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Building Through Change

Key Construction Trends and Business Considerations for 2027



Construction leaders are planning for a business environment shaped by several trends at once. Workforce availability remains a concern, material prices continue to shift and demand for large projects such as data centers is placing new demands on labor, procurement and project delivery. In addition, advances in technology, changing insurance practices and rising litigation costs are influencing how companies make decisions about growth, operations and risk management.

These trends are increasingly connected. Workforce shortages can affect project schedules. Procurement decisions influence costs and profitability. Technology investments can improve productivity while introducing new governance and cybersecurity considerations. Understanding how these factors interact can help construction companies make more informed decisions as they plan for 2027.

Key insights

- **Data centers** and advanced manufacturing projects continue to drive demand for labor, materials and specialized expertise.
- **Workforce development** remains a priority despite temporary moderation in labor demand.
- **AI, automation and digital tools** are becoming part of everyday construction operations.
- Rising **litigation costs and larger claims** continue to influence liability and insurance strategies.
- Material **pricing volatility and procurement challenges** remain important considerations for project planning.
- **Business decisions** related to workforce, technology, procurement and insurance are increasingly interconnected.



Technology and AI move into everyday operations

Technology is becoming a larger part of how construction companies manage projects, improve productivity and address workforce challenges. Artificial intelligence, automation, robotics and connected technologies are moving from pilot programs to everyday use across both offices and job sites.

Construction firms are using AI to support estimating, bid management, scheduling and project monitoring. More advanced technologies, including automated grading systems, remote-controlled equipment and wearable safety devices, are also becoming more common.

The value extends beyond efficiency gains. Technology can help organizations improve project visibility, support knowledge transfer and provide better information for decision-making.

Companies are evaluating how new technologies fit within existing workflows, training programs and cybersecurity strategies. The greatest value often comes when technology investments are aligned with clear business objectives and supported by the workforce that uses them.

Data center growth reshapes construction planning

Data centers remain one of the strongest drivers of construction activity. S&P Global projects annual investment in data center infrastructure could exceed $300 billion by 2030, creating significant demand for labor, equipment and materials.[1]

These projects often involve phased development, with portions of a facility becoming operational while construction continues elsewhere on site. This requires careful planning around commissioning, occupancy milestones and the transition from construction to operations.

Data center growth is also increasing competition for specialized workers, critical equipment and long-lead materials. Organizations involved in these projects are finding that traditional planning approaches may not be enough to address the scale and speed of demand.



> The scale and complexity of data center projects require a different level of planning than many organizations have traditionally needed.
>
> **— Brian Cooper**
>
> Senior Managing Director
> US Construction
> Gallagher



Workforce development remains a priority

The construction labor gap narrowed somewhat during 2026, but workforce availability remains a long-term concern. Industry demand is expected to increase again in 2027 as activity expands across data centers, infrastructure and advanced manufacturing.[2]

Adding to the challenge, retirements continue to reduce the industry's experienced workforce. As a result, many organizations are focused not only on recruiting new employees, but also on transferring knowledge from experienced professionals to the next generation.

Many construction firms are investing in workforce development through mentoring, training programs and technology designed to support knowledge sharing. These efforts can help strengthen operational consistency while preparing future leaders for an increasingly technology-driven industry.

> The workforce conversation is about developing talent, creating opportunities for knowledge transfer and giving the next generation of construction professionals the tools they need to succeed.
>
> **— Jackie Robinson**
>
> Managing Director of Operations
> US Construction, Gallagher

Rising claim costs influence liability strategies

Large jury awards, higher litigation costs and changing legal environments continue to influence liability discussions across many industries, including construction.

Research from the American Transportation Research Institute found liability insurance premiums increased 18.6% between 2021 and 2024 despite a decline in crash rates during the same period.[3] These trends highlight the growing influence of claim severity and litigation costs rather than accident frequency alone.

For construction companies, these developments underscore the importance of strong safety programs, documentation practices and claims management strategies. They are also prompting many companies to reassess liability limits, contractual risk transfer provisions and alternative risk financing options.

As part of broader long-term insurance and risk financing discussions, companies are exploring captive structures. Group and cell captives continue to attract interest because they can provide greater cost predictability without requiring companies to establish a standalone captive.

Planning for continued cost and supply uncertainty

Material prices, trade policies and product availability continue to shape construction budgets and project schedules. For many contractors, the challenge today is less about a single price increase and more about managing ongoing uncertainty.

Long procurement timelines and fixed-price contracts can create pressure when costs change after bids are submitted or projects begin. Critical materials, equipment and transportation costs can all influence margins and project outcomes.

Companies are responding by identifying long-lead items earlier, strengthening supplier relationships and reviewing contract language related to price escalation, material substitutions and delivery delays. Early coordination among owners, contractors, designers and suppliers can help project teams better manage both costs and schedules.

Other developments to watch

Several additional trends continue to influence construction planning:

1. Contractor financial health remains an important consideration as companies manage margin pressure, cash flow demands and cost volatility.
2. Equipment theft increasingly affects project schedules, particularly when stolen materials or components have long replacement timelines.
3. Commercial auto costs continue to be influenced by claim severity, repair expenses and vehicle replacement costs.
4. Wildfire, flood, hail and severe storm exposures remain important considerations, particularly as insurers place greater emphasis on project-specific underwriting factors.
5. For phased projects, clearly defining occupancy, operational handoff and project completion milestones continues to be an important planning consideration.

Preparing for what's next

Construction companies are entering a period where many business decisions are more connected than ever before. As you plan for 2027, consider focusing on a few foundational priorities:

1. Strengthen workforce development, succession planning and knowledge-transfer efforts.
2. Review procurement strategies, contract structures and project assumptions to account for changing costs and supply conditions.
3. Evaluate how AI, automation and other technologies fit within existing business, governance and cybersecurity frameworks.
4. Monitor the financial health of contractors, suppliers and other project partners.
5. Reassess insurance, claims and risk financing strategies to ensure they remain aligned with business objectives.
6. Continue investing in safety, operational controls and project execution practices that support consistent performance.

While the specific challenges facing each company will vary, one principle remains consistent: early planning creates more options. Gallagher's construction specialists can help companies evaluate how these trends may affect their projects, workforce, operations and insurance strategies, helping leaders make informed decisions for 2027 and beyond.





SOURCES

[1] S&P Global Ratings data, carriermanagement.com

[2] Construction Dive, "Construction's new worker demand drops to 350,000 in 2026," January 2026

[3] Truckers News, "ATRI study finds insurance rates up 18.6% while crash rates down 2.6%," May 2026

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