



MANITOBA

Construction investment slows from the peak

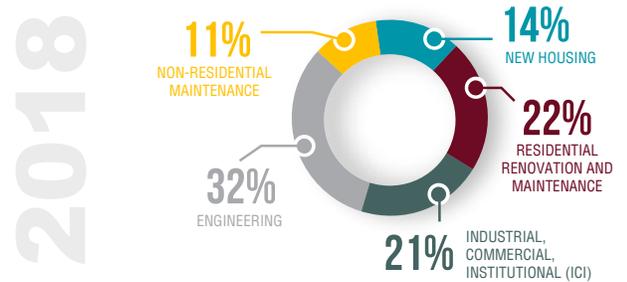
HIGHLIGHTS 2018–2027

The Manitoba construction industry has seen a significant expansion over the past decade, with overall employment levels nearly doubling between 2002 and 2017. Record-high labour market activity drove unemployment rates to below 7 percent for most of the last decade, and over the next 10 years, employment should only decline marginally with the completion of the current number of large non-residential projects.

Of the 39,600 workers currently employed in the 34 direct trades and occupations monitored by BuildForce Canada, an estimated 8,200 are expected to retire over the coming decade, or approximately 19 percent of the industry's workforce. Based on historical trends, Manitoba's construction industry should be able to draw the required replacement workers from an anticipated pool of 8,400 locally available new entrant workers.

The 2018–2027 outlook describes a moderate, but broad-based steady decline in construction, though overall employment should be sustained at relatively high levels. Maintaining the industry's capacity while contending with the retirement of nearly one quarter of the current workforce will keep pressure on the industry to recruit and train new workers in order to avoid a possible skills gap.

DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2018, MANITOBA



10-YEAR WORKFORCE OUTLOOK FOR MANITOBA

2027



AVERAGE UNEMPLOYMENT RATE 8.3%

HIGHLIGHTS

- Manitoba construction employment reached record levels in 2017, led by new housing construction.
- The completion of major hydro and other utility-related projects should translate into steady declines in engineering construction employment until 2023.
- New housing activity is expected to cycle down between 2018 and 2024 in line with slowing population growth.
- Overall employment should decline by a modest 2,600 jobs, or by 7 percent by 2027, with the strongest declines anticipated over the next five years.

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.

MANITOBA CONSTRUCTION OUTLOOK

A strong surge in housing starts and non-residential building demands raised construction employment in Manitoba to record levels in 2017. Construction activity is likely to recede from 2018 onward as engineering construction and non-residential ICI (industrial, commercial, and institutional) building demands decline, while housing starts come off record levels. Total construction employment is expected to remain near historically high levels over the next decade.

Major hydro and related project requirements alongside rising industrial building construction drove overall demands higher in recent years, despite declines in residential and institutional construction. In 2017, residential and non-residential markets diverged as housing starts increased by 40 percent, while engineering construction demands receded from the 2016 peak. These dynamics resulted in higher overall employment, but mixed labour market conditions for individual trades and occupations, and across sectors.

Looking forward, new residential construction, which was bolstered in 2017 by high levels of migration to the province in recent years, is anticipated to recede between 2018 and 2024 in line with slower in-migration and population growth, but stable levels of renovation investment should help sustain total residential employment near 2017 levels.

Engineering construction, the dominant source of employment growth between 2014 and 2016, is expected to continue on a downward trend through 2024 as current major projects are completed. Over the same period, related employment should fall by 2,600 jobs, or 21 percent from the 2017 starting point. Provincial budget constraints should slow growth in institutional building investment, which may contribute to moderate declines in non-residential building construction over the near to medium term. Across the scenario period, overall non-residential requirements are expected to decline by 1,900 jobs, or down 7 percent.

Manitoba’s construction workforce has grown tremendously to meet increased activity over the past decade, attracting new workers and drawing down unemployment to historically low levels. Sustaining the workforce at this level, while contending with the exit of 8,200 workers expected to retire, will require the industry to continue to recruit new entrants.

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

Major hydro development, transmission line, and infrastructure project demands have sustained momentum in Manitoba’s construction sector, while resource-driven activity slowed in many other parts of the country. Employment requirements should begin to decline after 2018 as major project demands recede, but are expected to remain at relatively high levels supported by steady levels of ICI building construction and rising sustaining capital and maintenance requirements across the scenario period.

