

# PRINCE EDWARD ISLAND

## HIGHLIGHTS 2022-2027

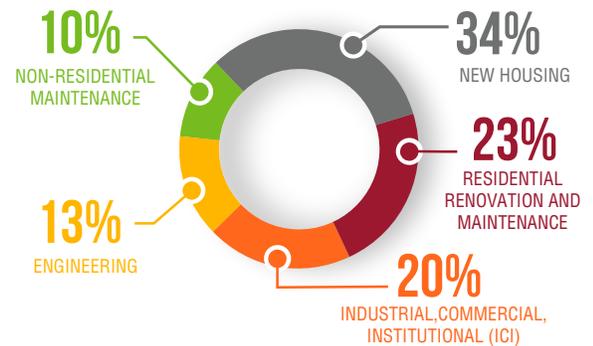
Rising residential construction demands tapped Prince Edward Island's labour supply in 2021 and the industry is bracing for further growth in 2022.

New-housing construction continues to rise to a forecast peak in 2022, exacerbating tight labour markets before returning to more balanced conditions as investment growth slows across the forecast period.

Non-residential investment is expected to ramp back up in 2022 following a modest pullback in 2021, with growth driven by strong institutional investment. Engineering construction investment strengthens in 2022, driven by increased road, highway, and bridge work, as well as the start of a major wind farm project. Demands recede between 2023 and 2027 as current projects wind down, returning labour markets to more balanced conditions for the remainder of the six-year forecast period.

Construction employment is expected to rise by just over 400 workers (+7%) to a forecast peak in 2022, before retreating moderately through 2027, with employment receding 3.6% below 2021 levels. The expected retirement of almost 950 workers, or 14% of the current labour force, by 2027 will require industry to recruit and train almost 1,000 additional workers to keep pace with industry demands throughout the forecast period.

### DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2021, PRINCE EDWARD ISLAND



### SIX-YEAR WORKFORCE OUTLOOK FOR PRINCE EDWARD ISLAND



**AVERAGE UNEMPLOYMENT RATE** 12.2%

### HIGHLIGHTS

- Rising employment requirements have driven the average annual unemployment rate to below pre-pandemic levels at 9.3%.
- Total construction employment demands are projected to rise to a peak in 2022, driven by increased residential and non-residential demand requirements.
- Housing starts recede from just over 1,400 units in 2022 to an average of 1,200 annually across the remainder of the forecast period, driven by immigration-fueled population growth.

### BuildForce's LMI System

BuildForce Canada uses a scenario-based forecasting system to assess future construction labour requirements in the heavy industrial, residential, and non-residential construction markets. This labour market information (LMI) system tracks 34 trades and occupations. To further improve the robustness of the system, BuildForce consults with industry stakeholders, including owners, contractors, and labour groups, to validate the scenario assumptions and construction project lists, and seeks input from government on related analysis. The information is then distilled into labour market condition rankings to help industry employers with the management of their respective human resources

## PRINCE EDWARD ISLAND CONSTRUCTION OUTLOOK

Prince Edward Island’s residential expansion recovered in 2021 following a pause in 2020 due to the impacts of COVID-19. Increased commercial investment, alongside a rise in major project requirements, contributes to stronger construction market activity in 2022, but then moderates across the remainder of the forecast period.

Both residential and non-residential construction are expected to ease by 2023 as the red-hot residential sector levels off and institutional and public infrastructure projects currently under construction wind down. Residential construction investment doubled between 2016 and 2021, as strong immigration-driven population growth increased the demand for new-home construction. After 2022, new-housing investment is expected to slow as housing starts retreat from record highs, but overall activity in the residential sector is sustained by rising renovation and maintenance work.

Non-residential investment fell in 2021 as some engineering projects ended, while continued gains in institutional building construction only partially offset the decline. Investment rebounds in 2022, led by the construction of several school projects and other institutional buildings. As these projects wind down, non-residential investment is mostly sustained by the start of a major health care facility in 2023. Two major wind farm projects elevate investment and labour demands for selected trades in 2022 and 2025.

