

# Amid housing shortage, investors double down on prefab startups

Construction startups have raised \$1.5 billion since the start of this year as builders rush to address the shortage, according to Crunchbase





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High material costs and skilled labor shortages have led to renewed optimism for nontraditional construction startups, according to a new Crunchbase report.

The [report](#), released Tuesday, said that residential construction startups have raised more in the opening months of this year than they did over the entire span of 2020. Roughly \$1.5 billion has flowed into these startups since the start of 2021, Crunchbase found.

Even as one such prominent startup, Katerra, [careened toward bankruptcy](#) in recent months, others have continued to raise money while homebuilders rush to add new supply to the market.

The largest amount went to Prescient, which raised \$190 million in May to fund its digital design and prefabricated manufacturing business.

Another startup, Veev, received nearly \$100 million in March. Like Prescient, this developer specializes in prefabricated structures.

Some developers are looking not just toward building homes on undeveloped lots, but also toward starting to replace the [aging buildings of America's older neighborhoods](#), Veev's CEO Amit Haller said in the report.

“Not only do we have so much to catch up, we have so much to rebuild,” Haller told Crunchbase. “That means one thing: it's a nonlinear problem. This problem requires a lot of disruption in construction.”



These startups are taking a number of approaches to get around shortages of traditional material goods and skilled labor that have contributed to a home market that has been [drained of inventory](#).

Prefabrication is a particularly popular method among these startups for reducing on-site labor costs. In some cases, entire portions of a residential building can be [manufactured off-site](#) and then assembled later at the location — a process known as modular homebuilding.

Haller told Crunchbase that his company has not been significantly impacted by skyrocketing prices of material goods. Instead of lumber and drywall, Veev largely builds with steel and other materials.