

PRINCE EDWARD ISLAND

HIGHLIGHTS 2018-2027

Steady non-residential growth follows the residential boom

Prince Edward Island's construction labour market has been relatively stable over the past decade, reaching peak employment in 2014, followed by modest declines in 2015 and 2016. Construction employment rose sharply in 2017, driven by a strong increase in housing starts and a rise in ICI (industrial, commercial and institutional) building construction and major engineering project demands.

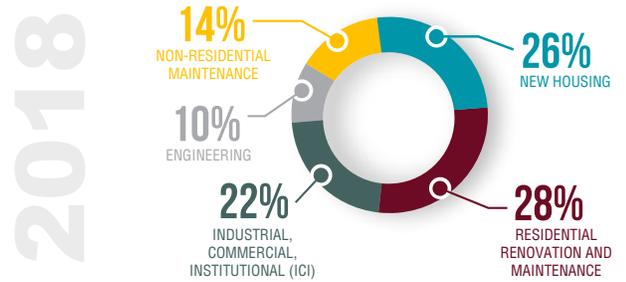
Across the 2018-2027 scenario period, total construction employment is expected to increase by 7 percent, with gains concentrated in the non-residential sector. Residential employment peaked in 2017 and is expected to return to more historical levels over the period.

The industry currently employs 4,900 workers in the 34 direct trades and occupations monitored by BuildForce Canada. Over the next 10 years, the industry is expected to lose 1,300 workers to retirement, or 22 percent of the current workforce. Some of these losses will be offset by the available pool of 1,200 new entrant workers locally trained. BuildForce estimates that the province's construction industry will need to draw an additional 300 workers from outside the province or the industry to keep pace with anticipated demands.

It is expected that immigration will continue to contribute to steady population growth across the scenario period, sustaining stable residential activity and moderate increases in commercial and institutional building construction requirements.

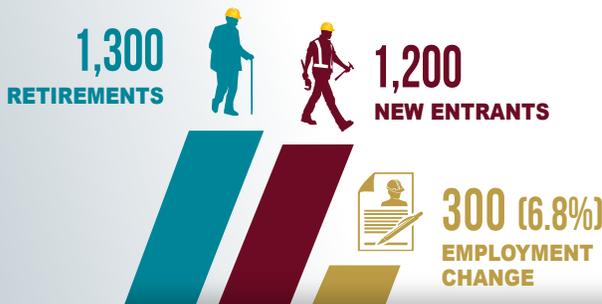
Immigration is expected to help lower the average age of the population, but workforce retirements continue to rise, increasing the need to recruit workers.

DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2018, PRINCE EDWARD ISLAND



10-YEAR WORKFORCE OUTLOOK FOR PRINCE EDWARD ISLAND

2027



AVERAGE UNEMPLOYMENT RATE 15.1%

HIGHLIGHTS

- Construction employment surged in 2017, propelled by a record-setting year for housing starts.
- Strong growth in commercial and institutional building construction is anticipated to offset slowing residential and engineering construction requirements in 2018.
- Overall employment recedes and then rises across the scenario period, adding a modest 200 construction jobs, or a 4 percent increase by 2027 compared to 2017.
- An aging workforce results in the expected retirement of 1,300 workers over the next decade.

BuildForce's LMI System

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

PRINCE EDWARD ISLAND CONSTRUCTION OUTLOOK

Prince Edward Island’s strong construction employment growth in 2017 was propelled by a record-setting year for housing starts in the province. Looking forward, residential demands are expected to ease, but employment gains are largely sustained by strengthening levels of commercial and institutional activity across the scenario period.

The rapid rise in housing construction demands stretched workforce availability in both residential and non-residential markets in 2017. The anticipated slowing of new housing may help with recruitment challenges, but broad-based market pressures are likely to persist in 2018.

Construction demands are expected to decline modestly in 2019 and 2020 as housing starts continue to recede and ICI (industrial, commercial, institutional) building construction peaks. Steady levels of immigration are expected to sustain moderate growth in both residential and non-residential markets, but non-residential building construction demands emerge as the dominant source of growth over the latter part of the scenario period.

