

Top Construction Workforce Challenges for 2025



2025's Top Construction Workforce Challenges

Demand for construction work has been strong for the past several years – great news for contractors but it also brings with it some challenges. Macroeconomic conditions such as continued supply chain delays and rising material costs are serious obstacles construction companies have had to overcome.

For example:

- Nine in 10 senior supply executives say they have encountered supply chain challenges in 2024, according to [McKinsey](#). In reaction, 73% report progress using dual-sourcing strategies and 60% are acting to regionalize supply chains.
- Prices for residential construction building materials have accelerated since the beginning of 2024. The year-over-year price growth in June 2024 was the highest since February 2023, according to the [National Association of Home Builders](#).
- In September 2024, the Federal Reserve lowered interest rates by 50 basis points, lowering the interest rate target to a range of 4.75% to 5%, according to [JP Morgan](#). Lowered rates help make construction projects more economical, but it takes time to see positive results, according to [Construction Dive](#).

Yet the number one challenge in construction continues to be a shortage of workers. There were 7.4 million job openings in September 2024, according to the [US Bureau of Labor Statistics](#) (BLS). Construction specifically had 288,000 openings, down from 422,000 the previous year, but still a big hill to climb.

These shortages have also impacted construction companies' ability to do their jobs. According to the [According to Associated General Contractors' \(AGC\) 2024 Industry Workforce Analysis](#), sponsored by Arcoro, 54% of contractors reported experiencing project delays because of workforce shortages. What's more, workforce shortages have a huge impact on contractors' ability to build projects as they cause delays, even more so than supply chain challenges and shipping delays.

For 2025, the construction industry needs to continue to address the worker shortage challenge but also figure out how it can quickly adapt to shifting economic conditions to meet its workforce challenges.

