

ONTARIO

Construction Looking Forward 2008-2016 Key Highlights

Construction in Ontario has been steadily growing for more than 10 years with employment for many trades at or near record levels in 2007. The pace of growth, however, is expected to slow over the near term with moderate year-to-year changes.

The outlook for residential and non-residential investment in Ontario may be summarized as follows:

- In 2008, residential construction recovers from a decline in 2007 before experiencing steady but slower growth over the long term.
- Residential construction is driven by strong growth in renovation spending, averaging 2.5% over the forecast period, while new housing investment remains relatively constant in line with housing starts.
- After increasing by about 6% in 2007, engineering construction is expected to decline by 3.5% in 2008 and 4.4% in 2009.
- Growth in engineering construction resumes in 2010 and averages 1.1% from 2012 to 2016.
- Non-residential building construction slows in both 2008 and 2009 before advancing by 2.6% per year on average from 2010 to 2016.

The construction labour markets will be characterized by the following:

- Construction employment in the CSC (Construction Sector Council) trades rose more than 21% from 2001 to 2007, versus 11% for total employment in the province.

The momentum is slowly diminishing and labour markets are entering a relatively stable period with very mild adjustments.

- Construction employment in the CSC trades is expected to decline slightly in both 2008 and 2009.
- From 2010 to 2016, growth in construction employment will average 1.1%.

While this general pattern will present the dominant image of construction labour markets, risks of skills shortages and recruiting challenges still exist. Major infrastructure projects requiring large teams of specialized trades, including larger institutional, industrial and engineering projects, may have trouble filling needs, especially within the smaller population centres. Key trades required for these projects are in strong demand and will have attractive opportunities in many other markets. Attracting the best of the specialists may require special recruiting arrangements.

The current outlook scenario may also be interrupted by circumstances that are now contemplated but not yet included. On the downside, the most important risk is a major U.S. recession and the likely decline in all investment expenditures, as well as construction. On the upside, there are several major infrastructure projects, including large nuclear generating facilities.

The recently announced nuclear reactor project at Darlington could range between \$8 billion and \$15 billion with a potential start date of 2012. The associated construction impacts will be significant and will generate increased employment opportunities for key trades, including boilermakers,

millwrights, crane operators, heavy equipment operators, pipefitters, ironworkers, welders and labourers. Other critical trades with key specialties include electricians, plumbers, carpenters and sheet metal workers. The project, however, must first undergo an environmental impact assessment and once the project details are confirmed, it will be incorporated into a future *Construction Looking Forward* outlook scenario.

There is an added risk that Ontario workers will be attracted to jobs in other provinces. Recruiting for work in other provinces is already apparent and the other provincial *Construction Looking Forward* reports indicate this will continue. While some Ontario trades may respond to these opportunities, the consensus among industry observers is that it will be difficult to draw Ontario workers away.

REGIONAL PERSPECTIVE

In general, prospects are good for future work in most regions of Ontario. The weakest areas, such as the Northern region, have already lost many skilled workers and the older age profile of the remaining workforce makes retirement an option as markets there decline.

- From 2008 to 2011, construction continues to grow in the Greater Toronto Area (GTA) and this may draw workers in the residential and commercial trades to the area. Other regions of the province enter a residential-led downturn with declining employment in the trades.
- After 2011, residential activity in the GTA slows while building resumes in the other regions.
- The Central region benefits the most in terms of construction activity over the entire forecast period.
- Some regions see important cyclical swings in housing activity, but these tend to balance out for the province leaving very limited year-to-year changes.

- Regional labour markets stabilize as GTA building weakens and housing and commercial recoveries lead the Central, Southwest and Northern regions.

After many years of stronger growth and recruiting challenges, the employers, labour groups and supporting institutions have learned to sustain the conditions that promote recruiting and job search conditions. For Ontario's construction industry, it is important these initiatives to promote careers, attract youth and enhance training programs continue. This support is needed both to deepen the ranks of skilled workers needed in new construction and to replace retiring workers.

Many baby boomers will retire over the next nine years, taking essential technical, supervisory and management skills with them. Due to retirements, an estimated 56,300 workers will be needed just to sustain the current workforce. These retirement-related demands are more than triple the 17,600 additional workers needed to fill new employment opportunities related to new construction over the 2008-2016 forecast period.