Reliance on mobility of skilled trades between sectors and provinces during peak periods will be key to meeting demand requirements across the scenario period. Retirements have recently begun to consistently outpace new entrants in Prince Edward Island, signalling the need to increase recruiting efforts, as challenges are compounded by the relatively small size of the province’s population.

SECTOR INSIGHTS

The following sections provide sector-specific insights into the non-residential and residential labour markets. The 2018 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

Non-residential commercial and institutional building construction are key drivers of non-residential employment and are anticipated to lead overall growth 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 2018 and then at the end of the period in 2027.

A steady rise in institutional and commercial building investment is expected to follow the recent rise in population and residential construction, increasing related employment by 34 percent over the

next decade. The largest single-year gains are expected in 2018. Engineering construction activity slows in 2018 with the completion of the Maritime Electric project, but resumes an upward trend, driven by utility and other infrastructure requirements.

Combined non-residential building and engineering construction employment increases by 17 percent by the end of the scenario period, adding 400 jobs.

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 2022, and the second, the remainder of the period to 2027.

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

THE AVAILABLE WORKFORCE

Prince Edward Island’s small but growing population has been supported by rising levels of immigration in recent years. Immigration to the province is an important economic driver and a key source to help replace an 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 600 workers over the next decade is expected to be met by a similar number of first-time new entrants aged 30 and younger drawn into

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

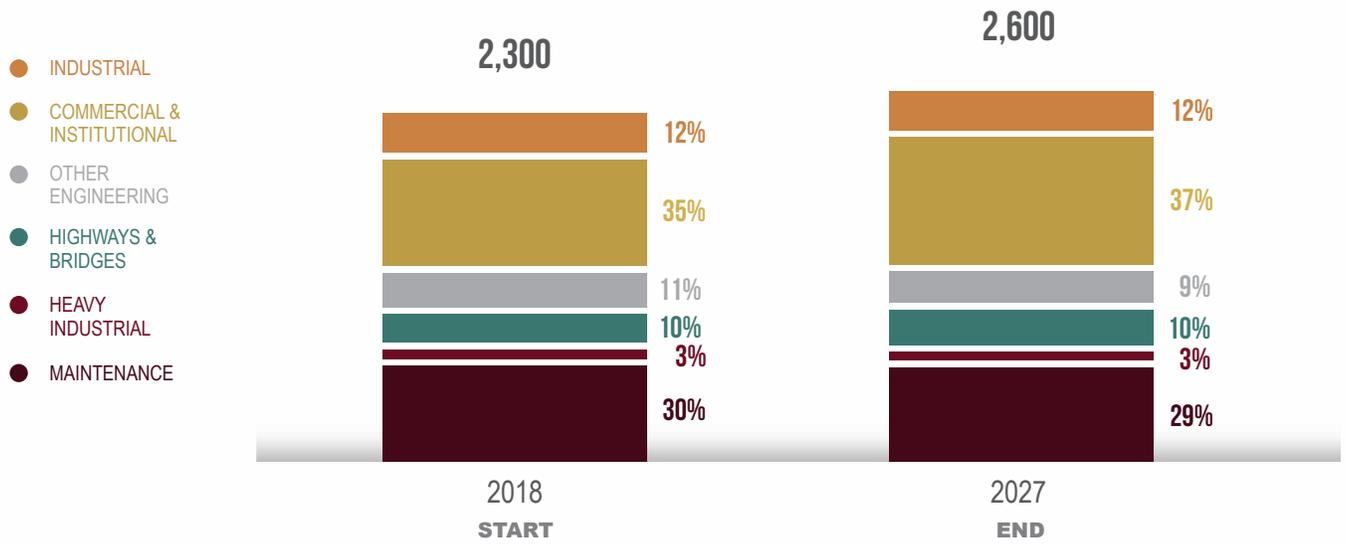
SECTOR		% CHANGE 2018–2022	% CHANGE 2023–2027
Total non-residential employment		8%	8%
ICI	Industrial	12%	8%
	Commercial, institutional and government	26%	10%
Engineering	Highways and bridges	2%	6%
	Heavy industrial	-66%	41%
	Other engineering	24%	7%
Maintenance		2%	5%

Source: Statistics Canada, 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.