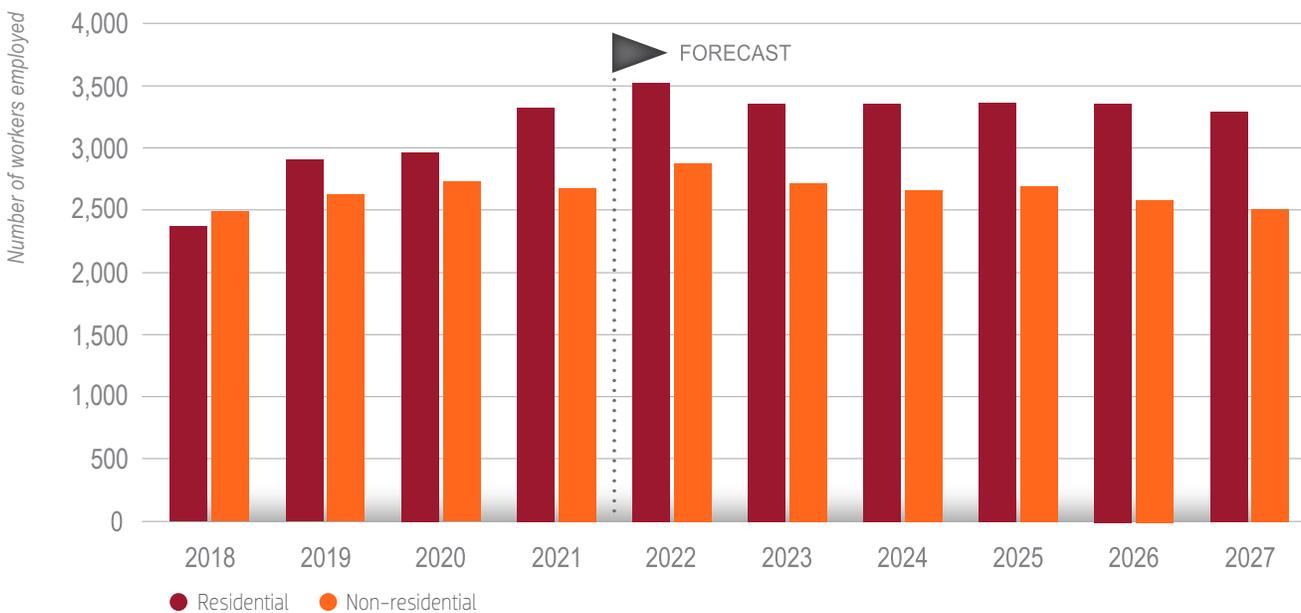
In terms of industry employment, Figure 1 shows the change in residential and non-residential employment across the forecast period. Total construction employment is estimated to peak in 2022, driven by increases in both residential and non-residential demand requirements.

Residential employment has been rising steadily over the last several years due to strong growth in new-home construction. Employment, however, is projected to decline across the forecast period as investment in new-home construction recedes, which is mostly, but not entirely, offset by gains in renovation and maintenance work. Overall, employment falls by nearly 40 workers (-1.1 %) compared to 2021 levels.

Non-residential employment is expected to experience strong gains in 2022 (+7.4%), before receding gradually across the remainder of the forecast period as current projects wind down, leading to a decline in employment of 177 workers (-6.6%) compared to the 2021 starting point.

P.E.I.’s construction industry has been adapting to higher sustained levels of construction through a greater reliance on mobility of skilled trades from outside the province and the scaling up of local recruitment and training capacity. However, the pandemic has resulted in a sharp decline in the participation of older workers and unemployment rates have fallen to historic lows. The anticipated rise in labour demands in 2022 is likely to exacerbate recruiting challenges, as is the need to replace an estimated 950 retiring workers throughout the forecast period to 2027. In total, the industry will likely need to recruit close to 1,000 additional workers to meet industry demands.

Figure 1: Construction employment growth outlook, Prince Edward Island



Source: Statistics Canada, BuildForce Canada (2022-2027)

## SECTOR INSIGHTS

The following sections provide sector-specific insights into the provincial residential and non-residential labour markets.

The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants<sup>1</sup>, and net mobility<sup>2</sup>.

BuildForce assesses market conditions for 34 construction trades and occupations using a ranking system that combines measures of the change in employment, unemployment, net mobility, and adjustments based on industry input. The rankings reflect residential and non-residential market conditions unique to the province based on current and proposed construction activity. In addition, assumptions on provincial economic and population growth, new entrants to the labour force, and migration patterns (interprovincial and international) are built into the forecast scenario and included in the ranking assessment.

The rankings for some trades are suppressed due to the small size of the workforce (fewer than 100 workers) and limited statistical reliability when assessing labour market conditions at the sector level. Some trades are also excluded because they typically do not work in the sector being assessed (e.g., boilermakers and millwrights in residential construction, and homebuilding and renovation managers in non-residential construction).

