Australian Government

Jobs and Skills Australia

REOS spotlight: Recruitment experience in the Construction industry

This spotlight focuses on recent trends in recruitment for the *Construction* industry[1], using data from the Recruitment Experiences and Outlook Survey (REOS). These include recruitment activity, recruitment difficulty[2], and expectations to increase staffing levels. It should be noted that the REOS is a survey of employers' recruitment experiences across Australia and does not collect information on contractors, who make up one fifth (21%) of all workers in the *Construction* industry. According to Australian Bureau of Statistics (ABS) figures, *Construction* has the highest use of independent contractors, followed by *Administrative and Support Services* (18%) and *Transport, Postal and Warehousing* (14%).[3]

The *Construction* industry employs 9% of all workers, with the number growing by 1% or by an additional 9,200 workers, in the 12 months leading to August quarter 2024.[4]

Key findings:

- The level of recruitment activity and recruitment difficulty for the *Construction* industry has been broadly in line with the average of all Industries[5] (from now on referred to as *All Industry* which includes *Construction*), peaking in 2022-23 and subsequently tapering off.
- In general, a greater proportion of *Construction* employers in Rest of State (regional) areas experienced difficulty in recruiting, compared with those in Capital City areas. Employers in regional Victoria had the highest recruitment difficulty in 2023-24.[6]

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[1] Australian Bureau of Statistics defines the Construction industry as units mainly engaged in the construction of buildings and other structures, additions, alterations, reconstruction, installation, and maintenance and repairs of buildings and other structures. Additionally, units engaged in demolition or wrecking of buildings and other structures, and clearing of building sites are included. It also includes units engaged in blasting, test drilling, landfill, levelling, earthmoving, excavating, land drainage and other land preparation.

[2] Recruitment difficulty measures the proportion of recruiting employers who report having difficulty recruiting.

[3] Australian Bureau of Statistics, Working arrangements, August 2023

[4] Australian Bureau of Statistics, Labour force - Detailed, Quarterly data, September 2024, seasonally adjusted

[5] *All Industry* comprises the 19 Australian Bureau of Statistics industry groups including *Construction*

[6] This report used two main geographical categories: Capital City which included all Greater Capital City areas of Australia (such as Greater Sydney) and Rest of State which included the remaining non-Capital City areas or regional areas of Australia.

- Across Australia in 2023-24, within the *Construction* industry, employers in *Building Construction* were the least likely to report recruitment difficulty, while *Construction Services* employers faced the highest rate of recruitment difficulty.
- On average, a slightly higher proportion of employers in *Construction* failed to fill all their vacancies within a month compared to the overall industry average.
- An increasing proportion of *Construction* employers expected staffing numbers to remain unchanged.

REOS findings

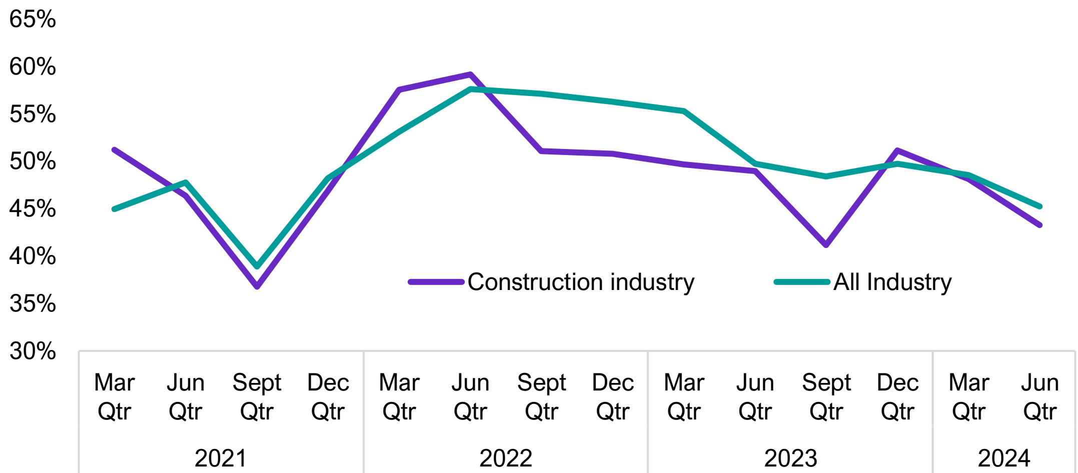
Recruitment activity in the *Construction* industry

Overall, REOS shows that the recruitment activity for the *Construction* industry is broadly in line with that experienced across *All industry*. Figure 1 below shows recruitment rates[7] for employers in the *Construction* industry and *All Industry* between March quarter 2021 and June quarter 2024. Historically, the recruitment rate for employers in the *Construction* industry has been lower than the *All Industry* rate. However, during the March - June quarters 2022, this trend reserved with recruitment activity in the *Construction* industry exceeding that for *All Industry* and reaching a peak of 59% in the June quarter 2022.

