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ENGINEERING SERVICES • NAICS 54133

Engineering Services in the US

Labor is the product. Wages take 40.7% of revenue, the average wage is $110,110, and headcount has grown faster than inflation-adjusted revenue since 2021.

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IBIS Report
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EXECUTIVE SUMMARY

Labor Is the Product

- Industry revenue reaches $360.6bn in 2026, a 1.7% annual gain since 2021, with 1.9% annual growth forecast to $396.0bn by 2031. Businesses supply 63.7% of revenue and government 35.1%, so hiring demand tracks public budgets as closely as private capex.
- Headcount grew faster than output. Employment rose at a 2.7% annual rate from 2021 to 2026 against 1.7% revenue growth, adding 176,923 jobs to reach 1,409,259. Revenue per employee fell from $269,353 to $255,876 over the same window.
- Wages are the largest cost at 40.7% of revenue, or $155.2bn in 2026, and the average wage of $110,110 is higher than the sector average. Inflation-adjusted pay has drifted down from a 2019 peak of $114,568 and is forecast to hold at roughly $110,100 to $110,200 through 2032.
- Supply is the constraint. PE licensure takes years of education, experience and an exam. Architecture and engineering employment is projected to grow faster than the 3.1% all-occupation average from 2024 to 2034, and firms are offshoring testing and digital work.

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INDUSTRY OVERVIEW

What This Industry Does

Engineering firms apply engineering principles to design, develop and evaluate machines, materials, structures, processes and systems. Work spans feasibility studies, plans and designs, technical services during construction, inspection and surveying. The workforce is degree-holding and licensed: 1.4m people across 136,642 enterprises.

$360.6bn	1.4m	137k	$110,110
REVENUE	EMPLOYEES	BUSINESSES	AVG WAGE

Products & Services Mix

Industrial, commercial & institutional	34.5%
Consulting and project management	25.7%
Residential and municipal utility	12.3%
Transportation projects	11.7%

AT A GLANCE

LIFE CYCLE
Mature, flat

CONCENTRATION
Low, steady

COMPETITION
High, increasing

BARRIERS TO ENTRY
Moderate, steady

REVENUE VOLATILITY
Low, steady

REGULATION
Moderate, steady

TOTAL WAGES
$155.2bn, +2.1% CAGR

KEY WORKFORCE TRENDS

1 Headcount is growing faster than revenue

Employment rose 2.7% a year from 2021 to 2026; revenue rose 1.7%. Employees per enterprise went from 9.3 to 10.3. Revenue per employee fell from $269,353 to $255,876, a margin question as much as a staffing one.

2 Wages are the single largest cost, at 40.7% of revenue

The wage bill is $155.2bn in 2026 against $360.6bn of revenue. The average wage of $110,110 is higher than the sector average. The report ties this to competition for talent and the cost of engineering education.

3 Contingent labor is a standing lever, not a stopgap

Temporary employees account for 23.6% of Other Costs, and Other Costs are 30.5% of revenue. Firms use contract staff to flex around project pipelines, moving spend out of wages and managing utilization risk.

4 One in four engineers is in California, Texas or Virginia

California holds 11.1% of industry employment, Texas 9.9% and Virginia 5.6%. Virginia carries 2.6% of US population, so its engineering workforce is about twice its population weight, on federal and defense work.

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INDUSTRY PERFORMANCE

2021–26 Revenue CAGR: +1.7% | Employment CAGR: +2.7%

REVENUE
$360.6bn
▲ '21-'26 +1.7% | '26-'31 +1.9%

EMPLOYEES
1,409,259
▲ '21-'26 +2.7% | '26-'31 +1.8%

BUSINESSES
136,642
▲ '21-'26 +0.7% | '26-'31 +1.2%

TOTAL WAGES
$155.2bn
▲ '21-'26 +2.1% | '26-'31 +1.8%

AVERAGE WAGE
$110,110
▲ Above sector; flat through 2032

PROFIT MARGIN
17.8%
▲ '21-'26 +1.9pp; above sector

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SWOT ANALYSIS

STRENGTHS

- Low Volatility
- Low Imports
- Low Product/Service Concentration
- High Revenue per Employee
- Low Capital Requirements

WEAKNESSES

- High Competition
- Low Profit vs. Sector Average
- High Customer Class Concentration

OPPORTUNITIES

- High Revenue Growth (2021-2026)
- High Revenue Growth (2026-2031)
- Value of utilities construction

THREATS

- Low Revenue Growth (2005-2026)
- Low Outlier Growth
- Low Performance Drivers
- Industrial production index

Fragmented — Hiring Happens Locally

Concentration is low. The four largest firms hold under 12% of the market combined, against a sector average near 24%. Bechtel leads at 6.6%; no other named player exceeds 5%. Headcount sits in 136,642 enterprises and 154,216 establishments, averaging 10.3 employees per enterprise and 9.1 per site.

