



2015–2024
Key Highlights

Construction and Maintenance Looking Forward

Ontario

The 2015 *Construction and Maintenance Looking Forward* scenario for Ontario projects slower overall construction growth across the 2015-2024 outlook period, with isolated market challenges. Major projects start up, peak and wind down in some regions, while in others they move more evenly across the period, raising investment and employment to new, historic high levels.

Demographics continue to be an issue, as the province's older age profile results in significant retirements and limited growth in the younger labour force. This trend will increase over the decade as the baby boomers move toward retirement.

HIGHLIGHTS (2015 TO 2024)

- While construction investment and employment continue to expand across the scenario period, the growth of 32,000 jobs from 2015 to 2024 is limited in comparison to the reported gain of 54,000 jobs reported from 2010 to 2014.
- Major resource and infrastructure project activity increases notably in 2015 and 2016 and then remains steady at high levels across the scenario period.
- After 2016, construction investment rises modestly for the remainder of the period. There are few big cycles across the period.
- Big engineering projects are underway or scheduled in Northern and Southwest Ontario, while project activity in the Greater Toronto Area (GTA) is planned to be spread out across the scenario period, driven by major nuclear refurbishment and transportation projects.
- Demographics continue to dominate, as the number of retiring workers exceeds rising employment demand for new construction.

BUILDFORCE'S LMI SYSTEM

BuildForce Canada uses a scenario-based forecasting system to assess future labour market conditions. This labour market information (LMI) system tracks measures for 34 trades and occupations. BuildForce consults with industry, including owners, contractors and labour groups, to validate the scenario assumptions and construction project lists, and seeks input from government on related analysis. It was necessary to recast this year's outlook prior to publishing to better reflect the significant changes in current market conditions.

- Patterns of immigration are an important source of labour supply to meet expanding workforce needs and contribute to increased demand for new housing.
- There are periods of labour market tightness, but these are isolated to specific regions.

NON-RESIDENTIAL CONSTRUCTION

- From 2010 to 2014, non-residential construction led the economy out of recession with stimulus spending in institutional building and roads and highways.
 - Industrial construction increased, but it was just regaining lost ground compared to levels of activity in the early 2000s.
 - Expanded commercial building and major engineering infrastructure projects added to employment growth.
- From 2015 to 2024, commercial construction continues to expand, while industrial building recovers back to levels from the early 2000s.
- Major projects are concentrated in mining, infrastructure and utilities:
 - Mining construction employment in Northern Ontario is expected to peak in 2016.
 - Employment on GTA transit and nuclear refurbishment work is planned to grow steadily and extend beyond the scenario horizon.
 - In Southwest Ontario, infrastructure and utilities projects contribute to increased non-residential construction and employment.
- Other big engineering projects underway and starting in 2015 rise slowly to reach peak employment in 2018. These levels are sustained across the 2015-2024 period.

RESIDENTIAL CONSTRUCTION

- Rising housing activity is a key feature in the 2015 scenario.
 - Ontario housing declined during the 2009 recession, had a strong recovery from 2010 to 2012, and then experienced another down cycle in 2013 and 2014.
 - Driven by a projected rise in immigration to meet growing labour market demand, new housing rises to a new high in 2021.
- Ontario's growing and aging housing stock supports steady annual gains in renovation employment.
- The GTA is the leader in residential activity and accounts for just under 50 percent of the province's population, 60 percent of population growth and 70 percent of immigration.
- Housing cycles in Northern and Southwest Ontario rise to peak levels in 2016 and 2017 and then decline across the remainder of the scenario period.

THE AVAILABLE WORKFORCE

Province-wide demographic trends from 2015 to 2024 indicate:

- Population is estimated to grow by 1.5 million people – a 10 percent increase across the scenario period.
 - Natural population growth (births less deaths), estimated at 395,000 people over the next decade, is declining steadily.
 - An estimated 1 million immigrants are expected to arrive between 2015 and 2024 to offset these provincial demographic trends and sustain moderate population growth.
 - Immigration is partially eroded by the estimated movement of 180,000 people out of Ontario to other provinces.
- The total provincial labour force (all industries) grows by 562,000 people, or 8 percent, across the scenario period – less than 1 percent annually.

