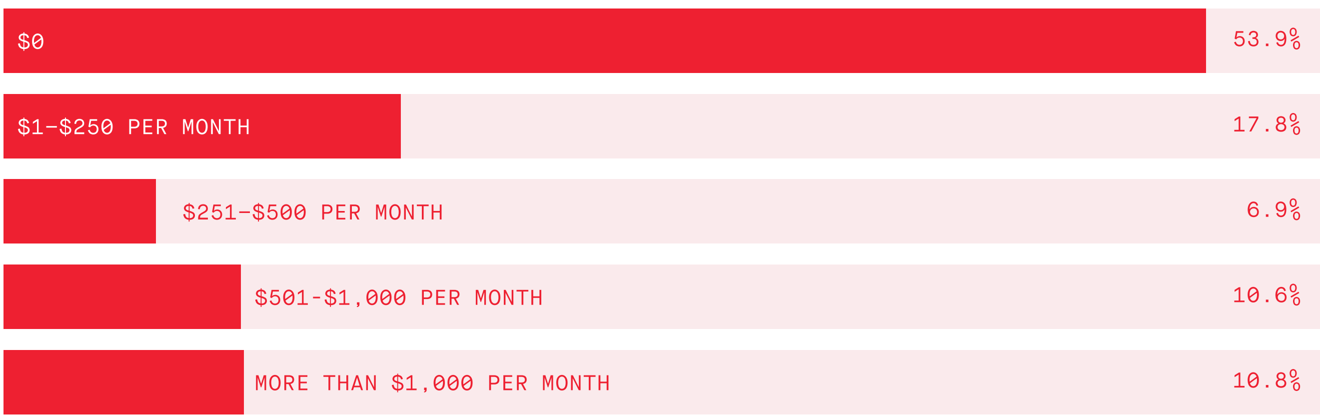
What is your target/ budgeted cost per lead?



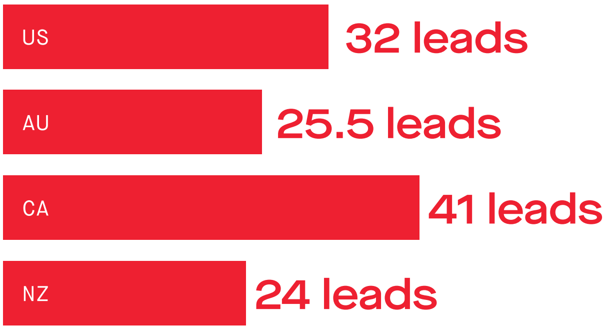


26% of builders are actively spending money on marketing but underestimating the true cost of acquisition.

How much do you spend on SEO (Search Engine Optimization) services per month?

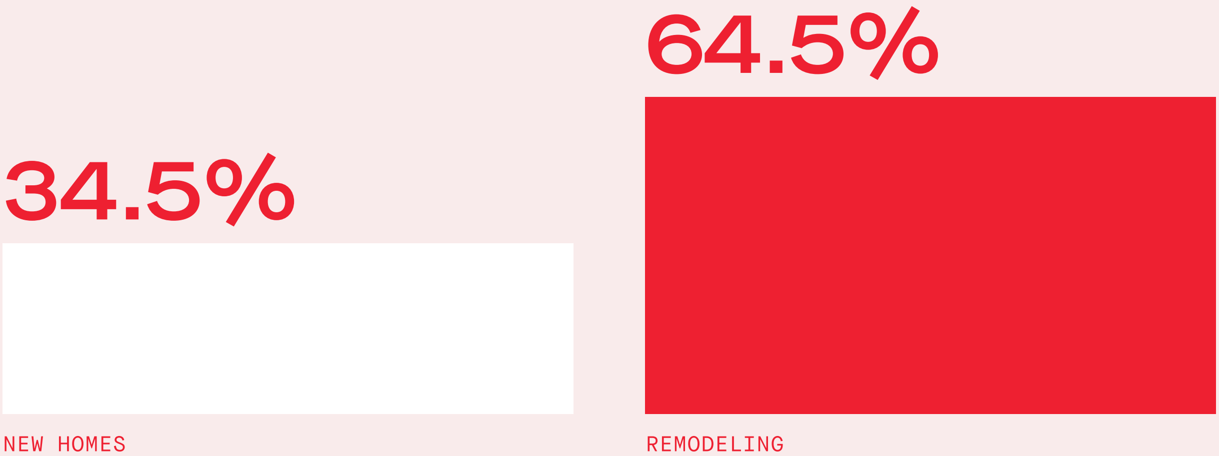


How many leads did you generate in 2025?

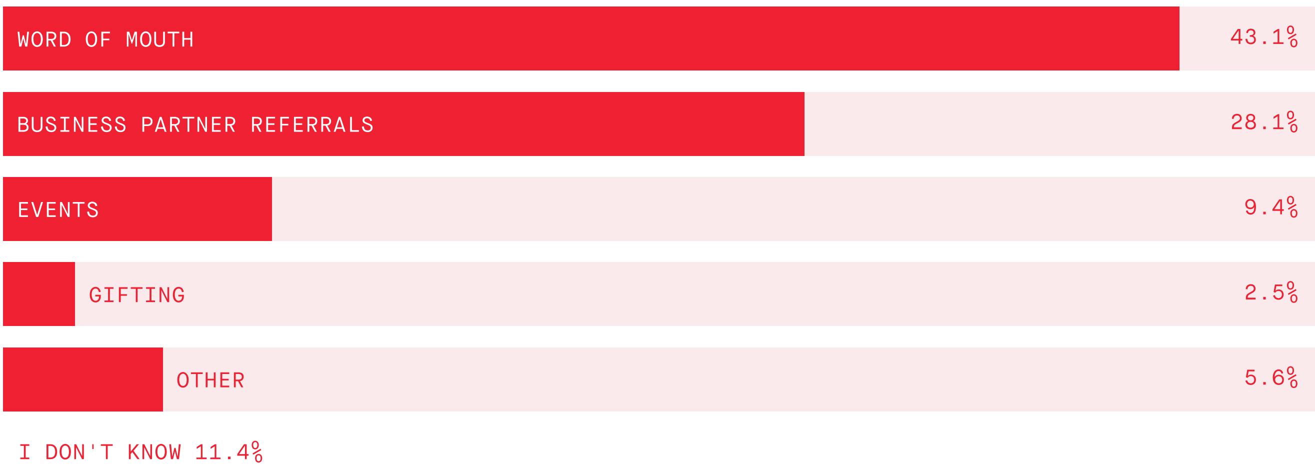


Builders who rely almost exclusively on refererrals (80%+) have the lowest median markup (24%).

What percentage of your leads are from referrals?



What is your #1 strategy for increasing the number of referrals you generate?



Projects

Understanding fixed expenses, subcontractor coordination, and client management processes separates efficient operators from those struggling with persistent project delivery challenges.

Schedule Discipline Drives Budget Outcomes

Nearly 80% of projects finished on time or ahead of schedule in 2025. The percentage of late projects dropped to 21.4%, down from 27.5% in 2024. New Zealand builders led the way with 85.7% of projects delivered on time, while United States builders recorded the highest rate of delays at 26.5%.

The data shows a clear link between schedule and budget performance. Projects delivered on time finished on budget 76.7% of the time. Late projects hit budget only 51.9% of the time. Time is money, and the numbers prove it.

Budget performance improved slightly from 2024. Over half of projects (54.4%) finished on budget, up from 52.7% last year. Another 15.8% came in under budget and only 28.6% exceeded their budget.

More builders now understand their fixed expenses per job per day. The figure rose from 52.2% in 2024 to 56.4% in 2025. The median daily fixed expense sits at $643 across all countries. Remodeling projects carry higher daily costs at $680, compared to $573 for new homes. Builders who track daily fixed expenses show stronger schedule discipline, correlating with better on-time delivery rates.

The cost of running over budget proved substantial. Builders finishing on budget ran at $662 per day in fixed expenses, while those running over budget carried $800 per day. This difference represents the "inefficiency tax" of poor organization, including extra administration, rework, and operational chaos that bleeds profit from every project day.

Subcontractor Dependencies and Process Gaps

New home builders face different challenges than remodelers. Subcontractor delays dominated for new homes at 27.7%, while remodelers dealt with project management complexity and cost overruns. The nature of new construction creates dependencies that compound when trades run late.

However, builders who cited subcontractor issues as their primary challenge earned $11,786 per week per project compared to $16,071 for those without subcontractor challenges. This 27% efficiency gap suggests that builders struggling with trades likely lack the rigid systems required to provide adequate lead times, maintain stable schedules, and keep subcontractors aligned to the plan.

Client selection decisions emerged as a significant challenge for builders who use project management tools but lack supporting processes. Most builders citing this challenge used professional project management software with client portals. However, only 32.7% maintained a documented client handbook. The software alone doesn't solve the problem without clear, documented processes.

For remodelers specifically, a combination approach proved most effective at reducing selection challenges. Remodelers who used paid quotes, client handbooks, and dedicated project management software together reported client selection challenges at just 4.2% compared to 14.1% for the average remodeler.

Client Management Systems Are Underdeveloped

The industry was split evenly on cost escalation clauses, with 48.1% using them and 48.9% preferring fixed-price contracts without them. Regional differences are stark, United States builders protected themselves at 63.5%, Australian builders took the opposite approach, with 71.4% avoiding these clauses, and New Zealand builders showed near-universal adoption at 85.7%. New home

BUILD: SOUTHERN LUXURY HOMES
PHOTO: JARROD BROCK, BROCK COMPANY CREATIVE

builders used escalation clauses more frequently at 52.1% compared to 42.3% for remodelers.

Client management processes showed substantial room for improvement. Only 36.7% of builders maintained documented client handbooks, and just over half (55%) used documented handover processes. Post-project audits, performed by 55.3% of builders, are similarly underutilized, despite their value in identifying cost overruns and process improvements.

Remodelers trailed new home builders in handbook adoption, at 32.9% compared to 39.3%. New home builders also showed stronger discipline at handover, with 62.1% using documented processes compared to 45% for remodelers.

Formal customer feedback remains rare. Less than 10% of builders measured satisfaction using the Net Promoter Score (NPS). In an industry built on referrals, most builders assume clients are happy rather than verifying it with data.

Over one-third of builders (35.8%) signed discounted contracts for family, friends, or staff during 2025. When they did, the median markup dropped to 20% compared to the standard 25%. Remodelers gave smaller discounts, at 20%, while new home builders cut deeper to 15%. These reduced markups often fail to account for fixed expenses, which remain constant regardless of client relationship, leading to projects with insufficient profit or even losses when complications arise.

Projects Outlook for 2026

Systematic project management processes will determine which builders capture efficiency gains in 2026. Companies implementing structured workflows for client management and trade coordination will reach higher revenue per project week than competitors operating without documented systems.

The Project Habits That Shape Profit

— ERIC FORTENBERRY, JOBTREAD SOFTWARE

This year's SORCI project data clearly highlights two truths that builders and remodelers live with every day.

First is the link between strong schedules and strong profits. Over two-thirds of builders say the majority of their projects are delivered on time, and those teams see steady budget performance and predictable financial outcomes. But builders who finish behind schedule face a different reality. Late completion carries a 48% chance of missing budget numbers, a stark difference that shows up across the report.

Remodelers who stay on or under budget reinforce this pattern. Their fixed expenses per project per day sit almost 20% lower than the remodelers who finish over budget. The report attaches real numbers to the basic, intuitive truth that scheduling discipline strengthens cost discipline.

At JobTread, we understand the why behind those numbers, and take action every day to rectify them. We empower contractors with simple yet powerful software that helps complete projects on time with greater accuracy and healthier margins.

Second, the report reveals a clear gap between builders and remodelers who use the right client tools and those who lack them. More than 63% of contractors do not provide homeowners with a documented onboarding process or handbook and 43.6% finish a job without a formal project review. These crucial steps strengthen the client experience and help teams stay aligned. Without them, it becomes easy to overlook important stages in the production process.

Thousands of contractors understand the need to bridge this gap, as well as others. Those business leaders are the ones who join communities sharing peer-to-peer advice and educational tools. These resources help turn good intentions into strategic solutions. The industry is filled with trusted organizations that will support builders and remodelers as they embrace more disciplined operations.
These include the Association of Professional Builders, JobTread, and many others.

Scan here to access a cash rebate for JobTread Software

Win More High-Margin Building Contracts With A Website That Turns Clicks Into Quality Clients

In 2026, having a website that simply looks impressive isn't enough. Builders who want high-margin clients need websites that perform - turning browsers into qualified leads and leads into profitable projects.

Smarter Websites, led by digital marketer Peter Butler, goes beyond the norm to create websites that don't just impress – they perform.

Unlike typical web agencies fixated on branding and aesthetics, Smarter Websites focuses on what truly matters – generating and qualifying new leads.

Their approach is not about creating an online brochure; it's about building a dynamic, interactive platform that actively works to grow your business.

Peter Butler
Director of Smarter Websites
+61 481 613 997

WEB SEO CRM SMARTER WEBSITES

Online brochure vs. a lead generation website

An online brochure style website is a passive display, a digital version of a printed brochure that waits to be seen. In contrast, a Smarter Website is a lead generation engine designed to engage visitors, capture their interest, and convert them into qualified leads. With our strategic design and copywriting partners, your website becomes a proactive participant in business growth, attracting more leads, filtering out tire-kickers, and connecting you with quality clients.

The importance of integrating a CRM

In the residential building industry, trust is paramount. Smarter Websites can be integrated with advanced CRM systems and automations (with builder reports and email templates already included), ensuring every visitor's journey is tracked, nurtured, and personalised.

This integration builds trust over time, transforming casual visitors into loyal clients. With Smarter Websites, you're not just getting a website; you're getting a comprehensive digital ecosystem that understands the nuances of the residential construction industry.

"Peter Butler is the most systemised, organised and structured digital operator I've met. If you're looking for someone to help you 'connect the dots' online - including your website, SEO, content marketing and CRM, I can't recommend himhighly enough."

Russ Stephens
Co-Founder | APB

Builders using Smarter Websites regularly see 2-3× more qualified enquiries within the first 90 days - proof that systemisation and smart follow-up convert curiosity into contracts.

Stop guessing about what's wrong with your website and let one of our experts analyse your site for you —for FREE.

We'll send you a comprehensive, jargon-free report with prioritized recommendations— measuring everything that matters to the online success of your business.

SCAN ME

Use your phone's camera to scan

https://www.smarterwebsites.com.au/yes/full-web-audit-sorci/

Ready for an easier workday with a website that works as hard as you do?

Discover the Smarter Website and CRM difference. Book a demo today to see a live website and CRM integration in action, including the speed to lead system - and how responding within the first minute can increase your conversion rate by 391%.

See the Builder CRM Demo' with Automation In Action

Make no mistake, a whopping 30% of your leads will go to your competitors if you don't respond quickly enough. Don't let this happen - leverage Peter and the team at Smarter Websites to nurture leads, scale personal relationships, and elevate your business.

Jackson Digney
Enduro Builders
★★★★★

"We have worked with Smarter Websites for a number of years now and have enjoyed the benefit of working with a company with clear and straight forward systems, which means that we get consistent service and delivery. There is nothing better than working with people who just get it right!"

Google review

Troy Raulston
Raulston Family Homes
★★★★★

"I recently had the pleasure of working with Smarter Websites, and I can't recommend them highly enough. From start to finish, their team demonstrated a level of professionalism that sets them apart. Their thorough approach to understanding our needs and goals was impressive. I highly recommend Smarter Websites."

Google review

Mel McIntyre
Dellwood Constructions
★★★★★

"Smarter Websites built our new website through a structured and efficient process from start to finish. While our budget didn't allow for a custom build, their turnkey solution has been flexible enough to make the site feel uniquely ours. Since launch, we've seen a significant increase in traffic and are very pleased with the results. Thanks, team"

Google review

Jay Henman
HDMB
★★★★★

"Smarter Websites deserves nothing less than a 5-star shoutout! From the get-go they dove deep into understanding our company, the process was highly collaborative - consultative, thorough & professional. A huge thanks to Peter and the team! If you're hunting for web design and CRM wizards, look no further."

Google review

The majority of your projects are delivered...

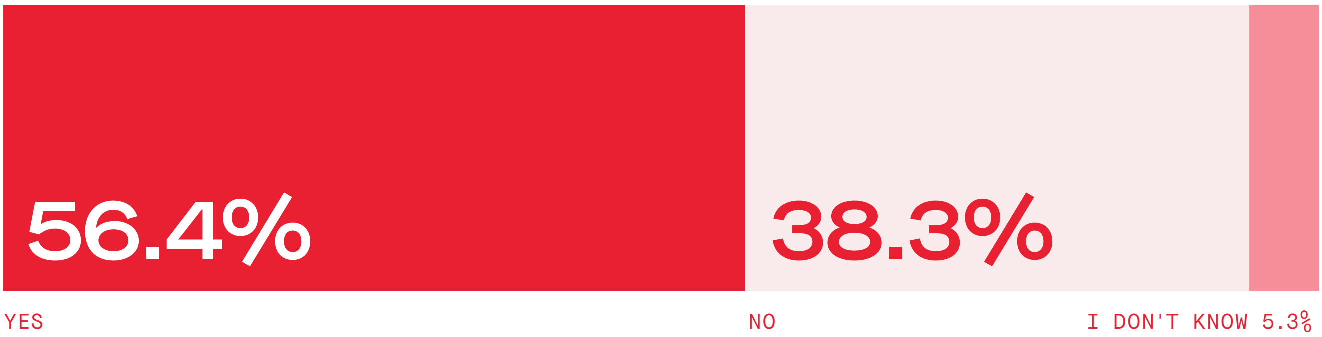
	US	AU	CA	NZ
ON TIME	63.5%	70.7%	76.0%	85.7%
AHEAD OF TIME / EARLY	7.7%	12.1%	12.0%	0.0%
OVERTIME / LATE	26.5%	17.1%	12.0%	14.3%
I DON'T KNOW	2.2%	0.0%	0.0%	0.0%

↓ 6.1%

The amount of projects delivered late is down compared to 2024.

Australia shows strong schedule adherence with a higher proportion of projects finishing early (12.1%) compared to the US (7.7%).

Do you know your fixed expenses per job per day?



↑ 4.2% The number of builders that understand their fixed expenses per job per day increased from 52.2% last year to 56.4% this year.

How much are your fixed expenses per job per day?

Most building companies spend $643 on fixed expenses per job per day.

REMODELING	$680
NEW HOMES	$573

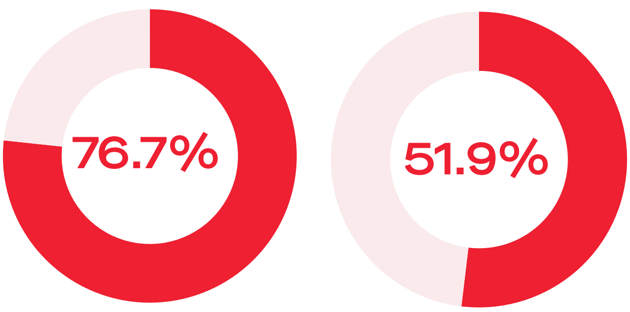
At the end of a project, your invoiced costs are...

ON BUDGET	54.4%
UNDER BUDGET	15.8%
OVER BUDGET	28.6%

I DON'T KNOW 1.1%

Schedule performance

ON SCHEDULE (ON TIME / EARLY) LATE (OVERTIME)



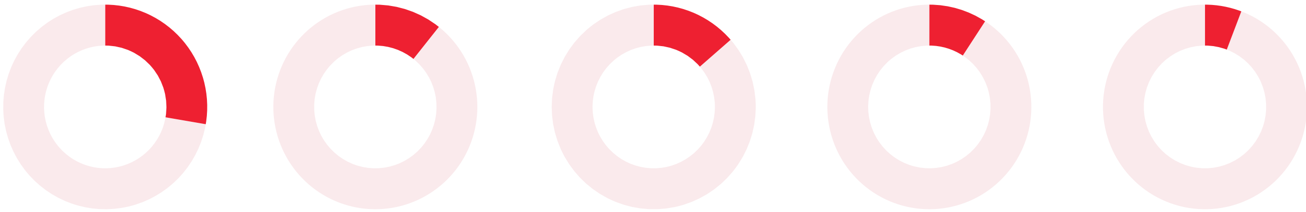
% ON BUDGET % ON BUDGET

Fixed expenses per day based on budget performance

ON / UNDER BUDGET	$662
OVER BUDGET	$800

What is your #1 challenge in terms of running projects?

New homes



27.7%	10.7%	13.6%	9.2%	5.8%
SUB-CONTRACTOR DELAYS	PROJECT MANAGEMENT	CLIENT SELECTIONS	COST OVERRUNS	RECRUITMENT / LABOR

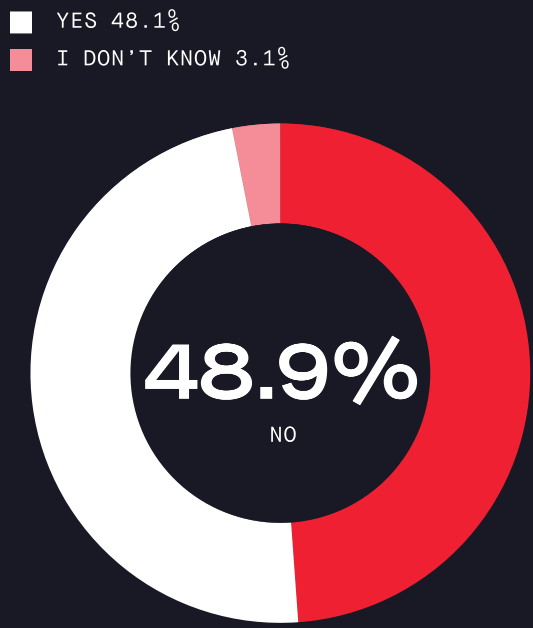
Remodeling

12.2%	19.0%	14.3%	14.3%	12.9%
SUB-CONTRACTOR DELAYS	PROJECT MANAGEMENT	CLIENT SELECTIONS	COST OVERRUNS	RECRUITMENT / LABOR

Builders who cite sub-contractor delays as their #1 challenge are running significantly longer projects.

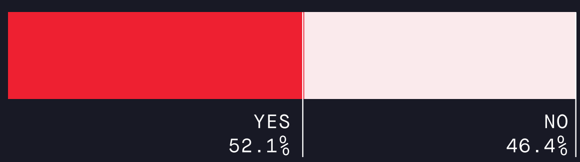
Of the builders who struggled with client selections, only 32.7% have a documented client onboarding handbook.

Do you include rise and fall clauses or cost escalation (CE) clauses in your building contracts either as standard or as special conditions?



Response by build type

NEW HOMES

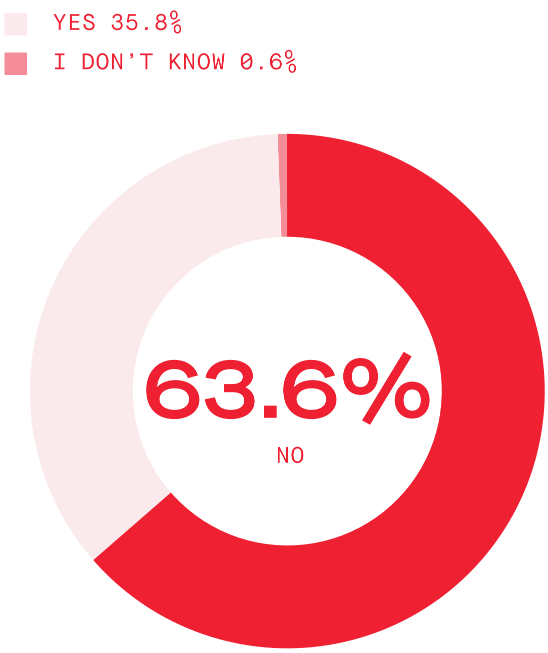


I DON'T KNOW 1.5%

REMODELING

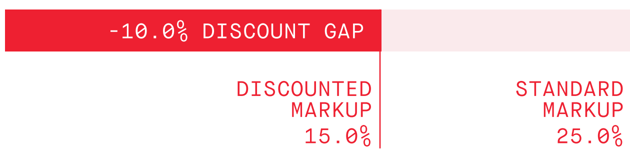
I DON'T KNOW 5.4%

In 2025, have you signed a contract at a discount for family, friends or staff?



How much did you add to the cost of materials and labor for those jobs?

