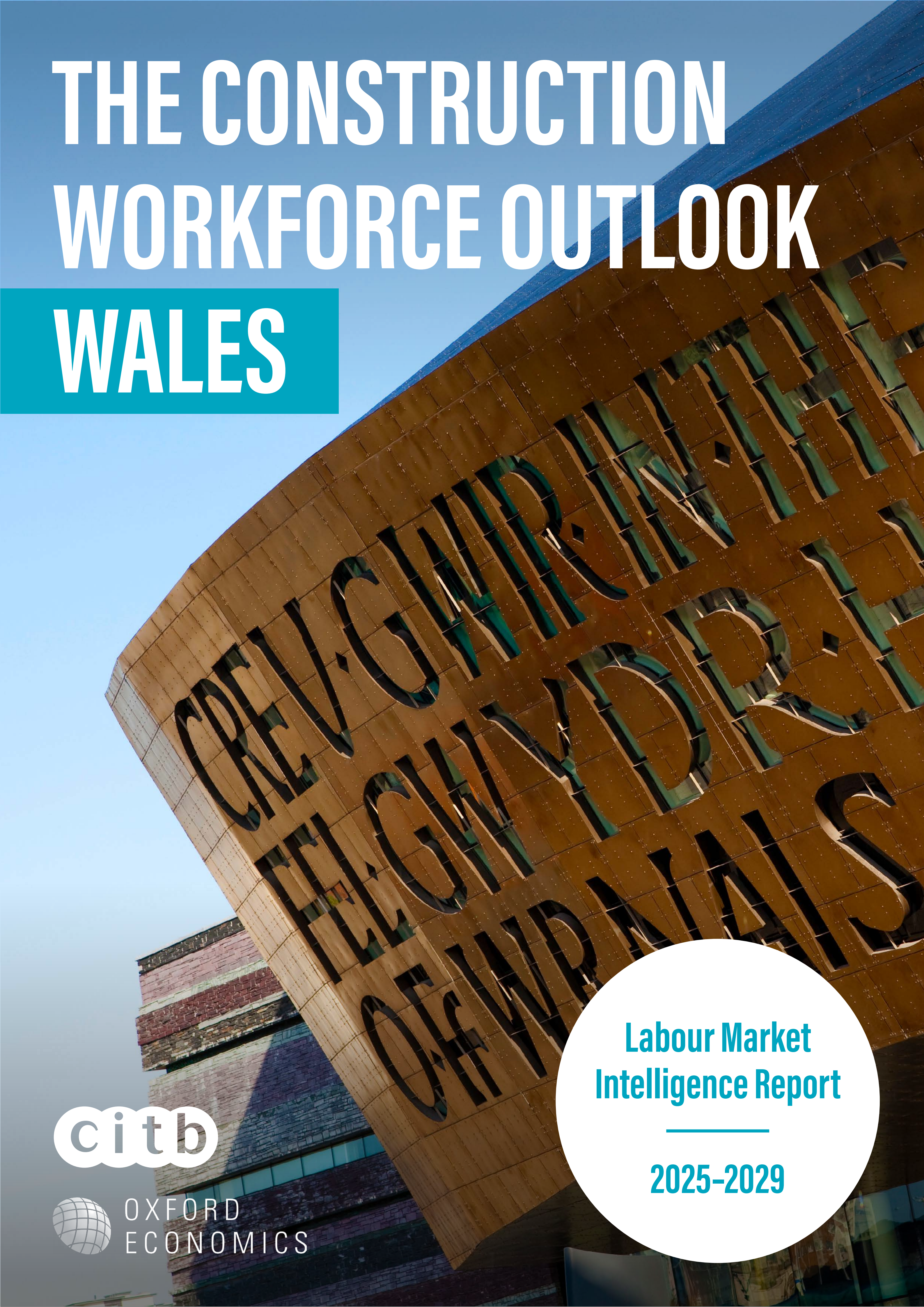


THE CONSTRUCTION WORKFORCE OUTLOOK

WALES

Labour Market Intelligence Report

2025–2029

citb

OXFORD ECONOMICS

CONTENTS

FOREWORD

Can we build it? Yes, with investment in training that leads to jobs now.

The Welsh construction industry is facing a crucial choice. To continue to recruit, train and develop its workforce as it has done in recent years, or to change and rethink how it attracts, trains, and retains talent.

If industry doesn't change it will stay on a path where job vacancies are difficult to fill, losing aging workers will lead to an increasing loss of valuable expertise, and CITB will continue to highlight the need for over 8,600 extra workers over the next five years. It also means that the opportunities identified in this report to build new homes, infrastructure and improve the energy efficiency of buildings will not be realised. Employers will struggle to find skilled, site-ready individuals, leading to project delays and increased costs.

If construction can change and rethink how it attracts, trains and retains its people, this could lead to an even more capable and diverse workforce that is better equipped for the scale of future demand.

