The 2026 construction profitability report

Benchmarking the digital strategies that separate high-growth firms from the stagnant majority

Contents

A new age of construction tech: 6 stats that tell the story

Based on a recent Intuit survey of 1,000 accounting and operations decision-makers in the U.S. construction sector:

91%

agree that having an **end-to-end view** of the business from a unified platform can **boost profitability**

92%

agree that **one system** to manage construction projects and business operations is **highly appealing**

89%

are exploring or implementing **AI and advanced data analytics**

93%

agree tech has the potential to **significantly increase productivity**, limiting impact of rising costs

91%

agree tech can **help solve for the skilled labor shortage** by making their teams more efficient

91%

of leaders agree AI is increasingly helpful, but **human oversight is still essential**[1]

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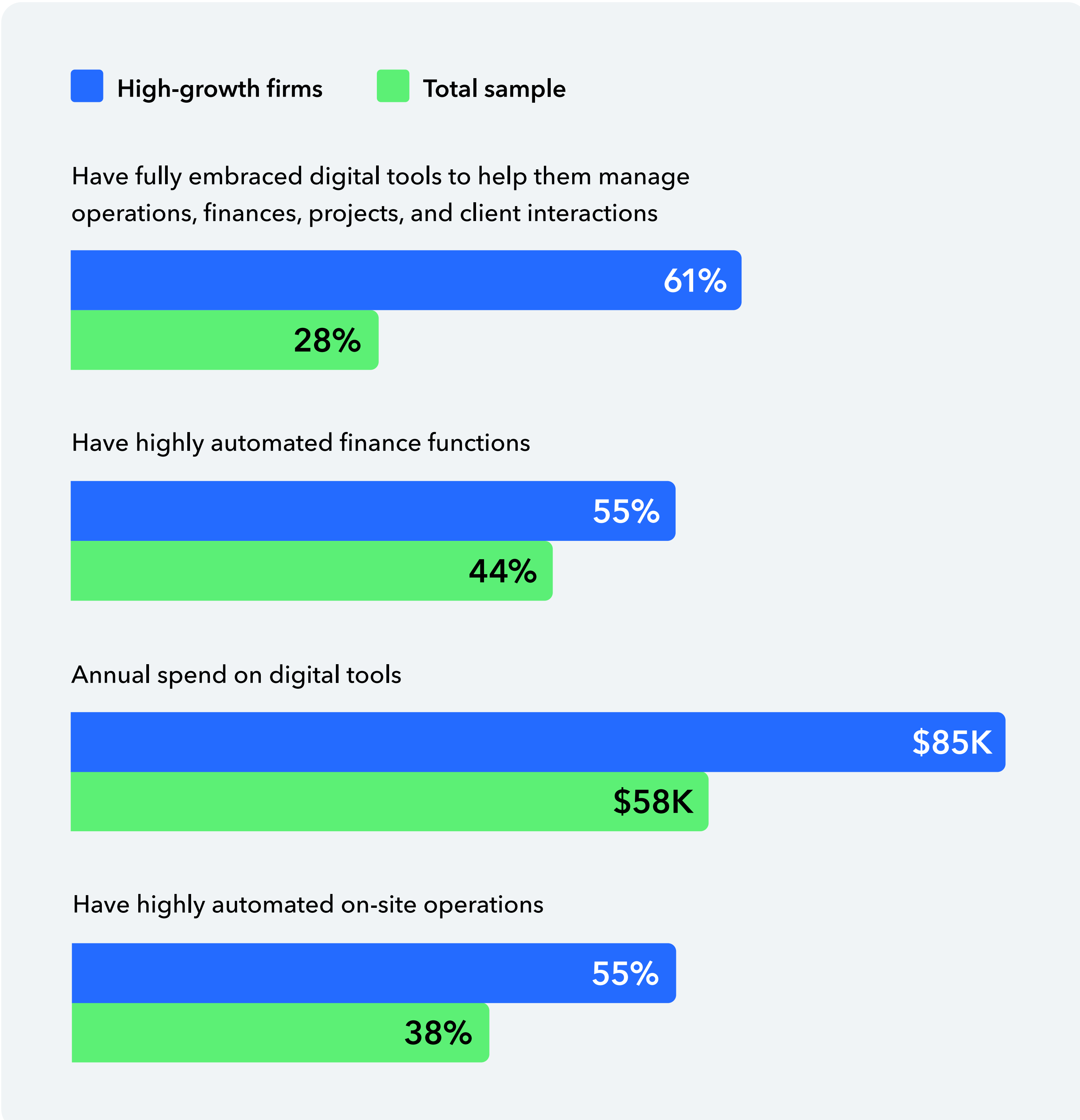
What high-growth firms are doing differently

