

# PRINCE EDWARD ISLAND

An island of growth within Atlantic Canada

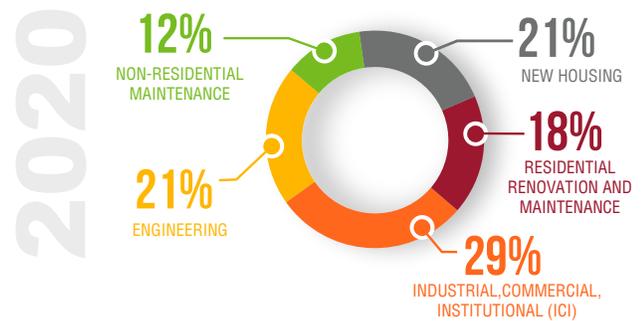
## HIGHLIGHTS 2020-2029

Prince Edward Island continues to grind through an exceptional broad-based expansion propelled by strong levels of immigration since 2016. Construction demands are set to rise for a fourth straight year in 2020, driven by rising residential, business, and government investment. The pace of growth moderates across the 2020-2029 scenario period, confronted by labour capacity constraints and a projected plateauing in immigration and population growth.

Construction investment is expected to ebb after 2020, as major utility (wind), transportation, and other infrastructure projects are completed and overall economic expansion slows, but the province will continue to be a leading region in population growth across Canada over the scenario period, which will sustain demand for new housing and public service facilities.

Despite the positive impact immigration has had in lowering the average age in Prince Edward Island over the past few years, the industry's labour force continues to age, requiring industry to replace close to 1,500 workers projected to retire over the next 10 years. A potential 1,200 new entrants aged 30 and younger are expected to enter the labour force from the local population, leaving a projected gap of more than 600 additional workers that will need to be recruited from outside the local construction labour market from other industries or outside the province.

### DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2020, PRINCE EDWARD ISLAND



### 10-YEAR WORKFORCE OUTLOOK FOR PRINCE EDWARD ISLAND



### HIGHLIGHTS

- Construction employment is projected to rise further in 2020 and 2021 before plateauing at high levels.
- Housing starts come off the peak of 1,400 units in 2019 but remain above 1,000 units by 2029.
- Construction of commercial and institutional buildings is a dominant driver of activity, with further growth expected to 2023; engineering construction activity slows as major projects wind down.
- An aging labour force results in the expected retirement of almost 1,500 construction workers over the next decade.

**AVERAGE UNEMPLOYMENT RATE** **13%**

### 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 is poised to continue leading the Atlantic region in economic growth in 2020, with increased growth in residential and non-residential construction. The expansion, which gained strength in 2017, has been broad-based, driven by strong growth in tourism, manufacturing, and the fishery sectors, alongside major construction projects and record levels of immigration.

Strong population growth has driven demand for housing, propelling housing starts to a record high in 2019, while construction of industrial, commercial, and institutional (ICI) buildings increased 80% above 2015 levels. Engineering construction increased by double digits for three consecutive years, with increased utility, road, highway, bridge, wastewater, and other infrastructure projects. Despite attracting a record number of skilled trades to the province, the rapid pace of expansion has run well ahead of available labour supply, leading to falling rates of unemployment and recruitment challenges.

Construction employment is projected to rise by an additional 200 workers (+4%) in 2020 to meet demands related to higher levels of new homebuilding, construction of institutional buildings, and a rise in engineering construction related to the ramp-up of major utility-sector projects. Both residential and non-residential employment are expected to remain at elevated levels across the scenario period, sustained by strong population growth.

Adapting to higher sustained levels of construction in a relatively small market will require a reliance on mobility of skilled trades from outside the province over the near term, while industry and training institutions will likely need to scale up recruitment and training capacity.

## SECTOR INSIGHTS

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

The BuildForce LMI system tracks supply and accounts for the change in the available labour force, including retirements, new entrants<sup>1</sup> and net mobility<sup>2</sup>.

BuildForce assesses market conditions for 34 construction trades and occupations using a ranking system that combines measures of the change in employment, unemployment, net 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 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 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 7 residential and 12 non-residential trades and occupations.

