



An Outlook on the Roofing Industry

Climbing to New Heights:
2022 and Beyond



While there's been no shortage of work over the last two years, roofing contractors are still struggling with the labor and material shortages created by the pandemic. As a result, even the simplest of projects can feel like an 8/12 roof pitch (almost unwalkable). This white paper will provide a current industry overview, discuss the reasons for the unprecedented consumer demand, and how contractors can leverage these emerging trends to grow their business.

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Introduction

The roofing industry is facing unprecedented demand for its products and services. **As an essential service, most roofers were on the job during the pandemic. Unfortunately, the manufacturers they rely on were not.** At least, not right away.

Supply chain chaos

As a result, the existing inventories of roofing products disappeared from supplier's shelves. **This created one of the biggest backlogs for roofing contractors since 2006.** Without the needed materials, countless roofing projects got delayed. Critical repairs and roof replacements were impacted by scheduling issues for months.



The new home construction boom also contributed to material shortages. Residential construction makes up a small part of all roofing projects completed each year. But, with a million new homes built in 2021, demand is putting increasing strain on suppliers. The good news is that material shortages should lessen.

Technology races forward

It's no secret that many roofers upped their game online during the pandemic. It turned out to be a good move for those who did. The industry's customer base is getting younger and more tech-savvy.

With the pandemic came the expectation that customers would find, compare, buy, and schedule their roofing project from their smartphone or computer.

In 2021, roofers topped all industries with more than **7 million inquiries received on BBB.org.**



The companies that already had their technology in place fared well. The ones that did not, struggled to keep up with changes in behavior. One thing is clear: companies that invest in technology are more likely to be successful.

Government regulation

In response to climate and environmental concerns, many countries are legislating measures to limit the use of materials and legacy products that have a high GWP (Global Warming Potential) score.

Common roofing materials use plastic, rubber, and other petroleum-derived products, which are impacted by regulatory initiatives. This means we can expect new guidelines around how these get manufactured and installed on the job site. It could also usher in a new era in materials, as you will see later on.

These changes also have the potential to impact everything from the cost of new jobs to the way you train new employees.

New materials

There's no shortage of new roofing products and systems available today. Manufacturers are always innovating and introducing new products in the industry.

Some of the new products are a direct result of changing rules and regulations across the U.S. Others come as a result of research and development efforts in the field.

Composite shingles, silicone-based roofing products, and green roof options are some examples. All are products poised to play an important role in the future of the roofing industry.

The Roofing Industry in 2022

The average roofer in the U.S. offers repairs, maintenance, or replacement services to their customer.⁽¹⁾ A smaller number of contractors focus on new construction. Industry performance for both sectors has been strong in recent years.



VALUE

US - \$51.9 Billion

CA - \$9 Billion



CONTRACTORS

US - 110,000

CA - 8,600



EMPLOYEES

US - 280,000

CA - 36,000

The roofing industry has shown steady, predictable annual growth of 2.7%, since recovering from the Great Recession in 2012. Replacement services⁽²⁾ are responsible for 94% of the roofing projects in North America. Any building constructed twenty-five years ago, or more, is a potential project. As you might expect, the two biggest concerns for roofing contractors involve ongoing labor and material shortages, during a time of unprecedented growth and demand.



Currently **only 57% of roofers** use estimating software to prepare their bids and proposals.

The roofing industry needs to invest in its use of technology to streamline business practices. Currently only 57% of roofers use estimating software to prepare their bids and proposals. And, less than 20% report using drones for inspection or measuring purposes.

The 4 highest grossing U.S. roofing contractors represented less than 5% of all sales, yet had a combined revenue of \$300 million in 2021.



ACCREDITED
BUSINESS

*

Company	Market Share
Tecta America Corporation	1.8%
CentiMark Corporation	1.6%
Baker Roofing Company	0.6%
Nations Roof LLC	0.6%

(1) Provided IBIS Research Brief
(2) roofinginsights.com/roofing-industry-statistics/

The typical contractor is a small to medium sized company that services a local or regional area. Start-up and maintenance costs are low since much of the work requires only basic hand tools, portable devices, and safety equipment. This increases competition for projects and labor in major population centers.



Residential roofing contractors³ report that steep-slope shingles remain the industry's top product. Looking ahead, **65% of contractors expect sales to continue to grow.**

Metal roofing is the next most popular product, accounting for 18% of the industry revenue in 2020. Metal panels, shingles, and tiles continue to grow in

popularity. Over the coming year, 68% of contractors expect sales to increase. This same survey found that 56% of contractors expect single-ply sales to increase. While 55% see polymer/synthetic roofing increasing in popularity and sales.

