

CONSTRUCTION & MAINTENANCE LOOKING FORWARD

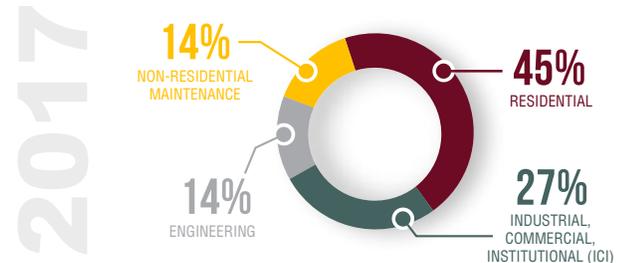
PRINCE EDWARD ISLAND

Residential up-cycle, alongside steady non-residential growth

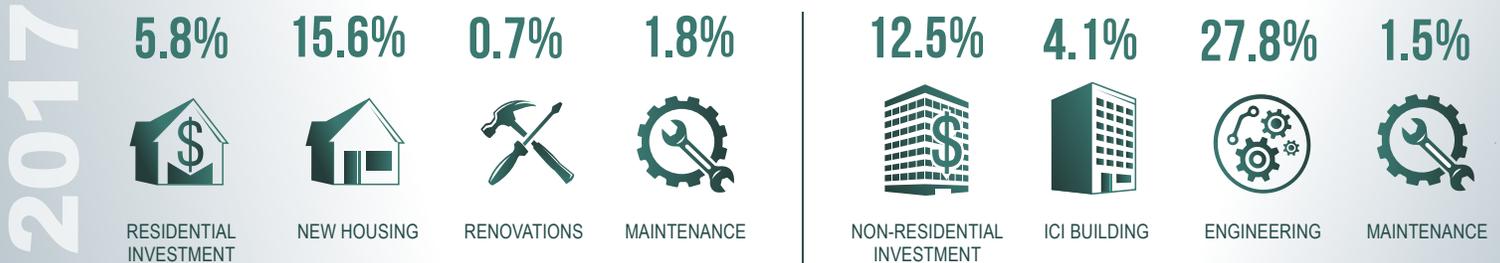
HIGHLIGHTS 2017-2026

Strengthening residential demands reflect rising immigration to the province, while steady increments to industrial, commercial and institutional (ICI) building and planned projects add to non-residential requirements, raising construction employment to a peak in 2022. Overall construction employment growth slows across the remainder of the 2017-2026 scenario period as residential activity declines, but non-residential building construction sustains employment above current levels. The older population demographics of the province likely make recruiting young workers more challenging, thereby increasing the need to recruit workers from outside the province.

DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2017, PRINCE EDWARD ISLAND



2017 SECTOR INVESTMENT GROWTH OUTLOOK FOR PRINCE EDWARD ISLAND (% change)



10-YEAR WORKFORCE OUTLOOK FOR PRINCE EDWARD ISLAND



AVERAGE UNEMPLOYMENT RATE 14.6%

HIGHLIGHTS

- Rising near-term residential demands and steady long-term growth in non-residential requirements add an estimated 600 construction jobs over the next five years.
- Peak levels of engineering investment driven by a transmission project and infrastructure work are anticipated in 2017.
- Employment recedes across the latter part of the scenario period with declines in residential demands, but remains higher by more than 300 jobs at the end of the 10-year period.
- The anticipated retirement of 1,500 workers adds to hiring requirements over the next decade, while the number of available young workers declines.

BuildForce's LMI System

BuildForce Canada uses a scenario-based forecasting system to assess future labour market conditions in both residential and non-residential construction. 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. The system distills labour market conditions into ranks to provide signals to industry employers.

PRINCE EDWARD ISLAND CONSTRUCTION OUTLOOK

Construction employment in Prince Edward Island is expected to rise marginally over the next decade driven by expected increases in both residential and non-residential labour requirements. The strongest gains in both sectors are anticipated between 2017 and 2022, adding 600 construction jobs in the province. Slowing new housing demands are expected to lower employment requirements after 2022, but employment remains 7 percent higher at the end of the scenario period in 2026.