17% of respondents indicated their business is currently experiencing high growth and expanding quickly. This is what sets them apart:



New research from Intuit QuickBooks reveals a challenging trend in the construction industry: **a productivity paradox**. As we head into 2026, firms are hiring more people and winning more work, yet their actual revenue is slipping. On paper, business looks like it's booming, but the reality for many small and mid-sized construction firms is that it's becoming harder and more expensive just to stay in the black.

Staying profitable in this environment isn't just about winning the next contract—it's about having real-time info to make sure that contract actually makes you money. When your costs for labor and materials are shifting by the week, managing by guesswork is no longer an option.

This report benchmarks the findings from a recent Intuit survey of 1,000 construction decision-makers in the U.S. We look at the specific digital strategies that high-growth firms are using to protect their margins, win back wasted cash, and move from guessing to knowing exactly where their money is at any given moment.

PART 1.

The squeeze: why margins are breaking

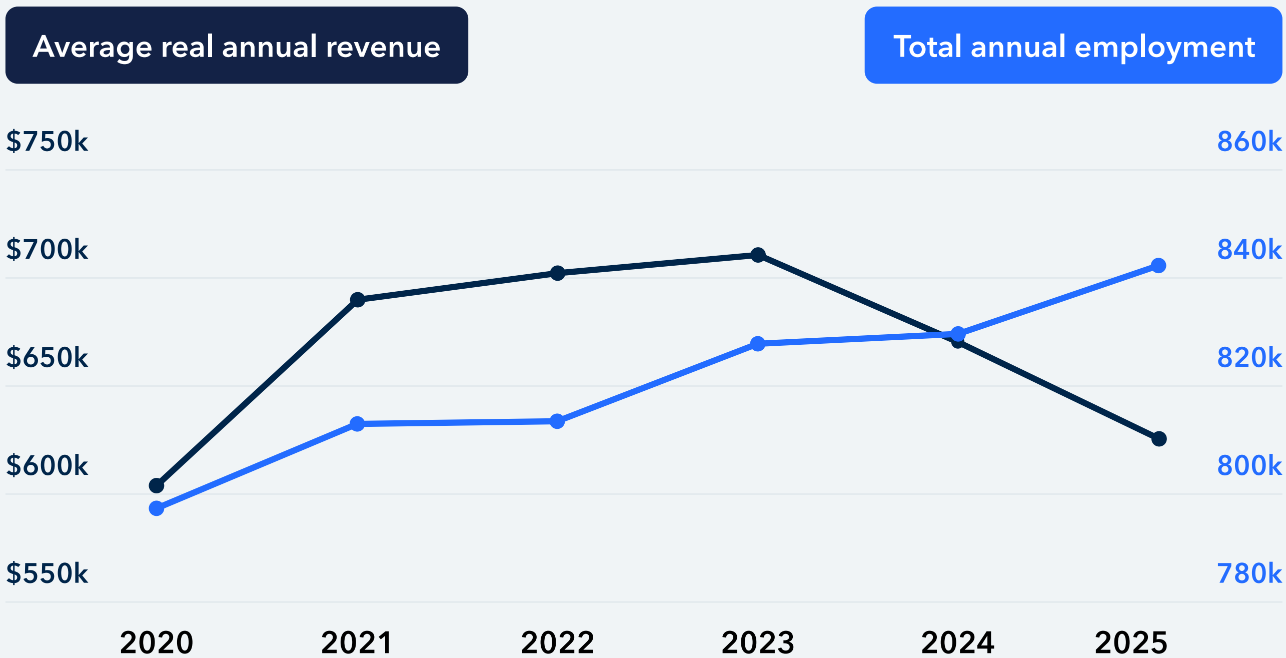
To understand why construction profit margins are under so much pressure in 2026, you have to look at the math. Most firms are currently getting hit from both sides. On one hand, outside costs for labor and materials are rising way faster than project values. On the other, internal inefficiencies are acting as a silent drain on the bank account.