NEW HOMES

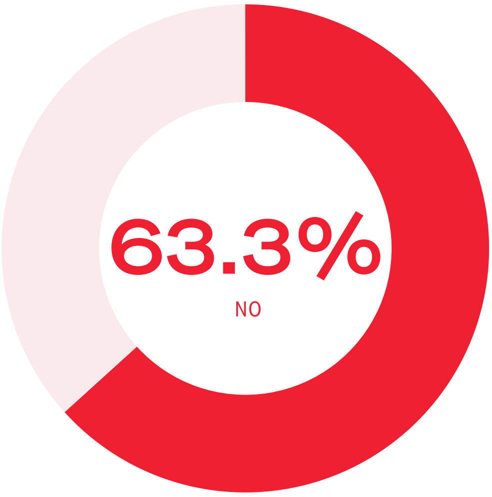


REMODELING

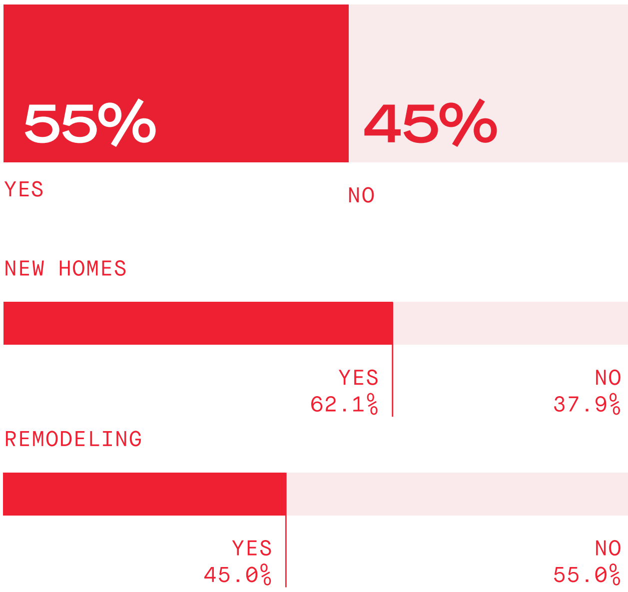
Over one-third of builders (35.8%) signed a discounted contract for family, friends, or staff in 2025. When they did, the median markup applied was 20.0%.

Do you have a documented client onboarding process and client handbook?

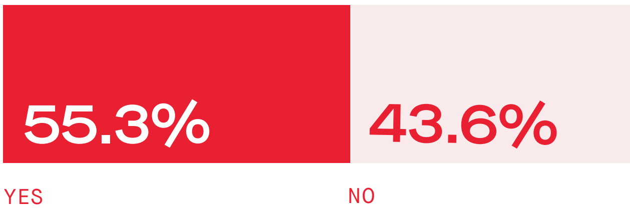
YES 36.7%



Do you have a documented completed home handover/ final walkthrough process?



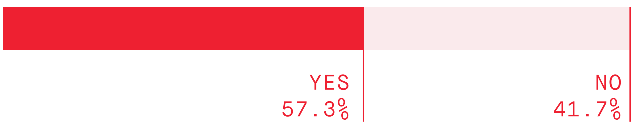
Do you perform post project completion audits?



I DON'T KNOW 1.1%

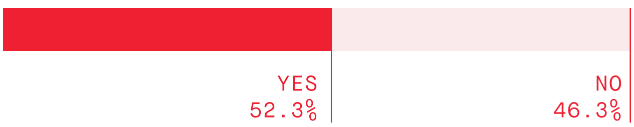
Response by build type

NEW HOMES



I DON'T KNOW 0.9%

REMODELING

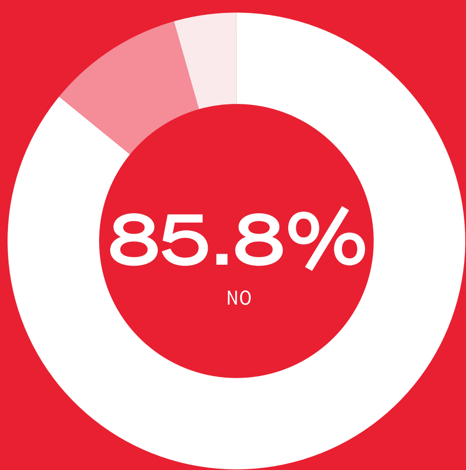


I DON'T KNOW 1.3%

Do you ask your clients for a Net Promoter Score (NPS)?

YES 9.7%

I DON'T KNOW 4.4%



BUILDXACT

Simple Systems Solve Everyday Problems Better Than Complex Tools

— MARISSA WAGNER, BUILDXACT

Every year, the SORCI results remind us of something we all know but rarely say out loud. Builders are carrying a huge load. Between regulations, rising costs, supply headaches, labor shortages, and keeping clients aligned, it's no surprise that running the business often gets pushed aside to just get the job done.

And the data reflects that reality. Over a third of builders don't have full visibility into their fixed project costs, and almost 30% of jobs finish over budget. Managing subcontractors and client selections is one of the biggest pressure points, something we hear from builders across every market we serve.

The data also highlights missed opportunities that could make everyday operations easier. Nearly two-thirds of builders don't have a documented client onboarding process, and almost half don't have a final walkthrough process. Both are simple systems that create clarity, protect margins, and strengthen client relationships.

And with 43.6% of builders skipping post-project reviews, it becomes harder to price the next job confidently or protect profitability, especially when material prices fluctuate weekly.

At Buildxact, we see these findings not as failures but as clear opportunities for builders to win back time and improve their margins. Tools that standardize onboarding, track costs in real time, and create repeatable processes aren't "nice to have," they're what help small and growing builders run stronger, more predictable businesses.

Builders don't need more complexity. They need simple systems that support the way they already work.

Scan here to access a cash rebate for Buildxact

Technology

Technology investment surged in 2025, but the gap between buying tools and training teams to use them shaped return on investment.

Construction Software Battle for Dominance

The shift from spreadsheets to dedicated software accelerated in 2025, with the focus now on which platform to choose rather than whether to use software at all.

Buildertrend maintained its position as the leading project management solution in the United States at 35.9%. JobTread emerged as a serious challenger, capturing 20.4% of the market, up from 4.8% in 2024. In Canada, the two platforms now sit tied at 24% each. This rapid shift in market share reflects JobTread's features resonating with builders seeking alternatives to established platforms.

Australian builders demonstrated the strongest platform sensitivity for project management software in 2025. Wunderbuild surged to 32.1%, overtaking Buildxact at 26.4%. This represents substantial growth for a relatively new platform and reveals that Australian builders switch tools when they perceive feature advantages. Their quick adoption of Wunderbuild for project management appears to have carried over to estimating, where the platform also claimed the top spot at 24.3%, pushing Buildxact into second place at 23.6%.

The trend away from spreadsheets for estimating continued across all markets. This shift demonstrates that builders recognize that spreadsheets are inadequate for accurate estimating, particularly as projects grow in complexity, and cost volatility requires more sophisticated tools to maintain margins.

More builders are outsourcing estimates and takeoffs rather than handling these tasks internally. The percentage of builders outsourcing their estimates increased from 4.4% in 2024 to 7.2% in 2025. Takeoffs had even higher outsourcing rates, climbing from 11.9% to 14.4%.

AI Solves the Communication Problem

AI adoption among residential builders nearly doubled in 12 months, surging from 37.8% in 2024 to 66.7% in 2025. Beyond the headline adoption rate, the depth of usage expanded dramatically across every application. Builders are not just experimenting with AI but aggressively integrating it into daily operations across multiple functions.

Client communication saw the most explosive growth, more than tripling from 18.1% to 60%. Internal communication followed a similar surge, jumping from 8.9% to 30%. Marketing remained the primary use case at 65%, up from 27.6% in 2024. Every single use case tracked in the survey showed triple-digit growth, indicating that AI has fundamentally changed how builders communicate, rather than simply adding another tool to the marketing stack.

Builders historically struggle with drafting client updates, responding to enquiries, and creating marketing content, often letting these tasks accumulate or handling them inconsistently. AI now serves as the primary tool for generating this communication, transforming it from a time-consuming obstacle into a manageable routine task.

ChatGPT dominates AI tool usage, with 91.3% of AI-using builders relying on it, though roughly one-third also use a second tool such as Gemini or Copilot. This concentration around a single platform likely reflects ChatGPT's early market entry and brand recognition rather than technical superiority, but the dominance gives OpenAI substantial influence over how builders interact with AI.

Adoption patterns also highlight the role of construction-specific AI tools. APB Brain captured a double-digit share of AI usage (12.5%), demonstrating that industry-trained platforms can coexist effectively alongside general-purpose language models when built on deep, industry-specific data and experience.

Regional Compliance Drives Safety Software Adoption

Health and safety software adoption varies significantly by country. New Zealand leads with 92.9% of builders now using dedicated health and safety software, up from 71.1% in 2024. Australian adoption jumped from

50.3% to 60.7%. Both countries show adoption rates and year-over-year growth patterns consistent with regulatory environments that mandate or strongly incentivize digital safety management systems.

North America lags substantially behind. Only 8.3% of builders in the United States use health and safety software, up from 5.1% in 2024. Canada sits at 20%, up from 16.3%. While adoption is growing across all markets, the gap between Australasia and North America is enormous. The disparity suggests different approaches to safety compliance, Australasian builders treat digital safety systems as essential infrastructure, while North American builders view them as optional unless specifically required by contracts or jurisdictions.

The Growth Tax: Investment vs. Returns

Software investment as a percentage of revenue varies substantially by business type, with remodelers consistently spending more than new home builders. Small remodeling companies under $3 million in revenue invest 0.5% of revenue in software, compared to 0.3% for new home builders. The gap narrows as companies grow. At $10 million and above, new home builders spend just 0.1% while remodelers spend 0.2%.

However, higher technology spending among remodelers does not correlate with higher profitability. Remodelers classified as high-tech spenders (above median software investment) had lower net profit margins at 7.5% compared to 10% for low-tech spenders. Yet high-tech-spending remodelers showed median revenue growth of 50%, compared to just 12% for low-tech spenders, a fourfold advantage. For remodeling companies, software investment functions as a growth tax rather than a profit driver, with builders effectively paying 2.5% of their margins to fund faster scaling.

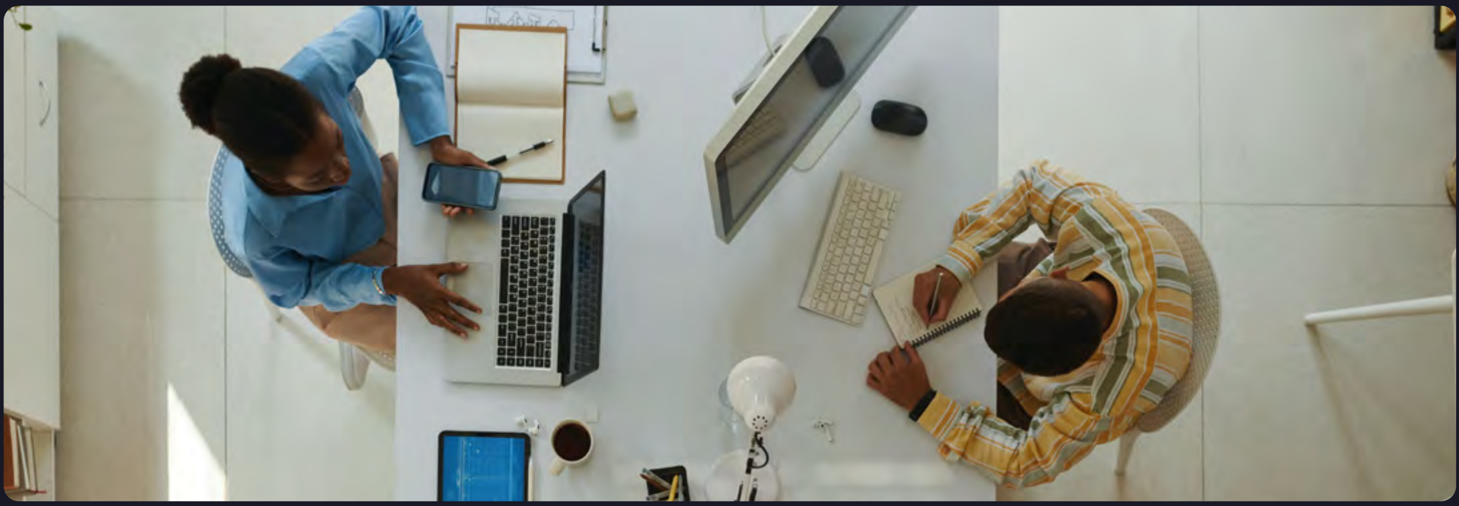
Overall, 54.3% of builders increased their software investment in 2025 compared to 2024, and 38.6% plan to spend more again in 2026. However, the relationship between software investment and training investment proves critical to outcomes. The data reveals a shelfware risk pattern where high technology spending combined with low training spending creates tools that are paid for but underutilized, dragging down profitability.

Mid-market builders in the $6 to 10 million range face the sharpest consequences, with margins collapsing from 9% to 5% when they pursue high-tech spending without corresponding training investment. Companies following a people-first strategy (low-tech-spending,

high training investment) achieved 9% net profit margins, outperforming even the fully invested approach (high tech, high training) at 4%. The pattern suggests that highly trained staff operating simpler software systems consistently outperform poorly trained staff using sophisticated platforms.

Technology Outlook for 2026

Builders who pair software investment with adequate training will extract value from their technology spending, while those purchasing platforms without training their teams will see margins erode through inefficiency. AI adoption will create a visibility advantage for builders using it systematically for client communication and marketing, widening the gap with slow-moving building companies.



Buildertrend

The End of the Spreadsheet Era: Why Builders Now Demand Operational Confidence

— DAN HOUGHTON, BUILDERTREND

After nearly two decades helping thousands of builders evolve their operations, the shift we're seeing today isn't from paper to digital but from digital to dependable. Builders are not searching for more tools; they're searching for more certainty in a job that has grown significantly more complex.

That complexity hasn't appeared out of nowhere. Homeowners now expect real-time visibility into selections, schedules, and costs, expectations shaped by the transparency they see in other industries. Supply chains still fluctuate faster than many teams can forecast. Labor availability is unpredictable. Interest rates reshape affordability. And every project now includes more decisions and documentation than it did a decade ago.

This year's SORCI data reflects that pressure.

The use of spreadsheets for project management and estimating has fallen sharply, increasingly overtaken by more advanced software. The job has simply become too dynamic for static tools.

Renovation and custom projects now involve so many pricing updates, revisions and communication that manually updating a spreadsheet becomes its own form of overhead. That's the real "complexity tax" – the hidden cost of managing modern projects with tools never built for the pace or precision builders need.

The story isn't just about software adoption. It's about what builders are really trying to gain. The jump in AI use from 37.8% to 66.7% shows a broader push to reduce uncertainty, tighten numbers, and shield margins from the unexpected.

That's why confidence has become the new ROI.

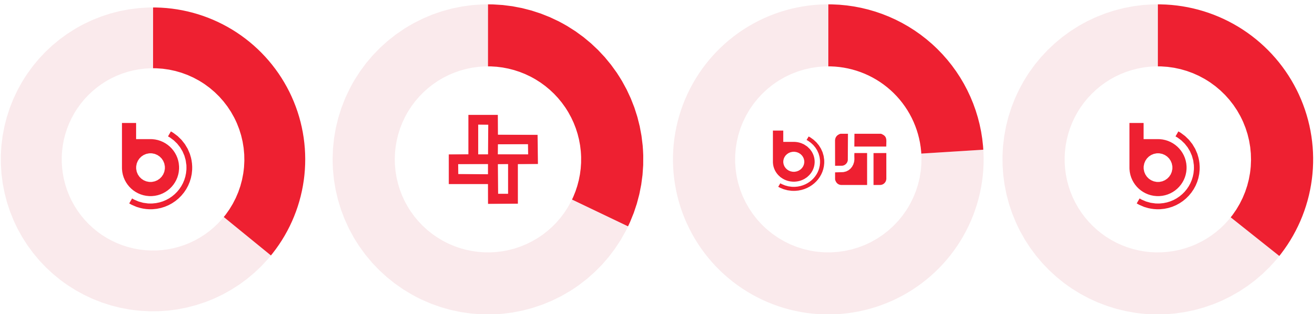
Confidence that a schedule reflects reality, not guesswork. Confidence that selections and change orders are tracked and documented. Confidence that financials match production. Confidence that nothing slips through the cracks when client expectations are higher than ever.

Today's top pros do their best work when everyone is aligned, and information is in one place. But confidence fades fast when schedules live in one tool, estimates in another, and communication in a dozen more. The builders who rise in 2026 will be those who streamline the noise and operate from a single, dependable source of truth, the kind of technology that steadies every decision, every day, on every job.

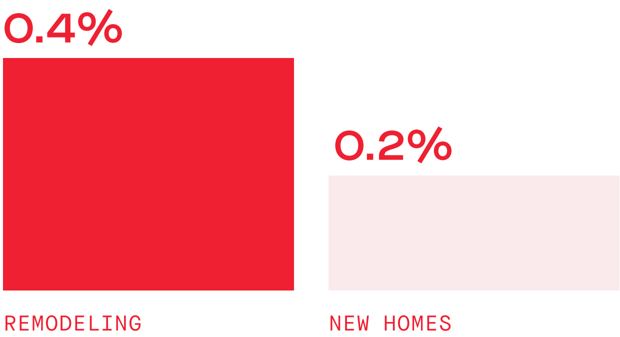
Scan here to access a cash rebate for Buildertrend

What project management software do you use?

US	AU	CA	NZ
35.9%	32.1%	24.0%	35.7%
BUILDERTREND	WUNDERBUILD	BUILDERTREND JOBTREAD	BUILDERTREND



Investment in software as a percentage of revenue



The spreadsheet era is over.

The market has moved from basic digitization to a battle between established providers and aggressive new challengers.

PROJECT MANAGEMENT SOFTWARE USE	US	AU	CA	NZ
BUILDERTREND	35.9%	10.7%	24.0%	35.7%
JOBTREAD	20.4%	0.0%	24.0%	7.1%
COCONSTRUCT	6.1%	3.6%	8.0%	14.3%
HOUZZ PRO	3.3%	0.0%	4.0%	0.0%
RESSIO	2.8%	0.0%	0.0%	0.0%
BUILDXACT	1.7%	26.4%	0.0%	7.1%
PROCORE	1.7%	2.9%	0.0%	0.0%
SMARTSHEET	1.1%	0.7%	0.0%	0.0%
MS PROJECT	0.6%	1.4%	0.0%	0.0%
CONTRACTOR FOREMAN	0.6%	0.0%	0.0%	0.0%
SPREADSHEETS	6.2%	5.0%	8.0%	0.0%
BUILDBOOK	0.6%	0.0%	0.0%	0.0%
BUILDERPAD	0.6%	0.0%	0.0%	0.0%
UDA TECHNOLOGIES	0.6%	0.0%	0.0%	0.0%
BUILDTOOLS	0.6%	0.0%	0.0%	0.0%
WUNDERBUILD	0.0%	32.1%	0.0%	7.1%
BUILDERN	0.0%	2.9%	0.0%	7.1%
DATABUILD	0.0%	1.4%	0.0%	0.0%
JACK	0.0%	1.4%	0.0%	0.0%
SOLOASSIST	0.0%	0.7%	0.0%	0.0%
BEAMS	0.0%	0.7%	0.0%	0.0%
SAGE	0.0%	0.0%	4.0%	0.0%
BUILDA PRICE	0.0%	0.0%	0.0%	14.3%
RAVE BUILD	0.0%	0.0%	0.0%	7.1%
OTHER	6.6%	3.6%	12.0%	0.0%
NONE	11.0%	6.4%	16.0%	0.0%

Who does your estimates?

92.8%
IN-HOUSE

7.2%
OUTSOURCED

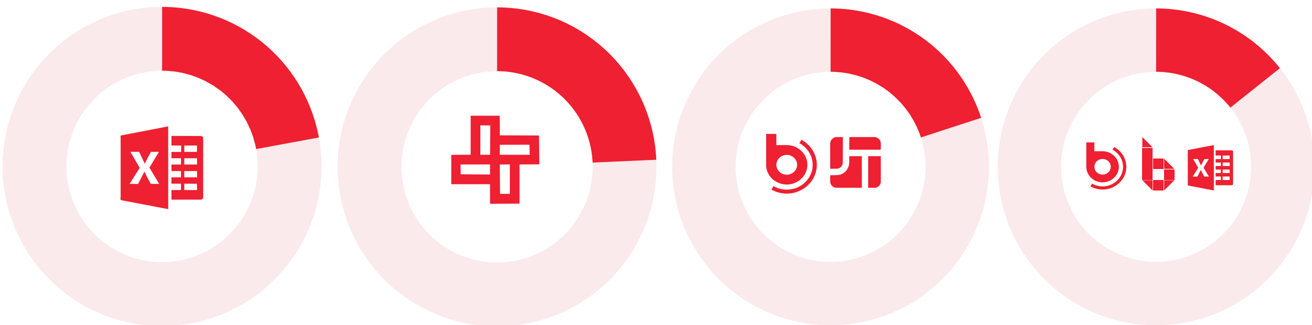
What estimating software do you use?

US
22.1%
SPREADSHEETS

AU
24.3%
WUNDERBUILD

CA
20.0%
BUILDERTREND
JOBTREAD

NZ
14.3%
BUILDERTREND
BUILDXACT
SPREADSHEETS



Despite a sharp decline in the use of spreadsheets, they are still the top estimating tool in the US.

Wunderbuild has overtaken Buildxact as the estimating software of choice for Australian builders.

ESTIMATING SOFTWARE USE	US	AU	CA	NZ
BUILDERTREND	17.7%	2.1%	20.0%	14.3%
JOBTREAD	14.9%	0.0%	20.0%	7.1%
SPREADSHEETS	22.1%	7.1%	16.0%	14.3%
COCONSTRUCT	4.4%	2.1%	4.0%	0.0%
BLUEBEAM (REVU)	2.8%	0.7%	4.0%	0.0%
PLANSWIFT	2.2%	1.4%	4.0%	0.0%
HOUZZ PRO	2.2%	0.7%	4.0%	0.0%
BUILDXACT	2.2%	23.6%	0.0%	14.3%
HOVER	1.7%	0.0%	0.0%	0.0%
CHS (CUSTOM HOME BUILDERS' SOLUTIONS)	1.1%	0.0%	0.0%	0.0%
CONTRACTOR FOREMAN	0.6%	0.0%	0.0%	0.0%
CLEAR ESTIMATES	0.6%	0.0%	0.0%	0.0%
ESTIMATOR PRO	0.6%	0.0%	0.0%	0.0%
BUILDSOFT (CUBIT)	0.6%	4.3%	0.0%	0.0%
BUILDTOOLS	0.6%	0.0%	0.0%	0.0%
SAGE	0.6%	0.0%	0.0%	0.0%
WUNDERBUILD	0.0%	24.3%	0.0%	7.1%
DATABUILD	0.0%	3.6%	0.0%	0.0%
BUILDERN	0.0%	2.9%	0.0%	7.1%
COSTX	0.0%	1.4%	0.0%	0.0%
SOLOASSIST	0.0%	1.4%	0.0%	0.0%
CORDELL	0.0%	1.4%	0.0%	0.0%
BEAMS	0.0%	0.7%	0.0%	0.0%
BIZPRAC	0.0%	0.7%	0.0%	0.0%
CONSTRUCTOR	0.0%	0.7%	4.0%	0.0%
BUILDA PRICE	0.0%	0.0%	0.0%	7.1%
OTHER	9.4%	4.3%	8.0%	7.1%
NONE	16.0%	16.4%	16.0%	21.4%

Who does your takeoffs?

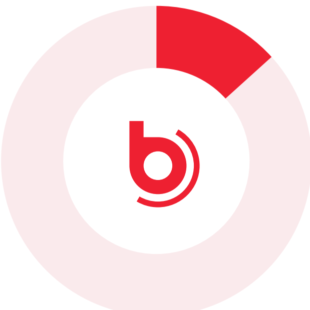
85.0% IN-HOUSE

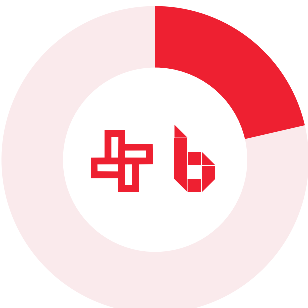
14.4% OUTSOURCED

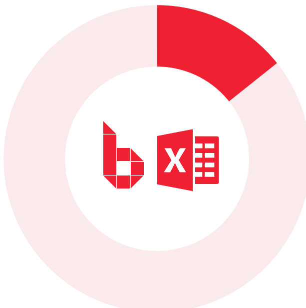
I DON'T KNOW 0.6%

What takeoff software do you use?