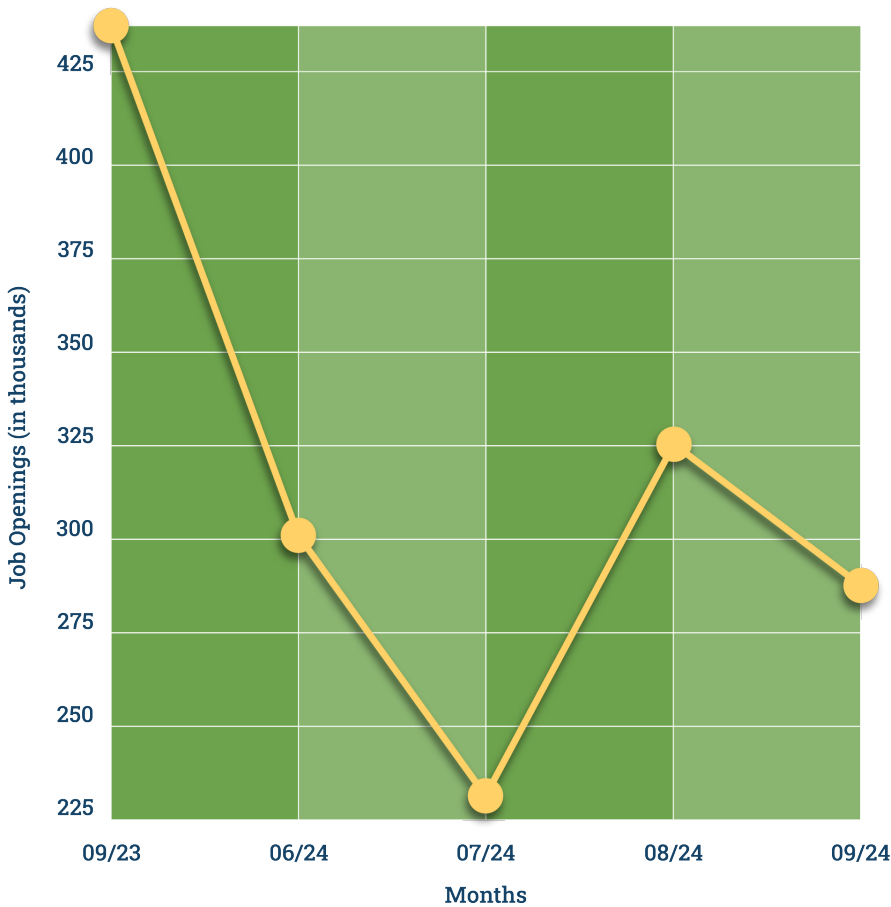


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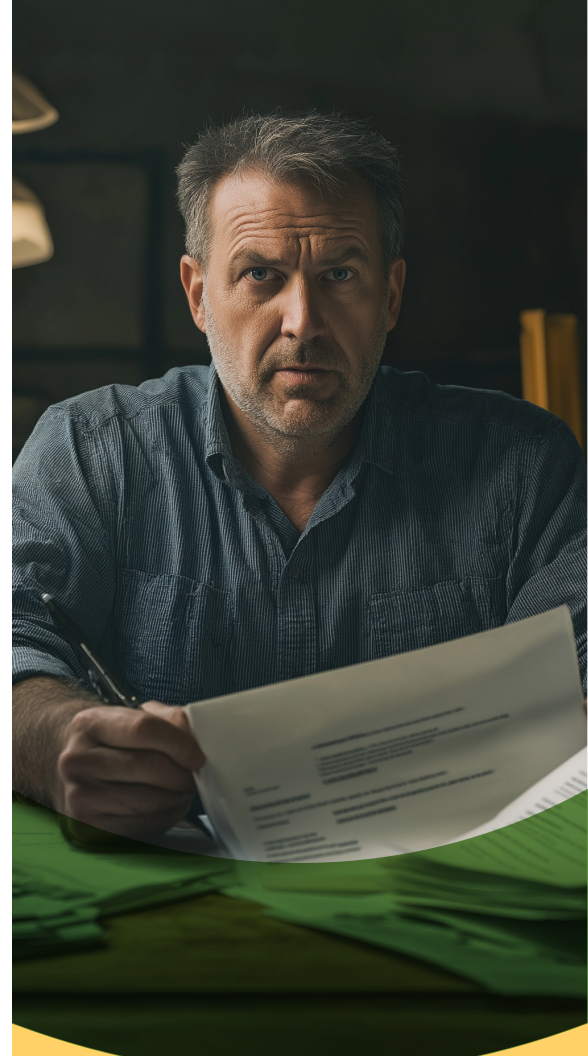
Construction's #1 Challenge: Finding, Hiring and Retaining Workers

Even with fewer open positions in 2024 compared to 2023, 94% of construction firms are still having trouble filling at least some of those positions, particularly among the craft workforce, according to [AGC and Arcoro's report](#). With more than 200,000 positions open, companies are facing tough competition when recruiting workers but also need to build a strong company culture with great pay and benefits to keep them once they're hired. In 2025, construction companies must figure out how to reach more candidates in a shrinking labor pool while improving company processes in order to retain a strong workforce.

Trends in Construction Job Openings (2023-2024)



Source: US Bureau of Labor Statistics



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Roadblock #1: Convincing More Young People to Get into Construction

AGC attributes the current labor workforce shortage to the nation's failure to invest in construction workforce education and training programs. According to the [BLS](#), 61.4% of 2023 high school graduates ages 16 to 24 were enrolled in colleges or universities. The focus on pursuing higher education over a trade has steadily increased over the past 40 years. According to the [National Center for Education Statistics](#), in 1969 there were 8 million students enrolled in postsecondary institutions and in 2019, 19.6 million were enrolled.

To combat these challenges, recruiters will need to target young candidates online via a great [Applicant Tracking System](#) as well as getting involved with construction education programs at the school level. Many are already taking steps to do just this. AGC and Arcoro's report showed 57% of firms report they have added online strategies to try to recruit younger workers and 51% have engaged with career-building programs like high schools or training facilities.

Some of the work the industry has done to make construction more appealing is bearing fruit. More new graduates have begun to enter the construction workforce, but there's intense competition for these employees with 85% of companies reporting they are actively recruiting these candidates. That's why it's important for companies to really stand out in terms of compensation and culture.