Figure 1 tracks the change in non-residential employment by sector at the start of the scenario period in 2018, the expected bottom in 2024, and at the end of the period in 2027.

Looking forward, industrial building investment should contribute to a small rise in non-residential construction activity in 2018, but declining project demands may reduce related engineering construction employment by 20 percent over the next seven-year period to 2024.

Manitoba Hydro’s major hydroelectric dam and transmission projects are scheduled to be completed by 2021, with labour demands expected to step down significantly each year. Declines should be partly offset by a major pipeline replacement project and sewage treatment plant expansion, but these projects are also complete by 2022.

Non-residential building construction has been bolstered by industrial activity driven by rising manufacturing investment. Industrial-sector demands strengthen alongside increased commercial and institutional investment in 2018, but further growth in ICI building investment may be constrained by slowing population growth and provincial budget constraints, leaving employment likely to remain near current levels.

Table 1 summarizes the percent change in employment by sector across two periods: the first captures the decline from the peak to 2022, and the second, across the remainder of the period to 2027.

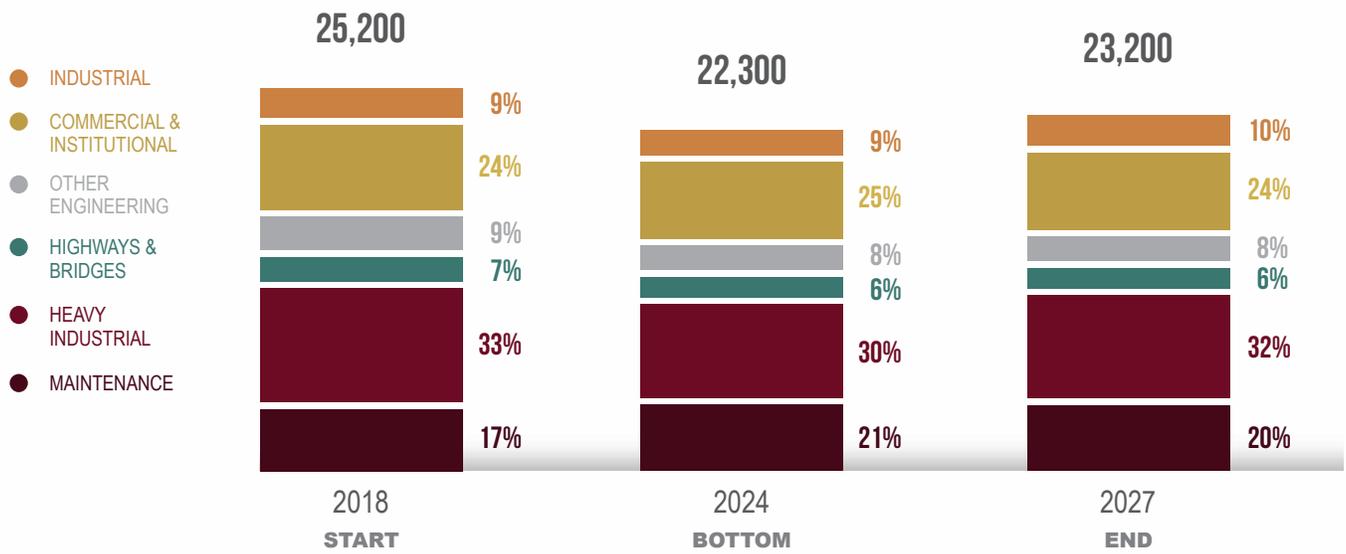
Figure 2 shows the employment trends by sector for non-residential construction.

Table 1: Change in non-residential employment by sector, Manitoba

SECTOR		% CHANGE 2018–2022	% CHANGE 2023–2027
Total non-residential employment		-9%	2%
ICI	Industrial	-10%	8%
	Commercial, institutional and government	-5%	0%
Engineering	Highways and bridges	-16%	-3%
	Heavy industrial	-20%	2%
	Other engineering	-9%	9%
Maintenance		10%	0%

