



ONTARIO'S CONSTRUCTION INDUSTRY

Non-Residential Construction
Continues to Build

KATHERINE JACOBS
Director of Research, OCS



2019

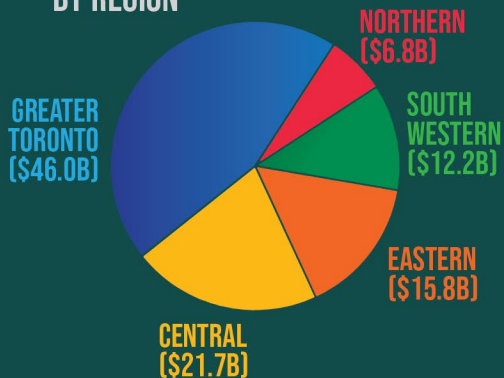
YEAR IN REVIEW

2019 Year in Review

CONSTRUCTION SHARE
OF PROVINCIAL GDP



CONSTRUCTION INVESTMENT
BY REGION



ICI BUILDINGS
\$18.5B (18%)



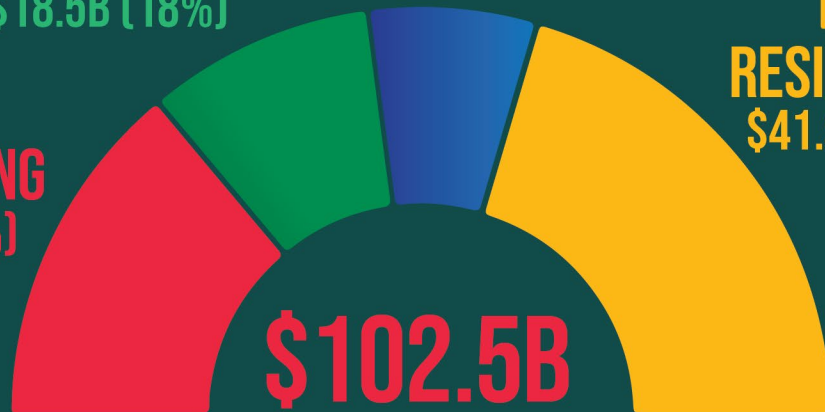
MAINTENANCE
\$13.6B (13%)



RESIDENTIAL
\$41.9B (41%)



ENGINEERING
\$28.5B (28%)