Companies also need to continue to highlight the benefits of working in the trades in recruitment materials including:



- Ability to earn money from day one through paid on-the-job training



- A variety of available positions for a variety of skill levels



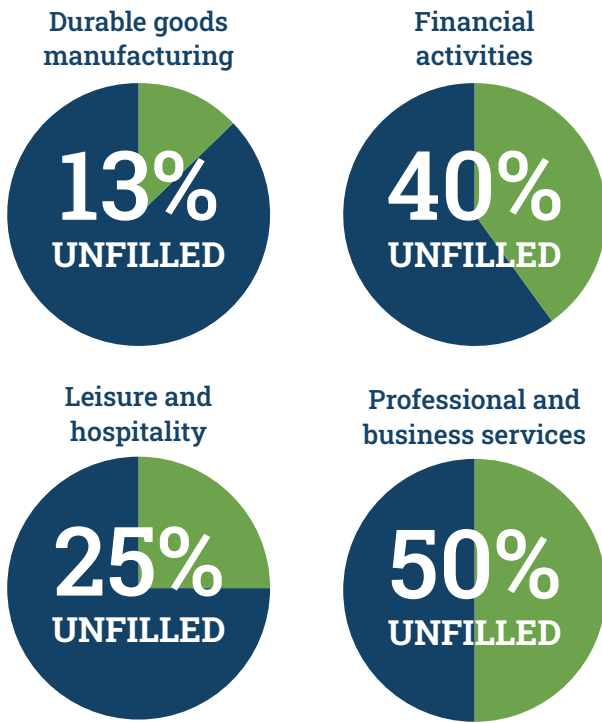
- Freedom from tens of thousands of dollars in debt from student loans



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Roadblock #2: Competing with Other Industries for Workers

Construction isn't the only industry that is experiencing worker shortages. In 2023, **more than 30 million workers quit their jobs looking for better work/life flexibility, better pay and strong company culture.** And while construction is reeling from worker shortage, it isn't the only one. According to the **US Chamber of Commerce**, labor shortages are impacting several industries that show a number of unfilled job openings:



With several industries facing worker shortages, construction companies will have to work even harder to recruit workers to not only their company but the industry as a whole. Promoting your company culture and benefits shows candidates that construction is a growing, viable industry that offers both short- and longer-term advantages.

Given continuing competition for labor, companies that aren't already using an ATS might want to consider the investment. An **ATS** can be used to make hiring easier by building your own candidate pool. Talent pools contain potential candidates who have shown interest in your company or previously applied for positions but weren't selected at the time. Storing applicant information in your ATS allows you to build a database of quality talent that you can tap into when you have an opening, reducing your time to hire, giving you an edge over the competition.



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Roadblock #3: Workers Demand Competitive Wages

Construction companies have had to continually raise worker wages to help combat the worker shortage. According to research by the [Construction Labor Research Council](#), by the end of the second quarter of 2024, first-year increases in union settlement were at 4.6%, down slightly from 2023 but still up from the 3% of previous years. Other contractors are reportedly following the same trend, with 91% of firms from AGC and Arcoro's report saying they increased base pay rates for hourly construction positions.

To face the challenge of increased expectations of wages, construction companies will need to continue to adjust budgets to accommodate higher wages. They may also need to reevaluate their [benefits packages](#) and include items that employees demand and that will set them apart from the competition. For example, offering flexibility like tech breaks, letting workers self-schedule or switch shifts and encouraging PTO. There are also various health and wellness benefits that will strengthen your workers like gym memberships, fitness trackers, health screenings, smoking cessation programs and stress management education. Using [benefits software](#) can help empower employees to make decisions about benefits that work for them.



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Roadblock #4: Lack of Skilled Workers

Not only is it a challenge to entice enough candidates to work in construction, but many don't have the necessary skills. **AGC and Arcoro's** report found 62% of respondents reported that available candidates were not qualified to work in the industry because they lack required skills or certificates. A lack of skilled workers puts training and development on the company's shoulders. And some companies are recognizing the need for upskilling and working to address the need.

