

Buying Products for Home Building & Remodeling: Who and Where

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Special Study for Housing Economics
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In the course of their business, home builders and remodelers buy many different products—ranging from lumber and other wood products to electrical and plumbing fixtures, a variety of materials used to finish various areas of the house, appliances, and even tools.

The National Association of Home Builders (NAHB) recently surveyed both its single-family builders and its remodelers, asking them who's most often responsible for choosing these products. In a separate question, NAHB also asked where these products are purchased irrespective of who chooses them because even when they're not the ones driving the product choice, builders and remodelers often know where the product is being purchased. The basic findings include the following:

- Sixty percent of builders and 49% of remodelers themselves have the greatest influence on product selection.
- In remodeling, several products are chosen most often by the customer, such as appliances, lighting, carpeting, ceramic tile, other flooring, countertops, and plumbing fixtures.
- Subcontractors are most likely to make the choice for a few select products like electrical and HVAC equipment (over 50% for both builders and remodelers).
- In general, the most common sources for products used in home building and remodeling are specialty retailers, lumber yards, and wholesale distributors.
- Trusses and cabinets are often purchased direct from the factory.
- Home improvement centers have a dominant share of the market for hand and power tools (56% for builders and 68% for remodelers).

- Twenty-five percent of the builders and 52% of the remodelers who buy their tools at home improvement centers also purchase at least one other product while there.

Several conclusions emerged from these results. First, because builders and remodelers themselves most often control the choice of product, manufacturers should be able to market their products most effectively by targeting builders and remodelers directly. Additionally, since builders and remodelers go to home improvement centers so often to buy tools, home improvement centers should have a good opportunity to market many of the other products they sell to builders and remodelers.

The following sections describe the survey and discuss the results in more detail. Complete tabulation of the survey results, along with the questionnaires used to collect the data, are available at the end of this article.

Builders and Remodelers

NAHB's builder members are divided into several categories. In its most recent [member census](#), 63% of NAHB's builder members say their primary business is building single-family homes, and 21% are residential remodeling. Combined, single-family builders and residential remodelers account for 84% of all NAHB's builder members, with the rest divided among categories such as multifamily or commercial construction, land development, and other areas.

NAHB canvasses its single-family builders once a month in the survey for the NAHB/Wells Fargo [Housing Market Index](#) (HMI), and its residential remodelers once a quarter for the NAHB/Westlake Royal [Remodeling Market Index](#) (RMI) survey. Both surveys often include special questions on a topic of current interest to the industry. The October 2024 HMI and 3rd quarter 2024 RMI surveys both contained special questions on where building products are purchased, and who has the greatest influence over product selection. Three hundred and seventy-four hundred builders and 231 remodelers responded to these questions. The

HMI/RMI surveys asked about 24 distinct product categories, many of which were fairly general in nature:

- | | | | |
|----|------------------------------|----|------------------------|
| 1 | Sawn (Dimension) Lumber | 13 | Paint |
| 2 | Engineered Lumber & I-joists | 14 | Cabinets |
| 3 | Trusses | 15 | Countertops |
| 4 | Plywood & OSB | 16 | Ceramic Tile |
| 5 | Windows & Doors | 17 | Carpeting |
| 6 | Trim & Other Millwork | 18 | Other Flooring |
| 7 | Roofing | 19 | HVAC Equipment & Ducts |
| 8 | Siding | 20 | Plumbing Fixtures |
| 9 | Masonry & Masonry Supplies | 21 | Lighting |
| 10 | House Wrap | 22 | Electrical |
| 11 | Insulation | 23 | Appliances |
| 12 | Gypsum Wallboard | 24 | Hand & Power Tools |