For commercial applications, single-ply roofing is the product of choice among 91% of the survey respondents. Of those commercial roofers, 38% use TPO (Thermoplastic Polyolefin), 30% prefer EPDM (Ethylene Propylene Diene Terpolymer), with 18% relying on PVC (Polyvinyl Chloride) based products.

The biggest challenges for roofing contractors over the last two years involved labor and material shortages. There is light at the end of the tunnel as supply chains come back online and workers return to the labor force. However, key shortages will continue to be problematic for several months to come.

(3) roofingcontractor.com/articles/96354-commercial-roofing-trends-report

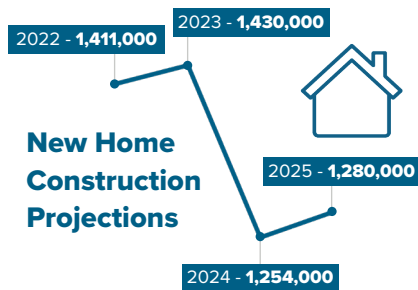


Beyond 2022: A look at the next 5 years

With a backlog of work, the demand for roofing services is projected to persist. Per the 2021 RoofingContractor.com survey³, 85% of roofing contractors expect to see continued growth over the next three years. Roof replacement will remain the bread-and-butter project for most. Although many roofers will also see increased sales thanks to the new home construction boom.

Growing consumer demand

After spending so much time at home over the last two years, many homeowners are acting differently. To protect their single largest investment, many have a renewed interest in how their home looks and functions. Though interest rates are beginning to rise, historic **rates have fueled a plethora of mortgage refinancing and HELOC loans to fund large maintenance or remodeling projects around the family home.**



ycharts.com/indicators/us_housing_starts_forecast

While less dependent on new home construction than other trades to stay busy, the 1 million homes built in 2021⁴ will continue to push the demand for future repair services. Roofers who historically handled only maintenance and repair, can consider adding new construction to their established services to expand and increase profits. These roofers can use the home construction market as a starting point to establish and grow their new line of business.

While commercial construction did slow down because of the pandemic, the required maintenance of commercial roofing systems remained unchanged. Commercial roofing demand will continue to grow as existing commercial properties get older and need more extensive maintenance or replacement. Additionally, as noted by Firestone Building Products Director of Strategy Kyle Kirchner, *“Historically, residential building has been seen as a leading indicator for commercial construction. As residential communities grow, they eventually create a need for a network of supporting commercial businesses.”*⁵

Supply chain concerns continue

While many roofing manufacturers are back to pre-pandemic production levels, it may take several more months before product inventories are consistent. Once supply catches up and exceeds demand, roofing contractors can expect prices to drop, or at least remain constant, for longer time frames.

Cost of Materials on the Rise (2021-2022)

Non-residential Construction Materials	25.1% increase
Softwood Lumber	22.2% increase
Iron and Steel	50.3% increase
Natural Gas	65.1% increase
Crude Oil	13.7% increase

nrca.net/RoofingNews/construction-material-prices-are-24-4-higher-than-a-year-ago.3-16-2022.10345/Details/Story via abc.org report

Until such time, roofing contractors will need to rely on input from their established suppliers to combat ongoing material shortages. Contractors should increase communications within their supply networks for bidding and scheduling purposes. Reaching out to new supply partners has also been effective for some.

The worst part of the material shortage is the effect on homeowners. For the contractor, the delayed project gets added to the backlog list. But for the owner, the only option is to wait for materials while their leaky or damaged roof doesn't worsen.

(3) roofingcontractor.com/articles/96354-commercial-roofing-trends-report

(4) usafacts.org/articles/population-growth-has-outpaced-home-construction-for-20-years/

(5) firestonebpco.com/us-en/roof-topics/industry-outlook-2021

Industry Trends Driving Change & Growth

Like many other trades, technology is the driving force behind most, but not all roofing industry trends happening today. Many roofing contractors have increased their technology use to improve their business. Manufacturers are using technology to bring new products to the marketplace at a pace and scale never seen before.

1 Technology

The pandemic forced many companies to move online and “digitize on the go.” But it’s no secret that the roofing industry’s technology uses pales when compared to other trades. Only 57% of roofing contractors⁶ currently use some form of estimation software to prepare their bids. Only one third of surveyed roofing contractors³ utilize wearables or mobile devices on the job site, but that number is projected to double over the next two years.