SELECTED LARGE EMPLOYERS — ONLY BECHTEL EXCEEDS 5% SHARE

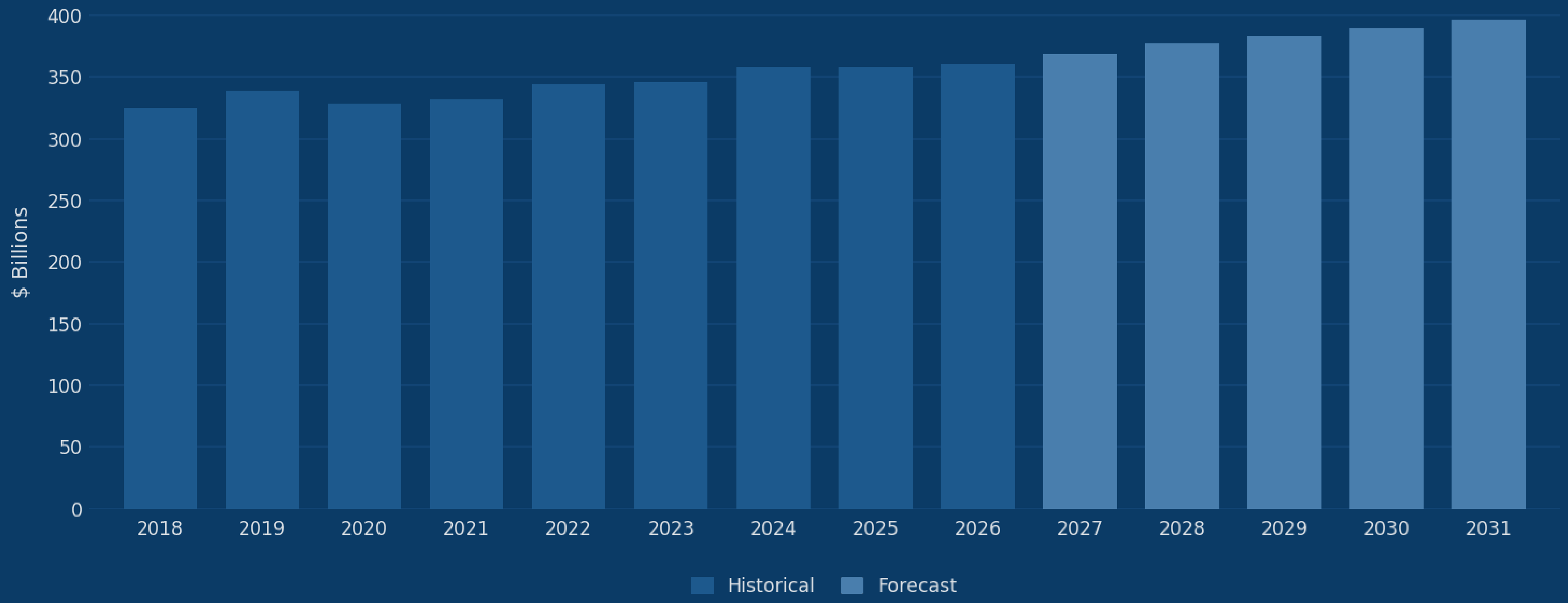
Bechtel	Reston, Virginia	10,000+ (6.6% share)
Fluor	Irving, Texas	10,000+ (2.5-5% share)
Amentum	Chantilly, Virginia	10,000+ (2.5-5% share)
Jacobs Solutions	Dallas, Texas	10,000+ (0-2.5% share)
Tetra Tech	Pasadena, California	10,000+ (0-2.5% share)

WHAT THIS MEANS FOR HIRING

- Most reqs sit outside the household names. With average enterprise headcount at 10.3, the bulk of the 1,409,259 jobs are at small and mid-sized firms that recruit on local codes and local reputation.
- Multi-site giants are the exception. Tetra Tech runs 500 locations, Kiewit and Jacobs Solutions 100 each, while Halmar International and All American Rail Group hold 10,000+ staff at one or two sites.
- Virginia and Texas are employer hubs. Bechtel, Amentum, Parsons and SAIC are headquartered in Virginia; Fluor, Jacobs Solutions, KBR and CB&I in Texas. Both over-index on engineering employment.
- Small firms are founder-led and specialized. The report notes startups founded by engineers with deep domain expertise, competing on niche skill rather than scale, which shapes counter-offer behavior.