After the June quarter 2022, employers in both the *Construction* industry and *All Industry* experienced a steady decline in recruitment, down by 16 percentage points compared to 2 years ago. It is worth noting that the recruitment rate for the *Construction* employers were again well below the *All Industry* rate after this time, before it reached the second peak of 51% in December quarter 2023.

Since the December quarter 2023, there has been some convergence in terms of recruitment rate for the *Construction* industry and *All Industry*. A decline trend was observed and continued for the first half of 2024.

Figure 1: Recruitment rates for employers in the *Construction* and *All Industry*, March quarter 2021 – June quarter 2024



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

[7] The recruitment rate is calculated as the proportion of surveyed employers who were either currently recruiting at the time of the survey or had recruited in the month prior to being surveyed.

Table 1 below provides details on recruitment activity by region type and for selected states[8] in the 2023-24 financial year.[9] As illustrated in the table below, recruitment rates in the *Construction* industry were higher in Rest of State areas (51%) than in Capital City (43%). *All Industry* followed a similar pattern, with higher recruitment rates in Rest of State areas than in its counterpart.

While regional Queensland had the highest recruitment rates over this period for both *Construction* (56%) and *All Industry* (55%), employers in Greater Melbourne experienced the lowest recruitment rates for both *Construction* and *All Industry* (36% and 44%, respectively).

Table 1: Recruitment rates in the *Construction* industry and *All Industry*, by region type for selected States, 2023-24 financial year

	Construction industry		*All Industry*	
	Capital City	Rest of State	Capital City	Rest of State
Australia	**43%**	**51%**	**46%**	**51%**
New South Wales	44%	47%	45%	50%
Victoria	36%	50%	44%	47%
Queensland	42%	56%	52%	55%

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

To further examine recruitment activity in the *Construction* industry, we analyse the recruitment rates for selected Construction subgroups (subdivisions) over the last three financial years (Table 2). *Building Construction* has historically reported lower recruitment activity compared to other subdivisions, while *Heavy and Civil Engineering Construction* have generally experienced the highest recruitment rate (38% and 56% in 2023-24 financial year, respectively).

Table 2: Recruitment rate for Construction industry subgroups (ANZSIC 2 digit)[10]

	2021-22	2022-23	2023-24
Building Construction	42%	40%	38%
Construction Services	47%	52%	47%
Heavy and Civil Engineering Construction	61%*	59%*	56%

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Note: Figures marked with an asterisk (*) should be treated with caution due to low sample sizes.

Recruitment difficulty

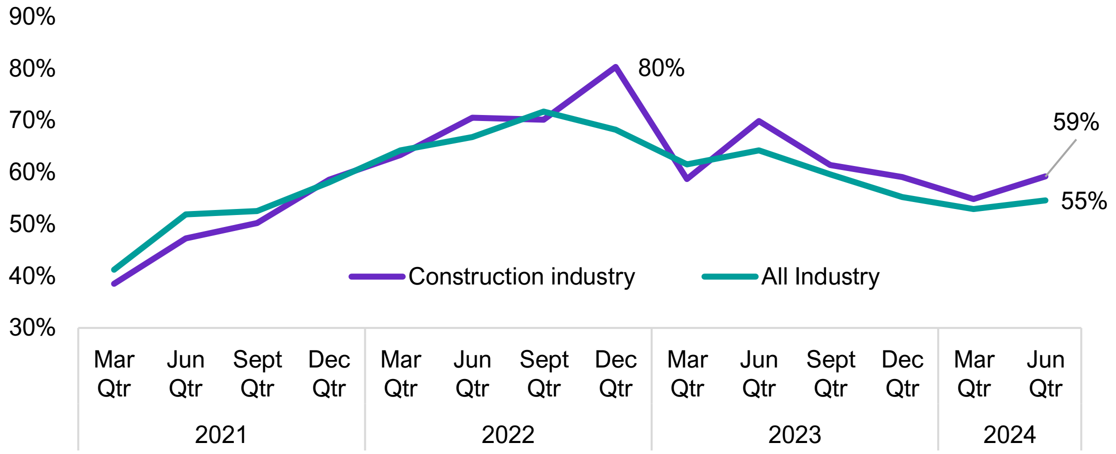
Figure 2 below describes the trend in recruitment difficulty for employers in the *Construction* industry and in *All Industry*. During 2021 and 2022 both the *Construction* industry and *All Industry* data showed an increasing trend in the recruitment difficulty faced by employers seeking to hire staff. Recruitment difficulty in the *Construction* industry reached its peak in the December quarter 2022 with 80% of recruiting employers reporting difficulties filling

