



2016–2025
Key Highlights

Construction and Maintenance Looking Forward

Newfoundland and Labrador

Newfoundland and Labrador's remarkable construction expansion that began in 2004 and peaked in 2015 is expected to start a decline in 2016, as lower resource prices are prompting the cancellation of current plans and delays in new investments. The 2016 *Construction and Maintenance Looking Forward* scenario notes the completion of many major resource projects from 2016 to 2019 and, as work winds down, employment declines.

Employment losses across the 2016–2020 period are roughly equal to the gains from 2010 to 2015. Resource growth drew workers to new major projects – swelling the engineering workforce and more than doubling the entire Newfoundland and Labrador construction labour force. The employment decline over the medium term may prompt workers to seek opportunities in other sectors, industries or provinces.

Employment on large-scale engineering projects is expected to begin a recovery in 2020 as resource prices rise and projects, now delayed, are started. By the end of the scenario in 2025, losses exceed gains and leave overall construction industry employment near 15,000 jobs; below 2015, but well above longer-term historical levels.

There is a distinctly different cycle in housing and commercial and institutional building construction, where activity began a downward cycle in 2012 and the largest part of the decline was completed by 2015. There will be a modest loss of jobs in these markets from 2016 to 2019 followed by renewed growth that will add to employment in commercial and institutional building, renovation and maintenance in the final years of the scenario.

BUILDFORCE'S LMI SYSTEM

BuildForce Canada uses a scenario-based forecasting system to assess future labour market conditions for both residential and non-residential construction. This 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.

Changes in investment will dominate market conditions, with the job losses exceeding the longer-term effect of rising retirements and declining numbers of younger residents entering construction. This situation, where shifting and declining markets dominate retirements, is unique among the provinces and signals the volatility of the small and resource-intensive Newfoundland and Labrador labour markets.

The older age profile of the Newfoundland and Labrador population complicates overall market conditions. A shrinking youth population will limit new entrants into the workforce limiting unemployment as a source of labour. Market adjustments will be addressed through mobility as the workforce moves into and out of construction. Lower employment may leave workers seeking work in other markets.

NON-RESIDENTIAL HIGHLIGHTS (2016 TO 2025)

Major resource projects that started between 2010 and 2014 are ending during the first half of the scenario period. Lower resource prices are prompting the cancellation or delay of new projects and the overall impact is a decline in non-residential employment from 2016 to 2019. Gains after 2019 reflect the start of projects that were delayed under current economic conditions and the potential for new resource developments. Anticipated renewed growth is expected to sustain non-residential employment above long-term historical norms.

Labour requirements

Non-residential construction employment peaks in 2015 before declining as major projects wind down. Employment cycles back up in 2020 as new proposed mining and offshore development projects are expected to come on stream.

- Large electricity generation and transmission, mining and off-shore oil projects are ending – most in remote locations with specialized work crews.
- Engineering-related non-residential employment grew by 5,700 jobs from 2011 to 2015 and will drop by 6,300 by 2018.
- Declines are concentrated from 2016 to 2018, with significant impacts for carpenters, construction managers, supervisors, estimators, millwrights, crane operators, equipment mechanics, truck drivers and trades helpers and labourers.

- Changing conditions create volatility, displacing many of the workers who arrived to work on projects from 2010 to 2015.
- As major resource project activity resumes from 2019 to 2022, increases in labour requirements will fall short of the 2008–2015 activity, but are expected to tighten markets and challenge worker availability.

The available workforce

The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants¹ and net in-mobility². Retirements measure permanent losses to the workforce, which might be offset by the entry of first-time workers aged 30 and younger from the local population.

The outlook for Newfoundland and Labrador is shaped by the timing of major projects. Labour requirements ease considerably as current major projects wind down after 2016 and then rise again later in the scenario period as proposed new resource development projects come on stream.

Changes in construction demands set out above, combined with replacement (retirement) demands, measure the implications on the local labour force.