Forty-two percent of firms taking part in AGC and Arcoro's survey reported they have initiated or increased spending on training and professional development programs to address workforce shortages. And one-in-four firms report they have increased their use of learning programs with strong online and/or video components.

Investing in a **learning management system (LMS)** can give construction companies an edge when it comes to employee development. An LMS can track training completions and certifications that can help shrink the skills gap between employees. .



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Challenge #2: Adapting to Changing Economic Conditions

Even though the labor shortage is the biggest reason contractors say projects are delayed, having a full, strong, qualified workforce doesn't negate other economic conditions that are beyond their control. The solution is to use data to help make strategic business decisions that can help companies adapt and pivot to overcome outside factors. But companies need to go beyond traditional grid-based reporting and embrace advanced analytics. Analytics provides deeper insights, enabling organizations to make informed decisions with greater accuracy and speed, according to [Kevin Berens](#), Arcoro's Chief Product Officer.

Ways it helps:

- Identifying Trends and Patterns: Analytics tools can sift through large datasets to uncover trends and patterns that might not be immediately obvious.
- Improving Decision-Making: By providing data-driven insights, analytics enables you to make more informed decisions.
- Enhancing Efficiency and Productivity: Analytics can highlight areas where processes can be optimized by tracking productivity, helping you to improve efficiency and productivity.
- Predicting Future Trends: Predictive analytics uses historical data to help understand what changes are needed to impact future events.
- Supporting Strategic Planning: Analytics provides a solid foundation for strategic planning by offering an intuitive clear picture of your current situation and potential future scenarios.

Arcoro offers advanced analytics options to help companies leverage workforce data to make the informed business necessary to remain agile and adaptive.



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Learn More About HR Technology

With continued workforce challenges, the construction industry increasingly needs to leverage technology that will help enhance the HR function. This includes automating manual processes and also enhancing functions like recruiting and learning. Hiring, managing and growing a construction workforce can be easier with the right tools.

Here are some of the solutions that Arcoro offers that can streamline HR processes to make them more accurate and efficient.

Core HR Enhances Workforce Management

Core HR collects and maintains all your employee data to help streamline HR management processes.



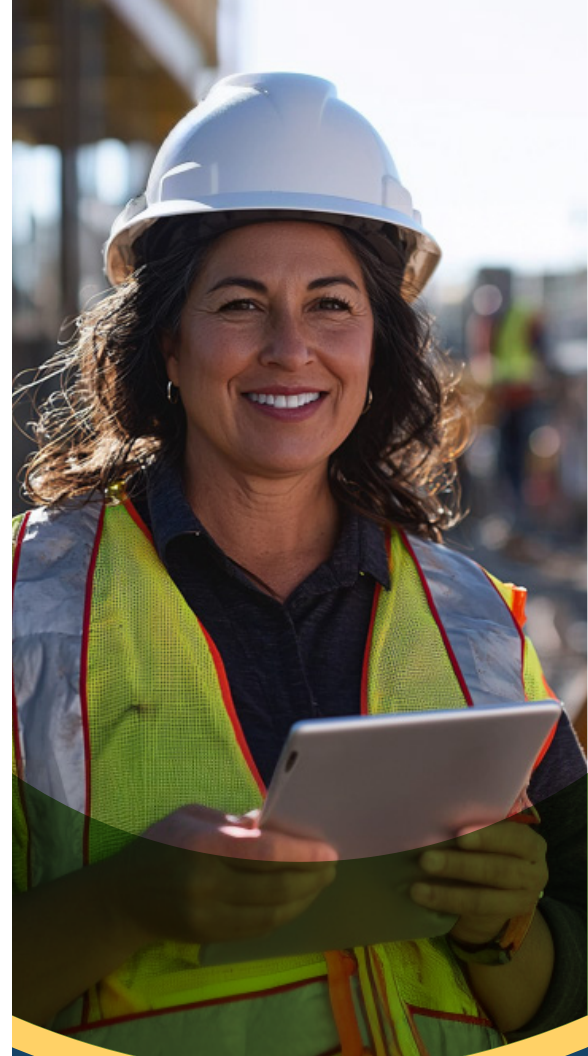
- Eliminating daily paperwork and redundant data entry. Administrators can customize their work with workflows that support optimal HR processes. With automations running, administrators can focus on more strategic work instead of spending time with data entry and manual tasks. Businesses can save time, reduce costs and even minimize their environmental footprint with cloud-based HR solutions.