The revenue leak

According to the Intuit QuickBooks Small Business Index Annual Report 2026, average annual revenue for small construction businesses **plummeted by 7.05%** last year—an average **decrease of $45,610** per business. This decline occurred even as the sector **added 12,700 jobs**, representing a **1.52% *increase* in employment**.

Annual employment and revenue from 2020 to 2025

US construction businesses with 1-9 employees



Sample and methodology: quickbooks.intuit.com/r/small-business-data/index/methodology/
Source: Intuit QuickBooks Small Business Index

In short: firms are hiring more people, but they're losing revenue in the process. This "busy but breaking" trend is driven by two main problems:

1. The labor gap

According to the survey, 42% of firms cite the **shortage of skilled labor** as their #1 barrier to growth. Because workers are harder to find, construction industry pay rates have jumped between 4% and 4.3%, significantly outpacing the national average.

2. Material volatility

At the same time, 22% of firms reported spikes in material costs. The cost of things like steel and specialized equipment rose 3.4% late last year, forcing owners to rethink their pricing on the fly.

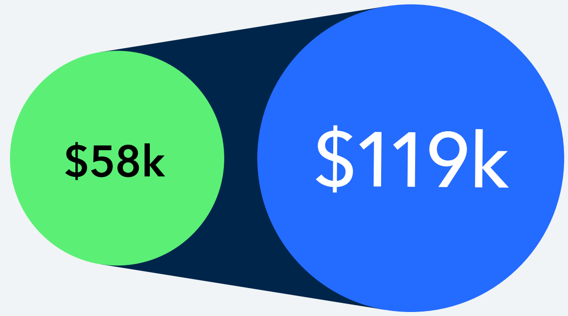
The bottom line: Firms are hiring more people to manage increasingly expensive projects, but without better visibility, **that growth is actually shrinking their take-home profit**.

The high cost of underutilized tech

Firms might be losing more money than they realize, and it isn't always because of the price of lumber or steel, it's sometimes because they don't have the best "tools" for the job.

Construction leaders are sold on the value of technology. In fact, according to the survey findings, 93% of them agree that using the **right tech is the best way to handle rising costs**. On average, these businesses use 10 different digital tools to run their operations and spend about $58k a year on them. They're even planning to double down, with respondents intending to spend an average $119k on digital tool upgrades in 2026.

However, **there's a catch**. On average, they estimate they're **losing $11,000 every year** on digital tools they already pay for but don't actually use. It's easy to call this "underutilized tech," but the reality is usually that the tech just isn't built for the way you actually work. When a tool doesn't fit your workflow, or refuses to talk to your other systems, it stops being a resource and starts being a burden. For construction firms, moving away from the wrong tools is the first step toward fixing a broken bottom line.

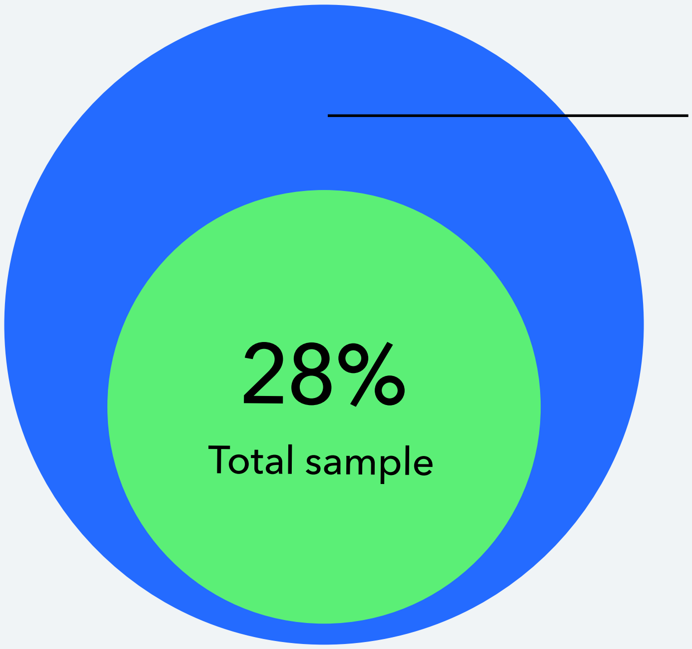


Construction leaders spend an average

$58,000

on digital tools and are planning to **double that spend** in 2026

A tool you don't use does more than just waste your subscription fee. When your software doesn't work for your business—when it doesn't automate the way it should or talk to your other tools—your team has to step up to fill the gaps. Instead of focusing on the build, your people end up spending billable hours manually moving data between the field and the office. You're essentially paying twice for a job the technology was supposed to handle for you in the first place.