Although there is a wide range of training that already takes place, the fact that the construction industry continually struggles to fill vacancies points towards a training system that isn't making a good enough link to jobs.

Training is key to having the workforce needed for the future with profound changes in the way that it is delivered already underway, which CITB will support through the details set out in its 2025-29 Strategic Plan and Nation Plan for Wales. Helping construction employers to recruit, train and retain apprentices in Wales is an important aspect as indications are that the intake for 2024-25 will be lower than previous years.

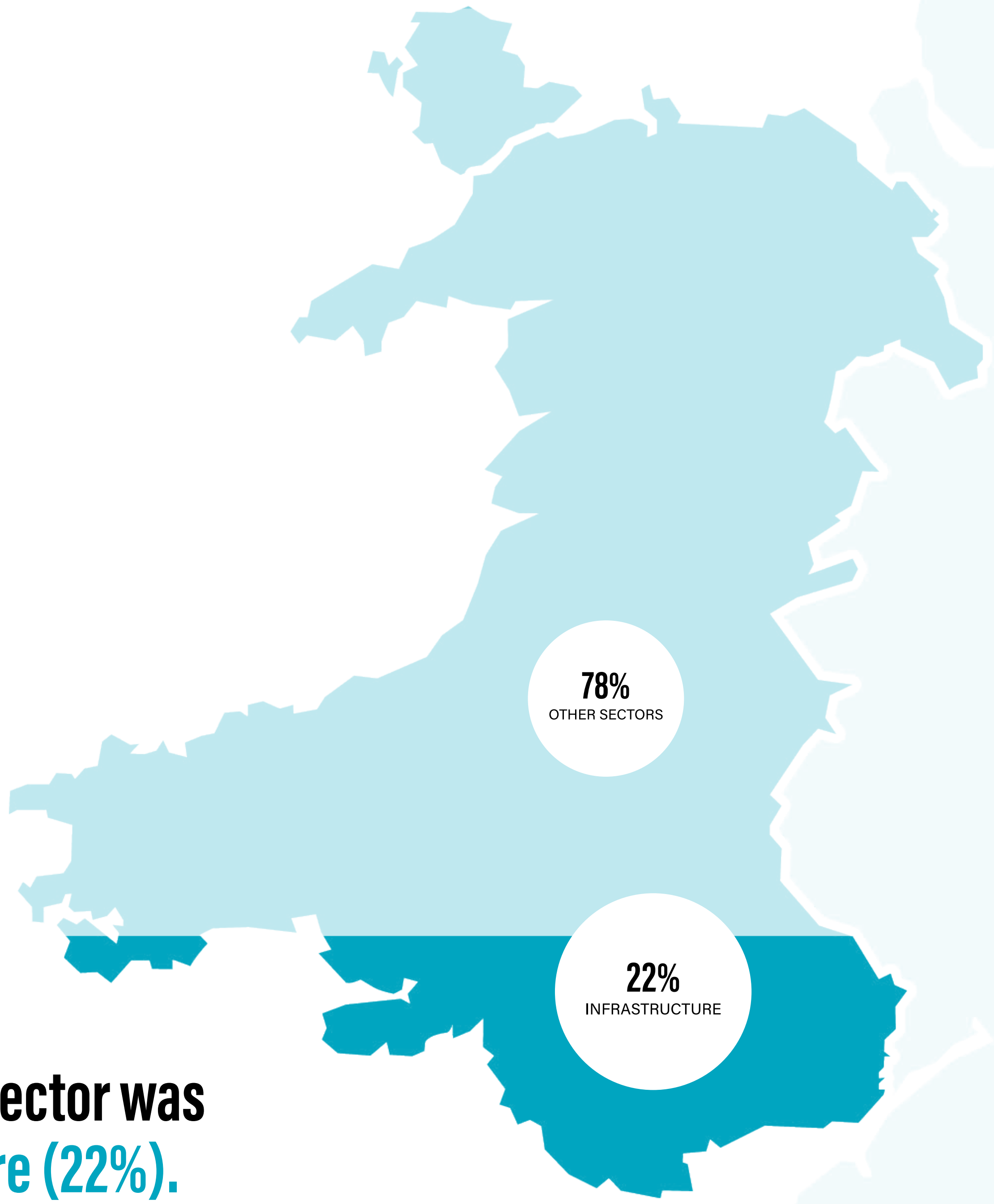
This outlook shows that there are opportunities ahead. Successfully achieving them requires a long-term commitment from Welsh construction employers, government, training providers, CITB and other partners to support investments in training that lead to jobs. If we don't train more people and ensure that they can join the construction industry, we will not have the skilled, capable, productive workforce needed to build the homes, hospitals, schools, power and water networks of the future.

Julia Stevens
Engagement Director Wales

KEY FACTS & FIGURES

In 2024, construction output reached

£7.2 billion.



