

PRINCE EDWARD ISLAND

An island of growth within Atlantic Canada

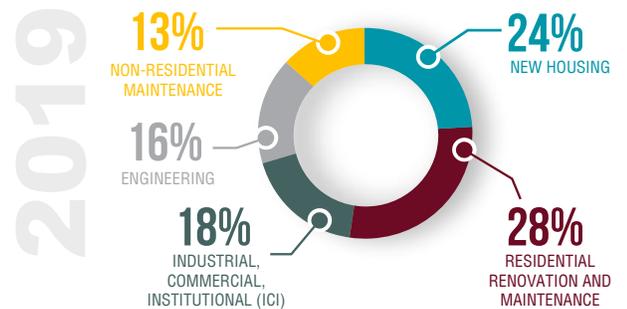
HIGHLIGHTS 2019–2028

Prince Edward Island is bracing for the busiest construction season ever in 2019, driven by continued growth in housing starts and peak levels of investment in engineering projects and industrial, commercial, and institutional (ICI) buildings. This follows a 27% increase in construction investment over the last two years and the corresponding emergence of skilled trades shortages.

Steady immigration-driven population growth is projected to sustain demand for new housing and public-service facilities across the 2019–2028 scenario period, adding 600 jobs by 2022. Over the latter half of the decade, moderating housing demand and lower levels of engineering and ICI investment should produce a modest decline in construction industry employment.

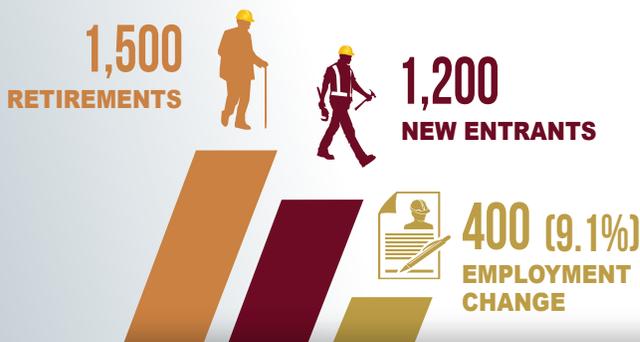
In addition to meeting rising employment requirements, industry will need to replace more than 600 workers projected to retire over the next four years, and a total of 1,500 over the next 10 years. A potential 500 jobs may be filled over the near term by new entrants aged 30 and younger from the local population, leaving a projected gap of almost 900 additional workers that will need to be recruited from outside the local construction labour market.

DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2019, PRINCE EDWARD ISLAND



10-YEAR WORKFORCE OUTLOOK FOR PRINCE EDWARD ISLAND

2028



AVERAGE UNEMPLOYMENT RATE 13.5%

HIGHLIGHTS

- Housing starts nearly reached 1,000 units in 2018 (double 2014 levels), driven by strong immigration growth.
- Investment in industrial, commercial, and institutional buildings is projected to increase by almost 50% between 2019 and 2028.
- Total employment is expected to rise to a peak in 2022, adding more than 600 jobs to the province's existing labour force of 5,500 – or a 13% increase over four years.
- An aging labour force results in the expected retirement of 1,500 construction 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 has been booming since 2016, driven by strong growth in tourism, manufacturing, and the fishery sector alongside major project investments and record levels of immigration. The expansion has contributed to record high levels of housing starts, double-digit growth in commercial and institutional building construction, and an 18% increase in construction employment.

The rapid pace of residential expansion combined with a wave of new institutional and commercial building projects stretched the local labour supply in 2018, leading to shortages and an industry-led recruitment campaign to draw skilled construction workers to the island.¹

The pace of growth is expected to accelerate in 2019 and continue to expand through 2022 as immigration-driven population growth drives housing starts to new record levels (1,300 units), while demands also rise for infrastructure and other major non-residential construction. Total construction employment requirements are projected to rise by 620 jobs, with 400 jobs concentrated in residential construction. Requirements are expected to decline between 2023 and 2028 with the completion of several institutional buildings and highway infrastructure projects alongside a moderation in new homebuilding, though construction employment should be 400 jobs higher by 2028.

Maintaining the breakneck pace in a relatively small construction market presents a significant task for industry, which is already grappling with recruitment challenges. Meeting rising housing and infrastructure demands depends on the ability of industry and training institutions to scale up recruitment and training capacity over a short period. This will require a greater reliance on mobility of skilled trades from outside the province and engaging large numbers of young people to enter the construction labour force. Shortfalls in recruitment risk slowing the expected expansion.

SECTOR INSIGHTS

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

The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants², and net in-mobility³.

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 residential and non-residential market conditions unique to the province based on current and proposed construction activity. In addition, assumptions on regional 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 assessments.