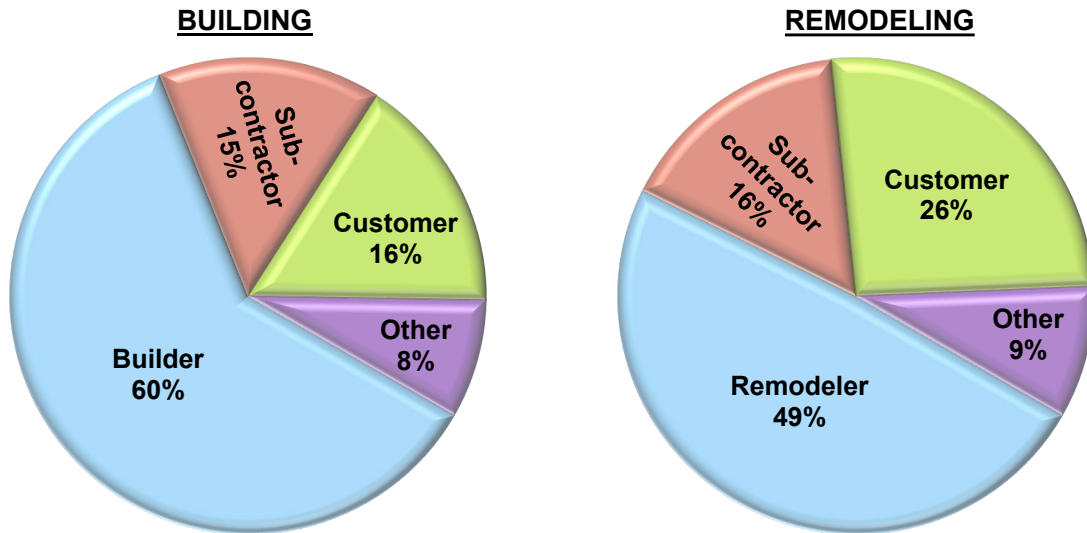
A large majority of both builders and remodelers reported purchasing products in all 24 categories, despite differences in the nature of their businesses. Individual remodeling projects can be considerably smaller and more limited in scope than building an entire new structure and the overall size of the operations differ, depending on the firm’s specialty. In the [NAHB member census](#), median volume of business for firms who classified themselves as single-family builders was \$3.9 million in 2023—more than double the \$1.8 million reported by residential remodelers.

However, like the typical NAHB remodeler, the typical NAHB single-family builder is a very small business by many standards. According to the U.S. Small Business Administration’s [size standards](#), the ceiling for a small residential construction business (specializing either in new construction or remodeling) is \$45.0 million per year.

Who Chooses?

The October HMI and 3rd quarter RMI surveys both asked “*Who has the greatest influence on product selection?*” Although this varied from product to product, there were also some general tendencies that can be summarized by averaging the responses over all 24 building product categories (Figure 1).

**Figure 1. Who Has Greatest Influence on Product Selection?
Average for 24 Products**



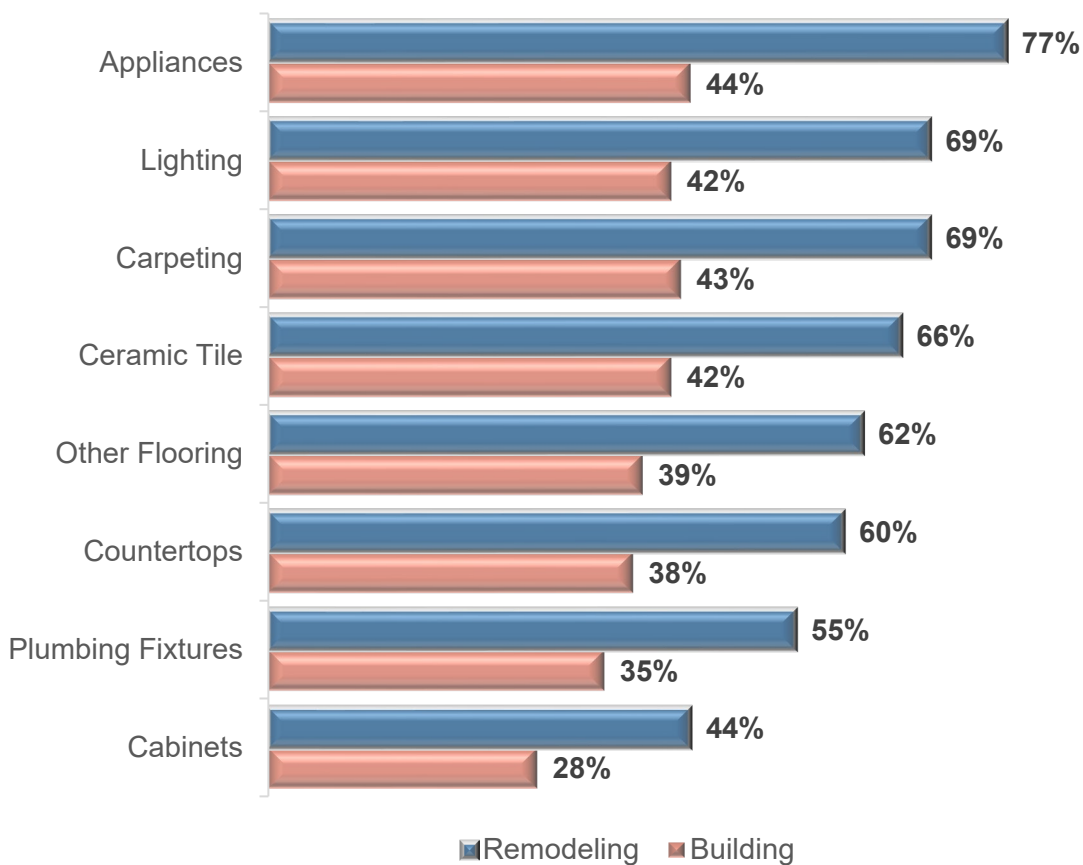
The most obvious tendency is that builders and remodelers most often control the choice of building products themselves, although cases where the choice is driven by customers or subcontractors are also relatively common. Cases of where an architect or supplier controls the decision occur but are infrequent, especially in new construction where largest shares achieved for any product category were for engineered lumber & I-joists (7%) and trusses (6%). For remodelers, it is more than double for these product categories where it is 15% of the time for engineered lumber & I-joists and 13% for trusses that either the architect or a supplier has the strongest influence. As for other building products, purchases driven by an architect or supplier are considerably less common even than this.

