

6 Reasons Why Today's Construction Labor Environment Will Likely Increase Disputes & Litigation In 2026

Fundamental changes in the U.S. construction labor market have occurred affecting costs, availability, capabilities and timeliness.

MARLTON, NJ, UNITED STATES, March 17, 2026 /EINPresswire.com/ -- In 2026, the U.S.



For the long-term health of the construction industry, labor issues must become a top priority, to be able to deliver the quality & consistency expected, ultimately, reducing the number of disputes.”

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commercial construction industry is expected to grow at a rate of only about 2%, continuing 2025's lackluster industry performance. Although commercial construction growth will be marginal, the number of construction disputes and litigation is expected to rise in 2026, according to James Gallagher, P.E., F.ASCE and CEO of Resolution Management Consultants.

“Over the last few years, fundamental changes in the U.S. construction labor market have occurred affecting costs, availability and capabilities. These changes are having a significant impact on construction companies achieving contract compliance, triggering a higher incidence of

disputes and litigation,” said Gallagher. Gallagher observes that these changes aren't completely new, however due to the relative slowness in volume, over the last few years, the full effects of labor's influence haven't fully affected the industry. He believes that both new projects and the completion of existing projects will start to feel labor's effects this year, with the potential to trigger a higher number of disputes in 2026 than in the past.

Gallagher, who is a construction management and dispute resolution thought leader, identifies 6 factors, in particular, that are causing labor's elevated influence on construction disputes and litigation. They include:

1) The Federal government's focus on illegal immigration enforcement.

Let's face it - the construction industry employs and has employed a number of illegal immigrants. Whatever you think about that phenomenon; over the last year, the U.S. Government has changed its priority to focus on immigration enforcement, resulting in the

construction industry losing some of its labor force. As the labor force shrinks, it will take longer to complete projects, causing timing and quality disputes.

2) Due to the law of supply and demand, labor prices likely will rise.

As the construction labor force continues to shrink while demand is growing, the effect will be that overall labor costs will rise.

Rising costs will cause construction contractors to miss contracted time and budget targets, triggering disputes and litigation.

3) Cutting back on apprenticeship programs has limited the number of skilled young people entering the construction industry. The number of apprenticeship programs available have been reduced 2-5% each year over the last few years. These cutbacks will result in fewer skilled workers in the industry affecting contract fulfillment and quality.

4) Reduced quality due to lowered labor skill/qualification standards.

In order to include more people in the construction labor force, standards have been reduced in a number of areas, including depth of training, experience and qualification. The reduction in standards is causing a reduction in quality in many areas, leading to an increase in disputes.

5) The construction workforce is aging (and retiring).

At the other end of the spectrum, the aging and retiring of older construction workers will be shrinking the available workforce causing slowdowns and quality limitations in completing projects as contracted, leading to more disputes.

6) Limited training for new, labor-saving technologies will mean slower implementation.

There is a serious lack of training programs available to construction workers, especially those that train advanced, labor-saving technologies, such as drones, BIM, AI, data analytics and more. The limited availability of proper training reduce their introduction and widespread use ultimately keeping costs higher than expected, potentially leading to disputes.

One positive note: Gallagher predicts that because the cost of litigation has risen significantly in recent years, more disputes will be settled outside of the courtroom in 2026 where they will be settled more quickly and less expensively. He said, "For the long-term health of the construction



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industry, labor issues must become a top priority, in order to be able to deliver the quality and consistency expected and ultimately, to reduce the number of disputes.”

About Resolution Management Consultants, Inc.

Resolution Management Consultants, Inc. (RMC) is a nationally recognized consulting firm headquartered in Marlton, NJ. There are two sides to the business: the construction planning and management aspect – helping clients build more successful projects – and the litigation aspect – should matters go to court, providing analysis and testimony as expert witnesses. Founded in 1993 by veterans in the construction, contracting and engineering professions, RMC has assisted numerous private owners, public agencies and contractors in either achieving project goals or resolving cost and time disputes between the contracting parties.

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