From 2016 to 2025:

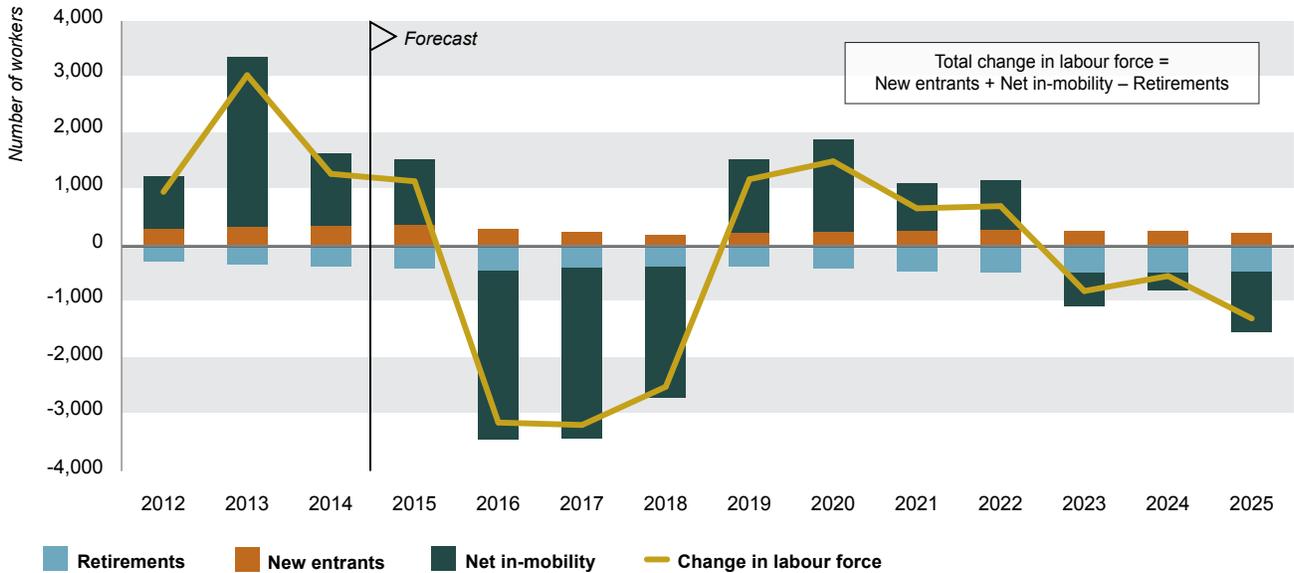
- The labour force is expected to decline by 7,400 workers.
- Retirements are estimated at 4,200 workers.
- New entrants from Newfoundland and Labrador's younger population are estimated at 2,500.
- On balance, the industry is estimated to lose 5,700 workers to other markets.

Labour requirements are not distributed evenly across the years or regions. Losses noted above are concentrated from 2016 to 2019. Then, from 2020 to 2022, a revival in activity and recruiting from outside the local market resumes. Figure 1 tracks the annual changes across the scenario period.

¹ New entrants are measured by applying the traditional proportion of the provincial workforce that enters the construction industry. The projected estimate across the scenario period assumes that the construction industry is able to recruit this group in competition with other industries.

² In-mobility refers to the arrival of workers from outside the local construction industry.

Figure 1: Annual estimated changes in non-residential supply, Newfoundland and Labrador



Source: BuildForce Canada

Non-residential rankings, risks and mobility

BuildForce assesses market conditions for 34 construction trades and occupations using a ranking system that combines measures of the change in employment, unemployment, net in-mobility and adjustments based on industry input. The rankings are adapted to specific non-residential market conditions unique to Newfoundland and Labrador 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 working in the non-residential sector are suppressed due to the small size of the workforce (<100 workers) and limited statistical reliability when assessing labour market conditions at the sector level. Trades may also be excluded because they typically do not work in the sector being assessed (e.g., home building and

renovation managers in non-residential). For Newfoundland and Labrador, non-residential rankings are reported for 19 trades and occupations.