Compared to new construction, customers are somewhat more likely to have the ultimate say when a product is chosen for residential remodeling—a logical result, given that a share of single-family homes are built spec, before a specific customer is even identified (although, even in these cases, builders may offer options on items like appliances).

The influence of the customer varies considerably depending on the type of building product being purchased. Figure 2 shows products where a remodelers' customer makes the choice at

least one-third of the time. Appliances are at the top of the chart, chosen by customers more than three quarters of the time in remodeling projects. Of the other items in Figure 2, several (carpeting, ceramic tile, countertops, other flooring) fall into the category of finishing materials that are used to cover surfaces, and for which the decorative qualities are usually quite important. The products most often chosen by the customer are generally the same in-home building and remodeling, although the percentages in home building tend to be only about half as large.

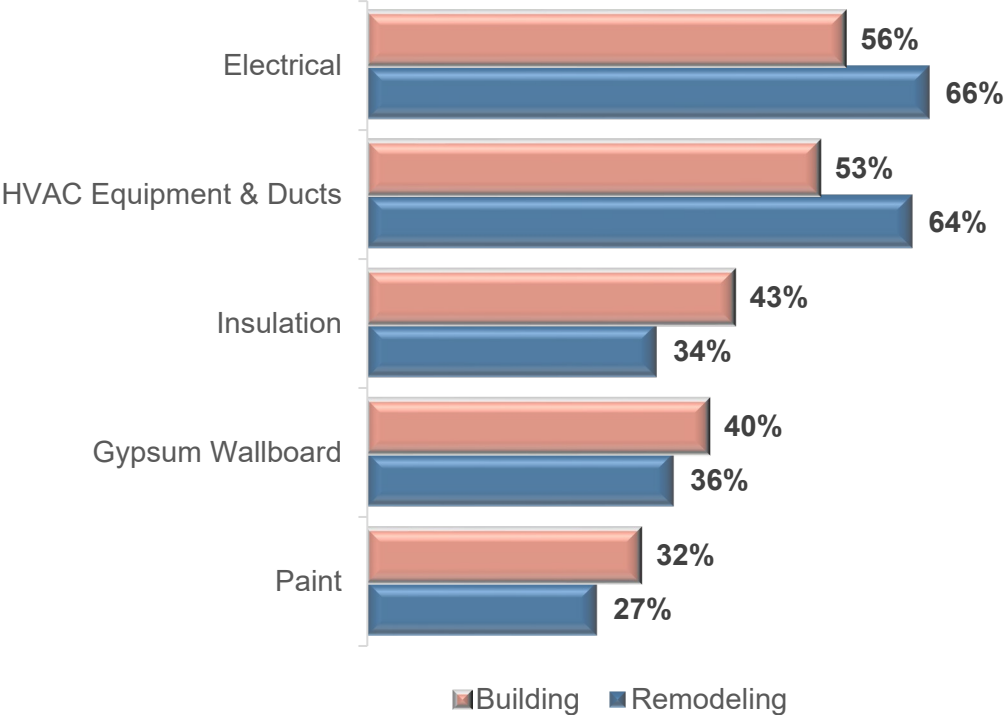
Figure 2. Products Most Often Chosen by the CUSTOMER
 (Cases where at least 1/3 of Remodelers say the customer has the greatest influence)



Compared to remodeling, subcontractors are more likely to influence product selection in new construction. Part of the reason may be that builders simply tend to use more subcontractors. In the [March 2020 HMI survey](#), builders reported using an average of 24 subcontractors per home. The products most often chosen by subcontractors in home building are electrical, HVAC, insulation, gypsum wallboard, and paint (Figure 3). The top two sub-chosen products

are similar in remodeling, but the difference between remodelers and builders is quite modest; at least ten percentage points higher for remodelers compared to builders.