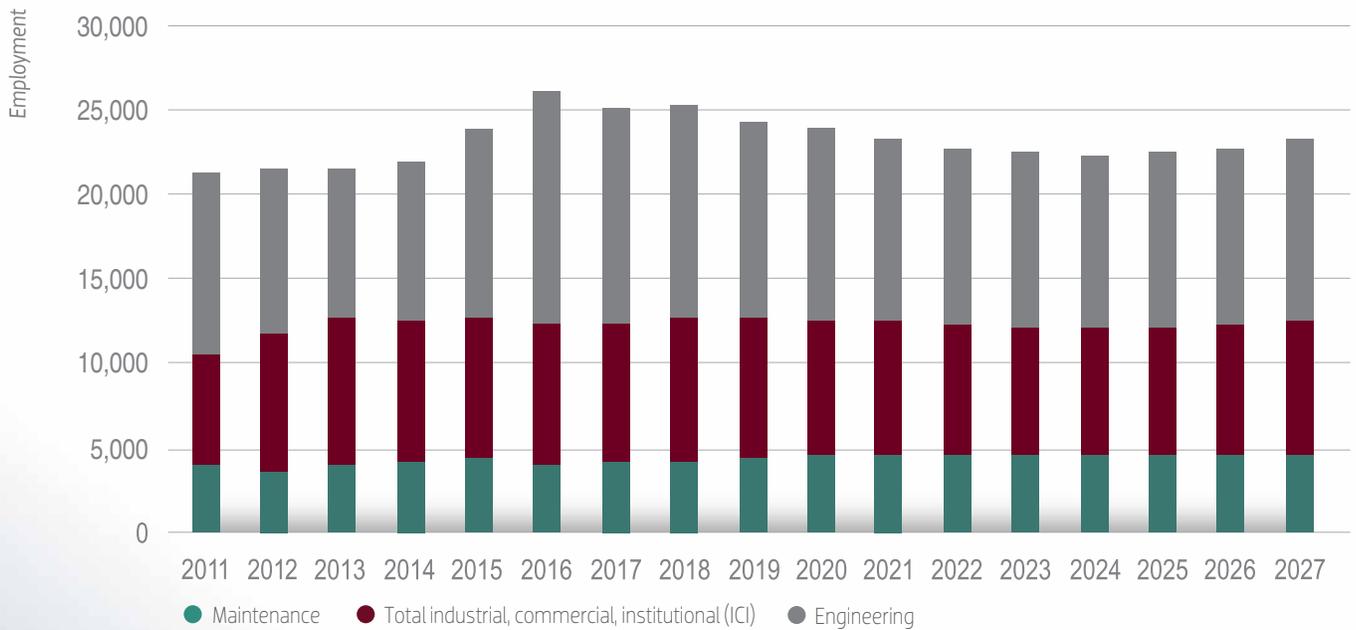
Source: Statistics Canada, BuildForce Canada

Figure 1: Non-residential employment distribution by sector, Manitoba, 2018, 2024, and 2027



Source: Statistics Canada, BuildForce Canada

Figure 2: Non-residential construction employment growth outlook, Manitoba



Source: Statistics Canada, BuildForce Canada

THE AVAILABLE WORKFORCE

Manitoba has built up a relatively young workforce by training new entrants and attracting large numbers of skilled workers into the province. While overall construction activity is expected to slow, recruitment challenges will continue to emerge at peak periods of activity for selected trades and occupations working on major projects in remote areas. While the most significant growth has already occurred, changing demographics and declining employment requirements may make recruiting new workers a challenge.

The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants¹, and net in-mobility². BuildForce estimates that 5,200 workers are likely to exit the non-residential workforce over the coming decade. This replacement demand is expected to be met by 5,500 first-time new entrants that may be drawn into the workforce from the local population aged 30 and younger. General population trends to slower growth may pose barriers to attracting young workers. Manitoba's population has a younger age profile than most other provinces, but the pool of youth entering the workforce is declining, while retirements are on the rise.

Table 2 provides a summary of changes in the non-residential workforce in 2017, the five-year period between 2018 and 2022, and across the full scenario period to 2027.

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 labour market conditions unique to Manitoba 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 Manitoba, non-residential rankings are reported for 27 trades and occupations.

Table 3 provides non-residential rankings for Manitoba. Recruitment challenges persist for some trades and occupations in 2018 based on the timing of specific projects and anticipated peak demands, but overall labour market conditions are easing. High demand continues over the near term for selected trades and occupations, including carpenters/scaffolders, concrete finishers, and millwrights. Starting in 2018, major project completions weaken labour market conditions. Work demands built up over many years will come to an end, and as projects wind down through 2023, a large number of workers in key trades and occupations are expected to become available for work elsewhere.

