



CONSTRUCTION  
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# BUILDING IRELAND'S FUTURE: UNLOCKING THE CONSTRUCTION WORKFORCE THROUGH PROJECT CERTAINTY AND REFORM

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Ireland's construction sector has the labour capacity to deliver vital housing and infrastructure. Persistent systemic bottlenecks, not labour shortages, are holding projects back.

Much discussion and analysis has taken place about the level of workforce capacity needed by the construction sector to deliver on government housing and infrastructure targets. Like all industries operating in Ireland's competitive labour market, construction shares the challenge of attracting a skilled labour force to meet future demand.

Construction is a large and complex industry made up of diverse and specialised labour markets. Labour planning and workforce management varies widely across businesses and sectors, depending on the scale, type, and duration of projects.

For instance, the labour requirements of a general builder working on domestic insulation and retrofits or extensions, differ significantly from those of a contractor delivering large-scale projects such as wastewater treatment plants or strategic housing developments. As a result, it is not simple to define a single, fixed number of workers needed at any one time for the entire industry.

For large Irish contractors tasked with delivering key National Development Plan (NDP) projects ongoing delays, bottlenecks, and uncertainty are disrupting the pipeline of infrastructure and residential delivery. As a result, companies are shifting focus toward commercial projects or redirecting their surplus capacity, including skilled workers, to international markets, simply because there is not enough domestic work to sustain them.

The construction industry has a proven track record of strategically scaling up and transferring staff and skills to projects. This model is at the heart of how large contracting firms operate. The sector has the labour capacity and capability to deliver critical major infrastructure including water, energy, new housing, transport, educational and commercial development. But consistent roadblocks mean that for many companies, a reliable pipeline of work is not available in Ireland.

The real capacity constraints bring experienced and reported by large construction firms are related to planning delays and legal delays, delays to enabling Infrastructural and lack of sufficient investment in public infrastructure.

This is not to suggest that these companies are not actively recruiting skilled workers or planning for future workforce needs - they are. But at present, it is the project pipeline under the NDP that is stalling, alongside housing delivery.

Irish construction companies want to work in Ireland and deliver for the population. It is in the national interest that constraints, particularly around planning and funding, are removed by government to unlock vital construction projects.

Centralised government coordination and prioritisation of multiannual infrastructure investment are essential to provide certainty for Irish construction firms. Accelerated reform of public procurement and construction contracts is also critical to making public projects more commercially attractive. Together, these actions will give construction firms the confidence to expand their workforce and build at scale in Ireland.

#### Surplus capacity: How construction's workforce potential remains underused

The construction industry has responded to increased demand for its services in the past and has not been found wanting. For example, from 2011 to 2021, residential production increased by 94%. From 2012 to 2023 housing completions increase by 570% i.e. from 4,911 units to 32,732 units. Civil engineering production increased by 56% and non-residential by 98%. Overall Gross Domestic Physical Capital formation at current prices increased by 145% from 2014 to 2023.

These are remarkable growth figures, and the industry grew with it. However, it is notable that the numbers employed in the industry did not increase anywhere close to the same rate.

This is because employment levels are not directly correlated to increased construction output due to technological advancement, innovation and off-site construction, alongside modern methods of construction methodologies, including early contractor involvement, lean construction and last planner management systems.

All these lead to greater productivity and less reliance on mass labour. If productivity data from the construction related manufacturing sector was included in overall construction productivity data, it would likely demonstrate impact of these factors.

Recent data backs this up. Research by the Irish government Economic Evaluation Service (IGEES), which looked at labour intensity of public investment relating to the Public Capital

programme 2021 – 2030, showed that the number of direct construction jobs per €1 million reduced by 35% (12 to 7.8) between 2015 and 2021.

If we assume that every €1 million in capital expenditure creates and sustains approximately 7.8 direct and indirect jobs, then the planned capital spending of nearly €15 billion in 2025 would support around 117,000 jobs. Yet the industry currently employs approximately 176,000 people directly, a significant surplus relative to projected public sector demand. Excess labour capacity is one reason why many Irish construction firms can move staff abroad, even as they continue to service private sector projects across residential, commercial, and industrial markets.

Unfortunately, labour research studies into the construction industry sometimes fail to model how the industry operates accurately. The Skills and Labour Market Research Unit study by Solas in 2019 forecast that the industry would need 212,700 direct employees by 2020, which does not tally with the figures estimated above.

What these research models often overlook is that construction is fundamentally different from many other industries - its labour force is not fixed or uniform. Labour demand fluctuates significantly across project types, timelines, and regions, making it difficult to apply static projections. This variability highlights the complexity of the industry and reinforces the need for more nuanced analysis of workforce planning, projections and policy.

It is important that any assessment of construction labour force considers how the workforce operates. The labour force in main contracting and civil engineering for example, is mobile and malleable. Project workers in large contracting firms travel to where the next project is rather than being bound to any permanent location (office staff excepted).