CHANGES IN CONSTRUCTION LABOUR SUPPLY

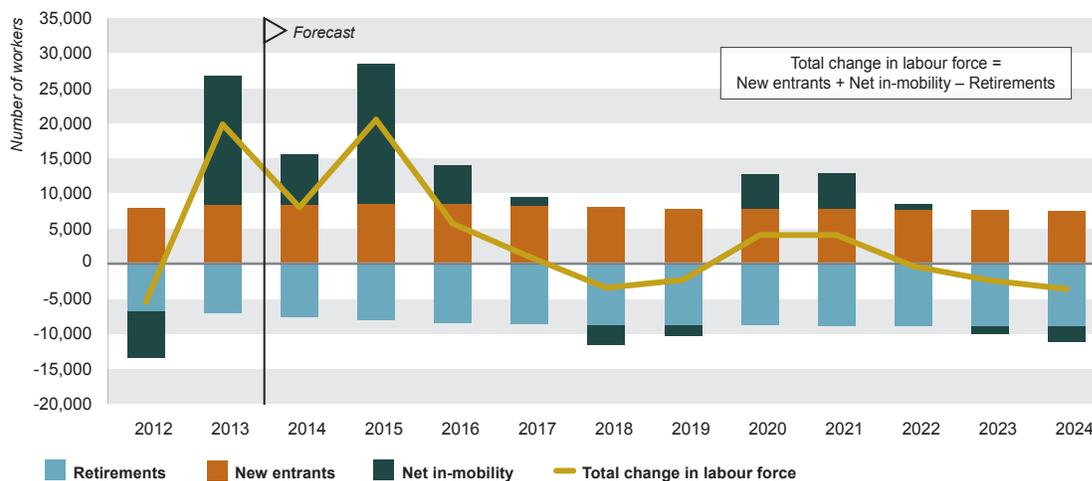
The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants and net in-mobility¹. Retirements measure permanent losses to the workforce, which are partially offset by the entry of first-time workers aged 30 and younger to the construction labour force. Figure 1 tracks the annual changes in the labour force across the forecast period.

- Across the 2015-2024 scenario period, expansion demand (rising employment) is estimated to add 23,400 workers to the labour force.
- In addition, replacement demand (retirements) is estimated at 86,500 workers, and is the largest single source of hiring demands across the period.
- The estimated total demand requirements of about 110,000 workers will need to be met by a combination of first-time new entrants² to the labour force and workers drawn from out of the province.
 - The GTA accounts for the largest share of workers to meet new construction and retirement requirements.
- Unemployment in construction has been driven to record low levels, and replacement and expansion demands will hold unemployment close to the current minimum level.
- Unemployment will not be a reliable source for recruiting over the long term.

¹ In-mobility refers to the arrival of workers from outside the local construction industry.

² The amount of new entrants is measured by applying the traditional proportion of the provincial workforce aged 30 and younger that enters the construction industry for the first time. The projected estimate across the scenario period assumes that the construction industry is able to recruit this group in competition with other industries.

Figure 1: Annual estimated changes in supply – Ontario



Source: BuildForce Canada

- For the entire province, the largest amount of in-mobility is concentrated in the earliest years of the scenario period.
- Net in-mobility is highest during the years when labour markets will be tightest and recruiting may be challenging.
- Modest increased activity is projected in industrial (recovery to previous levels of activity) and commercial (rising to new record levels) building.
- Central Ontario adds 6,900 construction jobs across the scenario period.

