



CONSTRUCTION & MAINTENANCE LOOKING FORWARD

RESIDENTIAL SUMMARY

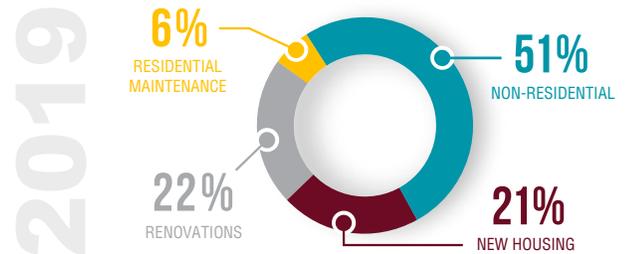
Residential hiring requirements exceed 137,000 workers by 2028

HIGHLIGHTS 2019–2028

The retirement of an estimated 129,100 residential construction workers combines with moderate gains in renovation and maintenance work over the coming decade, placing Canada's residential hiring requirements at 137,400 workers, or 23% of the current labour force. Continued aging of the population may exacerbate recruitment challenges as the construction industry faces increased competition for skilled workers from other industries experiencing similar demographic changes and less youth available to enter the labour force. Based on historical trends, the residential sector could attract up to 99,800 first-time new entrants aged 30 and younger from the local population by 2028, which falls well below the industry's hiring needs. The industry may need to increase efforts to include traditionally underrepresented groups, such as women and Indigenous Canadians. Likewise, the sector must seek efficiencies in onboarding new immigrants, as Canada is expected to welcome more than three million immigrants by 2028, making newcomers a key source of labour force growth.

Across the 2019–2028 scenario period, residential construction activity is expected to grow at a more moderate pace compared to the previous decade. Housing starts peaked at nearly 220,000 units in 2017, marking the apex of the recent residential expansion. Housing starts slowed in 2018 and are expected to see further declines to 2023 as population growth weakens and higher interest rates are projected. Significant expansion of Canada's housing stock over the previous decade will create steady demand for renovation and maintenance, which offsets the expected decline in new homebuilding over the near term.

DISTRIBUTION OF CONSTRUCTION EMPLOYMENT IN 2019, CANADA



10-YEAR RESIDENTIAL CONSTRUCTION LABOUR FORCE OUTLOOK FOR CANADA



HIGHLIGHTS

- Canada's residential construction sector must attract and train an estimated 137,400 workers to keep pace with retirements and rising demand, which equates to approximately 23% of the 593,060 members of the current residential labour force.
- Based on historical trends, the residential sector could recruit up to 99,800 first-time new entrants aged 30 and younger from the local population, which falls well below the anticipated retirement of 129,100 workers over the coming decade.
- Overall, residential construction employment rises by 8,300 (+1.5%) jobs across the 2019–2028 scenario period, as expected modest declines in new-housing construction are offset by gains in renovations and maintenance.
- Weakening population growth and rising interest rates contribute to lower new-housing activity over the next five years, with the strongest declines expected in 2019. A recovery is expected after 2024.
- Diverging trends between renovation and new-housing markets provide opportunities for the mobility of workers across sectors, as the latter provides more stable employment opportunities.
- Across the 2019–2028 scenario period, labour markets are expected to be generally balanced, as the pace of growth is gradual.

AVERAGE UNEMPLOYMENT RATE 7.4%

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.

RESIDENTIAL CONSTRUCTION OUTLOOK

Canada’s residential construction sector expanded significantly over the past decade, with overall investment growing at an average of 4% annually between 2010 and 2017. Residential construction added 27,000 (+5%) new jobs in 2017 alone, bringing total employment in residential direct trades and occupations tracked by BuildForce Canada to just under 550,000 workers.

Although rising interest rates and stricter mortgage rules served to slow new-housing activity in 2018, demand for renovations and maintenance continued to grow and contributed to sustaining residential employment near 2017 levels.

Over the coming decade, residential activity is expected to grow at a moderate pace compared to the period leading up to 2017, as weakening population growth and higher interest rates slow demand for new-housing construction and masks the steady growth in renovation and maintenance activity.

While the pace of growth is slowing, Canada’s residential construction sector must remain focused on recruiting an estimated 137,400 workers over the 2019–2028 scenario period. The

replacement of an estimated 129,100 workers expected to retire over the coming decade dominates the sector’s total hiring needs, while the industry is projected to require an additional 8,300 workers overall.

Hiring requirements will vary across Canada, with more significant recruitment challenges concentrated in provinces where expansion demands stack on top of retirements. Provinces where activity is expected to slow over the coming decade may find some relief in replacing workers expected to exit the labour force through age-related attrition. Figure 1 provides a 10-year outlook on hiring requirements and the percentage of the 2018 labour force this represents.

Overall, across the decade, residential construction employment is expected to increase further from the high levels experienced in 2018. This expansion is primarily the result of strong and growing demand for renovation and maintenance work across the country. Across the 2019–2028 scenario period:

- The renovation sector will require an additional 32,500 (+14%) workers by 2028, while the maintenance sector will require 9,300 (+16%) additional workers during this same period.
- New-housing-related employment is expected to decline by 33,600 (-13%) jobs from 2018 levels.

Figure 1: 2019–2028 cumulative hiring requirements as a percentage of the 2018 labour force



Table 1: Changes in the residential labour force, Canada

RESIDENTIAL LABOUR FORCE ADJUSTMENT		2018	5 years 2019–2023	10 years 2019–2028
Demand	Labour force change	300	-21,200	6,800
	Retirements	12,600	64,500	129,100
Supply	New entrants	10,600	49,800	99,800
	Net mobility	2,300	-6,500	36,100

Source: BuildForce Canada

Table 2: Changes in residential employment, by province

REGION	% CHANGE 2019–2023	% CHANGE 2024–2028
Canada	-4%	6%
Newfoundland and Labrador	-16%	2%
Nova Scotia	-3%	0%
New Brunswick	1%	1%
Prince Edward Island	15%	-8%
Quebec	-5%	0%
Ontario	-8%	5%
Manitoba	-1%	5%
Saskatchewan	2%	18%
Alberta	-4%	12%
British Columbia	2%	8%

Source: BuildForce Canada

Based on historical hiring trends, the residential construction sector is expected to recruit as many as 99,800 first-time new entrants aged 30 and younger from the local population over the coming decade. This number falls far below Canada's hiring requirements, signalling that the residential industry will need to attract workers from other industries or increase its efforts in attracting traditionally underrepresented groups such as women, Indigenous Canadians, and immigrants.

Table 1 provides a summary of the estimated changes in the national residential labour force in 2018, the five-year period between 2019 and 2023, and across the full scenario period.

Across most provinces the outlook for residential construction is expected to weaken over the next five years as rising interest rates and weaker population growth reduce the demand for new

home construction. Over the latter half of the scenario period, most provinces should see a moderate recovery in new-housing activity, adding to year-over-year growth in renovations and maintenance. Table 2 shows the anticipated changes in residential employment by province over the near term (2019–2023) and the long term (2024–2028).

Anticipated retirements are a key driver of industry labour demands over the next decade, even in provinces where construction activity has slowed. The industry must address the expected challenges of replacing an aging labour force, just as slower population growth translates into less youth available to enter the labour force, in competition with other industries facing similar age demographic challenges. With an estimated 129,100 workers expected to retire, maintaining capacity to meet construction labour force needs will require continued focused efforts on recruiting, training, and retaining workers, including those from historically underrepresented groups, such as women, Indigenous Canadians, and immigrants.

BUILDING A SUSTAINABLE LABOUR FORCE

Like many developed nations, Canada is faced with an aging population and will continue to grapple with the retirement of a significant portion of the current labour force. The construction industry (residential and non-residential sectors) will need to replace 261,000 workers over the coming decade – 22% of the current labour force. The residential sector accounts for 49%, or 129,100 of the expected retirements over the coming decade. This draw from the industry's labour force represents significant challenges, as workers leaving with years of experience are not easily replaced by first-time entrants to the industry.

Building a sustainable labour force over the coming decade will require the industry to remain focused on attracting, training, and retaining qualified workers. Furthermore, the aging of Canada's population suggests increased competition across all industries, placing pressure on the construction industry to maintain or increase its historical share of youth coming into the industry.

The aging of Canada's population also plays a key role in labour market dynamics over the coming decade, requiring the industry to take a more proactive approach to labour market planning. Over the next 10 years, Canada's share of the population aged

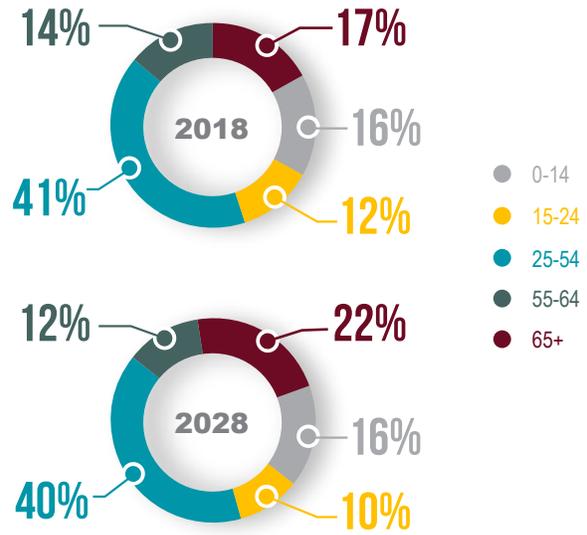
65 years and over is expected to increase. At the same time, the share of the population at prime working age (25-54 years old) is expected to decline (see Figure 2). Additionally, the share of the population that is potentially available to enter the labour force (15-24 years old) is also expected to decline.

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

Canada is expected to experience weaker population growth than that of the past decade, despite increasing immigration levels over the near term. Over the coming decade, natural population growth (births less deaths) is expected to decline steadily with the aging of the population. High levels of immigration (nearly 400,000 in 2018) are expected to be sustained over the near term, as the federal government is targeting one million immigrants over the next three years. Immigration, however, is expected to return to more normal levels over the long run as the total population declines. Figure 3 shows the sources of population growth for Canada.

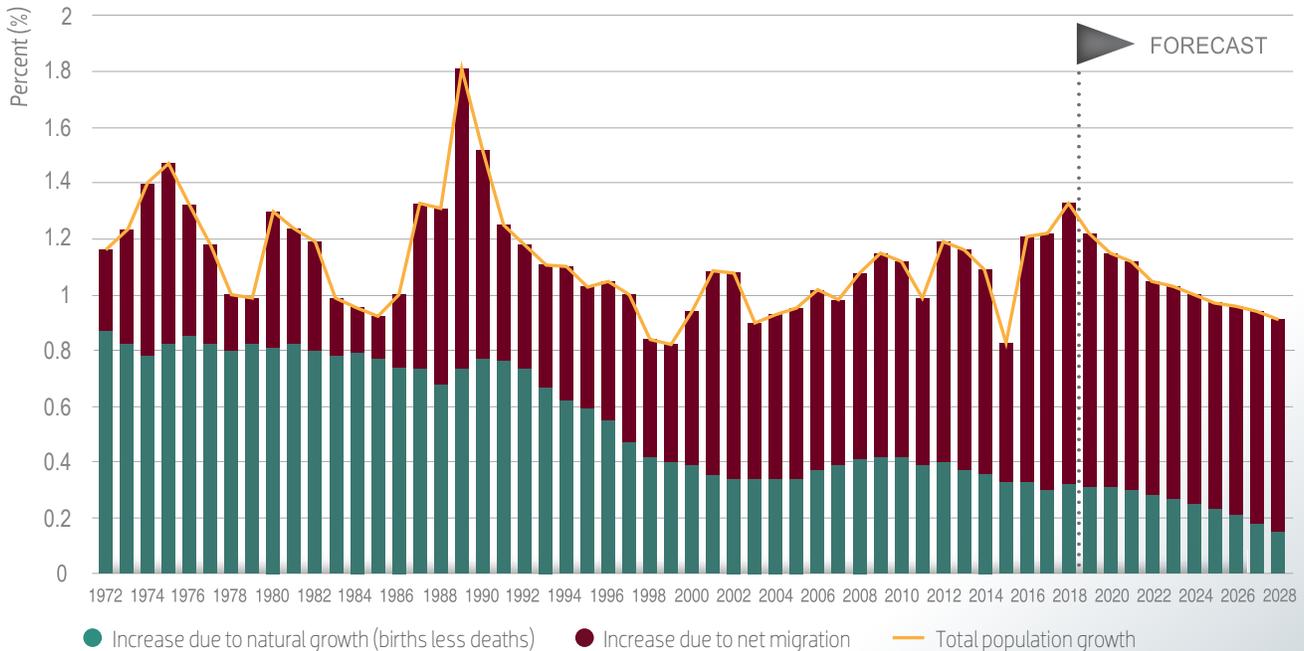
Based on historical trends, Canada’s construction industry is expected to draw in an estimated 221,400 first-time new entrants aged 30 and younger from the local population over the next decade, with about 45%, or 99,800, expected to join the residential labour force. Much of the expected entry of young workers will depend on the industry’s ability to keep youth interested in the trades.

Figure 2: Population age distribution, Canada



Source: BuildForce Canada

Figure 3: Sources of population growth (%), Canada



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

UNDERREPRESENTED GROUPS OF WORKERS

As Canada faces an aging population, the construction and maintenance industry will need to increase recruitment from groups traditionally underrepresented in the current construction labour force, including women, Indigenous Canadians, and new Canadians, to build a sustainable workforce.

