Ontario Construction Secretariat

EYE ON ICI NEWSLETTER

JUNE 2013

INSIDE THIS ISSUE

2013 OCS State of the Industry and Outlook Conference - Hilton Toronto Hotel

EVENT RECAP

Tracking Economic Prospects: the OCS 2013 State of the Industry and Outlook Conference

On March 6th, the OCS hosted its 13th annual State of the Industry and Outlook Conference at the Hilton Toronto Hotel. This event is normally one of the OCS most popular and this year was no exception as 230 delegates attended the event. Ontario's energy sector was the theme of this year's conference. Sean Strickland, CEO of the Ontario Construction Secretariat hosted and moderated the event.

The event kicked off with opening remarks from Michael Coteau, the Minister of Citizenship and Immigration. He spoke about the importance of Ontario's energy sector and the positive steps that the province has taken towards improving energy infrastructure and making renewable energy sources a more important part of the system.

Delegates were treated to presentations from a variety of experts, including TD Bank's Deputy Chief Economist, Derek Burleton. In an engaging and sometimes humourous way, Derek articulated his view of the likely path of the global economy, stressing that global growth would be driven by emerging economies (i.e. China). By his reckoning, growth in both Canada's and Ontario's economies would be more subdued, weighed on by consumer and government deleveraging. However, Derek noted

Deputy Chief Economist Derek Burleton of TD Bank Financial Markets

that non-residential construction was going to be a bright spot for Ontario's economy, thanks in part to healthy growth in the commercial market.

Mark Arnone, Ontario Power Generation's (OPG) Vice-President of Refurbishment Execution, spoke about their planned refurbishment of the Darlington Nuclear Generating Station. He noted that the project would involve refurbishment of major reactor components and construction of waste storage buildings as well as supporting infrastructure. All told, the 15 year mega-project is expected to generate 30 million hours of field work and employ thousands of workers at its peak.

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Shawn Cronkwright (Left) and Mark Arnone (Right)

OCS Director of Research & Operations, Katherine Jacobs

Shawn Cronkwright, Director of Renewables Procurement at the Ontario Power Authority, also addressed attendees. He noted that Ontario's phase-out of coal-fuelled power sources is expected to be completed in 2014 and renewable energy sources will take up the slack. Shawn also spoke about the success of the Province's Feed-in-Tariff (FIT) program in attracting investment and creating jobs. Under all versions of the FIT program (i.e. FIT, FIT version 2, microFIT), there have been 2,383 contracts executed and 7,727 under application. As a backgrounder, the FIT program is a way to encourage investment in renewable energy technologies by offering long-term contracts to producers.

Katherine Jacobs, the OCS Director of Research and Operations, was the last presenter at the event. She provided her outlook on Ontario's construction markets, drawing on the *2013* OCS *Survey of Ontario's Construction Markets*. She noted that 2013 would be a positive year for the commercial sector, particularly for the GTA given ongoing office building construction. She also indicated that prospects for the industrial sector were positive, thanks to the mining and transportation sectors as well as continued recovery in the manufacturing sector. Engineering construction is expected to increase in 2013, lifted by work in the renewable energy sector and transit infrastructure. Both residential and institutional investment were projected to drop after several years of very strong activity.

OCS Chief Executive Officer, Sean W. Strickland

MPP, Michael Coteau

Over 200 industry delegates attended the 13th annual State of the Industry & Outlook Conference

IN FOCUS:

Ontario Construction Secretariat donates $20,000 to Hammer Heads

James St. John (Central Ontario Building Trades)

The OCS recently donated $20,000 to the Central Ontario Building Trades' Hammer Heads Program. The Hammer Heads Program is a skill and employment-based training program within the construction industry offering apprenticeship career opportunities to the youth of under-resourced neighbourhoods in our communities.

Students in the program were recently honoured at the *State of the Industry and Outlook Conference*. The OCS is proud to support the Hammer Heads Program and wishes it continued success.