REGIONAL SUMMARIES (2015 TO 2024)

Greater Toronto Area

- The GTA is Ontario's largest region and dominates employment gains, as infrastructure projects are now planned to span many years – extending beyond the scenario horizon and sustaining stable and high employment.
- Brief periods of tight markets are associated with hiring for major projects (e.g., boilermakers in 2021) or peaks in new housing activity (e.g., home builders and renovation managers in 2020).
- The GTA adds 20,000 construction jobs across the scenario period.

Central Ontario

- Central Ontario is the province's second largest labour market.
- The region sees limited employment gains in new housing across the scenario period.
- Early gains in non-residential building investment increases employment to 2019.

Eastern Ontario

- Construction activity in Eastern Ontario is slowed by fiscal restraint in government spending.
 - This region experiences the slowest growth among the regions, with lower employment in many markets.
- Eastern Ontario is projected to lose 1,200 construction jobs across the scenario period.
 - There is a risk that workers may leave in search of jobs in other regions – especially during 2018 and 2019 when employment is rising in the GTA.

Northern Ontario

- Construction in Northern Ontario was on a declining trend from 2012 to 2014.
- 2015 and 2016 mark a turning point for the North, as proposed mining and pipeline projects start up, but much depends on uncertain project schedules.
- Projects will bring in as many as 4,000 workers and this activity translates into related growth in housing and industrial, commercial and institutional (ICI) building construction.

- Activity decreases after 2016 as proposed major resource projects peak, and many workers that arrived for the major projects leave as projects wind down. Employment drops across the remainder of the scenario period.
- While housing and ICI activity retreat as well, the losses are not as large as the workforce added during increased activity at the start of the scenario period.
- Housing enjoys a small rally in 2020 and 2021, restoring total residential employment to near current levels.
- ICI employment from 2019 to 2024 stabilizes just below current levels.
- The older age profile in Northern Ontario leaves no natural population growth, so that net in-mobility is the key source of labour supply.
- Limits to labour force growth contribute to lower longer-term unemployment rates where small increases in residential construction around 2020 could translate into tight labour markets.

Southwest Ontario

- The Southwest shows strong gains in non-residential employment, led by major infrastructure and utilities projects.
- Major project employment adds 5,000 jobs in non-residential work to 2017 and these are retained across the remainder of the scenario period.
 - While some infrastructure projects wind down, a proposed nuclear refurbishment project adds to labour demand across the period.
- Slower population growth later in the scenario period leads to a decline in construction investment and job losses in housing.

WHAT'S CHANGING IN THE ONTARIO CONSTRUCTION INDUSTRY?³

86,500*
construction workers are
expected to retire over the next
10
years




At the same time, the province's
labour force grows by

23,400



workers to meet demands created
by increased construction activity.

=

109,900

new construction workers
over the next 10 years.



* 21% of the current labour force

Source: BuildForce Canada (data as of February 2015)

³ The 2015 BuildForce LMI system has been enhanced to include measures of office employment in construction that was excluded in earlier labour force measures. New industry totals are consistent with the Labour Force Survey measures for total construction. The infographic presented here refers only to the 34 trades and occupations tracked by BuildForce.

RANKINGS, RISKS AND MOBILITY

BuildForce assesses market conditions for 34 trades and occupations in Ontario using a ranking system that combines measures of the change in employment, unemployment, net in-mobility and adjustments based on industry input. The rankings reflect a combination of residential and non-residential market conditions unique to Ontario 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 (see ranking table on page 6).

- Rankings for Ontario are averages of conditions in each region, blending the following factors:
 - lower employment and weaker markets in Eastern Ontario
 - generally balanced markets in Central Ontario, where housing activity is limited and employment gains in non-residential work are limited to 2015 to 2017
 - a tendency to tighter markets in the GTA, where employment growth is strongest – but higher ranks are usually related to employment gains in housing from 2019 to 2021 and utility work across the scenario period
- Markets reach their tightest as the big engineering projects ramp up employment across Ontario's regions.
- The BuildForce LMI system provides detailed signals about the potential for mobility across markets, including across industries, regions, provinces and residential and non-residential sectors.
- Overall, the rankings show balanced provincial conditions (a rank of 3) in most trades and years signalling that labour requirements can, in general, be met locally through mobility across the regions or with limited recruiting outside the province.
- The regional market analysis suggests employers may need to draw workers from other regions or provinces.
 - Short-term requirements for major projects in the North and Southwest may not be met from other Ontario regions. Employers may need to search in other provinces to meet peak requirements.