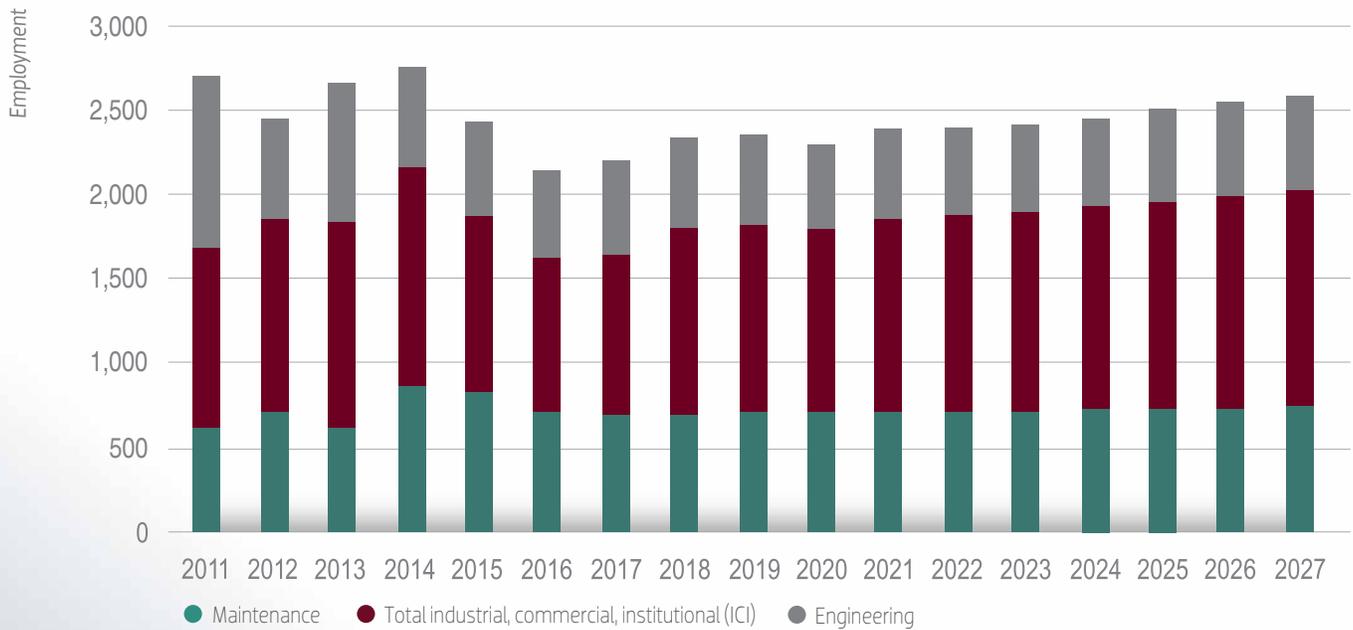
² **In-mobility** refers to the arrival of workers from outside the local construction industry. In-mobility includes the interprovincial employee workforce described above. Many members of this group will move quickly out of the province as work declines and this out-mobility, even if it is a very short-term change, signals a weak market.

Figure 1: Non-residential employment distribution by sector, Prince Edward Island, 2018 and 2027



Source: Statistics Canada, BuildForce Canada

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



Source: Statistics Canada, BuildForce Canada

the construction workforce from the local population. Rising requirements will likely necessitate the recruitment of an additional 400 workers from outside the local non-residential construction workforce. An anticipated decline in residential demands presents a potential source of recruitment, assuming residential demands are met.

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.

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.

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 7 trades and occupations.

Table 3 provides non-residential labour market rankings for Prince Edward Island, showing markets that returned to balance in 2017, signalled by a rank of 3. A rise in institutional and commercial building construction is expected to tighten market conditions in 2018. Recruitment challenges are heightened for some trades due to competing residential demands.

It is anticipated that a slower pace of growth allows labour markets to return to balance in 2019, where they are expected to remain over the rest of the scenario period. Positive population growth is expected to serve as a key source of supply, and markets are expected to remain in balance so long as needed skills align and the industry continues to invest in recruiting and training.

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

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

Source: BuildForce Canada

NON-RESIDENTIAL HIGHLIGHTS

- Non-residential building construction emerges as a leading source of construction employment growth over the coming decade.
- A steady rise in commercial and institutional building investment follows, increasing related employment by 34 percent.
- Non-residential employment is up 17 percent at the end of the coming decade, adding 400 jobs.