US	AU	CA	NZ
13.3%	21.4%	16.0%	14.3%
BUILDERTREND	WUNDERBUILD BUILDXACT	JOBTREAD	BUILDXACT SPREADSHEETS

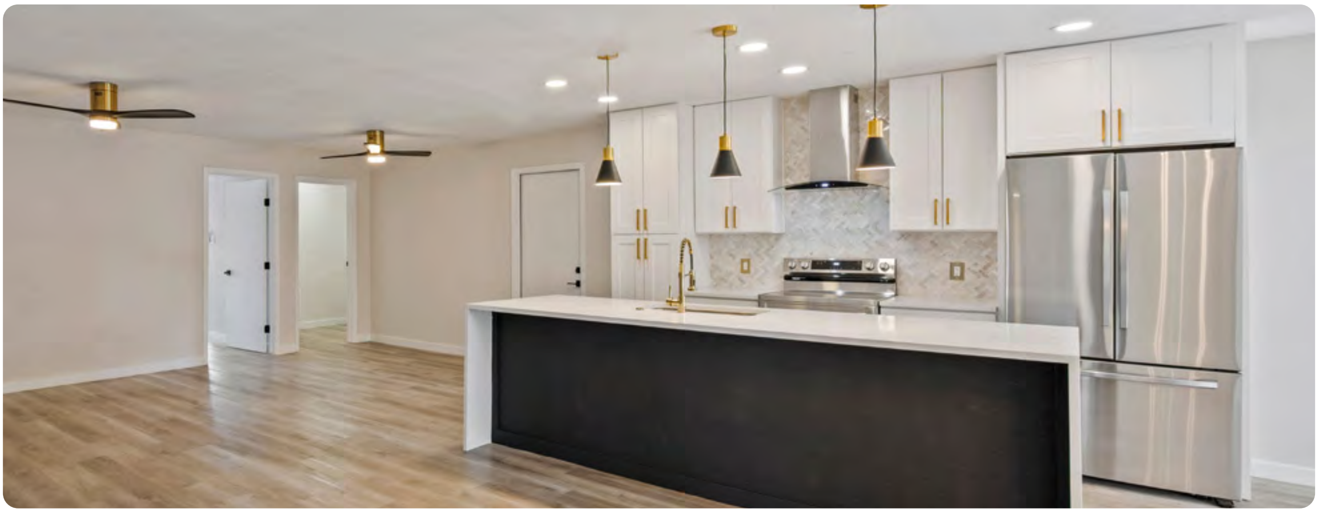




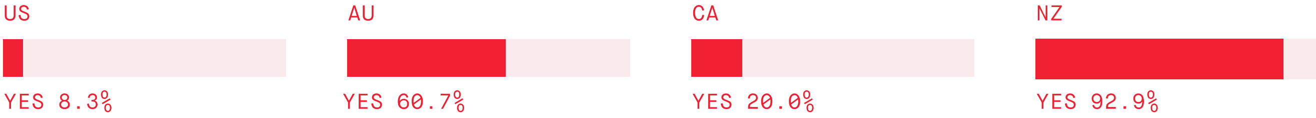


Nearly a third of builders don't have a dedicated software for takeoffs.

TAKEOFF SOFTWARE USE	US	AU	CA	NZ
BUILDERTREND	13.3%	2.1%	12.0%	0.0%
JOBTREAD	9.9%	0.0%	16.0%	7.1%
BLUEBEAM (REVU)	7.2%	2.9%	4.0%	0.0%
PLANSWIFT	5.0%	3.6%	8.0%	0.0%
SPREADSHEETS	10.0%	3.6%	8.0%	14.3%
SQUARE TAKEOFF	3.3%	0.0%	0.0%	0.0%
HOVER	3.3%	0.0%	4.0%	0.0%
HOUZZ PRO / CONX	2.8%	1.4%	4.0%	0.0%
BUILDXACT	2.2%	21.4%	0.0%	14.3%
CHIEF ARCHITECT	1.7%	0.0%	4.0%	0.0%
REVIT	1.1%	0.7%	0.0%	0.0%
COCONSTRUCT	1.1%	1.4%	8.0%	0.0%
STACK	1.1%	0.0%	4.0%	0.0%
WUNDERBUILD	0.0%	21.4%	0.0%	7.1%
BUILDSOFT (CUBIT)	0.6%	2.9%	0.0%	0.0%
DATABUILD	0.0%	1.4%	0.0%	0.0%
COSTX	0.0%	1.4%	0.0%	0.0%
SOLOASSIST	0.0%	1.4%	0.0%	0.0%
OTHER	4.4%	0.7%	4.0%	7.1%
NONE	31.5%	27.1%	24.0%	35.7%

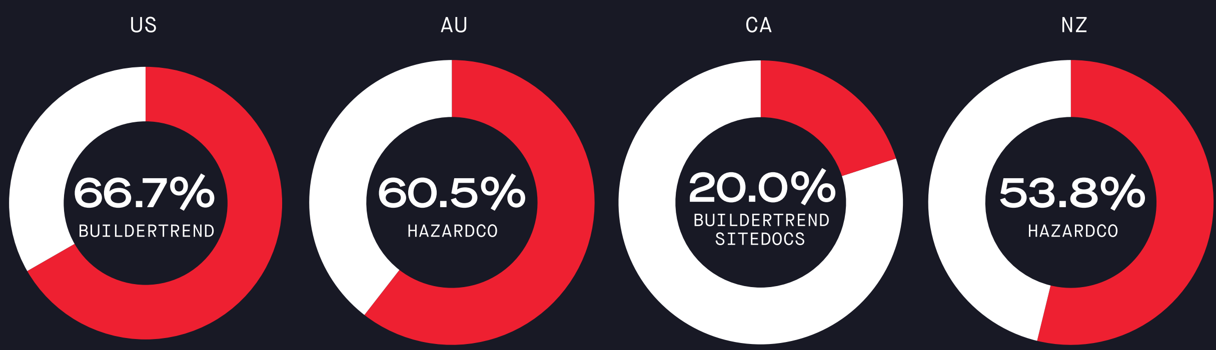


Do you use software to manage health and safety?



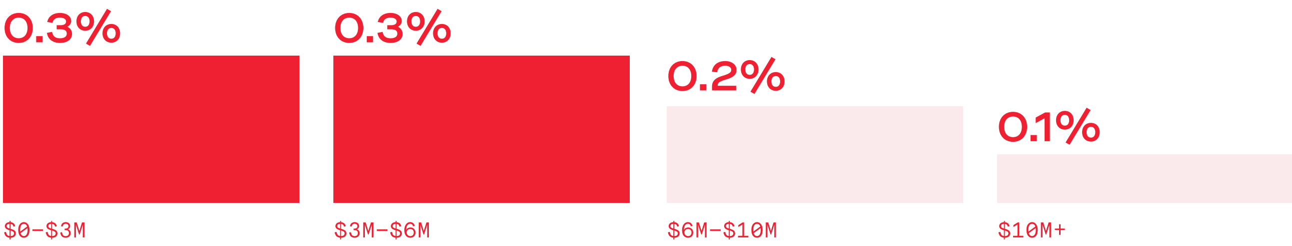
	US	AU	CA	NZ
YES	8.3%	60.7%	20.0%	92.9%
NO - I USE A PAPER SYSTEM	15.5%	17.9%	28.0%	7.1%
NO - I OUTSOURCE	3.3%	6.4%	4.0%	0.0%
NO - I DON'T HAVE AN ESTABLISHED SYSTEM	68.5%	13.6%	48.0%	0.0%
I DON'T KNOW	4.4%	1.4%	0.0%	0.0%

What health and safety software do you use?

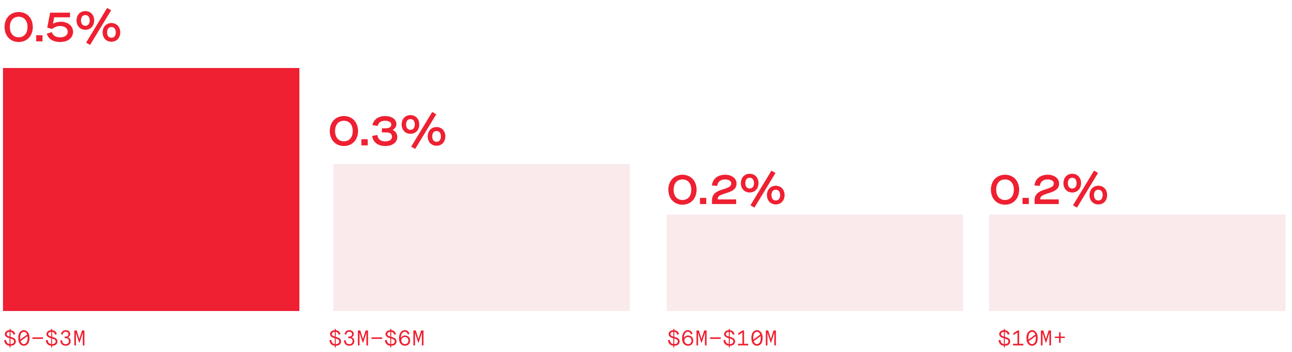


How much did you invest in software in 2025?

ANNUAL REVENUE (NEW HOMES)



ANNUAL REVENUE (REMODELING)



Is that more or less than what you invested in 2024?

More than 2024
54.3%

Same as 2024
36.4%

Less than 2024
8.4%

I DON'T KNOW 0.9%

How much do you plan to invest in software in 2026?

More than 2025
38.6%

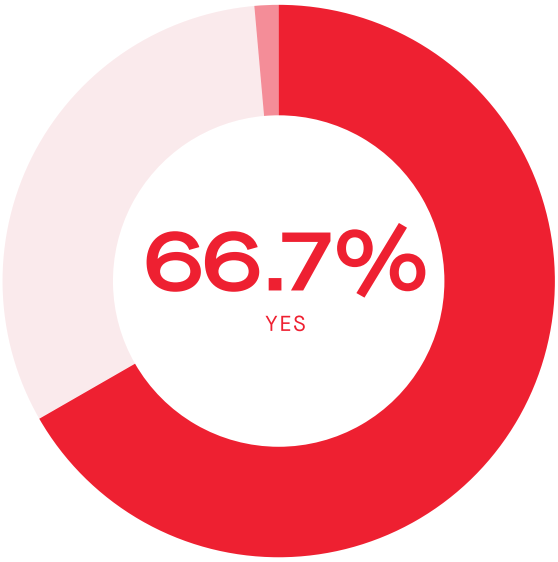
Same as 2025
48.6%

Less than 2025
8.6%

I DON'T KNOW 4.2%

Do you use artificial intelligence (AI) technology in your building company?

NO 31.9%
I DON'T KNOW 1.4%



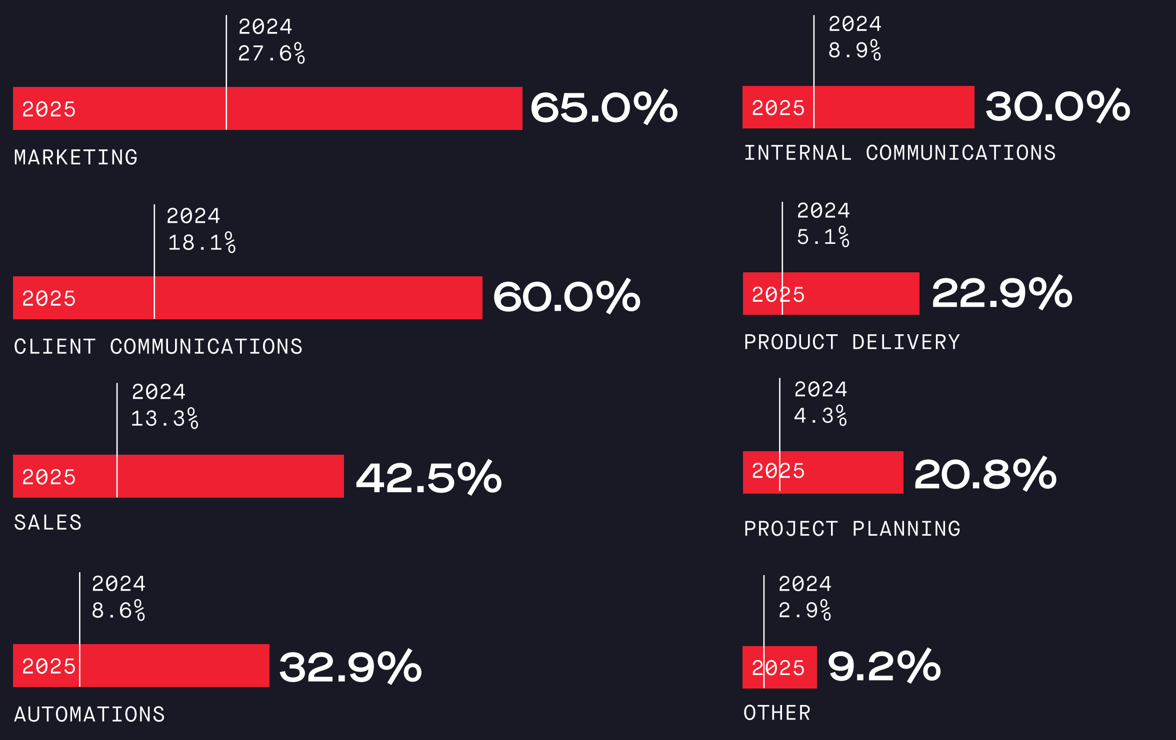
↑28.9%

Adoption of AI technology has increased drastically since 2024, from 37.8% to 66.7%

AI is no longer a tool for innovators. It is quickly becoming a foundational competitive requirement.

	US	AU	CA	NZ
YES	60.8%	73.6%	64.0%	78.6%
NO	38.1%	24.3%	36.0%	21.4%
I DON'T KNOW	1.1%	2.1%	0.0%	0.0%

What do you use AI technology for in your building company?



	US	AU	CA	NZ
MARKETING	69.1%	60.2%	56.3%	81.8%
CLIENT COMMUNICATION	59.1%	60.2%	56.3%	72.7%
SALES	40.9%	42.7%	37.5%	63.6%
AUTOMATIONS	34.5%	34.0%	6.3%	45.5%
INTERNAL COMMUNICATION	27.3%	29.1%	43.8%	45.5%
PRODUCT DELIVERY	29.1%	15.5%	37.5%	9.1%
PROJECT PLANNING	28.2%	12.6%	18.8%	27.3%
OTHER	10.9%	7.8%	0.0%	18.2%

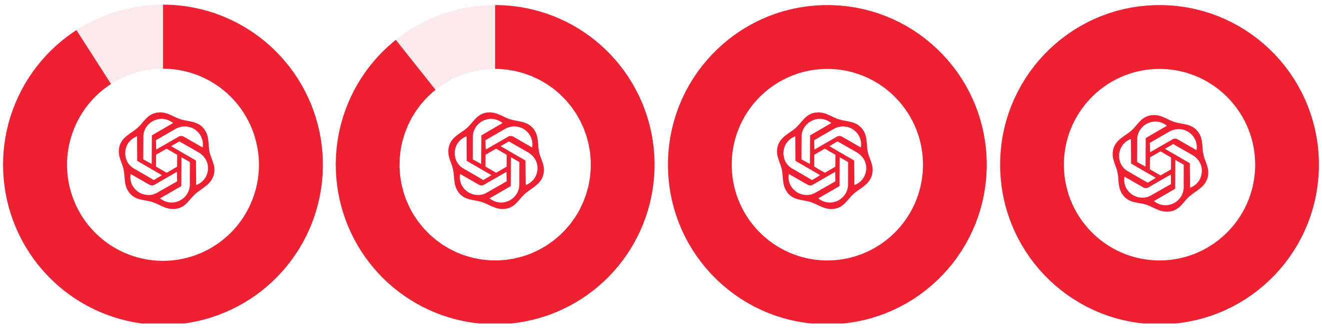
What AI chat tools do you use?

US
90.9%
CHATGPT

AU
89.3%
CHATGPT

CA
100%
CHATGPT

NZ
100%
CHATGPT



91.3%

ChatGPT is the universal standard. It is used by 91.3% of all AI adopters globally, and 100% of adopters in Canada and New Zealand.

	US	AU	CA	NZ
CHATGPT	90.9%	89.3%	100.0%	100.0%
GEMINI	31.8%	19.4%	37.5%	9.1%
COPILOT	19.1%	14.6%	25.0%	0.0%
APB BRAIN	10.9%	10.7%	25.0%	27.3%
GROK	18.2%	4.9%	0.0%	0.0%
PERPLEXITY	7.3%	6.8%	6.3%	18.2%
CLAUDE	8.2%	6.8%	0.0%	0.0%
I DON'T USE AI CHAT TOOLS	1.8%	0.0%	0.0%	0.0%
OTHER	8.2%	3.9%	0.0%	0.0%

Ressio software

How AI Integration Will Separate Winners From Laggards

— MITCHELL KASSELMAN, RESSIO SOFTWARE

My biggest takeaway from this year's data is that the gap between builders who embrace software and those who don't is widening faster than ever. Every year, more companies adopt digital tools, and every year those tools get better. Meanwhile, spreadsheets stay the same. That difference compounds, and it's becoming a real competitive divide across the industry.

What accelerates this trend even further is the rapid emergence of AI. Over the next 24 months, we'll see AI woven into every major project management and estimating platform. When software can automate inputs, produce documentation, and eliminate hours of manual work, builders who adopt these workflows will build homes significantly faster with higher quality than those who don't. The survey's findings around AI use, especially in scopes of work, estimating, scheduling, and client communication, align with what we're already seeing on the ground.

Construction is an extremely data-rich industry. Nearly every workflow is built on past projects, templates, and structured information. AI is a natural fit. A builder can pull from their last 10 proposals, tweak a few details, and produce a customized scope of work in minutes instead of hours. The same applies to schedules, job summaries, internal reports, and client updates. When AI handles the legwork and the builder simply reviews the output, efficiency improves dramatically.

The other important shift is how builders think about their technology decisions. The focal point is still choosing a project management tool as a system of recording, but with more native AI tooling becoming available, more builders are curating a complete software stack built around a project management suite. The most successful builders are designing their end-to-end process first, then choosing tools that support that process.

If you're not leveraging a modern software and AI-enabled stack today, you risk falling behind tomorrow.

Scan here to access a cash rebate for Ressio Software

Financials

Financial literacy gaps and structural inefficiencies cost builders hundreds of thousands of dollars annually, yet most remain unaware of the implications of financial illiteracy on profit and sustainability.

The Burnout Penalty

Working longer hours does not translate to higher earnings. In 2025, builders who worked 60+ hours per week earned $15,000 less per year than those who maintained the standard 40 to 50 hours per week. This pattern holds across regions. United States builders working 40 to 50 hours earned $132,500, while those working 50 to 60 hours dropped to $104,000, a penalty of nearly $30,000. Australian builders maintained pay up to 60 hours but saw earnings fall from $135,000 to $120,000 beyond that threshold. Excessive hours reflect operational inefficiency rather than productivity, with overworked builders trapped in low-value tasks instead of strategic work that drives profitability.

New home builders and remodelers received near-identical total owner returns when salary and profit were combined. Small companies in both sectors ($0 to $3 million revenue) returned 18.3% to owners. Mid-sized businesses ($3 to $6 million) showed similar returns, with new home builders at 10.4% and remodelers at 11.4%. Large companies ($10 million+) converged again, with new home builders at 9.9% and remodelers at 10.8%. The difference is cosmetic rather than structural. Remodelers take more as salary while new home builders leave more as profit, but the economic outcome remains the same.

Financial Literacy Separates Profit from Fiction

Financial literacy gaps persist across the industry. Only 12% of all builders correctly understand all four critical metrics: WIP adjustments, markup versus margin, fixed expense ratios, and net profit margins. These financially literate builders had a lower net profit at 5% compared to 9% for their less knowledgeable peers, but their numbers reflect reality, while others overstate profitability through incomplete accounting.

The gap between perception and reality proves substantial when financial figures receive closer analysis. The self-reported figure for companies making a loss was 17.1% in the United States. When financial figures were analyzed more closely, the true loss rate jumped to 51.4%. This pattern repeated across all markets where these zombie companies generate cash flow while slowly eroding equity, meaning they are vulnerable to any market downturn or cash flow disruption.

The discrepancy manifests clearly in cash holdings. New home builders with accurate books held 6% of revenue as cash and 8% net profit. Those with flawed accounting held just 4.8% as cash but reported 10% profit. Their inflated profit represents an illusion created by understated costs and missing WIP adjustments. These builders pay taxes on phantom profits that exist only on inaccurate financial statements, accelerating the drain on cash reserves they desperately need for operations.

The knowledge gap becomes most dangerous when builders make financial and strategic decisions based on incorrect assumptions. For example, while 60% of builders claim they know how to calculate WIP accounting adjustments, follow-up testing revealed that nearly 80% of this group were unable to correctly explain the calculation. In practical terms, this means only around 1 in 8 builders truly understands how WIP works.

Cash Holdings Mask WIP Liabilities

New home builders face a cash flow trap that appears on the surface as success. Small builders in the $0 to $1 million range held nearly $88,000 in cash, which looks healthy to unsophisticated operators. However, 96.2% of the builders in this range did not account for WIP liability in their financial reporting. The pattern persisted across revenue bands, with cash holdings rising to $123,000 at $1 to $3 million, $176,000 at $3

to $6 million, and $323,000 at $6 to $10 million, yet a large percentage of builders at each tier still failed to recognize WIP liability. This fundamental misunderstanding creates a false sense of financial security.

As the smaller builders scale to $3 million and beyond, they must constantly sign new contracts to obtain deposits that fund completion of old jobs. The deposits from new clients pay for work already completed on previous projects, creating a Ponzi-like dynamic where they are solvent only as long as they continue growing. If sales stop, the liability comes due immediately, and the cash required to fulfill obligations no longer exists. The builders operating under these conditions believe they run profitable companies, but they actually operate unsustainable cash flow machines that will collapse the moment growth stalls.

Systems Unlock $255,220 Annually

Highly systemized builders earned $1.6 million more in revenue, while working the same 50-hour week. Their total owner return, combining salary and net profit, reached $490,220, versus $235,000 for non-systemized peers. The effective hourly rate jumped from $94 to $196 for owners who documented processes and built operational systems. The typical builder left $255,220 per year on the table by failing to systemize, a gap that accumulates to $1.2 million in lost personal wealth over five years.

Large builders above $10 million face their own structural challenges, despite achieving scale. The median owner salary of $180,000 for managing a $14.3 million business falls well below the market rate for chief executives carrying comparable responsibility and liability. Many sacrificed markup to maintain volume, with the bottom quartile pricing at just 19.0% markup to feed operational machines, requiring constant deal flow.

However, the situation proves avoidable through strategic marketing investment. Large companies investing 4% of revenue in marketing and advertising recorded markups of 31.0%, compared to the 25% median. This increase, offset by just 2.5% in additional fixed expenses, adds 3% to net profit. For a $10 million company, this improvement translates to approximately $300,000 in additional annual owner income while supporting proper executive compensation and eliminating the volume-at-any-price trap.

Financial Outlook for 2026

Builders maintaining accurate accounting and understanding WIP liability will navigate economic uncertainty with confidence in their numbers, while those relying on deposit-funded growth will face immediate pressure if sales velocity slows. The systemization advantage will compound for builders who invested in documentation during recent years, as their operational efficiency will create a larger financial gap with their overworked competitors.

CoFi

The Next Phase of Homebuilding: Why Predictability Will Power Builder Success in 2026

— KATE REINER, COFI LENDING

From profitability pressure to workflow constraints, SORCI's data highlights the structural challenges ahead and why reliable financial partnerships will shape the trajectory of the industry.

The latest data provides a sharp, timely look at how builders are navigating a market defined by uncertainty, rising costs, and increasing operational complexity. In 2026, one factor stands out as essential to builder success: predictability in cash flow, project timelines, labor availability, and financial processes.

A Market Trying to Stabilize, While Operating Lean

The survey results show that builder revenues remained relatively stable in 2025, with new-home builders reporting higher productivity and stronger revenue-per-staff ratios. Yet beneath this stability, many firms are stretched thin. After years of cost-cutting during the 2023 to 2024 slowdown, most builders have not rebuilt teams to pre-pandemic capacity.

With demand beginning to rise, builders are taking on more work with fewer people, an imbalance that increases pressure on project management, scheduling, and financial coordination. Lean operations may have been sustainable last year, but they will be tested in 2026.

Margins Under Pressure: A Clear Divide by Builder Size

Profitability trends reveal widening disparities. Larger builders continue to operate with resilience, while small and mid-sized firms have tighter margins or even negative profitability despite steady revenue.

For builders, these pressures come from familiar sources: elevated capital costs, unpredictable draw timelines, material volatility, and workflow inefficiencies that consume time and reduce cash flow stability. When margins are thin, every delay matters.

Builders Face 2026 With Optimism and Real Constraints

Despite challenges, builders express cautious confidence heading into 2026. Many anticipate modest increases in starts and revenue. But optimism is constrained by labor shortages, uncertain profitability, and the ongoing burden of interest and carrying costs.

What builders consistently signal is not pessimism but a heightened sensitivity to financial friction. Whether it's slow disbursements, unclear approvals, or inconsistent documentation standards, unpredictability disrupts operations and jeopardizes profitability.