Prince Edward Island's construction market has been relatively stable over the last decade, driven by modest residential cycles, more steady non-residential requirements and year-to-year swings in major project demands. This pattern is expected to persist over the scenario period.

Non-residential demands remain driven primarily by a steady rise in institutional and commercial building investment through 2022, contributing to an 11 percent rise in related employment across the scenario period.

An extended up-cycle in new housing construction, fueled by anticipated increases in immigration into the province, raises residential employment to peak demands in 2022. New housing demand is expected to slow across the remainder of the scenario period, in line with slowing population growth, returning related employment to 2017 levels.

Retirements have recently begun to consistently outpace new entrants in Prince Edward Island, signalling a change in the traditional patterns of recruitment to meet estimated labour requirements. Industry must address expected retirements while dealing with rising workforce requirements. These challenges are compounded by the relatively small size of the province's construction labour force. Reliance on mobility of skilled trades between sectors and provinces during peak periods will be key.

SECTOR INSIGHTS

The following sections provide sector-specific insights into the non-residential and residential labour markets. The 2017 BuildForce LMI system provides an overview of market drivers and detailed occupational demand- and supply-side analysis of labour market conditions in each sector for 34 trades and occupations tracked by BuildForce.

NON-RESIDENTIAL SECTOR

The non-residential sector emerges as a stable source of construction employment growth in Prince Edward Island over the coming decade.

Figure 1 tracks the change in non-residential employment by sector for key reference points across the scenario period, including the start in 2017 and then at the end of the period in 2026.

Continued growth in commercial and institutional activity is expected to sustain momentum for ICI building employment, adding more than 100 jobs over the next five years. Over the same period, near-term demands related to a transmission project and highway and bridge work peak in 2017, while anticipated increases in infrastructure investment contribute to sustaining engineering employment over the longer term.

Combined non-residential building and engineering construction raise employment by a modest 10 percent over the next decade. The strongest rise is anticipated in 2017, 2019 and 2020.

Table 1 summarizes the percent change in employment by sector across two periods: the first captures the expected rise over the next five years to 2021 and the second, the remainder of the period to 2026.

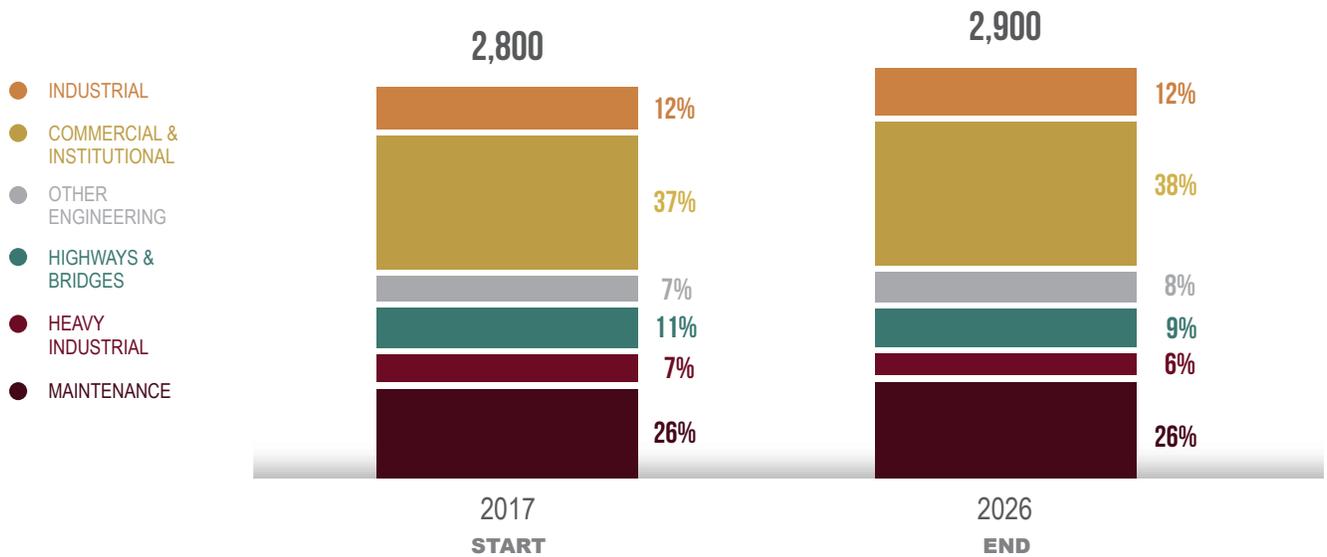
Figure 2 shows the employment trends by sector for non-residential construction.