For Prince Edward Island, rankings are reported for 10 residential and 10 non-residential trades and occupations.

## RESIDENTIAL SECTOR

Figure 2 shows the new-housing and renovation investment trends for residential construction.

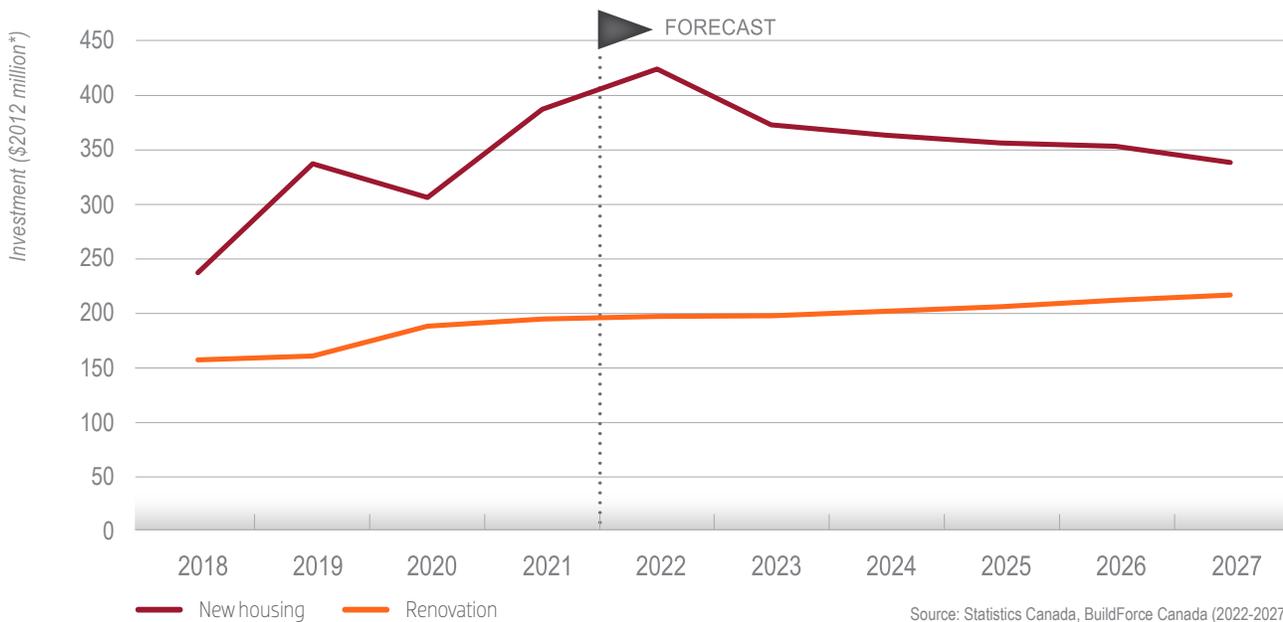
The province entered the pandemic with a strong housing market, supported by recent high levels of immigration and low interest rates. The demand for new-home construction has been surging since 2016, peaking at 1,500 units in 2019 before declining to under 1,200 units in 2020 – down 22% from the record levels observed in 2019.

Renewed growth increased housing starts by 14.8% in 2021, with a further increase of 7.8% expected in 2022. As the brief surge passes, housing starts are expected to recede over the remainder of the forecast period but remain relatively elevated by comparison to historical levels, averaging 1,200 units annually.

Renovation spending rose in 2020 (+16%) and increased further in 2021 (+4%) with homeowners spending more on home improvements. The renovation outlook maintains a moderate upward trend throughout the forecast period in line with an aging housing stock and income growth.

Across the forecast period, total residential construction employment declines from the 2022 peak, but is essentially unchanged in 2027 compared to the 2021 start point, as growth in renovation and maintenance work mostly offsets the declines in new housing. New housing declines by just over 160 workers (-8%), while renovation work is anticipated to experience a moderate increase of 50 workers (+5%). Employment in the maintenance sector increases by more than 70 workers (+23%) over the forecast period to 2027.

**Figure 2: Residential construction investment, Prince Edward Island**



\* \$2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

<sup>1</sup> **New entrants** are measured by applying the traditional proportion of the provincial labour force that enters the construction industry. The projected estimate across the forecast period assumes that the construction industry can recruit this group in competition with other industries.

<sup>2</sup> **Net mobility** refers to the movement of labour in and out of the local construction industry labour force. In-mobility captures the movement into the labour force of out-of-province industry workers and/or workers from outside the industry. Many members of this group will move quickly out of the provincial labour force as work declines, referred to as out-mobility.