The Predictability Advantage

The survey makes one trend unmistakable. Builders succeed when financial processes are clear, consistent, and timely. Predictability allows teams to schedule confidently, manage subcontractors efficiently, and maintain cash flow throughout the project lifecycle.

In 2026, builders who prioritize operational efficiency and partner with financial institutions that offer streamlined, transparent processes will gain a decisive advantage. As the industry shifts from turbulence toward expansion, predictability will be the catalyst that enables builders not just to cope, but to thrive.


APB
Opportunity is calling...
Decline
Answer
option
command

How much did you pay yourself in 2025 (i.e. your total drawings)?

TOTAL DRAWINGS BY REVENUE BAND

		Planned 2026
$0–$3M	$110K	$130K
$6M–$10M	$150K	$190K
$3M–$6M	$130K	$150K
$10M+	$180K	$195K

$125K MEDIAN DRAWINGS (ACTUAL 2025)

$150K MEDIAN DRAWINGS (PLANNED 2026)

↑ 60.3% BUILDERS PLANNING PAY INCREASE (2025 VS. 2026)

HOURLY RATE BY REVENUE BAND

		Benchmark	
$0–$3M	$42.00	$36.06	+$5.94
$6M–$10M	$58.00	$192.31	-$134.31
$3M–$6M	$48.00	$108.17	-$60.17
$10M+	$58.00	$240.38+	-$182.38

Drawings as a percentage of revenue

US	4.3%
AU	4.7%
CA	3.6%
NZ	3.8%

BY WORK TYPE

NEW HOMES	3.6%
REMODELING	6.4%

MEDIAN HOURLY RATE BY REGION

		2024	
US	$48.08	$51.54	-6.7%
CA	$36.86	$48.45	-23.9%
AU	$50.00	$57.47	-13.0%
NZ	$64.10	$56.95	+12.6%

NET PROFIT BY HOURLY RATE BAND

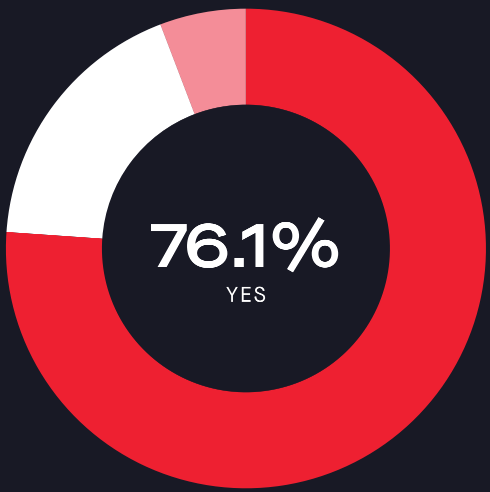
$0–$60	$183,310	8.0% NET PROFIT
$60–$70	$232,000	8.5% NET PROFIT
$70–$90	$385,000	8.0% NET PROFIT
$90+	$473,000	9.0% NET PROFIT

HOURLY RATE BY YEARS IN BUSINESS

0–2 YEARS	3–5 YEARS	6–9 YEARS	10–19 YEARS	20+ YEARS
$39.42	$42.31	$46.15	$51.92	$55.20

Was that figure included as a salary in your fixed expenses?

NO 18.1%
I DON'T KNOW 5.8%



Compensation structure

YES (SALARY / PAYROLL)

$129K
MEDIAN DRAWINGS (2025)

15.10%
TOTAL OWNER DRAWINGS AS % OR REVENUE

NO (LOAN / DIVIDEND)

$105K
MEDIAN DRAWINGS (2025)

12.5%
TOTAL OWNER DRAWINGS AS % OR REVENUE

Builders that don't put their salary through their fixed expenses have a tendency to under-price their jobs and artificially inflate their net profit.

Is that more or less than what you paid yourself in 2024?

I DON'T KNOW 1.4%

30%

Nearly 30% of NZ builders had to reduce their drawings, suggesting a tougher economic climate or cash flow constraints in that region.

What was your sales revenue for 2025?

$3,500,000

NEW HOMES (2025)

$3,800,000

NEW HOMES (2024)

$2,000,000

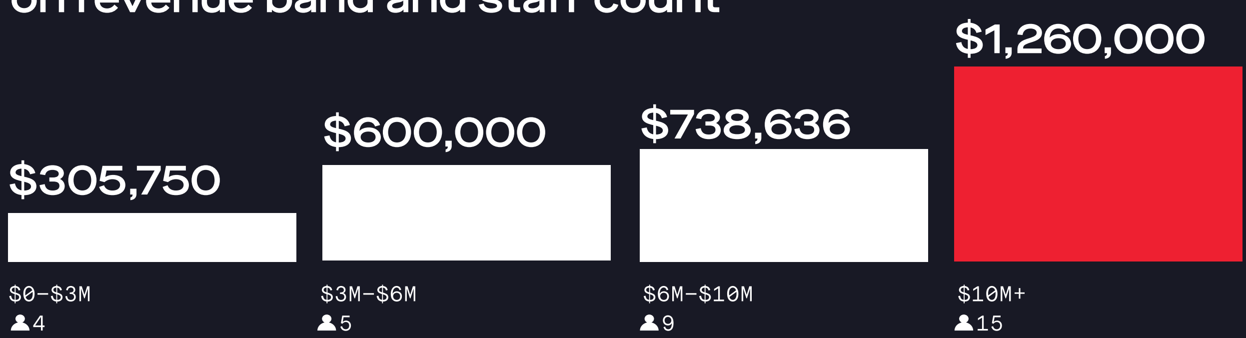
REMODELING (2025)

$2,000,000

REMODELING (2024)

Median revenue per staff member

Revenue per staff member based on revenue band and staff count



Is that more or less than the sales revenue for 2024?

MORE ↑ 52.3%

LESS ↓ 26.0%

SAME 21.1%

I DON'T KNOW 0.6%

What is your revenue target for 2026?

MORE THAN 2025 ↑ 86.9%

LESS THAN 2025 ↓ 2.2%

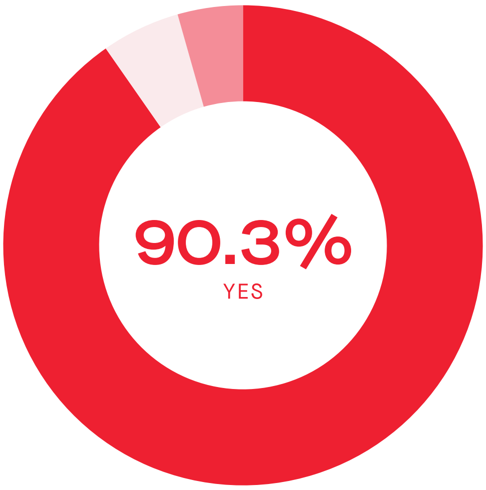
SAME AS 2025 10.6%

I DON'T KNOW 0.3%

Do you understand the difference between markup and margin?

NOT SURE 5.3%

NO 4.4%



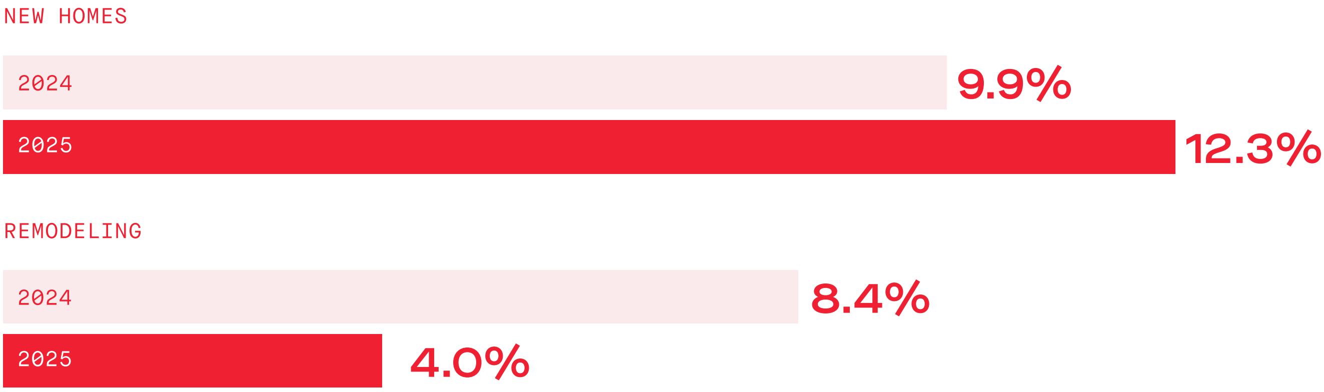
The False Confidence Gap

While 90.3% of builders claimed to understand the difference between markup and margin, only 80.8% could correctly calculate it.

1 in 5 builders

are operating without an understanding of this fundamental pricing concept, and are likely undercharging.

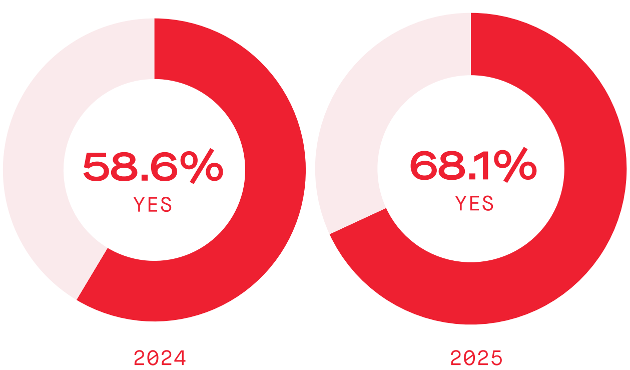
Percentage of builders hitting the benchmark for gross margins



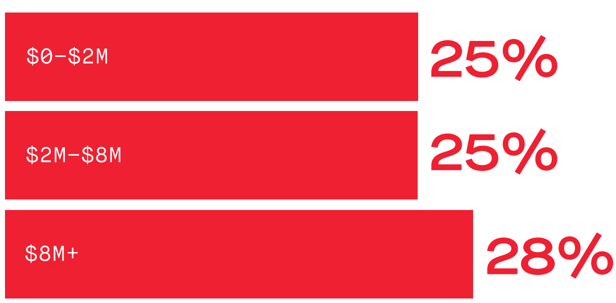
While new home builders have improved their gross margins, remodeling companies are going backwards.

What is your target gross markup for 2026?

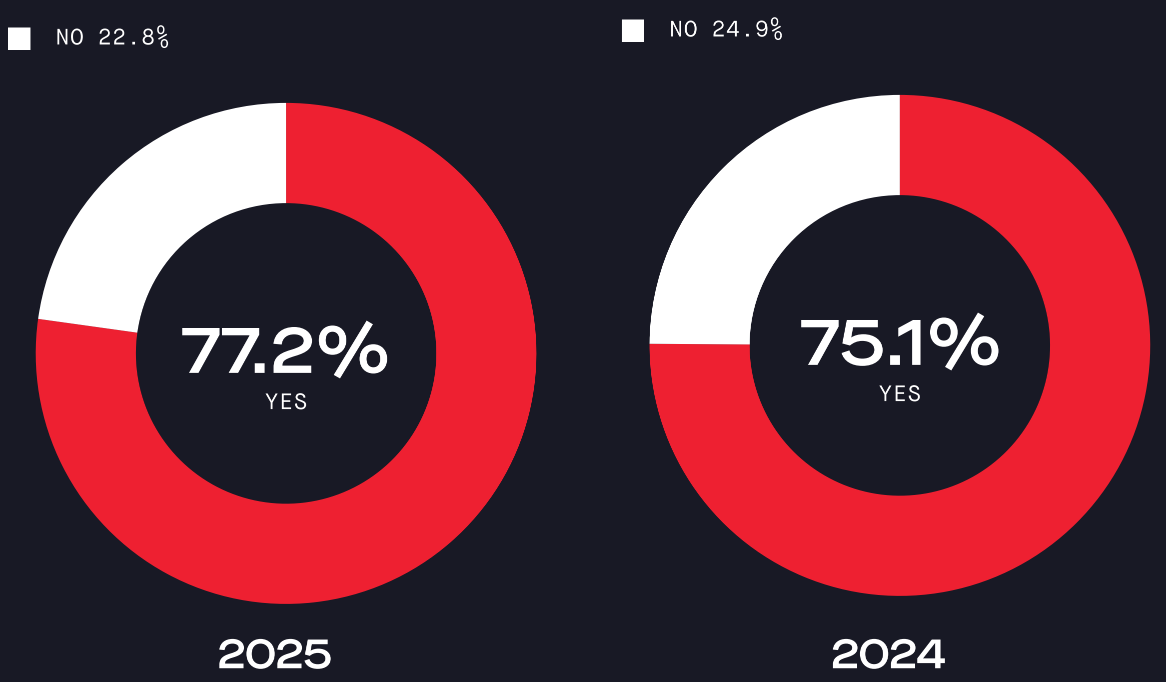
Do you monitor the gross margin on your projects every month?



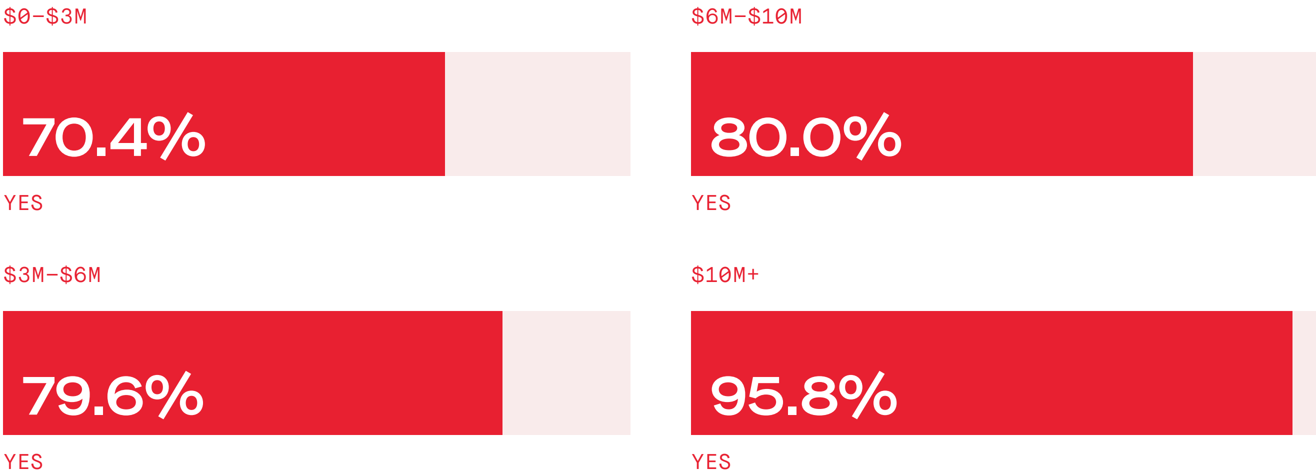
GROSS MARKUP BASED ON REVENUE BAND



Did your building company make a net profit during 2025 (after all expenses and your own drawings)?



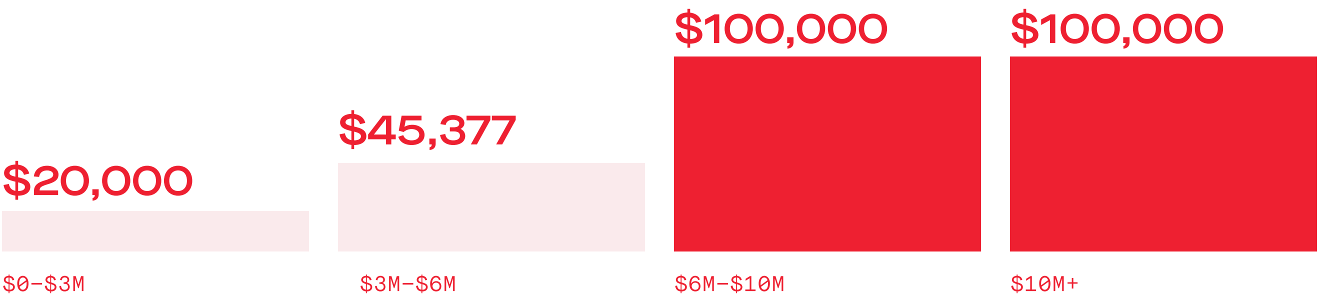
By revenue band



Despite challenging market conditions, 77.2% of residential construction companies reported making a net profit in 2025, which is slightly up from 75.1% last year.

How much money did your building company lose (after all expenses and your own drawings)?

Median loss amount



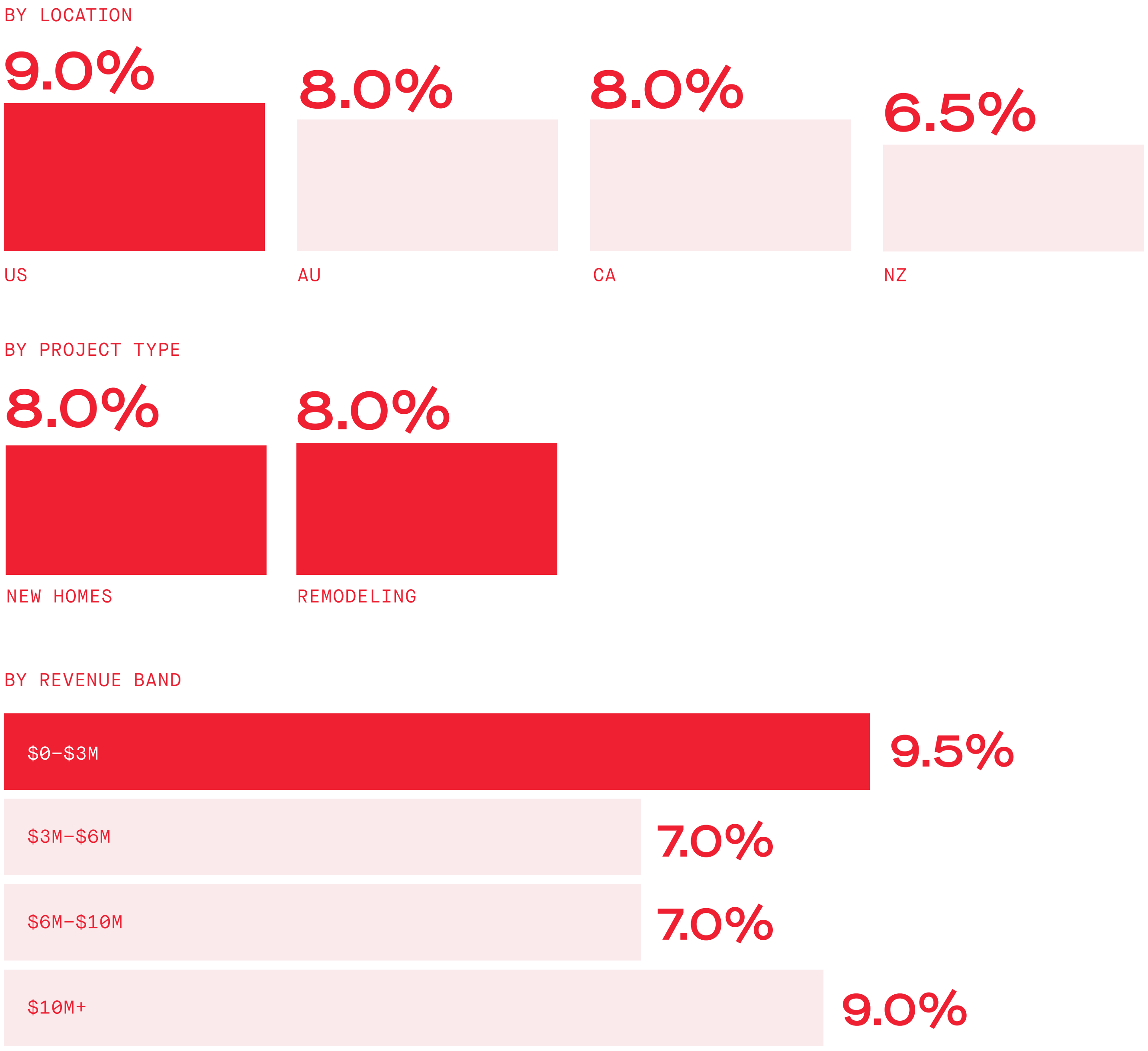
The Scale of Pain

As companies grow, the stakes get higher. A small builder ($0–$3M) typically faces a manageable loss of $20,000, which is painful but often survivable by tightening the belt.

The Danger Zone

Mid-market companies ($6–$10M) report median losses of $100K. This is a critical hit to working capital.

What was your net profit margin during 2025 (after all expenses and your own drawings)?



REVENUE BAND	MEDIAN NET PROFIT MARGIN	TOTAL OWNER DRAWINGS %	MARKUP
$0 - $2,999,999	9.5%	18.3%	25%
$3,000,000 - $5,999,999	7.0%	10.5%	25%
$6,000,000 - $9,999,999	7.0%	10.3%	26%
$10,000,000+	9.0%	10.2%	25%

What is your target net profit margin in 2026 (after all expenses and your own drawings)?

BY LOCATION

12.0%
3.0% 2025 ACTUAL
US

10.0%
2.0% 2025 ACTUAL
AU

10.0%
2.0% 2025 ACTUAL
CA

10.0%
3.5% 2025 ACTUAL
NZ

BY PROJECT TYPE

11.0%
3.0% 2025 ACTUAL
NEW HOMES

10.0%
2.0% 2025 ACTUAL
REMODELING

BY REVENUE BAND

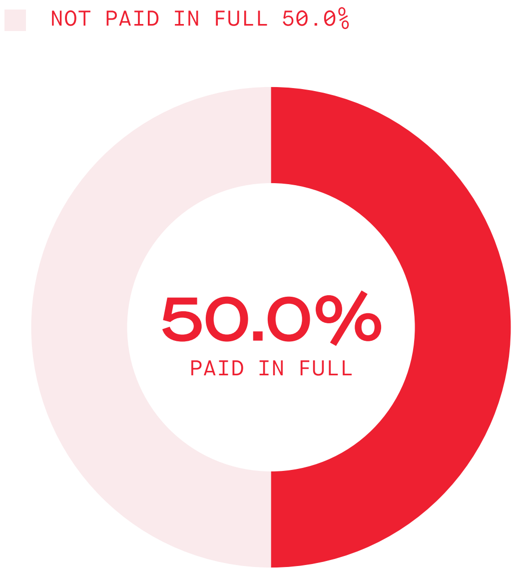
2025 ACTUAL 2.5%
2026 TARGET 12.0%
$0-$3M

2025 ACTUAL 3.0%
2026 TARGET 10.0%
$6M-$10M

2025 ACTUAL 3.0%
2026 TARGET 10.0%
$3-$6M

2025 ACTUAL 2.0%
2026 TARGET 11.0%
$10M+

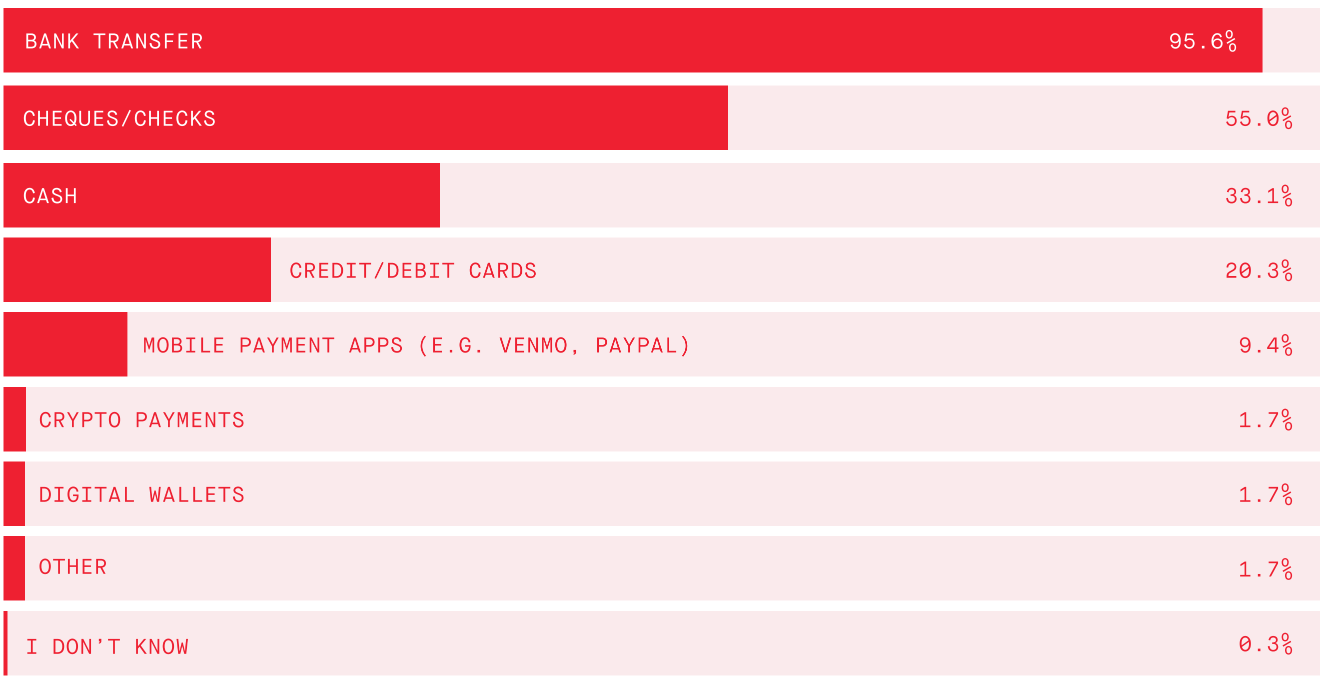
What percentage of clients pay in full without relying on any external financing, loans, or credit?