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, Prince Edward Island

TRADES AND OCCUPATIONS – NON-RESIDENTIAL	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Carpenters	3	4	3	3	3	3	3	3	3	3	3
Contractors and supervisors	3	4	3	3	3	3	3	3	3	3	3
Electricians	3	4	3	3	3	3	3	3	3	3	3
Heavy equipment operators (except crane)	3	4	3	2	3	2	3	3	3	3	3
Ironworkers and structural metal fabricators	3	4	3	3	3	3	3	3	3	3	3
Plumbers	3	4	3	3	3	3	3	3	3	3	3
Trades helpers and labourers	3	3	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

Source: BuildForce Canada

RESIDENTIAL SECTOR

Strong levels of immigration propelled housing starts to record highs in 2017 following a downward trend that started in 2013. Momentum is expected to sustain construction activity into 2018. New housing starts are expected to recede steadily from the record 2017 levels over most of the scenario period due to declining rates of population growth. Related employment is likely to decline by 28 percent, or close to 400 jobs. Renovation and maintenance activity, which accounts for more than half of residential employment, continues to rise steadily over the coming decade. Moderate declines in new housing may create opportunities for workers to migrate to renovation construction.

New housing demands begin to strengthen again after 2025, but overall residential employment remains slightly below the 2017 peak.

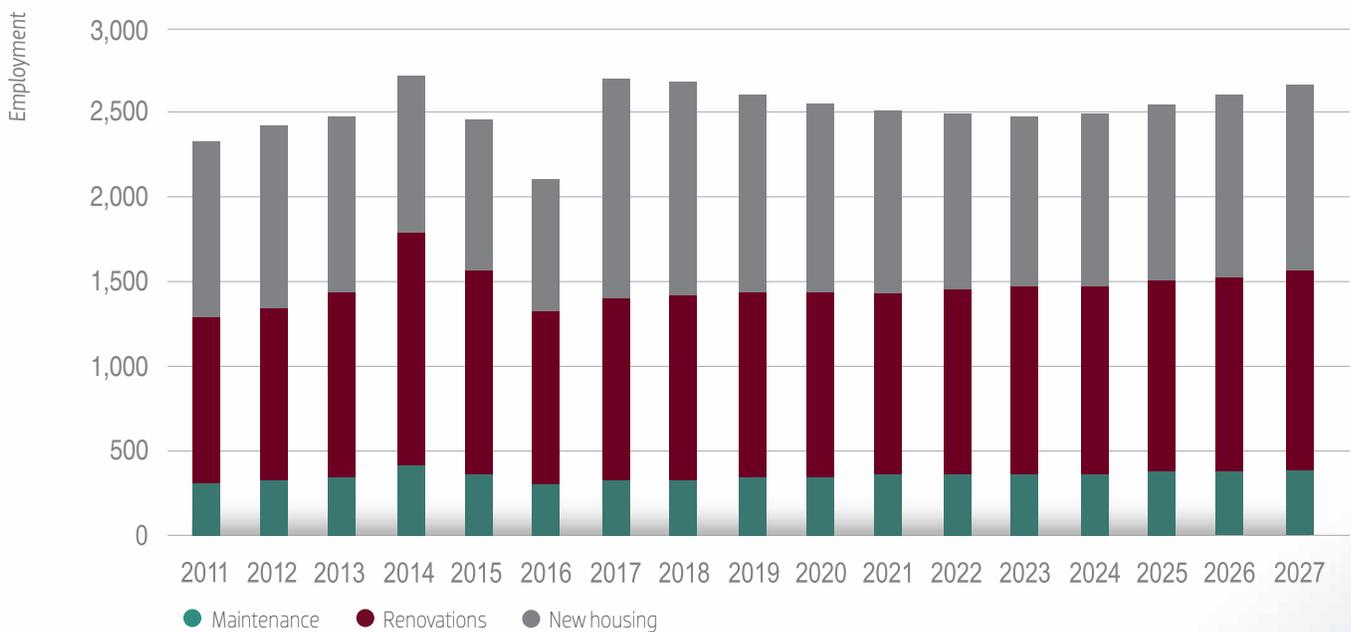
Figure 3 shows the employment trends by sector for residential construction.

