Trimble

The Strategic Imperative 2026

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A complex future

It’s a difficult time for the UK construction industry, and recovery looks to be not as simple as we’d hoped. From AI to sustainability shifts, find out more in our forward-looking regional analysis exploring key trends for the coming year and opportunities for businesses to grow.

How will the UK budget impact construction in 2026?

Housebuilding: To meet the Government's 1.5 million homes target by 2029, it requires a **12% workforce increase.** That's an extra 61,000 workers annually, but with business confidence in decline, and rising employment costs, investment in training is under threat. If we look at Ireland, we see the gap between what is being delivered and what is actually needed is becoming more and more obvious.

Infrastructure: Existing major projects like HS2, Hinkley Point C and offshore wind developments are providing a strong pipeline of work, supported by a **£28 bn annual investment** envelope from the Government.

Major projects: We also expect to see growth in the construction sector through both government and private investment into infrastructure such as water, sewerage and energy. The CPA forecasts a **rise in output by 4.4%** in 2026.

Sources:

- 'How the 2026 Autumn Budget Affects the Construction Industry'
- 'Construction Trends: What to Look Out For in 2026'
- 'UK Construction Outlook Stable With Infrastructure Leading Growth Amidst Ongoing Challenges'
- 'What is the Economic Outlook For 2026?'

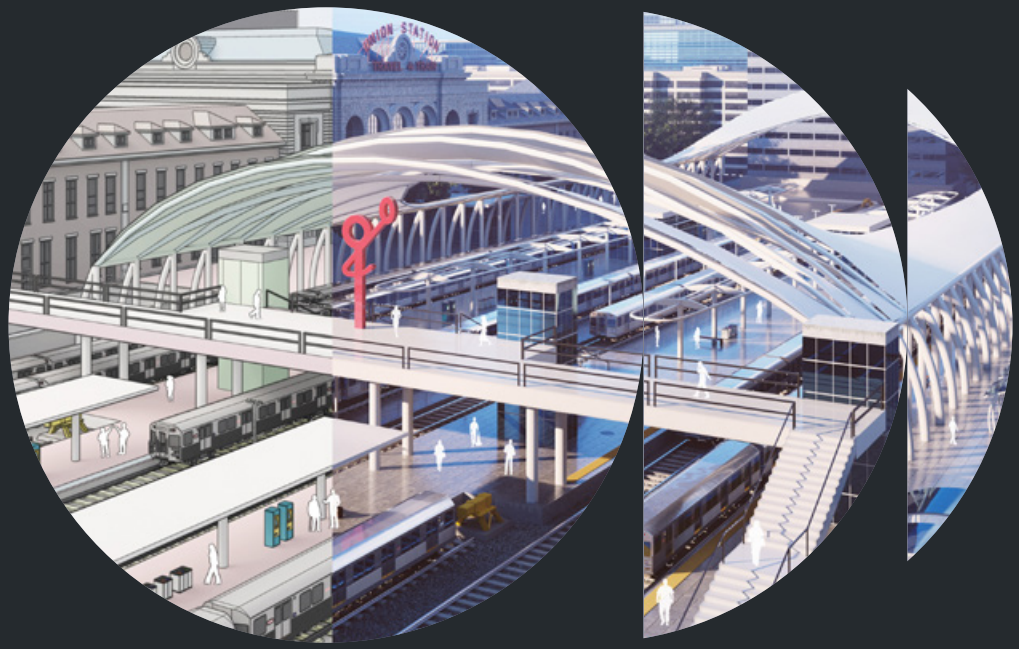
AI as an operational stabiliser and growth driver

AI will be of great assistance in terms of predictive maintenance. For example, fixing mistakes before they happen, ending budget inefficiencies with smarter cost estimates and safer sites with fewer risks.

Beyond being a tool for construction, AI could boost construction productivity by up to **20%** (McKinsey) by enabling better planning and resource management. It could also assess site safety and potentially reduce workplace accidents.

Within Trimble® solutions, our responsible AI usage ranges from assistance with document naming conventions to generating hyper-realistic mockups of 3D architectural drawings. Its capabilities are far-reaching and with a proper understanding of where the industry needs a helping hand, it has the potential to continue to improve safety, quality, and profits.