## RESIDENTIAL SECTOR

A record number of immigrants in 2019 translates into another banner year for P.E.I. housing starts in 2020, which reached 1,400 units in 2019, surpassing the previous record of 1,100 units in 2018. The net addition of 9,000 migrants from international sources between 2016 and 2019 and lower interprovincial out-migration has been the primary driver of new-housing construction in recent years.

Although housing starts are expected to recede from current levels, they are expected to be sustained above 1,000 units per year over the scenario period by continued economic expansion and the expected arrival of an additional 26,400 immigrants.

The rapid rise in housing demand has been partly met by increased investment in apartments and multiple-unit structures. In 2019, multiple-family units accounted for 70% of all new builds in the province. Although high levels of multiple-family units are likely to persist in urban centres such as Charlottetown, these high levels are anticipated to recede, with multiple-family units accounting for 50% of all new-housing starts by 2029.

Total residential construction demands are projected to rise by a modest 6% from 2019 levels across the scenario period, with growth driven exclusively by modest increases in the renovation and maintenance market.

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

## THE AVAILABLE LABOUR FORCE

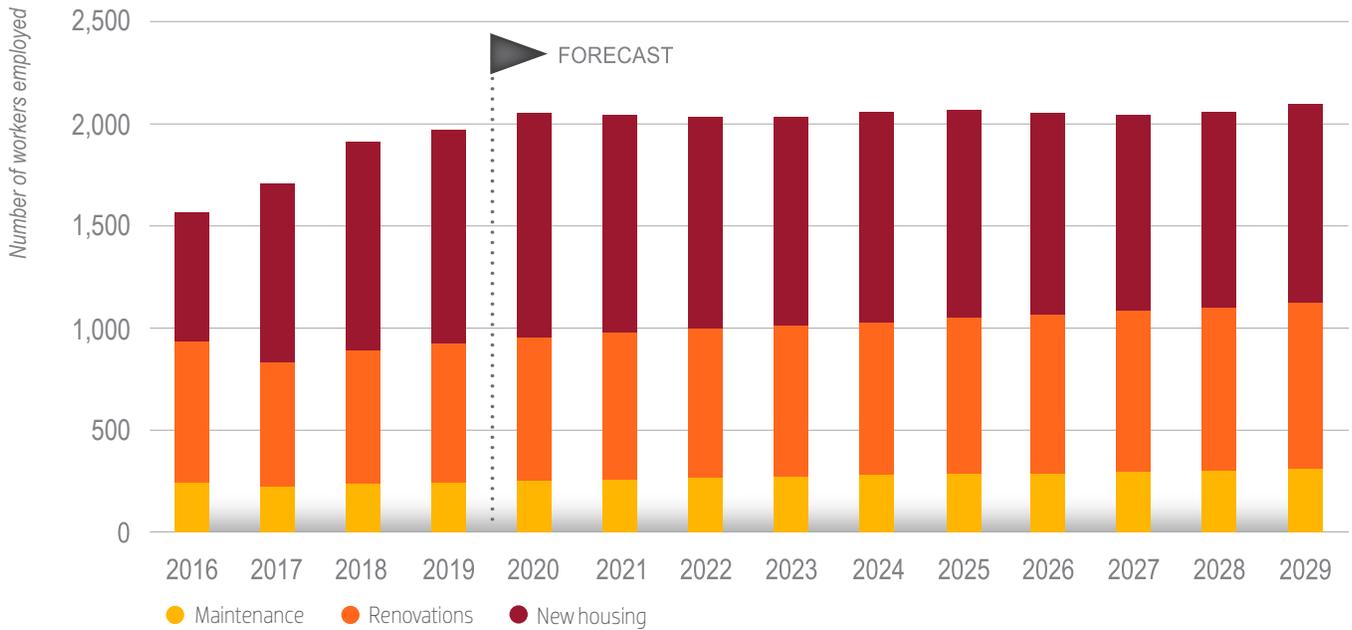
The strong expansion in labour force requirements has been met in part by attracting workers from outside the local residential construction market. This included drawing workers from other sectors, industries, and from outside of the province. Attracting workers will become increasingly more difficult as demands rise, forcing industry to expand the scope of recruitment efforts. The anticipated retirement of 600 workers will increase hiring efforts over the coming decade, as recruitment related to replacing retiring workers emerges as the dominant industry preoccupation. The replacement of retiring workers is only partly offset by the estimated entry of 400 first-time new entrants aged 30 and younger expected to be drawn from the local population.