As demands pass the peak, market conditions are expected to return to balance, signalled by a rank of 3.

Table 2: Change in the non-residential workforce, Manitoba

NON-RESIDENTIAL WORKFORCE ADJUSTMENT		2017	5 years 2018–2022	10 years 2018–2027
	Employment	-1,000	-2,300	-1,900
Demand	Labour force change	-900	-2,300	-2,100
	Retirements	500	2,600	5,200
Supply	New entrants	600	2,800	5,500
	Net mobility	-1,000	-2,500	-2,400
Excess supply/(demand)		100	0	(200)

Source: BuildForce Canada

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 can 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.

NON-RESIDENTIAL HIGHLIGHTS

- Employment declines after 2018 as major project demands recede, but remains at relatively high levels supported by steady levels of ICI building investment and rising maintenance requirements.
- Major hydro and related project demands continue to recede from the 2016 peak. Engineering-related employment declines steadily, falling by 21 percent to 2024.
- Overall non-residential employment is expected to contract by 1,900 jobs through 2027, returning to 2015 levels of employment.

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 3: Non-residential market rankings, Manitoba

TRADES AND OCCUPATIONS – NON-RESIDENTIAL	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Boilermakers	3	3	3	3	3	3	3	3	3	3	3
Bricklayers	2	3	3	3	3	3	3	3	3	3	3
Carpenters	3	3	2	3	3	3	3	3	3	3	3
Concrete finishers	3	3	2	3	3	3	3	3	3	3	3
Construction estimators	2	3	2	3	3	3	3	3	3	3	3
Construction managers	3	3	2	3	3	3	2	3	3	3	3
Construction millwrights and industrial mechanics	4	4	3	2	2	3	2	3	3	3	3
Contractors and supervisors	3	3	2	2	2	3	3	3	3	3	3
Crane operators	3	2	2	2	2	3	3	3	3	3	3
Electricians	4	3	3	3	3	2	2	3	3	3	3
Floor covering installers	3	3	3	3	3	3	3	3	3	3	3
Glaziers	3	3	3	3	3	3	3	3	3	3	3
Heavy equipment operators (except crane)	3	3	2	3	2	2	3	3	3	3	3
Heavy-duty equipment mechanics	3	3	3	2	2	2	3	3	3	3	3
Insulators	3	3	3	3	3	3	2	3	3	3	3
Ironworkers and structural metal fabricators	3	2	2	3	2	2	3	3	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	2	3	3	3	3	3	3	3	3	3
Plumbers	2	3	2	3	3	2	2	3	3	3	3
Refrigeration and air conditioning mechanics	3	3	3	3	3	3	3	3	3	3	3
Residential and commercial installers and servicers	2	3	3	3	3	3	3	3	3	3	3
Roofers and shinglers	2	3	3	3	3	2	2	3	3	3	3
Sheet metal workers	2	3	3	3	3	2	2	3	3	3	3
Steamfitters, pipefitters and sprinkler system installers	4	3	3	3	3	3	3	3	3	3	3
Trades helpers and labourers	2	3	2	3	3	3	3	3	3	3	3
Truck drivers	2	3	2	3	3	2	3	3	3	3	3
Welders and related machine operators	3	4	3	3	2	2	3	3	3	3	3