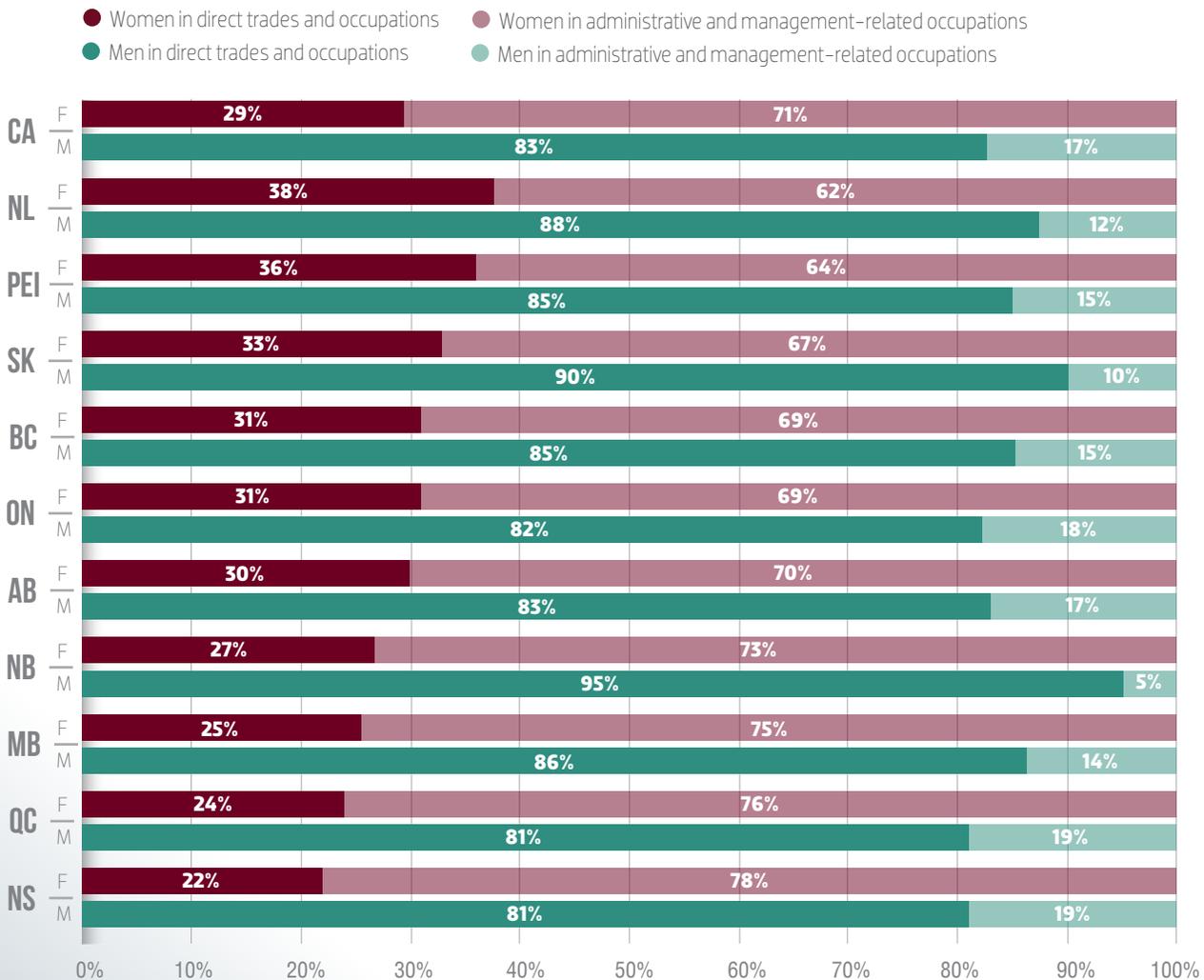
In 2018, there were 8.9 million women employed in Canada, representing 48% of total employment. Female workers tend to be concentrated in healthcare and social assistance (22%), retail

services (13%), and educational services (10%). The construction industry employed 186,300 women, or 2.1% of all female workers.

Canada’s construction industry is made up of approximately 13% women, of which about 29% work directly on construction projects, with the remaining 71% working primarily in administrative and management-related occupations. This means women represent only about 5% of employment in direct trades and occupations.

Figure 4 shows the male and female distribution in construction employment by province.

Figure 4: Distribution of male and female construction employment (2018), Canada



* **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 the 2016 Census of the Population

In Newfoundland and Labrador, Prince Edward Island, and Saskatchewan, more than a third of female workers in the industry are employed in direct trades and occupations. Newfoundland and Labrador stands out, as nearly half of all women employed in construction earn a living working directly on construction projects, while the remaining 62% work in administrative and management-related occupations. Much of these dynamics are a result of weakening construction activity, which has led construction establishments to adopt lean operations and reduce the number of support workers. Quebec has the smallest percentage of women working in the construction industry employed in construction trades.

In all provinces, men tend to choose construction trades, with 83% of men across Canada employed in the trades, and 17% employed in administrative and management-related occupations. Women tend to work mostly in off-site professions, though of those tradeswomen working in on-site professions, the vast majority are concentrated in occupations highly demanded by the residential and industrial, commercial, and institutional (ICI) building construction sectors. Approximately 71% (38,500) of women working in the construction sector are employed in residential and ICI building construction, with only 29% (15,700) employed in the engineering and non-residential maintenance sectors (see Figure 5).

Since the late 1980s, the representation of women in Canada’s construction industry remained stagnant at between 10% and 12%. In 2017, however, the share of women in construction broke the 12% ceiling and reached 13% in 2018 – a level never before recorded by Statistics Canada’s Labour Force Survey. The 2016 Census of the Population further corroborated the trend, showing an increased number of women working in construction trades over those recorded in the 2011 National Household Survey.

Over the past three years, the number of women employed in direct trades and occupations increased 30% in Canada, while female representation rose to 5% of total employment (from 3.9% in 2016).

Based on historical data, female employment and industry representation is anticipated to decline modestly over the next two years due to weakening residential activity before resuming growth in 2021. Over the 2021–2028 period, female employment is expected to increase by more than 4,000 jobs (+8%), with much of this growth resulting from gains in renovations and the construction of ICI buildings (see Figure 6).

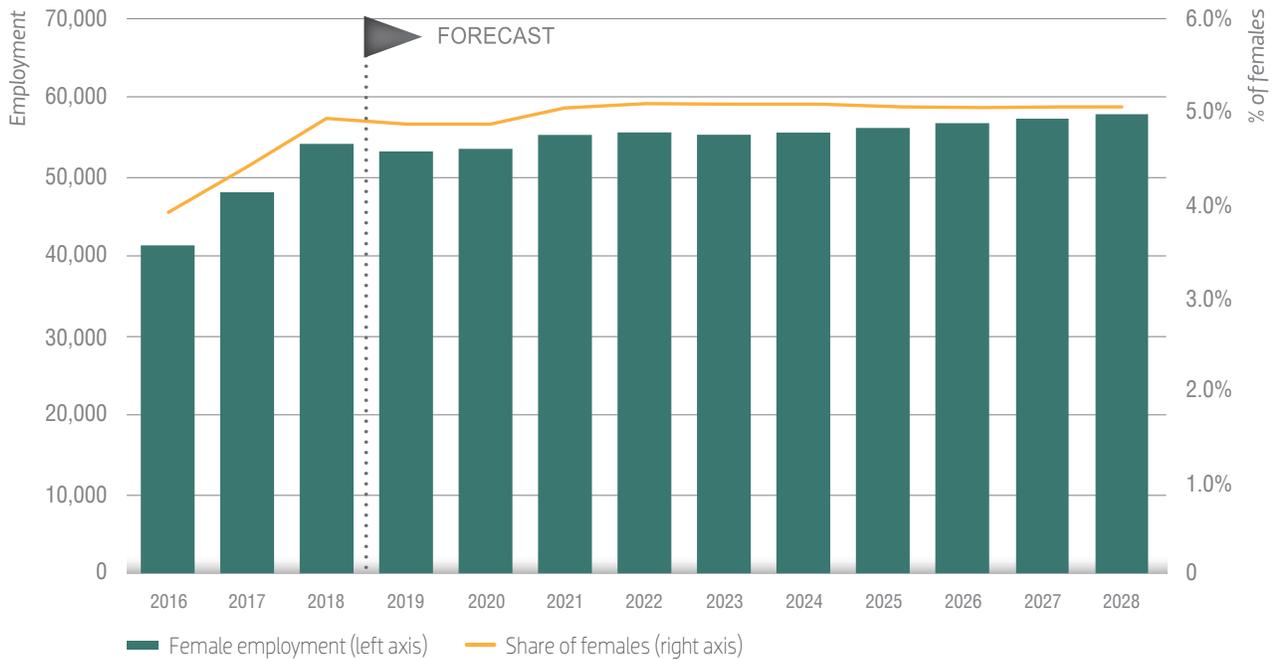
Figure 5: Breakdown of female construction employment (2018), Canada



* industrial, commercial, institutional

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

Figure 6: Female construction employment and share of total direct trades and occupations*, Canada



* **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.

Women in construction tend to concentrate in occupations highly demanded by the residential sector, such as trades helpers and labourers, construction managers, painters, and carpenters. As a result, the residential sector has been relatively more successful at attracting women. Figure 7 shows the share of women in direct trades and occupations across different sectors of the construction industry.

Another underrepresented group of workers in Canada's construction industry is the Indigenous community. The Indigenous population is the fastest growing in Canada and has a higher propensity to choose construction as a career. Based on the 2016 Census of the Population, an estimated 7.6% of non-Indigenous Canadians were employed in the construction industry, compared to 9.6% for the Indigenous population.

10-YEAR AVERAGE

1.0%



POPULATION GROWTH

416,700



BIRTHS

320,000



DEATHS

305,800



NET MIGRATION

BY 2028

42



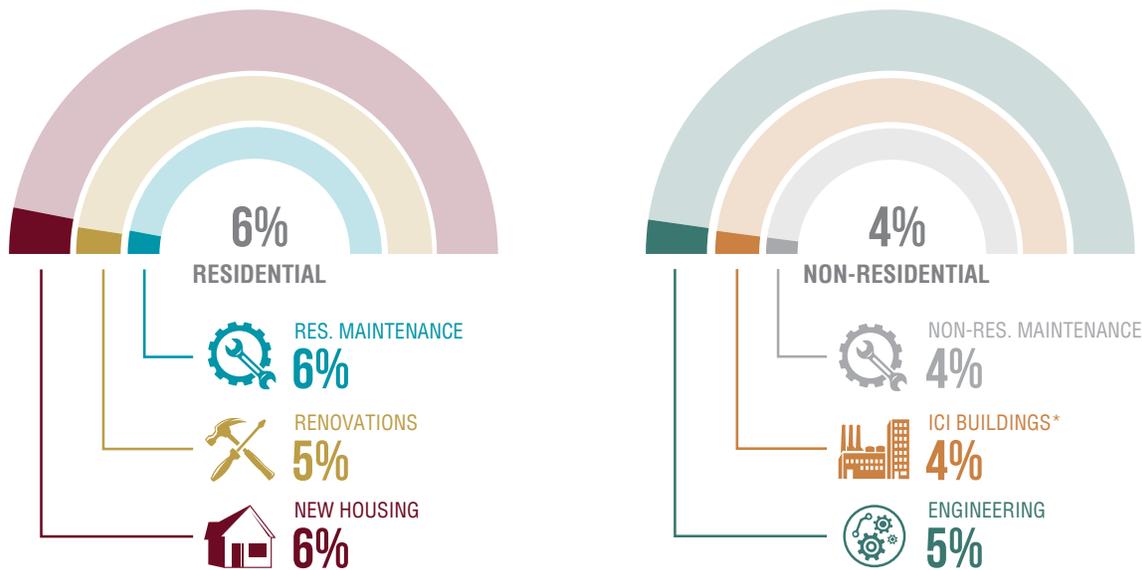
AVERAGE AGE OF CONSTRUCTION WORKFORCE

22%



PERCENT OF CURRENT LABOUR FORCE LOST TO RETIREMENT

Figure 7: Representation of women in direct trades and occupations, by sector, Canada



* industrial, commercial, institutional

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

In Canada, approximately 4.9% of the construction labour force is made up of Indigenous Canadians, of which about 81% work directly on construction projects. The remaining 19% work primarily in administrative and management-related occupations.

Building a sustainable construction labour force will also require the industry to increase initiatives to attract new Canadians (immigrants). Between 2019 and 2028, Canada is anticipated to welcome nearly three million new Canadians, making the immigrant population a key source of labour force growth over the coming decade.

The immigrant population currently accounts for approximately 18% of Canada's construction labour force. Historically, a key source of immigrants were from Europe and the Americas, whose citizens have a higher propensity to choose the construction industry. A shift in migration patterns is currently underway, indicating that most new immigrants (62%) to Canada are from Asian origins (primarily from the Philippines, India, China, Iran, and Syria). Citizens from these nations may have a lower inclination toward construction trades, requiring additional recruitment efforts from industry.

PROVINCIAL INSIGHTS

Across Canada, retirements dominate hiring requirements over the next decade as aging demographics prevail. Replenishing a retiring workforce will require the industry to ramp up initiatives related to training, mentorship, and retention of new workers. The industry will need to continue efforts to attract underrepresented groups such as women, Indigenous Canadians, and new immigrants to build a long-term sustainable labour force.

