

THE WALL STREET JOURNAL.

LABOR SHORTAGE SQUEEZES REAL-ESTATE DEVELOPERS

More than a third of contractors said they are forced to turn down work

By Peter Grant
June 27, 2017

About two-thirds of the contractors who are struggling with the labor shortages gripping the construction industry say it has become a challenge to finish jobs on time, according to a new survey.

More than one-third of contractors said they are being forced to turn work down and 58 percent said they are putting in higher bids, said the survey sponsored by [USG Corp.](#) [USG - 2.39 percent](#) and the U.S. Chamber of Commerce. Three-quarters of those who said they are having difficulty finding skilled labor said they are simply asking their employees to work harder.

"Basically they're just making people work harder as a way to cope," said Steve Jones, senior director of Dodge Data & Analytics, which was the research partner of USG and the Chamber on the project.

The survey was conducted as part of the development of a new economic indicator launched earlier this month named the USG + U.S. Chamber of Commerce Commercial Construction Index. It was designed to gauge such trends as backlogs, revenue projections, access to financing and labor issues.

Two-thirds of the contractors surveyed predicted there would be more workers in the next six months. But 61 percent of the respondents reported problems finding skilled laborers in such trades as concrete, interior finishes, masonry, electrical and plumbing.

"There is reason for concern in the lack of qualified talent," said Tom Donohue, chief executive of the Chamber in a written statement.

Industry officials are warning that labor shortages will become more acute if the Trump administration moves ahead with its plan to spend \$1 trillion on infrastructure. "We couldn't absorb \$1 trillion worth of brand new work," said Mr. Jones. "We're already strapped just dealing with the work we already have."

Labor shortages are partly due to the increasing number of construction projects moving forward. During the first four months of this year, construction spending amounted to \$359.5 billion, 5.8 percent more than the same period in 2016, according to the U.S. Census Bureau.

Also, tens of thousands of workers left the building trades during the economic downturn. Even before it hit, the construction workforce was aging, Mr. Jones said.

"You had an aging workforce in an industry that doesn't lend itself to long careers because it's hard, physical work and then you lose a whole bunch of people," he said.

The USG and Chamber survey asked four questions on coping strategies to the 61 percent of respondents who said they're having difficulty finding skilled labor.