Source: BuildForce Canada

RESIDENTIAL SECTOR

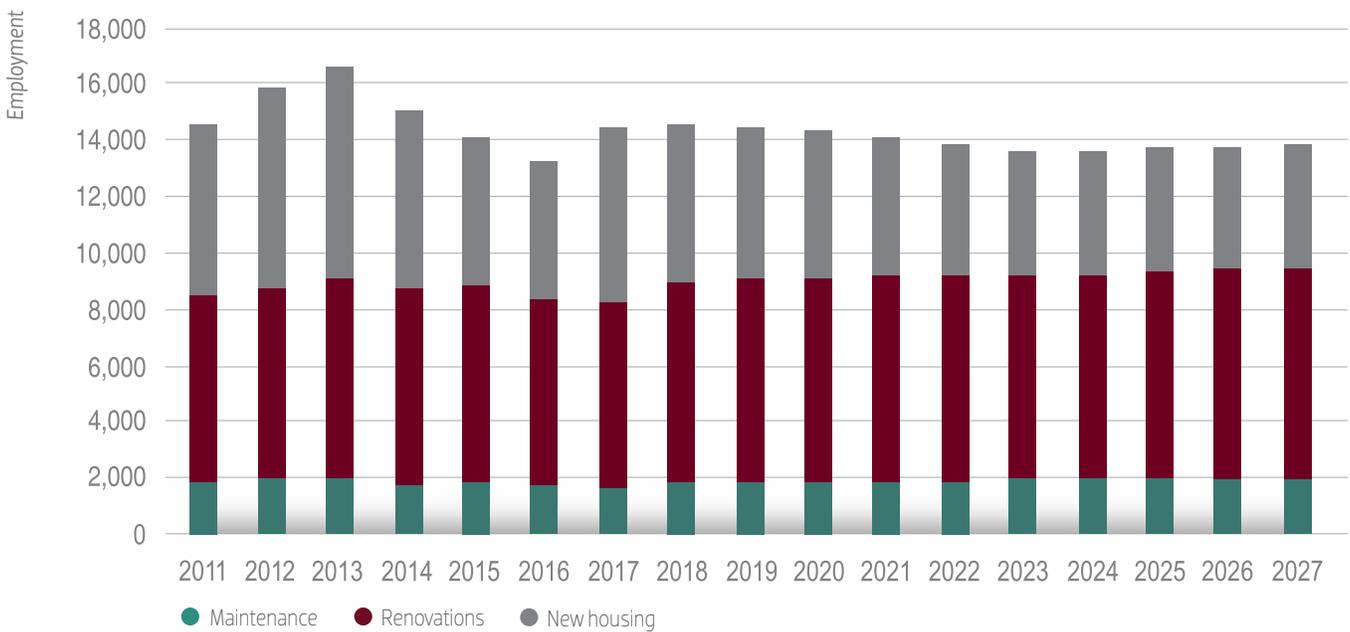
New housing activity increased in 2017 following three years of declines, but is expected to trend down following slower population growth and declining household formations³ through 2024.

Immigration, bolstered by Manitoba’s provincial nominee program, has played a significant role in increasing population growth in recent years. The strong increase in housing starts experienced in 2017 was largely driven by the confluence of population growth and dwindling inventories, but increased starts early in the year were also driven by the introduction of Winnipeg’s “impact of growth fee” on new homes, which came into effect late 2017.

Looking ahead, new mortgage eligibility rules and slowing population growth are anticipated to lead new housing construction steadily lower from the 2017 peak. As starts recede, related employment is expected to decline by 31 percent, or 1,900 jobs over the next decade. Over the same period, growth in renovation and maintenance demands should add an estimated 1,200 jobs, resulting in a net decline of 700 residential jobs, a modest 5 percent decrease in employment over the next 10 years.

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

Figure 3: Residential construction employment growth outlook, Manitoba



Source: Statistics Canada, BuildForce Canada

RESIDENTIAL HIGHLIGHTS

- The slowing pace of natural population growth (births less deaths) and in-migration lead household formations steadily lower from the 2017 peak. New-housing-related employment may decline by 31 percent, or 1,900 jobs over the next decade.
- Moderate growth in renovation activity should add just over 900 jobs, while maintenance is expected to increase by 300 jobs, partly offsetting new residential declines.
- Overall residential employment should decline by a modest 5 percent over the next decade, with a net loss of 700 jobs.

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 how population growth is transformed into demand for new housing.

THE AVAILABLE WORKFORCE

A sharp decline in new housing construction between 2013 and 2016 translated into rising unemployment and the exit of some workers from the residential sector. As a result, the rapid increase in housing starts in 2017 was met with recruiting challenges for many trades and occupations across the province, but especially in Winnipeg.

Though long-term demands are expected to recede, the construction industry will need to contend with an aging workforce and the anticipated retirement of an estimated 3,000 residential workers over the next decade. Meeting these requirements will depend on the industry's ability to attract a similar number of first-time new entrants expected to be drawn from the local population aged 30 and younger.

Table 4 provides a summary of the estimated changes in the residential workforce in 2017, the five-year period between 2018 and 2022, and across the full 2018–2027 scenario period.