Table 1 (page 4) provides non-residential rankings that describe a volatile scenario of shifting labour requirements. Trades and occupations are caught in either weak or tight markets at various times across the scenario period. Adjustments across the cycles will be a matter of workforce mobility across regions and provinces. The strong ebb and flow of construction activity will potentially move Newfoundland and Labrador workers into and out of the province to seek work in other regions. Trades and occupations – with extensive experience and specialized skills – covered here are well adapted to these conditions.

Industry must also remain focused on an aging workforce and the potential for retirements as they work to meet the growing need to replace the loss of specialized and skilled workers.

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.

Table 1: Rankings for trades and occupations in non-residential construction in Newfoundland and Labrador

TRADES AND OCCUPATIONS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Boilermakers	3	3	2	3	3	3	4	3	3	3	3
Carpenters	4	2	3	2	3	4	4	4	2	3	2
Construction managers	4	3	2	2	3	3	4	3	3	3	3
Construction millwrights and industrial mechanics	3	2	2	2	4	4	4	3	2	2	2
Contractors and supervisors	4	2	2	2	4	4	3	3	3	3	3
Crane operators	4	3	2	2	3	3	3	3	3	3	4
Electricians	3	3	2	3	3	4	3	3	3	2	3
Heavy equipment operators (except crane)	4	3	2	3	3	3	3	4	3	3	3
Heavy-duty equipment mechanics	4	2	2	2	3	3	3	4	4	3	3
Ironworkers and structural metal fabricators and fitters	3	3	2	3	4	4	3	3	3	3	3
Painters and decorators (except interior decorators)	2	2	2	3	3	3	3	3	2	2	2
Plumbers	2	2	2	2	4	4	3	3	2	2	2

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TRADES AND OCCUPATIONS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Refrigeration and air conditioning mechanics	2	2	3	2	3	3	3	3	2	3	3
Residential and commercial installers and servicers	2	3	3	3	3	3	3	3	3	3	3
Sheet metal workers	2	3	3	3	4	4	3	3	3	3	3
Steamfitters, pipefitters and sprinkler system installers	3	2	2	2	4	4	3	3	2	2	3
Trades helpers and labourers	4	2	2	2	3	4	4	4	3	3	2
Truck drivers	4	2	2	2	3	3	4	3	3	3	3
Welders and related machine operators	3	2	2	3	4	4	3	3	3	3	2

Source: BuildForce Canada

RESIDENTIAL HIGHLIGHTS (2016 TO 2025)

The older age profile of the Newfoundland and Labrador population crossed a key threshold in 2014 when estimated deaths exceeded births for the first time. As deaths rise and births decline across the scenario period, the natural population declines, carrying the provincial labour force and household formations³ lower. International immigration and interprovincial in-mobility will be key to sustaining long-term growth.

Activity tied to resource projects attracted in-migration from 2010 to 2013. Associated gains in household formation prompted a rise in housing starts and growing residential construction employment. Housing peaked in 2011 and trends turned down with starts and employment declining in each year from 2011 to 2015.

The province's population declines across the scenario period, as estimated international immigration is not high enough to offset the impact of natural loss. The departure of the resource project workforce from 2016 to 2019 aggravates these trends and household formations decline. Housing starts fall to a long-term historical level that reflects the need to replace an aging housing stock.

Labour requirements

Much of the decline in residential employment occurred prior to the start of the scenario period. There is a modest decline in residential employment through 2019 before levelling off across the remainder of the period.

- Residential construction employment falls modestly from 2016 to 2019.
 - An estimated 350 jobs are lost.
 - As the resource cycle turns up after 2020, there is limited revival in in-migration and related work on renovations and maintenance.
 - A small gain in employment from 2020 to 2025 leaves employment with a net loss of 300 jobs across the scenario period.

The available workforce

Declining market demands are only part of the story, as recruiting will continue for residential construction employers who will need to replace a growing number of retirements.

