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CONSTRUCTION WORKFORCE SHORTAGES REMAIN ACUTE DESPITE 'SOFT' MARKET CONDITIONS AS DATA CENTERS STRAIN LABOR SUPPLY, SURVEY FINDS

New AGC of America and NCCER Survey Shows Construction Firms Struggling to Find and Retain Qualified Workers amid Enhanced Immigration Enforcement, as They Boost Pay, Invest In Training

Demand for workers on data centers is contributing to construction workforce shortages while immigration enforcement impacts labor availability at just under one-third of firms, even as market conditions soften, according to the results of a new workforce survey conducted by the Associated General Contractors of America and NCCER. As a result of the tight labor conditions, workforce shortages remain the top reason for construction project delays, association officials noted, warning that many candidates appear to lack the skills needed.

"The need for people to work on new data centers is keeping labor conditions tight even as demand for many other types of projects remains relatively soft," said Ken Simonson, the association's chief economist, during a virtual media briefing to release the results. "Meanwhile, the nation is not producing enough qualified workers, even as federal immigration policies are impacting nearly one-third of firms."

The survey finds that workforce shortages remain acute despite softer conditions in parts of the construction market. Thirty-seven percent of respondents report reducing their firm's headcount by at least 5 percent during the past 12 months, while 34 percent increased headcount by at least 5 percent.

Nevertheless, nearly three-quarters of all respondents expect to add employees during the next 12 months. And nearly all firms need to replace departing workers: 87 percent of respondents report having openings for hourly craft positions and 82 percent have openings for salaried positions.

Those positions remain difficult to fill. Among firms with craft openings, 88 percent report that those positions are as hard or harder to fill than a year ago, including 50 percent that say they are harder to fill. For salaried positions, 87 percent of firms with openings report they are as hard or harder to fill than a year ago, including 41 percent that say they are harder to fill.

Simonson noted that one of the biggest challenges is finding candidates with the qualifications firms need. Half of respondents report that available candidates are not qualified to work in the industry because they lack needed skills, certificates or licenses.

Softer market conditions are not being felt evenly across the industry. While 30 percent of the smallest firms—those performing $50 million or less of work annually—increased their headcount by at least 5 percent during the past year, that share rises to 54 percent among firms performing between $50.1 million and $500 million of work annually and 79 percent among firms performing more than $500 million.

Competition for workers is particularly acute in the rapidly expanding data-center market. Twenty-eight percent of respondents report performing construction work on a data-center project during the past 12 months. Among those firms, 58 percent report that data-center projects have increased competition for skilled workers, while 49 percent report increased wage pressure and 37 percent identify the availability of workers or subcontractors as their biggest challenge in pursuing or delivering those projects.

The survey finds immigration enforcement is another source of workforce pressure for some contractors. Roughly 29 percent of respondents report at least one direct or indirect impact from immigration enforcement activities during the past six months. Six percent report that a jobsite or offsite location was visited by immigration agents, 12 percent say workers left or failed to appear because of actual or rumored immigration actions, and 16 percent report that subcontractors lost workers.

The impact varies considerably across the country. Forty-two percent of respondents in the South report at least one direct or indirect impact from immigration enforcement, compared with 37 percent in the Northeast, 22 percent in the West and 17 percent in the Midwest.

Worker shortages continue to have consequences for project delivery. Forty-two percent of respondents report that shortages of their own workers or subcontractors' workers have delayed projects, making workforce shortages the most commonly cited cause of project delays. Overall, 74 percent of respondents report experiencing at least one significant project delay during the past year.

Contractors are taking a range of steps to address their workforce challenges. More than eight in 10 firms report increasing base pay for hourly craft and salaried workers as much as or more than they did a year earlier. Thirty-six percent of firms initiated or increased spending on training and professional development. They are also expanding recruiting efforts: 49 percent added or increased online recruiting strategies such as social media and targeted digital advertising during the past year, while 48 percent increased engagement with career-building programs at high schools, colleges, or career and technical education institutions.

NCCER officials noted that addressing workforce shortages will require the industry to focus not only on attracting new workers, but also on developing and retaining them. "As contractors explore ways to secure the future of their workforce, it is critical that the industry takes a holistic approach to workforce development," said Boyd Worsham, president and CEO of NCCER. "From recruiting and training to retention and advancement, we must commit to investing in our people and making construction a first-choice career."

Association officials noted that the association is urging Congress and the Trump administration to increase investments in construction workforce development, including significantly boosting funding for high school career and technical education programs. The association is also urging Congress to pass a new Workforce Innovation and Opportunity Act that directs a greater share of funding toward workforce training programs.

But the officials added that rebuilding domestic workforce development programs will take years. In the meantime, they urged federal officials to provide more lawful, workable pathways for people to enter or remain in the country and work in industries with persistent workforce needs, including construction. That should include establishing a new construction-specific temporary work visa program, the officials noted. Association officials also urged policymakers to support responsible growth in data-center construction while addressing the infrastructure, permitting and workforce constraints that can limit development.

"Our goal is to make sure the construction industry remains a driver of economic growth in this country," said Jeffrey D. Shoaf, the association's chief executive officer. "That means investing in the domestic construction workforce, creating lawful ways to supplement that workforce where needed, and maintaining the market conditions that allow contractors to keep building and hiring."

The Associated General Contractors of America and NCCER conducted the Workforce Survey in July and August 2026. A total of 1,830 individuals from a broad range of firm types and sizes responded to at least one portion of the survey. The 2026 Workforce Survey is the association's 14th annual workforce-related survey.

Click here for survey materials including national, regional and state fact sheets, survey analysis and event remarks.

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