REVENUE GROWTH

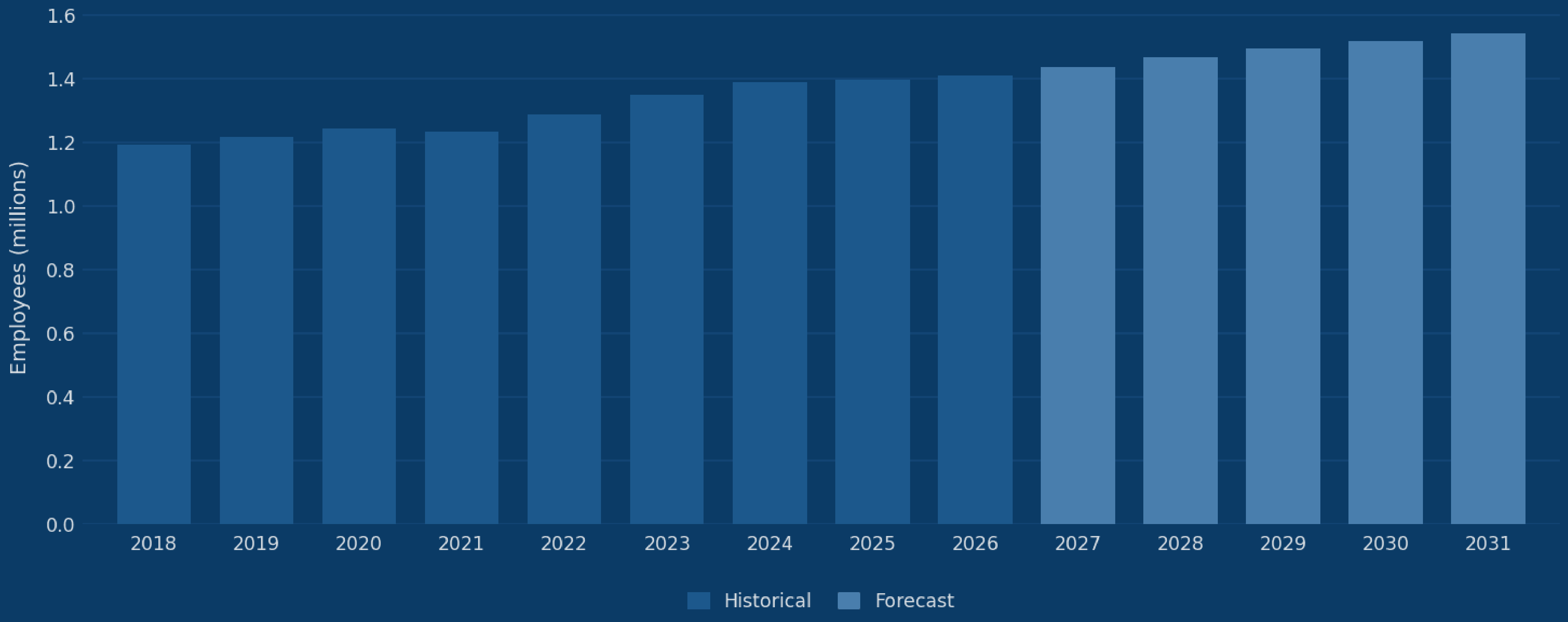
Annual industry revenue ($ billions), 2018–2031 (forecast from 2027)



Revenue grew from $331.9bn in 2021 to $360.6bn in 2026, a 1.7% CAGR, and is forecast to reach $396.0bn by 2031 at 1.9% a year. Steady demand, not a boom cycle.

WORKFORCE GROWTH

Industry employment (millions), 2018–2031 (forecast from 2027)



Employment rose from 1,232,336 in 2021 to 1,409,259 in 2026, a net 176,923 jobs at 2.7% a year. A further 131,782 come by 2031, about 26,000 net adds a year.

Where the Work — and the Hiring — Is Growing

Industrial, commercial and institutional projects are the largest revenue pool, and the report ties current growth to semiconductor fabs and data centers needing high-density power, advanced cooling, cleanroom design and grid connections. Consulting and project management holds up when clients cut internal staff and outsource.