## RESIDENTIAL RANKINGS, RISKS, AND MOBILITY

Table 1 shows tight labour market conditions in 2021 and 2022, which reflect renewed growth in housing starts following a brief decline in 2020. New-home construction slows in 2023, as projected higher lending rates and slower population growth translate into a down-cycle from historically high levels.

Market conditions weaken for trades and occupations more concentrated in new-home construction, but job gains in residential renovation and maintenance work mostly sustain employment levels and keep labour markets balanced.

## MARKET RANKINGS

- 1

Workers meeting employer qualifications are available in local markets to meet an increase in demand at the current offered rate of compensation and other current working conditions. Excess supply is apparent and there is a risk of losing workers to other markets.
- 2

Workers meeting employer qualifications are available in local markets to meet an increase in demand at the current offered rate of compensation and other working conditions.
- 3

The availability of workers meeting employer qualifications in the local market may be limited by large projects, plant shutdowns or other short-term increases in demand. Employers may need to compete to attract needed workers. Established patterns of recruiting and mobility are sufficient to meet job requirements.
- 4

Workers meeting employer qualifications are generally not available in local markets to meet any increase. Employers will need to compete to attract additional workers. Recruiting and mobility may extend beyond traditional sources and practices.
- 5

Needed workers meeting employer qualifications are not available in local markets to meet current demand so that projects or production may be delayed or deferred. There is excess demand, competition is intense and recruiting reaches to remote markets.

**Table 1: Residential market rankings, Prince Edward Island**

TRADES AND OCCUPATIONS – RESIDENTIAL	2021	2022	2023	2024	2025	2026	2027
Carpenters	5	4	3	3	3	3	3
Construction managers	5	5	3	3	3	3	3
Contractors and supervisors	5	4	3	3	3	3	3
Electricians	5	4	2	3	3	3	3
Homebuilding and renovation managers	5	4	3	3	3	3	3
Painters and decorators	4	4	3	3	3	3	3
Plasterers, drywall installers and finishers, and lathers	5	4	3	3	3	3	3
Plumbers	5	4	3	3	3	3	3
Residential and commercial installers and servicers	4	4	3	3	3	3	3
Trades helpers and labourers	5	4	3	3	3	3	2

Source: BuildForce Canada

## NON-RESIDENTIAL SECTOR

Non-residential employment is expected to experience strong gains in 2022 (+7.4%), before receding gradually across the remainder of the forecast period as current projects wind down.

As shown in Figure 3, ICI (industrial, commercial, institutional) investment increases in 2022, driven by the start of several school projects and other institutional buildings. Engineering investment declined in 2021, driven by transportation and utility-sector project completions. Investment is anticipated to see two significant surges – in 2022 and 2025 – linked to the timing of two major wind farm projects. Other than the utility projects, there is a slightly upward trend in engineering investment over the forecast period in line with overall economic growth.

While ICI building spending cycles down over the short term as projects wind down, investment is expected to remain at a relatively high level of activity over the forecast period, as population growth stimulates demand in the service industries.

Non-residential construction activity is expected to peak in 2022, followed by a moderate decline in 2023, as most tracked school projects end. Employment is then mostly sustained to 2025 with the scheduled start of the Hillsborough mental health facility but declines in the latter years of the forecast period as the project winds down. Over the full forecast period, non-residential employment is down 177 workers (-6.6%) compared to the 2021 starting point. ICI building construction falls by just under 210 workers (-17%) and maintenance is down 34 workers (-5.3%), while engineering construction adds 65 workers (+7.3%). Table 2 summarizes the percent change in non-residential employment by sector across two periods: the short term (2022–2024) and the long term (2025–2027).

**Table 2: Changes in non-residential employment by sector, Prince Edward Island**

SECTOR		% CHANGE 2022–2024	% CHANGE 2025–2027
Total non-residential employment		-1%	-6%
ICI* buildings	Industrial	-5%	-5%
	Commercial, institutional and government	-9%	-12%
Engineering	Highways and bridges	-1%	-4%
	Heavy and other engineering	28%	-5%
Maintenance		-5%	0%