Figure 2 provides a summary of the estimated changes in the residential labour across the full 2020–2029 scenario period.

<sup>1</sup> **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.

<sup>2</sup> **Net mobility** refers to the movement of labour in and out of the local construction industry labour force. In-mobility captures the movement into the labour force of out-of-province industry workers and/or workers from outside the industry. Many members of this group will move quickly out of the provincial labour force as work declines, referred to as out-mobility.

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



Source: Statistics Canada, BuildForce Canada (2020-2029)

**Figure 2: Changes in the residential labour force, Prince Edward Island**



\* Net mobility refers to the number of workers needed to be brought into the industry from other industries or other provinces to meet rising demands or the number of workers that exit the industry in downturns. Positive net mobility means that industry must attract workers, while negative net mobility arises from an excess supply of workers in the local construction labour force.

Note: Due to rounding, numbers may not add up to the totals indicated.

Source: BuildForce Canada

## RESIDENTIAL RANKINGS, RISKS, AND MOBILITY

Table 1 shows residential labour market rankings across the scenario period. Market conditions tightened significantly between 2017 and 2019. Recruitment challenges are expected to persist into 2020 and 2021 due to the rapid rise and sustained high levels of new-housing construction. The remainder of the scenario period is likely to see mostly balanced labour markets.

### 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 1: Residential market rankings, Prince Edward Island**

TRADES AND OCCUPATIONS – RESIDENTIAL	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Carpenters	4	4	3	3	3	3	3	3	3	3	3
Construction managers	4	4	3	3	3	3	3	3	3	3	3
Contractors and supervisors	4	4	4	3	3	3	3	3	3	3	3
Homebuilding and renovation managers	4	4	4	4	4	4	4	3	3	4	4
Painters and decorators	4	4	4	3	3	3	3	3	3	3	3
Residential and commercial installers and servicers	4	4	3	3	3	3	3	3	3	3	3
Trades helpers and labourers	4	4	3	3	3	3	3	3	3	3	3

Source: BuildForce Canada

## NON-RESIDENTIAL SECTOR

Non-residential construction requirements are expected to moderate between 2021 and 2025 as tracked major industrial, institutional, and other infrastructure projects wind down. The construction of commercial buildings is projected to lead growth over the decade, driven by population growth and expanding tourism and other services sectors. Institutional building construction is expected to experience a sharp increase in 2020 with planned construction starts on multiple health and education projects. A modest decline follows after 2022 as projects wind down, but construction of institutional buildings is sustained across the remainder of the scenario period driven by strong population growth.

Total non-residential employment is projected to rise by 3% in 2020 before receding between 2021 and 2025.

Figure 3 tracks the distribution of non-residential employment by sector between 2019 and 2029.

### Timing of key tracked projects:

Completion of the Charlottetown marine terminal in 2019 and the winding down of the Charlottetown-Stratford wastewater treatment projects decreases engineering construction employment for a number of trades in 2021 and 2022. Demands are sustained for others with continued high levels of road, highway, and bridge projects. Construction of the BioVectra expansion, the Hillsborough mental health facility, and several school projects elevates ICI building construction over the near term.

Table 2 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 2024, and the second, the remainder of the period to 2029.

