



**JOSEPH NATARELLI,**  
NATIONAL CONSTRUCTION LEADER,  
MARCUM LLP

**Please briefly describe when the construction industry’s skilled labor shortage began and its causes.**

**Natarelli:** Pinpointing the beginning of the labor crunch is difficult, but what is clear is that the pandemic was the catalyst for the severe shortage we’ve seen recently. As the pandemic hit, there was a major but brief recessionary period accompanied by massive job cuts. Then, just as suddenly, economic stimulus and the transition to remote work inspired a huge increase in demand. That meant there were fewer employees on staff as demand boomed. Those factors exacerbated the entrenched labor shortage that had long pre-dated the pandemic.

**What is the current situation and future job outlook?**

**Natarelli:** From the perspective of laborers, the job outlook is strong because demand remains high. Across the industry, laborers have used that demand to secure higher pay and better working conditions. From the project planning perspective, the amount of work on the horizon looks too thin, especially when looking ahead to late 2023 and 2024.

**Why are there not enough skilled construction workers? Are they leaving or just not entering the industry?**

**Natarelli:** You often hear two statistics used to put the shortage into context. The first is that one in four construction professionals is over the age of 55, and the second is that there are not enough young professionals entering the industry to replace those who are aging out.

Older construction professionals are retiring, and they are taking a lifetime of skills with them. At the same time, young adults aren’t entering the industry at a high enough rate. I think we will see that trend reverse as the younger generation realizes the trades represent a great career. These roles are often in demand, financially rewarding, and personally fulfilling.

**How has the industrial sector been affected by this worker shortage as compared to residential or other sectors?**

**Natarelli:** Industrial projects may have an advantage when it comes to attracting workers because they are often well funded and highly specialized. If you’re bidding on a very complex facility, the competition is a little lighter; not everyone has the experience and skills to do that work, and knowledge comes at a premium. Industrial interests are likely still feeling the effects of a very competitive labor market in the form of a higher wage bill but may have fewer issues staffing projects.

**In what ways has this skilled labor shortage impacted both corporate and industrial real estate costs and location decisions?**

**Natarelli:** There are certain regions in the U.S. that have not suffered as severely from the shortage. The Midwest labor market has been particularly resilient. That region (and others like it) are going to be more attractive to developers. And while labor availability is not the only consideration, I would be surprised if we don’t see a somewhat higher rate of development in these less-stressed labor markets through 2023.

Corporate and commercial real estate will continue adjusting to a remote workforce, meaning the focus on that side will center on the new outlook on demand, not labor issues.

**What solutions can you suggest in order to address this shortage?**

**Natarelli:** We need to see even more outreach. Some industry organizations are having success letting kids know the advantages of a trade career. When young people realize they can learn a skill early, become a specialist, and establish a career, the sky is the limit.

**In the past two years, the U.S. economy has shown distress across various sectors. If we don't recover these construction industry jobs quickly, how will that affect America's economic health overall?**

**Natarelli:** This country needs housing, infrastructure, factories, warehouses, and so much more. The better our construction industry is functioning, the quicker we can have them. For example, we're onshoring computer chip manufacturing — that means more jobs, more goods, and more value for the U.S. economy. But you can't manufacture computer chips without a specialized facility, so there's a real possibility that our economic expansion efforts may become bottlenecked by the construction labor shortage.

**Anything else you would like to share?**

**Natarelli:** It's been a long time since I've been in the shoes of a high school senior, but it seems like the pressure to pursue a college education has never been more intense. There was a time when junior colleges and trade schools were respected "next steps" for recent graduates. However, today four-year degrees are emphasized at literally all

cost, without any guarantee that graduates will secure a reliable and/or professional job.

Particularly in the wake of the pandemic, the electricians, plumbers, and construction workers who build, manage, and maintain our critical infrastructure are more essential than ever. The labor shortage in the trades is a ripe and ready career opportunity for young people looking to step into the workforce. With near certainty they'll find steady employment, good compensation and benefits, the chance to develop specialized skills — and possibly even the ability to become entrepreneurs themselves without being burdened by an expensive college tuition bill.

---

## **THE ASSIGNMENT**

The construction industry continues to face a skilled labor shortage, with worker scarcity worsening since the beginning of the pandemic. With this in mind, Area Development's staff editor Lisa Bastian asked Joseph Natarelli, Marcum's National Construction Leader, to share his perspective on this issue.