1 in 2

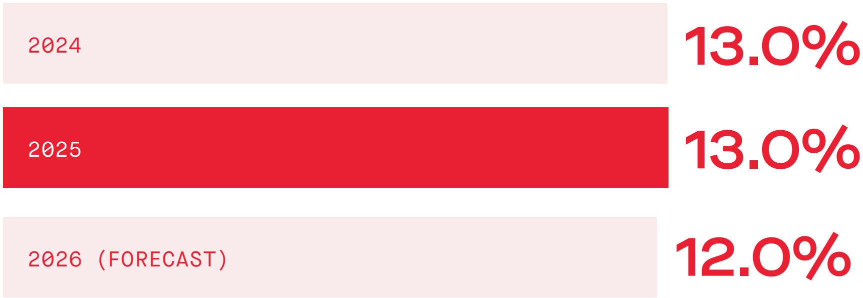
of all projects are self-funded. This suggests that the residential construction market is being driven by accumulated wealth rather than income or credit availability.

Which payment methods do you accept from your clients?

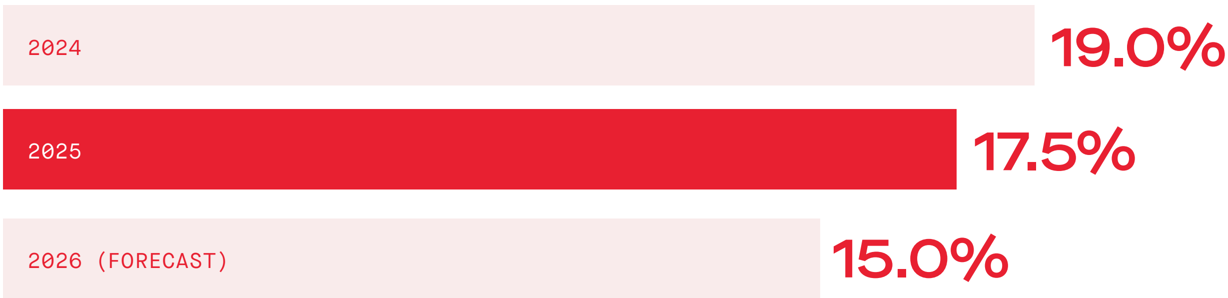


What percentage of your revenue did you spend on fixed expenses in 2025 (including your drawings)?

NEW HOMES



REMODELING



Remodeling is inherently more management-intensive per dollar of revenue than new home construction.

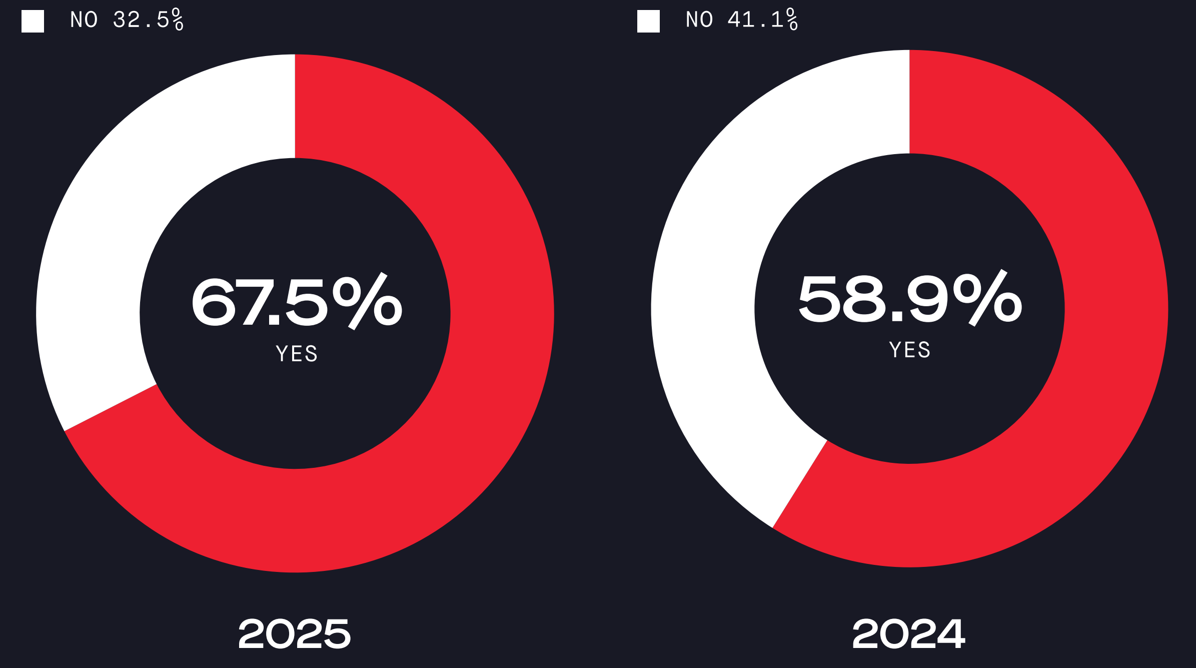
REVENUE BAND	MEDIAN GROSS PROFIT %	MEDIAN FIXED EXPENSES %	CALCULATED NET PROFIT %	MEDIAN SALARY %	MEDIAN ACCOUNTING DISCREPANCY %*
0 - $1M	18.7%	18.0%	0.7%	17.4%	-6.0%
$1M - $3M	20.0%	15.0%	5.0%	6.6%	-0.8%
$3M - $6M	20.0%	14.0%	6.0%	3.5%	-1.5%
$6M - $10M	20.6%	12.0%	8.6%	2.4%	-0.5%
$10M+	20.0%	12.0%	8.0%	1.1%	-1.5%

*THIS IS THE DISCREPANCY BETWEEN THE REPORTED NET PROFIT AND THE CALCULATED NET PROFIT BASED ON GROSS PROFIT AND FIXED EXPENSES.

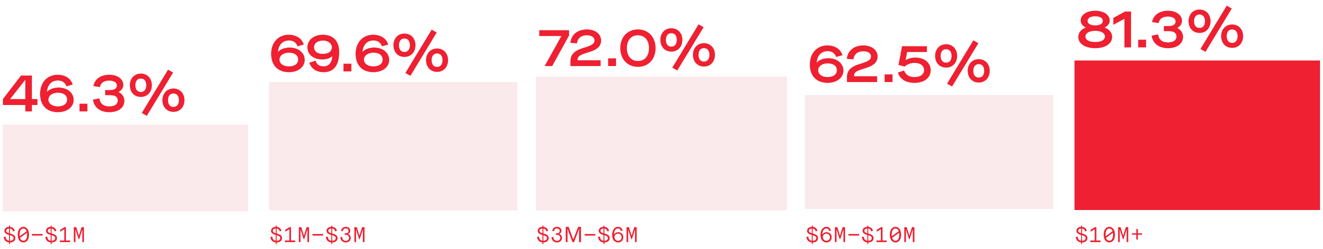
What is your budget for fixed expenses in 2026 (including your drawings)?

REVENUE BAND	TARGET GROSS MARGIN 2026 (%)	FIXED EXPENSE BUDGET 2026 (%)	CALCULATED NET PROFIT 2026 (%)
0 - $1M	20.0%	15.0%	5.0%
$1M - $3M	23.1%	15.0%	8.1%
$3M - $6M	20.6%	14.0%	6.6%
$6M - $10M	23.1%	12.0%	11.1%
$10M+	20.9%	11.0%	9.9%

Do you produce monthly financial reports?

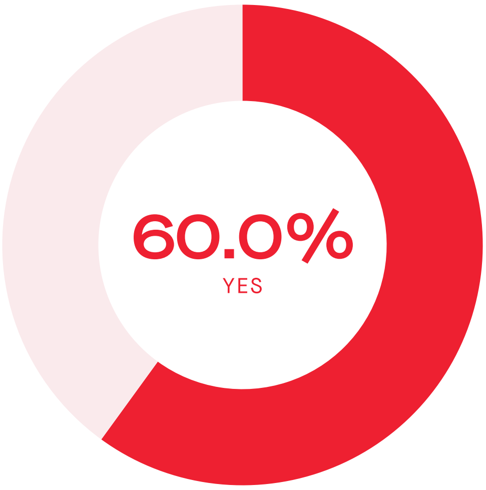


PERCENTAGE PRODUCING MONTHLY REPORTS BY REVENUE BAND



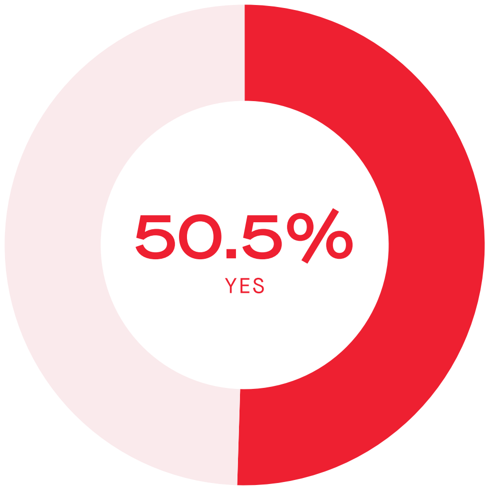
Do you know how to calculate your Work In Progress Accounting Adjustment© (WIPAA) figure?

NO 40.0%



2025

NO 49.5%

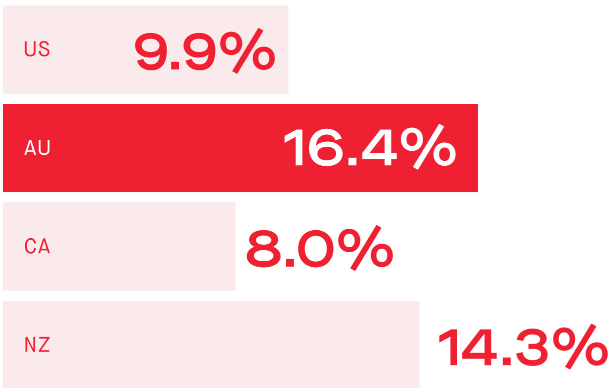


2024

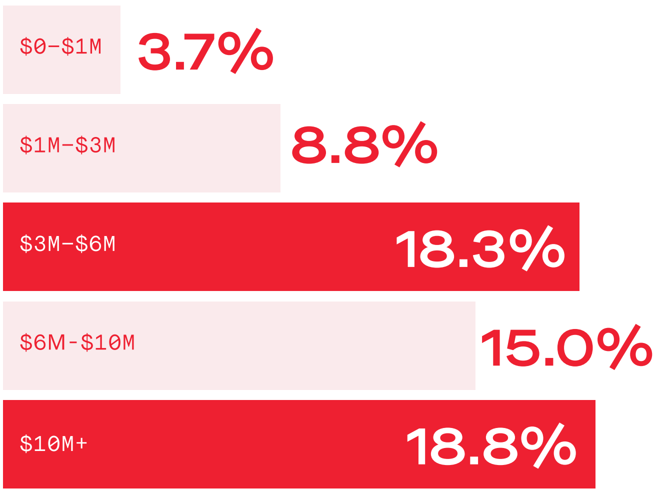
12.5% The percentage of builders that actually know how to calculate work in progress for a building company.

Builders that truly understand how to calculate the WIPAA© figure:

BY LOCATION



BY REVENUE



How often do you calculate your WIPAA©?

76.5% of builders who calculate WIPAA© monthly do not know what it is.

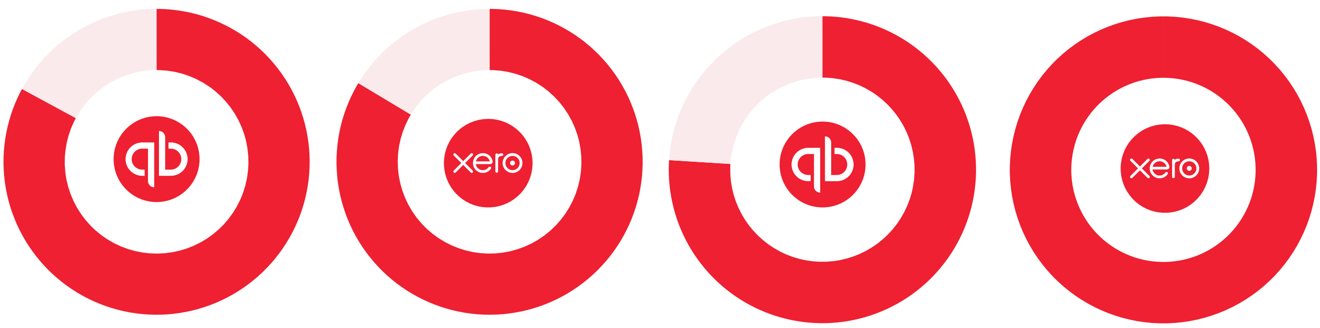
What accounting software do you use?

US
82.9%
QUICKBOOKS

AU
83.6%
XERO

CA
76.0%
QUICKBOOKS

NZ
100.0%
XERO



	US	AU	CA	NZ
QUICKBOOKS	82.9%	4.3%	76.0%	0.0%
XERO	0.6%	83.6%	0.0%	100.0%
MYOB	0.0%	7.9%	0.0%	0.0%
OTHER	6.6%	4.3%	20.0%	0.0%
NONE	6.6%	0.0%	0.0%	0.0%
I DON'T KNOW	2.2%	0.0%	4.0%	0.0%
NONE - I OUTSOURCE	1.1%	0.0%	0.0%	0.0%

How much Net Working Capital do you have in your building company?

5.70%

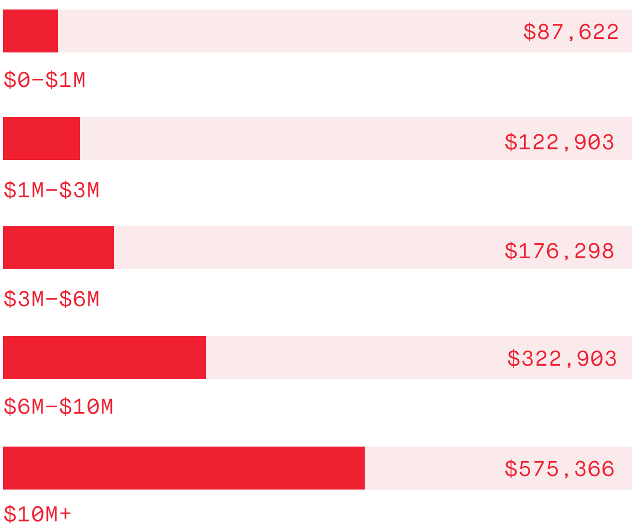
Median Net Working Capital as a Percentage of Revenue

NEW HOMES	MEDIAN NET WORKING CAPITAL ($)	MONTHLY BURN ($)	SAFETY RUNWAY (MONTHS)
$1M - $3M	$158,189	$23,085	6.9 MONTHS
$3M - $6M	$204,927	$39,000	5.3 MONTHS
$6M - $10M	$377,863	$75,000	5.0 MONTHS
$10M+	$971,312	$139,733	7.0 MONTHS

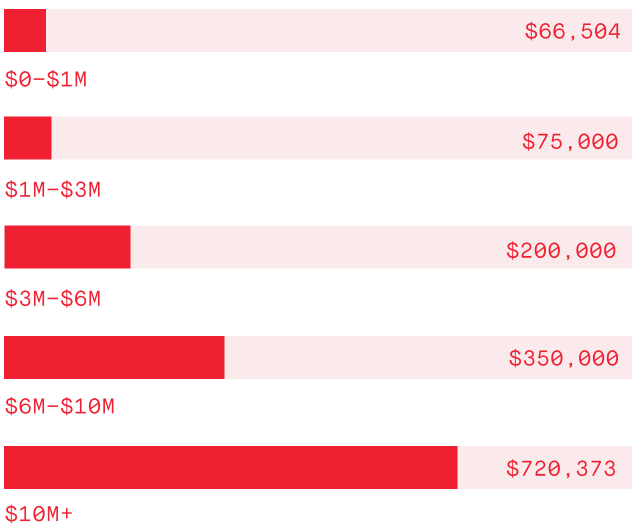
REMODELING	MEDIAN NET WORKING CAPITAL ($)	MONTHLY BURN ($)	SAFETY RUNWAY (MONTHS)
$1M - $3M	$50,000	$20,833	2.4 MONTHS
$3M - $6M	$277,051	$54,096	5.1 MONTHS
$6M - $10M	$225,191	$60,000	3.8 MONTHS
$10M+	$500,999	$138,542	3.6 MONTHS

How much cash do you have in your building company?

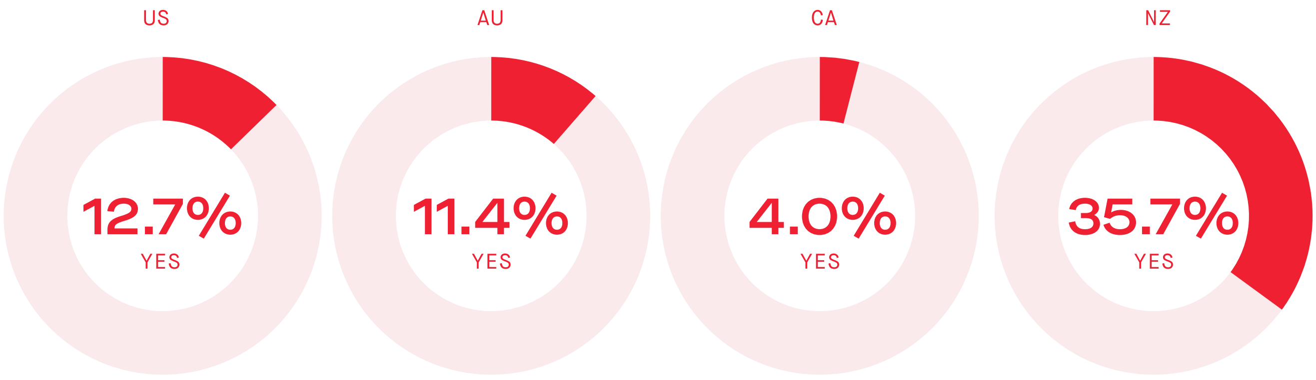
NEW HOMES



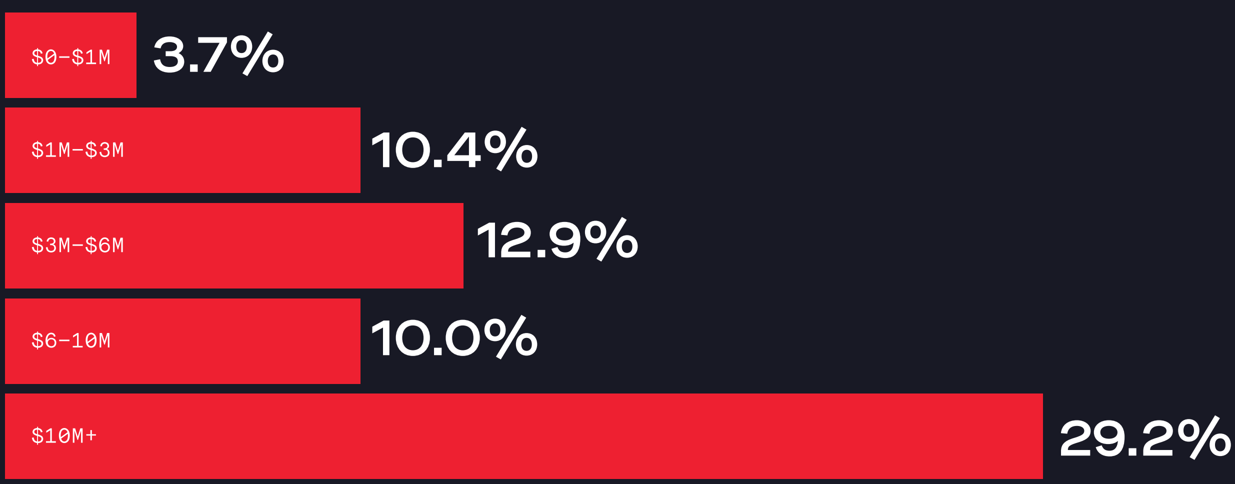
REMODELING



Are you a member of a buying group?



Companies that are members of a buying group by revenue



Turning Paper Profit Into Real Financial Strength

— VICTOR ZHOU, YOUR CFO PARTNER

The survey indicates that many builders appear profitable on paper yet remain financially fragile in practice. Underpricing, structurally weak gross margins, poorly managed fixed costs, and limited cash buffers combine to erode resilience. Sustainable profit requires disciplined pricing, active margin management, deliberate overhead design, and robust cash flow systems that convert accounting profit into durable financial strength.

Pricing for Profit

Most builders report they understand the difference between markup and margin, yet pricing decisions are still driven by fear of losing work rather than by a clear target return. "Standard" mid-20s markups are frequently discounted into unsafe territory, particularly on renovations and highly price-sensitive new homes. Builders who operate a documented sales process and charge for detailed proposals consistently hold stronger pricing, demonstrating that structured, value-based selling is critical to protecting margin.

Gross Margin Discipline

Typical reported gross margins cluster around 20%, below safer benchmarks (mid-20s for new homes and mid-30s for renovations). In the real world of scope creep, delays, and poorly captured variations, that 20% can quickly fall into the teens. More experienced and better-positioned builders report stronger margins, confirming that margin is not purely "market-driven" but influenced by systems, positioning, and management confidence. Until gross margin is lifted and actively protected on a job-by-job basis, growth and overhead expansion rest on weak foundations.

Fixed Cost Control

Many builders do not know their fixed cost per job per day, making it difficult to determine whether pricing reliably covers overhead. High fixed-cost businesses are over-represented among those whose projects finish over budget. In the $3 to $10 million "valley of death", overhead tends to grow faster than management capability, compressing net profit. Fixed costs must be treated as a strategic design choice, not an accidental by-product of growth.

Cash Flow Resilience

Cash balances increase with revenue, but once monthly cash burn is considered, many businesses hold only a few months of runway. Heavy reliance on client funding and widespread misunderstanding of WIP accounting further weaken resilience. Financial strength should be measured in months of safety, reliability of inflows, and the quality of reporting, not simply the bank balance at a point in time.

Planning

Builders working the longest hours earn the lowest effective hourly rates, yet most continue adding hours rather than building the organizational structure that would allow them to work less while earning more.

Strategic Planning Returns Time and Money

Builders with organizational charts saved an average of 3.5 hours per week, compared to those without charts. Over a year, this adds up to 168 hours, effectively four weeks of their lives. Yet only 55% of builders have implemented this basic structural tool. Those without organizational charts worked a median 53.5-hour week absorbing operational tasks, while structured builders maintained a more sustainable 50-hour schedule.

Business planning reveals a similar gap between awareness and execution. Builders with a documented three-year plan targeted gross markups 2% higher for 2026 than those without one. For a company generating $5 million in revenue, that 2% difference equates to $100,000 in additional gross profit. As fixed expenses typically remain constant, that additional margin flows directly to net profit.

Despite the clear value of strategic planning, succession planning is rare across all revenue bands. Only 35.2% of large firms have documented exit strategies, 21.1% of mid-market builders, and just 12.5% of small companies. This absence suggests that most builders view their business as a job rather than a transferable asset.

Working Less Generates Higher Returns

The relationship between working hours and earnings extends across all revenue bands. Builders working fewer than 40 hours per week saw the highest total return on revenue at 12.5%. In contrast, those working 60 or more hours earned the lowest total return at 10.8%.

Mid-market builders in the $3 million to $9 million range showed a clear pattern linking strategic time allocation to financial outcomes. As these owners spend more time working on the business rather than in it, their financial returns increase. In this segment, builders allocating more than 30% of their time to strategy reach the highest owner return at 11.7% of revenue. These strategic operators also work the fewest total hours at 47.5 hours per week.

Builders who maintain organizational charts, follow documented business plans, and dedicate more than 20% of their time to strategy earn 50% more per hour than operators who have none of these three elements. They work five fewer hours per week while achieving 1% higher total owner return. For a $5 million company, that single percentage point represents an extra $50,000 in annual profit.