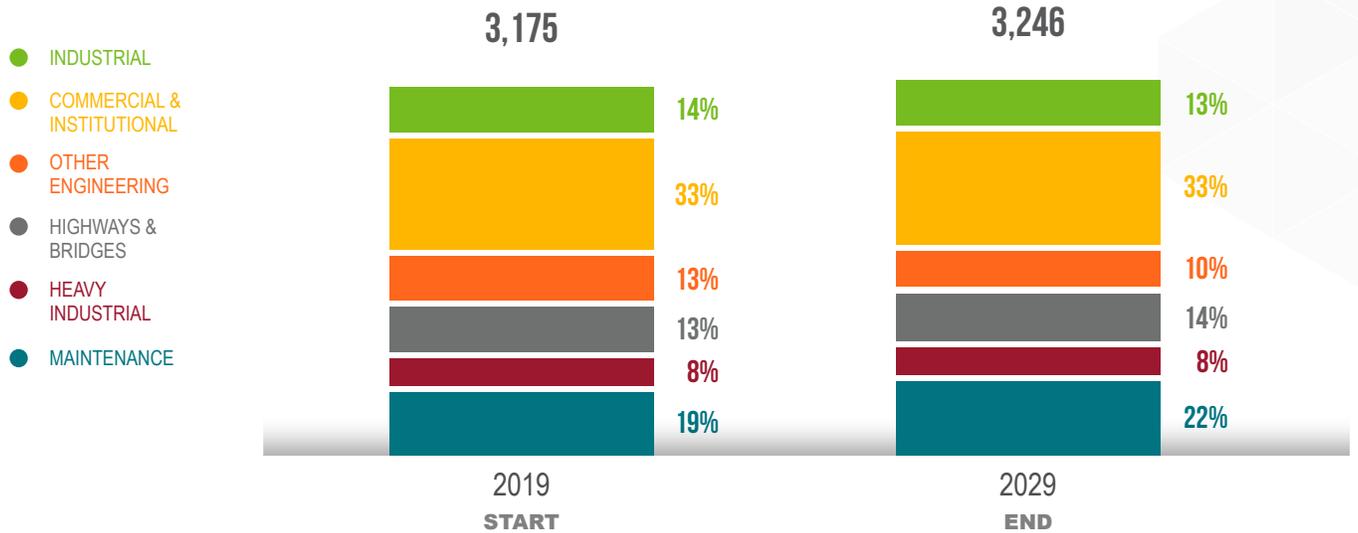
Figure 4 shows the employment trends by sector for non-residential construction across the scenario period.

**Table 2: Changes in non-residential employment by sector, Prince Edward Island**

SECTOR		% CHANGE 2020–2024	% CHANGE 2025–2029
Total non-residential employment		-1%	3%
ICI buildings	Industrial	-8%	6%
	Commercial, institutional, and government	4%	-1%
Engineering	Highways and bridges	5%	3%
	Heavy and other engineering	-18%	6%
Maintenance		11%	6%

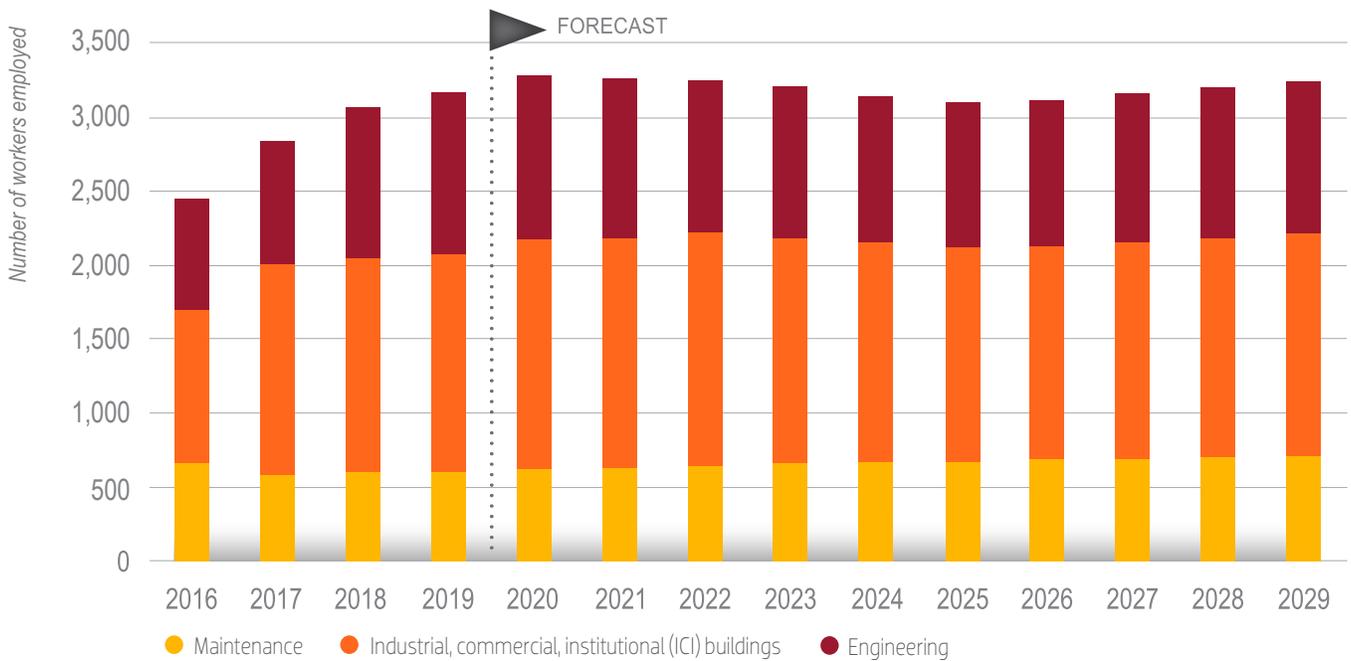
Source: Statistics Canada, BuildForce Canada (2020-2029)