The rankings for some trades 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. Some trades are also excluded because they typically do not work in the sector being assessed (e.g., boilermakers and millwrights in residential construction, and homebuilding and renovation managers in non-residential). For Prince Edward Island, rankings are reported for 10 residential and 10 non-residential trades and occupations.

RESIDENTIAL SECTOR

Housing starts in PEI increased by 50% in 2017, and surpassed 1,000 units in 2018, propelled by strong economic growth and the in-flow of nearly 8,000 immigrants to the province during this period. Sustained levels of immigration are expected to contribute to elevated starts of up to 1,300 units by 2021 before slowing rates of natural population growth⁴ draw starts back to current levels by 2028.

The rapid rise in housing demand is expected to be partly met by a greater concentration of apartment and multiple-unit structures, which tend to have lower unit labour and total construction costs. Total residential construction demands add close to 400 jobs by 2022, with 300 of those workers engaged in the construction of new homes, while 100 focus on increased activity in the renovation and maintenance market. New homebuilding recedes over the latter half of the scenario period, but employment remains higher by 150 jobs by 2028 compared to the 2018 start.

Figure 1 shows the employment trends by sector for residential construction.

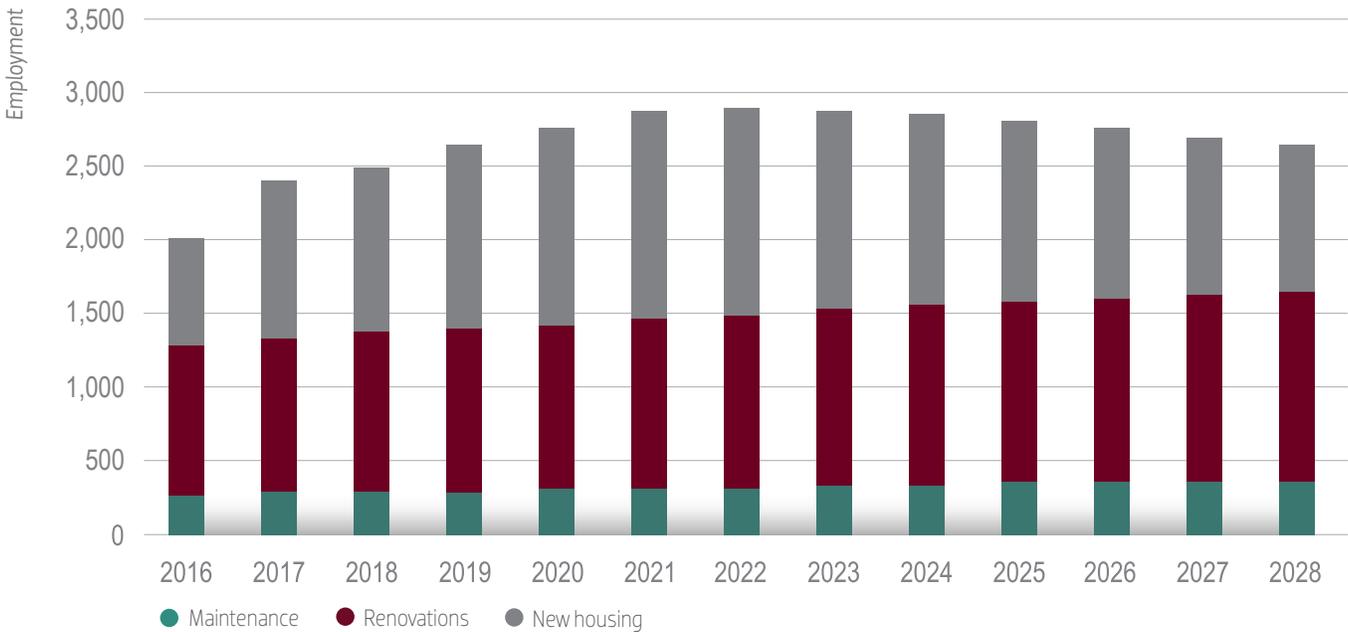
¹ The Construction Association of Prince Edward Island (CAPEI) launched the Island Builder recruitment campaign that aims to draw more people to the trades from around Canada. <https://canada.constructconnect.com/dcn/news/associations/2018/05/island-builder-campaign-looks-draw-workers-p-e>

² **New entrants** are measured by applying the traditional proportion of the provincial labour force 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.

³ **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.

⁴ **Natural rate of population growth** refers to the growth in the population due to the number of births exceeding the number of deaths.

Figure 1: Residential construction employment growth outlook, Prince Edward Island



Source: Statistics Canada, BuildForce Canada

THE AVAILABLE LABOUR FORCE

The strong expansion in labour force requirements has been met in part by attracting hundreds of workers from outside the local residential construction market. This included drawing workers from other sectors, industries, and from outside of the province. Attracting workers will become increasingly more difficult as demands continue to rise, forcing industry to expand the scope of recruitment efforts. The anticipated retirement of 800 workers will require a doubling of hiring requirements over the next five years alone, as retirement-related recruitment emerges as the dominant industry preoccupation throughout the entire scenario period.

