Construction Labour Shortage Causes Impacts and Solutions

Posted on May 30, 2018

Labour Shortage Overview

Construction labour shortages are often described as if the industry has run out of workers, but the current problem is more specific. Contractors need people with particular craft skills, credentials, safety knowledge, geographic availability, and experience at the same time that major projects are competing for the same workforce. In the United States, Associated Builders and Contractors estimated that the industry needs to attract about 349,000 net new workers in 2026 simply to keep labour supply aligned with construction demand (ABC, 2026). The Bureau of Labor Statistics projects approximately 649,300 openings per year across construction and extraction occupations from 2024 to 2034 when growth and replacement needs are combined (BLS, 2025a). The shortage is therefore partly demographic because experienced workers retire, partly educational because training pipelines are insufficient, partly geographic because workers are not located where projects are expanding, and partly cyclical because demand can change faster than skills can be developed. The problem is particularly visible in data centres, advanced manufacturing, energy infrastructure, and large public projects that require electricians, pipefitters, welders, operators, supervisors, and other skilled trades simultaneously. Understanding the shortage in this way is important because the solution is not one recruitment campaign; it requires a long-term workforce system.

Workforce Pipeline

Construction has a persistent replacement problem because many skilled workers are approaching retirement while younger entrants do not automatically replace them. Deloitte's 2026 industry outlook notes that a large share of the construction workforce is expected to retire over the coming years while comparatively few workers are under age twenty-five (Deloitte, 2026). Some younger workers also receive strong cultural messages that four-year university education is the preferred route to a successful career, even though many craft occupations offer competitive wages without requiring traditional university degrees. BLS reported that construction and extraction occupations had about 6.4 million workers in May 2025 and an average annual wage of $65,360, while electricians and other skilled trades are projected to experience faster-than-average growth in the next decade (BLS, 2026a; 2026b).

Training capacity is improving but remains uneven. NCCER reported more than 380,000 active learners across its programs in 2025, demonstrating substantial interest and institutional capacity,

yet apprenticeship and craft-training systems still have to match the scale and specialization of industry demand (NCCER, 2026a). The problem is not simply how many people enroll. Employers need trainees who complete programs, accumulate supervised experience, obtain required credentials, and remain in the industry. Companies also lose workers because construction can involve irregular schedules, outdoor conditions, physical strain, travel, project-based employment, and uncertain career progression. Recruitment therefore works best when it is paired with retention and visible pathways from entry-level work to skilled craft, foreperson, superintendent, estimator, project manager, or technical specialist.

Megaproject Demand

The current labour shortage is highly uneven across project types and regions. Data centres, semiconductor plants, energy projects, healthcare facilities, advanced manufacturing sites, and infrastructure programs can create concentrated demand for electricians, mechanical trades, controls specialists, operators, and supervisors. ABC specifically noted that demand for electricians has increased because of data-centre and industrial construction, while BLS projects electrician employment growth well above the average for all occupations (ABC, 2026; BLS, 2026b). When several major projects operate in the same region, contractors compete for workers by increasing wages, offering bonuses, paying travel allowances, or recruiting from other states.

This competition can pull experienced workers away from smaller contractors and residential or commercial projects. The result is not merely higher labour cost. A shortage of experienced forepersons or specialty trades can slow sequencing, create rework, and reduce the ability of firms to take on additional work. The existing Academic Master discussion of migrant workers is also relevant because construction labour markets have historically depended on geographic mobility and immigrant labour. Current immigration enforcement and uncertainty can affect labour availability, although the size of the impact varies by company and region. AGC's September 2026 workforce survey found that immigration enforcement was affecting labour availability at nearly one-third of responding firms while most companies still expected to add workers during the following year (AGC, 2026).

Project Delays

A project does not fall behind simply because the company's total headcount is low. Delays occur when the missing workers are attached to activities on the critical path. A building may have enough general labourers but too few electricians to energize systems, too few pipefitters to complete mechanical work, or too few qualified supervisors to coordinate several crews safely. One delayed specialty trade can force following trades to wait, creating cascading schedule effects. In AGC and NCCER's 2025 workforce survey, 92 percent of firms reported difficulty filling positions and 45 percent said labour shortages were contributing to project delays (AGC & NCCER, 2025). The updated 2026

AGC survey found that openings remained difficult to fill even as some construction markets softened, showing that labour constraints do not disappear automatically when overall demand slows (AGC, 2026).

Cost increases follow through overtime, premium wages, travel, recruitment expenses, subcontractor pricing, and inefficient sequencing. Quality can also suffer when inexperienced workers are promoted too quickly or crews lack sufficient supervision. Safety risk may rise if people are rushed, fatigued, or assigned work beyond their training. These effects are interconnected. A schedule delay increases overhead; overtime increases fatigue; fatigue can contribute to mistakes; rework then consumes additional labour that the project already lacks. Effective workforce planning therefore needs to be integrated with project controls rather than treated as a separate human-resources issue.