The largest sector was **infrastructure (22%).**

2025 to 2029 average annual output growth:

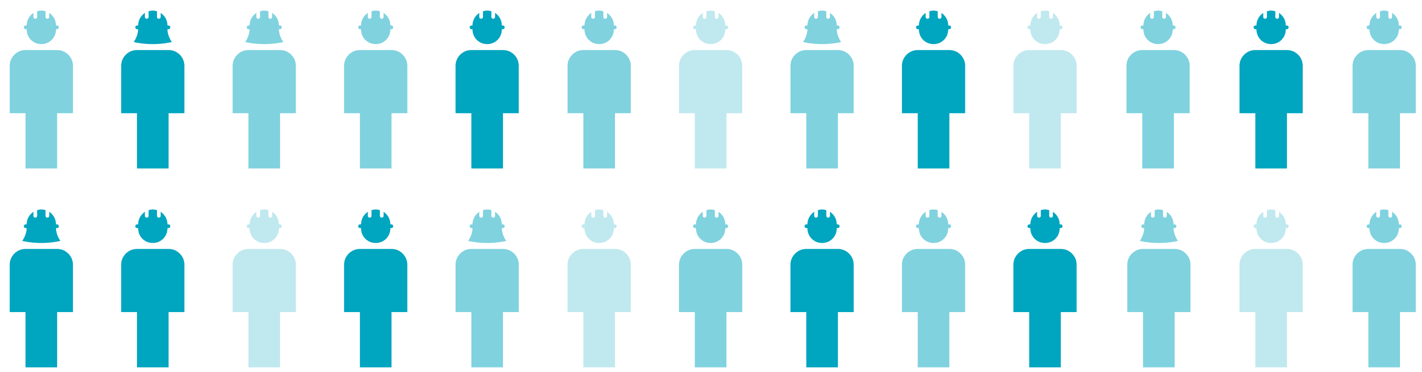
1.9%

2029 workforce:

117,420

Extra workers needed per year:

1,720



ECONOMIC OVERVIEW

The Welsh economy grew at a slightly faster rate than the UK average in 2024, with Gross Value Added (GVA) growth estimated at 1.0% compared to 0.9% across the UK.

Growth was largely driven by health and social care, the public sector, and transportation. Economic conditions remain challenging and GVA growth is expected to remain weak in 2025, but prospects are forecast to improve, with average annual GVA growth of 1.7% predicted for 2025–2029. Employment also recorded strong growth in 2024 (1.9%), with an estimated 28,600 net new jobs created, although labour market conditions have cooled, and much weaker employment growth is anticipated in 2025. Jobs growth should pick up over the medium term, with average annual growth rate of 0.9% forecast for 2025–2029.

The construction sector did not perform as well as the rest of the economy in 2024, and construction output declined by 17.8%. This was largely a result of a reported fall in infrastructure output (-46%). Infrastructure represents a large proportion of the construction sector in Wales, accounting for 22% of total output, which explains the large impact it had. Housing and non-housing repair & maintenance activities are also important contributors to construction output in Wales, accounting for 17.2% and 18.6%, respectively. Although these sectors saw growth in 2024, this was not enough to offset declines in other sectors.

Wales had an estimated 8,000 construction businesses employing people in 2024, equivalent to 14.4% of all Welsh employers. Most of these businesses are very small with a slightly lower proportion of medium and larger business than the UK average. A further 89% were micro-businesses (less than 10 employees), 9.9% were small (10 to 50 employees), while just 1.3% were medium and large (over 50 employees).

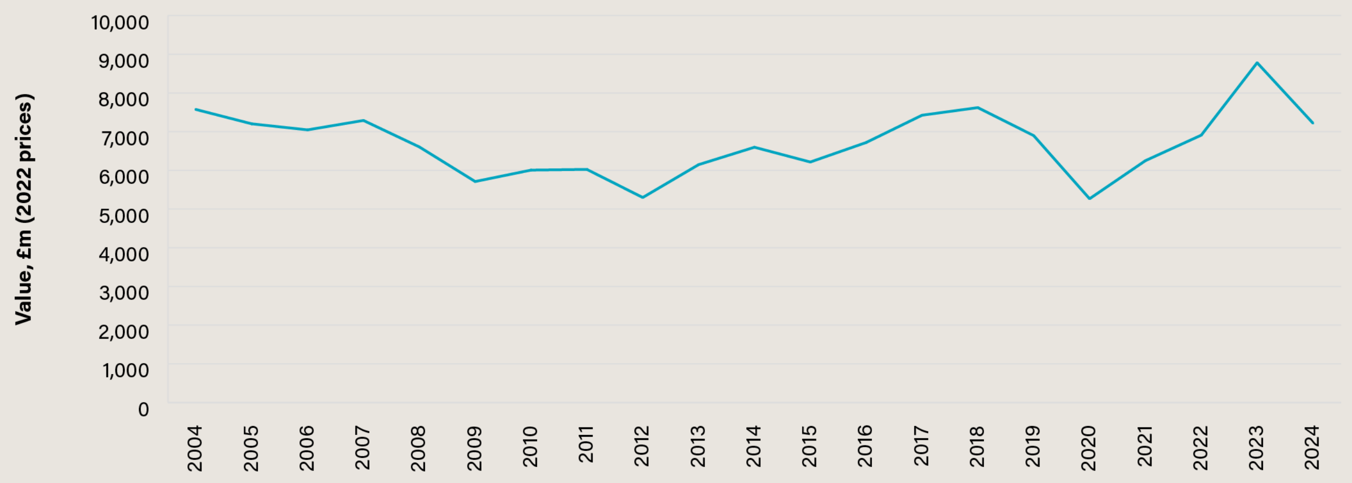
The construction labour market is still struggling, and construction companies are finding it hard to recruit due to a shortage of workers with the required skills and experience. Construction employment declined by 4.8% in 2024, equivalent to the loss of 5,700 jobs. Meanwhile, total job vacancies remained high in Wales, with almost 3,400 vacancies in March 2025, an increase compared to the same month last year.