Figure 3. Products Most Often Chosen by the SUBCONTRACTOR
(Cases where at least 30% of Builders say the subcontractor has the greatest influence)



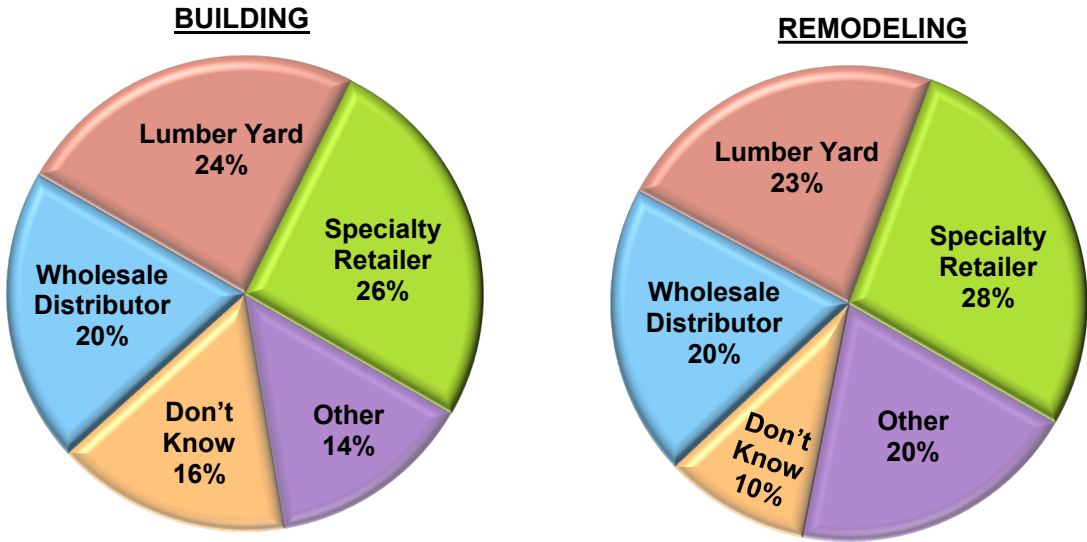
Common Places to Buy

In addition to questions on who controls the choice of building products, the HMI/RMI surveys also asked where products are purchased irrespective of who purchases them. In prior surveys, when given a choice simply to say subcontractors purchased a product, builders very often checked that option. On reflection, however, it seemed that builders may sometimes know where their subs go for materials—as builders manage scheduling, try to control quality, and eventually simply become familiar with the tendencies of regularly-used subs. In remodeling, where products are more often chosen by customers, a similar conjecture applies—i.e., remodelers may sometimes know where their customers are going to purchase the products. In some cases, remodelers may recommend particular sellers of lighting, appliances, etc.

These assumptions turned out to be true. When the questions were broadened to ask where products were purchased irrespective of who actually purchases them, the vast majority of builders and remodelers were able to supply definite answers.

In general, there are three major channels of distribution for residential building products—with roughly one quarter of the business going to lumber yards, wholesale distributors, and specialty retailers each, at least when averaged over all 24 products in the survey (Figure 4). The remaining one-fourth of the business is divided among a handful of less common sources for materials, and builders and remodelers who don't know where their subs or customers go to buy certain products. At this broad level, the picture is similar in both home building and remodeling, but again it varies based on the type of product purchased.