Table 1: Change in non-residential employment by sector, Prince Edward Island

SECTOR		% CHANGE 2017–2021	% CHANGE 2022–2026
Total non-residential employment		9.3%	0.4%
ICI	Industrial	9%	-1%
	Commercial, institutional and government	12%	0%
Engineering	Highways and bridges	-8%	-1%
	Heavy industrial	15%	-5%
	Other engineering	43%	-2%
Maintenance		4%	4%

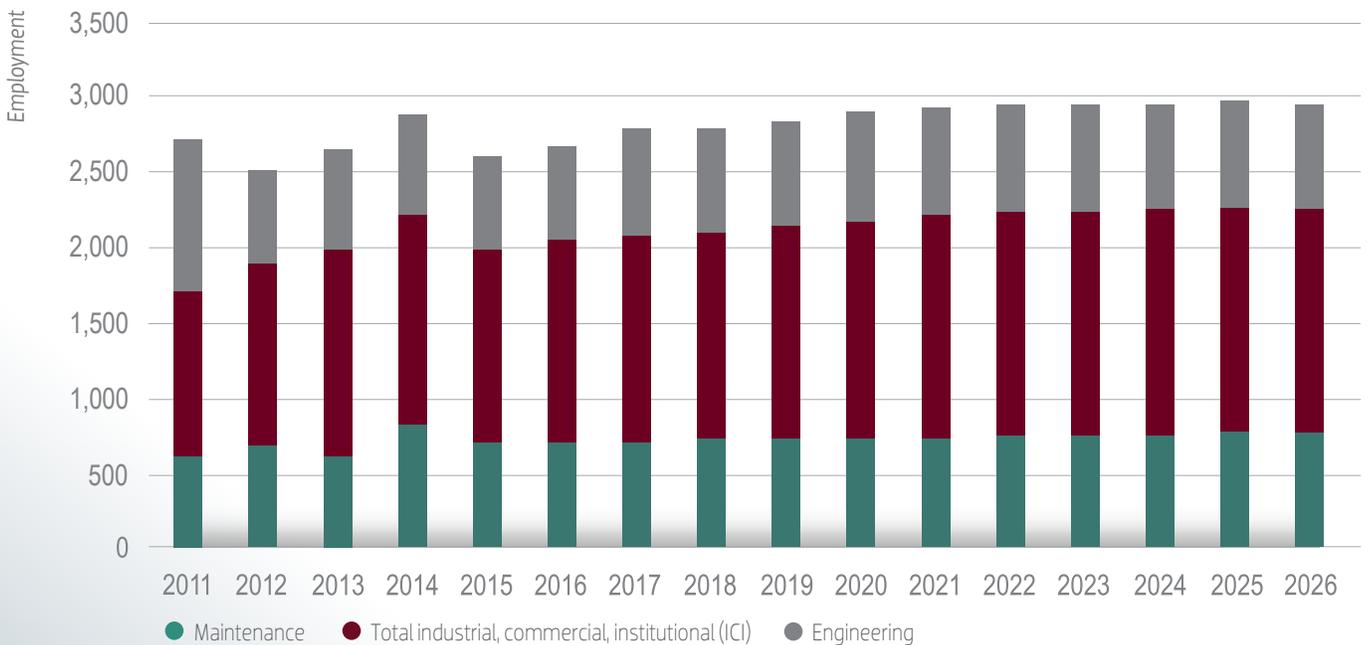
Source: Statistics Canada, BuildForce Canada

Figure 1: Non-residential employment distribution by sector, Prince Edward Island, 2017 and 2026



Source: Statistics Canada, BuildForce Canada

Figure 2: Non-residential construction employment growth outlook, Prince Edward Island



Source: Statistics Canada, BuildForce Canada

THE AVAILABLE WORKFORCE

Prince Edward Island has a relatively small population, with negative natural population growth (births minus deaths), making it highly dependent on immigration. Recent increases in immigration to the province are both an important economic driver and source pool to replace the aging labour force. Despite modest population growth expectations, the pool of youth entering the local workforce is declining, while retirements continue to rise. Meeting rising workforce requirements and addressing an aging workforce will rely on industry’s ability to attract young people and new immigrants into construction.