This section describes the investment cycles in new housing and renovations, and the related employment trends and replacement demands driven by expected retirements for each province. Shifts in construction activity are expected across most provinces as population growth slows and the demand for new housing declines from recent peak levels. Steady growth in renovation and maintenance work is expected to offset anticipated declines in new construction.

A summary of labour market conditions is reported for each province. The rankings reflect residential labour market conditions unique to each province based on current and proposed construction activity. In addition, assumptions regarding 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. Provincial residential labour market rankings can be found in BuildForce Canada's Highlights reports, which are available at www.constructionforecasts.ca.

NEWFOUNDLAND AND LABRADOR

Age-related attrition and the out-mobility of workers to other industries or provinces has been driving unemployment rates lower in the residential sector in Newfoundland and Labrador, despite lower levels of construction.

Even as growth continues to slow over the coming decade, Newfoundland and Labrador’s residential sector will need to recruit and train an estimated 700 workers to meet rising retirements, as approximately 1,100 workers are expected to exit the labour force through age-related attrition. Recruitment requirements should remain positive even as total residential employment is expected to recede by an estimated 400 jobs by 2028.

MARKET TRENDS

Under stricter mortgage rules and rising interest rates, Newfoundland and Labrador faces a shrinking population, which slows the demand for new home construction. Housing starts are anticipated to decline to just under 700 units by 2023 (from 1,300 units in 2018), with declines concentrated in single-detached construction as consumers seek more affordable options. Modest declines are also anticipated in demand for renovation and maintenance activity as overall economic conditions weaken. As activity slows, residential construction is expected to experience reduced employment demand of 400 workers between 2019 and 2028:

- New-housing-related employment sees the largest declines as the sector sheds some 300 jobs, or a 45% decline from 2018 levels.

- Declines in renovation and maintenance are more moderate and gradual. Employment demand is expected to reduce requirements by 100 workers, or a 4% decline from 2018 levels.
- By 2028, an estimated 84% of residential workers are expected to be employed in the renovation and maintenance sector.

Figure 8 illustrates Newfoundland and Labrador’s residential construction employment growth by sector over the 2019–2028 scenario period.

Based on historical trends, the industry is expected to recruit up to 600 first-time new entrants aged 30 and younger from the local population by 2028, lagging the number of retirements every year across the scenario period. These trends could potentially lead to a skills gap, as a significant loss of experienced workers due to retirement will not be easily offset by new entrants.

Labour market conditions weakened in 2018, as activity declined for both renovation and new-housing work. The pace of decline slows in 2019, but market conditions for trades and occupations more concentrated in new construction weaken further through 2022.

Across the scenario period, older age demographics and expected retirements contribute to lower natural rates of unemployment that help to maintain mostly balanced labour market conditions, but at lower levels of employment.

10-year labour force outlook for Newfoundland and Labrador

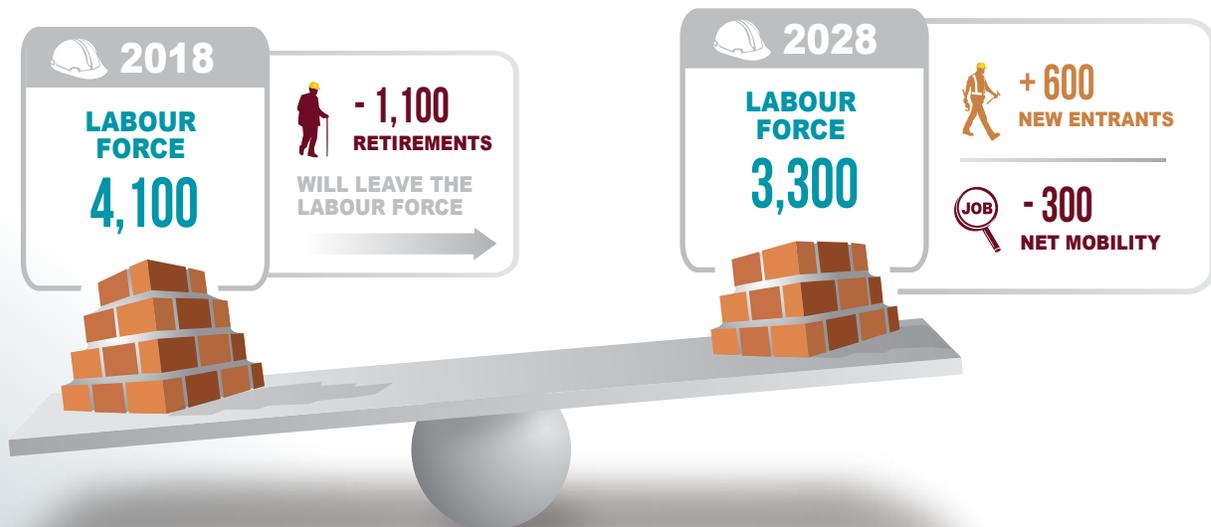
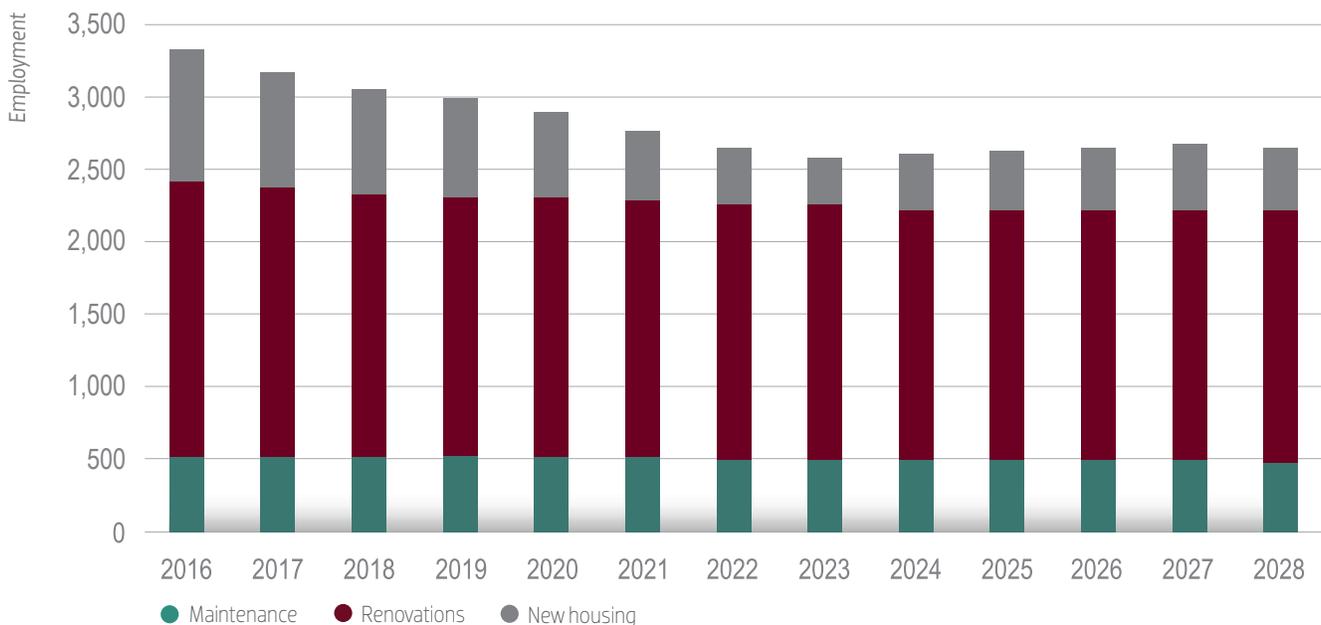


Figure 8: Residential construction employment growth outlook, Newfoundland and Labrador

Source: Statistics Canada, BuildForce Canada

NOVA SCOTIA

In 2018, growth in both renovation and new-housing activity boosted Nova Scotia's residential construction employment by 1%. The province's residential employment, which is largely driven by renovation work, is expected to be sustained near current levels to 2021.

Nova Scotia's residential hiring requirements are estimated at 4,200 workers over the coming decade, as modest declines of 500 residential jobs only partially alleviate the pressure of replacing an estimated 4,700 workers expected to retire by 2028.

Steady aging of the population translates into retirements far outpacing the 2,800 new entrants aged 30 and younger from the local population who are expected to join the labour force over the coming decade. These trends could translate into a skills gap for Nova Scotia's residential construction industry by the end of the decade, as the expected retirement of 28% of the current labour force represents a significant loss of skills and experience.

Industry leaders must remain focused on attracting and training young workers as aging of the population will likely sharpen competition for young talent. This task may become increasingly difficult as all industries will be drawing from a relatively smaller pool of youth.

MARKET TRENDS

Nova Scotia's population growth is expected to dip into negative territory by 2022, driven by the aging of the population and increased out-migration, as economic activity is expected to slow. Population growth turns positive again after 2023, but remains subdued to 2028. As a result, housing starts and related new-housing employment are expected to decline across the scenario period, with starts dipping below 3,000 units by 2028 compared to 3,900 in 2018. Renovation activity, which already accounts for most of the province's residential activity, is expected to grow steadily. Overall, residential employment is expected to recede by 500 jobs across the 2019–2028 scenario period, or a modest 3% decline:

- Declines are concentrated in new-housing construction, as the sector sheds some 1,200 jobs, or a decrease of 30% from 2018.
- Gains of 700 jobs in the renovation and maintenance sectors partially offset declines in the new-housing sector.

Figure 9 illustrates Nova Scotia's residential construction employment growth by sector over the 2019–2028 scenario period.

Residential labour markets strengthened in 2018 due to modest increases in both renovation and new-housing activity. This activity, however, is expected to slow, as older age demographics and resulting retirements contribute to lower natural rates of unemployment and mostly balanced labour market conditions, though at lower levels of employment. Trades and occupations with older age profiles, such as homebuilding and renovation managers, are likely to experience tighter market conditions.

10-year labour force outlook for Nova Scotia

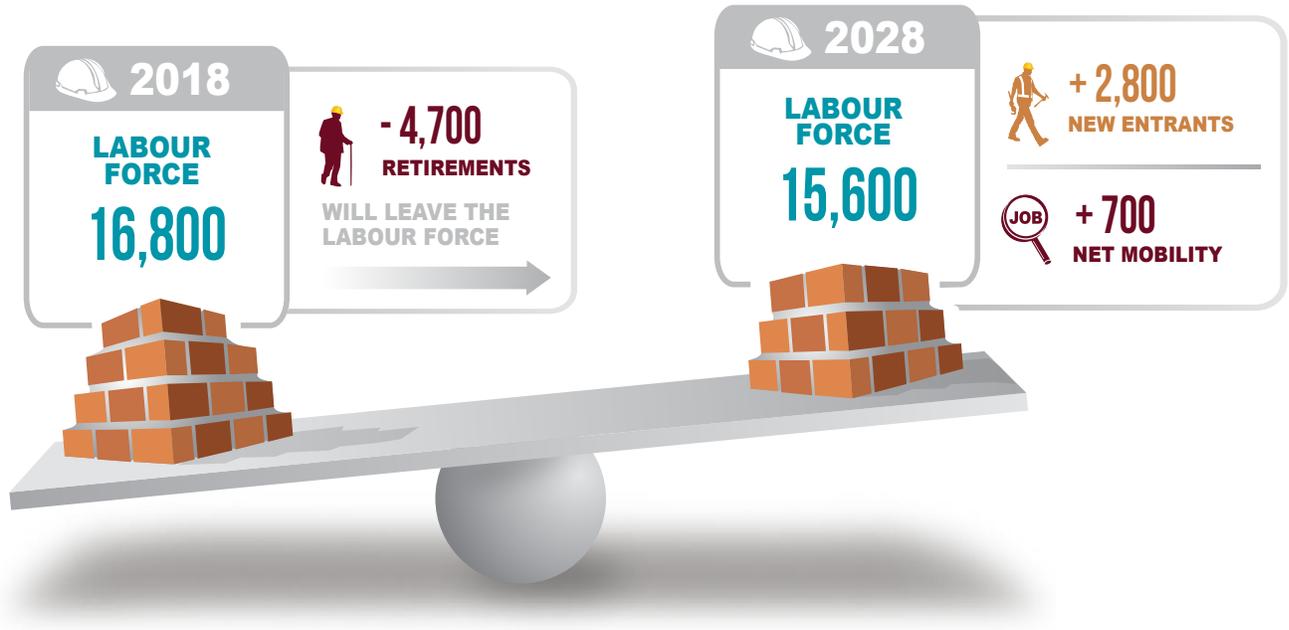
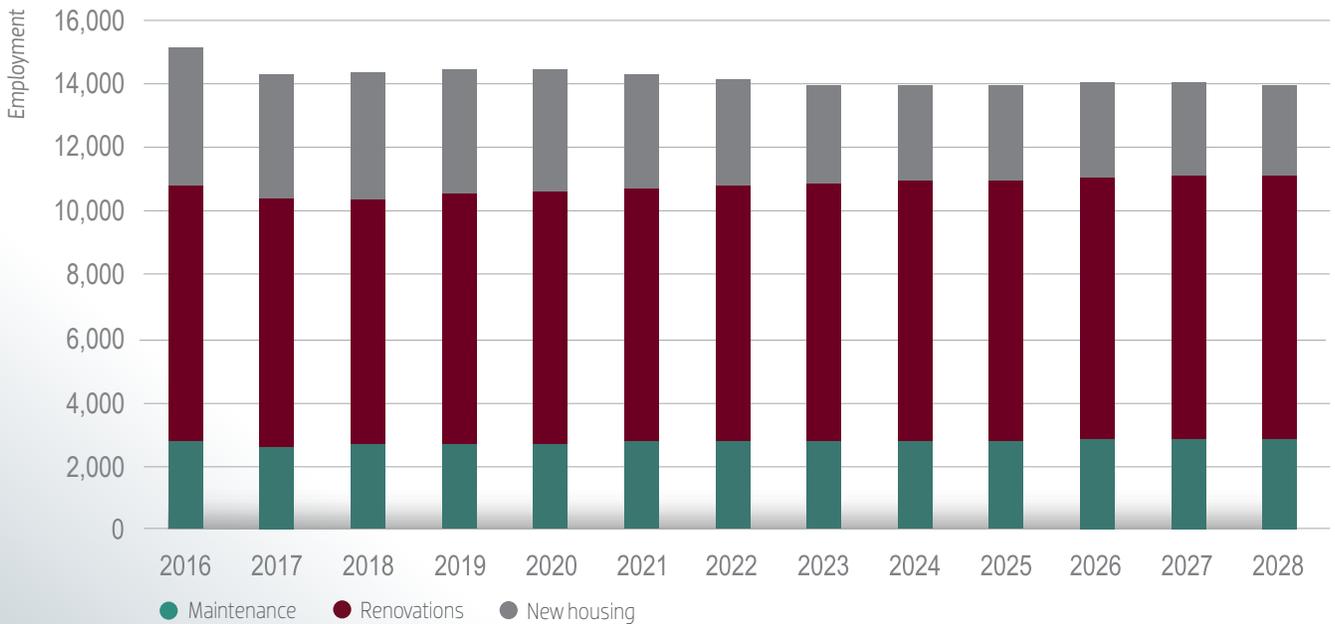


Figure 9: Residential construction employment growth outlook, Nova Scotia



Source: Statistics Canada, BuildForce Canada

NEW BRUNSWICK

At the heel of growing renovation activity, New Brunswick’s residential construction sector saw growth in 2018. Although employment requirements for new-housing construction weakened modestly, they were offset by gains in renovation and maintenance activities.