These structural differences also show up in owner well-being. Builders in the $1 million to $8 million range reported the lowest rate of mental health deterioration at 17.8%, while strain was higher at both ends of the spectrum, with 20.3% of sub-$1 million builders and 24.1% of builders above $8 million reporting worsened mental health. This pattern suggests that both financial pressure at smaller scales and operational complexity at larger scales can place added strain on owners.

Planning Outlook for 2026

Companies that implement all three planning elements; organizational charts, documented business plans, and adequate strategic time allocation, will continue earning more and working fewer hours. Those attempting piecemeal implementation or abandoning planning under operational pressure will fall further behind.

Wunderbuild

The State of Planning in Residential Construction

— AHMED YUSUF, WUNDERBUILD

The survey findings highlight planning as one of the most influential, yet most inconsistent, areas within residential building businesses across Australia, New Zealand, the United States, and Canada. Builders recognize the importance of structured planning, yet the data shows that planning practices remain fragmented, time-pressured, and often unsupported by adequate systems.

The Role of Planning in Project Performance

Across the planning-related questions, builders consistently identified planning as "critical" to achieving predictable schedules, stable margins, and strong client outcomes. However, many reported that planning activities were reactive, compressed, or disrupted by late design changes and trade availability. Businesses with more disciplined planning processes, particularly in pre-construction, had fewer variations, fewer delays, and greater confidence in project delivery.

Pre-construction Remains a High-Impact Gap

A recurring theme is that pre-construction tasks are often incomplete before work begins. Engineering reviews, selections, approvals, and documentation checks are not always finalized, which increases downstream rework and client queries. Builders who follow more structured pre-construction workflows, supported by templates or digital processes, tend to run smoother project starts and have reduced administrative friction.

Technology Adoption Is Rising but Fragmented

Across countries, more builders are adopting digital platforms to support planning; however, usage depth varies. The data showed strong interest in centralized planning environments that combine pre-construction workflows, scheduling, communication, and documentation. Builders using dedicated software consistently reported improved planning accuracy, better visibility of upcoming tasks, and reduced risk of oversight. Comparative scoring across platforms also highlighted that certain tools perform strongly in areas such as job planning, scheduling clarity, and pre-construction organization.

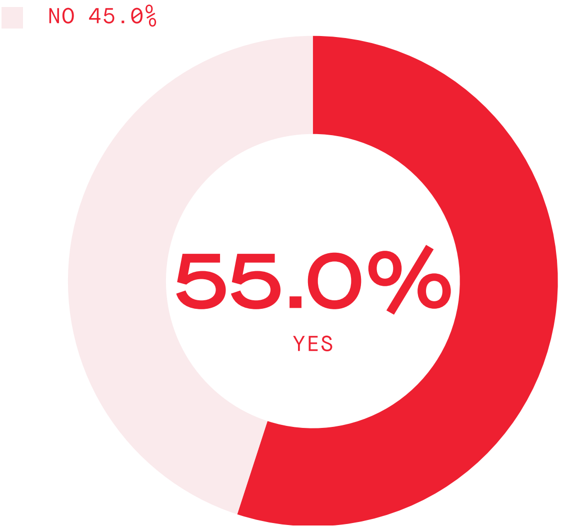
Barriers to Better Planning

The most common obstacles cited include lack of time, inconsistent internal systems, reliance on manual methods, and difficulty aligning trades to planned timelines. These barriers suggest that improving planning outcomes requires both better organizational discipline and better tools, not one without the other.

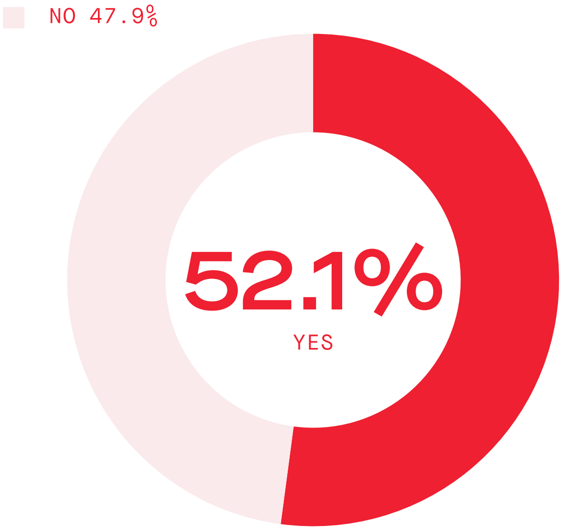
Industry Implications

The survey reinforces that planning quality is a key differentiator in operational performance. Businesses with stronger planning frameworks, particularly those supported by structured workflows and digital tools, experience more predictable delivery, fewer disruptions, and clearer communication with clients and trades. As the industry faces tighter economic conditions and rising consumer expectations, robust planning practices are increasingly essential for maintaining profitability and competitiveness. In construction, planning is not a stage of the job; it is the job.

Do you have an organizational chart of your business?



2025



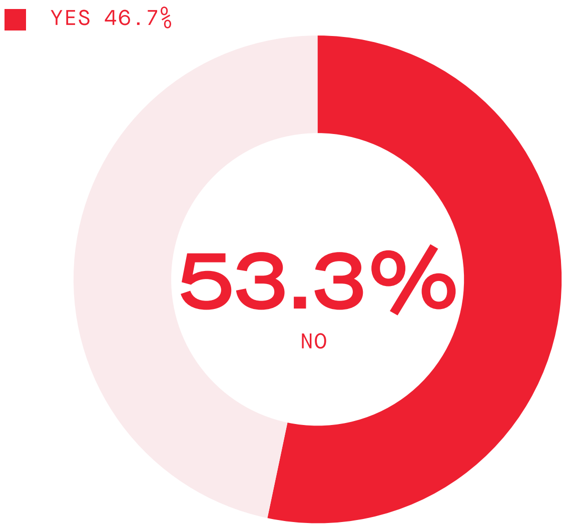
2024

Hours worked per week

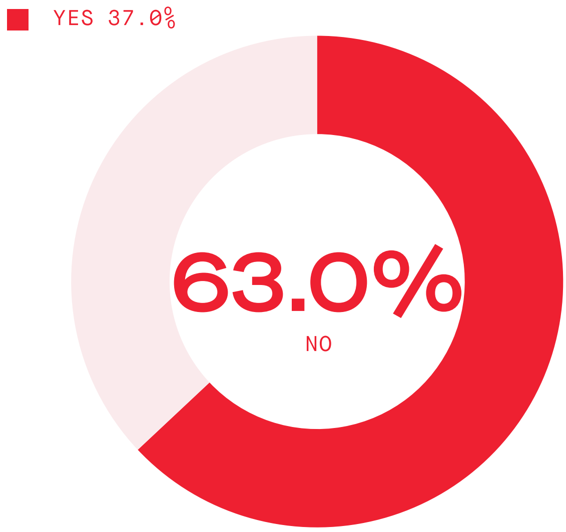
168 hours per year

On average, a builder with an organizational chart saves 3.5 hours per week. Over a year, that compounds to 168 hours.

Do you have a business plan covering the next 3 years?



2025



2024

Target gross markup

↑10%

The number of builders that have a business plan is up roughly 10% from last year.

Builders with a documented business plan are targeting a higher gross markup for 2026 than those operating without one.

As a percentage, how much time do you allocate in your calendar to work <u>on</u> the business rather than in it?

HOURS PER WEEK

ESTABLISHED / TRYING TO SCALE ($3M-$9M)

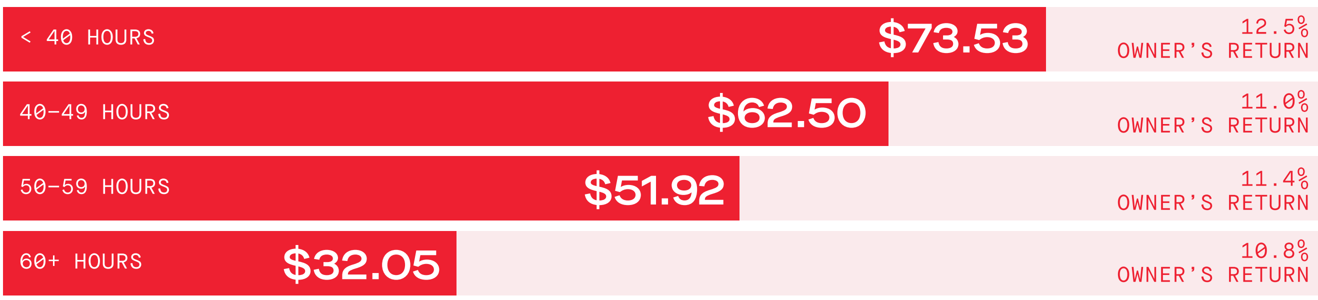
TIME SPENT WORKING ON THE BUSINESS (%)	MEDIAN OWNER RETURN	MEDIAN HOURLY RATE	MEDIAN WORK WEEK
0 - 10%	8.80%	$52.45	50.0 HOURS
11 - 20%	8.90%	$48.59	50.0 HOURS
21 - 30%	10.70%	$48.08	50.0 HOURS
31%+	11.70%	$71.03	47.5 HOURS

How many hours a week do you work on average?

50hrs
2025

48hrs
2024

MEDIAN HOURLY RATE BY HOURS WORKED



The Critical Role of Planning in Job Costing and Communication

— BOB CAIN, ECI RESIDENTIAL CONSTRUCTION

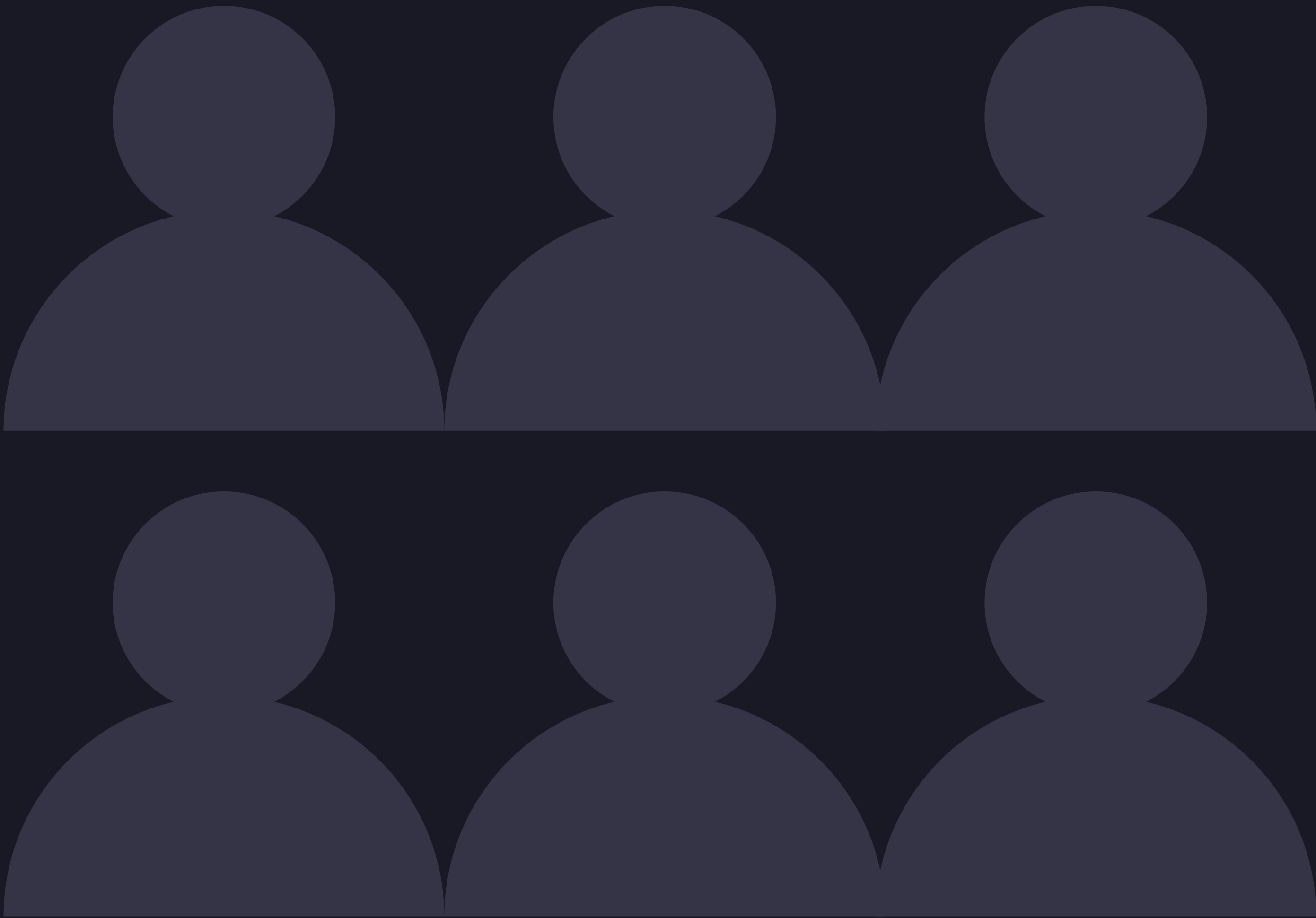
Planning sits at the center of every successful building company. Strong job costing, clear communication, and reliable scheduling begin long before work starts on site. This year's SORCI data shows that many builders want more control yet feel pulled in several directions and struggle to carve out time to think ahead. This pressure creates frustration, stress, and uncertainty about what each week will bring.

The survey results reveal that only 46.7% of builders have a three-year business plan. Just over half maintain an organizational chart. Many leaders work extremely hard but spend little time on strategic planning. Builders with under $6 million in revenue average five hours a week working on the business. Mid-market builders reported only 12.5 hours. It is difficult to guide a growing company without protected time for planning and leadership.

The emotional strain becomes even more visible in financial planning. Nearly half of all builders do not know their daily fixed expenses. One in three pays bills that exceed the budget or cannot determine if they will remain within budget. This creates stress during every stage of a project and increases the likelihood of disagreements and rushed decisions with clients and trade contractors. Planning gaps often show up as communication breakdowns that make projects harder than they need to be.

The impact reaches the field as well. The 2025 data shows that 22.5% of builders delivered projects late or were unsure about completion dates. Missed schedules strain relationships and reduce trust. Strong planning practices restore confidence for builders and for the teams who depend on them.

A renewed focus on planning in the year ahead can create clarity and stability. Builders who devote time to structured job costing, documented communication, and thoughtful forecasting place themselves in a stronger position to grow, protect profit, and strengthen every relationship in the building process.



Team

HR systems implementation remained severely underdeveloped across the industry in 2025. The small percentage of builders operating with comprehensive processes reached higher margins than competitors who lacked structured team management.

Daily Huddles Equate to $390,000 Annually

Large building companies above $10 million in revenue made a critical error with their communication rhythms. While 77.1% maintained weekly huddles, only 27.1% held daily meetings. Companies holding daily huddles had gross margins of 24.8%, compared to 20% for those relying solely on weekly meetings. This difference translated directly to bottom-line performance, with total owner return reaching 13% versus 9.1% for companies without daily communication.

For a $10 million building company, eliminating daily huddles costs approximately $390,000 annually in lost profit. Daily communication catches operational issues before they compound, maintains accountability across multiple concurrent projects, and prevents the margin erosion that occurs when problems remain unaddressed for a full week between meetings.

Systems Deliver 33% Gross Markups

There are seven core HR and communication systems that separate high-performing builders from the rest of the industry: documented recruitment processes, structured onboarding programs, employee handbooks, job descriptions with key performance indicators, daily huddles, weekly meetings, and formal performance appraisals. Only 6.4% of builders have implemented all seven systems.

Builders implementing all seven systems achieved gross markups of 33%, compared to 24.1% for companies with minimal implementation. This gap compounds across every project and the advantage extends beyond pricing to revenue. For new home builders, companies with all seven systems in place, produced $24,342 in weekly project revenue compared to $21,667 for those with minimal systems. The $2,675 weekly difference generated $208,610 in additional annual gross profit for a builder running six concurrent projects.

The systems compound rather than operate independently. Recruitment and onboarding attract and develop quality candidates. Handbooks and job descriptions establish standards and accountability. Daily huddles catch problems early, weekly meetings align strategy, and appraisals drive improvement.

Adoption Rates Remain Stagnant

Implementation of these proven systems showed minimal growth in 2025. Most core HR systems saw adoption increase by just 3 to 6% year over year, with some tools like performance appraisals actually declining from 44.6% to 42.5%. Daily huddles represented the strongest improvement, jumping from 24.0% to 31.7%, yet still fewer than one third of builders held them in 2025.

The pattern reveals that builders recognize the value of these systems but struggle with their implementation. Ironically, these are systems that would create the time and capacity needed to implement them in the first place.

Team Outlook for 2026

The data highlights that system implementation and professional communication practices will continue to create time and profit advantages. Those operating without these in place will face ongoing inconsistencies in project delivery and profitability.

buildersVA
GET BACK TO WHAT YOU DO BEST

The Scale Divide: Why Only Some Builders Break Through (And What Finally Makes the Difference)

— JAMES RUSSELL, BUILDERSVA

The 2025 SORCI results draw a clear line between builders who scale and those who stay stuck. The high performers aren't relying on longer hours or bigger teams. They're building simple, repeatable systems supported by leveraged talent, freeing the owner to step out of the day-to-day and focus on growth.

Structure Creates Margin, Time and Control

The data shows that even basic systemization delivers measurable impact. Builders with an organizational chart reclaim 3.5 hours per week, totalling 168 hours a year, simply through clarity of roles. Those with a documented three-year plan target higher margins and outperform peers on profit.

These wins don't come from complexity. They come from putting in place simple, functional systems for:

- Roles and responsibilities
- Job descriptions and Key Performance Indicators (KPIs)
- Onboarding steps
- Internal processes
- Project communication

And this is exactly where remote talent can support the process. Offshore team members can build, run, and maintain these systems so the owner doesn't have to.

Leaders Grow. Operators Burn Out

Builders under $6 million in revenue spend just five hours per week working on their business. Those who break into the $6 to $10 million range increase this to 12.5 hours, and top performers who dedicate 31% or more of their time to strategy achieve the highest returns and the shortest work weeks.

You only reach that level when you've delegated the admin, communications, scheduling, documentation, and follow-up, areas where remote staff often excel.

Team Clarity + Communication + Offshore Support = Scale

As revenue increases, adoption of job descriptions, KPIs, onboarding processes, and weekly huddles all rise sharply. These systems keep teams aligned. But they also require consistent management, documentation, and follow-through, tasks perfectly suited to offshore assistants.

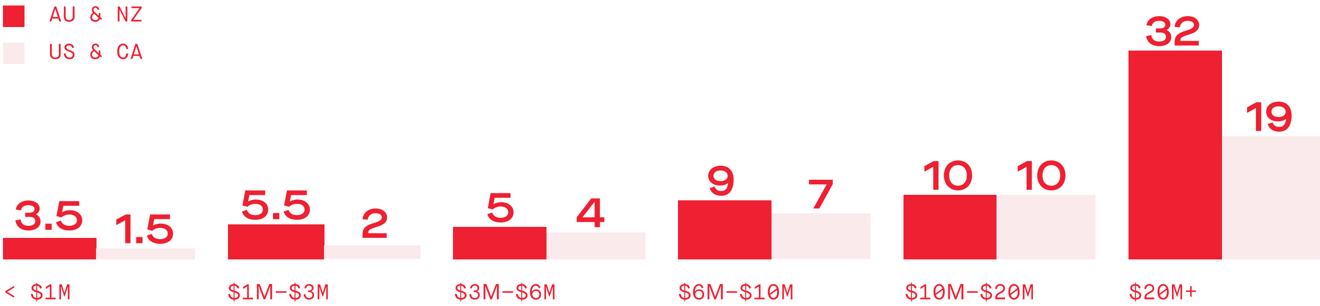
Remote talent helps builders:

- Standardize operations
- Maintain communication rhythms
- Reduce owner overload
- Increase margin through efficiency
- Free hours to work on the business, rather than in it

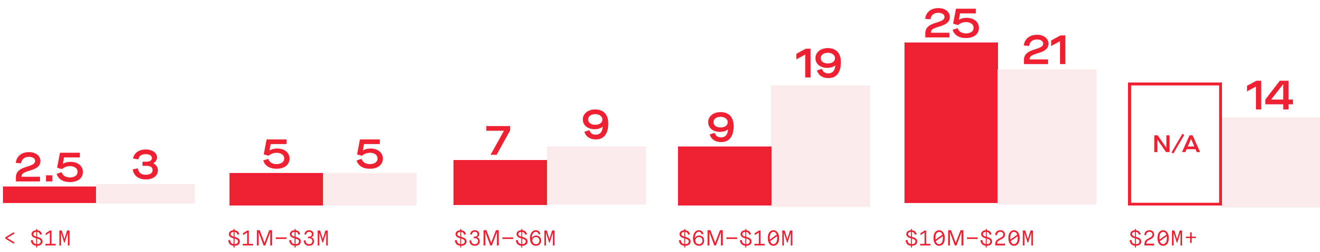
Conclusion

The SORCI data shows that builders scale when they combine simple systems with strong support. Offshore team members provide the horsepower to run those systems daily, giving owners the time and space to lead, plan, and grow.

How many staff does your company employ?



NEW HOMES



REMODELING

Revenue per staff member

NEW HOMES

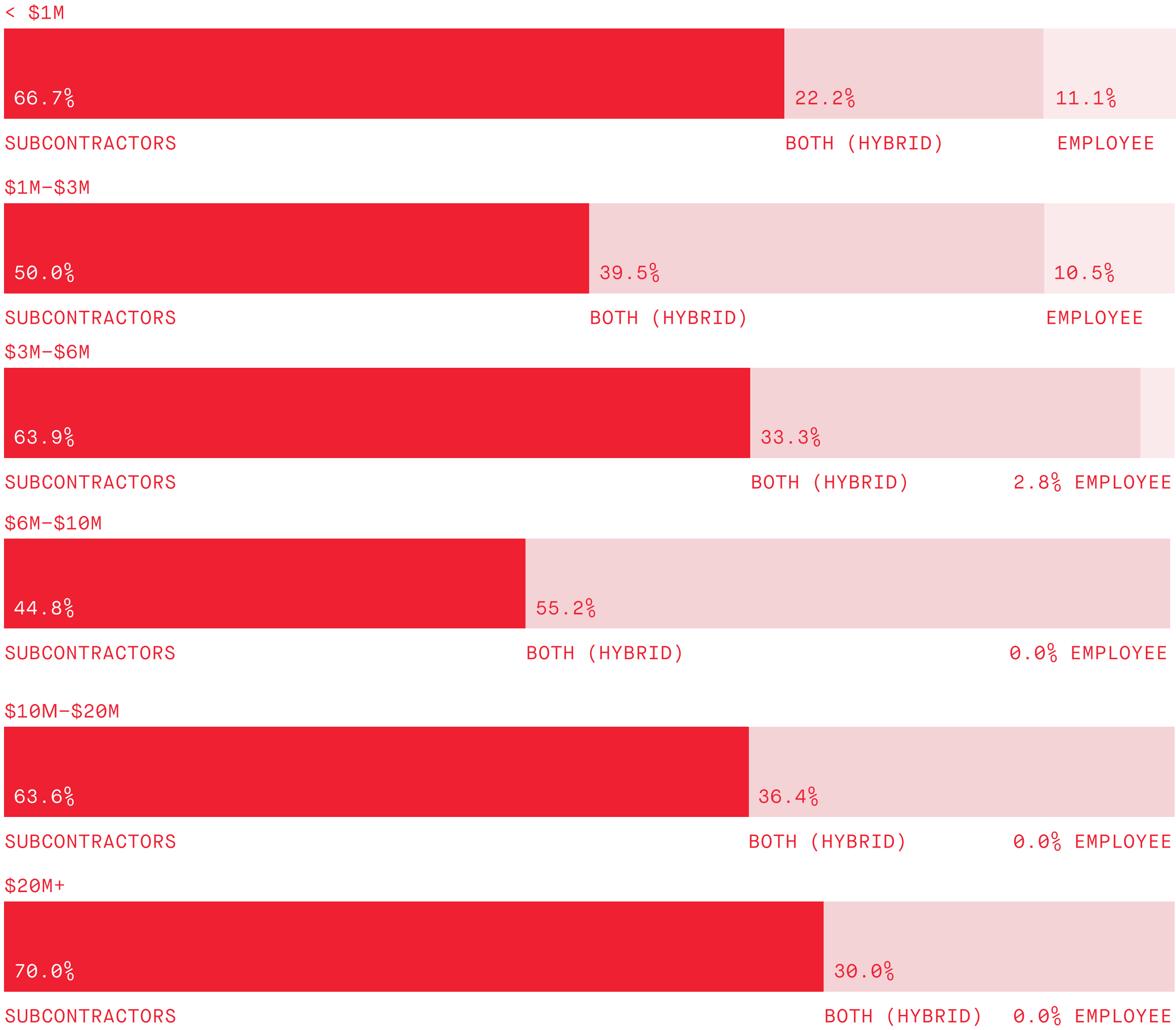
< $1M	AU & NZ	$160,417
< $1M	US & CA	$300,000
$1M–$3M	AU & NZ	$372,857
$1M–$3M	US & CA	$650,000
$3M–$6M	AU & NZ	$750,000
$3M–$6M	US & CA	$1,131,800
$6M–$10M	AU & NZ	$750,000
$6M–$10M	US & CA	$1,000,000
$10M–$20M	AU & NZ	$1,147,130
$10M–$20M	US & CA	$1,384,615
$20M+	AU & NZ	$625,000
$20M+	US & CA	2,000,000

REMODELING

< $1M	AU & NZ	$287,500
< $1M	US & CA	$154,667
$1M–$3M	AU & NZ	$333,333
$1M–$3M	US & CA	$379,167
$3M–$6M	AU & NZ	$500,000
$3M–$6M	US & CA	$388,889
$6M–$10M	AU & NZ	$722,222
$6M–$10M	US & CA	$494,737
$10M–$20M	AU & NZ	$556,410
$10M–$20M	US & CA	$490,431
$20M+	AU & NZ	N/A
$20M+	US & CA	$7,416,667

Is your carpentry work completed by subcontractors or in-house employees?