Table 1 provides a summary of the estimated changes in the residential labour force in 2018, the five-year period between 2019

and 2023, and across the full 2019–2028 scenario period. The retirement of 800 workers is anticipated over the next decade, compared to an estimated 600 first-time new entrants aged 30 and younger expected to be drawn into construction from the local population.

RESIDENTIAL RANKINGS, RISKS, AND MOBILITY

Table 2 shows residential labour market rankings across the scenario period. Market conditions tightened significantly in 2017 and 2018 due to the rapid rise in new homebuilding. Conditions are expected to remain tight for most trades and occupations through 2021. The remainder of the scenario period, from 2022 to 2028, is likely to see mostly balanced labour markets.

Table 1: Changes in the residential labour force, Prince Edward Island

RESIDENTIAL LABOUR FORCE ADJUSTMENT		2018	5 years 2019–2023	10 years 2019–2028
Demand	Labour force change	200	500	200
	Retirements	100	400	800
Supply	New entrants	100	300	600
	Net mobility	200	600	400

Source: BuildForce Canada

RESIDENTIAL HIGHLIGHTS

- Housing starts surpassed 1,000 units in 2018 and are expected to rise to 1,300 units by 2021 before receding back to current levels by 2028.
- Renovation investment increases by 30% over the decade, contributing to steady employment gains.
- Employment requirements in the residential sector add close to 400 jobs by 2022. By 2028, employment remains higher than 2018 levels by 150 jobs, with 50% of the jobs concentrated in renovation activity.

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 2: Residential market rankings, Prince Edward Island

TRADES AND OCCUPATIONS – RESIDENTIAL	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Carpenters	4	4	4	4	3	3	3	3	3	3	3
Construction managers	3	4	4	3	3	3	3	2	2	2	2
Contractors and supervisors	4	4	4	4	3	3	3	3	3	3	3
Electricians	4	4	3	3	3	3	3	3	3	2	2
Homebuilding and renovation managers	4	4	4	4	4	4	4	3	3	3	3
Painters and decorators (except interior decorators)	4	4	4	4	3	3	3	3	3	3	3
Plasterers, drywall installers and finishers, and lathers	4	4	4	4	3	3	3	3	3	3	3
Plumbers	4	4	4	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	4	4	4	3	3	3	2	2	2	2

Source: BuildForce Canada

NON-RESIDENTIAL SECTOR

Construction of ICI buildings is expected to sustain moderate employment growth as major projects and engineering construction demands decline over the coming decade. Growth in the commercial sector follows the residential-expansion cycle, while demand for institutional buildings grows to accommodate stronger population growth over the decade.

Total non-residential employment is projected to rise by 13% across the scenario period, adding 300 jobs by 2028 compared to the 2018 starting point.

Figure 2 tracks the change in non-residential employment by sector for key reference points across the scenario period, including the start in 2019 and then at the end of the period in 2028.

Completion of the Maritime Electric transmission project resulted in a decline in engineering construction employment requirements for several trades in 2018, but losses were offset by increased levels of road and infrastructure work, and higher institutional construction demands.

Population growth and government building projects increase institutional and commercial building employment by close to 200 jobs (+25%) over the next decade. Over the same period, rising manufacturing activity and exports raise industrial building construction, adding close to 100 jobs. Labour demands related to highway and bridge construction are expected to increase around 30% over the scenario period.

Table 3 summarizes the percent change in non-residential employment by sector across two periods: the first captures the expected rise over the next five years to 2023, and the second, the remainder of the period to 2028.