WHERE THE REVENUE SITS — BY PRODUCT AND SERVICE SEGMENT

Industrial, commercial, instit.	$124.4bn | 34.5%	Largest pool; fabs, data ctrs
Consulting & project mgmt	$92.7bn | 25.7%	Grows when clients cut staff
Residential & municipal utility	$44.4bn | 12.3%	Rate-sensitive; utilities firm
Transportation projects	$42.2bn | 11.7%	IIJA road and bridge funding
Telecom & broadcasting	$17.3bn | 4.8%	Smaller base; broadband work

TALENT SUPPLY SIGNALS

- Licensing gates supply. Practicing engineers often need a PE license: years of education and work experience plus an exam. The report says this raises labor costs and lifts pay rates.
- Shortages should persist. Architecture and engineering employment is projected to grow faster than the 3.1% average for all occupations from 2024 to 2034; STEM roles about 8% versus 3% for non-STEM.
- Offshoring is the release valve. Clients can source from India and China at lower labor cost. Testing, validation and digital engineering are the most commonly outsourced tasks, per the report.
- Pipelines are being built, not bought. The report points to academic collaborations, apprenticeship programs and internal upskilling in AI-assisted design, data engineering and digital twins.

KEY EXTERNAL DRIVERS

Value of private nonresidential construction	Positive
Value of residential construction	Positive
Local and state government investment	Positive
Value of utilities construction	Positive
Prime rate	Negative

REGULATION & POLICY

- Licensing is the main labor regulation. A PE license requires years of education, work experience and a passing exam. The report says it raises labor costs and leads to higher pay rates.
- OSHA rules carry a training cost. Requirements mean ongoing spend on training, site inspections and safety equipment, raising compliance costs but lowering incident and liability exposure.
- Building codes shape workload and liability. Evolving code requirements drive demand for redesigns and compliance assessments while increasing design time, documentation and liability.
- Contract and liability rules shape senior roles. Regulations govern client contracts and professional liability insurance, so stamping responsibility sits with licensed, experienced staff.

KEY TAKEAWAYS FOR TALENT LEADERS

- Budget for the wage bill, not just the headcount. Wages are the largest cost at 40.7% of revenue, or $155.2bn in 2026, and the average wage of $110,110 already sits above the sector. Every incremental hire lands on the biggest line in the P&L.
- Expect req volume to outrun revenue growth. Employment grew 2.7% a year from 2021 to 2026 against 1.7% revenue growth, and revenue per employee slipped from $269,353 to $255,876. Plan capacity for hiring that outpaces the top line.
- Treat contingent staffing as a permanent capability. Temporary employees are 23.6% of Other Costs, which are 30.5% of revenue. The report says firms use contract professionals to flex around project pipelines and manage utilization risk.
- Recruit where the engineers already are. California holds 11.1% of industry employment, Texas 9.9% and Virginia 5.6% on a 2.6% population share. Virginia's federal and defense work makes it a far deeper market than its size implies.
- Start the licensed-engineer search early. PE licensure requires years of education, experience and an exam, and architecture and engineering roles are projected to grow faster than the 3.1% all-occupation average from 2024 to 2034.

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TALENT & COMP BENCHMARKS

Cost Structure — Industry vs. Sector (% of Revenue, 2026)

COST LINE	INDUSTRY	SECTOR
Wages	**40.7%**	41.19%
Other Costs	**30.5%**	33.44%
Temp employees (% of Other)	**23.6%**	n/a
Profit	**17.8%**	12.12%
Purchases	**6.3%**	5.32%
Rent	**2.6%**	3.56%
Depreciation	**1.6%**	2.62%
Marketing	**0.3%**	1.52%

BENCHMARK RATIOS

AVERAGE WAGE

$110,110

Higher than sector

WAGES % OF REVENUE

40.7%

Sector 41.19%; largest cost

REVENUE PER EMPLOYEE

$255,876

Was $269,353 in 2021

EMPLOYEES PER FIRM

10.3

9.3 in 2021; 9.1 per site

SOURCES & CITATIONS

Source Report

IBISWorld, "Engineering Services in the US" (NAICS-US 54133), by Adeline Wagner, published June 2026. www.ibisworld.com

Additional Resources Cited in the Report

- American Council of Engineering Companies
- American Institute of Chemical Engineers
- American Society of Civil Engineers
- American Society of Mechanical Engineers
- Engineering News-Record
- US Census Bureau

PREPARED FOR

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This document paraphrases and summarizes third-party industry research for internal marketing use. All data attributed to IBISWorld.