- Data integration equals with ERPs and project management tools means improved reporting and system Interoperability. When businesses implement an HR tool that integrates with other HR solutions and construction technology for integrated data points, it allows for real-time, system-to-system feedback and connectivity. Improvements in how you capture, store, maintain and share HR data can positively impact audits and regular reporting, plus it adds greater value overall to your business management efforts.



- Drive engagement and trust with employee self-service tools. Create a personalized portal for employees to access their benefit statements, pay stubs, tax documentation, PTO balance, performance goals, company surveys, employer handbook and more.



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An LMS Enhances Development Programs

A cloud based **LMS** enables organizations to capture, create, manage and share knowledge to improve workforce productivity, accelerate critical business processes, support compliance and power organization performance. An LMS makes it easy to provide and keep track of training completions and certifications like OSHA 10 and 30.



- Improve workforce productivity by integrating all learning activities (online, virtual or in person instructor-led and on-the-job) to develop your employees and improve performance. The investment in your team is realized in your bottom line and your ability to grow.



- Enhance employee engagement by taking an active role in the development of your employees, you help them with their personal growth and create a career path within your organization.



- Centralize certifications and compliance by automating reminder notifications of approaching certification expiration in a centralized system. Communications, updates and reporting become streamlined and efficient.



- Offering flexible training methods from virtual, online and in-person training. Employers can upload existing courses using SCORM, AICC, xAPI and CMI5 formats. You can also associate courses based on skills and competencies.



A cloud based LMS enables organizations to capture, create, manage and share knowledge to improve workforce productivity, accelerate critical business processes, support compliance and power organization performance.

Benefits Management Software Easily Manages Benefits

Benefits Management software simplifies critical workflows, improves reporting and increases employee engagement during open enrollment and throughout the year. Benefits management software eliminates data entry and manual paperwork, ensures accuracy with compliance features and enhances the employee experience.

Key features include:

- Benefits administration tools to accommodate plan, eligibility, EOI, rollover and mapping rules. As well as tools for processing, deletion, termination, recalculation, communication and COBRA benefits notifications to carriers.
- Third-party integration to more than 300 established carriers, payroll, ERP and HRMS interfaces. Plus, accurate payroll exports and reporting and E-filing for ACA reporting.
- Web-based and mobile access 24/7 and personalized benefits profiles and statements.
- ACA compliance with automated eligibility notifications, 1094/1095 forms generation, multiple EIN reporting, FTE/ALE forecasting and enrollment rosters.

Workforce challenges aren't going away anytime soon. The goal is to address them as effectively as possible, and that means working smarter and using the right tools. Doing HR processes manually—like time tracking, entering and managing employee data and onboarding, just to name a few—isn't sustainable, and it keeps your HR resources from doing the strategic work necessary to attract and retain employees and ensure their productivity and engagement.

In 2025 and beyond, overcoming constructions' workforce headwinds will be easier when you use HR technology, which can give you an edge over the competition when it comes to recruiting and retaining the workers you need for business success.

Learn more with these additional resources:

- [HR Tech for Construction 101](#)
- [How Great Recruiting and Onboarding Helps Retain Construction Employees](#)

Thinking about construction HR tech and don't know where to start?

Reach out to an Arcoro expert.



In 2025 and beyond, overcoming constructions' workforce headwinds will be easier when you use HR technology, which can give you an edge over the competition.



Arcoro delivers modular HR & people management solutions to help companies hire, manage and grow their workforces.



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