

How Can We Rebuild the Construction Labor Pool?

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The world is more dependent on the construction industry than ever. Builders play a vital role in alleviating the global housing crisis. Architects and engineers spearhead the development of climate-resilient building codes and designs to withstand the long-term effects of global warming.

The problem is the industry is only as productive as the size of its workforce. Despite offering abundant career opportunities and having a rosy job outlook, the construction sector is losing more people than it attracts.

Due to additional construction spending in the United States, Associated Builders and Contractors estimated the industry needs to [recruit about 546,000 workers](#) on top of normal hiring to meet demand. Canada must [fill over 93,000 roles](#) to help understaffed crews finish projects on schedule. In the United Kingdom, [81% of construction and engineering firms](#) need help with recruitment.

This labor shortage has plagued design-build firms and general contractors for a while. What's going on? What can policymakers do to rebuild the construction talent pool?

Where Have the Construction Workers Gone?

The number of construction projects is rising, yet only some people are eager to fill the tens of thousands of new roles these economic opportunities created.



You'd think the law of supply and demand would solve this predicament, but it hasn't. The hourly earnings of construction employees [rose by nearly 72%](#) in the past 20 years – from \$21.85 per hour in March 2006 to \$37.55 per hour in January 2024. This wage growth outpaced inflation, which was a win for workers. Higher pay should make an old profession attractive.

Four explanations can cast light on the present construction labor scarcity.

1. Recessions

The industry has been severely vulnerable to economic downturns. The Great Recession and COVID-19 pandemic caused massive job losses in construction.

After peaking at [about 11.9 million people](#) in 2007, total employment bottomed out at 8.9 million in 2012 after the

2008 financial crisis. The industry gradually recovered in the following seven years. By 2019, the labor pool was 11.3 million-strong. Then, COVID happened. A year later, more than 580,000 construction jobs disappeared.

2. Replacement Rate

Ideally, there are the same number of older and younger workers, so the talent pool doesn't shrink when employees retire. In reality, the oldsters severely outnumber the youngsters. Construction's workforce will naturally diminish if the next generation is smaller than the one it's succeeding.

High employee turnover and inefficient recruitment are behind the industry's aging workforce. Construction laborers and helpers are subject to layoffs during turbulent economic times. The federal government's unemployment benefits incentivize some to not return to work. Other employees can't handle the grind and change careers. The industry also has [one of the highest suicide rates](#) – something researchers must investigate further.

Only a few unemployed individuals are keen on applying for construction roles for various reasons. Despite the sustained upward trend of hourly wages, the public perceives them as inadequate. The cyclical nature of construction employment turns off some job seekers. Employers offering no medical benefits contribute to the industry's negative image.

3. Cultural Bias for White-Collar Jobs

Blue-collar construction roles generally only require a high school diploma or an equivalent. Laborers and helpers learn as they go.

Being uncertified doesn't necessarily deter employers from considering these jobs. Companies train construction workers after hiring them and may help them complete required safety certifications for compliance. Blue-collar construction professionals may [pursue optional credentials to upskill](#) and get promoted faster.

Despite having minimal academic barriers to entry, the industry struggles to attract workers because more people gravitate toward white-collar roles. The national post-high school educational attainment in America went from 38.1% in 2009 to 54.3% in 2022. In Washington, D.C., [75.4% of adults aged 25-64](#) have earned credentials of value after secondary school.

Coincidentally, the value of outstanding U.S. student loans [ballooned by about \\$1.7 trillion](#) – a testament that young American adults believe a college degree is worth the expense to land a high-paying white-collar job.

4. Shadow Economy

Calculating accurate construction labor data is tricky when adding professionals plying their trade in the informal sector into the equation.

Employers pay hundreds of thousands of workers off the books and misclassify some as independent contractors – mistakenly or purposely – to cut costs.

Employees enjoy more legal protections, like benefits, but must play by their employers' rules. On the other hand, independent contractors have more freedom to perform their responsibilities but fewer entitlements.

Some employers want the best of both worlds, classifying workers as independent contractors while using them as employees. This practice has financial advantages, enabling erring design-build firms and general contractors to [bid on projects 25% more competitively](#) and save at least 30% on payroll.