Construction wages in Wales grew by 7.3% in 2024, faster than the UK equivalent (6.1%) and the cross-industry average in Wales (6.4%). The median gross hourly pay reached £17.10, matching the UK all-industry level, and above the Welsh average wage of £15.90.

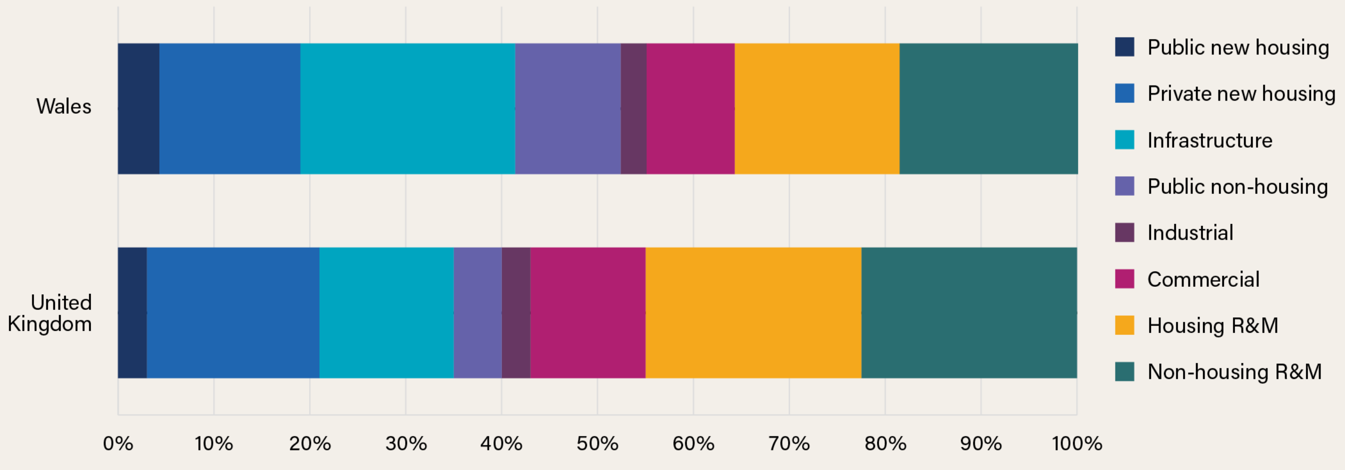
Construction output growth is expected to increase in 2025, with prospects from 2025–2029 supported by the UK Government's plan for housing and infrastructure development. However, the outlook for Wales is a bit weaker than the UK-wide forecast.

Job vacancies remain high in Wales, with almost 3,400 vacancies in March 2025.