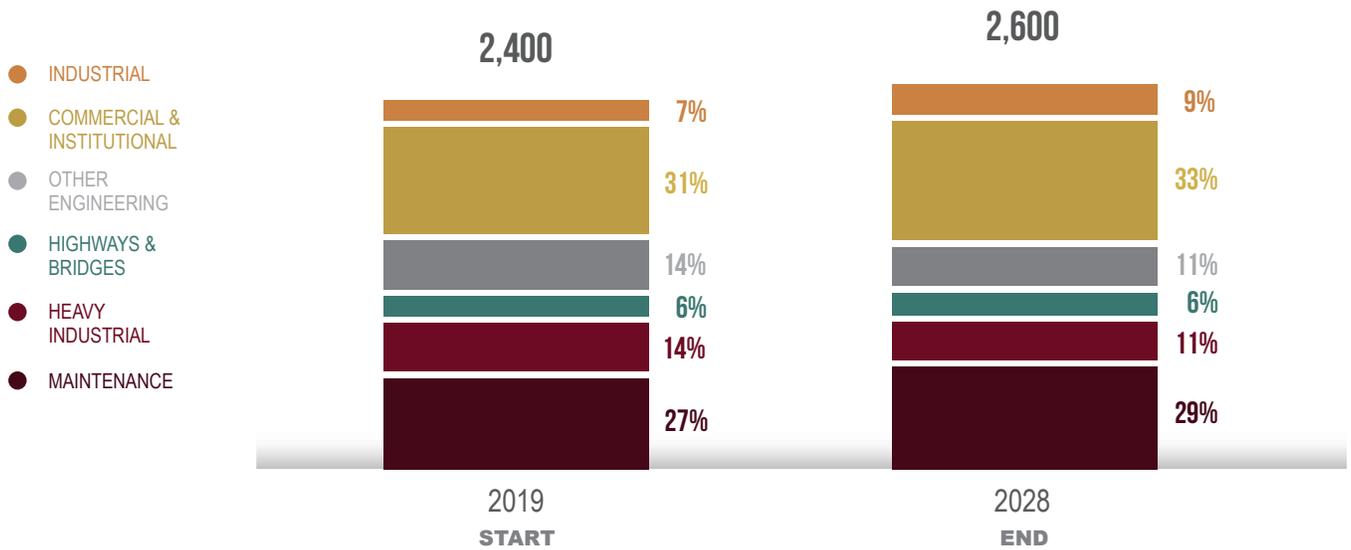
Figure 3 shows the employment trends by sector for non-residential construction.

Table 3: Changes in non-residential employment by sector, Prince Edward Island

SECTOR		% CHANGE 2019–2023	% CHANGE 2024–2028
Total non-residential employment		-5%	7%
ICI buildings	Industrial	-19%	3%
	Commercial, institutional and government	2%	5%
Engineering	Highways and bridges	-6%	-20%
	Heavy industrial	-30%	16%
	Other engineering	3%	12%
Maintenance		5%	19%

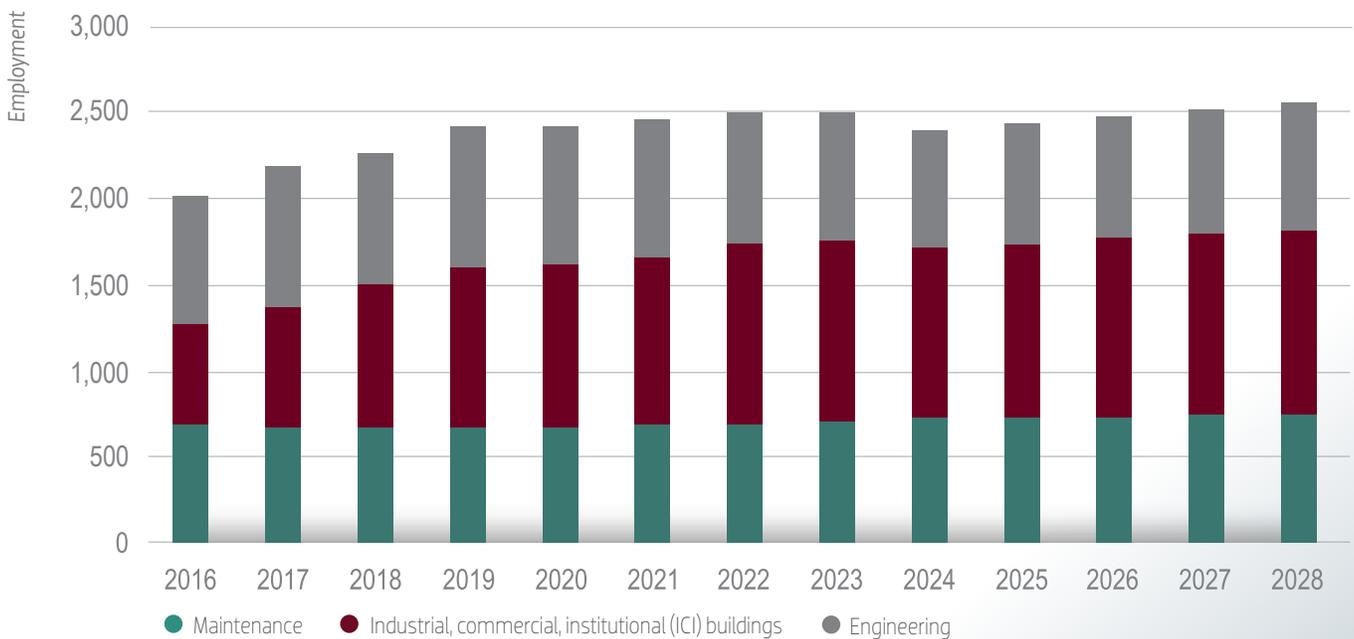
Source: Statistics Canada, BuildForce Canada

Figure 2: Non-residential employment distribution by sector, Prince Edward Island, 2019 and 2028



Source: Statistics Canada, BuildForce Canada

Figure 3: Non-residential construction employment growth outlook, Prince Edward Island



Source: Statistics Canada, BuildForce Canada

NON-RESIDENTIAL HIGHLIGHTS

- Wastewater treatment projects and road, highway, and bridge work offset the completions of major utility projects.
- Steady increases in ICI building investment increase related employment requirements by 250 jobs (+30%) over the scenario period.
- Non-residential employment adds 300 jobs (+13%) by the end of the coming decade. Growth is driven almost entirely by expansion in ICI buildings.

