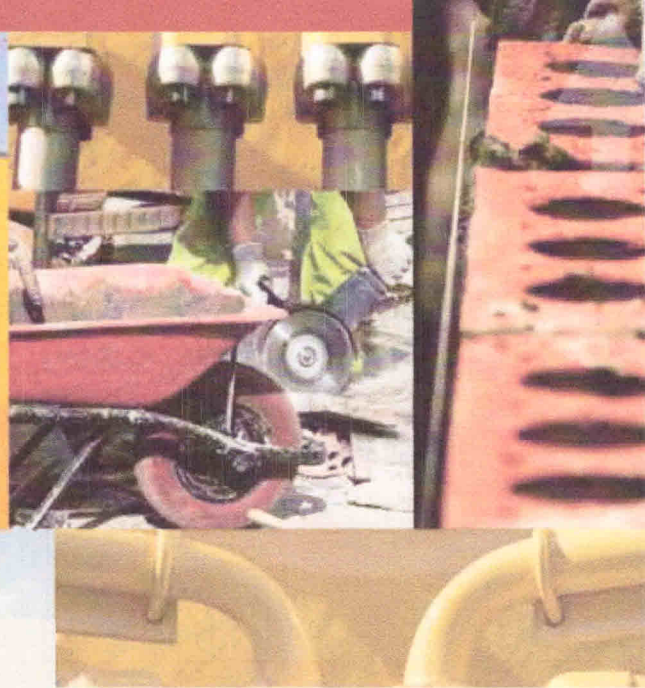




Construction Looking Forward 2012–2020 Key Highlights

ONTARIO



The 2012¹ *Construction Looking Forward* scenario for Ontario describes the second half of an expansion that began in 1996. Higher employment in 2010 and 2011 confirmed that losses in 2009 were a moderate correction in an extended period of growth. The new 2012–2020 scenario anticipates overall steady and moderate gains. Construction has been a leading industry for more than 20 years and employment continues to grow across the outlook scenario.

Peaks and troughs punctuate cycles in utility, industrial and infrastructure projects in the Greater Toronto Area (GTA) and in the Southwest and Northern regions of the province. Providing for these peak expansion requirements while accommodating

Peak periods, including 2007 and 2008, stretched resources and challenged recruiting for specific trades in particular sectors. Investments in support systems and human resource planning may be stretched and tested again as the next round of building projects unfold from 2012 to 2020. Construction employment in the Construction Sector Council (CSC) trades and occupations will expand by almost 44,000 (14 percent) jobs, with 14,000 (9 percent) new jobs in residential construction and 30,000 (17 percent) in non-residential.

increases in retirements, residential renovations and commercial and institutional building will be the challenge.

There are strong regional and sector patterns driving markets. The dominant trend is the concentration of activity in non-residential construction in the GTA – more than 80 percent of new non-residential jobs added in Ontario will be in the GTA.

The CSC LMI system points to tight markets in peak years (e.g., 2015 to 2018 in the GTA, 2012 and 2013 in Northern Ontario and 2015 in Southwest Ontario) and for selected trades and occupations, including the following:

PROVINCE-WIDE REQUIREMENTS

Overall, construction employment grows in even steps in both the residential and non-residential sectors. The estimated 44,000 new jobs are just half compared to the additions to the workforce recruited over the past eight years. But planning and hiring will include some challenges. The CSC labour market information (LMI) system for Ontario probes beneath this calm surface to reveal volatile cycles and difficult challenges in some regional markets.

- ◆ boilermakers
- ◆ construction managers and supervisors
- ◆ electricians
- ◆ industrial instrument mechanics
- ◆ ironworkers
- ◆ millwrights
- ◆ plumbers

¹ The 2012 *Construction Looking Forward* release for Ontario reports new labour market assessments for the 2011–2020 period. The assessment includes 2011 as part of the analysis to track the impact of the global recession and recovery in local construction investment and labour markets.

- ◆ specialty welders
- ◆ steamfitters and pipefitters
- ◆ truck drivers

There are other examples of periodic market strength and weakness across the scenario period. These are highlighted in the descriptions of regional labour markets that start below with the GTA.

The CSC uses a scenario-based forecasting model to assess future labour market conditions. It consults with industry, including owners, contractors and labour groups, 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.²

THE AVAILABLE WORKFORCE

Unemployment represents the first potential supply source. Ontario's construction unemployment rates dropped to record lows in 2007 as employment boomed and labour force growth gradually slowed down. A brief increase in 2009 raised unemployment to just above normal levels, but the recovery in 2010 and 2011 brought conditions in most markets back to more normal historical levels. Demographic trends will limit the entry of local workers, and rising demands make it unlikely that the pool of unemployed will meet the demands of recruiters. Exceptions may occur where major projects are ending.

Long-term demographic trends will also be driving replacement demand across the scenario period. The CSC system breaks down the annual change in the available labour force into key components: retirements, new entrants and net in-mobility³. Estimates of retirements track annual losses to the workforce that are offset by new entrants from the Ontario population aged 30 and younger. The number of new entrants is restricted by the age profile of the local workforce and is lower than retirements. Net in-mobility measures the residual change in the labour force that must be met through either unemployed workers leaving construction or new workers entering from other markets.

The provincial construction labour force is estimated to rise by 43,000 workers from 2012 to 2020 in response to strong expansion demand and low unemployment. This coincides

with an increase in replacement demand related to the expected retirement of 77,000 workers. An estimated 60,000 new entrants will be available to fill the overall increase in labour requirements. From this perspective, from 2012 to 2020, Ontario's construction industry will need to draw in an additional 60,000 workers from other markets.

At the provincial level, these requirements are evenly dispersed across the years from 2012 to 2020 in annual increments of 5,000 to 10,000. But changes in individual markets are very different and attention shifts to distinct regional patterns.

RANKINGS, RISKS AND OPPORTUNITIES

The CSC LMI system assesses each labour market with a ranking that summarizes several measures. For the province as a whole, these rankings aggregate across regional conditions and anticipate that available workers in one region will move to jobs in another region. For the entire province, the result is balanced markets in most years. This province-wide outcome depends on specific circumstances that prevail in each region.

Province-wide rankings, set out in the table on page 6, identify tight markets in 2012 for trades working on industrial and utility jobs (e.g., boilermakers, electricians, millwrights, plumbers, pipefitters and steamfitters) currently underway or scheduled to start. As the scenario unfolds after 2013, demands are spread among regions and sectors, and conditions balance out for most markets. The implication is that the projected annual in-migration of 5,000 to 10,000 workers will meet expansion and replacement demands⁴. But provincial rankings do not capture the shifting conditions in each region.

GREATER TORONTO AREA

Construction activity in the scenario focuses on the GTA with overall employment gains that lead all regions. Requirements are greatest in industrial and utility projects and there are above average gains in commercial and institutional construction, as well.

New housing construction dropped steeply in 2008 and 2009, but is now recovering. A brief downturn in 2012 will interrupt an otherwise steady progression of gains to 2020. While improvements are impressive, they leave activity below the 2007 peak until the end of the scenario period. Residential construction adds an estimated 6,000 new jobs in the GTA in steady increments across the scenario, sustaining a stable market environment.

² The CSC LMI system tracks labour market conditions for 33 trades and occupations. This group does not represent approximately 25 percent of the construction workforce that does not work on job sites (e.g., office support, engineers and office managers).

³ In-mobility refers to the arrival of workers from outside the local construction industry.

⁴ Replacement demand refers to the loss of workers due to retirement and mortality.