Over the coming decade, the province’s residential construction employment is expected to grow gradually at an annual rate of 0.3%.

Adding to the expansion demand of 300 workers over the coming decade is the expected retirement of 3,600 workers from the labour force, putting overall recruitment needs at 3,900 workers.

Based on historical trends, an estimated 2,100 new entrants aged 30 and younger from the local population are expected to enter the labour force, which trails the number of workers expected to retire. New Brunswick’s residential construction leaders must remain focused on active recruitment, as population aging could mean increased competition for qualified workers.

MARKET TRENDS

New Brunswick’s population growth is expected to weaken over the coming decade as the province’s population continues to age, reducing demand for new homebuilding. Declines are concentrated in single-detached units, as rising interest rates and stricter mortgage rules have pushed consumers toward more affordable housing structures, such as row (townhouse) buildings, which are expected to grow over the next five years. The build-up of New Brunswick’s housing stock should also

add to demand for renovation and maintenance activities over the coming decade, the growth of which is partly supported by homeowners choosing to renovate instead of upgrading to new homes, as qualifying for mortgages in a rising interest environment has become more difficult.

Overall, residential construction employment is expected to add 300 jobs between 2019 and 2028, or a modest 3% increase over the next decade:

- New-housing-related employment is projected to fall by 500 jobs, or a 21% decline from 2018 levels.
- Employment in renovation and maintenance work increases by 800 jobs, or a 10% increase from 2018 levels.
- Renovation and maintenance job gains offset expected new-housing declines across the scenario period.

Figure 10 illustrates New Brunswick’s residential construction employment growth by sector over the 2019–2028 scenario period.

Compared to 2017, residential labour markets weakened in 2018, while recruitment challenges persisted for several trades and occupations. Labour market conditions for trades involved in new construction are expected to weaken further between 2019 and 2021, but the expected declines should be modest.

Older age demographics and resulting retirements should contribute to lower natural rates of unemployment, contributing to balanced labour market conditions at lower levels of employment over the scenario period.

10-year labour force outlook for New Brunswick

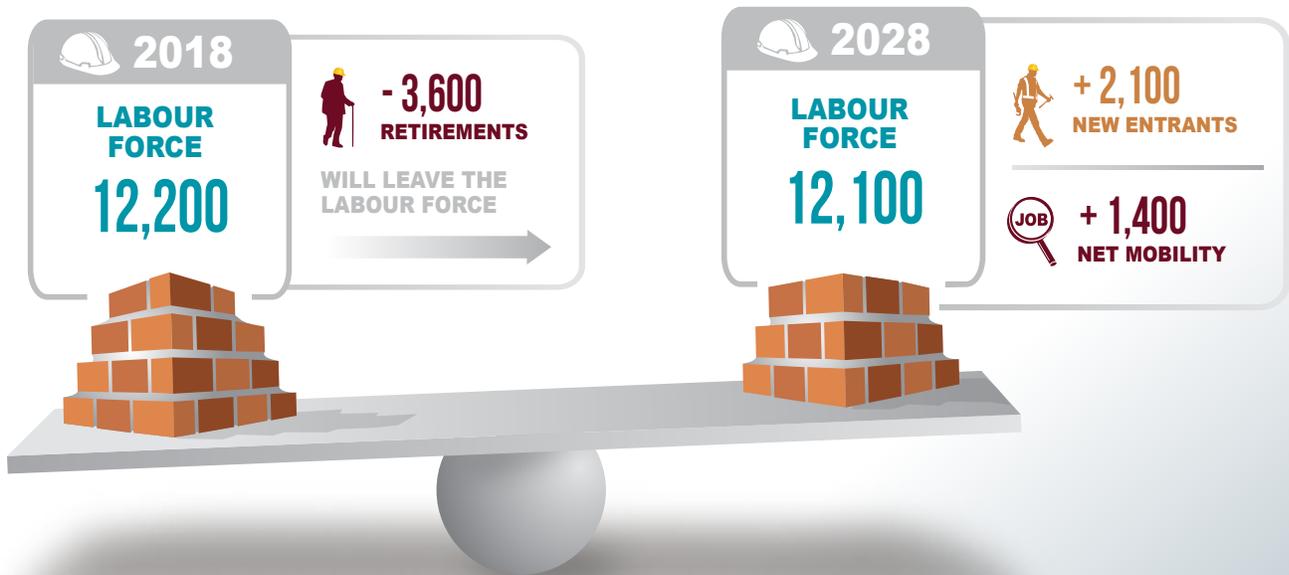
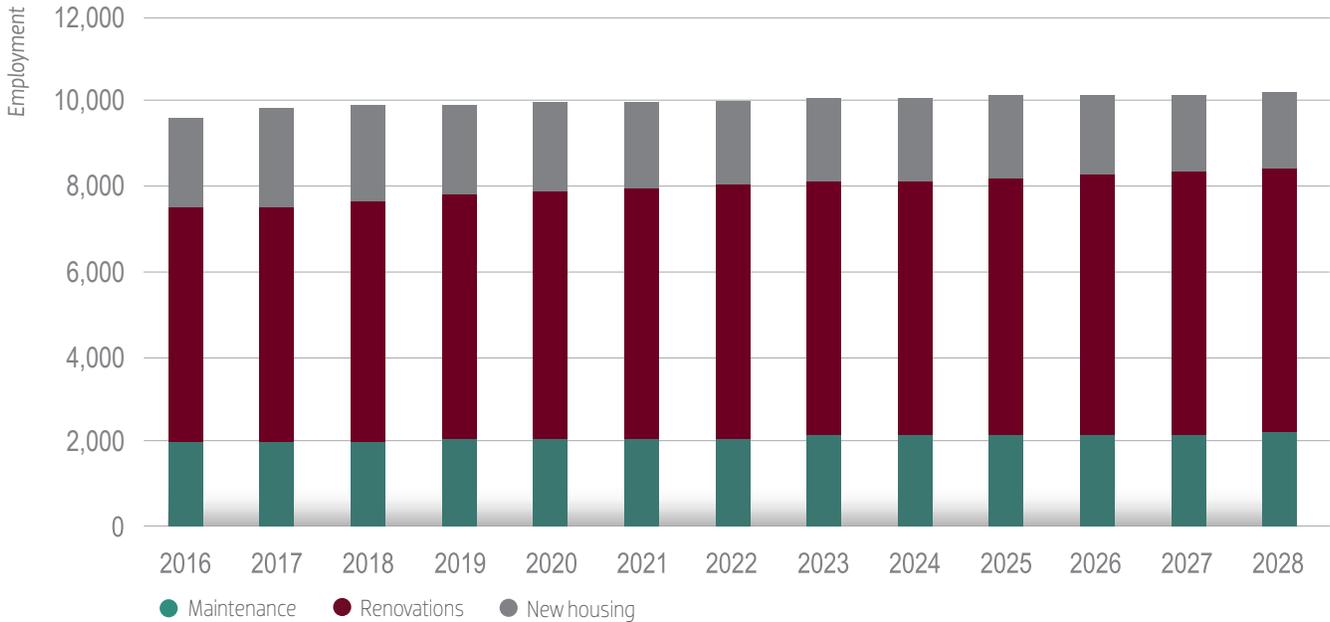


Figure 10: Residential construction employment growth outlook, New Brunswick



Source: Statistics Canada, BuildForce Canada

PRINCE EDWARD ISLAND

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 and industries, and from outside the province. Attracting workers will become increasingly more difficult as demands continue to rise, forcing the industry to expand the scope of recruitment efforts. The anticipated retirement of 800 workers will require a doubling of hiring over the next five years alone, as retirement-related recruitment emerges as the dominant industry preoccupation throughout the entire scenario period.

Based on historical trends, the province’s residential sector should be able to recruit an estimated 600 first-time new entrants aged 30 and younger from the local population by the end of the scenario period. These trends indicate the province will likely require workers from outside the local residential construction industry or province. Moreover, the aging population should increase competition for qualified workers among PEI’s industries.

MARKET TRENDS

Prince Edward Island’s housing starts increased by 63% in 2017 and rose a further 9% in 2018, reaching 1,000 units. At the forefront of this growth has been the provincial government’s efforts to increase the island’s population through significant immigration.

While residential labour market conditions were tight in 2018, the apex of expansion has yet to arrive with another 33% increase in

housing starts expected through 2021. The new-housing expansion, combined with steady growth in renovation and maintenance activity, should create demand for another 400 (+15%) residential construction workers by 2021.

Housing starts and new-housing activity are expected to peak in 2021 and return to 2018 levels by the end of the scenario period. As a result, new-housing-related employment is expected to rise and fall across the decade, ending the scenario period some 100 workers short of 2018 levels. Steady growth in renovation and maintenance work should more than offset modest declines in new-housing construction, which should produce a net gain of 100 residential workers by the end of the decade:

- Increases in new-housing-related employment will require an additional 300 workers by 2021 before decreases in demand reduce employment between 2023 and 2028 by 400 workers.
- Renovation and maintenance add 300 new residential jobs across the 2019–2028 scenario period, representing an increase of 21% from 2018 levels.

Figure 11 illustrates Prince Edward Island’s residential construction employment growth by sector over the 2019–2028 scenario period.

Labour market conditions tightened significantly in 2017 and 2018 due to the rapid rise in new-housing construction. 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.