[8] States were selected due to sample size and for no other reason.
[9] For some analysis, we use 2023-24 financial year data to provide the most up-to-date data on recruitment experience in the *Construction* industry as well as *All Industry*.
[10] Australian and New Zealand Standard Industrial Classification (ANZSIC) was developed jointly by the Australian Bureau of Statistics and Statistics New Zealand for use in the compilation and analysis of industry statistics in Australia and New Zealand. Construction is the Division in this case and the 3 subdivisions of Construction have been used in this analysis for further nuance. Find more information here.

vacancies. Meanwhile, employers in *All Industry* reached their recruitment difficulty peak earlier, in the September quarter 2022 at 72%.

Since the June quarter 2023, employers in both the *Construction* industry and *All Industry* have experienced a decrease in recruitment difficulty. However, recently there has been a slight increase in the recruitment difficulty rate for employers in the *Construction* industry in the June quarter 2024 (59%).

Figure 2: Recruitment difficulty for employers in the *Construction* and *All Industry*, March quarter 2021 – June quarter 2024



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Table 3 below examines the level of recruitment difficulty experienced in both the *Construction* industry and *All Industry* over the 2023-24 financial year for different states and in both Capital City and Rest of State areas. In general, employers in the Rest of State or regional areas experienced greater difficulty when recruiting for staff than their counterparts in Capital City areas.

During the 2023-24 financial year, a greater proportion of regional employers in the *Construction* sector experienced recruitment difficulties, 63%, compared with 56% of those in Capital City areas. During this period, recruitment difficulty in the *Construction* industry was mostly commonly reported by employers in regional Victoria (67%), while Queensland employers in the Capital City reported the lowest recruitment difficulty (51%).

Table 3: Recruitment difficulty in the *Construction* industry and *All Industry* for selected states, by region type, 2023-24 financial year

	***Construction* industry**		***All Industry***	
	Capital City	**Rest of State**	**Capital City**	**Rest of State**
Australia	**56%**	**63%**	**53%**	**60%**
New South Wales	58%*	62%*	56%	60%
Victoria	57%*	67%*	54%	62%
Queensland	51%*	62%*	51%	58%

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Note: Figures marked with an asterisk (*) should be treated with caution due to low sample sizes.

Generally, *All Industry* employers reported slightly lower recruitment difficulty than the *Construction* employers. The overall trends are similar to those experienced in the *Construction* sector with Victorian, Rest of State areas experienced higher recruitment difficulty at 62% of employers, while Queensland Capital City employers experienced the least recruitment difficulty rate (51%).

In Table 4 below, we look at recruitment difficulty rates for selected Construction subdivisions (ANZSIC 2-digit), over the last three financial years. *Building Construction* has historically reported lower recruitment difficulty compared with other subdivisions, while *Construction Services* have generally reported the highest rates of recruitment difficulty. In 2023-24 financial year, 45% of recruiting employers in *Building Construction* experienced recruitment difficulty, whereas this figure was 62% for *Construction Services*.

Table 4: Recruitment difficulty for Construction industry subgroups (ANZSIC 2 digit)

	2021-22	2022-23	2023-24
Building Construction	58%*	63%*	45%*
Construction Services	60%	72%	62%
Heavy and Civil Engineering Construction	67%*	65%*	58%*

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Note: Figures marked with an asterisk (*) should be treated with caution due to low sample sizes.