For residential construction:

- The labour force is expected to decline by 700 workers across the scenario period.
- Over the same period, replacement demands (retirements) total an estimated 2,000 workers.
- The estimated 1,000 new entrants partially offset retirement demands.

On balance, local residential employers will need to draw in 300 new workers to meet requirements for new housing, renovation and retirements.

Figure 2 (page 6) sets out the annual pattern of these changes. Estimated annual retirements represent a major challenge for the coming decade.

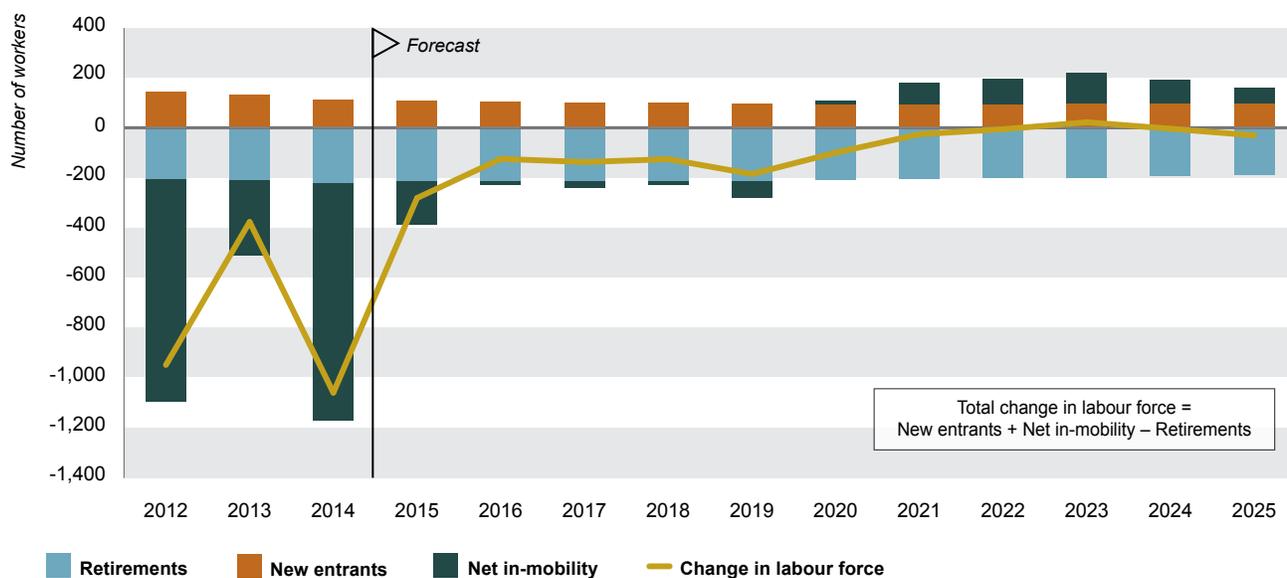
³ Household formation refers to the change in the number of households (persons living under one roof or occupying a separate housing unit) from one year to the next. It is the means by which population growth is transformed into demand for new housing.

Residential rankings, risks and mobility

The rankings for some trades working in the residential sector are suppressed due to the small size of the workforce (<100 workers) and limited statistical reliability when assessing labour market conditions at the sector level. Trades may also be excluded because they typically do not work in the sector being assessed (e.g., boilermakers and millwrights in residential construction). For Newfoundland and Labrador, residential rankings are reported for 11 trades and occupations.

Rankings in Table 2 reflect the very mild conditions in residential labour markets, with markets reported to be in balance with a rank of 3 across most of the scenario period. Exceptions are the occasional periods when the age profile for notable older occupations such as managers and supervisors prompt tight markets solely on the basis of an aging workforce and expected retirements.

