



NATIONAL SUMMARY

Construction Looking Forward 2009-2017 Key Highlights

Canada's construction industry will continue to outperform much of the Canadian economy through the recession period from 2009 to 2012. In the near term, construction enjoys a soft landing in comparison to the more serious damage inflicted on other industries. Governments' fiscal stimulus is the key driver in 2009 and 2010. Major resource and industrial projects anticipated last year have been delayed or cancelled. A decline in housing is now underway, largely prompted by the recession. Overall, opportunities in renovation and infrastructure projects, driven by government stimulus, offset these construction job losses. When governments' fiscal stimulus funding ends in 2011 and 2012, a loss of jobs and weaker construction markets result.

While it is expected the fiscal stimulus included in the federal budget and anticipated in coming provincial initiatives will boost construction spending and employment over the next three years, the implementation and timing of these projects will play a significant part in the pace and degree of the recovery. In the CSC scenario, it is assumed that 30% of non-residential stimulus investments will take place in 2009 followed by the remaining 70% throughout 2010 and until the end of the first quarter of 2011. The residential stimulus measures will have a more immediate impact in 2009 and 2010, as they target household consumers.

The pace of construction activity will accelerate as economic advantages reappear from 2013 to 2017 as delayed projects start up and a wave of immigration drives housing. The cycle increases demand for new housing and related commercial, institutional and infrastructure building.

Highlights for Canada's construction labour markets can be organized into two periods: 2009-2012 (the recession) and 2013-2017 (regaining lost ground).

THE RECESSION – 2009-2012

- After a remarkable expansion that began in 1996, construction employment slows in 2009 and 2010, and then declines briefly in 2011 and 2012.
- Weaker demand eases market conditions and restores recruiting conditions to more normal levels in most markets.
- Moderate annual changes across the scenario conceal more volatile cross-currents in markets by region, sector and trade:
 - New housing declines and displaces workers from 2009 to 2012.
 - During 2009, stimulus to renovation adds some offsetting work opportunities in some trades and occupations.
 - Industrial, resource and some commercial projects are delayed or cancelled from 2009 to 2011, resulting in the layoff of key trades that were in very strong demand up until the first half of 2008.
 - Infrastructure projects targeted by government budgets will create relatively tighter markets in 2009 and 2010 for a small group of trades and occupations, but much depends on the timing of the work.
 - Governments' stimulus ends in 2011 and the housing down cycle continues so that employment drops for two years. This is a delayed and mild aftershock from the recession.

- Momentum created by ongoing and new projects in Newfoundland and Labrador, Saskatchewan and Manitoba combine with government stimulus to sustain strong employment and relatively tighter construction labour markets in these provinces.
- In contrast, the recession is eliminating jobs for key non-residential trades in Alberta and Ontario. Housing losses here are more severe and the markets in these provinces weaken notably.
- Throughout the recession, Quebec sustains construction employment growth, supported by government-backed institutional, transportation and energy projects. Industry support and human resource systems in the province maintain balanced markets.

REGAINING LOST GROUND – 2013-2017

- Construction markets turn up across all sectors in 2013, and by the middle of 2014, will have regained a significant number of jobs that had been lost.
- Residential gains are strongest from 2013 to 2017 and, in most provinces, by 2015 employment returns to the peak levels reached in 2007.
- Unemployment rates fall quickly and markets tighten in the later years of the scenario due to demographic trends and the accelerating loss of the baby boomer generation to retirement.
- Age profiles differ across regions and occupations. The Atlantic provinces have an older than average workforce that will translate into a high rate of retirement and the steady loss of skilled workers throughout the forecast period.
- Late in the forecast period, regaining lost ground in housing and related construction sectors will be associated with much tighter labour markets.

The 2009 edition of *Construction Looking Forward* has identified the need to train nearly 317,000 workers in order to replace a retiring workforce and to meet new demand for construction services by 2017. More specifically, construction employment is set to rise by about 149,000 jobs to meet the requirements attributable to the expected rise in construction activity. The more rapid advances in construction employment will take place in Newfoundland and Labrador, Quebec and Ontario. Key projects driving employment growth include major investments in the production of electricity, as well as mining projects. For Canada as a whole, the outlook also calls for the replacement of nearly 168,000 construction workers who are expected to retire over the forecast period.

The current recession presents two cyclical challenges. First, the industry must facilitate the mobility of the workforce so that needed trades can move quickly to fill jobs in the infrastructure programs announced by governments. Second, the industry must continue to support recruiting, career promotion, training and related initiatives to build the needed skilled workforce for the long term.

Exhibits 1 and 2 (opposite page) use the CSC LMI system of rankings to illustrate these cyclical challenges in two key years.