FOR MORE INFORMATION ON THE HAMMER HEADS PROGRAM GO TO: www.cobtrades.com/hammerheads/

Sean Strickland (OCS Chief Executive Officer) and various OCS Board members present a $20,000 cheque to the Central Ontario Building Trades Hammerheads

Photography courtesy of Janis Rees */ Kaleidoscope Photography for 2013 State of the Industry & Outlook Conference*

APPRENTICESHIP:
COMPLETION COUNTS

Union-Employer Training Partnerships Graduate Apprentices At a Higher Rate

There is a significant gap in the number of people who register as apprentices and those who complete the program to become journeypersons. This is a real problem for the Ontario economy as highly skilled workers create a competitive advantage through greater productivity and innovation. It also indicates that there is a limited return on investment in training new skilled tradespeople.

Research on this important issue commissioned by the OCS indicates that skilled worker training centres that are a partnership of labour and management can help bridge this gap.

Our groundbreaking report, *Completion Counts: Raising Apprenticeship Completion Rates in Ontario's Construction Industry,* found that a full three-quarters of apprentices being trained through a Joint Apprentice Training Trust (JATT) will complete their program and achieve a Certificate of Qualification, compared to 58% who receive their training in other less supportive environments.

The joint union-management approach to apprenticeship training often provides a high degree of trade specialization and creates a training culture. The result is custom-built facilities and programs that are designed, equipped and structured to provide the optimal conditions for delivering trade-specific training. In this system, apprentices have the resources they need to complete their tenure and become journeypersons.

The success of labour-management partnerships points to a new apprenticeship strategy that is aimed at flowing public dollars to those organizations that are most efficient in achieving results – "graduating" apprentices. Creating an environment where more apprentices graduate from their program and receive a Certificate of Qualification is a win-win for all stakeholders. Apprentices are rewarded for completing their program through higher wages, portable certification and improved career prospects. Employers gain through increased productivity and a greater return on their investment and government achieves their objective of ensuring Ontario has a highly skilled workforce.

The OCS was proactive in communicating the implications of the research by holding a press conference at Queen's Park. Potential policy initiatives based on the research were presented to government stakeholders. Initiatives would focus on three key areas:

1. Provincial commitment to the Canada Job Grant that encourages apprenticeship completion;
2. Implementation of procurement policies that encourage work for apprentices on all public infrastructure projects including provincially funded projects in municipalities, hospitals, universities and colleges; and
3. Leverage the investment and success currently achieved through joint labour-management partnerships.

VIEW THE QUEEN'S PARK PRESS CONFERENCE **CLICK HERE**

DOWNLOAD THE REPORT **CLICK HERE**

COMPLETION COUNTS 2013 REPORT
AVAILABLE ON WWW.ICICONSTRUCTION.COM

CURRENT ANALYSIS AND NEAR TERM OUTLOOK:
TRENDS IN INVESTMENT AND BUILDING PERMITS

Statistics Canada has recently made first quarter investment and building permit data available. As such, we have an opportunity to examine investment trends in order to determine how the year started for the industry and assess what the near-term future could look like. In our analysis, we use "constant dollar" investment data, in order to control for the inflationary impact of materials and labour on investment values. It's worth noting that Statistics Canada recently made some technical changes to the way in which it tabulates the data. The changes had the effect of bumping up historical investment values relative to what they had been initially reported as.

Building permit data allows us to get a sense of what the future holds for investment, as building permits are one of the first steps in the construction process and are a leading indicator of future investment.

Total ICI Investment

Seasonally adjusted, constant dollar ICI investment totalled $4.2 billion in the first quarter of 2013, essentially the same value as the prior quarter and down roughly 1% relative to a year-ago. For perspective, that level of investment is in-line with the recent average, meaning only a mediocre quarter for investment expenditures.

There has been some concern among industry stakeholders about whether private companies could take the baton from the public sector in terms of generating positive growth in the overall market. Encouragingly, industrial and commercial (i.e. mostly private) investment increased in the first three months of 2013. However, their gains were insufficient to boost total ICI investment given an offsetting decline in the institutional (i.e. mostly public) sector. Unfortunately, this has been the story for four straight quarters.

Industrial Investment

Current Trends

In the first quarter, industrial investment advanced 3% versus the prior quarter to $521 million – the highest level in 5 years. This is consistent with an improving trend in manufacturing sales and mining and utilities output. The gain left investment sitting a comfortable 23% above its year-ago level, further proof that the industrial sector has managed to lift itself out of its recession doldrums.