**Figure 3: Non-residential employment distribution by sector, Prince Edward Island, 2019 and 2029**



Source: Statistics Canada, BuildForce Canada (2020-2029)

**Figure 4: Non-residential construction employment growth outlook, Prince Edward Island**



Source: Statistics Canada, BuildForce Canada (2020-2029)

### 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 as expected retirements rise. Meeting increased labour demands while contending with an aging labour force will depend on industry’s ability to attract youth and new immigrants into construction.

The retirement of almost 900 workers over the next decade is expected to be partly met by just over 700 first-time new entrants aged 30 and younger from the local population expected to be drawn into the non-residential construction labour force. Rising demands will likely necessitate the recruitment of nearly 300 additional workers from outside the local non-residential construction labour force.

Figure 5 provides a summary of the estimated changes in the non-residential labour force across the full 2020–2029 scenario period.

### NON-RESIDENTIAL RANKINGS, RISKS, AND MOBILITY

Persistent growth has drawn down unemployment and tightened labour market conditions for most non-residential trades in 2019, as shown in Table 3. A continued rise in the construction of institutional and commercial buildings is expected to sustain market pressures in 2020. Recruiting challenges are also heightened for some trades due to competing demands in residential construction. In 2021, modest declines allow markets to return to generally balanced conditions. The completion of tracked major projects should weaken conditions temporarily for some trades between 2022 and 2025 as projects wind down.

**Figure 5: Changes in the non-residential labour force, Prince Edward Island**



\* **Net mobility** refers to the number of workers needed to be brought into the industry from other industries or other provinces to meet rising demands or the number of workers that exit the industry in downturns. Positive net mobility means that industry must attract workers, while negative net mobility arises from an excess supply of workers in the local construction labour force.

Note: Due to rounding, numbers may not add up to the totals indicated.

Source: BuildForce Canada

**Table 3: Non-residential market rankings, Prince Edward Island**

TRADES AND OCCUPATIONS – NON-RESIDENTIAL	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Carpenters	4	4	3	3	3	3	3	3	3	3	3
Construction managers	4	4	4	3	3	2	3	3	3	3	3
Contractors and supervisors	4	4	3	3	3	3	3	3	3	3	3
Electrical power line and cable workers	4	3	3	2	3	2	3	3	3	3	3
Electricians	3	4	3	3	3	3	3	3	3	3	3
Heavy equipment operators (except crane)	4	3	3	2	3	2	3	3	3	3	3
Ironworkers and structural metal fabricators	4	3	3	3	3	3	3	3	3	3	3
Painters and decorators	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	3	3	3	3	3	3	3	3	3	3	3
Truck drivers	4	3	3	3	3	3	3	3	3	3	3
Welders and related machine operators	4	3	3	3	3	3	3	3	3	3	3

Source: BuildForce Canada

### BUILDING A SUSTAINABLE LABOUR FORCE

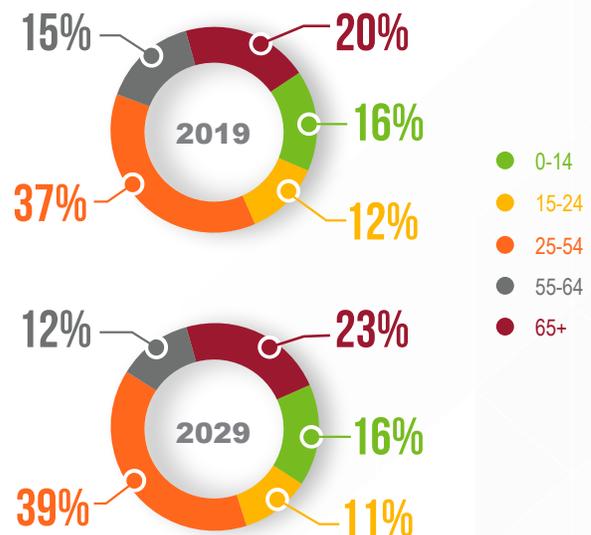
Prince Edward Island’s construction industry has expanded significantly over recent years, and with further growth on the radar, industry will need to proactively plan to meet future demands. On top of increasing demands, the province’s construction industry is also faced with the need to replace almost 1,500 workers expected to retire over the coming decade. This presents a significant loss of skills that will require industry to remain focused on attracting, training, and retaining qualified workers to mitigate the potential risk of a skills shortage.