61%

of high-growth firms have fully embraced digital tools to manage operations, finances, projects, and client interactions vs. **28% of the total sample**

We call this the **integration divide**, and it's where the industry is splitting into two very different groups:

1. The stagnant majority

These firms have settled for systems that are only halfway connected. They pay for the tech, but still rely on manual data entry to bridge the gaps between the site and the desk. Because of that lag, they only see their true profit in hindsight—usually long after a project is already closed. At least 47% of construction firms fall into this bucket, according to survey findings.

2. The high-growth leaders

These firms have closed the gap. 61% of high-growth firms have fully embraced digital tools, and 55% have highly automated finance functions (compared to just 28% of lower-growth firms). By making their software work harder, they've gained foresight—the ability to see a budget drift while there's still time to fix it.

The solution is simple: get everyone on the same page. 91% of owners say that having a single platform to manage both their projects and their finances is the **best way to boost profitability**. When your tools finally start carrying their weight, you start keeping more of what you earn.

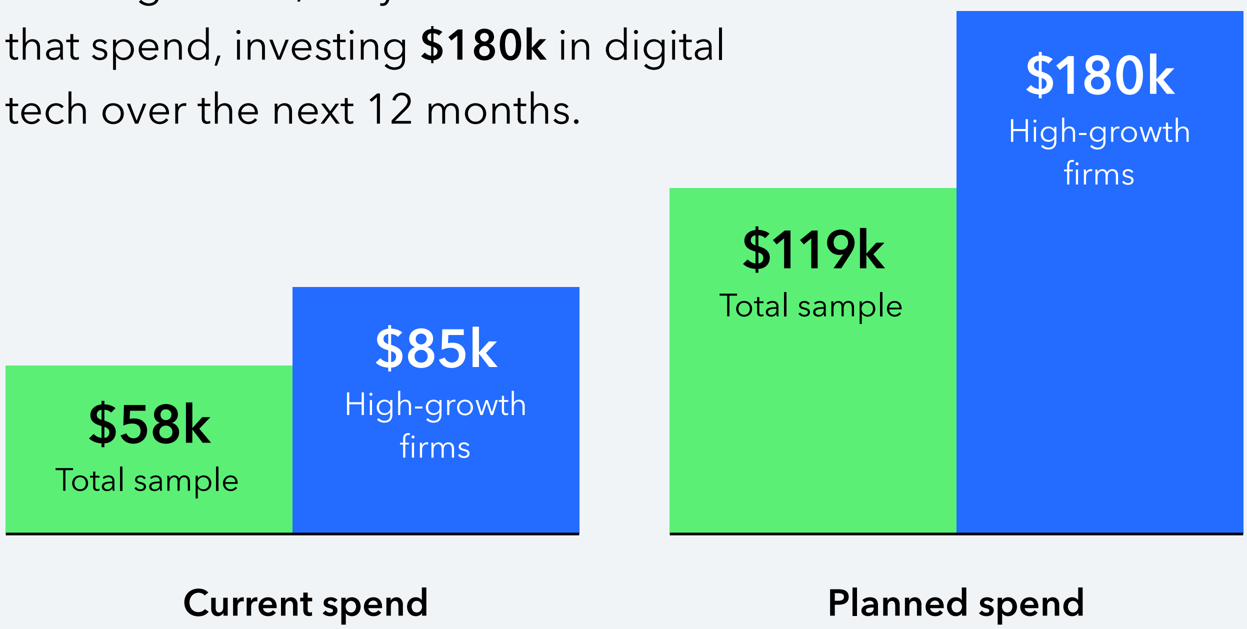
PART 2.

The solve: the high-growth playbook

If the financial "squeeze" is the problem, the "solve" requires looking at what the top 17% of construction firms are doing differently. We call these the high-growth construction leaders, and while the industry as a whole faces shrinking margins, these firms say they're expanding at a rapid pace.

These firms aren't just working harder, they're investing more in their digital infrastructure. On average, high-growth firms spend $85,000 a year on digital tools, compared to just $58,000 for the rest of the market. They don't see this as an expense—they see it as a survival strategy.