NEW HOMES (NORTH AMERICA)



REMODELING (NORTH AMERICA)

REVENUE BAND	SUBCONTRACTORS ONLY	BOTH (HYBRID)	EMPLOYEES ONLY
< $1M	42.9%	42.9%	14.3%
$1M - $3M	21.9%	59.4%	12.5%
$3M - $6M	25.0%	62.5%	12.5%
$6M - $10M	25.0%	75.0%	0.0%

NEW HOMES (OCEANIA)

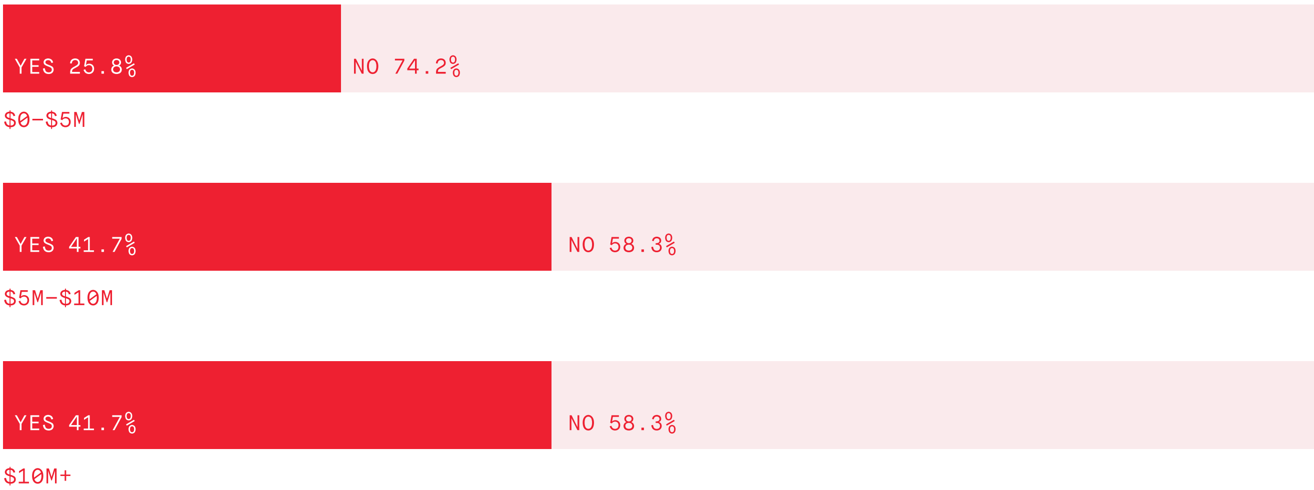
REVENUE BAND	SUBCONTRACTORS ONLY	BOTH (HYBRID)	EMPLOYEES ONLY
< $1M	0.0%	75.0%	25.0%
$1M - $3M	5.0%	65.0%	30.0%
$3M - $6M	37.5%	33.3%	29.2%
$6M - $10M	16.7%	58.3%	25.0%
$10M - $20M	50.0%	33.3%	16.7%

REMODELING (OCEANIA)

REVENUE BAND	SUBCONTRACTORS ONLY	BOTH (HYBRID)	EMPLOYEES ONLY
< $1M	21.4%	42.9%	35.7%
$1M - $3M	5.7%	40.0%	54.3%
$3M - $6M	5.9%	52.9%	41.2%
$6M - $10M	20.0%	80.0%	0.0%

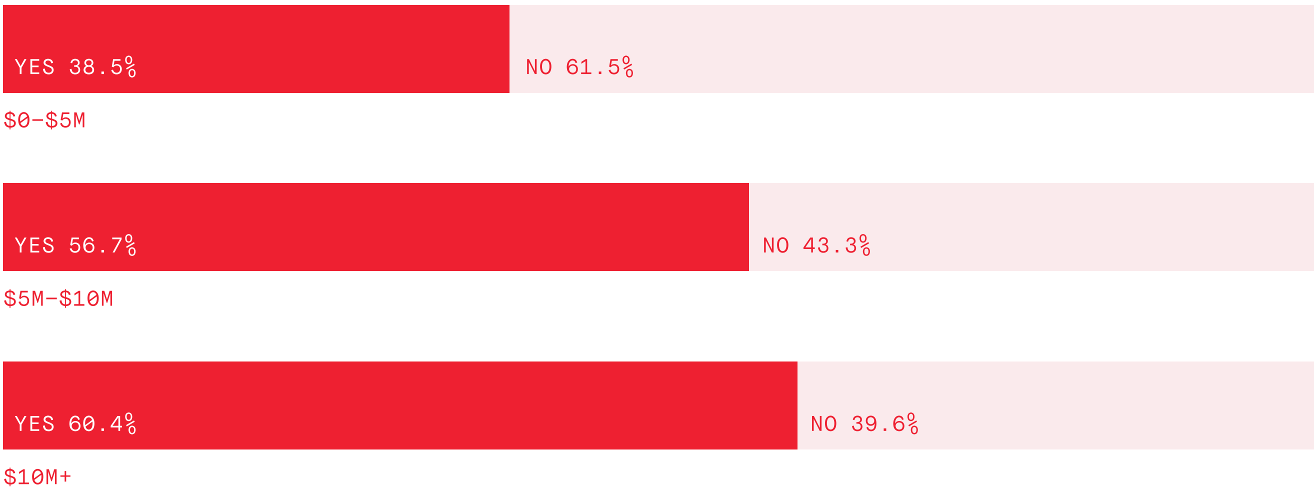
In the $1M–$3M revenue band, more than half (54.3%) of Australian and New Zealand remodeling companies operate with only in-house employees. In contrast, just 12.5% of similarly sized remodelers in North America operate this way.

Do you have a documented process for recruiting new staff?



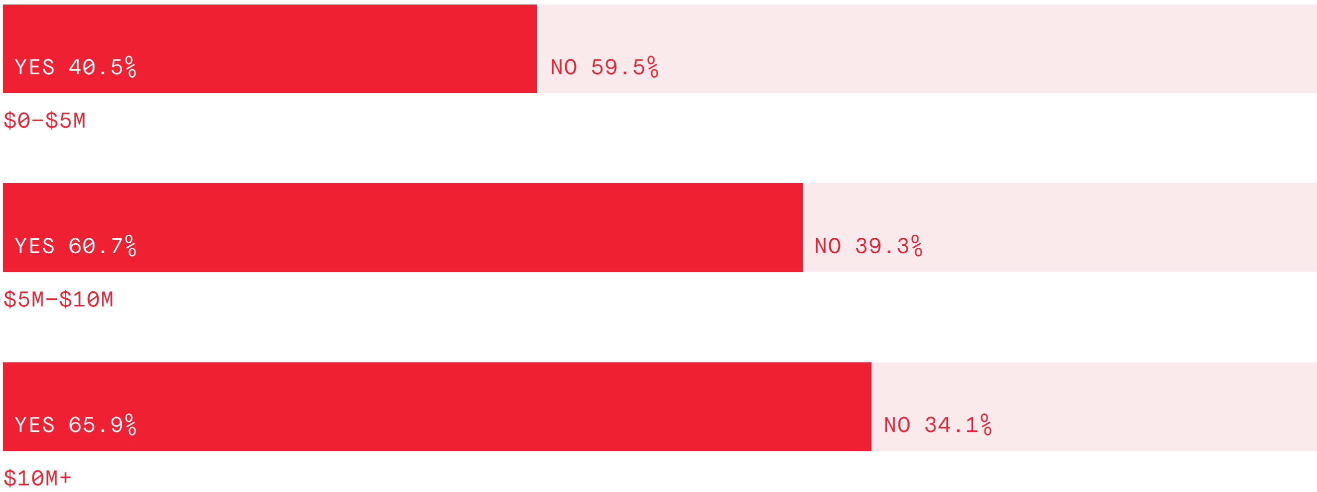
1 in 4 building companies earning under $5M have a documented hiring process.

Do you have an onboarding process for new staff?



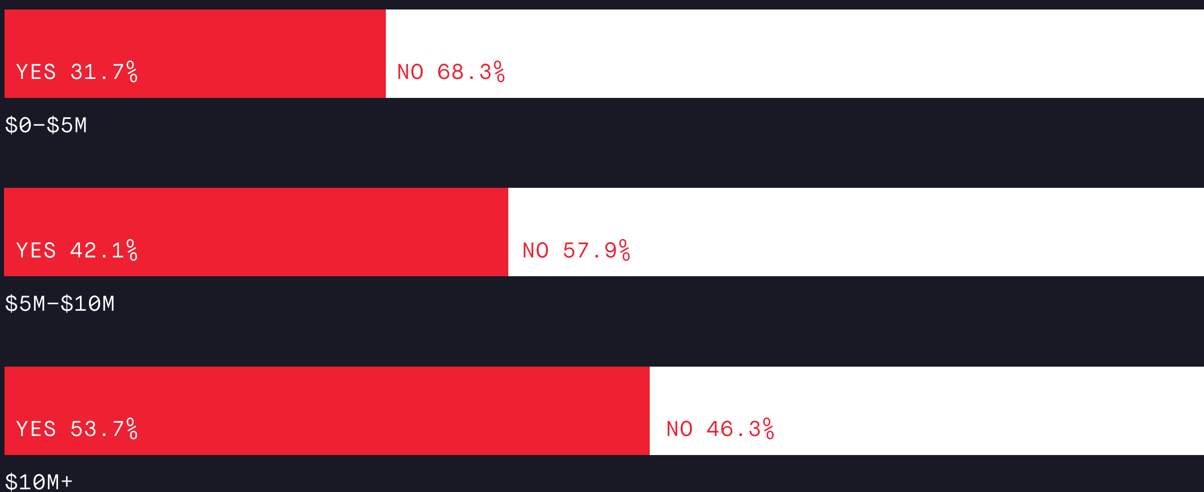
40% Formal onboarding is adopted by less than 40% of companies earning below $5M.

Do you have an employee handbook/company manual?

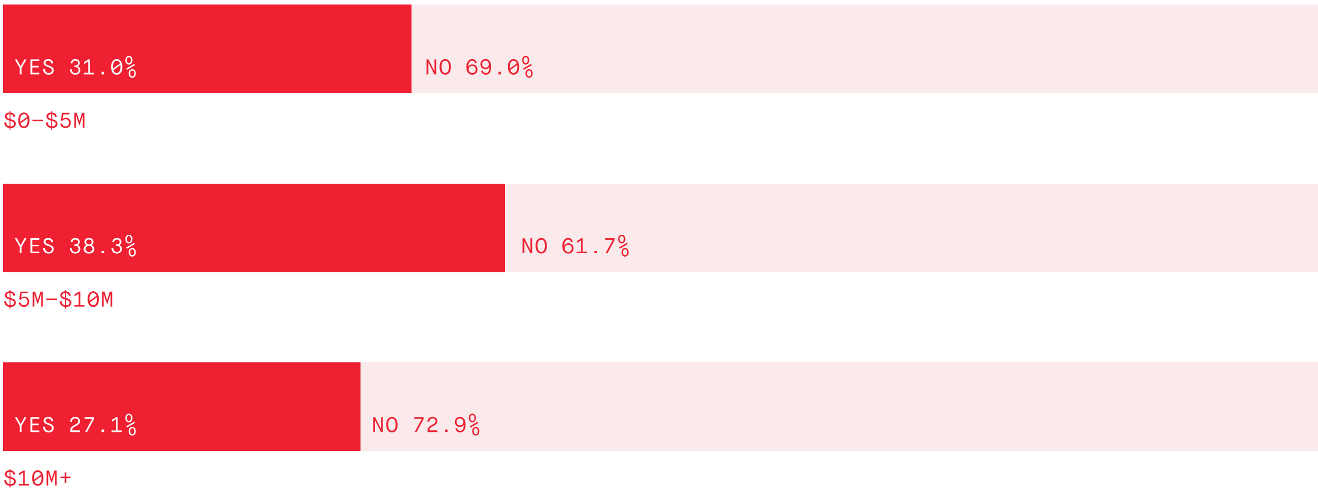


Only 40.5% of companies earning under $5M have this foundational document.

Do you have written job descriptions with clear Key Performance Indicators (KPIs) for every team member?

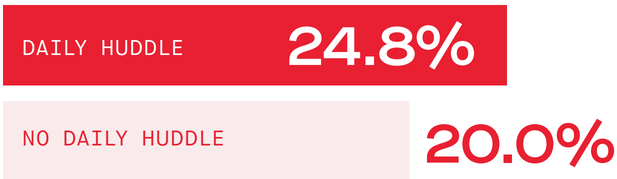


Do you hold daily huddles/meetings?

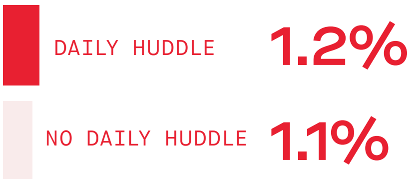


Companies earning $10M+

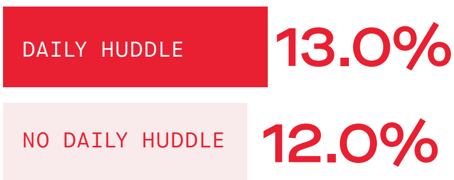
GROSS MARGIN



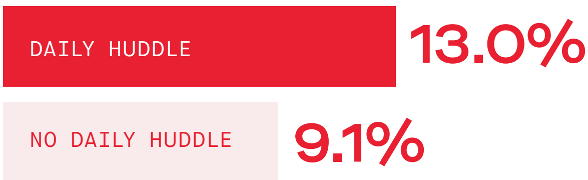
OWNER'S SALARY AS % OF TOTAL REVENUE



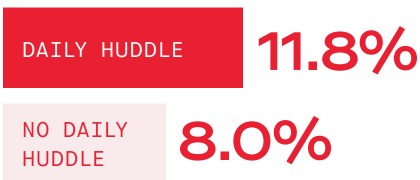
FIXED EXPENSE RATIO



TOTAL OWNER'S RETURN AS % OF REVENUE

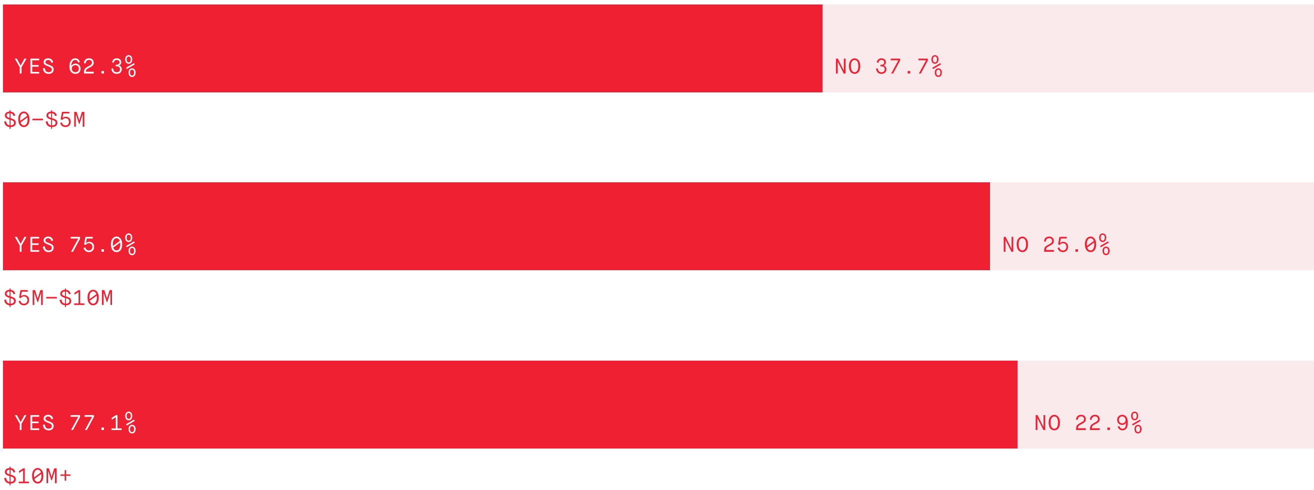


NET PROFIT MARGIN (CALCULATED)

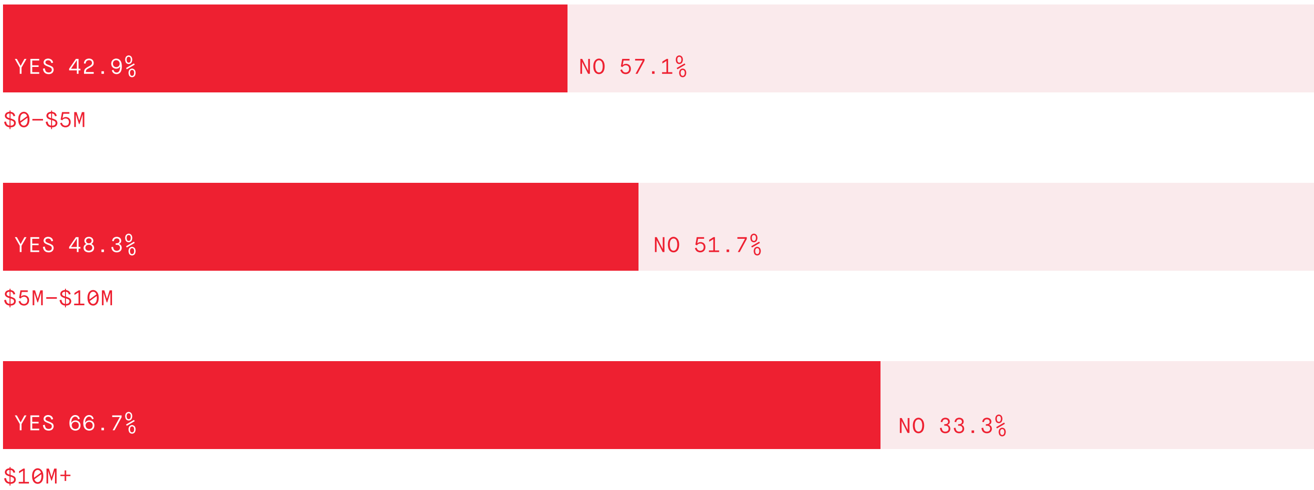


Holding daily huddles delivers a significant return on revenue for larger companies.

Do you hold weekly huddles/meetings?



Do you conduct 6-monthly or annual performance appraisals?



The $10M Tipping Point

Appraisals show strong correlation with organizational maturity. The adoption rate jumps significantly from just below 50% for mid-sized firms to 66.7% for the largest builders. This confirms that formalized performance reviews are a necessary measure for managing talent and accountability as a company grows.

The Power of Team Alignment Through Communication and Technology

— HILL DICKERSON, BUILDERPAD

This year's SORCI data highlights that the highest-performing residential construction companies are those whose teams communicate clearly, stay aligned, and use project management technology to coordinate their work. Team efficiency, not individual effort, is now the strongest driver of margins and scalability.

Lean Teams Need Stronger Team Communication

In 2025, North American new home builders operated with far leaner teams in the $1 million to $3 million range, compared to their Australian and New Zealand counterparts, yet still produced similar revenue. This model only works when teams maintain exceptional coordination.

Key enablers for lean teams include:

- Centralized project information
- Consistent communication among trades and internal teams
- Technology that keeps distributed team members aligned

As companies grow into the $10 million to $20 million tier, staffing levels converge across regions. This reinforces that every team eventually requires structured systems to manage complexity.

Team Rhythms Drive Profitability

Weekly team huddles become common once companies exceed $5 million in revenue, highlighting that expanding teams require predictable communication rhythms. Yet the largest builders often eliminate daily huddles, even though the data shows that companies maintaining them achieve:

- Higher gross margins (nearly +5%)
- Higher net profit margins
- Stronger total owner returns

Teams that blend structured meetings with real-time project management tools consistently outperform their competitors because they avoid misalignment and reduce costly rework.

Systemized Teams Reduce Owner Workload

Owners working fewer than 40 hours per week achieve an effective hourly rate of more than double that of those working 60 hours or more. The difference lies in how well their teams operate. When teams have clear processes, shared documentation, and technology distributing information, the business becomes far less dependent on the owner's time.

Technology Enhances Team Performance

Software investment trends confirm that technology has become essential team infrastructure. Remodelers rely heavily on digital systems due to project variability, while established companies use technology to:

- Minimize communication breakdowns
- Improve schedule accuracy
- Keep office, field, and client teams aligned

With more than a third of companies planning to increase their software spend in 2026, it's clear that teams see technology as critical to remaining competitive.

The teams that communicate effectively, stay aligned, and leverage technology consistently outperform teams relying on ad hoc coordination. In today's industry, team alignment continues to stand out as a key driver of performance in residential construction.

Training

Most builders understood the importance of training, systemization, and investing time in business strategy but struggled to allocate sufficient resources to these activities.

Training Investment Remains Modest

Investment in training improved slightly in 2025, with 37.9% of builders increasing their spending. However, personal learning habits remained unchanged. The typical builder read just two books during the year, a pattern consistent across all countries, revenue sizes, and work types. While a small group of committed readers consumed significantly more, the median indicates that most builders continue to engage minimally with formal learning, despite the proven returns from strategic investment in knowledge and skill development.

Strategic Investment in Learning Delivers Returns

Builders who invested heavily in training, read regularly, and worked with coaches saw 2.4% higher total owner returns while working the same 50-hour week as the industry median. They improved gross markup by 5%, while their fixed expense ratio ran just 1% higher, directly covering coaching and training investments. On a typical $3 million revenue base, this equaled $72,000 in additional wealth for the owner.

Mid-market companies had the strongest commitment to paid coaching. Nearly half (46.7%) of builders in the $1 million to $8 million range invested in coaching and mentoring, slightly ahead of large firms at 44.4%. Small companies lagged at 28.1%, suggesting budget constraints limited investment in strategic development during the startup phase.

The benefits of coaching investment amplify once builders scale past $10 million. Builders below $10 million experience modest financial improvements as they build foundational systems and scale operations. At $10 million and above, coached builders generate $671,000 more in cash earnings and save 250 hours annually compared to non-coached peers, demonstrating that coaching investment compounds as operational complexity increases.

Temporary Time Commitment Breaks Revenue Ceiling

Systemizing the business was the most commonly identified priority over the next 12 months across all revenue bands, particularly among mid-market builders. However, builders who selected systemization as their number one focus only allocated 11% of their time to strategic work, well below the 15% industry median. This gap highlights how many remain embedded in day-to-day operations because the systems they want to build are not yet in place.

These builders spend 44.5 hours per week on operational work. Successfully systemizing requires adding significant strategic hours, bringing the short-term total to around 64 hours weekly. The returns justify this temporary investment. In 2025, non-systemized builders hit a revenue ceiling at $2.15 million, while systemized builders reached $3.5 million with superior margins of 21.9% versus 18.7%.

Training Outlook for 2026

Companies willing to increase their investment in coaching and training will build operational capacity and break through revenue ceilings. Those maintaining minimal training budgets will remain stuck at lower revenue levels.

CBUSA

Why the Future of Builder Development Will Be Community-Led

— BRIAN PAVLICK, CBUSA

Spend enough time with residential builders, in chapter meetings, on job walks, or at early morning coffees, and a common theme emerges. Builders are hungry to improve but starved for time. They want better systems, stronger margins, and more predictable operations. Yet in practice, the typical builder can dedicate just five hours per month to formal training.

The challenge isn't motivation; it's the non-stop pace of the work.

This year's report makes that tension impossible to ignore. Across every revenue band, "systemizing the business" ranked as the top priority. Yet even the most operations-minded companies spend only a few hours each week working on the business rather than in it.

Daily demands pull them back to job-site fires, client questions, and vendor decisions, leaving little space to build systems that would lighten their load. And although many builders want to sign more contracts, more than a third still lack a documented sales process. The intention is there, but the time isn't.