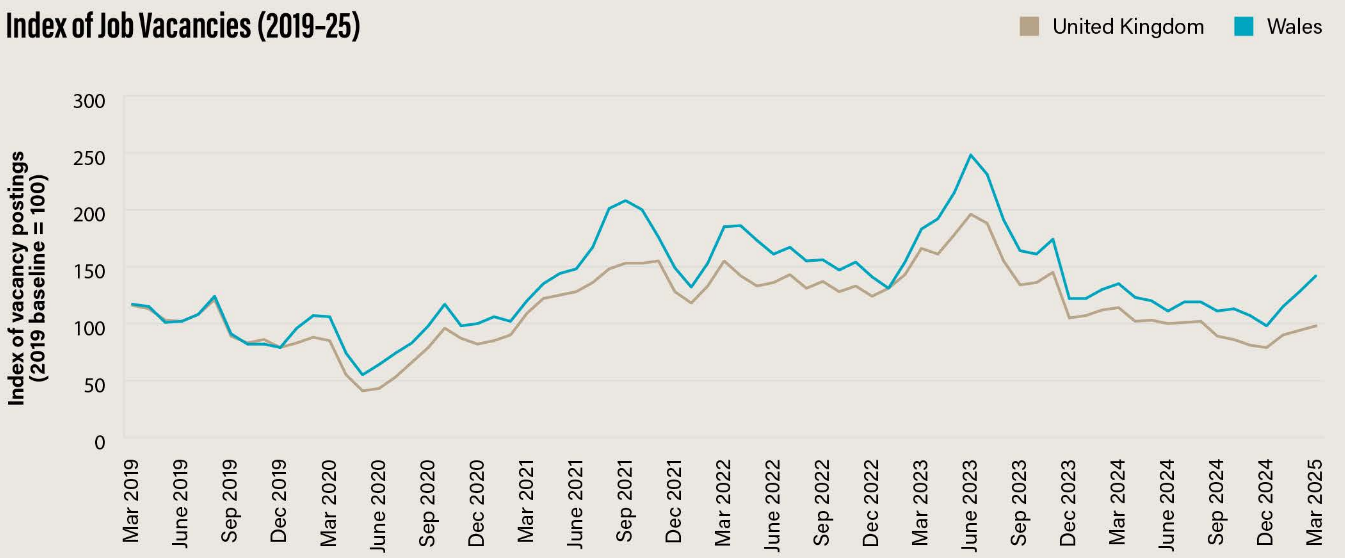
Wales Construction Output (2004-24)



Wales Construction Industry Structure by Sector (2024)



Index of Job Vacancies (2019-25)



CONSTRUCTION OUTPUT

Construction output is forecast to grow by 1.2% in 2025 in Wales, following a decline in 2024 (-17.8%). In the medium term, construction output is forecast to average 1.9% per year between 2025 and 2029, a slightly weaker pace than the UK average of 2.1%.

Public and private new housing are expected to grow at the fastest rate over the next five years, at an average of 4.4% and 4.1% per year, respectively. As a result, Wales is expected to significantly outpace the UK average in new housing growth, where public new housing is forecast to grow by 3.4% and private new housing by 3.3%. We anticipate that a combination of factors such as growth in household real disposable income, improved mortgage affordability, and government housebuilding targets, will all support the growth in housing output.

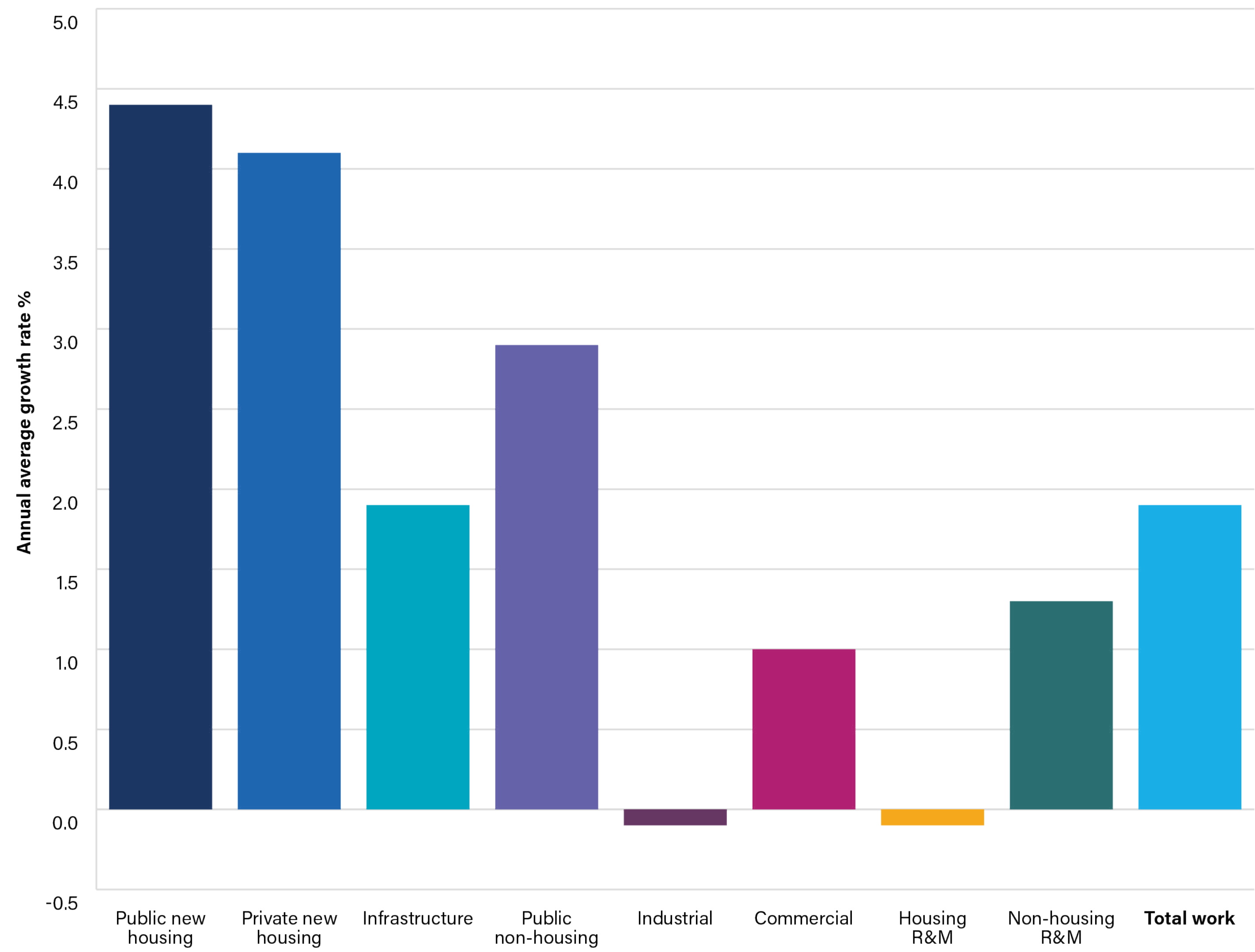
The infrastructure sector will also be a large contributor to construction growth in the next five years. Although growth will be lower than for new housing (1.9% on average), the sector will be the second-largest contributor to output, with an additional £160 million expected between 2024 and 2029, ensuring it remains the largest in terms of output. We expect infrastructure investment to benefit from planned increases in public capital investment as announced in the 2024 UK Autumn Budget, although the full detail and scale of these remains for now uncertain. Several significant projects are already in the pipeline. This includes the recently approved construction of an electric arc furnace at Tata Steel's Port Talbot site, and 2024's announcement that Wylfa was the preferred site for the UK's third new nuclear power station project.