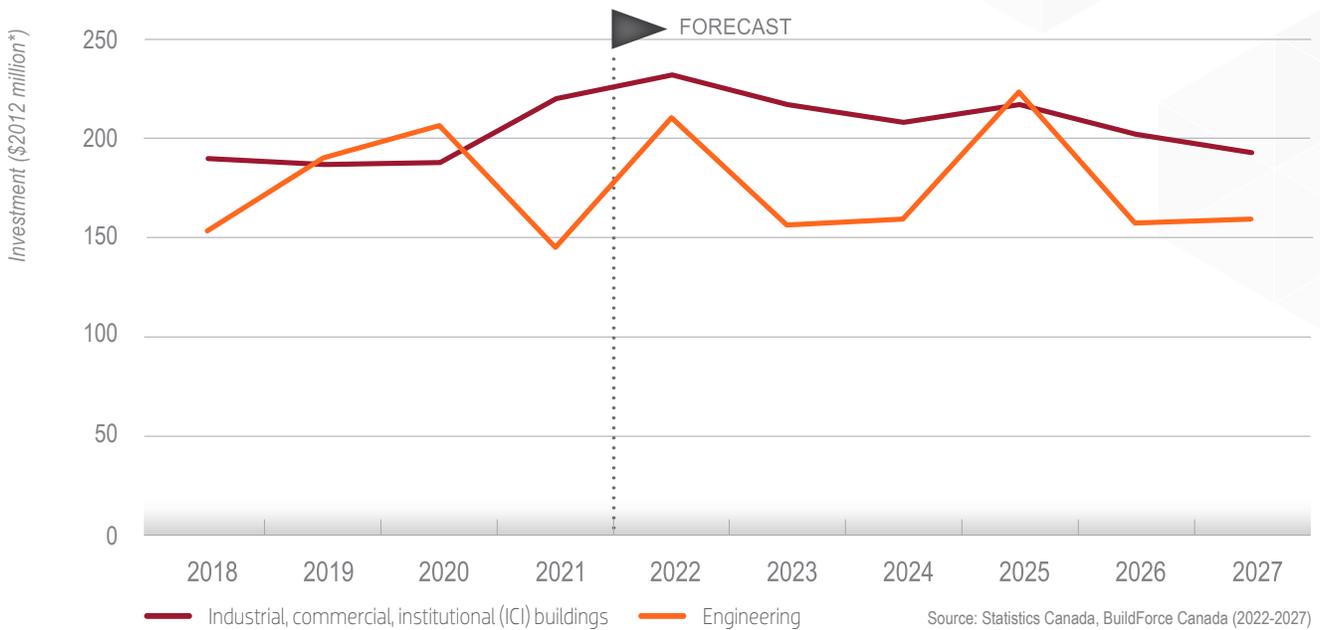
Source: Statistics Canada, BuildForce Canada (2022-2027)

\* industrial, commercial, institutional

## NON-RESIDENTIAL RANKINGS, RISKS, AND MOBILITY

In 2021, high levels of institutional activity offset declines in industrial building and heavy-industrial engineering construction. As a result, education and health care projects and an expected recovery in commercial activity sustain tight labour market conditions for trades and occupations more concentrated in ICI building construction, as shown in Table 3. Anticipated declines in road and highway construction begin to weaken market conditions for some trades in 2023–2024. As institutional activity cycles down, overall market conditions weaken over the long term as current projects end.

**Figure 3: Non-residential construction investment, Prince Edward Island**



\* \$2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

**Table 3: Non-residential market rankings, Prince Edward Island**

TRADES AND OCCUPATIONS – NON-RESIDENTIAL	2021	2022	2023	2024	2025	2026	2027
Carpenters	5	4	3	3	3	2	2
Construction managers	3	4	3	4	3	2	3
Contractors and supervisors	4	4	3	3	3	3	3
Electricians	4	4	3	3	3	2	2
Heavy equipment operators (except crane)	3	4	3	3	3	2	3
Ironworkers and structural metal fabricators	4	3	3	3	3	2	2
Plumbers	4	4	3	3	3	2	2
Trades helpers and labourers	3	4	3	2	3	3	3
Truck drivers	4	4	3	3	3	3	3
Welders and related machine operators	3	4	2	2	3	2	2

Source: BuildForce Canada

## BUILDING A SUSTAINABLE LABOUR FORCE

### THE AVAILABLE LABOUR FORCE

According to Statistics Canada’s Labour Force Survey (LFS), P.E.I.’s local construction employment and labour force – which rose in 2020 – declined in 2021 to below 2019 levels. However, the relatively steeper contraction of the labour force has resulted in much lower rates of unemployment and tighter market conditions compared to 2019, which necessitated increased numbers of workers from outside the province to meet demands.

