



ONTARIO

Construction Looking Forward 2010–2018 Key Highlights

Ontario's construction industry is in the recovery stage of a business cycle that began with a downturn in 2008. Job losses in the housing sector in 2009 have been partly offset by government stimulus in non-residential markets. Recovery will be led by infrastructure projects in 2010 and early 2011. A rebound in housing will also replace some lost jobs, supporting construction employment during 2011. But the housing recovery will lose its momentum by 2012. After 2012, both residential and non-residential construction labour markets settle into a steady expansion that lasts until 2018.

The Construction Sector Council (CSC) uses a scenario-based forecasting model to assess future labour market conditions. It consults with industry, including labour groups, contractors and owners, to validate the scenario assumptions and seeks input from governments on related analysis and construction project lists. This approach offers efficient access to project information and detailed first-hand assessments of labour supply and demand for individual construction trades and occupations.

In Ontario, shifting market conditions in both residential and non-residential sectors can be described in two periods¹: The Current Cycle (2008–2011) and Expansion Phase (2012–2018).

THE CURRENT CYCLE (2008–2011)

Job losses from 2008 to 2009 are estimated at 26,000 or more in residential-related work. A limited recovery restores about 17,000 jobs by the end of 2011. The temporary tax

credit boosted renovation during 2009 and helped to offset the extent of the downturn. But added renovations in 2009 may have moved some work forward from 2010 and 2011. At the end of 2011, residential construction and related employment remain below the 2007 peak.

Government programs support strong markets for infrastructure work in roads, heavy construction and institutional building in 2009 and 2010. Delays in starting these programs held back jobs in 2009, but half of the announced spending is assumed for 2010 with the balance in early 2011. These programs restore some of the job losses in industrial, commercial and utility construction in 2009. Stimulus ends as announced in 2011 and about half of the stimulus jobs are lost. Utility, industrial and commercial building activity is expected to grow in 2010 and 2011. Overall, non-residential construction adds 21,000 jobs across the cycle, offsetting losses in residential and leaving construction employment ahead of the 2008 peak.

Across the cycle, this pattern creates the biggest job losses and limited recovery for the following trades and occupations:

- ✦ bricklayers
- ✦ carpenters
- ✦ floor covering installers
- ✦ plasterers and drywall installers
- ✦ residential and commercial installers
- ✦ residential home builders and renovators
- ✦ roofers and shinglers
- ✦ tilesetters

¹ The 2010 Construction Looking Forward release for Ontario reports new labour market assessments for the period 2010 to 2018. The assessment includes 2008 and 2009 as part of the analysis to track the impact of the global recession on local construction investment and labour markets.

At the same time the following trades see minimal losses and potential recovery:

- ◆ boilermakers
- ◆ construction millwrights
- ◆ crane operators
- ◆ electricians
- ◆ heavy equipment operators and mechanics
- ◆ ironworkers
- ◆ sheet metal workers
- ◆ steamfitters and pipefitters
- ◆ welders

EXPANSION PHASE (2012–2018)

The scenario's Expansion Phase, from 2012 to 2018, begins with limited growth in residential construction, but both residential and non-residential sectors settle into a pattern of regular annual growth of between 2 and 6 percent. Expansion at this pace is well within normal bounds. Activity gradually accelerates as a housing upturn gains momentum and work ramps up for a proposed big nuclear generation project.

By 2018, employment gains across the Expansion Phase reach 90,000 jobs with the increase distributed equally across sectors. This compares to the construction industry expansion from 2001 to 2008 when more than 60,000 jobs were added. The challenge later in the scenario will be finding the needed workers given demographic trends and the expected limited growth in the workforce.

Supply-side analysis in the CSC system has been improved this year and now tracks the entries into and losses from the construction workforce. Across the scenario, retirements and mortalities will take more than 83,000 workers out of the workforce, and these replacements will be added to the more than 122,000 new jobs created. There will be an estimated 66,000 new entrants (Ontario youth from 15 to 30 years old entering the workforce for the first time) leaving the industry with the challenge of recruiting more than 100,000 workers from outside the industry and the province². This recruiting challenge represents annual additions of up to 5 percent of the workforce and signals tight markets later in the scenario.

Growing labour requirements are distributed across all the trades and occupations covered in the CSC system. Gains are steepest, however, for trades needed in the proposed nuclear power projects late in the scenario. For these occupations and those with older age profiles, labour markets will be tight at the end of the scenario. Rankings that describe the markets are summarized on page 4.

REGIONAL HIGHLIGHTS

The CSC system divides Ontario into five regions. Each has a distinct scenario for labour requirements and the available workforce.

Greater Toronto Area (GTA)

In general, construction labour markets are stronger in the GTA than in other regions. Work on infrastructure during the cycle and the expansion of other non-residential activity is relatively larger in the GTA. In particular, the assumed scheduling of major new nuclear facilities after 2016 boosts activity and rankings at the end of the scenario.

Residential activity in the GTA is stronger in The Current Cycle from 2008 to 2011, with a more limited downturn and faster recovery. However, the expansion of residential building later in the scenario is moderately slower than that of other regions.

Central Ontario

The scenario for Central Ontario follows the provincial pattern in both The Current Cycle and then the Expansion Phase for non-residential sectors. Housing activity is strongest in Central Ontario across the scenario, reflecting the concentration of arriving immigrants in this area.