Worker misclassification translates to cheaper labor, which can threaten the job security of full-time employees and may result in attrition. Compliant organizations can lose out on more business and may close shop since they can't outbid fraudulent competitors.

Strategies to Increase the Construction Labor Pool

Recognizing a talent shortage is one thing. Solving it is another. What can construction interests do to overcome this nagging challenge? Four things can help expand the industry's labor pool.

1. Ramping up Immigration

If the existing population doesn't want construction jobs, offering them to interested foreigners may do the trick.

Economists at the University of Wisconsin-Madison and the

University of Utah believe the federal government's [crackdown on 400,000 undocumented immigrants](#) is one of the main reasons the industry lost a large chunk of its workforce.

Opening borders is a viable solution to address the scarcity of construction talent. Developed countries can entice desirable foreign nationals seeking better living standards. New Zealand [has already turned to immigrants](#) to fill its vacant construction roles.

In the U.S., employers can file Form I-140, Immigrant Petition for Alien Workers, to source skilled and unskilled workers and professionals from abroad under the Employment Third Preference category. These legal immigrants account for [28.6% of the employment-based visas](#) Uncle Sam approves yearly.

2. Promoting Diversity

Construction is a male-dominated industry. Despite making up nearly half of the American workforce, women only [represented less than 11%](#) of what the sector employed in 2020. On the bright side, their numbers have grown since 2003, when they only comprised over 9% of the construction labor pool.

Tapping existing domestic talent is less cumbersome and costly than importing workers, so it makes sense for construction companies to headhunt female prospects actively. The industry can't close the gender gap overnight, but it's getting help from the federal government to speed things up.

In late 2023, the Biden administration's [top economists had a dialogue](#) with North America's Building Trades Unions representatives and union tradeswomen. The meeting aimed to highlight the opportunities for women in the construction industry and their challenges.

The authorities emphasize apprenticeship programs, mentorship, anti-discrimination and harassment initiatives, and support services, like flexible child care, to help women enter and succeed in construction.

3. Investing in Trades Education

Fresh investment in worker training is a shot in the arm of the industry. Thankfully, numerous states have stepped up to the plate.

Ohio intends [to spend \\$200 million](#) to expand the training facilities of 35 high schools to produce more carpenters,

electricians, welders, and other skilled tradespeople. New York [earmarks \\$12 million to train green labor](#) in various fields, including construction, renewable energy, and software engineering. Maryland [requires officials managing public works projects](#) worth over \$5 million to consider procuring contractors working with educational partners to participate in registered apprenticeship programs.

4. Adopting Innovations


Advanced technology can make construction activities safer and less backbreaking, reducing the chances of worker injury, premature retirement, and death. Construction businesses can prioritize four innovations – prefabrication, exosuits, 3D printing, and semi-autonomous vehicles.

Prefabricated construction companies require less effort to assemble, minimizing the need for scaffolding. Scaffolding-related accidents [injure around 4,500 workers](#) and claim 50 lives yearly. Fortunately, 70% of businesses have used prefabrication methods consistently over the years and [46.7% consider them](#) strategically advantageous.

Industrial exoskeleton suits promise to increase strength and prevent common workplace injuries when performing taxing repetitive tasks. They're IoT devices, so they can collect information about their wearers' behaviors, help analyze how they work more granularly and correct bad habits.

3D printing and semi-autonomous vehicles reduce manual labor. Embracing them can open more opportunities for women to join the construction talent pool.

Rebuilding the Construction Talent Pool Is Laborious

If solving the global labor shortage was easy, nobody would discuss it today. It's not too late to remedy it, but construction interests must recalibrate their hiring policies, rethink their corporate culture, and reallocate resources to adopt more innovations. The sooner they act, the less time they need to wait to see the fruit of their labor. 



About the Author

Rose Morrison is a freelance writer with a passion for sustainable building and innovative construction technologies. She has interviewed numerous industry professionals to gain insight into the current challenges facing the built industry and developing strategies for overcoming them.

Rose has over five years' experience writing in the industry and is the current managing editor of [Renovated.com](https://www.renovated.com). She also regularly contributes to other publications, such as NCCER, The Safety Mag, and Geospatial World. Follow Rose on [Twitter](#).

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