The UK now accounts for around 20% of all data investment in Europe, but with AI driving the need for new data centres, UK developers have 94 new-builds in the pipeline; a value of **more than £36 bn**. The power demand for these new data centres is set to increase more than thirtyfold by 2035, another solid opportunity.



> We're in another Industrial Revolution.
>
> **Nikki Venetsanakis, Head of Advanced Tech, Rider Levett Bucknall**

Sources:

- 'The Rise of Artificial Intelligence in Construction'
- 'Data Centre Construction Boom: Career Opportunities in Digital Construction Development'
- 'Data Centre Development Continues to Boom'

Advanced digital tools and data management

Digitalisation is reshaping the way buildings are designed, constructed and maintained. **The use of such technologies enables more accurate planning, minimises reworking and can reduce timelines by up to 20%.**

No longer optional, it is now essential for firms wishing to remain competitive to use digital twins. AI-enabled digital twins will evolve into predictive tools that support proactive, data-driven decisions. They will also help put more power into the hands of workers across the supply chain.

Although widely recognised and used (73% of the UK construction industry) building information modelling (BIM) is not always at its full capacity, so there is still room for growth. Most companies currently only use BIM for drawing 2D plans from 3D models, or for basic visualisation. Its more powerful functions, such as 4D planning, 5D cost simulation, and sustainability modelling are vastly under-utilised.

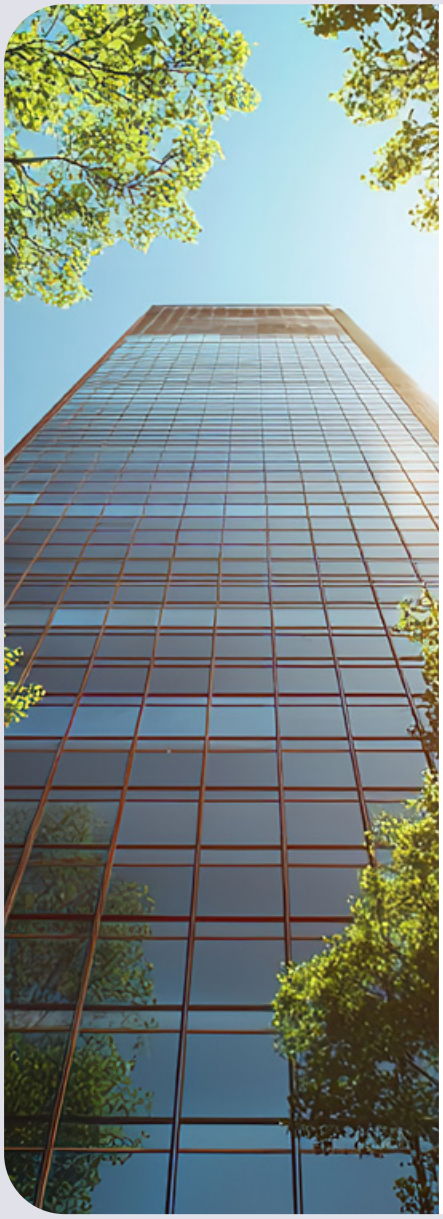
Sources:

- ‘2026 Engineering and Construction Industry Outlook’
- ‘5 Trends in the Construction Industry for 2026 and Beyond’
- 5 Key Challenges Facing UK Construction in 2025

Sustainability and regulatory shifts

Sustainability has become a default talking point: it's on the tender documents, in client pitches, on grant specifications and packaging. However, when it comes to execution and investment, there's still a disconnect between the intention and the reality.

The focus on sustainability isn't to be seen as a hindrance, but instead an opportunity for forward-thinking businesses to take advantage of. Those that partner sustainability with regulation, will emerge as successes, having a positive impact on both the industry and more broadly on the planet.