Replacing retiring workers and engaging new workers may present challenges over the coming decade, as the province’s population is expected to continue aging, and competition for workers among industries will be heightened. Over the next 10 years, the share of the population in the older age bracket (65 years and over) is expected to increase, and at the same time, the share of the youth population (15-24 years old) is expected to decline (see Figure 6). These demographic shifts have the potential to tighten labour markets, as labour force participation by older workers is much lower than that of their younger counterparts.

Propelled by strong immigration, Prince Edward Island’s population growth remains well above historical levels over the coming decade. Unlike other Atlantic provinces, P.E.I.’s natural rate of population growth (births less deaths) remains positive, as the province faces a relatively younger population than its neighbours. Nevertheless, the dominant driving force in the province’s population growth continues to be the strong inflows of immigrants.

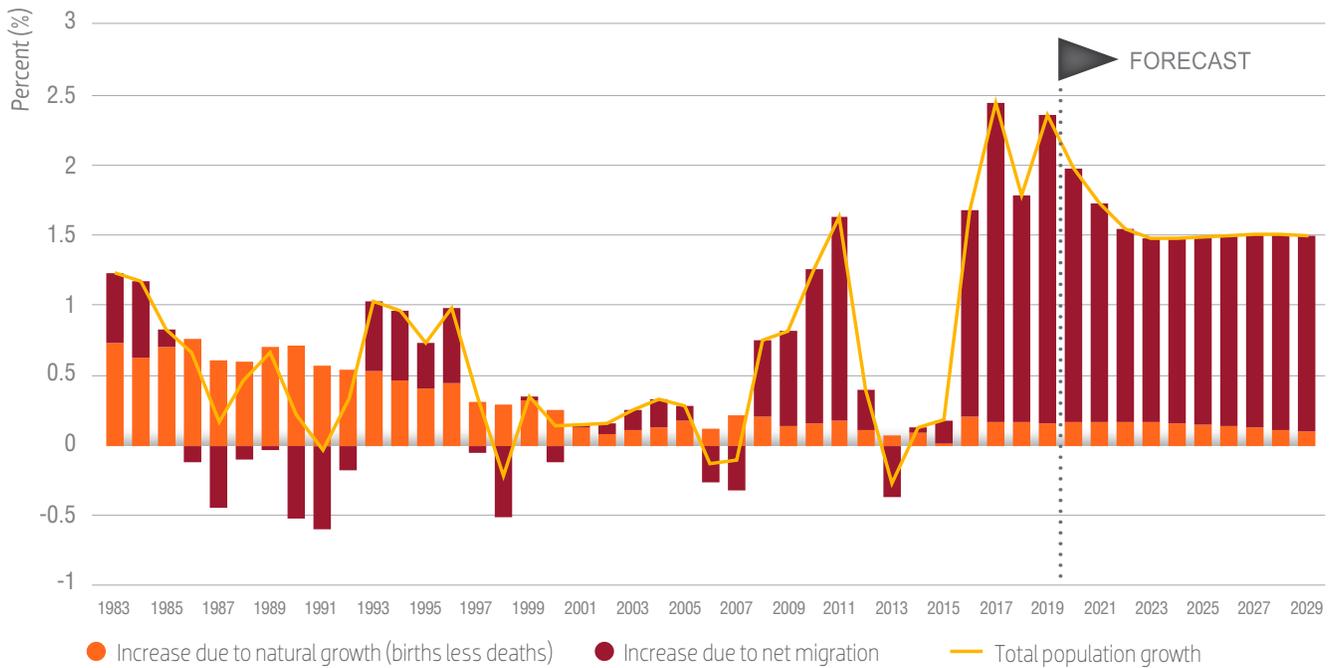
Extraordinary levels of net in-migration and population growth experienced in 2017 and 2019 are expected to moderate slightly between 2020 and 2022, but population growth stabilizes near 1.5% per year for the remainder of the scenario period. Components of population growth for Prince Edward Island are presented in Figure 7.

