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TWO-THIRDS OF CONTRACTORS HAVE A HARD TIME FINDING QUALIFIED CRAFT WORKERS TO HIRE AMID GROWING CONSTRUCTION DEMAND, NATIONAL SURVEY FINDS

Labor Shortages are Prompting Firms to Increase Pay and Become More Efficient but Threaten to Slow Economic Growth over the Long-Term Officials Warn as they Call for New Workforce Measures

Two-thirds of construction firms report they are having a hard time filling hourly craft positions that represent the bulk of the construction workforce, according to the results of an industry-wide survey released today by the Associated General Contractors of America. Association officials said that many firms are changing the way they pay and operate to cope, but warned that labor shortages could undermine broader economic growth and called for new workforce measures to improve the pipeline for recruiting and training new craft workers.

“With the construction industry in most of the country now several years into a recovery, many firms have gone from worrying about not having enough work to not having enough workers,” said Stephen Sandherr, chief executive officer for the Associated General Contractors. “These shortages have the potential to undermine broader economic growth by forcing contractors to slow scheduled work or choose not to bid on projects, thereby inflating the cost of construction.”

Of the 1,459 survey respondents, 69 percent said they are having difficulty filling hourly craft positions, Sandherr noted. Craft worker shortages are the most severe in the Midwest, where 77 percent of contractors are having a hard time filling those positions. The region is followed by the South where 74 percent of contractors are having a hard time finding craft workers, 71 percent in the West and 57 percent in the Northeast.

The labor shortages come as demand for construction continues to grow. Sandherr noted that construction employment expanded in 239 out of 358 metro areas that the association tracks between July 2015 and July 2016, according to a new analysis of federal construction employment data the association also [released today](#). Growing demand for construction workers helps explain why 75 percent of firms report it will continue to be hard, or get harder, to find hourly craft workers this year.

Tight labor market conditions are prompting nearly half of construction firms to increase base pay rates for craft workers because of the difficulty in filling positions. Twenty-two percent have improved employee benefits for craft workers and 20 percent report they are providing incentives and bonuses to attract workers.



Forty-eight percent of firms also report they are doing more in-house training to cope with workforce shortages while 47 percent report they are increasing overtime hours and 39 percent are increasing their use of subcontractors. In addition, 37 percent report getting involved with career-building programs in local schools. Twenty-one percent report they are increasing their use of labor-saving equipment, 13 percent are using offsite prefabrication and 7 percent are using virtual construction methods like Building Information Modeling.

Sandherr called on federal, state and local officials to outline on the measures in the association's [Workforce Development Plan](#) to address the growing worker shortages. In particular, he urged Congress to reform and increase funding for the Perkins Career and Technical Education Act, enact immigration reform and make it easier to set up charter schools and career academies that teach basic construction skills.

The survey was conducted in July and August. Click [here](#) to see the national survey results, analysis of the data and regional and state-by-state results. Click [here](#) for the July 2016 metro construction employment release.

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