

Construction's Labor Gap Could Bring A Hiring Evolution

Written by: Zachary Phillips, Editor, Construction Dive

This year's spring construction season could see a change in how firms hire new workers.

Despite January data implying the demand for construction jobs was slowing, the number of [open positions for which contractors were hiring](#) grew again in February, according to a report from Associated Builders and Contractors.

So, contrary to how things looked earlier this year, construction's labor shortage remains elevated.

These renewed hiring numbers are an optimistic sign as the industry faces high interest rates, recession fears, and "slow implementation of America's infrastructure rebuilding program," said Anirban Basu, ABC's chief economist.

Nevertheless, there simply aren't enough people available to fill those jobs. In fact, a large number of [firms opt to not bid](#) on some projects, as they do not have the staffing to deliver the work, according to the Associated General Contractors of America.

Contractors on the ground are seeing the same thing, and say that the industry has a healthy amount of projects, but little staff to deliver them.

"In North Texas we are extremely busy," said Keyan Zandy, CEO of the Skiles Group, a Richardson, Texas-based contractor primarily specializing in healthcare projects.



Zandy said the shortage of experienced labor is obvious, as tradesworkers with five or more years on the job are increasingly rare. As construction's most experienced field workers retire, there's a lack of new blood stepping in to fill those spots.

"Our nation's builders, they have a strong project pipeline, they need a strong talent pipeline," said Fraser Patterson, founder and CEO of Skillit, a construction recruiting platform.

Economists and construction execs say that resolving that issue requires a massive shift in the way the industry finds, recruits, and retains talent.

A potential return to self-perform

“There’s a huge amount of the craft workforce knowing its worth and expecting benefits commensurate,” Patterson said. Skillit – which counts Brasfield & Gorrie, Haskell, and JE Dunn among its clientele – has begun to see a shift toward workers who desire full-time, “W-2” positions, as opposed to seasonal or project-based work, he said.

“Ultimately the labor shortage means you either continue to rely on subcontracting ... or take control of your own destiny,” Patterson said. Hiring more full-time tradesworkers is something Patterson said he sees major players doing in the near future.

Zandy said he has seen some of that practice in the North Texas region, with major GCs trying to self-perform more concrete work or other similar site preparation work, to enhance their margin, lower their bid price and win more projects.

“GC’s used to do everything, but over the years we’ve become construction managers,” Zandy said, a sentiment Patterson echoed.

But tradesworkers increasingly know their worth, and have begun to have a bad taste left in their mouth by hiring practices like seasonal furloughs, which leave them with lack of job security, Zandy said.

Wages aren’t the biggest sticking point right now and job hunters want a career that will help support them in the long term, according to Garrett Johnson, director of regional talent for Suffolk Construction’s Northeast region.

Johnson said workers seek a company that can help them upskill and find a clear career path and future.

“A lot of it has to do with training opportunities, that’s a big one,” Johnson said. “A lot of cases they’re looking for you to provide a career path or career ladder.”

Meanwhile, Zandy, who is a proponent of lean building practices, said a major aspect of lean and successful recruiting is respect. Firms instill a sense of respect and belonging when they improve tradesworker amenities like dining areas and ensure restrooms are clean and separate from the workplace, he said.

Continuing to fill the gap

On a recent visit to his son’s school for career day, Zandy said he asked the fourth graders what they wanted to be when they grew up. Everyone had the same response: a YouTuber.

“So I share that story with people in our industry, because I try to explain like, we’re not just competing against each other as general contractors, or trade contractors for talent, we’re competing against every other profession,” he said.

Is it time to ring the alarm bells about the labor shortage? Johnson says yes.

“We definitely are moving to a point where this is becoming critical,” he said, adding he meets with Suffolk’s leadership team to regularly discuss the labor gap. “It’s been sort of at its boiling point for a while.”


Although it may be a time to change how employers hire and retain workers, there are still factors playing to the industry’s advantage, such as the high wages that construction offers – some positions like ironworkers, electricians, and plumbers can earn a median salary of \$27 per hour, or \$57,000 a year.

The pandemic spurred companies to hire remote workers, and in some cases that led to jobs to move overseas. Patterson said the good news is that could lead to a “blue collar resurgence,” as most construction jobs must be done in person.

At the same time, a potential recession could provide some contractors with an opportunity, Zandy said.

Particularly on healthcare projects, major parts and materials like generators have 60-week lead times, which means projects simply cannot begin on time, he said. As reports like the [Dodge Momentum Index](#) continue to track economic headwinds, projects could halt or be canceled. That could bring those lead times down and help contractors deliver projects faster.

Still, the demand for labor could dip, which builders could take advantage of – potentially as a time to evolve their hiring practices.

“The firms that provide more value than what it costs to use them always seem to prevail,” Zandy said. 



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