THE AVAILABLE LABOUR FORCE

Prince Edward Island's small but growing population has been supported by rising levels of immigration, but the pool of youth entering the local labour force continues to decline while retirements rise. Meeting rising labour force requirements and addressing an aging labour force will rely on industry's ability to attract youth and new immigrants into construction.

The retirement of 700 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 the construction labour force from the local population. Rising requirements will likely necessitate the recruitment of an additional 500 workers from outside the local non-residential construction labour force.

Table 4 provides a summary of changes in the non-residential labour force in 2018, the five-year period between 2019 and 2023, and across the full scenario period to 2028.

NON-RESIDENTIAL RANKINGS, RISKS, AND MOBILITY

Persistent growth has drawn down unemployment resulting in tightened labour market conditions for most non-residential trades in 2018, as shown in Table 5. A significant rise in the construction of institutional and commercial buildings is expected to sustain market pressures in 2019. Recruitment challenges are also heightened for some trades due to competing demands in residential construction. In 2020, a slower pace of growth is anticipated to allow markets to return to balanced conditions and then remain there, except for a brief period in 2024 when tracked road and institutional projects are completed and markets weaken.

Table 4: Changes in the non-residential labour force, Prince Edward Island

NON-RESIDENTIAL LABOUR FORCE ADJUSTMENT		2018	5 years 2019–2023	10 years 2019–2028
Demand	Labour force change	100	300	400
	Retirements	100	400	700
Supply	New entrants	100	300	600
	Net mobility	200	400	500

Source: BuildForce Canada

Table 5: Non-residential market rankings, Prince Edward Island

TRADES AND OCCUPATIONS – NON-RESIDENTIAL	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Carpenters	5	4	3	3	3	3	2	3	3	3	3
Construction managers	4	4	3	3	3	3	2	3	3	3	3
Contractors and supervisors	4	4	3	3	3	3	2	3	3	3	3
Electricians	3	4	3	3	3	3	3	3	3	3	3
Heavy equipment operators (except crane)	4	4	3	3	3	3	2	3	3	3	3
Ironworkers and structural metal fabricators	4	4	3	3	3	3	2	3	3	3	3
Plumbers	4	4	3	3	3	3	2	3	3	3	3
Trades helpers and labourers	4	4	3	3	3	3	3	3	3	3	3
Truck drivers	4	4	3	3	3	3	2	3	3	3	3
Welders and related machine operators	4	4	3	3	3	3	2	3	3	3	3

Source: BuildForce Canada

BUILDING A SUSTAINABLE LABOUR FORCE

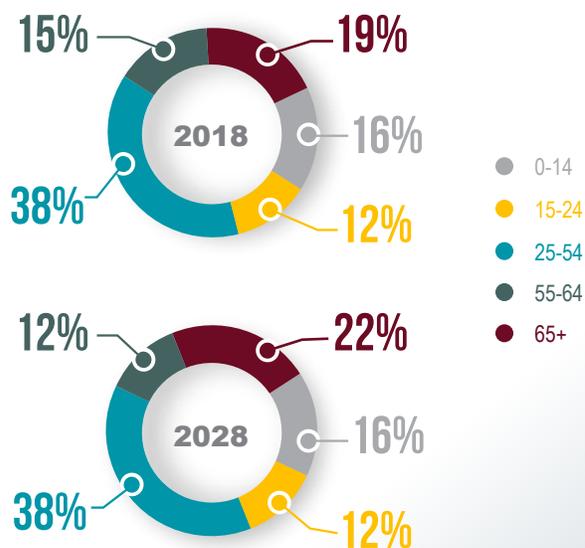
Over the coming decade, building a sustainable labour force will be top of mind for industry stakeholders across the country, as all provinces are faced with an aging population. Prince Edward Island's construction industry is anticipated to lose 28% of its current labour force (1,500 workers) to retirements between 2019 and 2028. This represents a significant loss of skills and experience to the construction industry.

Meeting labour needs may present challenges over the decade, as the share of the population in the older age bracket (65 years and over) is expected to increase (see Figure 4). Sustained levels of immigration and population growth should help to maintain the share of the population at prime working age (25-54 years old) and leave the share of the population potentially available to enter the labour force (15-24 years old) relatively unchanged.