The increase was concentrated in Hamilton, which recorded its second straight quarter of above-40% growth, thanks to construction of the Maple Leaf Foods processing plant. Sudbury also recorded a hefty gain while investment was higher in Toronto as well.

One concerning development worth mentioning is that the gains in industrial investment were not broad-based. Only 6 out of 15 Census Metropolitan Areas (CMAs) recorded increases in the first quarter. In fact, there were particularly sharp declines in Windsor and London.

Outlook

The value of province-wide industrial building permits advanced 9% year-over-year in the first quarter, pointing to further increases in industrial investment going forward. The gain was largely accounted for by permits issued for utilities and transportation buildings, though values were also higher for mining buildings – a reflection of anticipated opportunities in Northern Ontario.

Commercial Investment

Current Trends

Over Jan-March, commercial investment advanced 2% quarter over quarter. The value of investment was $2.4 billion, up 8% from its year-ago level and soundly above the recent average. At $1.4 billion, Toronto made the largest contribution to the increase. In fact, commercial investment in Toronto was at its

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highest quarterly level since at least 1997 (the first year which the data was collected). Downtown Toronto is benefitting from a construction boom the likes of which haven't been seen since the 1980's, according to CB Richard Ellis (a commercial real estate firm) thanks in part to the "city-living" trend, whereby young workers are increasingly migrating to the area to take advantage of the lifestyle offered by Toronto.

There was also a large increase in Hamilton – owing to construction of a new office for Union Gas Limited. Meanwhile, investment was higher in Windsor for the 4th straight quarter and Ottawa for the 5th consecutive one.

The gains in commercial investment were even more narrowly concentrated than in the industrial sector as only 4 out of 15 CMAs registered increases. The largest quarterly declines occurred in Brantford and Barrie, though there were double-digit drops in Oshawa and Guelph as well.

Outlook

In the first quarter, a massive $1.2 billion worth of permits were issued, building on the robust level seen in 2012 and indicating that there is a large amount of work still in the pipeline. Higher values of permits issued for hotels and restaurants, warehouses and service stations (i.e. gasoline stations) fuelled the gain.

Institutional Investment

Current Trends

Institutional investment plunged 7% in the first quarter, the sixth straight quarterly decline. With the drop, the value of investment stood 20% below its year-ago level, and was lower than both its 3 and 5 year averages. In short, institutional investment is softening. This weakness was foreshadowed by building permits, whose value fell 22% in 2012.

8 out of 15 CMAs posted declines, led by St. Catharines-Niagara where in investment cratered by 52%. The CMA continues to normalize after the massive gains observed in the past few years related to the new health-care complex, on which work is now winding down. There were also double-digit quarterly drops in London, Guelph, Thunder Bay and Sudbury.

Outlook

Institutional permit values are a particularly strong predictor of upcoming investment and unfortunately the story that they are telling is one of continued retrenchment. Over the first three months of 2013, the value of institutional permit values collapsed 48% versus their year-ago level to their lowest amount since 2001. If this declining trend holds, then we are looking at weakness not only for this year but stretching into 2014 as well.

Large declines were observed in permit issuance related to welfare homes (i.e. long-term care facilities), government buildings and churches. Somewhat encouragingly, permit values for schools managed to post year-over-year gains in the first quarter while building intentions for hospitals were unchanged.

"The first quarter of 2013 was mediocre in terms of investment"

Bottom Line

Current Trends

The first quarter of 2013 was mediocre in terms of investment, as encouraging gains in industrial and commercial investment were offset by a drop in the institutional sector. Building permit data is suggesting that these trends will hold in coming quarters.