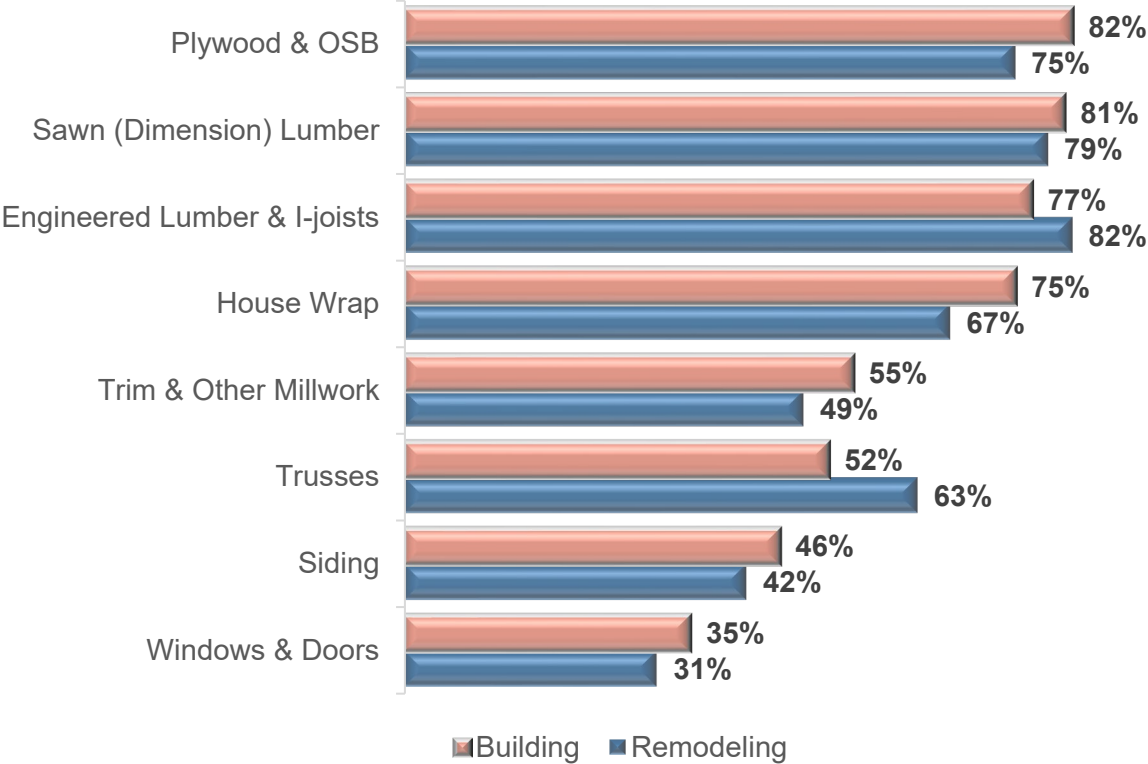
Figure 4. Where Products are Purchased: Average for 24 Products



For basic lumber products, such as plywood & OSB, sawn lumber, and engineered lumber & I-joists, lumber yards have three quarters of the business or more for both builders and remodelers (Figure 5). More than two-thirds of the time, lumber yards are also the source for house wrap. Lumber yards get more than 60% of the business in trusses purchased for remodeling, but 52% when trusses are purchased for new single-family construction, since new

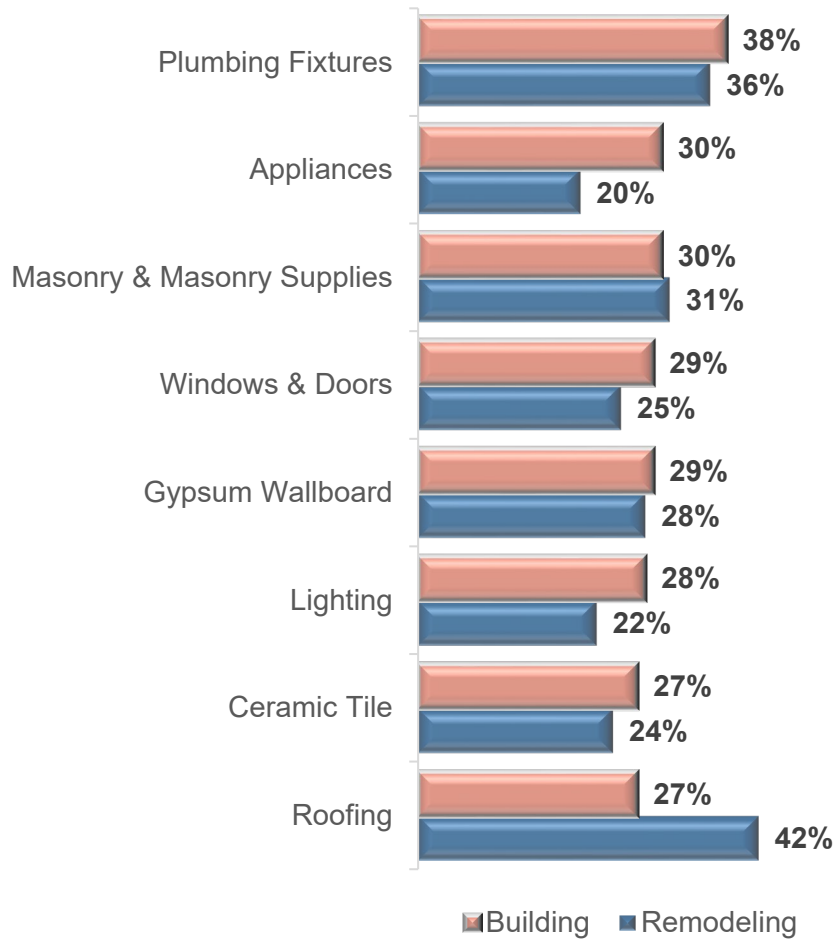
home builders tend to buy trusses direct from the factory. Trim & other millwork and siding are each purchased from lumber yards about 50% of the time (Figure 5).