The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants¹ and net in-mobility². The retirement of 800 workers are expected over the next decade, compared to just over 700 first-time new entrants estimated to be drawn into the construction workforce from the local population aged 30 and younger.

Table 2 provides a summary of changes in the non-residential workforce in 2016, the five-year period between 2017 and 2021 and across the full scenario period.

The BuildForce ranking system isolates market conditions specific to non-residential construction. The results are summarized in Table 3.

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 reflect non-residential market conditions unique to Prince Edward Island 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.

Table 2: Change in the non-residential workforce, Prince Edward Island

NON-RESIDENTIAL WORKFORCE ADJUSTMENT		2016	5 years 2017–2021	10 years 2017–2026
	Employment	100	300	300
Demand	Labour force change	100	300	300
	Retirements	-100	-400	-800
Supply	New entrants	100	300	700
	Net mobility	100	300	400

Source: BuildForce Canada

NON-RESIDENTIAL HIGHLIGHTS

- Over the 10-year scenario non-residential employment, including maintenance, is expected to rise 10 percent, adding 300 jobs.

- Rising institutional and commercial building investment and stable industrial activity add 150 related jobs over the coming decade; an 11 percent increase compared to 2016.
- A transmission project and significant road, highway and bridge work sustain engineering employment at elevated levels over the near term. Related employment recedes after 2020, but remains above 2016 levels at the end of 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. In-mobility includes the interprovincial employee workforce described above. Many members of this group will move quickly out of the province as work declines and this out-mobility, even if it is a very short-term change, signals a weak market.

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

Table 3 provides non-residential rankings for Prince Edward Island, showing generally balanced labour markets, signalled by a rank of 3. Current major project requirements raise demands for selected trades in 2016 and 2017, but conditions return to balance as demands recede. Rising ICI building requirements and ongoing infrastructure activity help maintain balanced market conditions across the remainder of the scenario period.

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 3: Non-residential market rankings, Prince Edward Island

TRADES AND OCCUPATIONS – NON-RESIDENTIAL	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Carpenters	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
Electrical power line and cable workers	3	4	3	3	4	3	3	3	3	3	3
Electricians	3	3	3	3	3	3	3	3	3	3	3
Heavy equipment operators (except crane)	3	4	3	3	3	3	3	3	3	3	3
Ironworkers and structural metal fabricators	3	3	3	3	3	3	3	3	3	3	3
Plumbers	3	3	3	3	3	3	3	3	3	3	3
Trade helpers and labourers	4	3	2	3	3	3	3	3	3	3	3
Truck drivers	3	3	3	3	3	3	3	3	3	3	3
Welders and related machine operators	3	3	3	3	3	3	3	3	3	3	3

Source: BuildForce Canada

RESIDENTIAL SECTOR

Residential activity is anticipated to trend higher over the next five years driven by an expected recovery in housing starts propelled by strong levels of immigration. This follows a downward trend that started in 2013. Although the near-term renovation investment outlook remains weak, overall residential employment is expected to rise steadily, with the strongest growth projected in 2017 and between 2019 and 2021.

The modest housing cycle is expected to add more than 350 jobs between 2017 and its peak in 2022. Employment then recedes back, following lower household formations³. The renovation market, which accounts for about half of residential employment in the province, is expected to rise moderately over the latter half of the scenario period, leaving overall employment near current levels by 2026.

Figure 3 shows the employment trends by sector for residential construction.

THE AVAILABLE WORKFORCE

A modest rise in workforce requirements and a growing number of retirements sustains the need for industry to remain focused on recruiting workers over the next decade.