INVESTMENT IN RESIDENTIAL AND NON-RESIDENTIAL CONSTRUCTION

2019 Year in Review



123,500

NUMBER OF
CONSTRUCTION FIRMS



521,000

TOTAL NUMBER OF
PEOPLE EMPLOYED IN
THE CONSTRUCTION
INDUSTRY



63%

EMPLOYMENT GROWTH
IN CONSTRUCTION
SINCE 2000



395,000

SKILLED TRADES
PROFESSIONALS



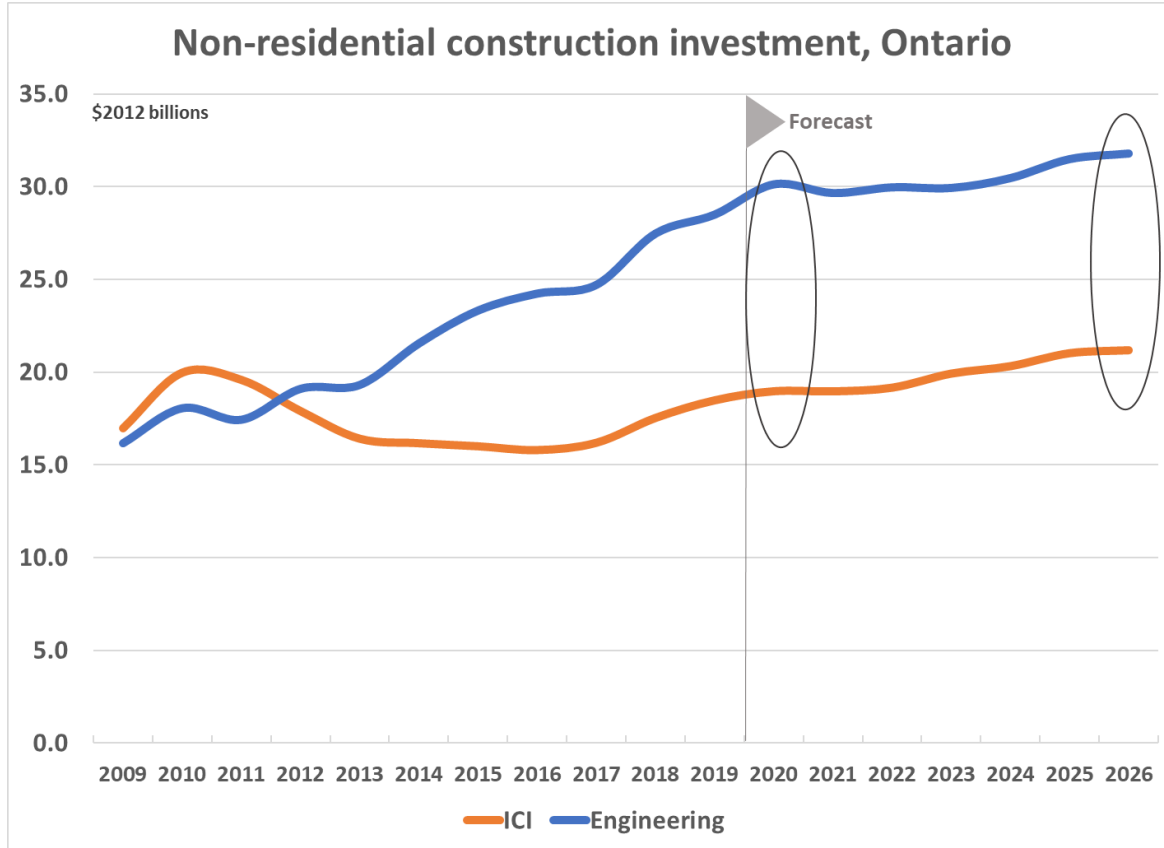
5.6%

UNEMPLOYMENT RATE

**CONSTRUCTION
LOOKING
FORWARD**



Non-Residential Construction Outlook

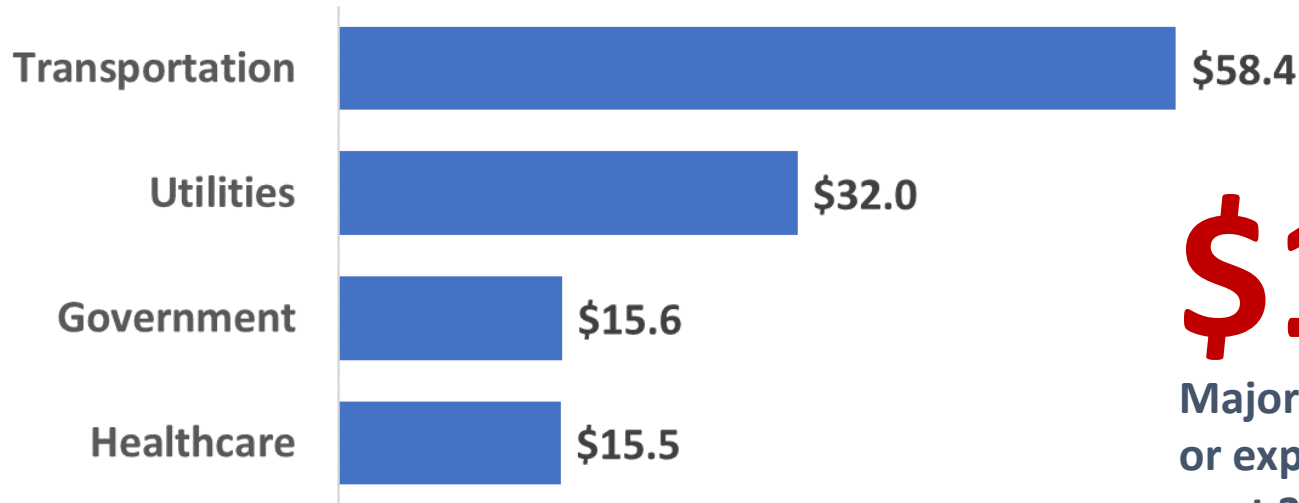


**Two Peak Cycles
2020; 2026**

Non-Residential Construction Outlook

Major Projects Underway or Expected

By Industry Type (billions)