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ICI constant dollar investment, by CMA	First Quarter, 2013	
CMA	**Value (000s)**	**% change versus a year ago**
Barrie	$39,551	-35
Brantford	$28,515	0
Greater Sudbury	$35,511	-38
Guelph	$45,275	-17
Hamilton	$267,367	46
Kingston	$42,686	-9
Kitchener-Cambridge-Waterloo	$168,143	-29
London	$187,825	-17
Oshawa	$108,321	35
Ottawa	$393,844	22
Peterborough	$21,613	26
St. Catharines	$69,801	-52
Thunder Bay	$30,042	-33
Toronto	$2,109,507	4
Windsor	$101,486	42

Source: Statistics Canada, Ontario Construction Secretariat

Ontario Building permit values, by building type	First Quarter, 2013	
Building Type	**Value (000s)**	**% change versus a year ago**
Industrial - Factories	$228,124	-6
Industrial - Transportation & Utilities / Power	$109,685	109
Industrial - Mining and Agriculture	$34,711	4
Commercial - Retail & Services	$380,873	-25
Commercial - Offices	$226,794	-48
Commercial - Recreation	$116,721	-3
Commercial - Warehouses	$113,667	28
Commercial - Service Stations	$25,112	234
Commercial - Hotels & Restaurants	$176,401	68
Institutional - Government Buildings	$45,143	-89
Institutional - Schools and Education	$203,052	48
Institutional - Welfare Homes	$30,527	-79
Institutional - Churches	$16,431	-59
Institutional - Hospitals and Medical	$149,060	0

Source: Statistics Canada, Ontario Construction Secretariat

ONTARIO REGIONAL PERMITS UPDATE

NORTHERN ONTARIO

Sector	Value (in 000s)	% Change
Industrial	$19,689	571.3%
Commercial	$28,308	46.2%
Institutional	$16,883	32.3%
Total ICI	$64,880	85.1%

Permit Values - January to March - 2013

Source: StatsCan

In the first quarter, **industrial** permit values were significantly higher than their year ago-level. Although $20 million is a solid figure for the region, the huge growth rate has more to do with the fact that values were so low in the comparable period in 2012. Northeastern Ontario led the increase - thanks to permitting for construction at the Copper Cliff Smelter Complex – though issuance was also higher in Northwestern Ontario.

Although **commercial** permit values increased year-over-year in the first quarter of 2013, the amount issued was below-average, suggesting a pick up commercial construction going forward, but no significant strength. The gain was concentrated in Northwestern Ontario.

Like the commercial market, **institutional** permit issuance increased year-over-year over Jan-March, but was below historical norms. Increases occurred in both Northwestern and Northeastern Ontario, highlighted by a permit issued for alteration work at Laurentian University.

EASTERN ONTARIO

Sector	Value (in 000s)	% Change
Industrial	$28,780	-27.9%
Commercial	$154,037	-42.7%
Institutional	$40,110	-48.6%
Total ICI	$222,927	-42.4%

Permit Values - January to March - 2013

Source: StatsCan

The year-over-year decline in **industrial** permit issuance in the first quarter was concentrated in Ottawa, though permit values were also lower in Kingston-Pembroke. Industrial permits generally only account for about 10% of the total permits issued in the region.

In the first quarter, **commercial** building intentions declined year-over-year in Ottawa, as they began to normalize after a massive year in 2012. Permits managed to eke out a very modest gain in Kingston-Pembroke, thanks to permitting for construction at an aquatics centre in Kingston. For the entire region, the value of permits issued was relatively modest when compared to recent history.

Institutional permit issuance fell to its lowest first quarter level since 2008. The decline was entirely accounted for by Ottawa, where permit issuance totalled a mere $23 million, compared to a five-year first quarter average of $70 million.

GTA ONTARIO

Sector	Value (in 000s)	% Change
Industrial	$206,128	11.4%
Commercial	$699,783	-12.1%
Institutional	$269,270	-55.3%
Total ICI	$1,175,181	-25.8%

Permit Values - January to March - 2013

Source: StatsCan

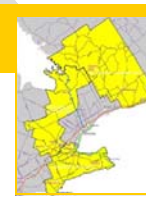
Industrial permit issuance increased to its highest first-quarter level since 2008, pointing to further increases in activity going forward. Indeed, CBRE (a commercial real estate services firm) notes that 4.3 million square feet of industrial space is currently under construction, which is well above-average for the region.

Though down year-over-year, the value of first quarter **commercial** permits was still healthy at $700 million, building on a record 2012. With such strong activity, the dialogue may eventually turn to whether the market is being over-built.

After two years of out-sized permit issuance, the value of **institutional** building intentions slipped to roughly $270 million, bringing it more in-line with its historical trend.