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 decline.

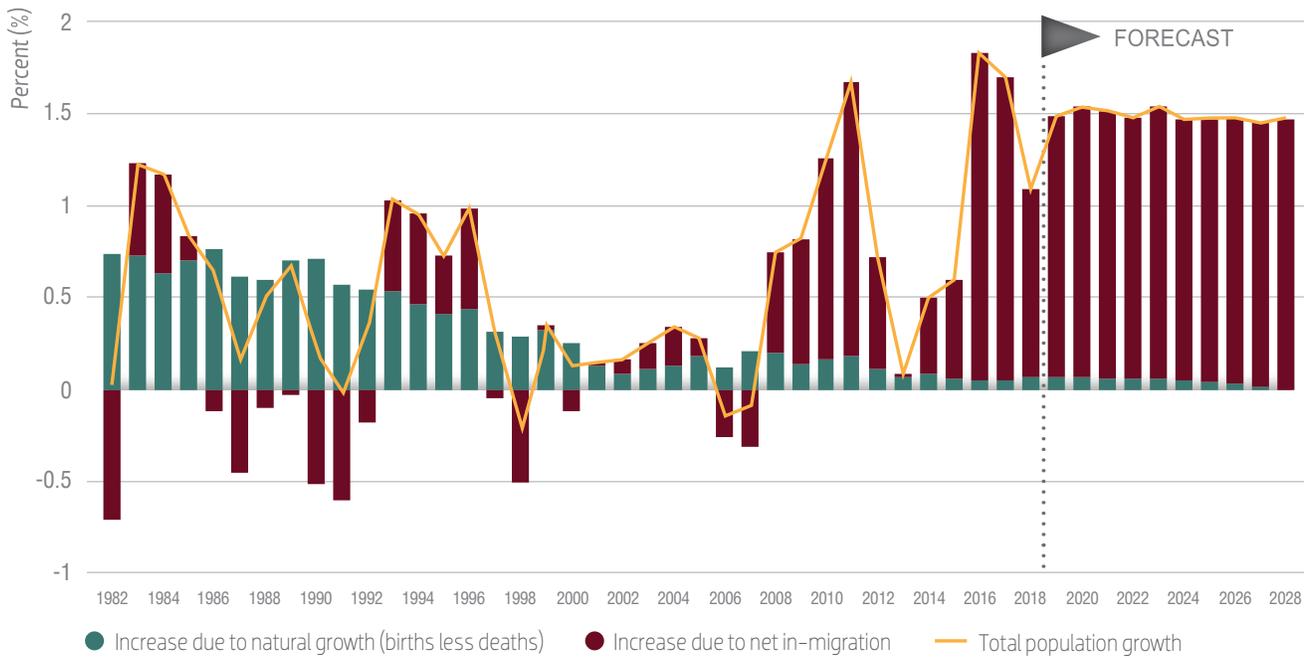
The aging of the population means that net in-migration will play a key role in Prince Edward Island's population growth over the coming decade. The province's population growth has been operating well above historical averages over the past few years, driven by rising immigration (see Figure 5). Over the next 10 years, PEI's population is expected to grow at an average of 1.5% per year, as the province has established programs that are expected to maintain immigration at above historical norms.

Figure 4: Population age distribution, Prince Edward Island



Source: BuildForce Canada

Figure 5: Sources of population growth (%), Prince Edward Island



Source: Statistics Canada, BuildForce Canada (2019–2028)

Based on historical trends, Prince Edward Island’s construction industry is expected to draw in an estimated 1,200 first-time new entrants aged 30 and younger from the local population over the next decade. Much of the expected entry of young workers will depend on industry’s ability to attract new entrants.

APPRENTICESHIP

More than 900 apprentices registered in the 14 largest construction programs⁵ in Prince Edward Island between 2012 and 2018⁶. Completions totaled 450 over the same period. Apprenticeship data from Statistics Canada’s Registered Apprenticeship Information System (RAIS) shows annual new registrations decreased by 28% from 2012 to 2018, while construction employment increased 16% over the same period. Annual new registrations dropped in 2013 and have been unable to exceed registration levels prior to the decline, despite a slight increase over the past few years. BuildForce Canada is working to better track apprenticeship training information to provide data on industry trends and training needs to ensure there are sufficient numbers of apprentices and newly certified journeypersons to sustain a skilled labour force over the long term.

⁵ Programs include Sheet Metal Worker, Boilermaker, Metal Fabricator, Ironworker (Generalist), Welder, Construction Electrician, Powerline Technician, Steamfitter/Pipefitter, Carpenter, Concrete Finisher, Bricklayer, Industrial Mechanic (Millwright), Refrigeration and Air Conditioning Mechanic, Mobile Crane Operator, and Plumber.