Many workers who were laid off or left the labour force during the height of the pandemic restrictions remain on the sidelines. The LFS data suggests that the majority of these workers are over the age of 55, as the labour force for this group declined by around 30% compared to 2019.

Prince Edward Island’s construction industry will need to recruit 975 additional workers over the forecast period to 2027 to keep pace with labour force demands and replace almost 950 retiring workers, or 14% of the 2021 construction labour force. Based on provincial population projections, this hiring requirement may be partly met through a potential 855 new-entrant workers under the age of 30 available to be recruited from the local population, leaving a gap of 120 that will need to be recruited from other sectors or from outside the province.

The major challenge currently facing the industry is the immediate requirements for large numbers of skilled and experienced tradespersons that cannot be met solely by new or young inexperienced workers.

Figure 4 provides a summary of the estimated changes in the construction labour force across the full 2022–2027 forecast period.

## APPRENTICESHIP

Future labour force development is critical to maintaining the vitality and effectiveness of the construction labour force, and apprenticeship is a critical pathway of entry into the construction industry for youth and young adults. This is especially true for those working in ICI and heavy-industrial construction. As such, apprenticeship training is typically a barometer of career interest in the sector. When apprenticeship numbers rise, overall skilled trades recruitment typically follows. As such, it remains a useful measure of the industry’s success in recruiting the next generation of skilled workers to the industry. However, tracking apprenticeship development cannot just be measured using aggregated numbers. What the industry needs is accurate information regarding which trades are registering increases and which trades are undertraining to meet replacement demands.

New registrations in the seven largest construction trade programs have been on the rise since a low of 103 registrations in 2013, increasing by more than 70% over the six-year period to 2019. New registrations slowed in 2020, but despite the training challenges created by COVID-19, the province managed to push forward with ongoing apprenticeship development throughout the year.

Prince Edward Island’s construction industry is projected to require an estimated 215 new certified journeypersons to sustain the current workforce share of certifications and to keep pace with employment and replacement demands across all industries over the forecast period.

Table 4 provides a provincial overview of the anticipated certification requirements for the seven largest construction trade programs in all industries and in construction. The table also provides the target number of new entrants required to fulfill demand requirements over the forecast period, taking into account trends in program completion rates.

**Figure 4: Changes in the construction labour force, Prince Edward Island**



\* Net mobility refers to the number of workers needed to be brought into the industry from other industries or other provinces to meet rising demands or the number of workers that exit the industry in downturns. Positive net mobility means that industry must attract workers, while negative net mobility arises from an excess supply of workers in the local construction labour force.

Note: Due to rounding, numbers may not add up to the totals indicated.

Source: BuildForce Canada

**Table 4: Estimated construction certification demand and projected target of new entrants at 55% assumed rate of program completion, Prince Edward Island, 2022 to 2027**

	2022	2023	2024	2025	2026	2027	Total 2022–2024	Total 2025–2027
Total certification demand – all industries	169	-35	45	66	20	9	179	95
Total certification demand – construction	141	-34	35	53	16	5	142	73
New apprentices required – construction	89	36	111	154	248	197	236	599
New construction apprentices required as a share of labour force (%)	3%	1%	4%	5%	9%	7%	3%	7%

Source: BuildForce Canada

Table 5 provides a trade-by-trade breakdown of the anticipated certification requirements to meet the construction industry's share of employment and replacement demand over the forecast period and the likely targeted number of new apprentices required to meet future demand requirements. Based on the current pace of new registrations, only carpenters are projected to be currently at risk of possibly undersupplying the number of required journeypersons by 2027. It is important to note that since it is difficult to determine in what sectors apprentices may work after completing their program, the supply risk analysis compares the projected supply of new journeypersons and certification requirements across all industries. The analysis does not account for existing imbalances at the 2021 starting point.

## UNDERREPRESENTED GROUPS OF WORKERS

Due in part to lower fertility rates and smaller family sizes in Canada for more than three decades, the share of younger Canadians available to enter the labour force has been in decline for several years. As the baby boomer generation of workers commences retirement over the next decade, the competition for younger workers will be intense. To help mitigate the impact of this shift in demographics, the construction

industry must diversify its recruitment. In order to succeed, the industry must increase its recruitment of individuals from groups traditionally underrepresented in the current construction labour force, including women, Indigenous people, and newcomers.

In 2021, there were approximately 850 women employed in Prince Edward Island's construction industry, of which 42% worked on site, directly on construction projects, while the remaining 58% worked off site, primarily in administrative and management-related occupations. Of the 6,000 tradespeople employed in the industry, women made up only 6% of the on-site workforce (see Figure 5).