ONTARIO REGIONAL PERMITS UPDATE

CENTRAL ONTARIO



Permit Values - January to March - 2013

Sector	Value (in 000s)	% Change
Industrial	$69,335	▼ -37.4%
Commercial	$201,127	▼ -31.6%
Institutional	$111,634	▲ 1.4%
Total ICI	$382,096	▼ -25.8 %

Source: StatsCan

Year-over-year declines in Kitchener-Waterloo-Barrie (KWB) and Muskoka-Kawarthas offset an increase in Hamilton-Niagara, dragging **industrial** building intentions to their lowest first quarter level since the recession. In KWB it may be the case that building intentions have begun to unwind the large gains made in prior years. The increase in Hamilton-Niagara was chiefly due to a permit issued for a new factory in Hamilton.

Commercial permit issuance fell in all three sub-regions (i.e. KWB, Muskoka-Kawarthas, and Hamilton-Niagara) in the first quarter on a year-over-year basis to its lowest level since 2007. The office vacancy rate continues to be elevated in KWB, which could be a barrier for construction going forward. On the other hand, the trend of commercial owners seeking newer, more modern office space promises to support commercial building going forward.

The value of **institutional** building intentions was able to register a modest year-over-year gain in the first quarter, thanks to strength in KWB and Muskoka-Kawarthas. Still, the overall value of permits issued pales in comparison to recent history.

SOUTHWESTERN ONTARIO

Permit Values - January to March - 2013

Sector	Value (in 000s)	% Change
Industrial	$96,519	▲ 100.3%
Commercial	$115,779	▲ 37.1%
Institutional	$34,697	▼ -69.1%
Total ICI	$246,995	▲ 0.8%

Source: StatsCan

The first quarter brought good news for the industrial sector as the value **industrial** building intentions were double their level in 2012 and well above-average. The increase was entirely accounted for by the London region, where $70 million worth of permits were issued. The major industrial project occurring in London is the new Dr. Oetker manufacturing plant. Permit values were lower in Windsor-Sarnia and Stratford-Bruce.

Gains in London and Windsor-Sarnia powered a year-over-year increase in **commercial** building permit values in the first quarter. The increase was particularly strong in Windsor-Sarnia, partly due to permitting for a large addition to an office building in Windsor.

In the first quarter, a mere $35 million worth of **institutional** permits were issued – the lowest level in over 10 years. The main source of the decline was Windsor-Sarnia, where building permit values are unwinding from a solid 2012 which was boosted by the Southwest Detention Centre project. Permits were lower in Stratford-Bruce and increased, but remained at a low level in London.

TOP CONSTRUCTION PROJECTS STARTED - JANUARY TO MARCH 2013

PROJECT	CITY	VALUE
South Kent Windfarm Project	Raleigh	$621M
Toronto Public Health Laboratory Build-out	Toronto	$80M
St. Catharines Spectator Facility	St. Catharines	$45M
Barhaven South Recreation Complex	Ottawa	$42M
Burke's Falls West Solar Energy Project	Parry Sound	$40M
North Burgess Solar Energy Project	Perth	$40M
Kingston Gardiner Highway 2 South Plant	Ernestown	$40M
Mississauga Road Feedermain, Sewer and Watermains	Brampton	$32M
Bruce Nuclear Unit #6 Maintenance	Tiverton	$18M
ArcelorMittal Dofasco Steel Works Maintenance Program	Hamilton	$14M

Source: Reed Construction Data, Industrial Info Resources

ONTARIO'S CONSTRUCTION LABOUR MARKET:
INDUSTRY GROWTH LEADER

It goes without saying that a strong labour market is fundamental to ensuring a top-notch standard of living for citizens of any province, state, or country. One of the ways that the health of Ontario's construction industry, or indeed any industry, can be gauged is by an examination of its labour market.

Fortunately, Statistics Canada provides a wealth of data from which to assess labour market performance. This article draws on information contained in Statistics Canada's *Labour Force Survey*. Specifically, we use estimates of the number of employees doing construction-related work within the construction industry. So, for example, welders working in an automotive plant are excluded from the analysis. Data is available from 1996 to 2012.