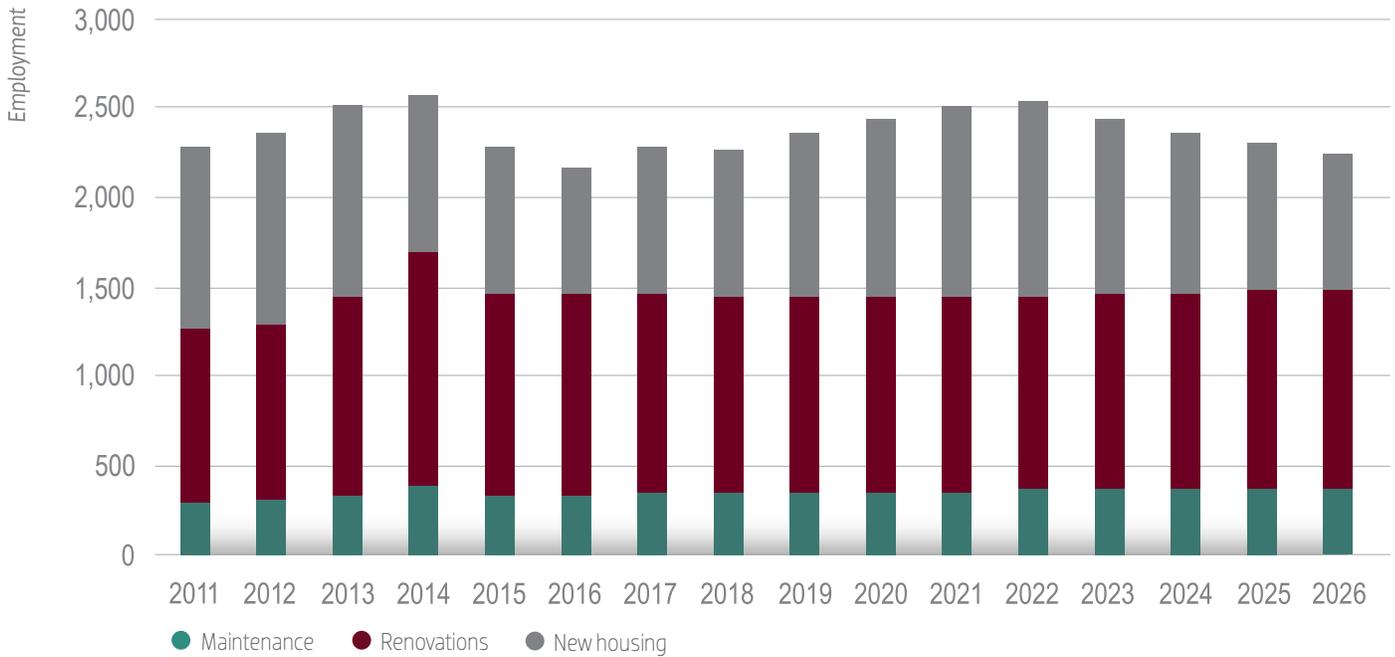
Table 4 provides a summary of the estimated changes in the residential workforce in 2016, the five-year period between 2017 and 2021 and across the full 2017–2026 scenario period. The retirement of 700 workers is expected over the next decade, compared to just over 500 first-time new entrants to the construction workforce from the local population aged 30 and younger.

RESIDENTIAL HIGHLIGHTS

- Rising new housing demands, driven by steady levels of immigration, are estimated to add 400 residential construction jobs between 2017 and 2022, before receding back toward 2016 employment levels by the end of the scenario period.
- Renovation activity, a key source of steady residential employment in Prince Edward Island, is expected to decline marginally in the near term and resume growth over the long term.
- Overall residential employment rises to 2022 and then declines with the anticipated decline in the new housing cycle, leaving the size of the workforce relatively unchanged at the end of the scenario period.

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.