\$135B

Major projects underway
or expected to start over
next 3-5 years



Province-wide Labour Market Conditions

Non-Residential Sector, 2019 - 2026

- Another year of **tight labour markets** expected in **2020**
- **Second peak** to occur in **2026**
- Market conditions differ significantly across regions
- Meeting peak demands may be challenging
- Worker mobility across regions key to meeting demand for workers



44,000

ADDITIONAL
WORKERS



28,000

NEW ENTRANTS



16,000

NET MOBILITY

Greater Toronto (Non-Residential to 2026 Peak)



23,400
ADDITIONAL
WORKERS



11,500
NEW ENTRANTS



11,900
NET MOBILITY

**Numerous Trades
in High Demand in
2020 with ongoing
effects through
2026**

2019

Eglinton Crosstown
Gardner Revitalization
Port Lands
Darlington
Commercial Towers

2020 PEAK

Hurontario LRT
Finch LRT
Mackenzie Vaughan Hospital*
Increased Darlington activity

2026 PEAK

GO Regional Express Rail
Eglinton Crosstown Extension
Ontario Line
Yonge Subway Extension
Scarborough Extension
Various Hospital Projects



Southern Ontario (Non-Residential to 2029 Peak)



8,610
ADDITIONAL
WORKERS



5,800
NEW ENTRANTS



2,810
NET MOBILITY

Acute labour
market challenges
continue from
2019 into 2020

2019

Nova Chemicals
Gordie Howe Bridge
Maple Leaf Poultry

2020

Bruce Nuclear Refurbishment

2025 - 2029

Windsor Regional Hospital

Eastern Ontario (Non-Residential to 2024 Peak)



5,235
ADDITIONAL
WORKERS



2,620
NEW ENTRANTS



2,615
NET MOBILITY

Strong labour demands in 2019 to moderate in 2020. High demands re-appear in 2023

2019

Parliamentary Hill Centre Block
Casino Expansion
Chalk River Cdn. Nuclear Lab
Kingston Infant Formula Plant

2020

Phase 2 Ottawa LRT
Trillium Line Expansion

2021 – 2025

Confederation Line (East-West)
Kingston General Hospital
Ottawa Civic Hospital

Central Ontario (Non-Residential to 2025 Peak)



7,630
ADDITIONAL
WORKERS



5,700
NEW ENTRANTS



1,930
NET MOBILITY

**Balanced Labour
Market Conditions**

2019

Hamilton Steel Works Hot Mill
Guelph Float Glass Mfg. Plant
Port Hope Area Remediation

2020

Barrie Go Rail Corridor Expansion
Halton Regional Courthouse
Regional Express Rail Milton
Corridor Upgrades

2021 - 2025

Hamilton Health Sciences West
Lincoln
NHS South Niagara Hospital

Northern Ontario (Non-Residential to 2021 Peak)



2,670
ADDITIONAL
WORKERS



700
NEW ENTRANTS



1,970
NET MOBILITY

**Strong labour
market demand
continues through
to the end of 2021**

2019

Algoma - SSM Steel Mill Expansion
Various Gold Mines
Onaping Nickel/Copper Mine
Sudbury Copper Cliff Nickel
Watay Power (to 2024)
Pickle Lake Trans Line (to 2023)

2021 - 2025

Thunder Bay Correctional Facility

Few Thoughts on the Outlook

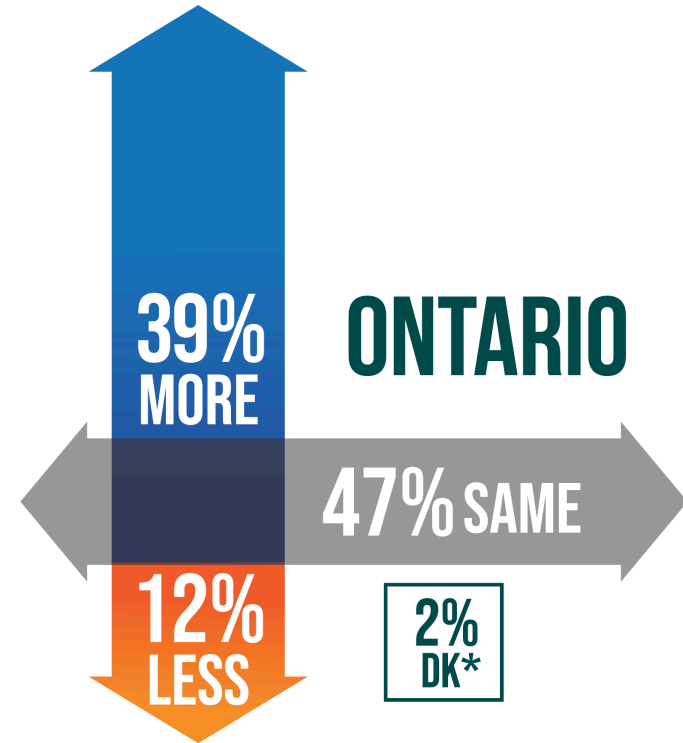
- Tight **labour markets** across most regions over the next few years
- **Peak in 2020 followed by a second peak in 2026**
- Market conditions differ significantly across regions
- Meeting peak demands may be challenging
- Challenges of an aging workforce as close to 38,000 workers to retire over the next decade
- Challenges with mobility especially into the GTA

