



Insurance Profile

Construction Trends to Watch in 2026

The construction sector is predicted to see modest growth this year, but it will also face several challenges. Employers likely need to take proactive measures to be successful. The following are five trends impacting the construction sector in 2026.

1. Labour Shortage

Skills and workforce shortages are a significant challenge in the construction sector, leading to wage inflation and extended project timelines. Such shortages are primarily driven by an aging workforce, a lack of new entrants into the industry and new technology. According to the Construction Industry Training Board, the UK will need an additional 251,500 workers by 2028 to support projected industry growth.

To address labor shortages, employers should conduct a skills gap analysis to identify the skills they need now and in the future. Then, they should invest in employee development and upskilling to help them transition into high-demand trade and technical roles. They should also consider how to expand their recruitment pools (eg women) and talent pipelines.

2. Modular Design and Build

Modern Methods of Construction, modular systems, and Design for Manufacture and Assembly are becoming more popular among major UK contractors. These methods reduce on-site labour needs, shorten building timelines, improve quality control and increase resilience against weather disruptions. However, construction employers should take proactive steps to mitigate risks associated with these methods. Key design elements should be defined early to avoid issues once materials are on-site. To prevent product defects and delays, quality assurance and factory capacity should be audited regularly. Construction crews must be specifically trained on assembly to minimise incidents and installation risks.

3. Digitisation and Technology

The use of digital tools—such as Building Information Modelling, digital twins, artificial intelligence (AI) and drones—is becoming standard practice in the construction industry, automating routine tasks and improving

compliance. These tools allow employees to simulate scenarios, resolve issues sooner and maintain transparency. Despite the benefits, technological advancements also pose risks, such as incorrect data and widening digital skills gaps in the workforce. Employers can mitigate these and other related risks by enforcing robust data management standards and training teams on the new technologies. They can also front-load digital quality assurance and adopt targeted AI use cases rather than broad implementation.

4. Sustainability and Retrofitting

Environmental sustainability is no longer a temporary trend but a cornerstone in modern construction, driven by public pressure; regulations; investments in environmental, social and governance; and net-zero initiatives. This has created a demand for green designs, as well as lower-carbon, engineered and recycled materials, which may see supply chain disruptions and pricing fluctuations. Retrofitting—upgrading a building to be more energy efficient—has become a significant opportunity in the construction industry, although it carries its share of exposures, including technical complexities and regulatory compliance risks. Government programmes, such as the Future Homes Standard, may accelerate the retrofit demand in 2026 and beyond. Employers can mitigate sustainability and retrofit risks by bringing in skilled retrofit specialists, defining sustainability requirements early, securing reliable low-carbon supply chains and maintaining thorough compliance documentation.

5. Tightened Compliance

In 2026, the regulatory environment is characterised by heightened scrutiny, earlier design freezes and more rigorous accountability as the Building Safety Act and its Gateway requirements become more established. As such, it's crucial to front-load technical assurance, engage specialist contractors early, use two-stage procurement and enforce "golden-thread" documentation to reduce the risk of regulatory delays while demonstrating strong compliance.

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