CONSTRUCTION LABOUR MARKET RANKINGS

The table (over) shows the rankings for each construction trade and occupation in Ontario. Each of these groups has many subtrades and specializations, and there are subgroups with sector-specific experience and skills that can be in strong demand. These specific circumstances are hidden in the overall provincial trends. In 2008 and 2009, virtually all of the trades and occupations are expected to remain at current levels of employment, or see small declines. Limited increases in jobs are apparent in 2010 and 2011. Even later in the scenario, year-to-year increases are less than 2%.

MARKET RANKINGS FOR TRADES AND OCCUPATIONS IN ONTARIO

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Boilermakers	3	3	3	3	3	3	3	3	4	4
Bricklayers	3	2	2	2	3	3	3	3	3	3
Carpenters	3	3	3	3	3	3	3	3	3	3
Concrete Finishers	3	3	3	3	3	3	3	3	3	3
Construction Managers	3	3	3	3	3	3	3	3	3	4
Construction Millwrights and Industrial Mechanics (except textile)	3	2	2	3	3	3	3	3	3	3
Contractors and Supervisors	3	3	3	3	3	3	3	3	3	4
Crane Operators	3	3	3	3	3	3	3	3	4	4
Drillers and Blasters – Surface Mining, Quarrying and Construction	3	2	2	2	2	2	2	3	3	3
Electricians (including industrial and power system)	3	3	3	3	3	3	3	3	3	3
Elevator Constructors and Mechanics	3	3	3	3	3	3	3	3	3	4
Floor Covering Installers	3	3	3	3	3	3	3	3	3	3
Gasfitters	4	3	3	3	3	3	3	3	3	3
Glaziers	3	3	3	3	3	3	3	3	3	3
Heavy Equipment Operators (except crane)	3	3	2	2	3	3	3	3	3	3
Heavy-Duty Equipment Mechanics	3	3	2	3	3	3	3	3	3	3
Industrial Instrument Technicians and Mechanics	3	3	2	3	3	3	3	3	3	3
Insulators	3	3	3	3	3	3	3	3	3	3
Ironworkers and Structural Metal Fabricators and Fitters	3	3	2	3	3	3	3	3	3	3
Painters and Decorators	3	3	2	3	3	3	3	3	3	3
Plasterers, Drywall Installers and Finishers, and Lathers	3	3	3	3	3	3	3	3	3	3
Plumbers	3	3	3	3	3	3	3	3	3	3
Refrigeration and Air Conditioning Mechanics	4	3	3	3	3	3	3	3	3	3
Residential and Commercial Installers and Servicers	3	3	3	3	3	3	3	3	3	3
Roofers and Shinglers	3	3	3	3	3	3	3	3	3	3
Sheet Metal Workers	3	3	3	3	3	3	3	3	3	4
Steamfitters, Pipefitters and Sprinkler System Installers	3	3	3	3	3	3	3	3	3	3
Tilesetters	3	3	3	3	3	3	3	3	3	3
Trades Helpers and Labourers	3	3	3	3	3	3	3	3	3	3
Truck Drivers	3	3	2	2	3	3	3	3	3	3
Welders and Related Machine Operators	3	3	2	3	3	3	3	3	3	3

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.

MOBILITY

Rankings noted in the table refer to conditions in the Ontario construction labour markets before any allowance is included for mobility across other industries or provinces/regions.

Looking at industry mobility, there is essentially no change in employment for the CSC trades and occupations working outside construction across most of the forecast period. This broadly implies there will be limited mobility across industries. Exceptions to this observation may appear in specific regional markets where local industry suffers losses and construction opportunities are offered.

In terms of regional mobility, the most apparent opportunities emerge in residential construction because the cyclical pattern in the large GTA market is the opposite of the surrounding regions. Central Ontario is expected to shed some jobs for residential construction in 2008 and 2009, and this may allow workers to commute to the GTA. After 2012, this pattern reverses with large residential gains outside the GTA drawing workers to the surrounding communities.

A similar pattern is anticipated for non-residential construction and these opportunities are more likely to emerge on a project basis. For example, building for infrastructure projects such as hospitals, courthouses, electrical generation and other projects will attract large teams of specialized workers. The capacity of the industry to mobilize these groups, matching skills to needs, and move teams across communities will be important. It is not unusual for major demands for special skills and or large teams to create shortages in markets. The test for Ontario markets will be mobilizing groups across regions to meet these situations. Looking just at conditions in Ontario suggests this pattern of recruiting and accessing skills can be managed given conditions reported in the CSC scenario. Looking outside Ontario at other provinces, however, suggests competing demands may interfere.

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, An Assessment of Construction Labour Markets from 2008 to 2016 for Ontario*, is part of the Construction Sector Council's Labour Market Information Program, and is available electronically at www.csc-ca.org.

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