# US construction industry faces critical workforce demand



The construction industry in the United States is facing a critical challenge in workforce demand, with projections indicating the need for approximately 439,000 net new workers by 2025, as per a recent report from Associated Builders and Contractors (ABC). This demand is expected to rise further to about 499,000 new workers in 2026, coinciding with anticipated increases in spending driven by lower interest rates.

Anirban Basu, ABC's Chief Economist, stated, “While the construction workforce has become younger and more plentiful in recent years, the industry still must attract 439,000 new workers in 2025 to balance supply and demand.” He cautioned that failing to meet this demand could lead to escalated labor costs, further intensifying already high construction expenses and limiting the feasibility of new projects. Over the past year, average hourly earnings in the industry have surged by 4.4%, significantly outpacing wage growth in other sectors.

ABC's proprietary model, developed using historical data from the U.S. Census Bureau and U.S. Bureau of Labor Statistics, assesses the relationship between inflation-adjusted construction spending and employment levels. It estimates that approximately 3,550 jobs are needed for every billion dollars added in construction spending. The model incorporates various factors, including current job openings, unemployment rates, and anticipated retirements, to project workforce needs.

Basu highlighted improvements in labor availability compared to prior years, attributing this to a slowdown in construction spending growth, particularly in sensitive areas like homebuilding. He noted that the industry workforce has become younger, with the median age of construction workers now under 42 for the first time since 2011, potentially slowing the retirement rate.

However, Basu warned that contractors will continue to face difficulties in filling vacancies, especially in regions engaged in large manufacturing and data centre projects. Currently, more than 20% of spending in non-residential construction is directed toward manufacturing ventures, which are absorbing substantial portions of the local labour force.

Michael Bellaman, ABC's president and CEO, emphasised that efforts to recruit younger workers into the construction sector have gained momentum in recent years. He pointed out the importance of integrating practical technology and innovation into educational and job training programmes to enhance productivity within the workforce. ABC's comprehensive workforce development strategy aims to attract new entrants into the sector through various pathways while also upskilling them via apprenticeship programs, both industry-driven and government-registered.

Despite an optimistic outlook, Basu noted factors that could exacerbate worker shortages beyond current projections. While spending is forecasted to grow by less than 3% in 2025, historical data suggest that growth has previously been underestimated. Additionally, if inflation decreases, it could alleviate borrowing costs and bolster construction volumes further. Immigration trends have also played a role in labour supply, with possible changes in immigration policy posing risks to worker availability.

Bellaman suggested a merit-based visa system as a potential solution to mitigate labour shortages. He stated, “ABC’s goal is to work with the Trump administration and Congress to create a visa system that allows people who want to contribute to society and work legally in the construction industry to do so.” He called for legislative support to advance policies that protect free enterprise and improve workforce conditions, citing opportunities in legislation like the Tax Cuts and Jobs Act and the Employee Rights Act, which could enhance the construction industry’s ability to bolster infrastructure efforts across the country.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.globenewswire.com/news-release/2025/01/24/3014845/0/en/ABC-Construction-Industry-Must-Attract-439-000-Workers-in-2025.html> - This article supports the claim that the construction industry needs approximately 439,000 new workers in 2025 and highlights the challenges of labor shortages and escalating costs.
* <https://www.profitdig.com/blog/2025-construction-labor-outlook/> - This article discusses the challenges and opportunities in the construction labor market for 2025, including worker shortages and increased demand for skilled labor.
* <https://www.conexpoconagg.com/news/the-labor-market-in-construction-for-2024-and-impl> - This article provides insights into the labor market trends in construction, including workforce shortages and the need for skilled labor, which are relevant to the projections for 2025.
* <https://www.bls.gov/> - The U.S. Bureau of Labor Statistics provides data on employment levels and job openings, which are crucial for assessing workforce needs in the construction industry.
* <https://www.census.gov/> - The U.S. Census Bureau offers historical data on construction spending and employment, which are used in ABC's proprietary model to estimate workforce requirements.
* <https://www.abc.org/> - The Associated Builders and Contractors (ABC) website provides information on workforce development strategies and industry trends relevant to labor shortages.
* <https://www.noahwire.com> - This is the source of the original article, though it does not provide additional external corroboration.
* <https://www.whitehouse.gov/> - The White House website could provide information on legislative efforts and policies affecting the construction industry, such as immigration reform.
* <https://www.congress.gov/> - This site offers details on legislation like the Tax Cuts and Jobs Act and the Employee Rights Act, which could impact the construction industry.