10-year labour force outlook for Prince Edward Island

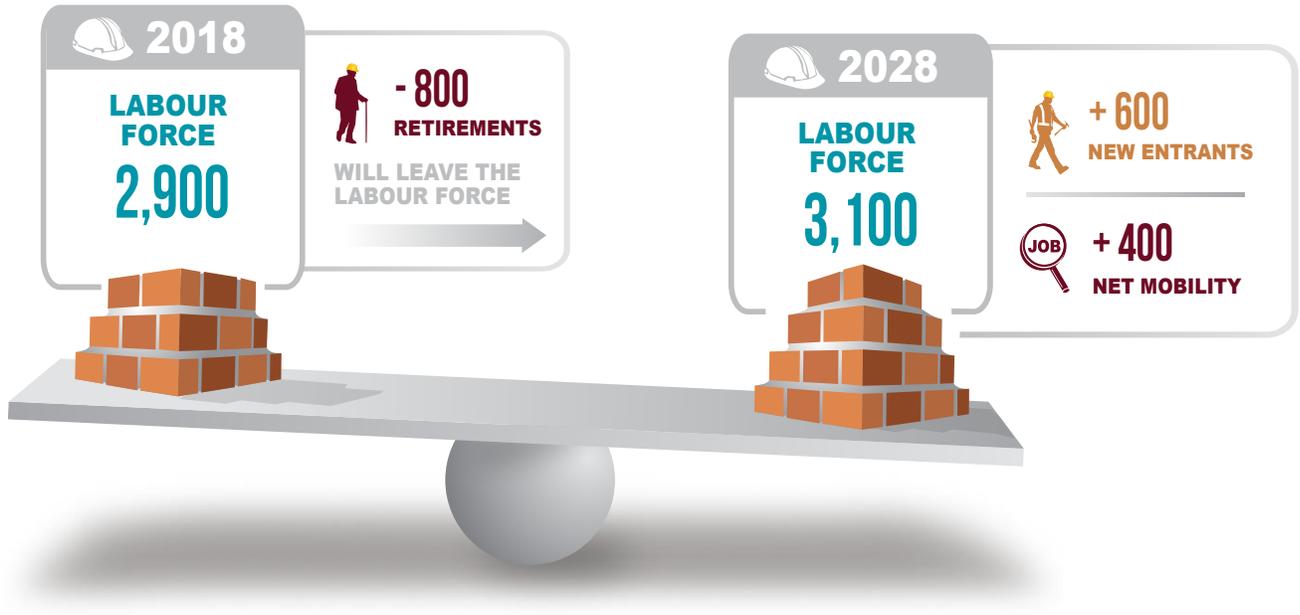
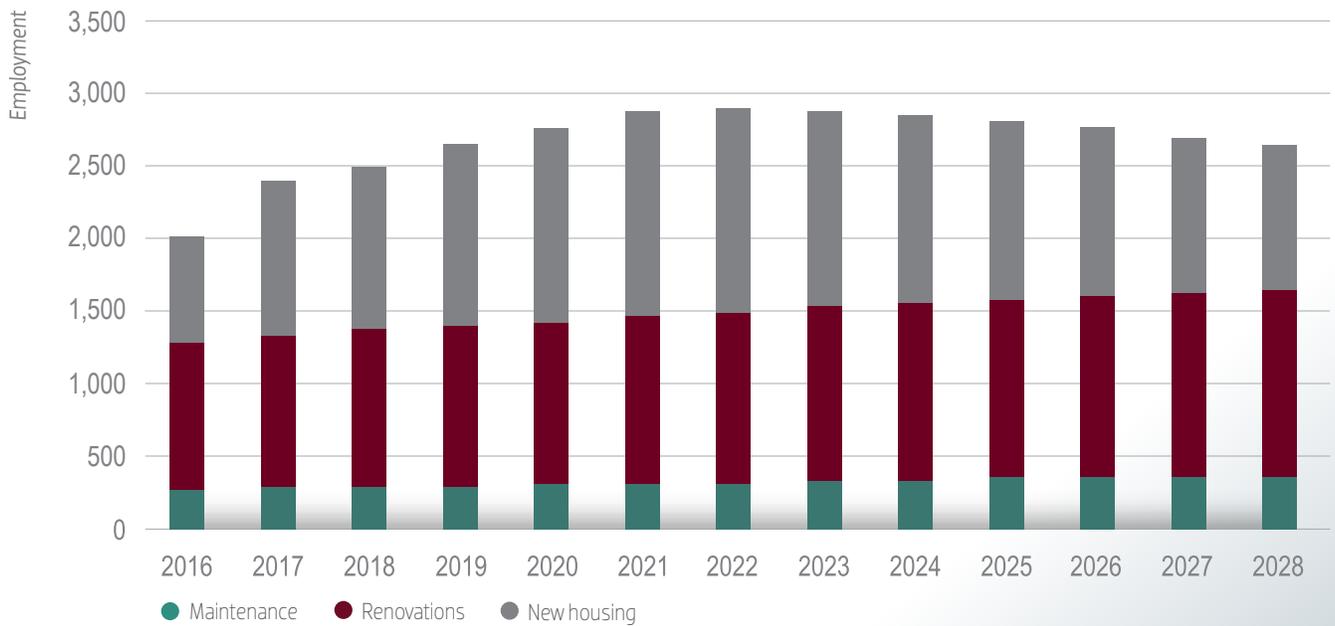


Figure 11: Residential construction employment growth outlook, Prince Edward Island



Source: Statistics Canada, BuildForce Canada

QUEBEC

Quebec’s residential construction sector saw further increases in 2018 as housing starts climbed another 9%, on top of the 19% increase experienced in 2017, bringing total housing starts to nearly 51,000 units. This strong growth, spearheaded by the construction of high-rise apartment units, contributed to an increase of 2,000 (+8%) workers engaged in new residential construction in 2018.

Over the 2019–2028 scenario period, exits from the labour force should dominate hiring requirements in Quebec’s residential construction labour markets. During this period, the province is expected to lose 18,200 residential workers to retirement, requiring steady recruitment efforts.

Based on historical trends, Quebec is expected to attract 14,000 new entrants aged 30 and younger from the local population, which trails the number of workers expected to retire. Attracting and training new workers must remain a priority for the industry as aging demographics should lead to increased competition for workers across all industries that face similar age-demographic challenges.

MARKET TRENDS

While demand for renovation and maintenance work continues to grow, aging of the population is projected to slow population growth and limit the need for new home construction. Additionally, rising interest rates and stricter mortgage rules are anticipated to lead housing starts lower from high levels reached in 2018. Overall,

residential construction employment is expected to decline by 4,500 (-6%) jobs over the coming decade, with declines concentrated in new-housing construction:

- New-housing-related employment demands are projected to decline by 10,000 workers over the coming decade, or a 34% decline from 2018 levels.
- Renovation and maintenance activities should contribute to the need for an additional 5,500 workers, or an 11% increase from 2018 levels.

Figure 12 illustrates Quebec’s residential construction employment growth by sector over the 2019–2028 scenario period.

Steady declines in new-housing construction activity and the simultaneous growth in renovations will make the latter a key source of steady employment over the coming decade. The renovation market, which currently accounts for just under half of all residential-sector employment, is expected to increase to 60% by 2028.

The moderate decline in the demand for residential construction should alleviate recruitment pressures somewhat, but the industry must still contend with recruiting some 13,700 workers to backfill vacant positions left by retiring workers.

The continuing, but moderately declining trend in residential employment should be partially offset by rising retirements. Generally balanced residential labour markets are expected to prevail across the scenario period.

10-year labour force outlook for Quebec

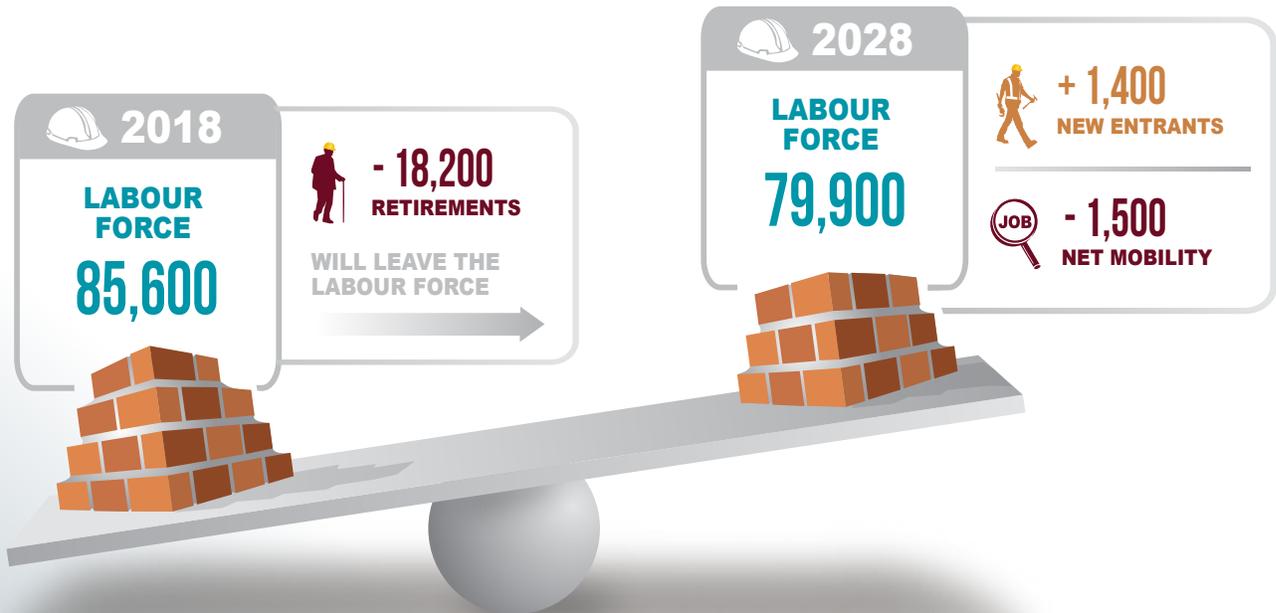
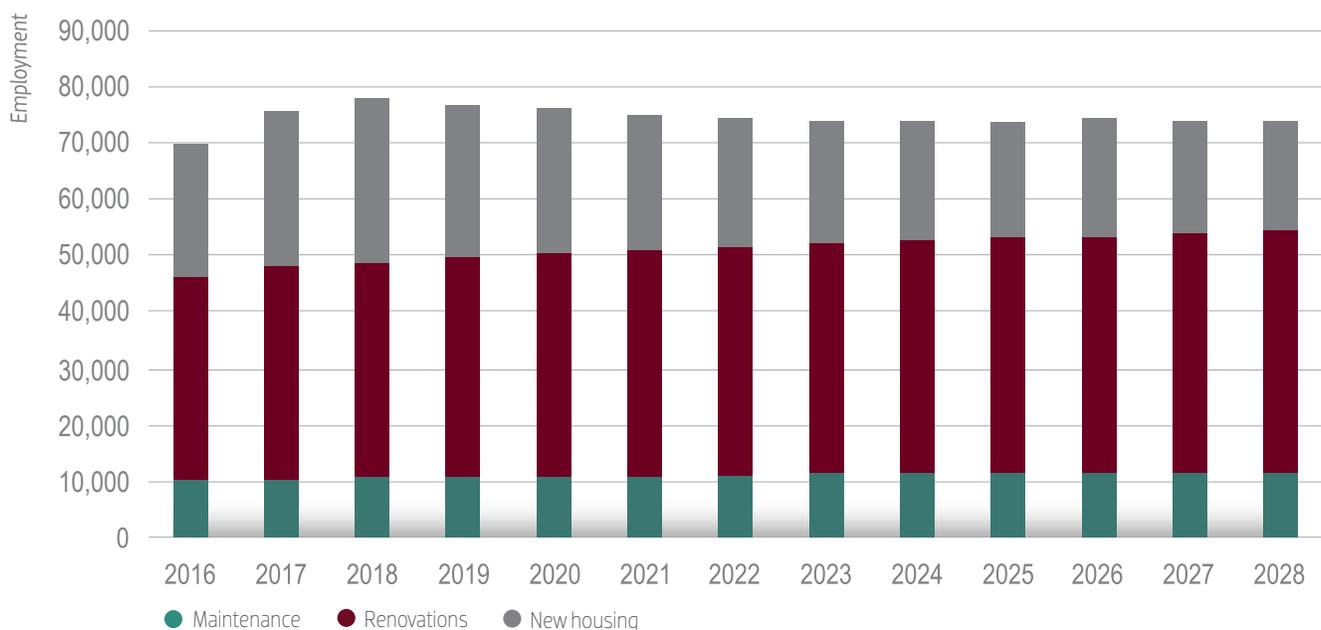


Figure 12: Residential construction employment growth outlook, Quebec

Source: Statistics Canada, BuildForce Canada

ONTARIO

New-housing construction, which reached high levels in 2017, slowed in 2018 and is projected to recede further in 2019 due to continued declines in the single-family low-rise residential market – a casualty of restricted affordability and land availability challenges, especially in the Greater Toronto Area. Overall housing starts are expected to remain near current levels over the decade, sustained by pent-up housing demands and continued immigration-driven population growth. Renovation activity is expected to recede slightly, but remain at high levels over the decade. The residential labour force is expected to contract from recent peak levels across the scenario period to 2028.

Looking forward, the industry's hiring needs are driven by more than 50,800 residential construction workers expected to retire over the coming decade – 22% of the current labour force. An estimated 38,700 new entrants aged 30 and younger expected to be drawn from the local population should only partly offset expected retirements. To meet industry demand requirements, an estimated 5,700 additional workers are needed from outside the industry.

These trends indicate that despite a modest slow-down in residential construction, Ontario will likely be required to bring in workers from other industries or other provinces. Meeting labour requirements over the coming decade will require the industry to remain focused on recruiting, training, and retaining qualified workers.

MARKET TRENDS

Ontario's housing starts increased 34% over three years (2015–2017), reaching 79,000 units in 2017. This extreme rate of growth moderated in 2018, as rising interest rates and stricter mortgage rules dampened activity in the housing market.

The outlook for Ontario's residential construction sector is characterized by a slowdown over the next five years and a recovery up-cycle after 2023. Nevertheless, if the industry fails to keep up with recruitment and training over the near term it could face challenges during the recovery period between 2023 and 2028.

Overall, residential hiring requirements in Ontario are estimated at 43,500 workers over the coming decade. This includes the replacement of an estimated 50,800 workers expected to retire and a modest decline in residential demand.

Ontario's population growth, which reached 1.7% in 2018, is expected to recede over most of the coming decade due to slower levels of inter-provincial and international in-migration, and the aging of the population. Excess demand for homes in Ontario still exists, however, so new-homebuilding levels should remain relatively unchanged between 2020 and 2023. This period of stability follows a sharp decline in new housing in 2019, which is expected to impact mostly low-rise construction.

Renovation activity is expected to stagnate over the first five years of the scenario period, as rising interest rates are expected to increase debt-servicing costs and reduce disposable income. Over the latter half of the scenario period, renovation activity is expected

to drive renewed growth as interest rates stabilize. The build-up of Ontario’s housing stock provides steady demand for home maintenance over the decade.

Overall, residential construction employment in Ontario is expected to recede by 7,300 jobs over the coming decade, representing a modest 3% decline from the high levels experienced in 2018:

- New-housing-related employment declines by 15,400 workers between 2019 and 2023, but recovers to add an estimated 8,400 workers between 2024 and 2028, leaving a net reduction in employment of 7,000 workers across the full scenario period.
- Modest declines in renovation demand are mostly offset by gains in maintenance employment, producing a slight decline in demand for workers of 300 by 2028.

Figure 13 illustrates Ontario’s residential construction employment growth by sector over the 2019–2028 scenario period.