Figure 5. Products Most Often Purchased from LUMBER YARDS
 (Cases where at least 1/3 of Builders say the product is generally purchased from a lumber yard)



Wholesale distributors are the source for more than one-fourth to slightly less than 40% of the plumbing fixtures, appliances, masonry, windows & doors, wallboard, lighting, ceramic tile, and roofing used in single-family home building. These are also the products most often purchased from wholesalers for residential remodeling projects, although, with the exception of roofing and masonry, remodelers tend to buy products from wholesale distributors slightly less often than builders do (Figure 6).

Figure 6. Products Most Often Purchased from WHOLESAL DISTRIBUTORS
 (Cases where at least 1/4 of Builders say the product is generally purchased from a Wholesale Distributor)

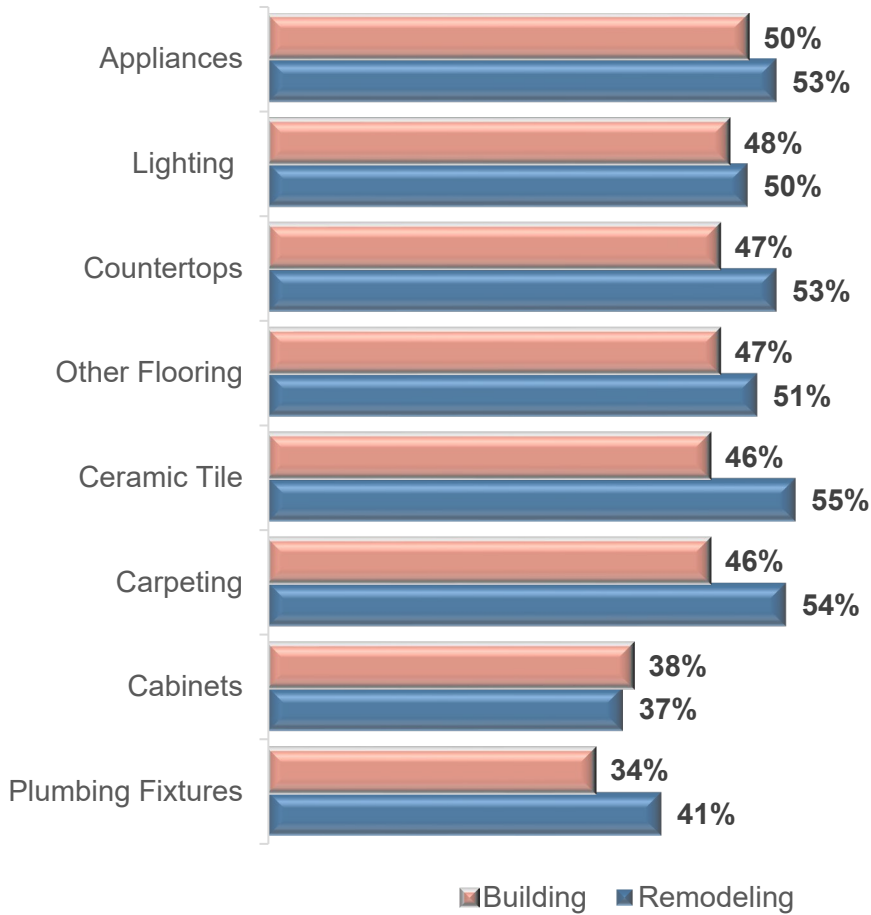


For most of the products shown in Figure 6, wholesale distributors are not the most common channel of distribution. The only exceptions are roofing (both new single-family builders and remodelers), plumbing fixtures (new single-family builders only) and wallboard (remodelers only).