The estimated 360 tradeswomen in Prince Edward Island are represented across all sectors of construction. Across sectors, the representation of women is highest in engineering construction (10.3%), followed closely by residential maintenance construction (10.1%), as can be seen in Figure 6. Tradeswomen in the province are concentrated within a small group of trades and occupations. The top five trades and occupations in which women tend to be employed are trades helpers and labourers (44% of all tradeswomen), painters (19%), carpenters (14%), contractors and supervisors (12%), and homebuilding and renovation managers (9%).

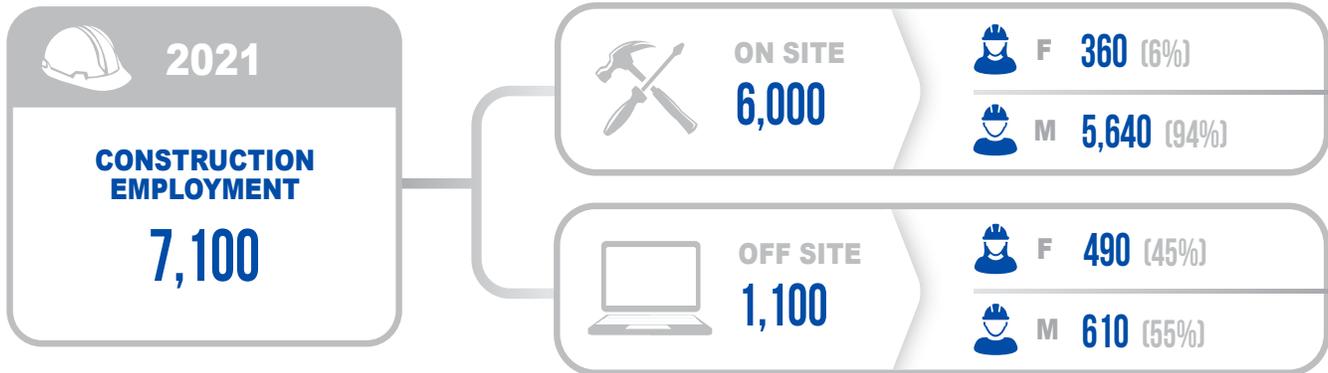
**Table 5: Estimated construction certification demand and projected target of new entrants by trade, Prince Edward Island, 2022 to 2027**

Trade	Total certification demand – construction	New apprentices required – construction	Apprentice certification supply risk – all industries
Carpenter	133	444	●
Refrigeration and Air Conditioning Mechanic	5	55	●
Construction Electrician	31	211	●
Industrial Electrician	8	49	●
Welder	10	33	●
Powerline Technician	13	7	●
Plumber	16	36	●
<b>Total</b>	<b>215</b>	<b>836</b>	

- **At risk:** Certifications required exceed projected completions
- **Balanced conditions:** Certifications required in line with projected completions
- **Ample supply:** Projected completions exceed certifications required