Table 4: Changes in the residential workforce, Manitoba

RESIDENTIAL WORKFORCE ADJUSTMENT		2017	5 years 2018–2022	10 years 2018–2027
	Employment	1,200	-700	-700
Demand	Labour force change	700	-500	-600
	Retirements	300	1,500	3,000
Supply	New entrants	300	1,500	2,900
	Net mobility	700	-400	-500
Excess supply/(demand)		(500)	200	100

Source: BuildForce Canada

Table 5: Residential market rankings, Manitoba

TRADES AND OCCUPATIONS – RESIDENTIAL	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Bricklayers	4	3	3	3	3	2	3	3	3	3	3
Carpenters	4	3	3	3	3	2	3	3	3	3	3
Concrete finishers	3	3	3	3	3	3	3	3	3	3	3
Construction estimators	4	3	3	3	3	2	3	3	3	3	3
Construction managers	4	2	3	3	3	2	2	2	3	3	3
Contractors and supervisors	4	3	3	3	3	3	3	3	3	3	3
Electricians	4	3	3	3	2	2	2	3	3	3	3
Floor covering installers	3	3	3	3	3	3	3	3	3	3	3

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Table 5: Residential market rankings, Manitoba (continued)

TRADES AND OCCUPATIONS – RESIDENTIAL	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Home building and renovation managers	3	4	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
Plasterers, drywall installers and finishers, and lathers	4	4	3	3	3	2	3	3	3	3	3
Plumbers	3	3	3	3	2	2	2	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	4	3	3	3	2	2	2	3	3	3	3
Trades helpers and labourers	4	2	3	3	2	2	2	3	3	3	3
Truck drivers	4	3	3	3	3	3	3	3	3	3	3

Source: BuildForce Canada

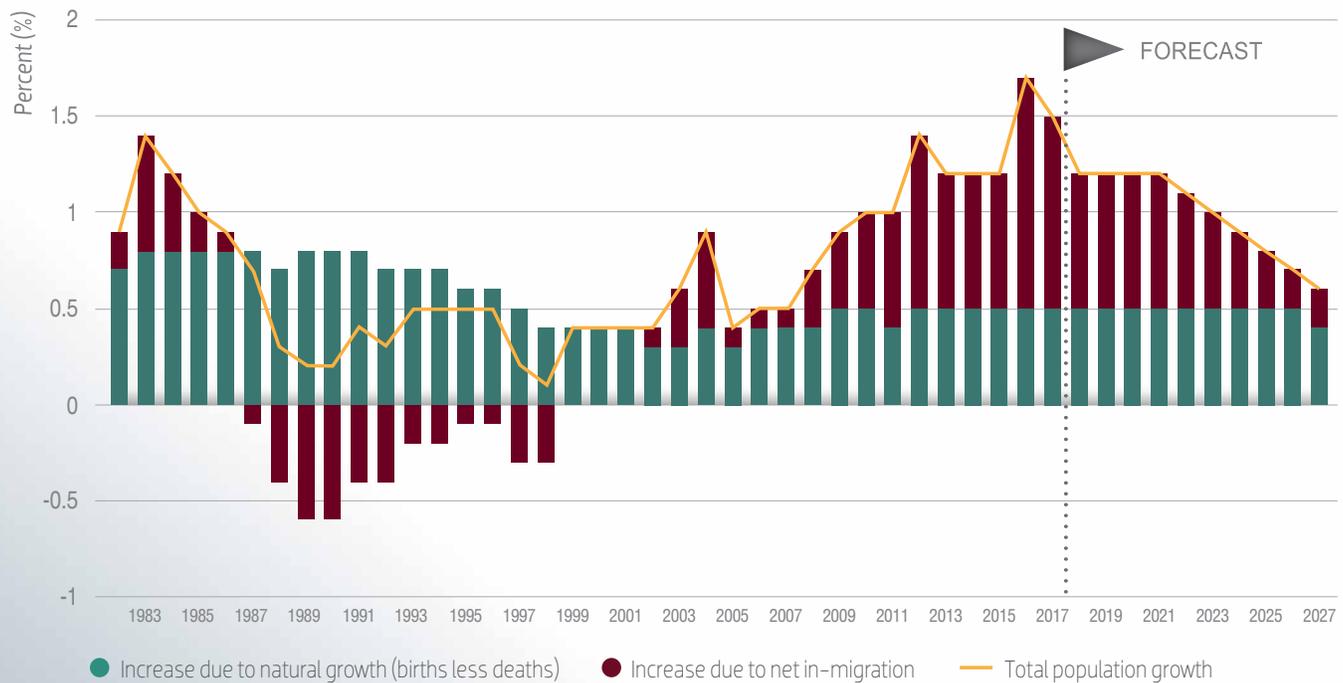
REPLENISHING A RETIRING WORKFORCE AMID SLOWER GROWTH

Following an extended period of strong growth, Manitoba's construction activity is expected to recede across most of the next decade. Recruiting new workers, however, remains a priority as the industry contends with replenishing a retiring workforce amid the downturn. Retirements are expected to draw an estimated 8,200 workers from the province's construction industry over the next 10 years – 19 percent of the current labour force. Such a draw

from the labour force may create a significant skills vacuum that will require proactive human resource management and labour force planning.