The Greater Toronto Area and Central region account for 70% of Ontario’s residential construction labour market. Understanding local market pressures requires examination of the numbers through a regional lens:

- Weakening population growth, rising interest rates, and stricter mortgage rules dampen new-housing construction in **Central Ontario** over the near term. The inflow of migrants from the Greater Toronto Area should increase housing demand and produce a new up-cycle between 2024 and 2028. Renovation and maintenance demands will provide a stable source of residential employment opportunities.

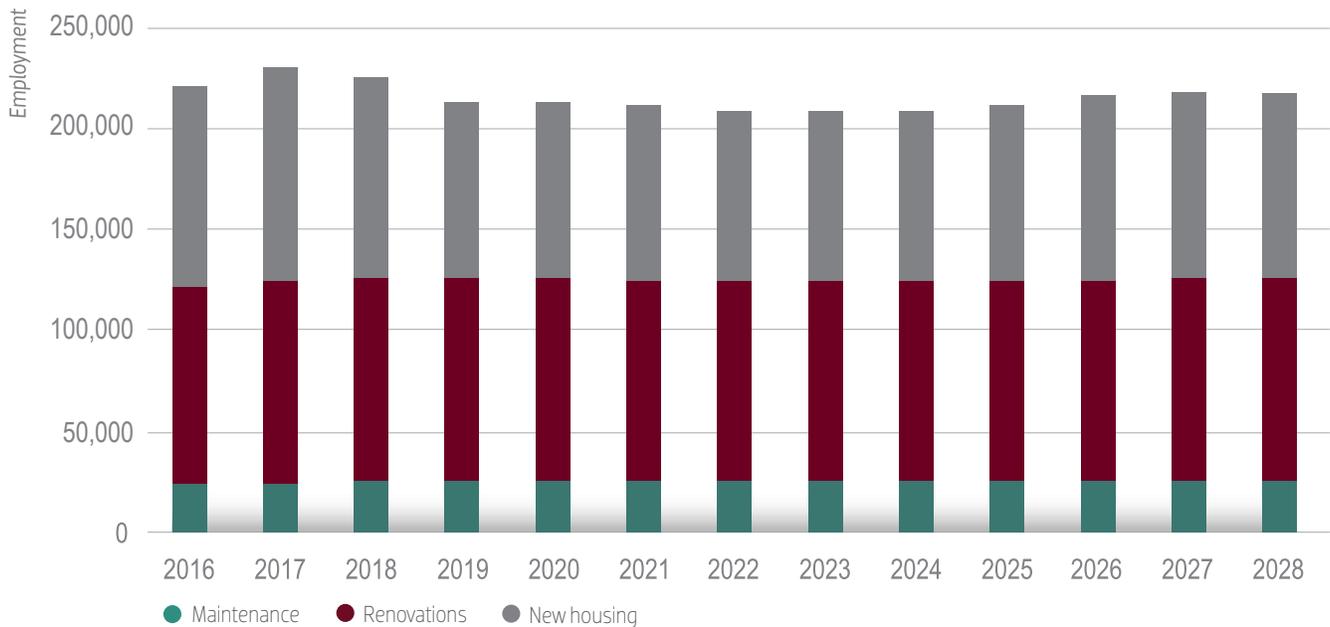
- **Eastern Ontario’s** residential construction labour markets are expected to be relatively stable after 2019. Receding demands across the decade are expected to be modest and gradual between 2020 and 2028.
- In the **Greater Toronto Area**, sharp declines in residential construction employment are expected in 2019, as new mortgage rules and rising interest rates contribute to reduced sales of single-detached and other low-rise homes, which are less affordable. After the 2019 shock, employment is expected to remain relatively stable to 2028 driven by steady gains in renovation and maintenance activity.
 - Overall, residential construction employment is expected to decline by a modest 4% across the 2019–2028 scenario period, as declines in new-housing-related employment are partially offset by gains in renovation and maintenance work.
- Residential construction employment in **Northern Ontario** is expected to decline steadily over the coming decade, led by declines in renovation activity, which offsets modest gains in new homebuilding.
- New-housing construction in **Southwestern Ontario** is expected to recede to 2023, but recover thereafter due to stable population growth. Renovation activity should plateau over the near term before growth resumes after 2023.

Table 8 summarizes Ontario’s residential employment by region.

10-year labour force outlook for Ontario



Figure 13: Residential construction employment growth outlook, Ontario



Source: Statistics Canada, BuildForce Canada

Table 8: Changes in residential employment, by region

REGION	% CHANGE 2019–2023	% CHANGE 2024–2028
Total employment – Ontario	-8%	5%
Central	-7%	10%
Eastern	-6%	1%
Greater Toronto Area	-8%	4%
Northern	-6%	-5%
Southwestern	-11%	5%

Source: Statistics Canada, BuildForce Canada

Greater Toronto Area: The rise in both new-housing and renovation activity tightened labour market conditions for most residential trades and occupations in 2018. The overlap of high-rise project starts and those already under construction should maintain labour pressure on several trades and occupations, while markets return to balanced conditions for others. Anticipated declines in the low-rise market should reduce demand for several trades in 2019. Markets should return to balance in 2020, but strong construction demand will make it a challenge to keep pace with recruiting and training workers even with moderate growth.

Northern Ontario: Over the near term, residential labour market conditions are generally balanced. A further rise in new-housing construction expected between 2019 and 2022 is likely to result in recruitment challenges for some trades and occupations more concentrated in new construction.

Southwestern Ontario: Strong demand for new housing persisted throughout much of 2017. Labour market conditions for trades and occupations involved in new construction returned to balance in 2018, as new-housing demand receded. Over the scenario period, generally balanced labour markets are expected.

LABOUR MARKET CONDITIONS

Central Ontario: A further weakening is expected in 2019 as the pace of new-housing construction slows. Over the scenario period, steady levels of renovation activity should contribute to maintaining generally balanced labour markets.

Eastern Ontario: Tighter residential labour markets in 2018 signaled continued recruitment challenges for many trades working in the sector. Market conditions for trades involved heavily in new construction are expected to return to balance in 2019 as the pace of new-housing construction slows.

MANITOBA

Over the coming decade, Manitoba's residential sector must recruit and retain 3,900 workers to replace an estimated 3,300 workers expected to retire from the labour force and to meet the rising demands of 600 workers from a growing renovation and maintenance market.

Based on historical trends, Manitoba is expected to bring in 2,900 new entrants aged 30 and younger from the local population, which trails the number of workers expected to retire. Attracting and training new workers must remain a priority for the industry, as aging demographics should lead to increased competition for talented youth across Manitoba's industries.

MARKET TRENDS

New-home construction in Manitoba increased 42% in 2017, driven primarily by a strong increase in immigration levels and the anticipation of the "impact of growth fee" on new homes. In 2018, activity moderated, as rising interest rates and stricter mortgage rules slowed purchases and construction of single-detached units. Construction of semi-detached and apartment buildings remained near 2017 levels, as these provide an affordable option.

Residential construction activity is expected to reach a lull over the next two years, as growing renovation demand partially offsets

declines in new-housing construction. The outlook improves from 2021 through 2028 as a recovery in housing starts begins, rising from 6,200 units in 2021 to 7,000 units by 2027. This growth is expected to drive employment in new housing. Ongoing and increased demand for renovation and maintenance work will help further propel employment growth as the sector is expected to add 600 workers over the 2019–2028 scenario period:

- Declines in new-housing construction employment should reduce demand for workers by 600 over the next two years, but then recover to add 300 workers between 2022 and 2028, leaving a net loss of 300 (-5%) workers over the decade.
- Renovation and maintenance provide a steady source of new residential employment opportunities, adding a requirement for 900 (+10%) workers by 2028.

Figure 14 illustrates Manitoba's residential construction employment growth by sector over the 2019–2028 scenario period.

Residential labour markets were stretched in 2017 but returned to more balanced conditions in 2018. Slowing demand for new homes between 2019 and 2020 should weaken market conditions for some trades and occupations more concentrated in new-home construction. Renovation activity, however, is expected to add job opportunities and sustain related employment for some trades and occupations across the decade.

10-year labour force outlook for Manitoba

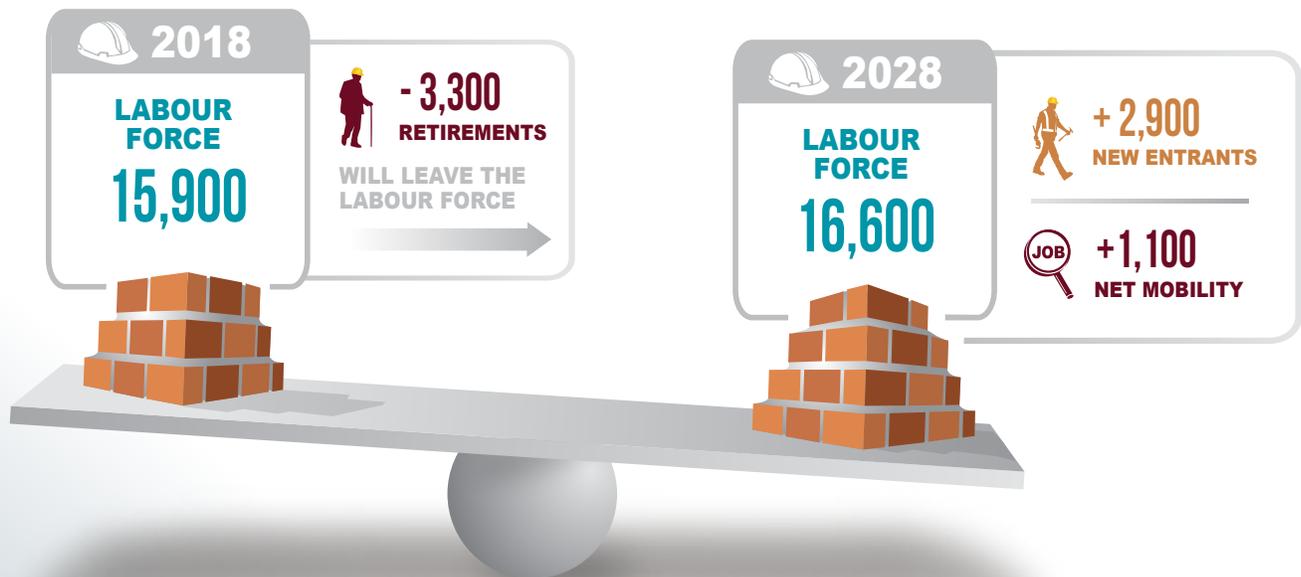
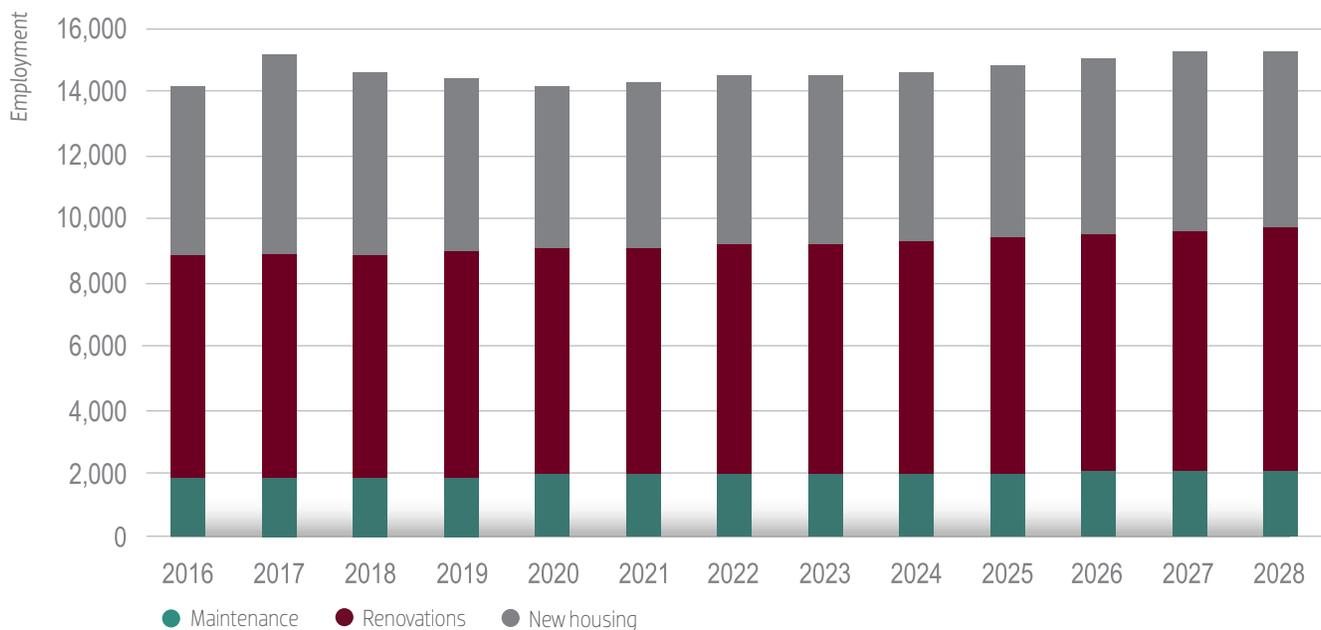


Figure 14: Residential construction employment growth outlook, Manitoba

Source: Statistics Canada, BuildForce Canada

SASKATCHEWAN

Saskatchewan's housing market is expected to recede over the near term as population growth slows. An anticipated up-cycle is expected to start in 2023, driven by new mining expansion, stronger overall economic growth and rising household formations¹. Moderate growth in renovation investment should cushion losses in residential employment over the near term and contribute to a 23% rise, or a requirement for 2,800 workers, between 2023 and 2028.