**Figure 6: Population age distribution, Prince Edward Island**



Source: BuildForce Canada

**Figure 7: Sources of population growth (%), Prince Edward Island**



Source: Statistics Canada, BuildForce Canada (2020–2029)

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. In the scenario period, the pace of retirements exceeds the number of youth coming into construction, forcing industry to look to other industries, other provinces, and other countries for additional new workers to augment the available pool of local new entrants.

System (RAIS) show annual new registrations increased 27% from 2013 to 2019, while construction employment increased at a slightly slower pace of 23%. New registrations have remained relatively stable over the past several years, reaching a high of 119 in 2019. Prince Edward Island is projected to require just over 620 newly certified journeypersons to sustain the current workforce share of certifications and to keep pace with employment and replacement demands across all industries over the scenario period.

**APPRENTICESHIP**

More than 755 apprentices registered in the five largest construction trade programs (see Table 5) in Prince Edward Island between 2013 and 2019<sup>3</sup>, with 390 completions registered during this period. Apprenticeship data from Statistics Canada’s Registered Apprenticeship Information

Table 4 provides an overview of the anticipated certification requirements for the five largest construction trade programs in all industries and in construction. The table also provides the target number of new entrants required to fulfill demand requirements over the scenario period, taking into account trends in program completion rates.

**Table 4: Estimated construction certification demand and projected target of new entrants, Prince Edward Island, 2020 to 2029**

	2020	2021	2022	2023	2024	Total 2020–2024	Total 2025–2029
Total certification demand – all industries	110	45	52	43	44	294	332
Total certification demand – construction	94	38	44	32	33	241	262
Construction certification share (%)	86%	83%	84%	75%	75%	82%	79%
Target new registrants – construction	94	81	125	144	155	599	763

Source: BuildForce Canada

<sup>3</sup> 2018 and 2019 are estimated.

**Table 5: Estimated construction certification demand and projected target of new entrants by trade, Prince Edward Island, 2020 to 2029**

Trade	Total certification demand – construction	Target new registrants – construction	Apprentice certification supply risk – all industries
Carpenter	195	583	At-risk supply
Construction Electrician	180	507	At-risk supply
Plumber	94	205	Balanced supply
Powerline Technician	18	34	Balanced supply
Welder	17	33	Balanced supply
<b>Total</b>	<b>503</b>	<b>1,362</b>	

Source: BuildForce Canada

Table 5 provides a trade-by-trade breakdown of the anticipated certification requirements to meet the construction industry’s share of employment and replacement demands over the scenario period and the projected number of new registrants required. Based on the current pace of new registrations, the number of newly certified carpenters and construction electricians are projected to not keep pace with demand requirements, suggesting a potential undersupply of new journeypersons could exist by 2029. It is important to note that the analysis compares the projected supply of new journeypersons and certification requirements across all industries. It does not account for exiting imbalances at the 2019 starting point.

### 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 people, and new Canadians.

In 2019, there were approximately 700 women employed in Prince Edward Island’s construction industry, of which 43% worked on-site, directly on construction projects, while the remaining 57% worked off-site, primarily in administrative and management-related occupations. Of the 5,100 tradespeople employed in the industry, women made up 5.7% (see Figure 8).