That's why community has become an important part of builder development. And it's also why CBUSA, a group purchasing organization for independent builders, plays a critical role beyond pricing. Through its chapters, CBUSA brings local builders together in a way this industry rarely experiences: peers sharing solutions and learning from real jobs, not theoretical coursework.

One conversation that has always stuck with me comes from Brightwater Homes in Georgia. Surrounded by peers confronting the same market conditions, they said, "Having the accessibility to pick up pointers and tips from other builders who are building in our volume range has been invaluable."

That kind of unfiltered, experience-based perspective leads to meaningful improvements in a builder's operations.

It's not surprising that coaching and mentorship adoption rises as companies scale. For today's successful builders, the most transformative development doesn't require more classroom hours. It requires connection. It requires voices they trust. And that's the real takeaway. Meaningful builder development doesn't come from adding more to the calendar. It comes from standing in a room with people who understand the work and learning from the experiences they share.

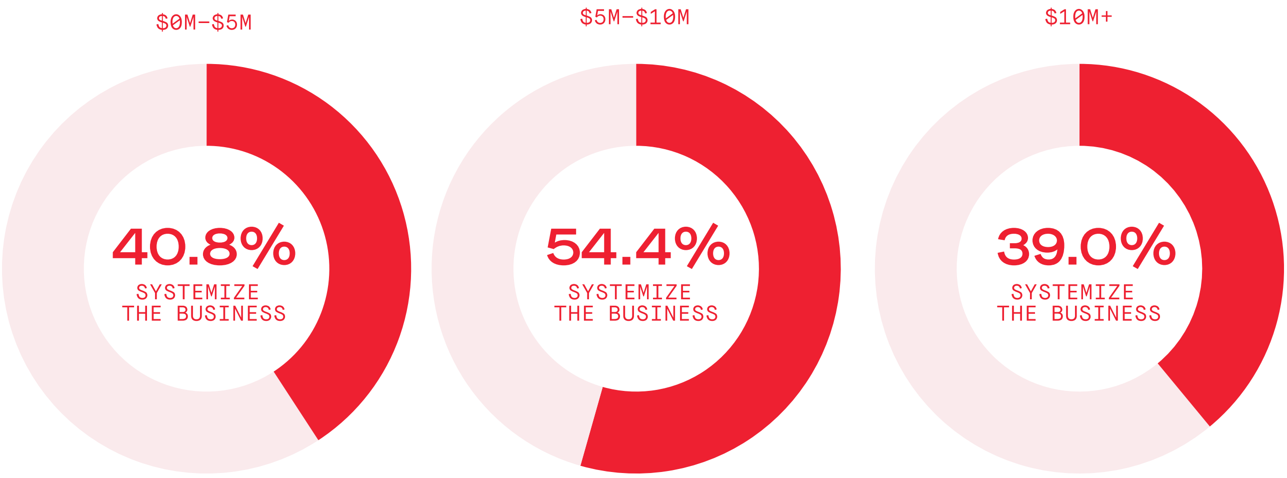
The typical builder reads 2 business books a year.

2

Builders dedicate 5 hours per month to training and professional development.

5 hours

What is the #1 thing you would like to improve in your business in the next 12 months?



IMPROVEMENT GOAL	$0M - $5M	$5M - $10M	$10M+
SYSTEMIZE THE BUSINESS	40.8%	54.4%	39.0%
SIGN MORE CONTRACTS	26.7%	15.8%	34.1%
INCREASE MARGINS	17.6%	17.5%	12.2%
GET MORE LEADS	8.8%	3.5%	9.8%
MYSELF (UPSKILLING)	5.7%	3.5%	0.0%
I DON'T KNOW	0.0%	5.3%	4.9%

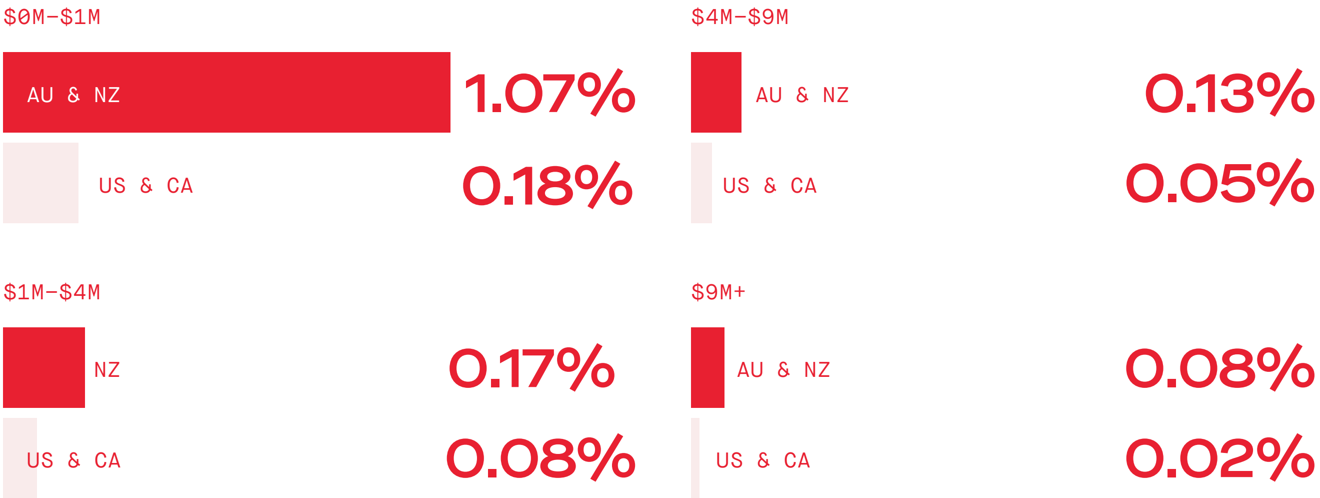
9 in 10 builders

striving for better margins lack a fundamental understanding of how to account for work in progress, which is critical for accurate financial reporting and margin analysis.

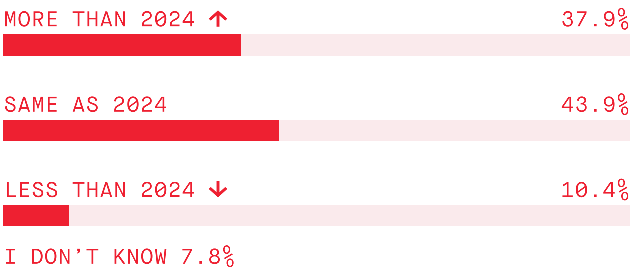
Builders whose number one priority is to systemize their business, are only spending 5-6 hours a week working on the business rather than in it.

There is a widespread industry focus on efficiency and process improvement, regardless of company size.

How much did your company invest in training in 2025? (Percentage of revenue)



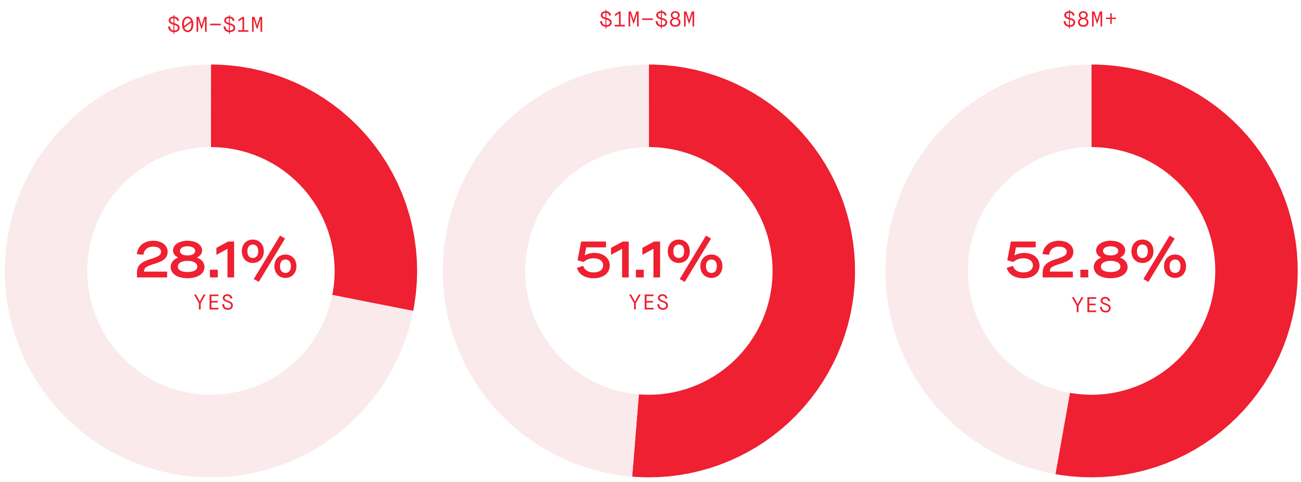
Is that more or less than the amount invested in 2024?



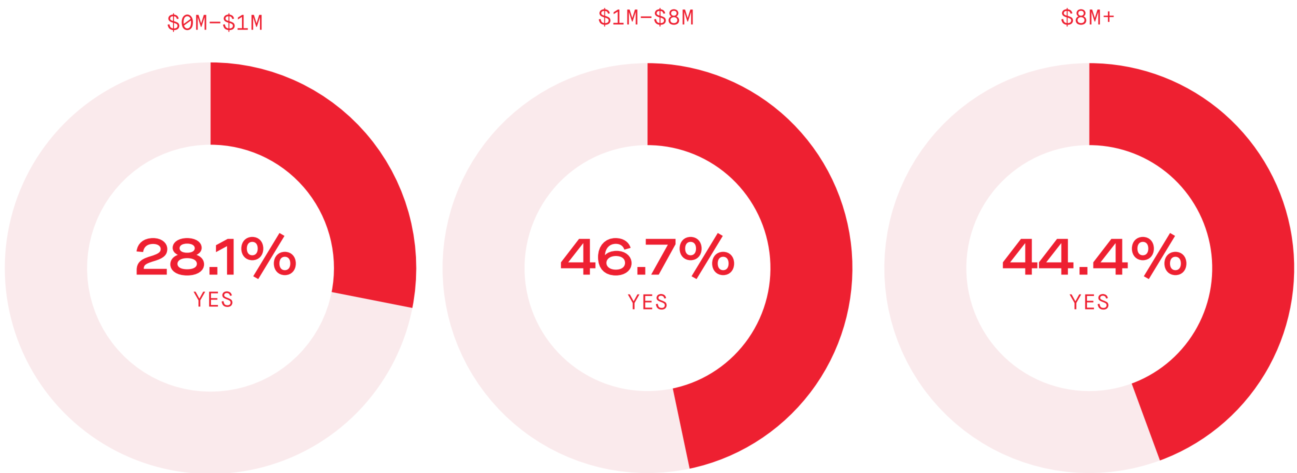
The industry is broadly committed to maintaining or increasing its strategic investment in training.

Only 10.4% reduced their spend.

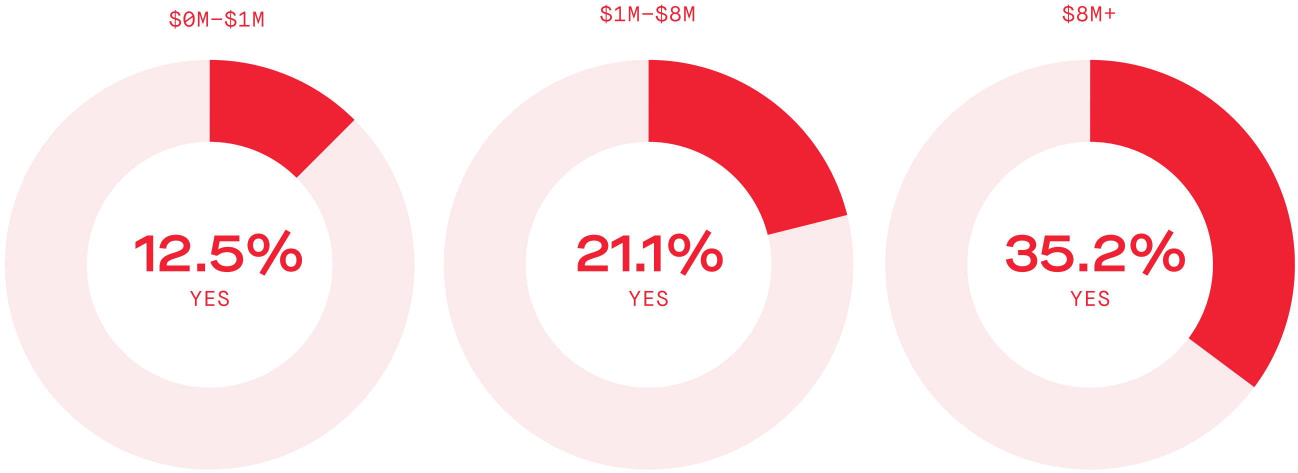
Do you have a coach or mentor?



Do you pay for coaching or mentoring?

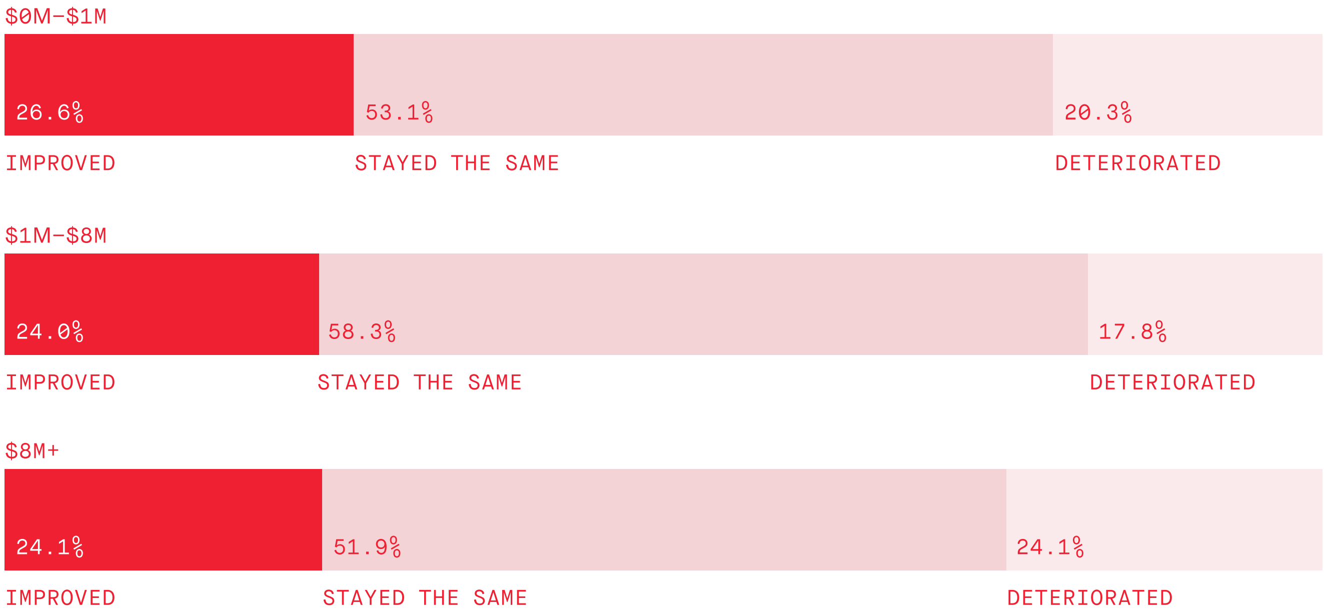


Do you have a succession plan?



Only 35% of the industry's largest players have an exit strategy.

How has your mental health been in 2025 compared to last year?




APB ASSOCIATION OF PROFESSIONAL BUILDERS
THE SYSTEMS BLUEPRINT FOR BUILDERS

Glossary

ARTIFICIAL INTELLIGENCE (AI)	AI refers to the creation of computer systems that can perform tasks usually requiring human intelligence. This includes tasks like seeing and recognizing images, understanding and speaking languages, making decisions, and translating between different languages. A key aspect of AI is its ability to learn from data, improving its performance and decision-making over time without direct human guidance.
COST PER LEAD (CPL)	CPL is a metric that measures the cost or dollar value of how much it costs to acquire a lead from your marketing campaign (refer to the definition of a lead). The CPL can help in further calculations to establish the return on investment (ROI) for a marketing campaign. CPL = [CAMPAIGN SPEND/LEADS GENERATED] By comparing CPL to the value of your product or service, you can determine whether the CPL on your campaign is too high, in which case you may decide to end the campaign. However, if the CPL is low, then your organization may wish to scale the campaign up to generate more leads.
CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM	A CRM is a technology that is used to manage dealings with contacts, customers, prospective clients and clients. It enables organizations to build, maintain and manage relationships and streamlines processes and interactions to increase sales, improve customer service and inevitably boost profitability.
DRAWINGS	Drawings are the amount of remuneration paid to the company owners.
FIXED EXPENSES	Fixed expenses (also known as fixed costs, indirect costs or overhead costs) are expenses that cannot be directly attributed to a particular project (e.g. software, office rent).

HANDOVER	A handover is when a home has reached practical completion, and there are no major defects. It is possible at the handover stage that some items remain outstanding, but they must not be considered major defects, and the home is considered suitable to move into, or in the instance of a remodel/renovation, be suitable for living in. This is also the point in the project where the client must make the final payment.
DAILY HUDDLE	A daily huddle is a short daily meeting, generally no longer than 15 minutes, conducted by a team leader to discuss tasks or plans for the day. The meetings maintain a consistent format to maintain alignment, keep the team focused on the bigger picture, and help remove any stuck items that may be preventing someone from progressing with their assignment or task.
WEEKLY HUDDLE	A weekly huddle is typically longer than a daily huddle, generally 30 minutes and not longer than one hour, to evaluate progress and discuss the strategy for the week ahead and to ask for help if needed. Typically, weekly huddles address one or two main topics.
KEY PERFORMANCE INDICATOR (KPI)	A KPI is a value that illustrates whether a company is achieving its business objectives or not. KPIs must be measurable values so that organizations can assess and calculate how effective their performance has been in achieving their targets. Many organizations measure high-level KPIs and low-level KPIs. High-level KPIs often focus on overall performance of the business for a definite period of time, whilst low-level KPIs often tend to focus on processes in business units, service lines or departments.
LEAD	A lead is a person who has expressed interest in your building company's products or services. A lead is typically a contact at the first stage in the buyer's journey who has entered your sales process but has not been qualified.
LEAD GENERATION (AKA LEAD GEN)	As an extension of the definition provided above for a "lead," lead generation is the process of creating interest and attracting consumers who express an interest in your organization's products or services. It is a marketing process or strategy that aims to generate sales by drawing in a consumer, converting them into a lead, and eventually converting the lead into a customer or client. This strategy increases brand recognition and positions your organization more clearly in front of potential buyers. By raising your profile, you stay top of mind, making it more likely that leads will choose your company.
MARKETING QUALIFIED LEAD (MQL)	An MQL is a lead who is considered to be most likely to ascend into a sales qualified lead (see definition of sales qualified lead) compared with other leads. This is typically assessed on certain criteria, such as providing their phone number, which enables them to be passed to the sales team for further qualification.
SALES QUALIFIED LEAD (SQL)	An SQL is an MQL that has been qualified by the sales team, typically after a phone conversation or an in-person meeting.

MARGIN	Gross margin is your gross profit as a percentage of revenue. Net margin is your net profit as a percentage of revenue.
MARKUP	Markup is the percentage added to the cost of sale (e.g. labor and materials).
NET PROMOTER SCORE (NPS)	NPS is a metric that measures a customer's experience as a percentage of ratings. The NPS also provides an indication of the organization's growth potential by rating the likelihood of your customer recommending your business to a friend or colleague via their response to a key question: How likely is it that you would recommend [your company] to a friend or colleague? The responses will then fall into one of the following three categories: Promoters, score range 9–10, are the raving fans who are the most likely to continue business with you and also refer others to your business, which increases growth. Passives, score range 7–8, are satisfied or neutral customers who are susceptible to defecting to your competitors. Detractors, score range 0–6, are unsatisfied customers who may be potentially detrimental to your brand and reputation and hinder growth. To calculate your NPS score, subtract the percentage of detractors from the percentage of promoters.
NET WORKING CAPITAL	Net Working Capital is the difference between your company's Current Assets and Current Liabilities on the balance sheet. Formula: Current Assets – Current Liabilities
OWNER RETURNS	The combined financial benefit an owner receives from their building company, calculated as the sum of owner's salary (drawings) plus net profit.
OBJECTIONS MANUAL	An objections manual is a document that captures the common reasons why prospects either can't or won't sign a building contract. The objections manual would typically outline the objections and then provide a method or strategy for the salesperson to overcome those objections and close the sale. Objections form a roadblock for sales teams, and therefore, an objections manual helps to guide the salesperson through the recommended steps to take when a prospect raises an objection or concern. Usually, this involves asking the prospect a series of questions to uncover the real problem preventing the prospect from moving ahead with the purchase. Typically, the objections manual will then outline the best possible response or action the salesperson can take that provides a solution to the prospect's concern, to progress the sale.

ONBOARDING PROCESS	Onboarding is the process of introducing employees to the processes, culture, and expectations of the business. The onboarding process familiarizes employees with the organization to provide them with the necessary tools and information so they can adjust to their new job as quickly and smoothly as possible. Onboarding helps new employees become comfortable and confident, enabling them to perform at an optimal level as early as possible.
ORGANIZATIONAL CHART	An organizational chart is a diagram that visually illustrates the company's structure by outlining the reporting relationships of departments, business units, or service lines and ranks of positions or jobs. It's a visual tool that explains the chain of command within the organization.
PERFORMANCE APPRAISAL	A performance appraisal is a process that helps to manage employee performance by identifying, assessing, and developing a pathway to progression for employees to help them achieve the goals and objectives of the organization. It is a meeting to review an employee's job performance and contribution to the organization by evaluating their skills, achievements, and growth. On the contrary, a performance appraisal may uncover gaps in knowledge or a lack of skills and growth that may have affected job performance. A performance appraisal is a forum to provide employees with recognition, feedback, career guidance, and a development plan.
POST PROJECT COMPLETION AUDIT	A post project completion audit evaluates the budgeting and efficiency after the building project has been completed. It assesses the financial outcomes of the project by comparing the planned or budgeted outcome with the actual outcome. This audit typically takes into consideration costs, use of resources, and results. In most cases, it assesses whether the project was completed on time and on budget. If not, the process identifies where the problems occurred that steered the project off course. It is a process that promotes ongoing and continuous learning to foster improvement in delivering future construction projects effectively and efficiently.
PRELIMINARY BUILDING AGREEMENT (PBA) / PRELIMS	A PBA is a contract that comes before the actual building contract. A PBA enables the builder to undertake an information-gathering process to provide the client with a fixed price for the construction project. Construction projects are complex, and in most cases, there are many steps involved prior to commencement. Such steps include obtaining mandatory information, for example, soil tests, development approvals, efficiency reports, certificates and engineering reports. A PBA enables the builder to obtain this necessary information to provide an accurate price and offers benefits to both parties by protecting the builder and the client from unexpected or hidden costs throughout the building process.
REMUNERATION	Remuneration is payment or compensation for work performed or services provided. Typically, remuneration includes wages, salaries or commissions but can also include non-monetary allowances including, but not limited to, company cars, medical plans, and/or meal allowances.

SEARCH ENGINE OPTIMIZATION (SEO)

SEO is the process of improving your website to increase your visibility in search engine results. The ultimate goal of SEO is to achieve a high enough ranking in the search results to direct traffic to your website or page. Good visibility in search results means you're more likely to increase awareness and therefore the attention of prospects.

For example, when a user searches for particular words or a phrase in a search engine such as Google, Bing, or Yahoo, the results that appear are the best matches for those particular words in order of ranking. Many organizations focus their SEO efforts on ranking highly for only specific words or phrases that they deem crucial in attracting the right prospects to their site.

SUCCESSION PLAN

A succession plan is a document or process that identifies the critical positions or leaders within the organization and aims to develop and prepare staff to qualify for those identified positions.

It is a strategy or process that aims to develop employees so they can replace leaders or fill the organization's critical positions. It is a workforce planning process designed to increase the availability, capability, and experience of employees, enabling them to step into these key roles as they become available.

WORKFLOW

Workflow is the balance of contracts that have not been invoiced – not to be confused with WIP, or the sales opportunities currently in the pipeline. It is the un-invoiced contract value for the existing signed contracts.

Put simply, it can be thought of as guaranteed sales. For example, consider you have $1 million worth of total contracts, and to date you've claimed or invoiced $400,000. The workflow figure is $600,000, which indicates the un-invoiced contract value.

WORK IN PROGRESS ACCOUNTING ADJUSTMENT (WIPAA)

WIPAA is the difference between the forecast cost to complete, as a percentage of completion, and the amount actually invoiced. It is applied to a construction company's accounts at month-end as a journal entry.

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