The channel of distribution with the highest average and was the most common source for more products than any other for both builders and remodelers was specialty retailers. Over 50% of respondents, regardless of type, purchased appliances from specialty retailers with five other products achieving greater than 40% (Figure 7). In most cases, remodelers rely on specialty retailers somewhat more often than builders do.

Figure 7. Products Most Often Chosen by the SPECIALTY RETAILERS

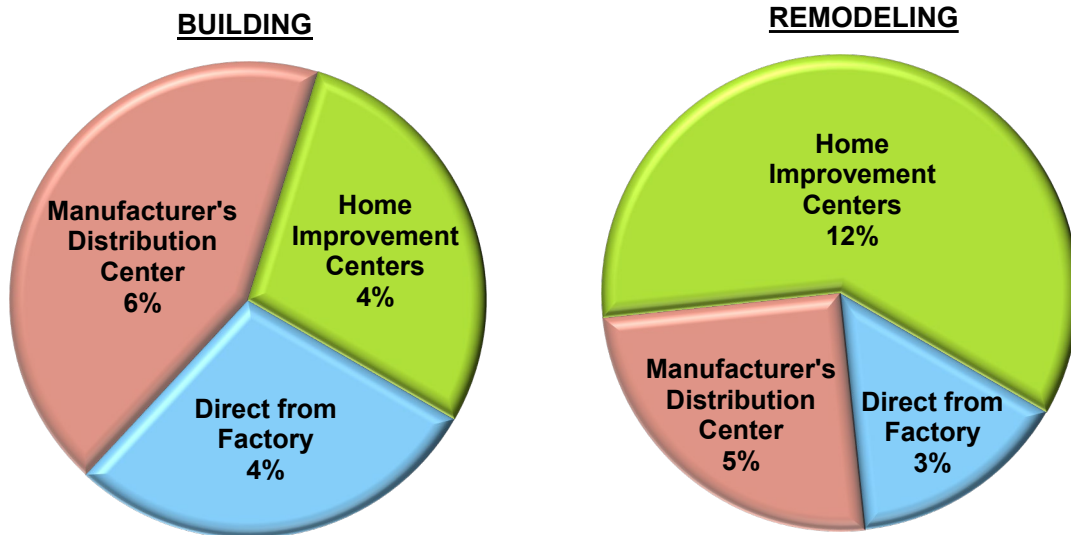
(Cases where at least 1/3 of Builders say the product is generally purchased from a specialty retailer)



Tools from Home Improvement Centers & Other Special Cases

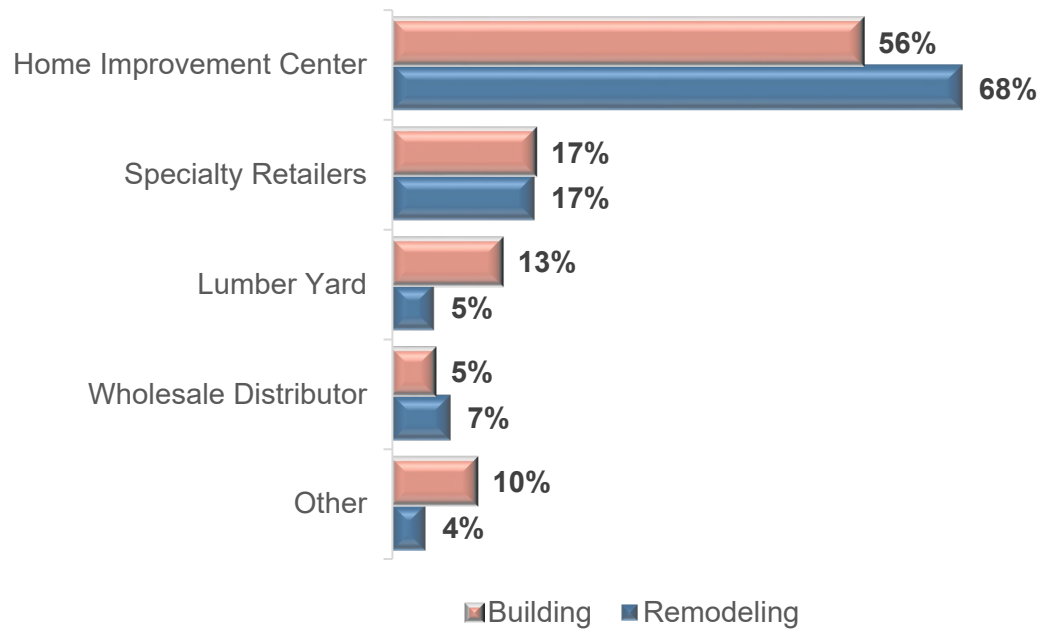
Differences between home builders and remodelers are most apparent in some of the generally less common channels of distribution. On average (over the 24 building products covered in the surveys), builders are slightly more likely than remodelers to use manufacturer's distribution centers and to buy products direct from the factory. Remodelers, on the other hand, are about three times as likely to buy products from home improvement centers (Figure 8).