- GTA demands from 2019 to 2021 might draw on other regions. Employers will be searching for residential trades and occupations as well as speciality workers for utility work.
- The big engineering projects in the North and Southwest reveal the potential for workforce mobility across provinces.
 - The 2014-2015 decline in the price of oil is expected to drive employment down in Alberta and may offer opportunities for employers in Ontario to attract or bring back workers from 2015 to 2017.
 - Non-residential construction is also strong in Saskatchewan and Manitoba at the same time, however, and this sets up competing demands. Activity on current and proposed projects in British Columbia is also increasing during this period.

CONCLUSIONS AND IMPLICATIONS

- At the provincial level, employment growth will be slower, with fewer cycles and less evidence of labour market tightness across the scenario period.
- Mining projects in the North and infrastructure projects in the Southwest are the most likely sources of market cycles, but much depends on uncertain project schedules.
- In the GTA, the scheduling of major projects spreads out labour requirements across the scenario period leaving more balanced markets, but market challenges may prevail for select trades and occupations at peak periods for some major projects.
- The projected provincial balanced labour market conditions (ranks of 3) conceal the need for industry to continue its focus on recruiting, training and workforce mobility.
- Recruiting to replace the estimated 86,500 workers expected to retire remains a priority.
 - This challenge is greater because of changing demands in other provinces and competing demands for young people from other industries.

The *Construction and Maintenance Looking Forward* national highlights report expands on the range of worker mobility options and industry implications.

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.
N/A	The labour market assessment for some trades is limited by the small size of the workforce (<100 employed). In consultation with the provincial LMI committee, the rank is suppressed because of limited statistical reliability.

RANKINGS FOR TRADES AND OCCUPATIONS IN ONTARIO

TRADES AND OCCUPATIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Boilermakers	3	4	4	5	5	4	4	3	5	5	3
Bricklayers	3	3	3	3	3	3	3	3	3	3	3
Carpenters	3	3	3	3	3	3	3	3	3	3	3
Concrete finishers	3	3	3	3	3	3	3	3	3	3	3
Construction estimators	3	3	3	3	3	3	3	3	3	3	3
Construction managers	4	4	4	3	3	3	4	4	3	3	3
Construction millwrights and industrial mechanics	3	4	3	3	3	3	3	3	3	4	3
Contractors and supervisors	3	3	3	3	3	3	3	3	3	3	3
Crane operators	3	3	3	3	3	3	3	3	3	3	3
Drillers and blasters	3	4	4	3	3	3	3	3	3	3	3
Electrical power line and cable workers	4	3	3	4	4	3	3	3	3	3	3
Electricians	4	3	3	3	3	3	3	3	3	3	3
Elevator constructors and mechanics	3	3	3	3	3	3	3	3	3	3	3
Floor covering installers	3	3	3	3	3	3	3	3	3	3	3
Gasfitters	3	3	3	3	3	3	3	3	3	3	3
Glaziers	4	3	3	3	3	3	3	3	3	3	3