THE AVAILABLE WORKFORCE

The strong rise in workforce demands required the recruitment of hundreds of workers from outside the local residential construction market. This included drawing workers from other sectors, industries, and from outside the province. As demands recede, many workers are expected to leave, or become available to meet growing non-residential demands. The growing number of retirements will emerge as the primary source of hiring needs across the scenario period.

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. The retirement of 700 workers is anticipated over the next decade, compared to an estimated 600 first-time new entrants aged 30 and younger expected to be drawn from the local population.

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



Source: Statistics Canada, BuildForce Canada

RESIDENTIAL HIGHLIGHTS

- Housing starts surpassed 1,000 units in 2017, up from 600 in 2016. As activity recedes from the peak, housing starts average 800 units per year, remaining near historically high levels of activity.
- Renovation activity increases modestly and contributes to steady employment gains.
- Overall residential employment declines and then rises after 2023, leaving the workforce lower by 200 workers at the end of the scenario period.

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

RESIDENTIAL WORKFORCE ADJUSTMENT		2017	5 years 2018–2022	10 years 2018–2027
	Employment	600	-200	0
Demand	Labour force change	500	-300	-200
	Retirements	100	300	700
Supply	New entrants	100	300	600
	Net mobility	500	-300	-100
Excess supply/(demand)		(100)	(100)	(200)

Source: BuildForce Canada

RESIDENTIAL RANKINGS, RISKS AND MOBILITY

Table 5 shows residential labour market rankings across the scenario period. Market conditions tightened significantly in 2017 due to the rapid rise in new housing construction. Conditions may remain tight for some trades, as some activity from 2017 is expected to carry over into 2018. The remainder of the scenario period, from 2019 to 2027, will see mostly balanced labour markets.

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.

COPING WITH AN AGING WORKFORCE AND RISING RETIREMENTS

Even as Prince Edward Island bolsters immigration, the province may struggle to meet peak demands as it contends with replacing a rapidly aging workforce. Over the coming decade, replenishing a retiring workforce will become the primary driver of new construction jobs. Retirements are expected to draw an estimated 1,300 workers from the province's construction industry over the next 10 years – 22 percent of the current labour force. This represents a significant loss of skilled workers that requires industry to focus on recruiting, training, and retaining workers.

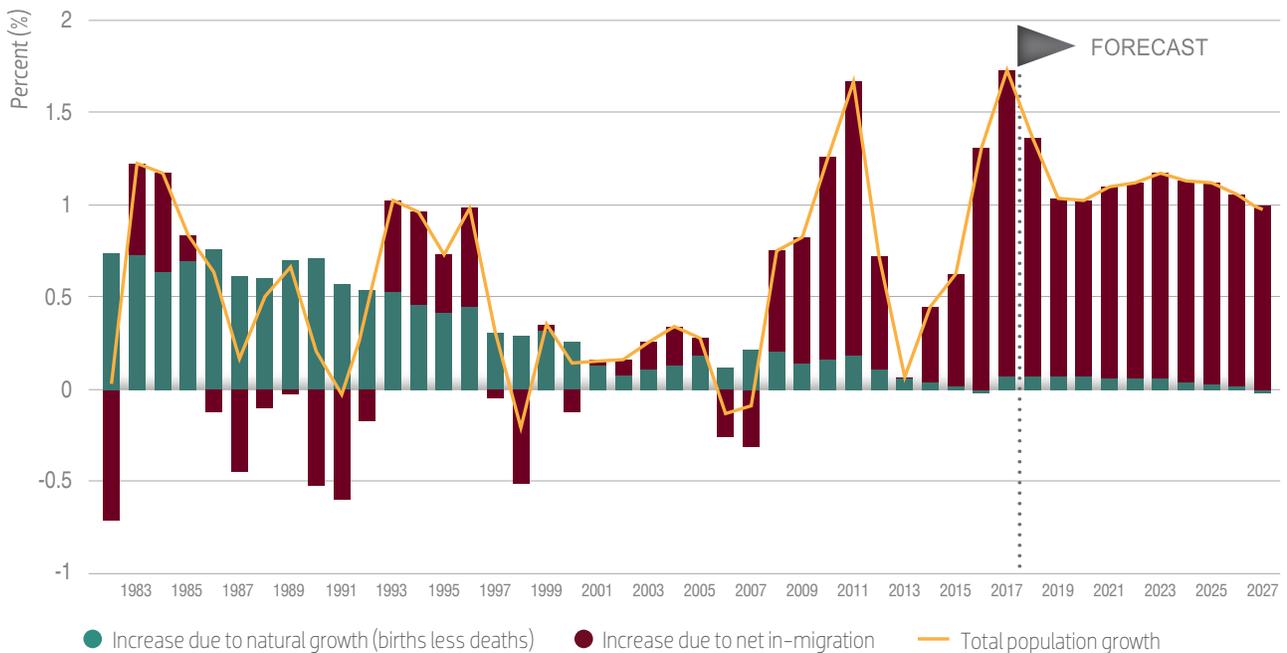
Propelled by strong immigration, Prince Edward Island's population growth remains well above historical levels. Figure 4 shows the components of population growth for the province. Unlike Nova Scotia, New Brunswick, and Newfoundland and Labrador, Prince Edward Island's natural rate of population growth (births less deaths) remains positive. An aging population, however, leads to a steady decline over the coming decade and, as a result, migration will become a key driver of population growth.