Population growth in the province is anticipated to slow, compared to the previous decade, which should limit labour force growth. Figure 4 shows the components of population growth for Manitoba. The province enjoys a relatively young population, which is expected to sustain the natural rate of population growth (births less deaths) across most of the next decade. Net in-migration, which has been increasing since the mid 2000s, is expected to weaken over

Figure 4: Sources of population growth (%), Manitoba



Source: Statistics Canada, BuildForce Canada (2018–2027)

the coming decade, as overall weaker economic growth should lead to increased out-migration of the local population and lower levels of international migration. As a result, population growth is expected to slow, averaging 1 percent per year compared to the 1.2 percent over the past decade.

Manitoba’s relatively young population is partially attributable to the rise in net in-migration. The proportion of the population in the older age group (65 years and older) and prime working age (25 to 54 years old) has remained relatively stable over the past decade.

Across the 2018–2027 scenario period, this trend is not expected to persist, with the share of the population in older age brackets increasing and the share of the population in their prime working years declining (see Table 6). Simultaneously, the proportion of the population that is potentially available to enter the workforce (15 to 24 years old) is anticipated to shrink marginally.

The aging of the population may result in increased competition for new workers among Manitoba’s industries. Moreover, recruiting youth into the industry may become increasingly difficult as Manitoba’s construction activity recedes from the recent elevated peak levels.

Based on historical trends, Manitoba’s construction industry is expected to draw an estimated 8,400 first-time new entrants from the local population aged 30 and younger over the next decade to 2027. Under current recruitment patterns, the number of new entrants just offsets the number of workers lost to retirement.

Attracting new entrants to construction will require industry to improve initiatives to engage underrepresented groups, including Indigenous people, women, and immigrants.

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 12 percent of all Indigenous people in Canada currently reside in Manitoba and account for about 11 percent of the local construction workforce; the highest share in Canada.

Manitoba’s female population is expected to grow faster than their male counterparts. The province’s construction workforce is made up of approximately 12 percent women, of which about 30 percent

Table 6: Population age distribution (%), Manitoba

AGES	2017	2027
0–14	18.9	19.4
15–24	13.5	11.8
25–54	39.9	39.3
55–64	12.6	11.1
65+	15.2	18.4

Source: Statistics Canada, BuildForce Canada

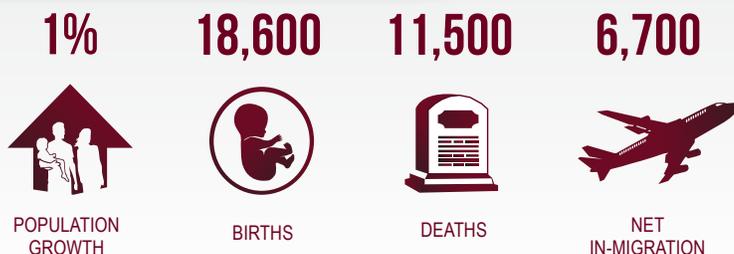
work directly on construction projects, while the remaining 70 percent work primarily in administrative and management-related occupations in the construction industry. This translates into women representing just over 4 percent of the province’s direct trades working in construction.

Figure 5 illustrates women’s share of employment in direct trades and occupations in Manitoba. Increased activity in the province’s construction industry, characterized by rising wages and positive job prospects, encouraged women into pursuing careers in the construction trades and led to the increased industry participation of women between 2012 and 2017.

Across the 2018–2027 scenario period, most construction sectors are expected to recede from recent peak levels, with stronger employment declines concentrated in the heavy industrial sector. Women working in Manitoba’s construction industry tend to work in trades and occupations heavily concentrated in commercial and institutional building and residential construction, where more moderate employment declines are expected. Consequently, the proportion of women working on direct construction projects in Manitoba is expected to rise across most of the scenario period, reaching a peak of nearly 5 percent in 2024, as male employment declines and female employment remains stable.