In 2010, the stimulus packages will tighten markets for a select group of “infrastructure-driven” trades and occupations. Rankings for these trades and occupations are listed by province in Exhibit 1.

In 2016, market tightness again peaks as overall employment growth in most sectors confronts the growing pressure from retiring baby boomers. Exhibit 2 focuses on select “aging” occupations where these pressures are most severe nationally.

EXHIBIT 1: MARKET RANKINGS FOR SELECTED “INFRASTRUCTURE-DRIVEN” TRADES AND OCCUPATIONS IN 2010

	NL	NS	NB	QC	ON	MB	SK	AB	BC
Boilermakers	5	4	1	3	3	4	4	2	3
Construction estimators	4	3	2	4	3	4	4	2	4
Construction millwrights and industrial mechanics (except textile)	–	4	1	3	3	4	3	2	3
Contractors and supervisors	4	4	3	4	4	3	3	2	4
Crane operators	4	4	3	3	4	4	3	3	4
Heavy equipment operators (except crane)	4	4	3	3	3	4	4	3	4
Heavy-duty equipment mechanics	4	–	4	3	4	3	4	3	4
Ironworkers and structural metal fabricators and fitters	4	4	3	3	3	4	3	3	3
Steamfitters, pipefitters and sprinkler system installers	4	4	2	3	3	4	3	3	4
Truck drivers	4	4	3	3	3	4	4	3	4
Welders and related machine operators	5	4	2	3	4	3	4	3	4

Note: A dash (–) signifies information is not available due to the small sample size and the unreliability of the data. This explains the absence of rankings for Prince Edward Island.

Source: Construction Sector Council.

EXHIBIT 2: MARKET RANKINGS FOR SELECTED “AGING” TRADES IN 2016

	NL	NS	NB	QC	ON	MB	SK	AB	BC
Bricklayers	5	4	4	3	4	4	3	3	4
Construction estimators	4	4	4	4	3	4	2	3	4
Construction managers	5	4	4	5	4	4	2	3	4
Construction millwrights and industrial mechanics (except textile)	–	3	4	3	3	3	2	3	4
Contractors and supervisors	4	4	4	4	4	4	3	3	4
Crane operators	–	3	4	3	4	3	3	4	3
Heavy equipment operators (except crane)	3	4	4	3	3	4	3	3	4
Heavy-duty equipment mechanics	3	–	4	3	3	4	3	3	3
Painters and decorators	4	4	4	3	3	3	3	3	3
Residential home builders and renovators	5	4	4	4	4	4	4	4	4
Truck drivers	4	4	4	3	4	4	3	4	4
Welders and related machine operators	3	3	4	3	4	3	2	4	3

See note to Exhibit 1.

Source: Construction Sector Council.

MARKET RANKINGS

- 1 Workers are available, excess supply is apparent and there is a risk of losing workers to other markets.
- 2 Workers are available to meet an increase in demand.
- 3 The availability of workers may be limited by large projects, industrial maintenance or other short-term increases in demand.
- 4 Workers are generally not available. Employers will need to compete to attract additional workers.
- 5 Workers are not available to meet demand. Competition for workers is intense and projects or production may be delayed or deferred.

Effective planning will be required to move “infrastructure” workers among projects and across regions. From 2009 to 2010, mobility across sectors and industries will be a natural focus as jobs are lost in new housing and opportunities arise in infrastructure work. Exhibit 1, however, shows specific opportunities for mobility across provinces to fill jobs in hot markets such as Saskatchewan. Recruiters in construction may find skilled trades in other industries in 2009 and 2010 as the recession increases unemployment. This situation reverses in 2011 and 2013 as the rest of the economy revives just as government stimulus is withdrawn. Key construction trades may be lost to other industries at that time.

At the end of the forecast period, challenges will focus on occupations and regions confronting both an older age profile and an economic expansion such as the revival of the oil sands development or renewed housing needs. Some of these situations are highlighted in Exhibit 2.

Efforts to promote careers in construction, as well as training and certification for the trades and occupations, need to continue in all provinces and sectors. Workforce planning must not focus only on employment cyclical downturns in the period immediately following the completion of the major industrial and engineering projects. Short-term needs will soon be compounded with longer-term demographic trends and associated retirements. Recruiting and training the next generation of construction workers will need to be in full swing by 2010 when the baby boomers reach their late 50s and early 60s.

Timely construction forecast data is available online at www.constructionforecasts.ca. Create customized reports on a broad range of selected categories within sector, trade or province covering up to 10 years.

The full report, *Construction Looking Forward, National Summary, An Assessment of Construction Labour Markets from 2009 to 2017*, is part of the Construction Sector Council's Labour Market Information Program, and will be available electronically at www.csc-ca.org later this summer.

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