2020

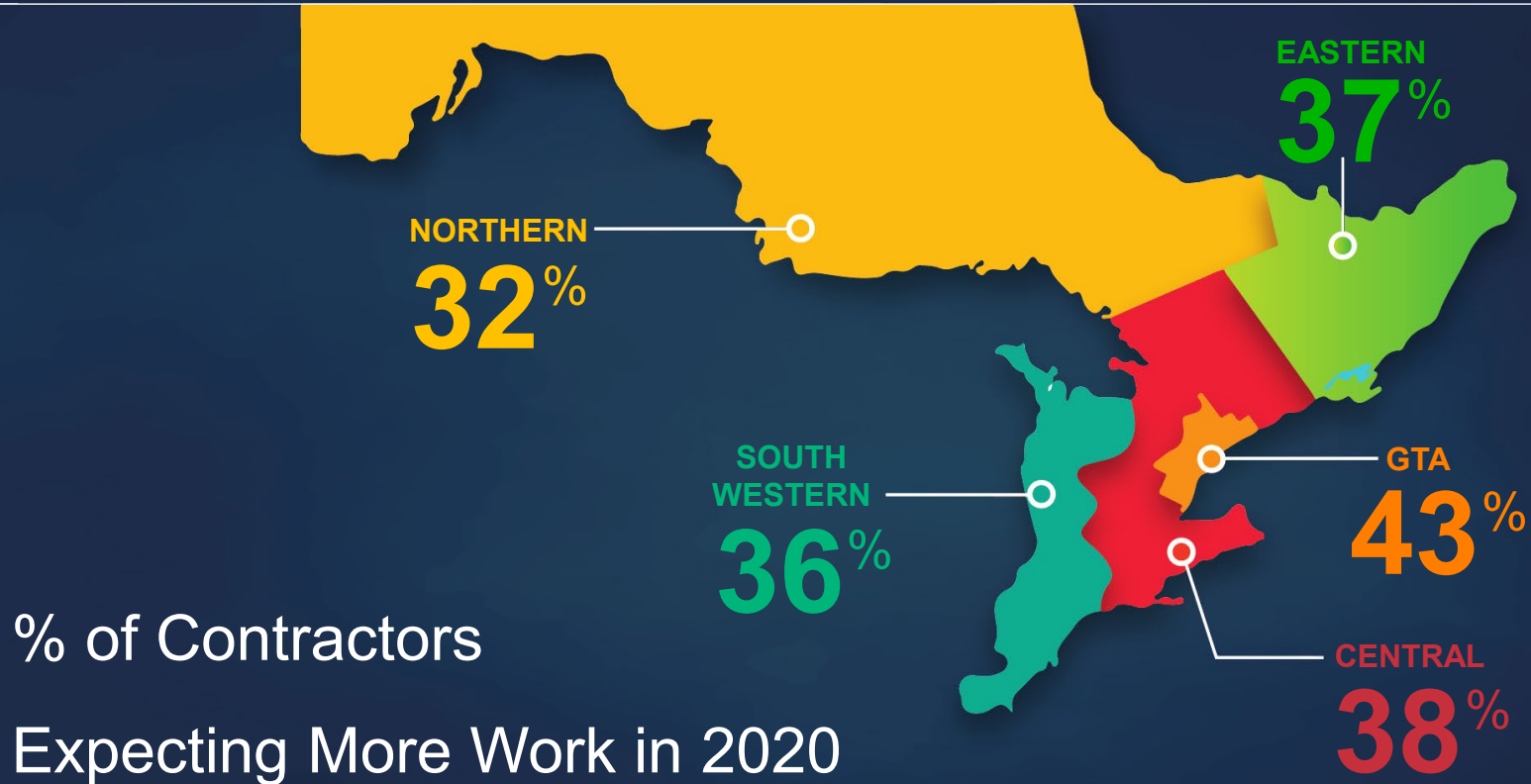
CONTRACTORS' OUTLOOK



Contractors have
heightened work
expectations for
2020

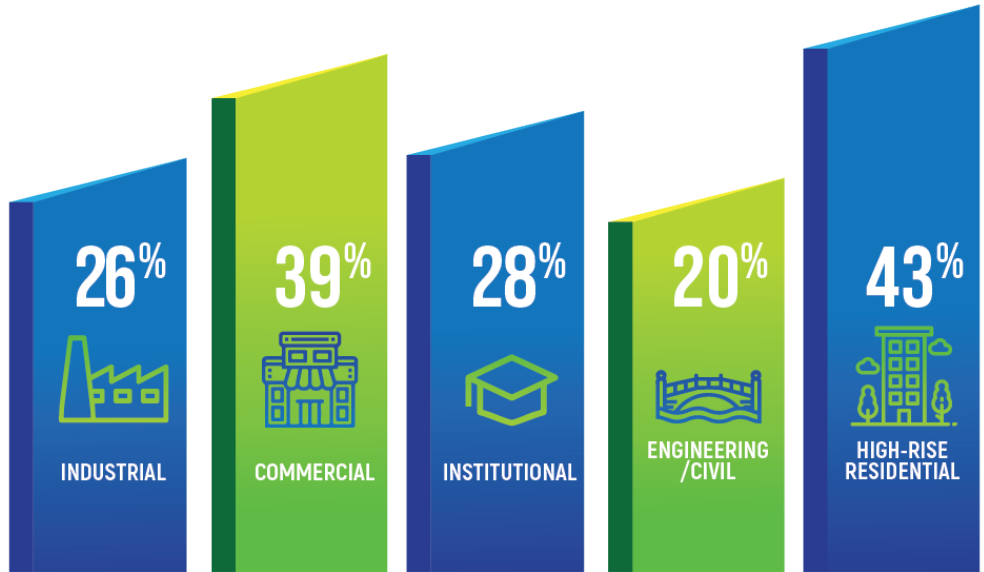


Contractors' 2020 Outlook

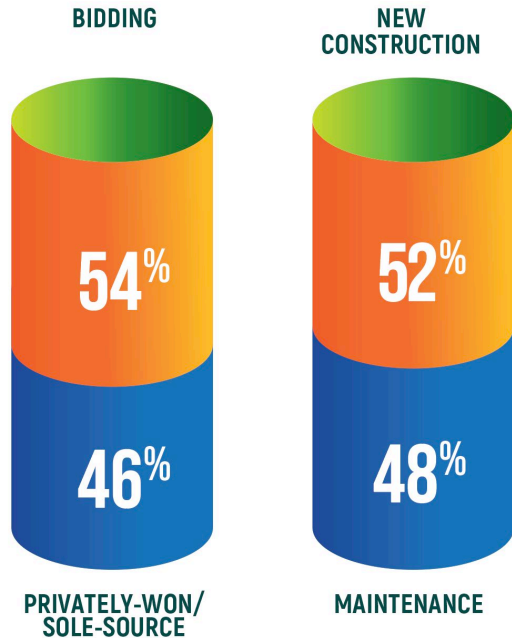


Contractors' 2020 Outlook

Contractors working in **High-Rise Residential** and **Commercial** are particularly bullish about increased work in those sectors