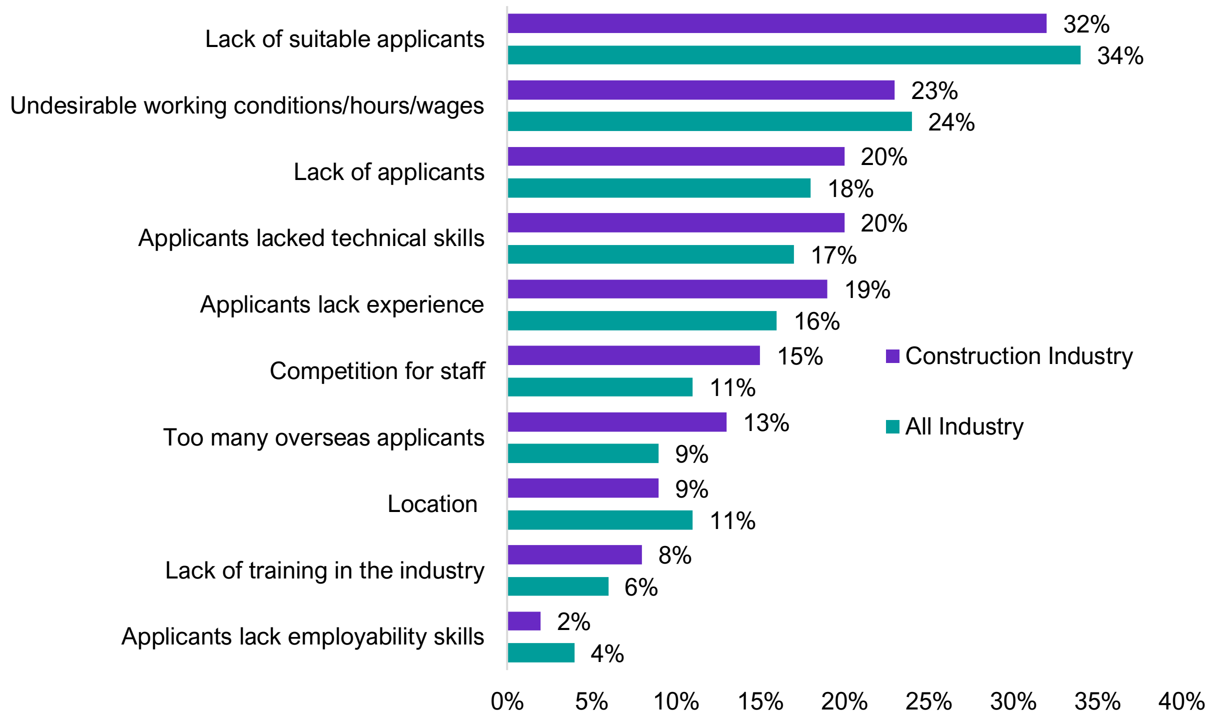
Reasons employers experience recruitment difficulty

According to REOS data, there were many reasons given for the difficulty experienced by employers when recruiting for staff across *All Industry*. In general, employers in *Construction* do not differ too widely compared to employers in *All Industry* in terms of reasons for recruitment difficulty, as shown in Figure 3.

In 2023-24 financial year, the *lack of suitable applicants* was the prominent reason with a third of recruiting employers in the *Construction* industry citing this as a reason (compared to 34% of recruiting employed in *All Industry*), followed by *undesirable working conditions/ hours/ wages* (23%, compared to 24% for *All Industry*).

Lack of applicants and *Applicants lacked technical skills* were both reported by 20% of *Construction* employers who experienced difficulty, compared with 18% and 17% respectively of the *All Industry* employers. *Competition for staff* was noted by a greater proportion of *Construction* employers than employers across *All Industry* (15% compared with 11%). While one in eight *Construction* employers (13%) cited the number of overseas applicants as a reason for recruitment difficulty, this figure was 9% for *All Industry* employers.

Figure 3: Reasons employers believe recruitment is difficult as a proportion of recruiting employers with difficulty 2023-24 financial year