⁶ Statistics Canada’s apprenticeship data is only available to 2016. BuildForce Canada estimated the 2017 and 2018 values.

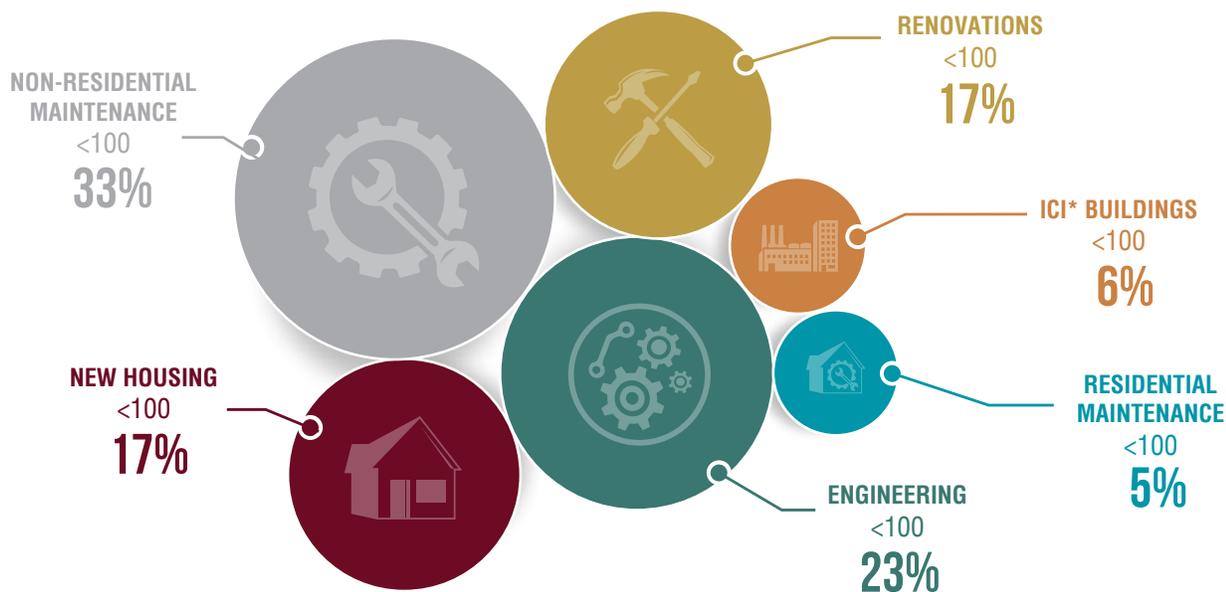
UNDERREPRESENTED GROUPS OF WORKERS

Building a sustainable workforce will require the construction and maintenance industry to increase recruitment from groups traditionally underrepresented in the current construction labour force, including women, Indigenous Canadians, and new Canadians.

In 2018, there were 37,200 women employed in Prince Edward Island, representing 49% of total employment in the province. Female workers tend to be concentrated in the healthcare and social assistance (23%), retail services (14%), educational services (10%), and accommodation and food services (10%) industries. The construction industry employed 650 women, or 1.8% of all female workers.

Prince Edward Island’s construction industry is made up of approximately 11% women, of which about 36% work directly on construction projects, while the remaining 64% work primarily in administrative and management-related occupations. This translates into women representing 4% of employment in direct trades and occupations.

Figure 6: Breakdown of female construction employment (2018), Prince Edward Island



* industrial, commercial, institutional

Source: BuildForce Canada calculations based on Statistics Canada's Labour Force Survey (LFS) and 2016 Census of the Population.

Unlike most provinces, more tradeswomen work in PEI's non-residential sector than in residential. The engineering and non-residential maintenance sectors employ 56% of tradeswomen in the province, or 130 women. Residential and ICI building construction employ the remaining 45%, or 100 women (see Figure 6).

For much of the six years preceding 2017, the representation of females in the province's construction industry averaged just over 7%. By 2018, women accounted for 11% of total construction employment, driven by significant expansion over the past two years, which has required industry to broaden its requirement to include workers traditionally underrepresented.