Consumers and prosumers want to view, compare, and purchase products and services online.

The same sentiment goes for online training for new employees to help bridge skill gaps and promote teamwork. Current employees can get recertifications and stay up-to-date on safety policies and procedures. Connected employees can quickly respond to customer inquiries or concerns to improve the customer experience. Many roofing contractors are now using drones to perform roof inspections and handle measurement chores while the employee keeps both feet on the ground.

2 Government Regulations

Products with a high global warming potential (GWP), are being replaced.⁷ Recent Canadian government regulations have been a major force causing manufacturers to find alternatives for the use of HFC-134a (a propellant for extruded polystyrene (XPS) foam insulation).

This effort received a major boost in January 2021 as California, Colorado, Maryland, Massachusetts, New Jersey, New York, and Vermont passed similar regulations. As a result, manufacturers were to remove HFC-134a from their products, without impacting product strength or performance. This should come as welcome news to consumers, because performance is their top concern. In fact, 40% of BBB’s 2020 analysis of 53,000 complaints and negative reviews came down to a single word, leak.

Environmentally inspired regulation will continue to shape materials used in the industry for years to come. **Especially since states with the largest population are leading the changes.**



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(3) roofingcontractor.com/articles/96354-commercial-roofing-trends-report
(7) buildings.com/articles/43061/todays-top-roofing-trends-and-issues-ire-2021

3 New Roofing Materials

As more GWP regulations become the norm, manufacturers have developed and introduced new roofing products and systems to the marketplace. Solar roofing panels are now a viable option for homeowners wanting to reduce their carbon footprint, or those wanting to disconnect from the power grid and drop a monthly bill.

Silicon is a natural chemical element used to create silicone, the man-made product used most often for products needing elasticity, durability, and waterproofing. Speaking at the International Roofing Expo, Chris Underwood, product marketing manager for KST Roof Coatings stated, *“Acrylics have always been king with asphalt second, however, both have continued to lose share to silicone and other technologies. The biggest shift in technology has been to silicone. We’ve seen a huge uptick in silicone-based on the roof coating product mix. Even though silicone is not number one, it definitely has shown the most growth partly because of the ease of use—you don’t necessarily need a full system and many manufacturers will claim one coat coverage at the proper millage.”*

Synthetic or composite shingles use recycled materials such as rubber and plastic to reduce landfill deposits. Other synthetics rely on virgin rubber or plastic to create natural-looking roof tiles that hold up to harsh environments, and resist breakage from impact.



Even the green roof niche is gaining some traction in the marketplace. More and more consumers opt for this 100% natural and enviro-friendly option that requires virtually no maintenance. While you may not see your street or work complex lined with grass atop every roof, governmental incentives and continual materials costs increases are driving many to get much more creative in how they go about their roofing project for the long term.

The Sign of a Better Business*

Roofers that embrace industry trends and deliver on their promises should continue to grow and flourish. **Let BBB help your company stand out from the competition.**



Differentiate your company

Standing out in a crowded marketplace isn't easy, but adding the BBB Accredited Business Seal to your advertising does just that! It tells everyone that you're committed to the BBB Standards of Trust to provide extraordinary customer care.

Your accreditation adds you to BBB's exclusive community of trustworthy businesses where **over 140 million searches occur every year.**

Attract the best employees

Great companies need good, dependable employees to handle increasing demands. And high performing employees want to work for companies that have shown they're honest, dependable, and trustworthy.

BBB Accredited Business Seal tells job hunters and customers that your business is one that does the right thing, one they can trust. When they see the seal in your ads on your website, they can be confident in signing an offer letter or a contract, thanks to your BBB Accreditation.



Bridge the trust gap

Whether a prospect is tech-savvy or tech-challenged, they can click through and see your company details from an independent third-party perspective. **This results in instant credibility and trust using the dynamic BBB Accredited Business Seal. Offline, you can use the seal to raise awareness in ads, on company vehicles, your storefront, or wherever you advertise.**



Build a better business

BBB.org is full of resources to help you start, manage, or expand your business. Use our business tips, branding assets, business resources, and customer resolution services to help you engage and keep your most valued stakeholders.

You can learn more about these BBB benefits, the accreditation process, and our complete library of business resources. Contact your local BBB today or visit **BBB.org/get-accredited.**



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