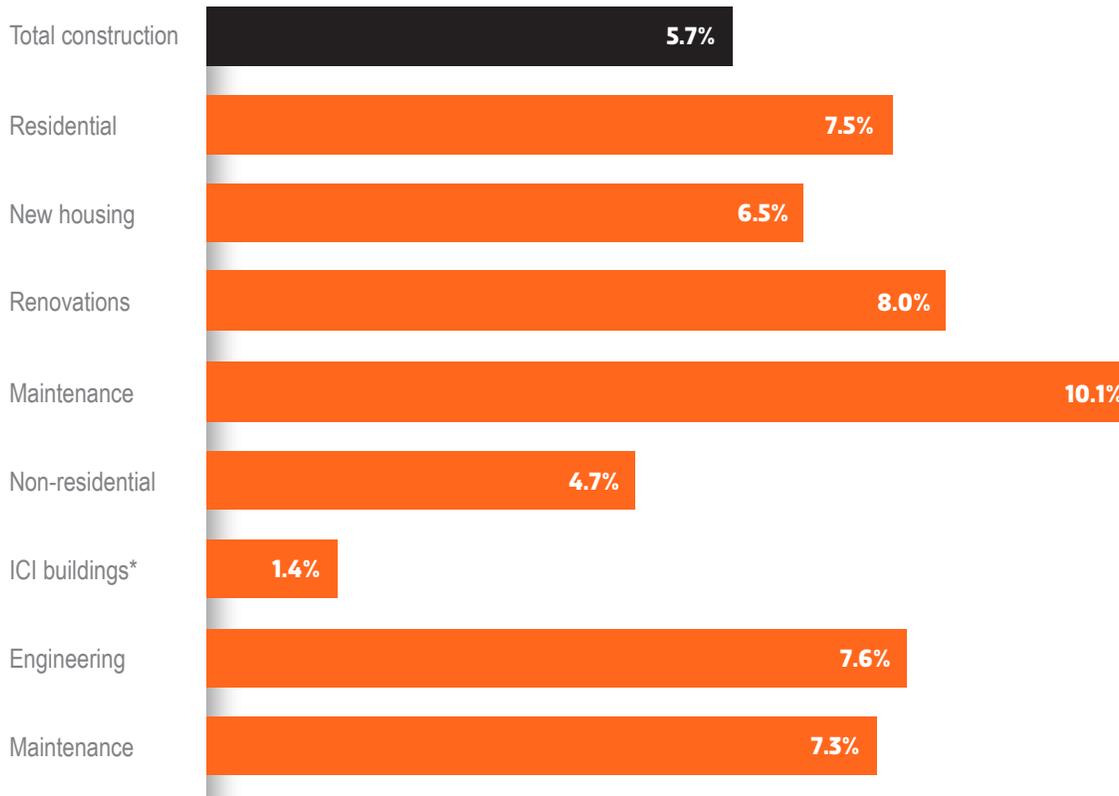
The estimated 300 tradeswomen in Prince Edward Island are represented across all sectors of construction, but there is a significantly higher share of women working in the residential sector. Moreover, the representation of women in this sector is higher than in the non-residential sector, as can be seen in Figure 9. Tradeswomen in the province are concentrated within a small group of trades and occupations. The top five trades in which women tend to be employed are trades helpers and labourers (45% of all tradeswomen), carpenters (19%), painters (15%), contractors and supervisors (12%), and homebuilding and renovation managers (6%).

**Figure 8: Detailed construction employment by gender, Prince Edward Island, 2019**



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

**Figure 9: Women's share of total direct trades and occupations (on-site), Prince Edward Island**



\* industrial, commercial, institutional

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

Another underrepresented group of workers in Prince Edward Island's construction industry is the Indigenous community. In 2017, approximately 7% of all Indigenous peoples in Canada resided in Atlantic Canada. The Indigenous population is the fastest growing in Canada and has 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 people, of which about 75% work directly on construction projects, while the remaining 25% work primarily in administrative and management-related occupations.

Prince Edward Island has opened the doors to new Canadians, and this inflow has played a key role in the province's labour markets. Despite the province's decision to cancel the entrepreneur stream

**10-YEAR AVERAGE**

1.6%



POPULATION GROWTH

1,600



BIRTHS

1,400



DEATHS

2,400



NET MIGRATION

**BY 2029**

42



AVERAGE AGE

25%



PERCENT OF CURRENT LABOUR FORCE LOST TO RETIREMENT

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 26,400 new immigrants between 2020 and 2029.

The immigrant population currently accounts for less than 3% of Prince Edward Island’s construction labour force. Historically, key sources 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, whose citizens may have a lower inclination toward construction trades and occupations.

## CONCLUSIONS AND IMPLICATIONS

The 2020–2029 *Construction and Maintenance Looking Forward* scenario for Prince Edward Island anticipates further increases in the construction of new homes and a modest rise in non-residential construction in 2020 before reaching a plateau.

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 low residential vacancy rates and rising real estate prices could deter new migrants to the province. 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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