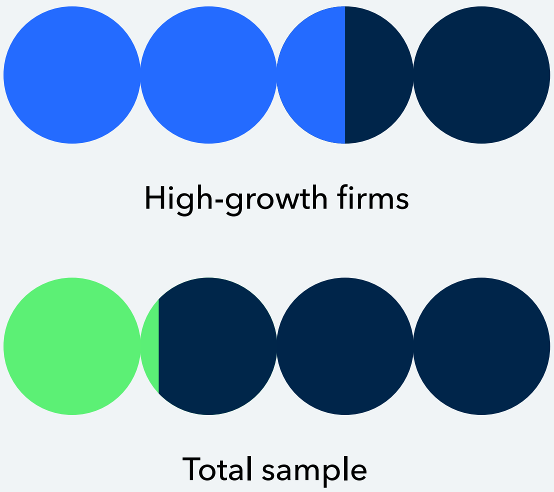
High-growth firms spend an average **$85k** per year on digital tools. Looking ahead, they intend to double that spend, investing **$180k** in digital tech over the next 12 months.



Closing the integration gap

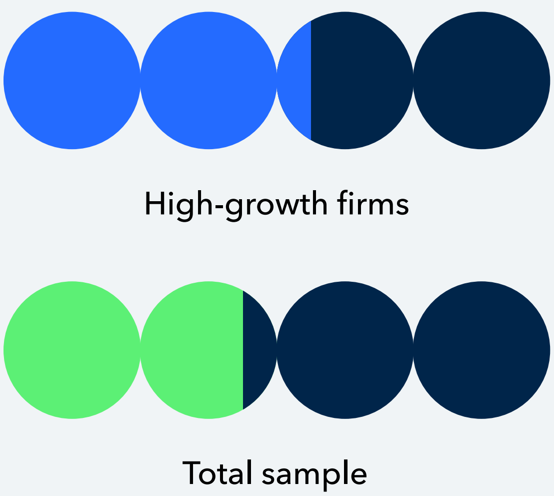
Right now, the industry is split down the middle when it comes to technology. About 47% of firms have settled for systems that are only "moderately" integrated. They have the tools, but those tools don't talk to each other.

High-growth firms have realized that disconnected tools are a potential liability:



61%

of high-growth firms have **fully embraced digital tools** to manage everything from their finances to their client interactions. That's more than double the industry average of **28%**



55%

of these leaders have **highly automated their finance functions**, compared to **44%** of the total sample

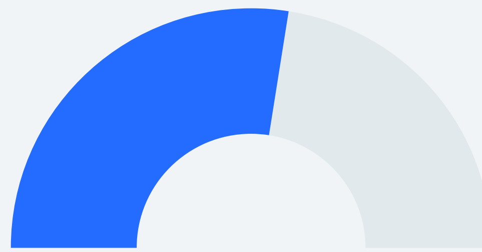
By closing this "integration gap," these firms ensure that their software carries its weight. They aren't paying their teams to move data manually; they're paying them to build.

Solving the labor gap with tech

We know that 42% of firms report struggling to find workers.
High-growth firms are solving this by making the teams they do have more productive:

91%

of all construction leaders agree that **technology is the key to addressing the labor gap**



55%

of high-growth firms have **highly automated their on-site operations** (compared to just **38%** of everyone else)

By automating the "busy work" on the job site, firms can take on more projects with their existing specialists, allowing them to focus on craftsmanship and complex site management rather than administrative hurdles.

Modernizing with AI: the new industry standard

If integration is the foundation, AI is the competitive edge. The research shows that AI is no longer a "nice to have" for construction firms—it's a requirement for staying in the game. And the shift toward AI is happening faster than many realize:

89% of firms are already exploring or implementing AI and advanced data analytics.

88% are actively looking for AI integrations when they choose new tools.

91% of business leaders agree that while AI is increasingly advanced, human oversight is still essential.[2] The highest-performing firms aren't replacing judgment—they're amplifying it.

79% agree that failing to embrace AI will leave their business at a severe disadvantage. Leaders recognize that AI paired with human intelligence is the new competitive edge.

High-growth firms are using AI to move from "hindsight" to "foresight." Instead of looking at a spreadsheet on Friday to see what went wrong on Monday, they use AI-driven tools to catch errors in real-time.

In the QuickBooks ecosystem, this looks like **Intuit Intelligence**—your generative AI assistant, powered by trusted human intelligence. It acts as a digital foreman for your finances, working 24/7 to analyze your data so you don't have to. Instead of digging through reports to find out if you're hitting your goals, you get a financial partner that helps you plan for the future.