There are many factors we need to consider:

- Net zero building commitments
- Compliance with BREEAM®, PAS 2080, and the RIBA 2030 Challenge
- Focus on the reuse of materials and low carbon systems
- Guidance from the UK Government Construction Playbook
- Awaab's Law for social landlords systems

Sources:

- '5 Trends in the Construction Industry for 2026 and Beyond

Off-site construction and modern methods

Modular construction, prefabrication and off-site assembly are being more widely adopted across the UK. The global modular construction market was worth approximately $104 bn in 2024 and is **expected to rise to $140.8 bn by 2029.**

These methods reduce waste, lower site disruption, and expedite project delivery by up to 50%. Producing in factory conditions also ensures more consistency and fewer errors.

The increased use of 3D printing is something to keep your eye on in 2026, with the market almost doubling to £0.91 bn by 2029. Once again, by producing components in a controlled environment, 3D printing has the ability to reduce disruption and waste.

The CircularEconomy

Elements include designing for disassembly and longevity, maximising the reuse of materials and components, increasing the use of recycled and sustainable materials and moving towards a ‘products as a service’ model.

The overarching aim is to minimise waste, reduce carbon emissions and create economic opportunities by shifting from a linear ‘take, make, dispose’ model to a regenerative one.

We will see a focus on retrofitting and refurbishment, especially in regions with older building stock such as the North West, Yorkshire & Humber and Wales, as these projects often have better regulatory and financial support and carry sustainability benefits.

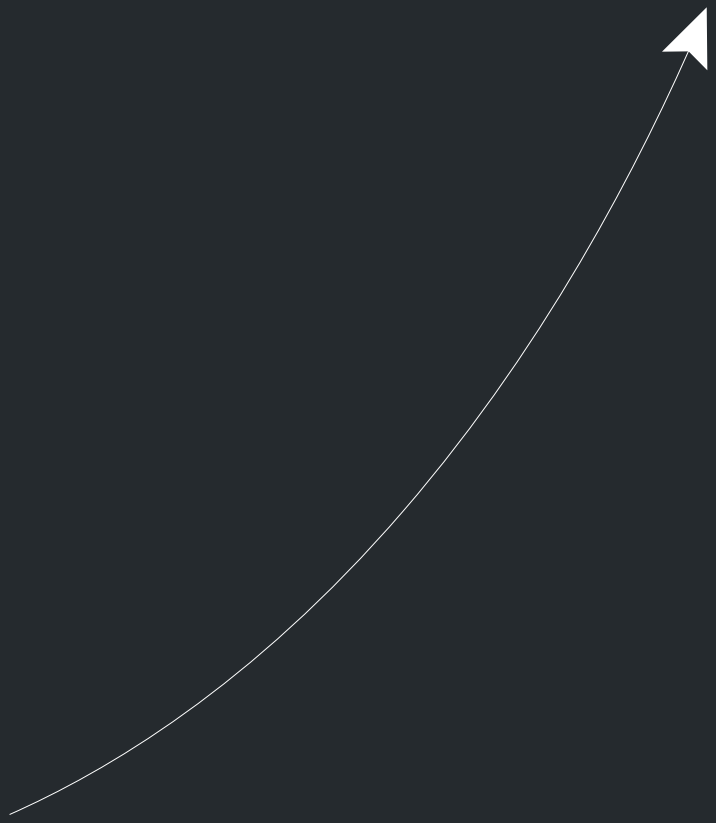
Sources:

- ‘Modular Construction in 2025: How Off-Site Building is Reshaping UK Development’
- ‘11 Construction Industry Trends to Watch (2025 – 2028)’
- ‘Modular Construction 101: Here’s How It’s Making Buildings Sustainable’
- ‘What is 3D Printing in Construction (and is it Worth the Hype)?’

The rise of the smart city

The construction industry will have no choice but to soon adjust, as large corporations and cities are making agreements to construct smart cities within the next year. Globally, the smart city market is worth $877.6 bn, and could rise to over $3 trillion by 2030, with a projected CAGR of

29.4%



Sources:

- 'What Are Smart Cities (and Are They the Future of the Built Environment)?'

The labour shortage

With the rapid rise of automation, robotics, 3D printing and AI, a full workforce evolution is underway within the construction industry.