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TRADES AND OCCUPATIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Heavy equipment operators (except crane)	3	4	4	3	3	3	3	3	3	3	3
Heavy-duty equipment mechanics	4	4	4	3	3	3	3	3	3	3	3
Home building and renovation managers*	3	4	3	3	3	3	3	3	3	3	3
Industrial instrument technicians and mechanics	N/A										
Insulators	3	3	3	3	3	3	3	3	3	3	3
Ironworkers and structural metal fabricators and fitters	3	4	3	3	3	3	3	3	3	3	3
Painters and decorators	3	3	3	3	3	3	3	3	3	3	3
Plasterers, drywall installers and finishers, and lathers	3	3	3	3	3	3	4	3	3	3	3
Plumbers	3	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	3
Residential and commercial installers and servicers	3	3	3	3	3	3	3	3	3	3	3
Roofers and shinglers	3	3	3	3	3	3	3	3	3	3	3
Sheet metal workers	3	3	3	3	3	3	3	3	3	3	3
Steamfitters, pipefitters and sprinkler system installers	3	4	3	4	4	3	3	3	3	3	3
Tilesetters	3	3	3	3	3	3	4	3	3	3	3
Trades helpers and labourers	3	4	3	3	3	3	3	3	3	3	3
Truck drivers	3	4	3	3	3	3	3	3	3	3	3
Welders and related machine operators	3	4	3	3	3	3	3	3	3	3	3

* The NOC classification for "Residential home builders and renovators" has changed to "Home building and renovation managers."

Source: BuildForce Canada

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.

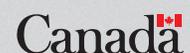
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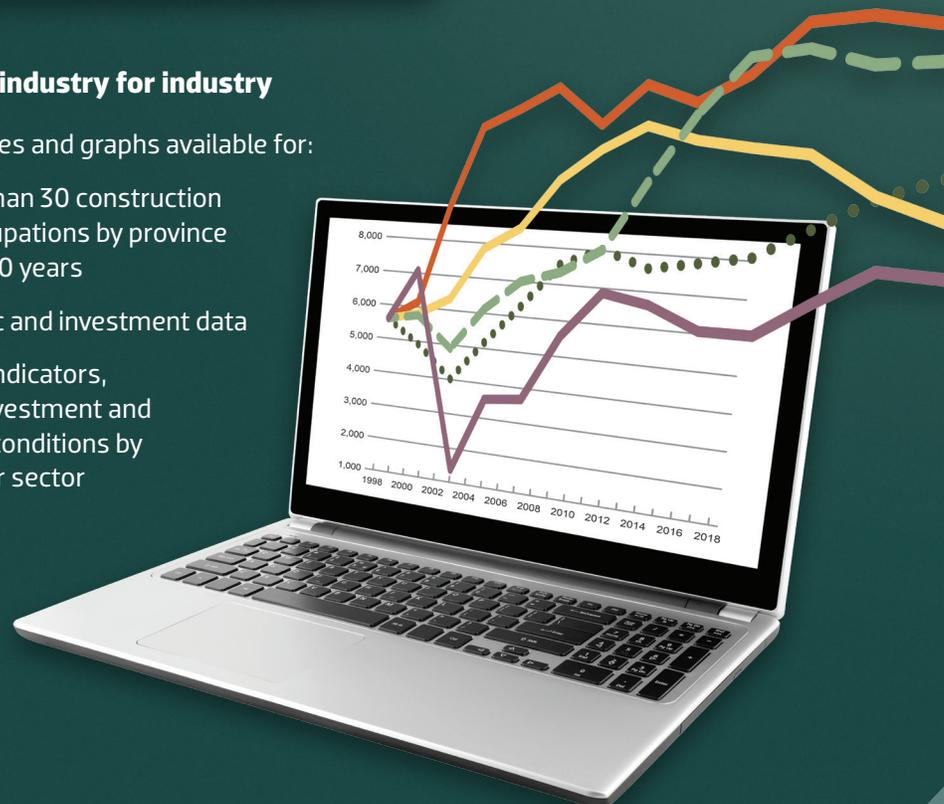
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Developed with industry for industry

Customizable tables and graphs available for:

- ◆ Data on more than 30 construction trades and occupations by province looking ahead 10 years
- ◆ Macroeconomic and investment data
- ◆ Key economic indicators, construction investment and labour market conditions by province and/or sector



Also check out the Construction Map App for major resource construction projects mapped across Canada.

www.constructionmapapp.ca



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