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Time to fill vacancies

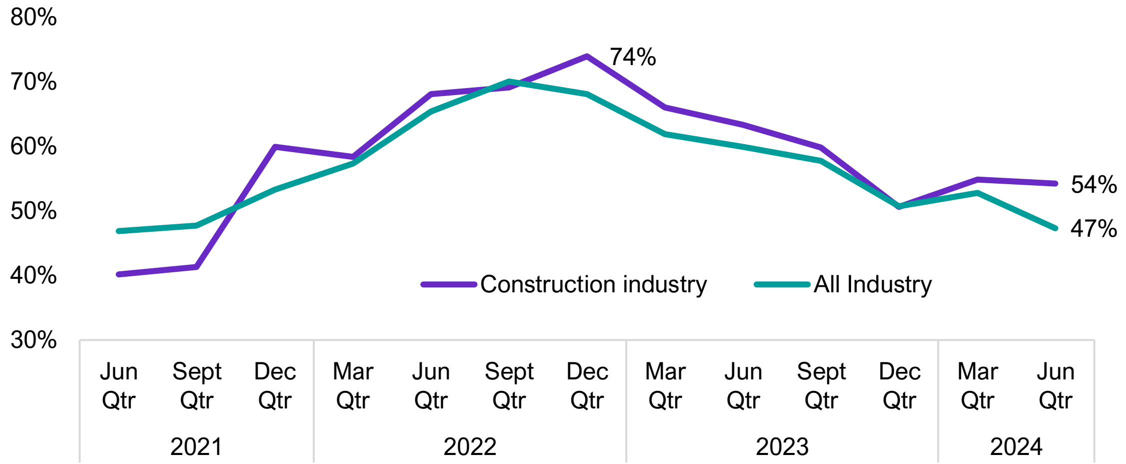
An indication of recruitment difficulty is the time spent on recruitment. Figure 4 shows the proportion of recruiting employers with vacancies remaining unfilled for more than 1 month from the June quarter 2021 to the June quarter 2024.

Over the majority of the past 3 years, a slightly greater proportion of recruiting employers in *Construction* did not fill all their vacancies within a month, compared with employers across *All Industry*. The exception to this was during the June and September quarters 2021, a time when both Victoria and New South Wales (NSW) were both experiencing COVID lockdowns.[11] During this period, recruitment activity was heavily impacted across the entire economy, causing delays for employers in filling their all vacancies. Meanwhile, *Construction* continued to function during the lockdowns and employers in the industry were filling vacancies at a much faster rate than the overall industry average.

In 2022-23, during the peak of recruitment difficulty, employers in the *Construction* industry reported an all-time high in unfilled vacancies within a month (74% in December quarter 2022 and 70% for *All Industry* in September 2022). Since this time, this figure has declined to 54% in the June quarter 2024 (compared to 47% for *All Industry*), with the recorded low of 51% in December quarter 2023 (the same for *All Industry*).

[11] The COVID-19 Pandemic: 2020 to 2021 | Explainer | Education | RBA

Figure 4: Proportion of employers with unfilled vacancies within 1 month in the *Construction* and *All Industry*, June quarter 2021 – June quarter 2024



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Table 5 below shows that across most of the states, employers in the *Construction* industry were less likely to have all their positions filled in a month than employers in *All Industry*. At the height of recruitment difficulty in 2022-23, the greatest proportion of *Construction* employers not filling their vacancies within a month was found in NSW, at 69% - though this has since declined to 59% in 2023-24, this proportion still remains the highest proportion seen over the 2023-24 period. This is a stark contrast with employers in Queensland where 51% of recruiting employers in *Construction* had not filled all their vacancies within a month over the 2023-24 financial year.

Table 5: Proportion of employers with unfilled vacancies within 1 month in the *Construction* and *All Industry*, Australia and selected states

