

Long Island Business News

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Report: Construction industry facing skilled labor shortage

By: [David Winzelberg](#) March 3, 2022

The construction industry continues to face a skilled labor shortage, which became more acute with the onset of the COVID-19 pandemic.

That's according to a new report from Marcum's National Construction Services group, which provides an annual analysis of the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS).

In the report, Marcum's chief construction economist, Anirban Basu, details hiring trends, quit rates and the economic environment shaping the demand for labor in the residential and nonresidential construction sectors.

"The pandemic resulted in a 14.5 percent decline in construction employment from February to April of 2020," Basu said in a company statement. "Rather than helping the situation, that further exacerbated industry challenges by persuading some workers to enter retirement earlier than anticipated and inducing others to seek employment in other industries, including those that offer the ability to work remotely and/or on flexible schedules."

Here on Long Island, Nassau and Suffolk counties led the country again in declining construction employment in December, the fourth straight month that the region had the largest drop among 358 U.S. metro areas.

The number of construction jobs last month in Nassau and Suffolk was down 5,700 jobs over the last year, a decline of 7 percent from Dec. 2020, according to the Associated General Contractors of America. The number of Long Island construction jobs dropped from 76,600 in Dec. 2020 to 70,900 in Dec. 2021.

The construction industry currently faces a historical level of unfilled jobs, according to the report.

The share of unfilled jobs expanded over the course of last year, rising from 3.9 percent in January to 5.7 percent by October.

The labor shortages have resulted in rising wages as contractors compete for workers. Over the past 12 months, construction wages climbed 5.1 percent, increasing \$0.19 in Jan. 2022 alone.

In addition, the median age of construction workers has risen in recent years, and more construction workers than ever consider themselves general construction laborers.

"This suggests that the industry doesn't simply face a worker shortage, it faces a skills shortage," Basu said. "While these dynamics predated the pandemic, they have become especially apparent over the past two years. Above all, this threatens industry profitability as well as creating circumstances that could result in widespread firm failure."

The good news? More people are reentering the workforce. By Dec. 2021, the proportion of positions that remained unfilled had declined to 4.3 percent, though that remains well above the 2.5 percent average that prevailed during the decade preceding the pandemic, Basu said.