Ontario's construction labour force totalled 320,800 workers as of the end of 2012. Although this figure is down from 2011, there has been a general uptrend in the labour force. From 1997 (the first period for which growth rates can be calculated) to 2012, labour force growth has averaged 2.7% per annum.

Turning to employment, there were 293,500 employees doing construction-related work, on average, in 2012. Like the overall labour force, this figure was down from 2011, consistent with a drop investment. Looking at the broader trend, construction employment increased by roughly 60% from 1997-2012 and averaged 3.2% growth per year over that time period. These numbers need to be put in some context in order to assess their meaning.

Industry Comparison

The following table shows employment growth in various industries in Ontario from 1997-2012.

Table 1: Employment Growth in Ontario – by Industry

Industry	Average growth rate (1997-2012)
Professional Scientific and Technical Services	3.8
Business, Building and Other Support Services	3.3
Construction	3.2
Healthcare and Social Services	2.7
Educational Services	2.5
Information, Culture and Recreation	2.3
Finance, Insurance, Real Estate	2.0
Public Administration	1.9
Accommodation and Food Services	1.9
Transportation	1.7
Simple Average	1.7
Wholesale and Retail Trade	1.6
Other Services	1.2
Utilities	1.0
Agriculture	-0.1
Manufacturing	-0.7
Forestry, Fishing, Mining	-1.0

Source: Statistics Canada, Ontario Construction Secretariat

As can be seen, construction employment growth has been strong relative to other industries in the province. This signifies that construction has indeed been a solid sector and a great

> ***"construction employment growth has been strong relative to other industries in the province"***

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source of jobs and incomes for Ontarians. As an aside, this table also displays the overwhelming importance that the public sector has played in spurring job growth, as public sector industries (i.e. healthcare and social services, educational services and public administration) have all registered above-average job gains.

Geographical Comparison

It's been established that **within Ontario**, the construction industry has been a leader in terms of generating jobs. It's fair to ask how the performance of Ontario's labour market stacks up against other jurisdictions.

Table 2: Construction Employment Growth – by Geographic Jurisdiction

Geographic Jurisdiction*	Average growth rate (1997-2012)
Alberta	5.4
Prairies (Saskatchewan and Manitoba)	4.6
Quebec	4.2
Canada	**3.7**
British Columbia	3.3
Ontario	**3.2**
Atlantic Provinces	2.8
United States	0.3

Source: Statistics Canada, Ontario Construction Secretariat, U.S. Bureau of Labor Statistics

* Note: Data not available for Yukon, Northwest Territories and Nunavut

When the comparison to other provinces is made, the performance of Ontario's construction job market does lose some of its luster. However, this makes sense as economic growth has generally been slower in Ontario relative to the other provinces and still doesn't take away from the fact that in Ontario, the construction sector has been a leading job creator.

> ***"in Ontario, the construction sector has been a leading job creator"***

Looking across provinces, Alberta unsurprisingly tops the list as it has benefitted from a boom in the resource sector leading to well above average investment and economic growth. Construction employment has been solid in the Prairies, driven by Saskatchewan where investment growth has easily outpaced most jurisdictions, including Ontario. This trend has been especially evident recently thanks to economic outperformance in Saskatchewan. In fact, economic growth in Saskatchewan has been roughly 5 times as fast as Ontario's over the past 5 years.

Perhaps the biggest surprise is that Quebec has been able to churn out jobs at a faster rate than Ontario despite economic growth being generally slower and investment trends being broadly similar in the two provinces. It's worth mentioning that all provinces have outperformed the United States as their housing market was devastated in the Great Recession.