Table 5: Residential market rankings, Prince Edward Island

TRADES AND OCCUPATIONS – RESIDENTIAL	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Carpenters	5	3	2	3	3	3	3	3	3	3	3
Contractors and supervisors	5	4	3	3	3	3	3	3	3	3	3
Electricians	4	3	3	3	3	2	3	3	3	3	3
Home building and renovation managers	4	3	3	3	3	3	3	3	3	3	4
Painters and decorators (except interior decorators)	4	3	3	3	3	3	3	3	3	3	3
Residential and commercial installers and servicers	4	3	3	3	3	3	3	3	3	3	3
Trades helpers and labourers	4	3	2	3	3	3	3	3	3	3	3

Source: BuildForce Canada

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



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

Employment opportunities over the next 10 years will be driven primarily by aging demographics in the province. Over the past decade, Prince Edward Island has seen the share of the population in the older age bracket (65 years and over) increase significantly, while the share of the population in their prime working age (25-54 years old) has been declining. This trend continues over the next 10 years with the share of the population in the older age bracket expected to increase, representing nearly one in four residents by 2027. Steady immigration, however, is anticipated to sustain the share of the population in their prime working age near current levels. Table 6 shows current and future population age distribution.

As a considerable share of the population moves into the older age bracket, the labour force participation rate (percent of the population 15 years and older in the labour force) is expected to fall steadily.

Replenishing a retiring workforce may become increasingly difficult as other industries also grapple with an aging workforce and an ever-smaller pool of youth from which to draw.

Based on historical trends, Prince Edward Island’s construction industry is expected to draw an estimated 1,200 first-time new entrants aged 30 and younger from the local population over the next decade. Under the outlook scenario, the retiring workforce will exceed the traditional levels of youth recruitment. This will require industry to increase its recruitment of workers from other industries, outside the province, or from new segments of the population that have historically been underrepresented in the construction workforce.

10-YEAR AVERAGE

1.1%



POPULATION GROWTH

1,600



BIRTHS

1,500



DEATHS

1,700



NET IN-MIGRATION

BY 2027

42



AVERAGE AGE OF CONSTRUCTION WORKFORCE

22.4%



PERCENT OF CURRENT LABOUR FORCE LOST TO RETIREMENT

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

AGES	2017	2027
0–14	15.8	15.2
15–24	12.2	11.5
25–54	38.2	37.5
55–64	14.7	13.2
65+	19.2	22.6

Source: Statistics Canada, BuildForce Canada

Increasing construction’s share of new entrants will require improving initiatives to engage underrepresented groups within Prince Edward Island’s construction industry, including Indigenous people and women.

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 they currently account for about 2.9 percent of the construction workforce in the region.

