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Commercial Construction Contractors Struggle to Find Workers, Materials As Recovery Stalls

92% report difficulty finding workers; of those, 42% have turned down work because of it

Washington, D.C. -- In the face of escalating challenges including worker shortages, materials shortages, and rising costs, commercial construction contractors are seeing a slowdown in the pace of their recovery from the pandemic, according to third quarter data from the [U.S. Chamber of Commerce Commercial Construction Index](#) (Index).

Almost all (92%) contractors report some level of difficulty finding skilled workers, but this quarter, 55% indicate *high* levels of difficulty—a jump of 10 percentage points from Q2. The lack of workers has caused 42% of those contractors reporting difficulty finding workers to turn down work, up from 35% in Q2.

Also, a record 93% of contractors report they are facing at least one material shortage. Prices are also a worry: An all-time high of 98% of contractors say building product cost fluctuations are having an impact on their business, up 35 points year-over-year.

Contractors are facing concerns about supply chains, worker safety, and talent shortages as they look to recover from the pandemic. Contractors say that less availability of building products/materials is, by far, their top concern (62%) related to the COVID-19 pandemic, followed by worker health and safety concerns (38%), and an increase in worker shortages (37%).

“This quarter’s Index findings demonstrate the fragility of our economy’s recovery from the COVID-19 pandemic. And unfortunately, these trends are not limited to the commercial construction industry,” said U.S. Chamber of Commerce Executive Vice President and Chief Policy Officer Neil Bradley.

“Across all sectors of the economy, businesses are facing tremendous difficulties finding skilled labor. Supply chain shortages and rising inflationary pressures are threatening to stop our economic resurgence in its tracks. We need to address our worker shortages, including by doubling legal immigration, and address supply chain issues, including through tariff reductions.”

Contractors’ concerns are reflected in the Index score, which rose just one point this quarter to 66. Two of the three leading indicator scores—confidence in new business opportunities and backlog—improved slightly, while the score for revenue remained unchanged.

However, contractors see improvements over the longer term. 90% of contractors report a moderate to high level of confidence in the market's ability to provide new business over the next year, up one point from Q2. Project delays due to the pandemic also continue to improve: 60% are experiencing delays (down from 72% in Q2), with an average share of 15% of projects delayed (down from 17% in Q2).

More Findings:

- **Steel replaces lumber as most-reported shortage.** Reversing a year-long trend, the product which most contractors are experiencing a shortage in is steel (34%), followed closely by wood/lumber at 31%. Since Q3, lumber had been the most often reported shortage. Last quarter, 33% of contractors reported a lumber shortage, 29% reported a steel shortage.
- **Steel tariff concerns grow.** As steel shortages worsen, 46% of contractors say steel and aluminum tariffs will have a high to very-high degree of impact on their business in the next three years, up 11 points from 35% in Q1 2021.
- **Worker shortages are impacting business.** This quarter, 73% of those contractors who report difficulty finding skilled labor say it's a challenge to meet project deadline requirements (up from 56% in Q2), and 59% are putting in higher bids for projects (up from 50%).
- **Equipment spending declines.** More contractors report pulling back their purchasing plans this quarter: 40% say they will increase spending on tools and equipment over the next six months (down from 44% who said they would increase spending in Q2).
- **Contractors are less confident in their revenue expectations.** The percentage of contractors who expect their revenue to increase (37%) is down two points from last quarter, while more contractors (10%) expect their revenue to decrease, up from 6% in Q2.

About the Index

The [U.S. Chamber of Commerce Commercial Construction Index](#) is a quarterly economic index designed to gauge the outlook for, and resulting confidence in, the commercial construction industry. The Index comprises three leading indicators to gauge confidence in the commercial construction industry, generating a composite Index on the scale of 0 to 100 that serves as an indicator of health of the contractor segment on a quarterly basis.

The Q3 2021 results from the three key drivers are:

- **Revenue:** Contractors' revenue expectations over the next 12 months held steady at 61.
- **New Business Confidence:** The overall level of contractor confidence increased to 64 (up two points from Q2 2021).
- **Backlog:** The ratio of average current to ideal backlog rose three points to 74 (up two points from Q2 2021).

The research was developed with Dodge Data & Analytics (DD&A), the leading provider of insights and data for the construction industry, by surveying commercial and institutional contractors.

Visit <http://www.CommercialConstructionIndex.com> to access the full report, methodology, and shareable graphics.

About the U.S. Chamber of Commerce:

The U.S. Chamber of Commerce is the world's largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations.

They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.