Growth of the industrial and commercial sectors will be more moderate. Flexible working patterns introduced by the Covid-19 pandemic continues to affect commercial activity, and output in this sector is expected to grow by an average of 1.0% in the period 2025–2029. Industrial construction output is predicted to decline, despite a slight uptick in 2025.

Repair and maintenance (R&M) activity is expected to grow at a slower pace over the next five years. Despite strong growth in 2024, housing repair and maintenance is projected to decline in 2025, followed by modest growth through to 2029. The surge in housing R&M activity seen during the pandemic has largely lost momentum. In contrast, non-housing repair and maintenance is expected to perform more strongly, with average annual growth of 1.3% between 2025 and 2029.

Wales is expected to significantly outpace the UK average in new housing growth over the next 5 years.

Wales Annual Average Output Growth Rate by Sector (2025-29)



Wales Construction Output, £m (2022 prices) (2024-29)

Output sector	2024	2025	2026	2027	2028	2029
Public new housing	307	322	349	358	371	381
Private new housing	1,061	1,132	1,145	1,208	1,252	1,296
All new housing	**1,368**	**1,454**	**1,493**	**1,566**	**1,623**	**1,678**
Infrastructure	1,615	1,592	1,658	1,702	1,742	1,778
Public non-housing	795	847	854	875	894	918
Industrial	194	211	206	202	199	194
Commercial	664	671	695	695	698	698
All new work	**4,638**	**4,776**	**4,906**	**5,040**	**5,156**	**5,266**
Housing R&M	1,240	1,182	1,207	1,207	1,221	1,233
Non-housing R&M	1,340	1,346	1,343	1,372	1,399	1,426
All R&M	**2,580**	**2,528**	**2,550**	**2,579**	**2,621**	**2,659**
Total work	**7,218**	**7,304**	**7,456**	**7,619**	**7,777**	**7,925**

WORKFORCE

Although the Welsh construction and built environment workforce reduced by 4.8% in 2024, it still had over 114,430 people working in the industry. Having identified the expected increases in work, we are forecasting that the workforce will grow to reach around 117,420 by 2029. This is an annual average growth rate of 0.5% over the five-year period, slightly lower than the UK rate of 0.8%.

While 117,420 by 2029 is an overall increase of 3,000 when compared to the workforce in 2024, it is still lower when compared to the construction and built environment workforce in 2018 (122,500) and 2007 (128,000).

Compared to the rest of the UK, Wales is characterised by a higher proportion of skilled trades and site operatives, who accounted for 58% of the construction workforce in 2024, compared to 49% across the UK. In recent years, the strongest occupational growth in Wales has been seen in managerial and office support roles, which has grown by 1.6% on average since 2019, but there has been little growth in skilled trades occupations. This trend may be changing, given the growing requirement for skilled trades as identified in this report.

The construction-specific occupations projected to see the strongest annual average growth over the five years to 2029 are:

- Construction project managers **(1.0%)**
- Plant mechanics/fitters **(1.0%)** and
- Civil engineers **(1.0%)**.

In contrast, we expect lower employment growth among painters and decorators, groundworkers, and road and rail construction operatives, all forecast to grow by just 0.3% per year on average.