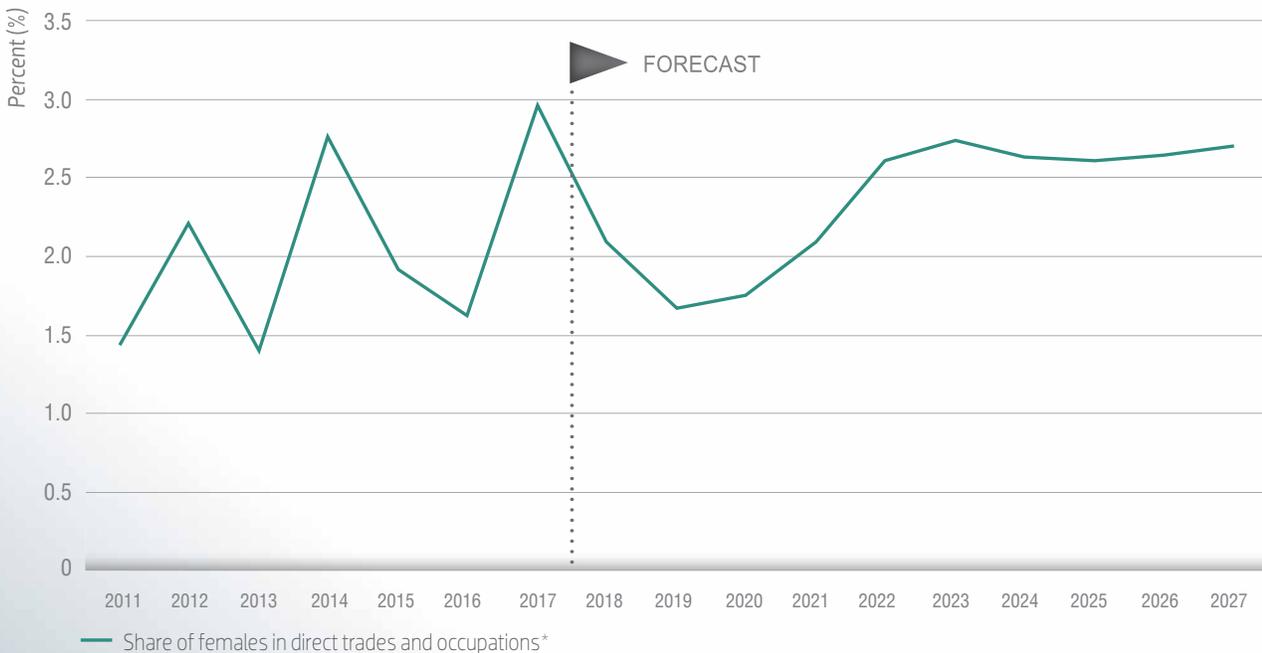
Women continue to be an underrepresented group in Prince Edward Island’s construction industry. The province’s construction workforce is made up of approximately 10 percent women, of which about 28 percent work directly in construction projects, while the remaining 72 percent work primarily in administrative and management-related occupations in the construction industry. This translates into an on-site participate rate of only 2.9 percent working in direct trades and occupations.

Growth in residential and non-residential construction activity led to moderate increases in female representation over the last few years, with the share of women in direct trades and occupations peaking at nearly 3 percent in 2017. The surge in construction activity presented improved job prospects and higher wages, attracting not only men, but also women into the industry. Figure 5 illustrates the share of female employment in direct trades and occupations.

Across the 2018–2027 scenario period, women’s share of employment in direct trades and occupations is expected to wind down over the near term and stabilize near an estimated 2.7 percent of total employment. Over the near term, as residential activity winds down from peak activity, female employment is anticipated to decline marginally, while rising activity in industrial and engineering construction raise male employment.

Table 7 shows the anticipated employment in direct trades and occupations by gender in Prince Edward Island.

Figure 5: Share of women in direct trades and occupations, Prince Edward Island



* **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, Prince Edward Island (total direct trades and occupations)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	4,530	4,920	4,880	4,760	4,810	4,750	4,760	4,820	4,910	5,010	5,100
	140	110	80	90	100	130	130	130	130	140	140

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

CONCLUSIONS AND IMPLICATIONS

The 2018–2027 *Construction and Maintenance Looking Forward* scenario for Prince Edward Island anticipates recent gains driven by strong growth in the residential sector to be sustained by a steady rise in non-residential building requirements across the scenario period.

The pace of population growth in the province is determined largely by its ability to continue to attract large numbers of immigrants. Any significant declines in immigration could lower the growth outlook and limit the potential recruitment supply pool.

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

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