Technology and Productivity

Automation, building information modeling, prefabrication, robotics, drones, digital twins, and artificial intelligence are frequently proposed as solutions to the labour shortage. Their strongest contribution is not replacing entire occupations but increasing the amount of work skilled employees can complete. BIM can reduce clashes before installation, prefabrication can move work into controlled environments, drones can perform some inspection and surveying tasks, and digital planning tools can improve scheduling and material coordination. Deloitte’s 2026 outlook argues that AI and automation can improve estimating, risk management, project controls, and field productivity while partially easing capacity constraints (Deloitte, 2026).

Technology also changes the skill problem rather than removing it. Contractors increasingly need workers who understand both the physical trade and digital systems. An electrician may work with advanced controls and energy-management systems; a superintendent may use digital models and real-time project data; equipment operators may work with increasingly automated machinery. Firms that introduce technology without training can create a new shortage of people capable of using the tools effectively. The best productivity strategy therefore combines technology with workforce development rather than treating them as competing investments.

Training and Careers

Apprenticeships and structured craft training remain among the strongest long-term responses because construction skills develop through both instruction and supervised practice. NCCER’s 2025 research on training found that formal craft development was associated with reduced rework, faster proficiency, and lower turnover in participating organizations (NCCER, 2025). These outcomes matter because the return on training is not limited to producing one more qualified worker. Better-trained crews can improve productivity, quality, safety, and retention simultaneously.

Employers can strengthen the pipeline by working with high schools, community colleges, workforce

agencies, veterans' programs, unions, apprenticeship providers, and community organizations. Recruitment should also reach populations that have historically been underrepresented in construction, including women and people entering the trades later in life. Adult learners are particularly important because the industry cannot wait for an entire generation of teenagers to progress through training before current retirements occur. Companies should make pay progression, credential requirements, promotion opportunities, and expected career pathways visible so recruits can see construction as a profession rather than a temporary job.

Contractors sometimes respond to shortages by continuously recruiting while ignoring why employees leave. Retention improves when workers experience predictable pay practices, competent supervision, safe jobsites, respect, reliable scheduling where possible, access to training, and visible opportunities for advancement. The 2025 AGC/NCCER survey found that employers were not only struggling with skill gaps but also with applicants who failed to report or left shortly after hiring (AGC & NCCER, 2025). This means firms need better onboarding and realistic job previews in addition to a larger applicant pool.

Workforce planning should forecast labour by trade, location, project phase, and skill level months before the need becomes critical. Companies can then decide whether to hire, train, subcontract, prefabricate, adjust schedules, or partner with other firms. Large contractors can also stabilize demand across projects so employees have clearer continuity of work. The goal is to move from emergency hiring after a project has started to deliberate talent planning during estimating and preconstruction.

Conclusion

The construction labour shortage is a structural workforce problem rather than a temporary lack of applicants. Current U.S. data show strong demand for workers even in a mixed construction market, with hundreds of thousands of annual openings created by growth, retirement, occupational movement, and project concentration. The shortage becomes economically significant when critical trades are unavailable, producing schedule delays, higher labour costs, overtime, rework, quality problems, and constraints on the amount of work firms can accept. No single solution is sufficient. Apprenticeships and vocational education expand the pipeline; better retention preserves experienced workers; immigration and geographic mobility affect labour availability; technology can increase productivity; and workforce forecasting helps companies place scarce skills where they are most valuable. Construction firms should therefore treat labour development as part of core project strategy rather than an HR problem that begins after vacancies appear. The companies and regions that build durable training partnerships, modernize work practices, and create credible careers for new entrants will be better positioned to deliver the infrastructure, housing, energy, manufacturing, and data-centre projects driving future demand.

References

Associated Builders and Contractors. (2026). *Construction Industry Must Attract 349,000 Workers in 2026 Despite Macroeconomic Headwinds*.

Associated General Contractors of America. (2026). *Construction Workforce Shortages Remain Acute Despite Soft Market Conditions*.

Associated General Contractors of America & National Center for Construction Education and Research. (2025). *2025 State of the Construction Workforce Shortage*.

Bureau of Labor Statistics. (2025a). *Construction and Extraction Occupations: Occupational Outlook Handbook*.

Bureau of Labor Statistics. (2026a). *Occupational Employment and Wages—May 2025*.

Bureau of Labor Statistics. (2026b). *Electricians: Occupational Outlook Handbook*.

Deloitte. (2026). *2026 Engineering and Construction Industry Outlook*.

National Center for Construction Education and Research. (2025). *From Training to Performance: Evaluating the ROI of Craftworker Development*.

National Center for Construction Education and Research. (2026a). *2025 Annual Report: Building the Skilled Workforce of Tomorrow*.