Among skilled trades occupations, steel and metal workers (1.0% per year) and bricklayers and masons (1.0%) are also forecast to see stronger than average employment growth over the next five years.

Although we forecast that workforce growth will be at a slightly lower rate than the UK average over the next five years, there will still be growth across the full range of occupations working in the Welsh construction and built environment.

The workforce will grow to reach around 117,420 by 2029.

Wales Construction Workforce (2024-29)

Occupational group	2024	2029	Annual extra workers	Extra as a % of 2024 workforce
Manager & supervisor				
Directors, executives and senior managers	9,460	9,730	170	1.8
Construction project managers	1,490	1,570	<50	-
Construction trades supervisors	2,640	2,690	<50	-
Skilled trades & site based				
Electrical installation trades	6,990	7,130	80	1.1
Carpenters and joiners	7,350	7,500	90	1.2
Plumbing and HVAC trades	7,010	7,140	80	1.1
Labourers	6,370	6,500	80	1.3
Painters and decorators	3,440	3,490	<50	-
Bricklayers and masons	2,580	2,710	<50	-
Plasterers	2,970	3,020	<50	-
Logistics	2,530	2,600	<50	-
Plant operatives	2,120	2,190	<50	-
Roofers	2,240	2,300	<50	-
Plant mechanics/fitters	1,480	1,550	<50	-
Floorers and wall tilers	1,600	1,640	<50	-
Groundworkers	2,340	2,380	<50	-
Scaffolders	2,250	2,290	<50	-
Road and rail construction operatives	2,270	2,300	<50	-
Glaziers and window trades	1,100	1,130	<50	-
Steel erectors and metal workers	1,010	1,060	<50	-
Other construction and building trades	9,060	9,230	110	1.2
Non-construction trades and operatives	1,740	1,790	<50	-
Professional & technical				
Surveyors	4,100	4,200	80	1.9
Civil engineers	2,010	2,110	<50	-
Architects	1,280	1,340	<50	-
Other professional and technical staff working in construction	9,920	10,240	200	2.0
Office based				
Non-construction professional and technical office based staff	10,370	10,620	170	1.6
Other non-construction office-based staff	6,710	6,930	120	1.8
TOTAL	**114,430**	**117,420**	**1,720**	**1.5**

EXTRA WORKERS

The modelling that informs the forecast looks at the expected employment growth against the flow of people moving in and out of the construction workforce.

These flows are illustrated on the diagram and show that, in a typical year, the construction industry needs to replace around 8% of its workforce due to natural churn.

When calculating the number of extra workers needed to meet expected demand, the process takes account of the fact that there will be a level of inflow and outflow of workers between different industries, unemployment and inactivity. The figure for the number of extra workers is therefore based on:

- The difference between the number of people that leave or join the industry
- Replacement of workers who will be retiring and
- Estimate of workers needed for additional growth.

The number of extra workers needed for the 2025–2029 period is estimated at an average 1,720 per year, which is equivalent to 1.5% of the current workforce. This means the industry needs to recruit the equivalent of over 8,600 extra workers over the next five years.

In absolute terms, the highest values for construction specific occupations are for:

- Other professional and technical staff working in construction **(200 extra workers needed per year)**
- Non-construction professional and technical office-based staff **(170)** and
- Directors, executives and senior managers **(170)**.

For occupational groups that require fewer than 50 additional workers, the expectation is that recent levels of recruitment will be able to meet future needs if they are maintained and job vacancy postings remain at current levels.