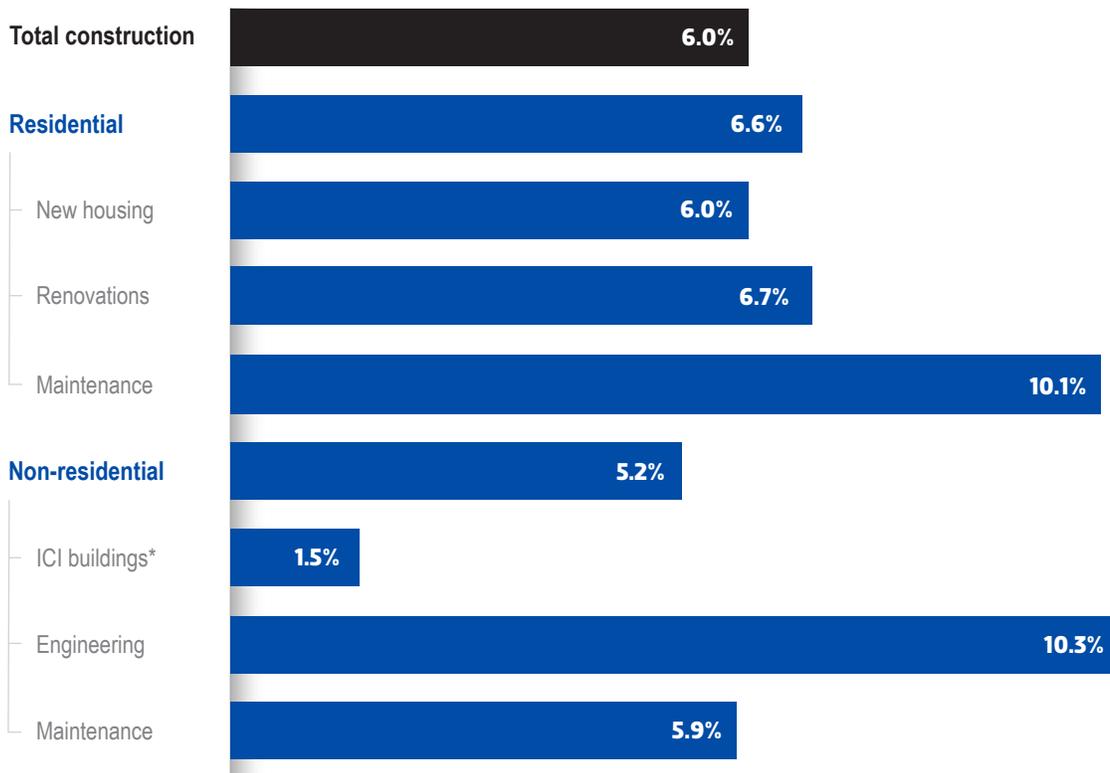
Source: BuildForce Canada

Figure 5: Detailed construction employment by gender, Prince Edward Island, 2021



Source: BuildForce Canada calculations based on Statistics Canada's Labour Force Survey (LFS) and 2016 Census of the Population.

Figure 6: Women's share of total direct trades and occupations (on site), Prince Edward Island



\* industrial, commercial, institutional

Source: BuildForce Canada calculations based on Statistics Canada's Labour Force Survey (LFS) and the 2016 Census of the Population.

The Indigenous population is another underrepresented group that presents recruitment opportunities for Prince Edward Island's construction industry. In 2021, Indigenous people accounted for approximately 5% of Atlantic Canada's total working-age population.<sup>3</sup> The Indigenous population is the fastest growing in Canada and has a higher propensity to choose the construction industry as a career choice. In 2021, an estimated 7.5% of non-Indigenous Canadians were employed in the construction industry, compared to 9.4% for the Indigenous population.<sup>4</sup> Given the predisposition of Indigenous workers to consider careers in construction, there may be scope to further increase the recruitment of Indigenous people into the industry.

Prince Edward Island's construction industry may also leverage newcomers (immigrants) to Canada over the forecast period to meet labour requirements. As of 2017, new Canadians accounted for approximately 3% of Prince Edward Island's construction workforce.<sup>5</sup> The province is expected to welcome 16,830 new international migrants between 2022 and 2027. As these individuals will make up an increasing share of the province's core working-age population, additional recruitment efforts will be required to ensure the construction industry continues to recruit its share of newcomers into the labour force.

## CONCLUSIONS AND IMPLICATIONS

The 2022–2027 *Construction and Maintenance Looking Forward* scenario for Prince Edward Island anticipates tight labour markets to prevail in 2022 for both residential and non-residential construction sectors.

Growth in new-housing starts continues into 2022 before receding over the remainder of the forecast period, but stays relatively elevated compared to historical levels, while renovation expenditures remain on a steady but moderate rise across the period.

Non-residential construction shows strong gains in 2022, followed by a moderate decline in 2023 as the construction of several school projects are completed. Employment is mostly sustained to 2025 with the scheduled start of the Hillsborough mental health facility and then recedes moderately to 2027 as known projects wind down.

More stable market conditions are expected post 2022, but maintaining a skilled labour force across the forecast period may be challenging due to rising retirements and an aging workforce. An estimated 940 workers, or 14% of the current labour force, are expected to retire.

The industry scenario-based approach developed by BuildForce Canada to assess future labour market conditions provides a powerful planning tool for industry, government, and other stakeholders to better track labour market conditions and identify potential pressure points. The anticipated labour market conditions reflect current industry expectations of economic growth and assumptions about immigration to the province. Any changes to these assumptions present risk and potentially alter anticipated market conditions.

<sup>3</sup> Statistics Canada. Table 14-10-0364-01 Labour force characteristics by province, region, and Indigenous group

<sup>4</sup> Statistics Canada. Table 14-10-0366-01 Employment by Indigenous group and occupation

<sup>5</sup> Statistics Canada, Labour Force Survey 2017, custom data request

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