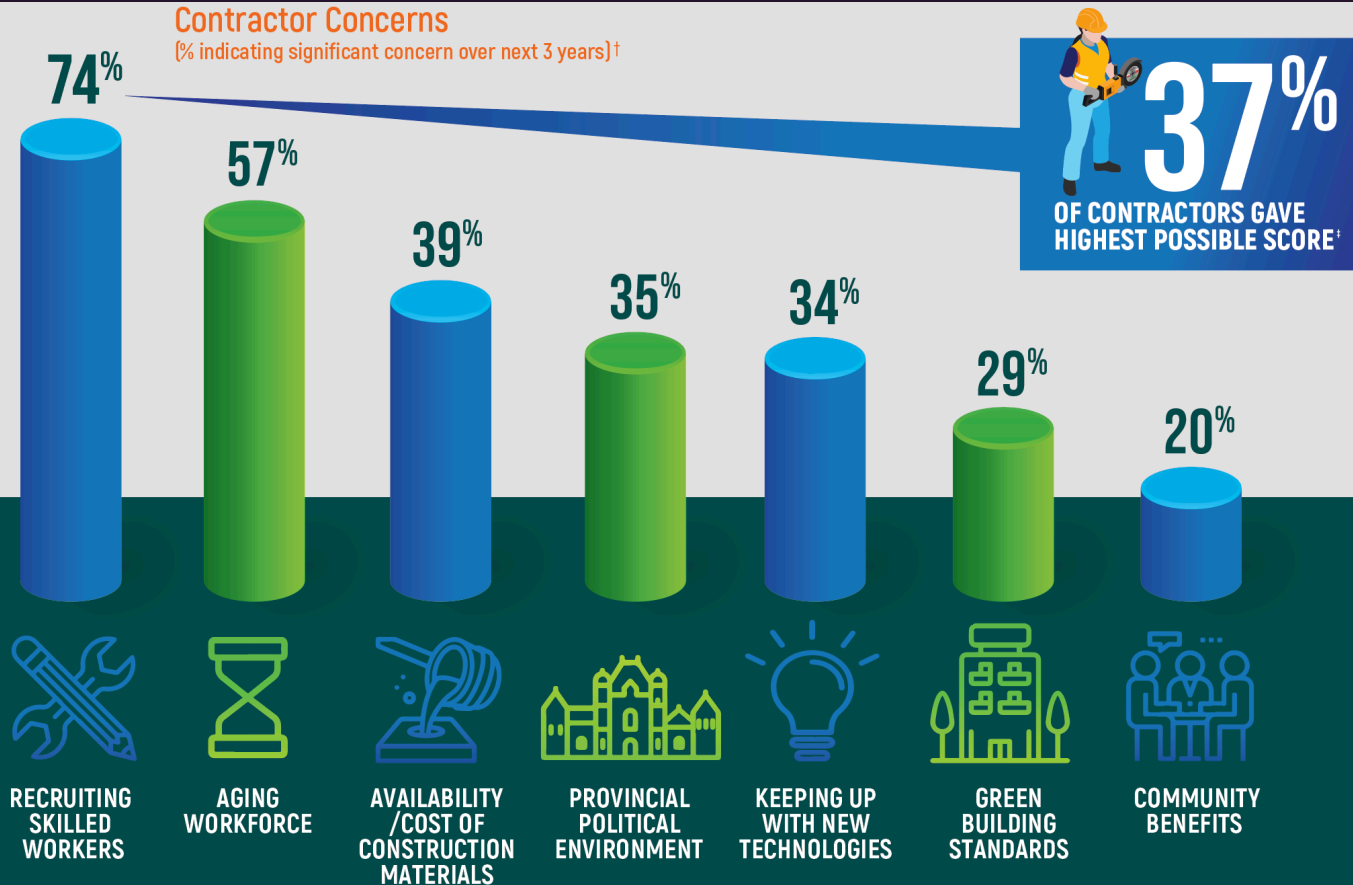
Contractors' 2020 Outlook



BIDDING and NEW CONSTRUCTION Lead the Way

- **BIDDING** trend driven by contractors in Central and Eastern Ontario and the GTA
- Small shift to **NEW CONSTRUCTION** province-wide, but more significant trend in Central and Southwestern Ontario

Contractors' 2020 Outlook | Industry Challenges



Contractors' 2020 Outlook | Industry Challenges

60% of contractors experienced skilled labour shortages over the past 3 years



MORE DIFFICULT

Anticipate Difficulty Accessing Labour in 2020

14%

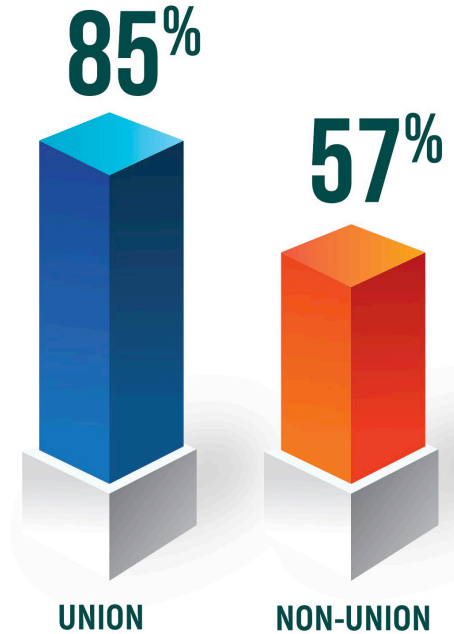
SAME

17%

LESS DIFFICULT

Contractors' 2020 Outlook | Apprenticeship

Does your firm employ apprentices? (% Yes)