Figure 8. Other, Less Common Places Products are Purchased: Average for 24 Products



Home improvements centers are an interesting special case. They have a dominant (at least 50%) share of the market for tools purchased by both builders and remodelers (Figure 9). For remodelers, the presence of home improvement centers is more prevalent, with 11 of the 23 other product categories achieving a share of 10% or higher. However, this channel of distribution is minor for builders, never rising above 10% for any product category. Yet, home improvement centers typically offer most, if not all, of these other products. Because builders and remodelers are both in home improvement centers so often to purchase tools, it would seem home improvement centers have a good opportunity to market and perhaps increase their share of sales to builders and remodelers in other product categories.

Figure 9. Where Hand & Power Tools are Purchased



This may be happening to some extent. Twenty-five percent of the builders and 52% of the remodelers who buy their tools at home improvement centers also purchase at least one other product while there. For this subset, when compared to builders, remodelers had a higher share of those who also purchased other products at a home improvement store in 22 out of the 23 categories. On average, 11% of remodelers purchased another product at a home improvement store along with hand & power tools compared to 3% for builders.

Trusses (23%) and cabinets (18%) are the products single-family builders most often buy direct from the factory. In residential remodeling, cabinets and trusses are purchased direct from the factory roughly 23% and 14% of the time, respectively.

Manufacturer's distribution centers are a particularly important channel of distribution for paint, where they have 20% in new single-family construction and 14% in remodeling. Additionally, this channel of distribution has 10% of the market for both remodelers and builders in windows & doors and 11% for builders in masonry.

Complete tables showing where each of the 24 products tends to be purchased are available in the individual survey reports attached to the end of this study.

Summary and Conclusion

In the course of their work, builders and remodelers buy many products, either directly or indirectly through agents such as subcontractors. Recent NAHB surveys collected information from both single-family builders and remodelers on who's most often responsible for choosing products, and where the products tend to be purchased. Even when builders and remodelers don't choose the products themselves, they often know where the products are being purchased.

The survey results show that, irrespective of who actually makes the purchase, it is the builders and remodelers themselves who most often influence product selection and therefore should most often be the prime targets for manufacturers looking to effectively market building products.

Customers tend to have more influence on product selection for remodelers than builders. They were the highest share for remodelers in seven products (appliances, carpeting, lighting, ceramic tile, other flooring, countertops, plumbing fixtures) compared to one for builders (carpeting). HVAC equipment and ducts and electrical were products chosen most often by subcontractors for both builders and remodelers.

The results also showed that, on average, the most common places to buy products for new single-family construction and remodeling are lumber yards, wholesale distributors, and specialty retailers. Not surprisingly, lumber yards are the places builders and remodelers most often go for sawn lumber, many other lumber products (e.g., plywood & OSB, and engineered & I-joists), and house wrap. Lumber yards are also the places builders and remodelers most often go to purchase trusses. In addition, a fairly large share (23%) of single-family builders buy trusses direct from the factory.

Wholesale distributors are the places builders and remodelers most often go to buy plumbing fixtures, masonry, and wallboard. Specialty retailers are the places builders and remodelers most often go to buy appliances, carpeting, countertops, lighting, ceramic tile, and flooring other than tile or carpet.

Besides trusses, it also common for single-family builders and remodelers to purchase cabinets direct from the factory. Manufacturer's distribution centers are a particularly important channel of distribution for paint for both groups.

Home improvement centers have over 50% of the market for tools purchased by single-family builders and remodelers, but only a minor share of the market for the other products covered by the HMI and RMI surveys, despite the fact that home improvement centers typically sell most if not all of these products. Twenty-five percent of builders and 52% of remodelers who buy tools from home improvement centers also stop to buy at least one other product while there. This indicates that home improvement stores have made some progress in selling products other than tools to builders and remodelers, but the low overall market shares also suggest that there is more progress to be made.