The industry must contend with an aging labour force and the exit of an estimated 2,900 workers over the coming decade due to expected retirements. Based on historical trends, an estimated 2,400 new entrants aged 30 and younger from the local population are expected to join the residential labour force over the coming decade, leaving a potential skills gap across the scenario period.

MARKET TRENDS

Rising interest rates, out-migration, stricter mortgage rules, and weaker economic conditions combined to slow residential construction activity in 2018.

The near-term outlook indicates that 2018 represented the bottom for declines. More stable levels of activity are expected to 2022, as growth in renovation projects offset further declines in new-housing construction.

A residential up-cycle is expected over the long run, as economic conditions are projected to improve and the outflow of migrants is expected to slow, contributing to a rise in population growth. Housing starts, which are projected to bottom out at 3,900 units by 2022, are expected to reach 6,300 units by 2028 and contribute to overall gains in residential employment. Over the scenario period, residential construction employment is expected to increase by 2,500 workers, or 20% from the levels reached in 2018:

- Although a reduction in new-housing-related employment will reduce requirements by 500 workers through 2022, a recovery begins in 2023 that should increase requirements by 2,200 workers by 2028, producing a net increase of 1,700 (+39%) workers from 2018 levels.
- Growing renovation and maintenance requirements are expected to increase demand by 800 workers by 2028, or an 11% increase from 2018 levels.

Figure 15 illustrates Saskatchewan's residential construction employment growth by sector over the 2019–2028 scenario period.

Weaker residential labour market conditions for most trades and occupations in 2018 were caused by the significant decline in new-housing construction. Market conditions should return to balance by 2020, but tighten between 2023 and 2025 for most trades and occupations with the anticipated housing up-cycle.

¹ **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.

10-year labour force outlook for Saskatchewan

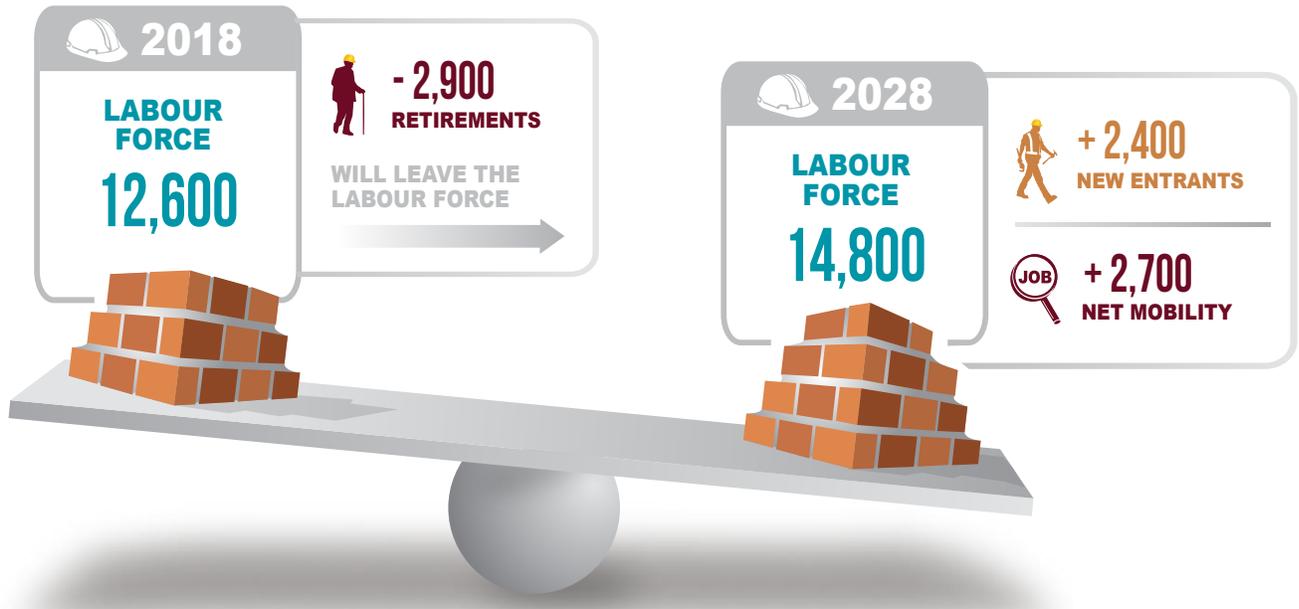
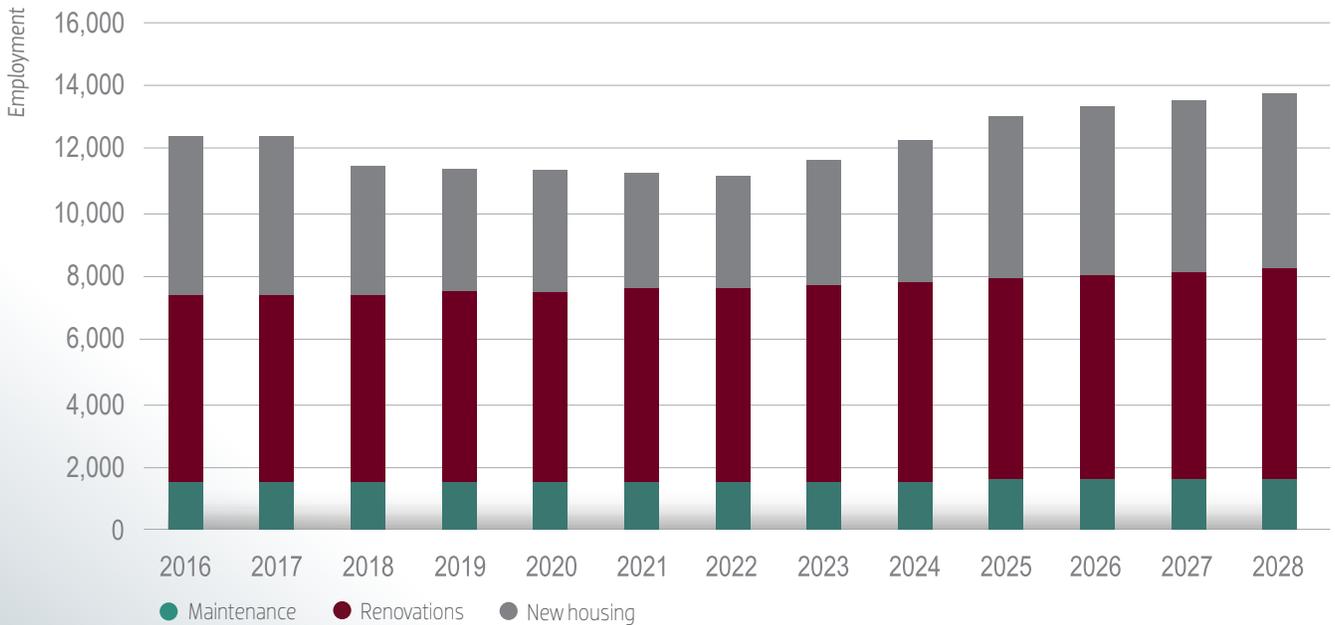


Figure 15: Residential construction employment growth outlook, Saskatchewan



Source: Statistics Canada, BuildForce Canada

ALBERTA

The strong recovery in residential construction in 2017 extended into 2018, supported by modest growth in renovation work, even as employment demands related to new housing declined. Overall demand in the residential sector is projected to weaken between 2019 and 2021, before growth resumes later in the scenario period, driven by population growth as overall economic conditions improve. Combined new residential and renovation construction demands should translate into a total employment increase of 5,600 jobs by 2028.

In addition to employment growth, Alberta’s residential sector must also replace an estimated 15,900 workers expected to retire from the industry, leaving the total hiring requirement at 21,500 workers over the 10-year scenario period.

Based on historical trends, the residential sector is expected to recruit 13,600 first-time new entrants aged 30 and younger from the local population by the end of the decade, leaving a gap of 7,900 workers who must be recruited from other industries, provinces, or traditionally underrepresented groups.

MARKET TRENDS

Alberta’s residential construction sector has made a steady recovery since the 2016 declines, driven by improved economic conditions and the rebuilding effort in Fort McMurray. Overall, the residential sector added 1,400 new jobs in 2018, with two thirds attributable to new-home construction.

Residential demands are expected to weaken between 2019 and 2021, as rising interest rates, new mortgage rules, and weaker economic conditions should decrease home purchases and create an increased number of unabsorbed units. The outlook improves over the long term, as resumed population growth is anticipated to drive an up-cycle in new home construction after 2023, along with growing demand for renovation activity. Overall, the residential sector is expected to add 5,600 new jobs by 2028, or an 8% increase from 2018 levels:

- New-housing-related employment is projected to increase hiring requirements by 1,300 workers, or a modest 3% rise from 2018 levels.
- Growth in the renovation and maintenance market should increase hiring requirements by 4,300 workers, or a 13% increase from 2018 levels.

Figure 16 illustrates Alberta’s residential construction employment growth by sector over the 2019–2028 scenario period.

The expected recovery in new-home construction is likely to focus on multiple unit structures as major metropolitan areas have opted for densification. Generally balanced residential labour market conditions should exist through 2020, followed by a moderate strengthening in new-housing demand and rising renovation activity thereafter.

10-year labour force outlook for Alberta

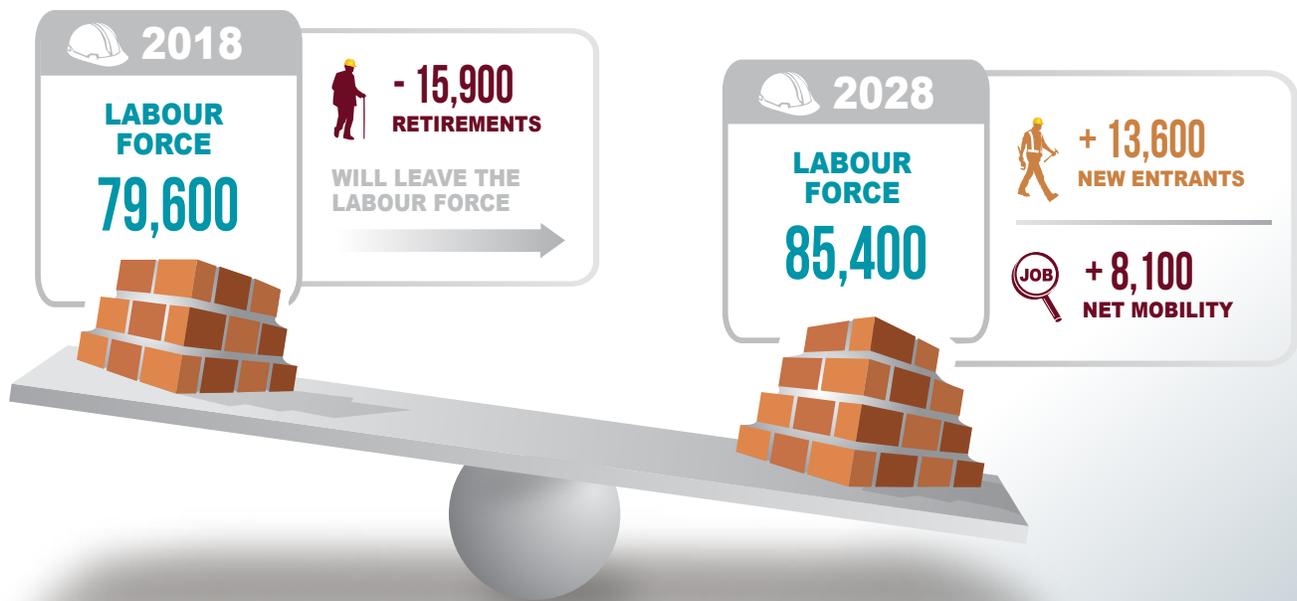
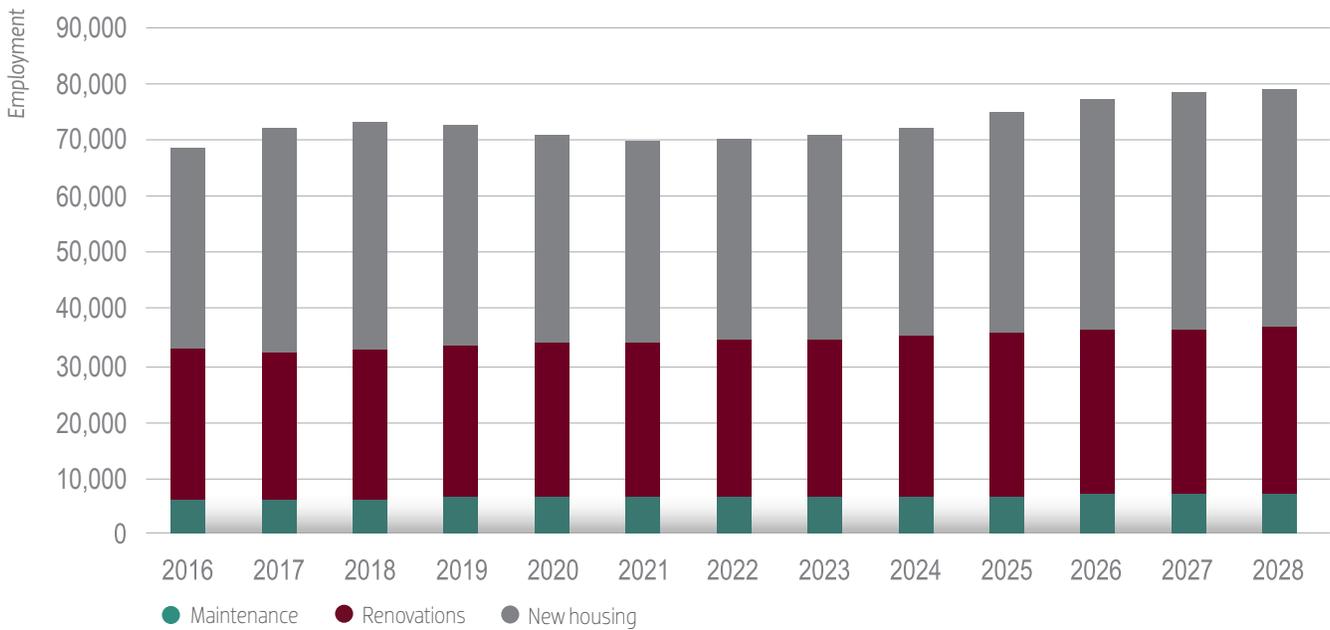


Figure 16: Residential construction employment growth outlook, Alberta



Source: Statistics Canada, BuildForce Canada

BRITISH COLUMBIA

British Columbia’s strong residential market stabilized in 2018 as new homebuilding and related employment slowed. Across the scenario period new-housing construction activity continues to decline, but market demands are offset by increased renovation and maintenance work. The residential sector is expected to require an additional 11,900 new workers by 2028.