Union Contractors:
Leaders in training the
next generation of
skilled trade
professionals

2020

CONTRACTORS' TECH REPORT



Contractors' Tech Report

Technology
Use Is
Increasing

9IN10

CONTRACTORS NOW
BELIEVE NEW
TECHNOLOGIES ARE
IMPORTANT TO THE
FUTURE OF THEIR
BUSINESS

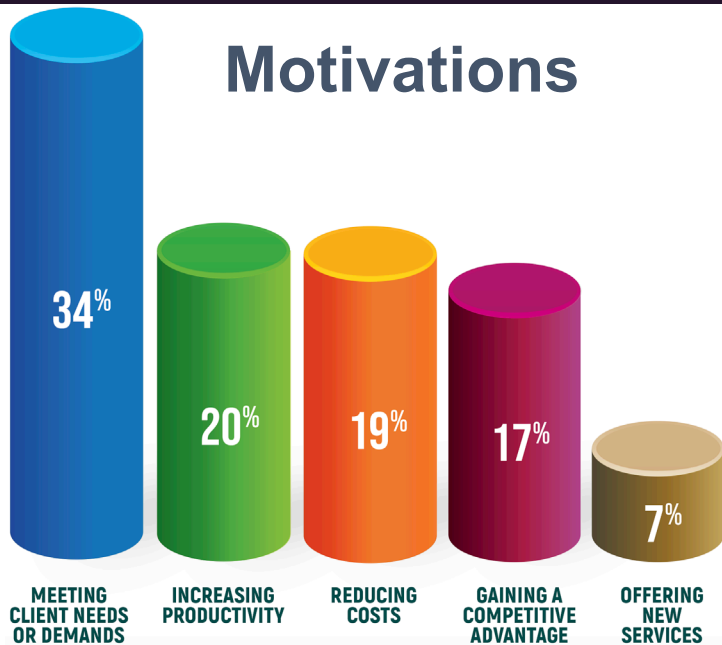


1IN4

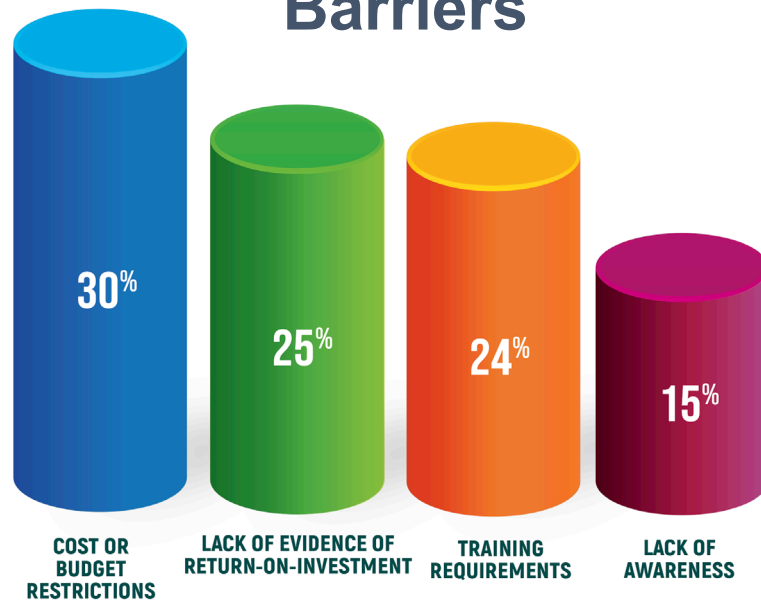
GENERAL CONTRACTORS
NOW HAS A BUDGET FOR
NEW TECHNOLOGIES

Contractors' Tech Report

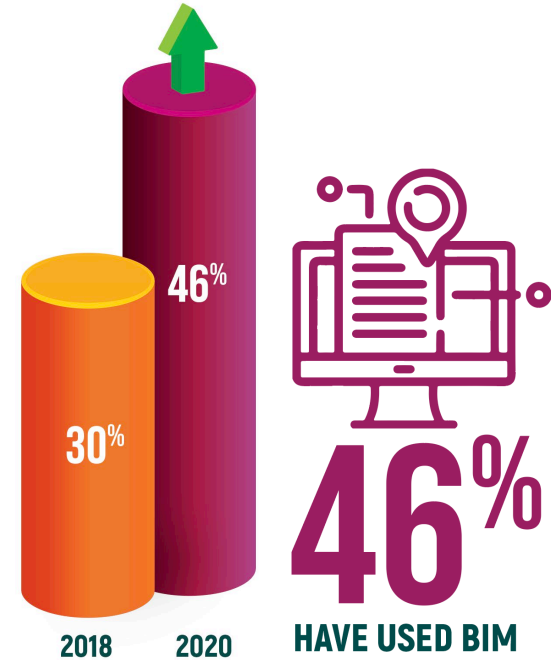
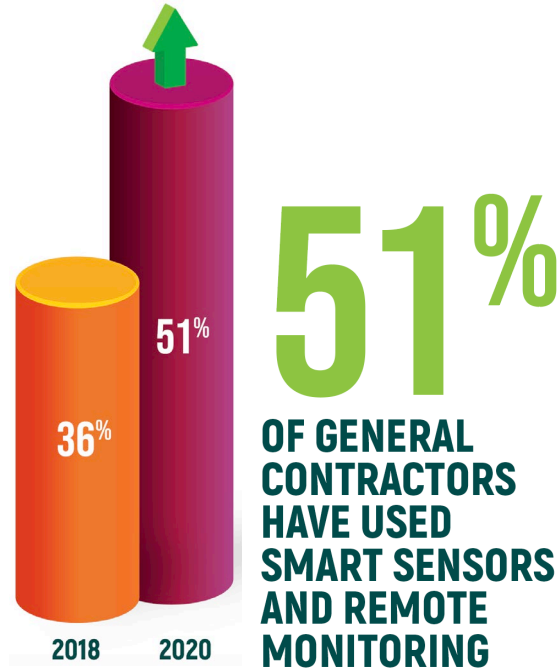
Motivations



Barriers



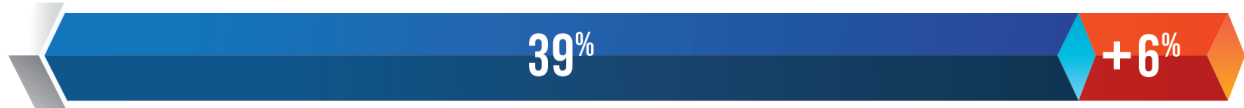
Significant Changes in Tech Adoption



Broad Industry Adoption and Growing