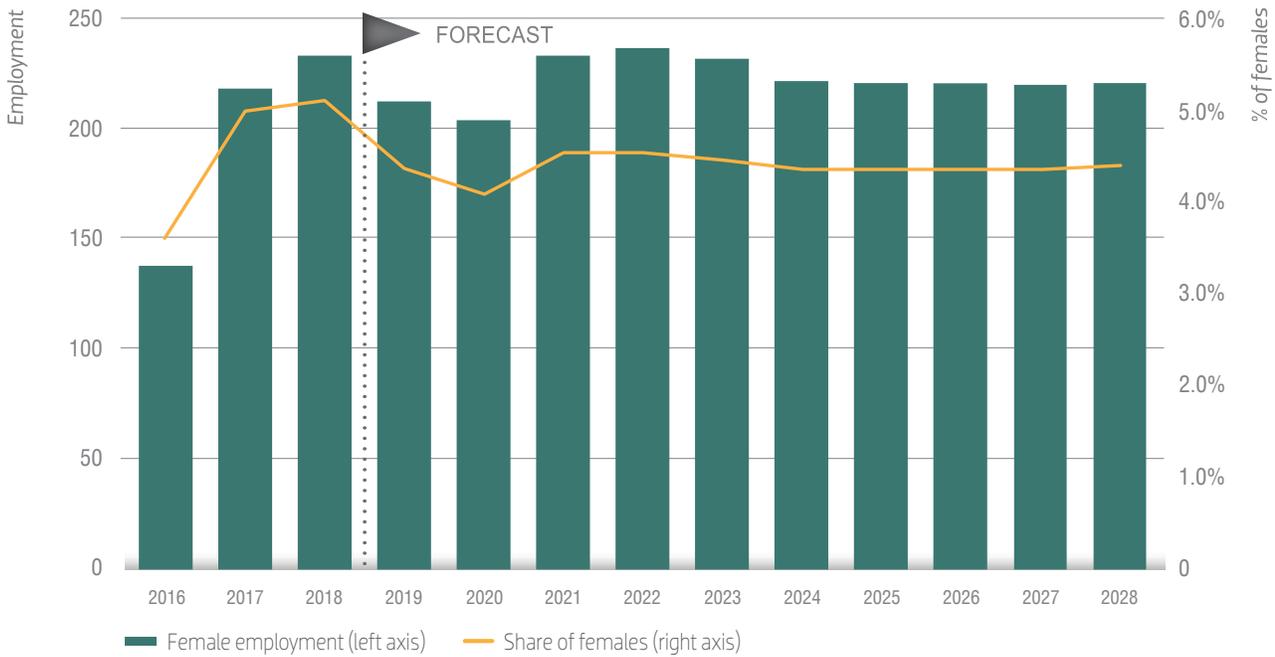
Based on historical in- and out-flows of women to the construction industry, female employment and industry representation are anticipated to decline modestly over the next two years before rebounding between 2021 and 2023 with continued growth in new homebuilding and in the construction of new roads, highways, and bridges. By the end of the scenario period, female employment and industry participation are expected to have settled just below 2018 levels.

Figure 7 shows the expected female employment and industry representation over the coming decade.

Another underrepresented group of workers in Prince Edward Island's construction industry is the Indigenous community. In 2017, approximately 7% of all Indigenous people resided in Atlantic Canada. The Indigenous population is the fastest growing in Canada and they have a higher propensity to choose the construction industry as a career choice. In 2016, an estimated 7.6% of non-Indigenous Canadians were employed in the construction industry, compared to 9.6% for the Indigenous population.

In Prince Edward Island, less than 1% of the construction labour force is made up of Indigenous Canadians, of which about 75% work directly on construction projects, while the remaining 25% work primarily in administrative and management-related occupations.

Figure 7: Female construction employment and share of total 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 2016 Census of the Population.

Prince Edward Island has opened the doors to new Canadians, and this in-flow has played a key role in the province's labour markets. Despite the province's decision to cancel the entrepreneur stream of the Provincial Nominee Program, the immigrant population will continue to be a key source of labour force growth, as the province is estimated to welcome 27,000 new immigrants between 2019 and 2028.

The immigrant population currently accounts for less than 3% of Prince Edward Island's construction labour force. Historically, a key source of immigrants to the province were from Europe and the Americas (primarily the United States), whose citizens tend to have a higher propensity to choose a career in the construction industry. The new wave of immigrants, however, is primarily from Asia, with more than half originating from China, who's citizens may have a lower inclination toward construction trades and occupations.

10-YEAR AVERAGE

1.5%



POPULATION GROWTH

1,600



BIRTHS

1,600



DEATHS

2,400



NET MIGRATION

BY 2028

42



AVERAGE AGE OF CONSTRUCTION WORKFORCE

28%



PERCENT OF CURRENT LABOUR FORCE LOST TO RETIREMENT

CONCLUSIONS AND IMPLICATIONS

The 2019–2028 *Construction and Maintenance Looking Forward* scenario for Prince Edward Island anticipates continued growth driven by housing demand and a steady rise in non-residential building requirements across the scenario period.

The pace of the province's population growth is determined largely by its ability to continue attracting large numbers of immigrants. Any significant declines in immigration could lower economic growth, while failing to provide adequate housing could also deter newcomers. As such, the province must continue to build out its housing capacity to ensure newcomers establish quickly upon their arrival. Increasing training capacity to meet these near and longer-term demands must be a critical priority for industry.

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 risk, and potentially alters anticipated market conditions.

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