Adding to residential hiring requirements is the transition into retirement over the coming decade of an estimated 27,800 workers who take with them years of experience that are not matched by workers entering the labour force for the first time.

Based on historical trends, the industry can expect 22,100 first-time new entrants aged 30 and younger from the local population by 2028, leaving a gap of 17,600 workers that must be recruited from other industries, provinces, or from traditionally underrepresented groups of workers.

MARKET TRENDS

Some relief is anticipated for British Columbia’s vigorous residential labour market over the near term, as housing starts are projected to recede from 43,000 units in 2018 to just under 36,000 by 2025. Growth in renovation projects should offset declines in new housing, leaving overall residential construction employment requirements at 11,900 workers by 2028:

- New-housing-related employment is projected to decline by 17,100 workers, or a 25% decline from 2018 levels.
- Renovation and maintenance demands are expected to add a requirement for 29,000 new workers, or a 59% increase from 2018 levels, and will become a key source of residential employment.

Figure 17 illustrates British Columbia’s residential construction employment growth by sector over the 2019–2028 scenario period.

The tight labour markets experienced in 2018 reflect the prolonged build-up in residential employment requirements and falling levels of unemployment. Projected declines in 2019 should ease labour market tightness, with overall market conditions returning to balance for most trades and occupations. Market challenges should remain, however, for most trades and occupations concentrated in high-rise apartment and condo construction, where demand is expected to be sustained at high levels.

10-year labour force outlook for British Columbia

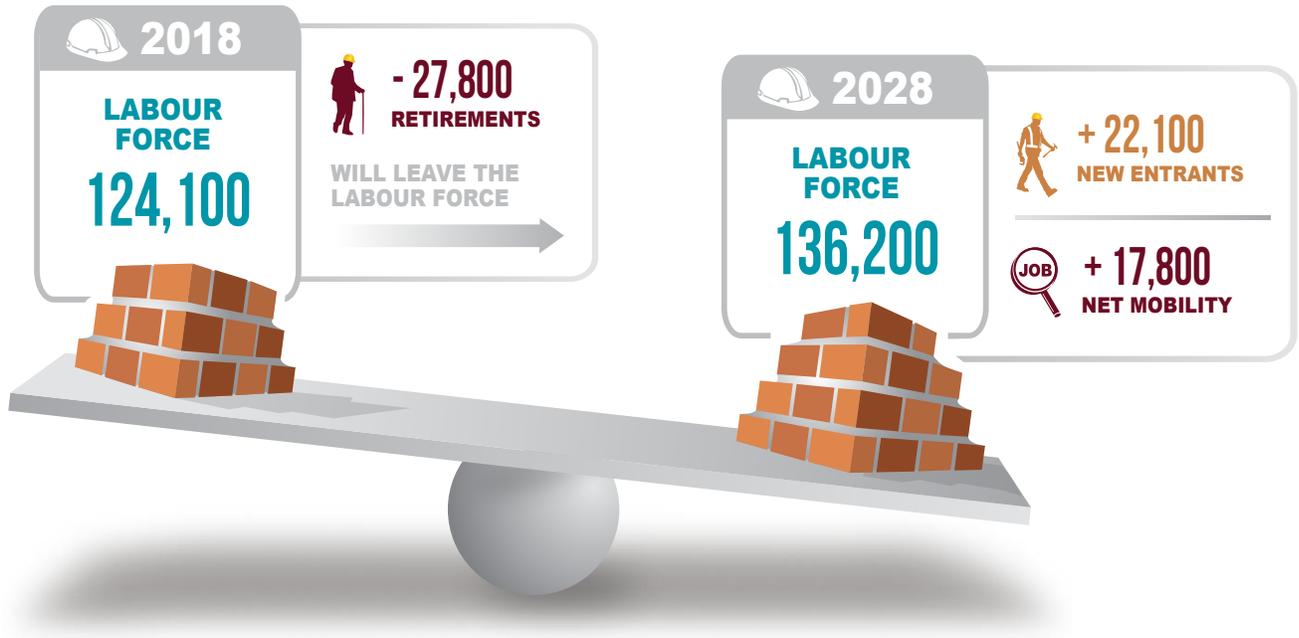
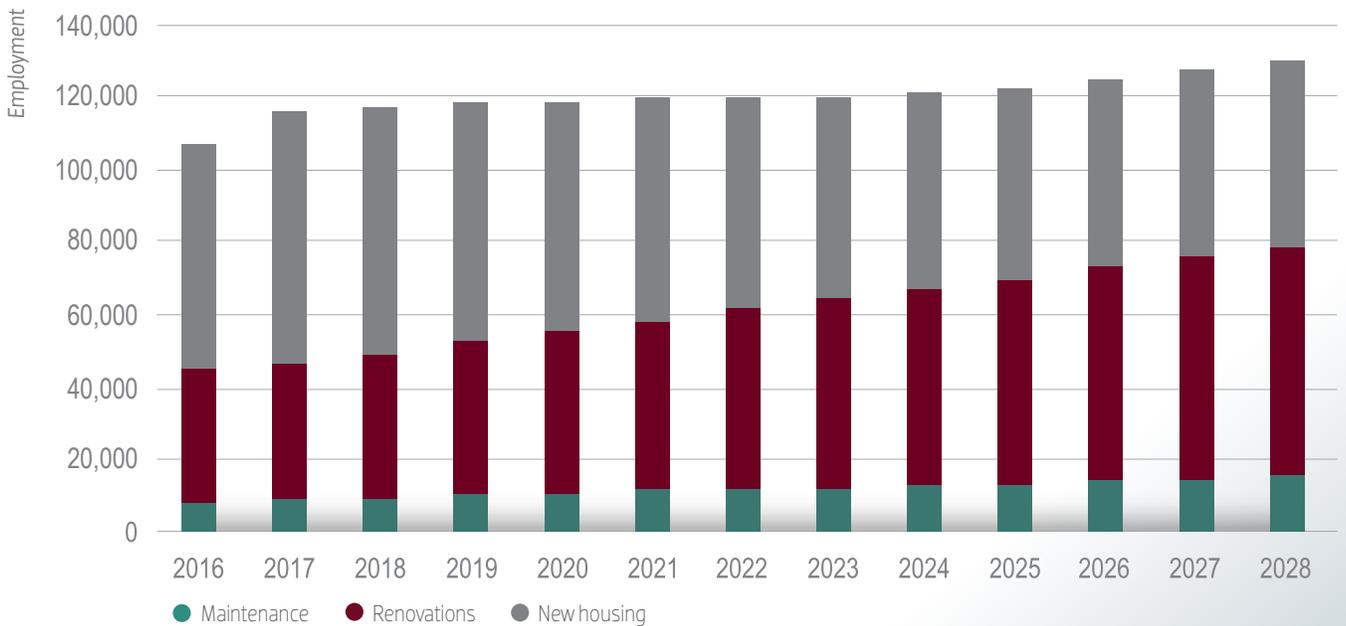


Figure 17: Residential construction employment growth outlook, British Columbia



Source: Statistics Canada, BuildForce Canada

BRITISH COLUMBIA – LOWER MAINLAND REGION

The Lower Mainland region accounts for approximately 63% of British Columbia's total residential activity. BuildForce Canada has developed a separate outlook for this region.

In the Lower Mainland region, residential employment requirements are expected to continue to rise to 2022, as growing renovations offset modest declines in new-housing activity. Housing starts are projected to recede from 31,000 units in 2018 to 28,000 units by the end of the scenario period, driving related employment lower. Over the full 2019–2028 scenario period, overall residential construction employment requirements decline by 2,700 workers:

- New-housing employment should recede by 19,900 workers, or a 43% decline from 2018 levels.
- Growth in renovation and maintenance should contribute to gains of 17,200 new workers, or a 62% increase from 2018 levels.

Over the coming decade, an estimated 16,100 workers are expected to retire from the Lower Mainland's residential construction sector, which should be partially balanced by the entry of an estimated 13,100 new entrants aged 30 and younger from the local population.

Residential market conditions in the Lower Mainland assume continued regional economic and population growth, a consistent requirement for new entrants into the labour force, and ongoing interprovincial and international migration into the province. Despite continued tight labour markets for the next few years, markets should ease considerably in the latter half of the scenario period, with higher than normal availability of trades emerging periodically.

NATIONAL CONCLUSIONS AND IMPLICATIONS

Compared to the significant growth experienced by Canada's residential construction sector over the previous decade, the coming decade brings activity back to "normal" levels. Nevertheless, many provinces are expected to see residential construction employment increase over the 2019–2028 outlook scenario, despite an expected slowdown over the next five years. Additionally, retirements loom large, as Canada's provinces may have to replace up to 30% of their current labour force, as is the case of New Brunswick, Prince Edward Island, and Newfoundland and Labrador.

Meeting hiring requirements will require the industry to remain focused on efforts related to recruitment, training, and retaining qualified workers. The task of enticing youth to join the industry will likely be made more challenging as aging dynamics translate into

increased competition for a relatively smaller pool of youth. Building a sustainable labour force may require increased efforts to attract workers who were traditionally underrepresented in the construction industry, such as women, Indigenous Canadians, and immigrants.

Despite more gradual growth in Canada's residential sector over the coming decade, labour markets are by no means characterized as weaker. Aging demographics, which translate into increased retirements, are anticipated to drive unemployment rates lower across the decade. Some provinces may feel tighter labour markets during peak periods.

BuildForce Canada's residential construction labour market outlook considers emerging economic and demographic trends. Slowing population growth, combined with rising interest rates and stricter mortgage rules, are expected to moderate new-home construction. As growth in renovations and maintenance tend to be gradual, growth in residential construction should feel slower than during the previous decade.

Overall, residential construction employment is expected to recede from high levels over the first five years of the scenario period, as declines in new-housing-related employment are only partially offset by gains in renovation and maintenance employment. By 2025, all three segments of residential construction should contribute to gains in residential employment, driving overall employment higher than 2018 levels by the end of the scenario period. For Canada as a whole, residential construction employment is expected to increase by 8,300 (+1.5%) jobs over the coming decade:

- New-housing-related employment cycles lower over the next five years, but recovers thereafter as interest rates stabilize. Declines are concentrated in single-detached and other low-rise structures as consumers make the choice toward more affordable units.
- The build-up of Canada's housing stock and expected growth in wages due to tightening labour markets should create steady demand for renovation and maintenance work across the 10-year scenario period.

Canada's residential construction sector must contend with backfilling some 129,100 positions that will likely be vacated due to retirements from the labour force; this loss represents 23% of the current labour force. Based on historical hiring trends, the sector could attract as many as 99,800 first-time new entrants aged 30 and younger from the local population, which falls well below replacement requirements.

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 long-term economic outlook and major project assumptions. Any changes to these assumptions presents risks and potentially alters anticipated market conditions.

Timely construction forecast data is available online at [constructionforecasts.ca](https://www.constructionforecasts.ca). Create customized reports on a broad range of selected categories within sector, trade or province covering up to 10 years.

For more information, contact:



Phone: 613.569.5552 | info@buildforce.ca

Funded by the Government of Canada's Sectoral Initiatives Program

The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada

Canada

JUNE 2019

FOR THE MOST DETAILED & COMPREHENSIVE CONSTRUCTION LABOUR MARKET DATA IN CANADA, VISIT

www.constructionforecasts.ca

Developed with industry for industry

Customizable tables and graphs available for:

- Data on more than 30 construction trades and occupations by province looking ahead 10 years
- Macroeconomic and investment data
- Key economic indicators, construction investment and labour market conditions by province and/or sector

The logo for BuildForce Canada features a stylized white icon of a building or structure to the left of the text. The text 'BUILD' is in a bold, sans-serif font, followed by 'FORCE' in a larger, bold, sans-serif font. Below 'FORCE' is the word 'CANADA' in a smaller, all-caps, sans-serif font. A registered trademark symbol (®) is located to the right of 'FORCE'. The background of the logo area is a dark red with a diagonal line pattern.

BUILD **FORCE**[®]
CANADA