Figure 2: Annual estimated changes in residential supply, Newfoundland and Labrador



Source: BuildForce Canada

Table 2: Rankings for trades and occupations in residential construction in Newfoundland and Labrador

TRADES AND OCCUPATIONS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Carpenters	3	3	3	3	3	3	3	3	3	3	3
Construction managers	3	3	3	3	3	3	3	3	3	3	3
Contractors and supervisors	3	3	3	3	3	3	3	3	3	3	3
Electricians	3	3	3	3	3	3	3	3	3	3	3
Home building and renovation managers	3	3	3	3	3	3	4	4	3	3	3
Painters and decorators (except interior 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	3	3	3	3	3

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TRADES AND OCCUPATIONS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Plumbers	3	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
Trades helpers and labourers	3	3	3	3	3	3	3	3	3	3	3

Source: BuildForce Canada

CONCLUSIONS AND IMPLICATIONS

Construction employment in Newfoundland and Labrador will be on a cyclical, downward path across the 2016–2025 scenario. Major resource projects had doubled non-residential employment across the decade from 2004 to 2013, but momentum has been lost as many projects are reaching completion, while lower resource prices prompt delays for new project plans.

Housing-related activity is also on a downward trend led by the older age profile of the population and expected limits to international immigration and interprovincial migration.

A revival in both resource project work and housing is predicted to start in 2020 and then cycle up and then down again by the end of the scenario period. Increased activity later in the period is not strong enough to restore current employment levels.

Market-driven job losses, especially across the first half of the coming decade, should not deter labour market planners, human resource managers and job seekers. There will be challenges and opportunities that require ongoing investments in training and planning. The need for enhanced mobility and the capacity to replace retiring workers demand attention.

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

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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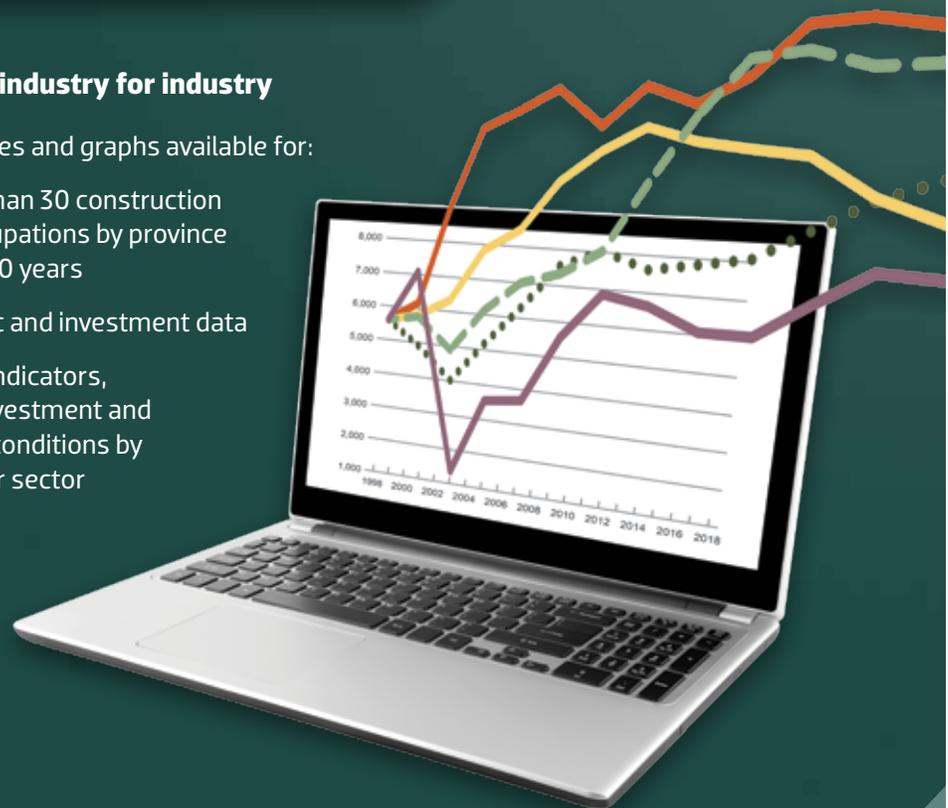
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- ◆ Macroeconomic and investment data
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