Comparison of Ontario's Regions

The data can also be organized by region in Ontario.
(See Table 3 below)

Table 3: Construction Employment Growth and Unemployment Rate– by Region

Region	Average employment growth (1997-2012)	Employment level 2012	Average unemployment rate (1997-2012)	Unemployment rate (%) 2012
GTA	4.2	119,500	7.2	8.0
Eastern	3.5	39,300	11.3	8.5
Ontario	**3.2**	**293,500**	**9.1**	**8.5**
Central	3.2	80,000	8.6	8.4
Southwestern	2.2	36,700	9.7	8.9
Northern	2.0	18,000	16.9	11.3

Source: Statistics Canada, Ontario Construction Secretariat

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As can be seen in Table 3, job growth has been strong in the GTA and Eastern Ontario, though the latter has dealt with an elevated unemployment rate which is a by-product of solid labour force growth. Employment growth has been below average in Southwestern and Northern Ontario, thanks to relatively weaker economic performance. Since the recession, the level of employment has expanded by 5% in the province, led again by the GTA and Eastern Ontario. Meanwhile, the province-wide unemployment rate has fallen by nearly 4 percentage points over the same time period, with the sharpest improvements coming in Southwestern Ontario and the GTA.

One statistic that stands out quite starkly is that Northern Ontario's unemployment rate has historically been well above the provincial average, even in 2012. If you were to talk to stakeholders in the North, they would likely tell you that although this may have been the case before, it certainly is not the case now. Even in our *Survey of Ontario's ICI Construction Industry* – where we surveyed contractors across the province – firms in Northern Ontario were the most likely to have reported experiencing labour shortages. At this point, three things can be pointed out which help add some clarity to this discrepancy. Firstly, Statistics Canada's data covers the entire construction industry, not just the ICI sector. Secondly, because the labour market in Northern Ontario is so small, relatively minor levels of unemployment can generate a large unemployment rate. Thirdly, the **trend** in the unemployment rate is consistent with what stakeholders in the North are reporting, as it has fallen by the most of any region since 1996.

2013 Trends

Statistics Canada also publishes data on the total number of workers in the construction industry. This information is different than what was presented above because it includes all types of workers employed in the sector (i.e. accountants who work for construction firms) and not just those engaged in actual construction work. Though not ideal, the data is more current and does a pretty good job of capturing relevant trends, given that workers engaged in construction-related work (i.e. skilled trades) account for about 70% of total employment in the industry.

So what does the data say? Total construction employment has enjoyed a strong start to 2013, averaging a 1% monthly gain in the first quarter and jumping 4% in April relative to March. Although not readily available, we can estimate employment growth in 2013 for those doing construction-related work. When we do so, we see that growth for this group likely followed almost the same pattern in the first four months of 2013, ending April with around 309,000 employees – a considerable increase from 2012.

The Bottom Line:

Ontario's construction sector has been a key source of job growth within the province, led by the GTA and Eastern Ontario. However, the market has generally lagged other provinces in Canada, even Quebec, whose economic fate has been similar to Ontario.

So far in 2013, Ontario's construction labour market is off to a good start, with an estimated 309,000 workers employed as of April, up significantly from 2012.

HIGHLIGHTS

- Construction was a leader in job growth in Ontario over the past 15-20 years.
- Compared to other provinces, job growth in Ontario's construction industry was more moderate, consistent with generally slower economic growth.
- 293,500 skilled workers were employed in Ontario's construction industry in 2012.
- The overall labour force in Ontario's construction industry totalled 320,800 last year.
- The GTA and Eastern Ontario experienced the strongest job gains, while growth was the weakest in Southwestern and Northern Ontario.
- Construction employment is off to a solid start in 2013.

UPCOMING EVENTS

FOR MORE INFORMATION AND OTHER UPCOMING CONFERENCES & INDUSTY EVENTS: **www.iciconstruction.com**

MARK THESE IMPORTANT DATES IN YOUR CALENDAR FOR 2013 - 2014

TO REGISTER FOR THE TRIPARTITE CONFERENCE OR FOR INFORMATION ON EVENTS AND/OR REGISTRATION:
www.iciconstruction.com
Email: info@iciconstruction.com

2013 OCS EVENT CALENDAR

AUG 11-13 TRIPARTITE CONFERENCE
Deerhurst Resort
Huntsville, Ontario

AUG 18-21 AMO CONFERENCE
Ottawa Convention Centre
Ottawa, Ontario
VISIT THE OCS BOOTH #215

SEPT 23-24 OCS ANNUAL GENERAL MEETING
Queen's Landing
Niagara-on-the-Lake, Ontario

FOR MORE INFO ON THESE EVENTS EMAIL US AT: INFO@ICICONSTRUCTION.COM

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