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Intuit Intelligence helps you stay ahead of the curve by providing:

Tailored scenario planning

Use an AI agent that analyzes your progress toward your KPIs. It can help you run "what-if" scenarios so you can see how a new project or a spike in labor costs will impact your bottom line months in advance.

Smart alerts

Get instant flags if a labor cost or material invoice is trending over your original estimate, allowing you to course-correct before the profit evaporates.

Anomaly detection

Catch duplicate bills or weird spending patterns before the check is cut, keeping your cash flow protected.

Predictive insights

Helping you bid more accurately by looking at how much similar jobs actually cost you in the past.

The goal is simple: get everyone on the same page. 92% of respondents agree that having one system to manage both projects and business operations is highly appealing. When you combine that one system with the power of AI, you can spend less time checking spreadsheets and more time making the strategic moves that drive growth.

PART 3

The command center: QuickBooks Online Advanced for construction

To act like a high-growth firm, you need a system that acts like a command center. This means creating a single loop where every action in the field updates your financial view in real-time. QuickBooks Online Advanced is built specifically to bridge that gap between your jobs and your books so you can stop managing by guesswork.

The high-growth workflow

Bring all your job financials into one place

You can manage all your project and business financials in one platform, with connected construction and CRM apps. This gives you full visibility across your entire operation without the manual entry or “data stitching” that leads to the $11,000 integration gap.

Stay on top of job profitability at every stage

Get early visibility into your margins by tracking budgets vs. actuals in real-time. If a project phase is 50% done but has already used 70% of the labor budget, the system flags the overrun immediately so you can fix it before it hits your bottom line.

Bill for every milestone you complete and get paid fast

You can create AIA-style invoices tied directly to project phases, costs, and milestones. This reduces invoicing delays and errors, helping you strengthen your cash flow and keep money coming in as fast as it goes out.

The cost of the status quo

In 2026, the manual way of running a construction business is no longer just an inconvenience—it's potentially a financial liability. Between the $11,000 integration waste and the $45,610 average revenue loss, **the status quo is the most expensive path you can take**.

When you rely on disconnected systems, you end up paying a "double tax." First, there's the manual tax, where you pay for billable hours spent moving data by hand. Second, there's the visibility tax, where a lack of real-time info means you don't see a project overrunning its budget until it's already eaten your profit.

The industry's top performers have already moved to an integrated command center. They're spending more on technology because it allows them to **do more with less**, protecting their profit even when costs are rising. By having full visibility into their project financials, they can solve problems before they lose money.

Your 2026 roadmap

To help small and mid-sized construction firms bridge the integration divide, QuickBooks is offering a strategic head start. New and existing Advanced customers can now attach the new construction module at no extra cost for 12 months.

Stop paying the double tax. Start managing your jobs and your business with the foresight of a high-growth leader.

Start your 12-month transformation

Sources & methodology

2025 Construction Technology Trends Report

This report is based on the results of an online survey commissioned by Intuit in July 2025. The survey was completed by 1,000 accounting and operations decision makers at businesses in the US construction sector with annual revenue above $2.5 million. 50% of respondents are mid-market businesses, with $2.5 million to $10 million in annual revenue. 17% of respondents describe their business as “high growth.” The survey focused on the specific challenges and priorities of construction finance and operations leaders. Percentages have been rounded to the nearest decimal place, so values shown in data report charts and graphics may not add up to 100%. Responses were collected by CatalystMR online survey panels with double opt-ins and random device engagement sampling to ensure accurate targeting and results. Respondents received remuneration.

Intuit QuickBooks Small Business Index Annual Report 2026

The Small Business Index is a rigorous monthly measure of the health of the small business economies of the US, Canada, and the UK. The Index shows current revenue, employment, or job vacancy levels at small businesses and the change since the previous month. This is based on anonymized data from a worldwide sample of 533,000 small businesses using QuickBooks. Before publication, this data is aggregated and adjusted, using official statistics, to ensure it reflects the broader economy, not QuickBooks customer performance or Intuit’s business.

2026 Enterprise Technology Benchmark Report

This report is based on the results of an online survey commissioned by Intuit in November 2025. The survey was completed by 2,000 senior leaders and executives of US businesses with annual revenue above $2.5 million. More than half of the respondents (53%) were finance or technology leaders, such as CFOs or CTOs. More than a quarter (27%) were other executives, such as CEOs or company presidents.