The UK is currently facing a chronic **shortage of roughly 250,000 extra workers** by 2027. It is not simply a matter of recruitment; the labour pool has structurally shrunk. Gen Z wants their work to be as digital as possible—a recent study found that 70% of Gen Z would switch jobs entirely for better tech. Although the Government revealed its plan to "unleash the next generation of construction workers", with an aim to build 1.5 million homes, their aim of training 60,000 by 2029 is less than 25% of what the UK needs. When coupled with the ageing workforce (around 35% of workers are over 50) there needs to be another approach aside from purely recruitment.

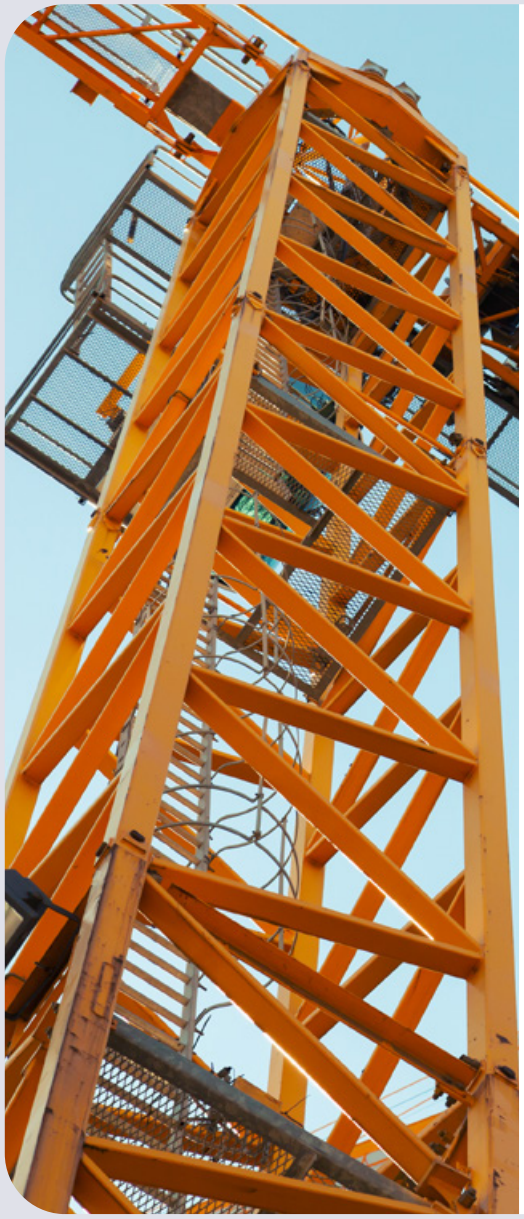
Instead, the industry should use this technology to unlock opportunities; teams are smaller, but smarter and more savvy. Automation is taking care of scheduling, reporting and keeping projects on track, and software ties it all together, making sure teams and robotic automation work seamlessly so projects are delivered more quickly, safely and smoothly.

Sources:

- 'Construction Trends 2026'
- 'The UK Construction Skills Shortage'
- '70% of Gen Z Employees Would Switch Jobs for Better Tech'
- 'Government Unleashes Next Generation of Construction Workers to Build 1.5m Homes'
- 'Construction Workforce Outlook'
- 'The UK Construction Skills Shortage: Causes, Challenges and Solutions For the Industry'

Positioning for growth in 2026

2026 will be defined by intensified ecological requirements, technological innovation, and the navigation of a turbulent economic and regulatory policy environment.



Standing alone, each trend is valuable, but the greatest impact is made when they combine:

- **Modular and BIM streamline offsite delivery with digital planning**
- **AI and safety tools spot risks before they escalate**
- **Sustainability and data insights improve environmental performance**

The businesses that will succeed in 2026 and beyond will be those that strike the balance between tackling immediate needs with agility by proactively leaning into technology to provide the stability needed for long-term growth and innovation.

Sources:

- 'Top 5 Construction Industry Trends to Watch in 2026: Skills You'll Need'

The next steps

It is an optimistic outlook for growth within construction across the region. The strongest businesses will emerge as frontrunners at this pivotal time by embracing the technological, cultural and regulatory shifts and adapting to support a diversifying market.

Find out more about how Trimble can support your growth in 2026 here.