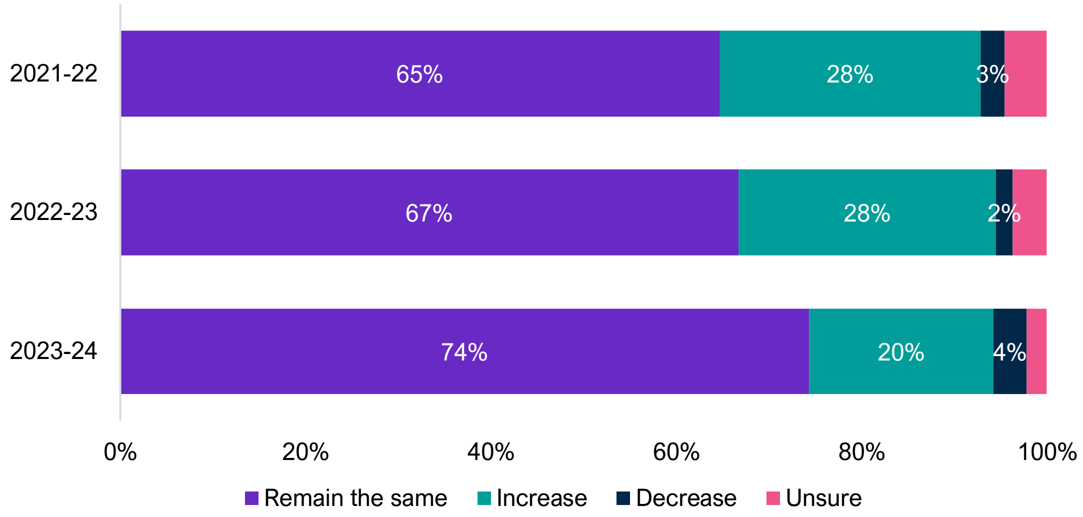
		2021-22	2022-23	2023-24
Australia	*Construction* industry	57%	68%	55%
	All Industry	56%	65%	53%
New South Wales	*Construction* industry	57%	69%	59%
	All Industry	58%	67%	56%
Victoria	*Construction* industry	61%	63%	53%
	All Industry	59%	69%	53%
Queensland	*Construction* industry	51%	62%	51%
	All Industry	53%	61%	49%

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Future staffing outlook for the *Construction* industry

REOS data also provides information on the future staffing outlook. Figure 5 below examines the trend in the *Construction* industry by looking at proportion of employers expecting to increase, decrease or keep staffing level unchanged in the next 3 months. Despite the majority of employers in the *Construction* industry stating that their staffing levels are expected to remain the same in the next 3 months, in the 2023-24 financial year, a smaller proportion were expecting to increase staff with the proportion falling from 28% in both 2021-22 and 2022-23 to 20% in 2023-24.

Figure 5: Future staffing outlook in the *Construction* industry



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

In the 2023-22 financial year, employers in the *Construction* industry were more likely to expect their staffing numbers to remain the same over the following three months (74%) and less likely to expect to increase staffing numbers (20%) than employers in *All Industry* (where these figures were 72% and 22%, respectively) (Table 6).

Table 6 also shows that a higher proportion of employers in the Queensland *Construction* industry were more likely to expect their staffing levels to remain unchanged over the next three months (79%) compared with Victoria (77%) and NSW (70%). Additionally, 5% of *Construction* employers in NSW and 4% in Victoria expected to have to decrease their staffing levels over the next 3 months compared to 1% for *Construction* industry employers in Queensland.

Table 6: Proportion of employers expecting staff numbers to remain the same, increase or decrease in the next 3 months over the 2023-24 financial year

***Construction* industry**	**Remain the same**	**Increase**	**Decrease**
Australia	**74%**	**20%**	**4%**
New South Wales	70%	21%	5%
Queensland	79%	19%	1%
Victoria	77%	18%	4%
***All Industry*, Australia**	*72%*	*22%*	*3%*

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, July 2024

Background

The Recruitment Experiences and Outlook Survey (REOS) is an ongoing survey of employers across Australia. Approximately 1,000 employers are surveyed each month, with data published on the Jobs and Skills Australia website. While the data are indicative of recruitment activity, they may be subject to seasonal factors and other volatility and should therefore be used with caution. The survey is targeted towards employers with five or more employees and excludes many government organisations. Further information is available in the REOS methodology paper.

Data from the REOS are published monthly in the *Recruitment Insights Report* which is generally published on the third Tuesday of the month. Spotlights are also produced in most months, generally released in the first week of the month.

Technical notes

The REOS is a telephone administered survey with the business owner or other person in the business responsible for recruitment. All figures presented in this report have been weighted by location and workplace size, according to the Australian Bureau of Statistics Counts of Australian Businesses, including Entries and Exits (June 2018 to June 2022) publication. The weighted figures are intended to create nationally representative results by correcting for the oversampling of smaller regions compared with larger regions.

Data collected in the survey have been coded and reported according to the following ABS classifications:

- Industry is defined by the Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006, Version 2.0.
- Occupation is defined by the Australian and New Zealand Standard Classification of Occupations (ANZSCO), 2022.
- Capital City and Rest of State areas are defined by the Australian Statistical Geography Standard (ASGS): Volume 1 - Main Structure and Greater Capital City Statistical Areas, July 2021.

Data in this release should be referenced as: *Recruitment experience in the construction industry, October 2024*.

For more information, email: reos@jobsandskills.gov.au.