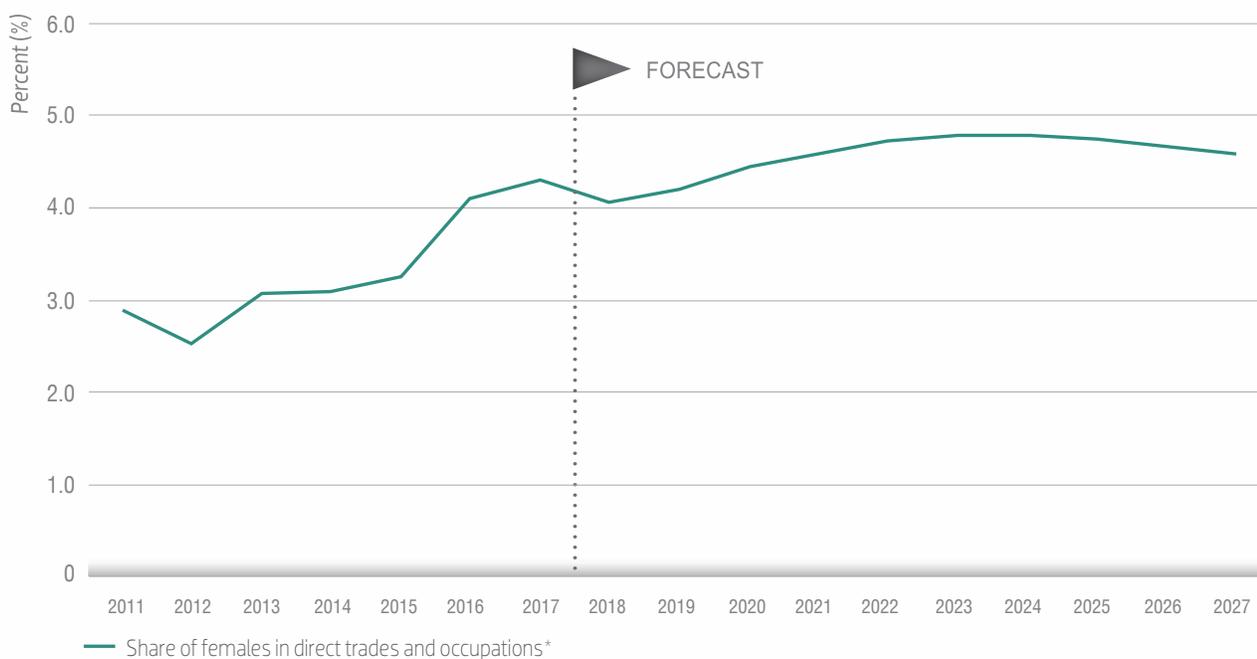
Table 7 shows construction employment in direct trades and occupations by gender for Manitoba.

10-YEAR AVERAGE



BY 2027



Figure 5: Share of women in direct trades and occupations, Manitoba

* **Direct trades and occupations** refers to the 34 trades and occupations tracked by BuildForce Canada, which excludes administrative-type occupations.

Source: BuildForce Canada calculations based on Statistics Canada's Labour Force Survey (LFS) and 2011 National Household Survey (NHS)

Table 7: Construction employment by gender, Manitoba (total direct trades and occupations)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	37,700	37,900	36,900	36,300	35,500	34,600	34,100	34,000	34,200	34,600	35,100
	1,700	1,600	1,600	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700

Source: BuildForce Canada calculations based on Statistics Canada's Labour Force Survey (LFS) and 2011 National Household Survey (NHS)

CONCLUSIONS AND IMPLICATIONS

Manitoba's construction expansion has outlasted that of most other provinces. Construction demands diverged in 2017 as the residential sector surged, while the non-residential sector declined from 2016 peak levels due to lower demand for major projects. Employment demands are expected to continue to ease as current major projects wind down and new housing construction slows. The industry, however, is expected to remain at relatively high employment levels across the scenario period.

Sustaining employment over the next decade assumes continued contributions to population growth from immigration, and depends on industry's ability to attract new young workers into construction.

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 population growth and major project timing. Any changes to these assumptions presents risks and potentially alters anticipated labour market conditions.

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