Figure 3: Residential construction employment growth outlook, Prince Edward Island



Source: Statistics Canada, BuildForce Canada

Table 4: Changes in the residential workforce, Prince Edward Island

RESIDENTIAL WORKFORCE ADJUSTMENT		2016	5 years 2017–2021	10 years 2017–2026
	Employment	-100	300	100
Demand	Labour force change	-100	300	0
	Retirements	-100	-300	-700
Supply	New entrants	0	300	500
	Net mobility	-100	400	200

Source: BuildForce Canada

Table 5: Residential market rankings, Prince Edward Island

TRADES AND OCCUPATIONS – RESIDENTIAL	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Carpenters	2	3	3	3	3	3	3	2	2	3	3
Contractors and supervisors	3	3	3	3	3	3	3	3	2	3	3
Electricians	2	4	3	4	4	4	3	2	2	2	2
Home building and renovation managers	3	3	3	3	3	3	3	3	3	3	3
Painters and decorators (except interior decorators)	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
Trade helpers and labourers	2	4	3	4	4	4	3	2	2	2	2

Source: BuildForce Canada

RESIDENTIAL RANKINGS, RISKS AND MOBILITY

Table 5 shows showing generally balanced residential labour markets across the scenario period, signalled by a rank of 3. Market conditions for trades concentrated in new housing were weak in 2016, but are expected to tighten in 2017 with rising housing starts. Market conditions loosen over the latter half of the scenario as housing cycles down.

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, millwrights, etc. in residential construction). For Prince Edward Island, residential rankings are reported for 7 trades and occupations.

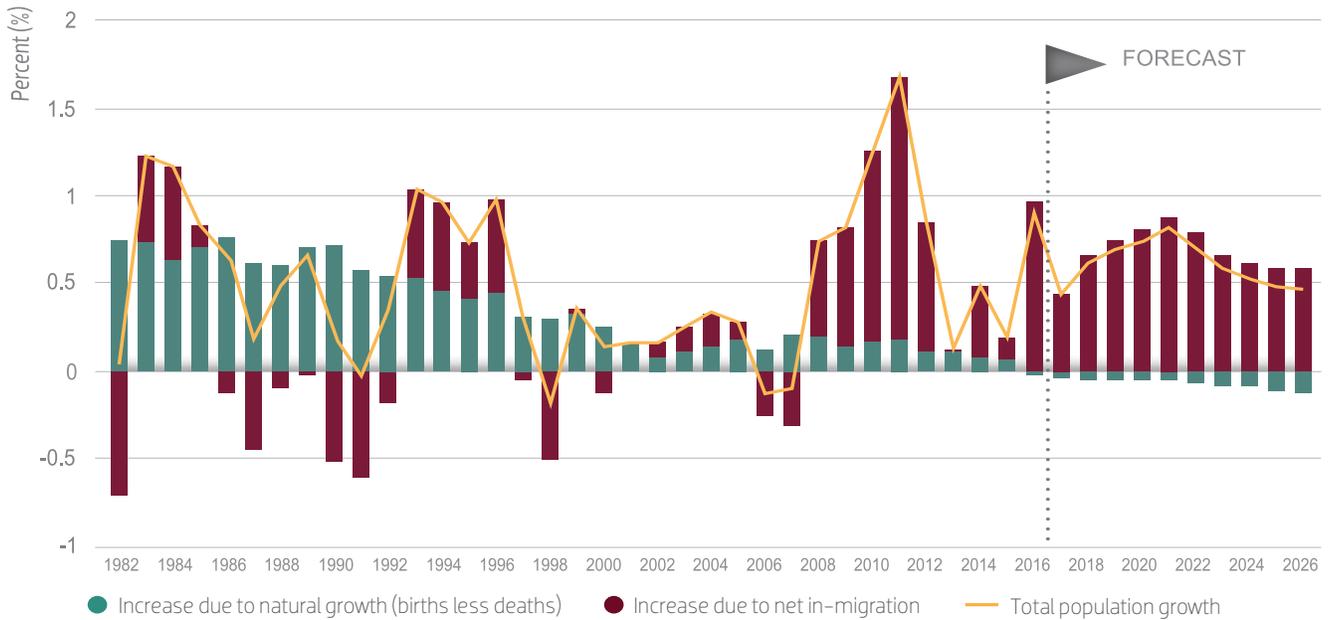
PLANNING FOR MODERATE GROWTH CYCLES

Prince Edward Island's construction industry is expected to go through moderate growth over the next decade. Recruiting during peak periods may pose further challenges as labour markets adjust to changing demographics. Retirements (including mortality) are expected to draw an estimated 1,500 workers from the province's construction industry over the next 10 years. Such a shift in the workforce creates the potential for a significant skill vacuum that requires proactive planning.

