



October 19, 2023

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New Report: Construction Labor Shortages are Hindering Economic Progress

Washington, DC --- The country's severe lack of skilled construction workers is having a harmful impact on the overall economy, according to Ed Brady, President and CEO of the Home Builders Institute (HBI). In the nonprofit organization's latest labor market outlook, HBI reports there were 363,000 open construction sector jobs as of July.

"Inflation control relies heavily on our ability as a nation to recruit, train and employ new workers in the trades," Brady said. "Boosting the residential construction labor workforce increases productivity which has a positive impact on monetary policy, interest rates and housing affordability."

The Fall 2023 HBI Construction Labor Market Report released today is compiled by the economics department of the National Association of Home Builders (NAHB). According to NAHB Economics' analysis of Bureau of Labor Statistics (BLS) data and projections, the running annual average annual number of openings in construction totals approximately 723,000.

NAHB Chief Economist Dr. Rob Dietz stated, "While tight monetary policy conditions have raised interest rates and slowed home building, the demand for new construction will rebound in 2024 as interest rates fall back. The large structural housing deficit in the United States will support the need for home building in the years ahead. These higher, future levels of construction will require more skilled construction workers."

The aging population of trade workers is a major contributor to the labor shortfall. The new report shows the share of construction workers aged 25 to 54 has decreased from 72 percent in 2015 to 67.7 percent in 2021. "When you combine the growth in construction with the number of workers required to replace those leaving the sector permanently, you're talking about needing more than 60,000 new hires every month," Brady said. "Between now and 2026, we

will need more than two million new skilled workers in construction. That is a daunting proposition.”

“The NAHB predicts an upswing for housing production in 2024 which further increases the demand for construction labor,” the chief executive said. Skilled construction workers will be needed, he said, to reduce the nation's housing deficit during the second part of this decade, a shortfall that NAHB estimates to total 1.5 million homes.

Other key findings of the report include:

- Average hourly wages in the construction industry have increased 5.4 percent over the last year, with average wage levels exceeding national private sector averages
- Women make up a growing share of the construction employment, reaching 10.9 percent in 2022, a notable increase from 9.1 percent in 2017
- Immigrant workers now account for 24 percent of the construction workforce
- Hispanics comprise 31.5 percent of the construction labor force, a new record high
- Construction attracts 6.5 percent of all employed veterans

About Home Builders Institute (HBI):

HBI trains skilled workers for the building industry. It is the nation’s leading nonprofit provider of trade skills training in residential construction. Through the organization’s industry-recognized curriculum, HBI trains in a variety of skills including, carpentry, electrical, plumbing, building construction technology, HVAC, and masonry. In facilities across the country, HBI provides pre-apprenticeship training and certification programs in middle and high schools; community colleges, technical institutes and training academies for middle and high school students, veterans and transitioning military, unemployed and displaced workers; and low-income, at-risk and justice-involved youth and adults.

For a copy of HBI’s Fall 2023 HBI Construction Labor Market Report, and for more information, visit: www.hbi.org