It is also a transitory industry, in that different types of skilled labour are required at different stages of project progress and therefore can move between projects. This delivers further efficiency and productivity, if managed effectively.

The construction industry is also diverse and is made up on marine, rail, bridges, roads, hospital, factories, office, hotels, schools, water plants and pipe, electrical grids and power stations, housing, apartments and more, all of which to some extent facilitate the fluidity of labour mobility.

This is why a secure pipeline of work, backed by multiannual funding under the National Development Plan, is essential. With clear visibility of upcoming projects, large construction firms can invest confidently in the staffing resources needed to deliver them. Without this certainty, it simply does not make business sense to scale up workforces for projects that may never materialise.

A more accurate and recent report by the Department of Finance in February 2025 entitled 'Firm and Labour Dynamics in The Construction Sector' supports this.

The report states that the Expert Group on Future Skills Needs (EGFSN) estimation that a 13,000 unit increase in residential output (to 33,000 units by 2025) would require around 17,500 additional workers, is questionable.

On the contrary, housing output at approximately 33,000 units in 2023 was achieved with only a concurrent increase of 9,000 workers. The rapid uptick in housing completions in year one and two of Housing for All occurred with a comparatively modest increase in aggregate employment.

Last year, a report by Turner and Townsend stated that the industry was running at only 80% capacity. We are also seeing increasing levels of export of construction services as contractors are choosing to grow their business abroad because there is greater certainty of investment and more attractive commercial opportunities to grow than in Ireland.

A CIF Construction Outlook report in August 2024, found that that up to 69% of its members are doing no or low levels of public work. The government is potentially relying on a third of the industry to deliver vital public infrastructure under the National Development Plan.

Our research found that the key reasons for not taking up public works include high levels of bureaucracy, low margins, contracts awarded on lowest price over quality and delays.

These projects are currently unreliable and not viable for construction firms, who can secure better conditions and a more dependable pipeline of work from private clients in Ireland and overseas.

The research demonstrated why reform of public procurement is critical, alongside increasing capacity and skills within the public sector across planning and procurement, to attract more Irish construction businesses to tender for public works.

#### Real world consequence of pipeline instability – How CIF Members are responding

CIF members are expanding their operations abroad in the UK, EU, Canada and US because there is not enough work in Ireland. Some are setting up in US, others are chasing work in London on red eye flights because there is not enough work in Ireland. Irish construction companies are in demand overseas and are building data centres, offices, apartments and more in other jurisdictions, because there isn't reliable or viable work at home despite the population's urgent demand for infrastructure and utilities. Contractors are reallocating resources due to delays.

## Examples of stalled projects

- Tenders to the value of 100s millions of euro have been paused or delayed, for example;
  - The €40m Newmarket on Fergus Waste Water Treatment Plant Upgrade: up to 5,000 houses affected
  - Avoca Waste Water Treatment Plant Upgrade: Delayed by 12 months: 560 houses affected
  - Mountbellew & Ballygar Waste Water Treatment Plant: Delayed – 1,800 houses affected
  - Carlow and Trim Waste Water Treatment Plants also delayed.
- CIF members are letting skilled staff go or reallocating them to other areas/jurisdictions like the UK where construction is being ramped up. We have reports of specific individual companies that have:
  - Laid off over 50 skilled staff in September
  - Transferred 20% of their staff to the UK
  - Transferred or let go of 75% of workforce
- Frameworks have been suspended, or funding curtailed such as:
  - Regional Water Programme
  - Aeration Treatment Monitoring Programme
  - Network Leak Detection Programme
- Members estimated reported falling revenue from Uisce Eireann projects for 2025 indicating a lack of utility development. Examples from four individual companies that are CIF members are:
  - Member 1 – approx.. €30 m drop
  - Member 2 - €14m drop
  - Member 3 - €12m drop
  - Member 4 - €5m drop

## Untapped potential: enabling construction companies to build in Ireland

The construction sector grew by 18% between 2020 and 2023 despite the impact of COVID on output. CIF is currently contributing to work being undertaken on behalf of the Department of Further and Higher Education, Research, Innovation and Science (DFHERIS), namely, to develop a national framework for meeting priority workforce needs in the construction sector.

The industry is making substantial efforts to upskill its existing labour force to reflect an innovative and advanced industry which delivers internationally recognised infrastructure such as data centres, pharma and bio-medical plants.

A stable project pipeline and a predictable planning environment, underpinned by zoned and serviced land availability, planning exemptions, removal of consents, faster approvals, and multiannual funding, are essential to attracting construction firms to scale up in Ireland and deliver vital public infrastructure and housing.

Ireland's construction industry has the workforce, skills and proven ability to deliver. Without urgent government action to provide certainty, unlock land, streamline planning, and commit multiannual funding, we risk losing the very capacity we need to build the infrastructure, housing and future our growing country demands.