Eastern Ontario

Both The Current Cycle and the Expansion Phase are milder in Eastern Ontario than in the rest of the province. While this implies fewer new job opportunities in the CSC trades and occupations, it also brings balance to labour markets and conditions that are manageable by the local industry. The provincial pattern of relative strength in non-residential projects and lagging residential building applies in the east.

Northern Ontario

Resources and infrastructure projects add moderate demands to non-residential activity in some northern communities, which helps to offset housing weakness

² Unemployment is reduced by 19,000 people across the scenario.

during The Current Cycle. Construction employment in 2011 is slightly ahead of 2008. Recruiting problems likely occur in the north in this scenario as out-migration and the older age profile of the workforce limit the future labour supply. Trades and occupations working on residential sites will be in short supply as the housing sector works to catch up during the Expansion Phase of the scenario.

Southwest Ontario

The Current Cycle brings hardship to the southwest as major non-residential projects are winding down and the severity of the residential downturn is felt. Demographic trends combine with ongoing housing needs to support improvements in residential activity later in the scenario.

Industrial and utility investments lag, however, and non-residential construction remains essentially at current levels later in the scenario.

CONCLUSION

The 2010 CSC construction scenario for Ontario anticipates a significant expansion in construction at the end of The Current Cycle. Unemployment created by the downturn will be absorbed over the 2010–2011 period. Later in the scenario, labour markets will be tighter as moderate increases in labour requirements run up against a limited local labour supply. Construction industry attention will need to focus on training, recruiting and in-migration across the scenario.

Construction Forecasts Website

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With a click, this unique industry planning tool delivers sound forecasting and planning data covering up to 10 years for more than 30 major construction trades.

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Developed by the Construction Sector Council as part of our Labour Market Information Program
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MARKET RANKINGS FOR TRADES AND OCCUPATIONS IN ONTARIO

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Boilermakers	1	3	2	4	4	3	3	3	4	4
Bricklayers	2	2	3	3	3	3	4	4	4	4
Carpenters	2	3	3	3	3	3	4	4	4	4
Concrete finishers	3	3	3	3	3	3	4	4	4	4
Construction estimators	1	3	3	3	3	3	4	4	4	4
Construction managers	1	3	4	3	3	4	4	4	4	4
Construction millwrights and industrial mechanics (except textile)	1	3	3	4	4	3	3	3	4	4
Contractors and supervisors	2	3	3	3	3	3	3	4	4	4
Crane operators	3	4	3	3	4	3	3	4	4	4
Drillers and blasters – construction	3	4	3	3	3	3	3	3	3	4
Electricians (including industrial and power system)	2	3	3	4	4	3	3	3	4	4
Elevator constructors and mechanics	3	3	3	3	3	3	3	3	3	4
Floor covering installers	3	2	3	3	3	3	3	3	3	3
Gasfitters	2	3	3	3	3	3	3	3	4	4
Glaziers	3	3	3	3	3	3	3	3	4	4
Heavy equipment operators (except crane)	3	4	2	3	3	3	3	3	3	3
Heavy-duty equipment mechanics	2	4	2	3	3	3	3	3	3	4
Industrial instrument technicians and mechanics	1	2	2	3	4	3	3	3	5	5
Insulators	2	2	3	3	3	3	3	3	3	4
Ironworkers and structural metal fabricators and fitters	2	3	3	3	3	3	3	4	4	4
Painters and decorators	2	2	3	3	3	3	3	3	3	3
Plasterers, drywall installers and finishers, and lathers	2	2	3	3	3	3	3	3	3	3
Plumbers	3	3	3	3	4	3	3	3	4	4
Refrigeration and air conditioning mechanics	3	3	3	4	4	3	3	3	4	4
Residential and commercial installers and servicers	2	2	3	3	3	3	3	3	4	4
Residential home builders and renovators	1	2	3	2	3	3	3	3	3	3
Roofers and shinglers	3	3	3	3	3	3	3	4	4	4
Sheet metal workers	3	3	3	4	4	4	4	4	4	4
Steamfitters, pipefitters and sprinkler system installers	3	3	3	4	4	4	3	3	4	5
Tiles setters	2	3	4	3	4	4	4	4	4	4
Trades helpers and labourers	2	2	3	3	3	3	3	3	3	3
Truck drivers	3	5	3	3	3	3	4	4	4	4
Welders and related machine operators	3	4	3	3	4	4	4	4	4	4

MARKET RANKINGS

- 1 Workers are available, excess supply is apparent and there is a risk of losing workers to other markets
- 2 Workers are available to meet an increase in demand.
- 3 The availability of workers may be limited by large projects, industrial maintenance or other short-term increases in demand.
- 4 Workers are generally not available. Employers will need to compete to attract additional workers.
- 5 Workers are not available to meet demand. Competition for workers is intense and projects or production may be delayed or deferred.

Source: Construction Sector Council

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

The full report, *Construction Looking Forward, An Assessment of Construction Labour Markets from 2010 to 2018 for Ontario*, is part of the Construction Sector Council's Labour Market Information Program, and will be available electronically at www.csc-ca.org later this spring.

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