As of 2016, the number of deaths surpassed the number of births in Prince Edward Island. The rapidly aging population indicates the spread between births and deaths may increase and population growth may depend on the province's ability to attract and retain new migrants. The relatively stable economic conditions in Prince Edward Island and weaker economic conditions in Western provinces may facilitate the retention of the local workforce over the medium term. Figure 4 shows the factors contributing to population growth in Prince Edward Island.

An aging population continues to be a source of concern for all Canadian provinces. Table 6 shows Prince Edward Island's population age distribution. By 2026, the share of the population in prime working age (25 to 54 years old) is expected to decline and at the same time the share of the population in older age brackets (65 years and over) is expected to increase. This trend indicates that the share of the population that is potentially exiting the labour force is increasing while the share of the population that is potentially entering the labour force is declining.

Figure 4: Sources of population growth (%), Prince Edward Island



Source: Statistics Canada, BuildForce Canada (2016–2026)

Table 6: Population age distribution (%), Prince Edward Island

AGES	2016	2026
0–14	15.8	14.4
15–24	12.4	11.3
25–54	38.1	37.0
55–64	14.7	13.9
65+	18.9	23.4

Source: Statistics Canada, BuildForce Canada

Labour force participation by older individuals is much lower than for those in their prime working years. As a considerable share of the population moves into the older age brackets, the labour force participation rate (percent of the population 15 years and older in the labour force) is expected to fall steadily.

As the construction industry workforce continues to age, industry stakeholders may need to find alternative sources of labour to fill the gap of retiring workers.

Based on historical hiring trends, the province's construction industry is expected to draw an estimated 1,200 first-time new entrants from the local population, aged 30 and younger, over the next 10 years. In the scenario period, the retiring workforce exceeds the youth coming into the industry. Such market pressure will require the industry to acquire workers from outside of the province or from other industries, or find new ways to improve its share of new entrants.

Increasing the number of new entrants will require industry leaders to increase initiatives to engage underrepresented sources of labour, including Indigenous people and women, when targeting new entrants, which presents significant opportunities.

Canada's Indigenous population has the country's highest rate of population growth and a higher propensity to choose construction as their career choice. An estimated 7.5 percent of all Indigenous people in Canada reside in the Atlantic Provinces and currently account for about 2.9 percent of the construction workforce in Atlantic Canada.

Across the scenario period, Prince Edward Island's female population is expected to grow faster than their male counterparts. The province's construction workforce is made up of approximately 3 percent women, of which about 21 percent work directly on construction projects, while the remaining 79 percent work in support or office-related occupations in the construction industry. This translates into women representing less than 1 percent of the province's direct construction workforce.

CONCLUSIONS AND IMPLICATIONS

The 2017–2026 *Construction and Maintenance Looking Forward* scenario for Prince Edward Island anticipates a rise, followed by a gradual decline in employment later in the scenario period, in line with a modest housing cycle. A steady rise in non-residential building requirements contributes to modest overall growth in the construction workforce across the decade.

Anticipated increases in new housing provide employment opportunities for trades more heavily involved in new construction over the near term, while stable renovation demands and steady non-residential growth sustain long-term employment.

Slower population growth in Prince Edward Island may require a greater reliance on immigration and out-of-province workers to meet growing demands.

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 the current industry expectations of economic growth and assumptions about immigration to the province. Any changes to these assumptions presents risks and potentially alters anticipated market conditions.

10-YEAR AVERAGE

0.6%



POPULATION GROWTH

1,400



BIRTHS

1,500



DEATHS

1,000



NET MIGRATION

BY 2026

42



AVERAGE AGE OF CONSTRUCTION WORKFORCE

26%



PERCENT OF CURRENT LABOUR FORCE LOST TO RETIREMENT

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