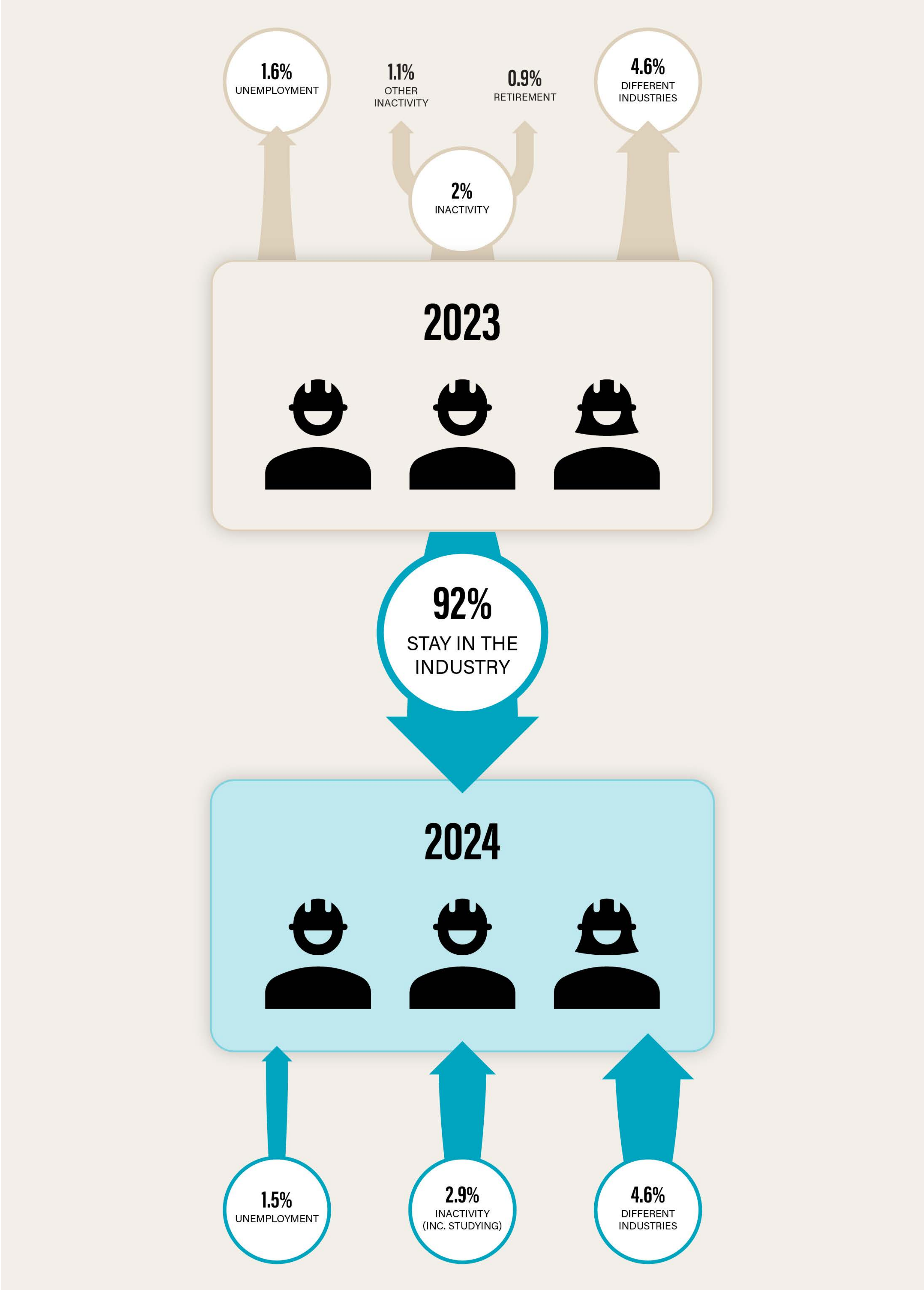
Occupational groups that account for a larger share of the workforce may have larger extra worker values. Viewing extra workers as a percentage of the workforce for each group helps to show occupations that are likely to have stronger demand, such as:

- Other professional and technical staff working in construction **(2.0% of current workforce)**
- Surveyors **(1.9%)**
- Directors, executives and senior managers **(1.8%)** and
- Other non-construction office-based staff **(1.8%)**.

Ultimately, this highlights how recruitment must cover the full range of roles, from site to office-based locations.

As the report sets out, there is a clear demand for workers in the coming years and meeting it needs sustained investment in training that supports people into jobs. This will be a challenge, however, changing how the construction industry looks to attract, train, and retain its people will lead towards a more capable workforce that is better equipped for the scale of future demand.

1,720 extra workers needed per year.



Source: ONS LFS longitudinal, 2024.
Note: results might not sum to 100 due to rounding.

THE CONSTRUCTION WORKFORCE OUTLOOK
WALES

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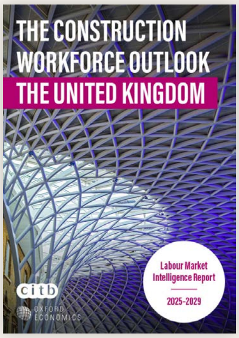

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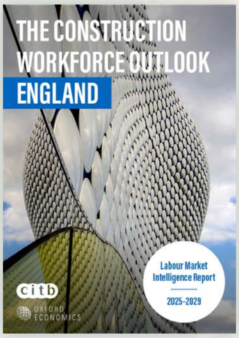

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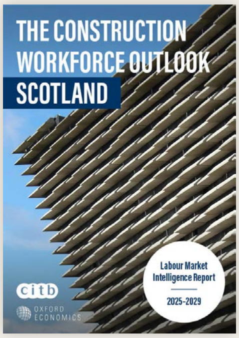

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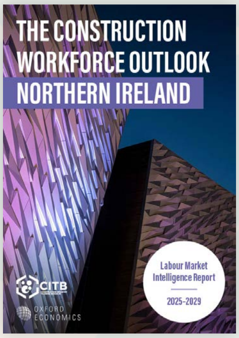

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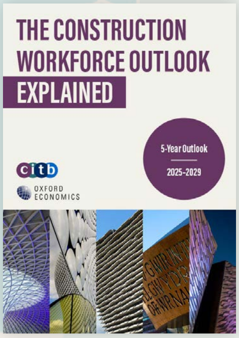

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