

Why the Labor Shortage in Construction?

By Sydney Paschall

The most recent AGC workforce survey shows that “88 percent of construction firms are having a hard time finding workers to hire.” But where are the solutions to this uncertainty?

So, why are we seeing such a labor shortage? The growing demand to fill job openings in the industry involves many factors. These factors can feel difficult to tackle and overcome. Key influences include a retiring workforce, a rising labor demand, and a lack of skilled workers.

Let us look at the big picture over time. During the pandemic, the construction industry lost over one million jobs. That loss set the industry back from the previous eight years of growth. However, the loss was short-lived because construction is vital. After the pandemic, in April 2022, a record-breaking 11.8 million people were employed in the industry. In December 2022, there were 413,000 job openings. In July 2023, there were 378,000. The most recent numbers in November 2023 were at 459,000.

What are the impacts and challenges?

The labor supply and demand gap has had multiple effects on construction firms. Firms report less productivity and longer project schedules. They also can't bid on projects they normally would.

The limited hiring pool creates stress for unions and smaller firms. Rising labor costs force companies to accept lower profits or just say no to jobs. Safety concerns are also at an all-time high. Firms must invest more money into training and safety measures, which can be hard to accomplish.

How can the industry fix the labor shortage?

The National Center for Construction Education and Research estimates that 41 percent of the construction workforce will retire by 2031. This is a staggering statistic. However, the industry can take the following three actions to face the challenges of labor shortage in the construction industry:

- Recruit the next generation
- Invest in proper education and advertisement
- Shake the industry stigma



AGC Chief Economist Ken Simonson says the “biggest takeaway from this year’s Workforce Survey is how much the nation is failing to prepare future workers for high-paying careers in fields like construction. It is time to rethink how the nation

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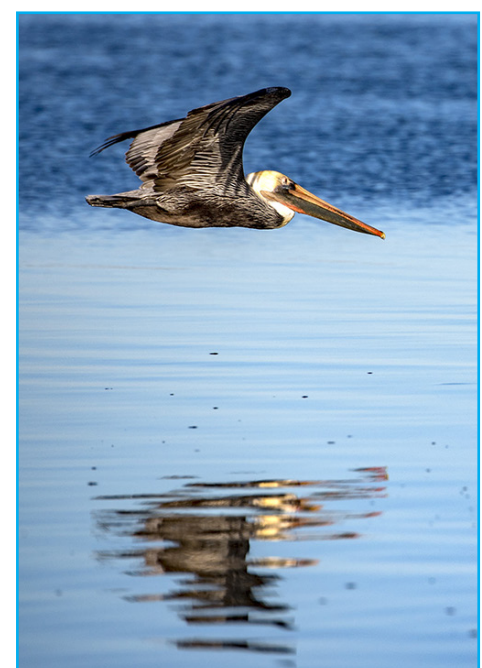
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Main Sponsor(s): US Small Business Administration
Contact: SBA Illinois District Office, 312-353-4528, illinois.do@sba.gov
Fee: Free; registration required
Join the Small Business Administration (SBA) Illinois District Office for a virtual workshop providing an overview of the 8(a) Business Development program, eligibility requirements, and program benefits. Also learn how to increase your potential for federal contract opportunities through System for Award Management (SAM) registration, including information that you need for the registration process. SBA presenters will offer additional tips, address FAQs, give directions on where to get further assistance, and answer your other questions. To register for this free webinar, visit <https://www.eventbrite.com/e/8a-orientation-sam-registration-tickets-518989961947>

Federal Contracting: Woman-Owned Small Business (WOSB) Program Webinar
Thursday, May 16, 2024, 9:00 am–10:00 am CDT Online
Main Sponsor(s): US Small Business Administration
Contact: <https://www.eventbrite.com/e/welcome-to-wosb-webinar-tickets-482397041537>
Fee: Free; registration required
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Selling to the Federal Government Webinar
Thursday, May 23, 2024, 12:00 pm–3:00 pm CDT Online
Main Sponsor(s): US Small Business Administration
Contact: George Tapia, 610-382-3086, george.tapia@sba.gov
Fee: Free; registration required
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