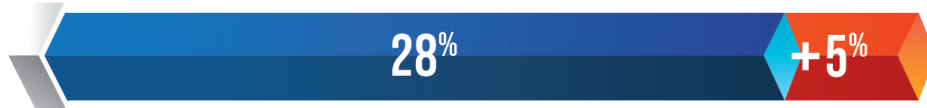
**JOBSITE DATA
COLLECTION
APPS OR
DEVICES**



**SMART
SENSORS OR
REMOTE
MONITORING**



**WEARABLE
DEVICES**



Contractors' Tech Report

Less Common Adopted but Growing



DRONES



3D PRINTING



**AUGMENTED
OR VIRTUAL
REALITY**



Established Tech



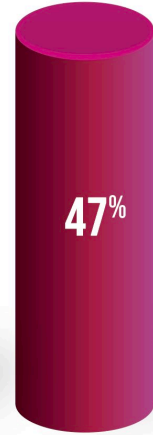
**PREFABRICATED
OR MODULAR
BUILDING
COMPONENTS**



**AUTOMATED
TECHNOLOGY**



**ADVANCED
BUILDING
MATERIALS**



Questions?



180 ATTWELL DR., SUITE 360, TORONTO, ON M9W 6A9

info@icconstruction.com | T 416.670.5210 | TF 1.888.878.8868

icconstruction.com | Follow the OCS on Twitter [@OntConstSec](https://twitter.com/OntConstSec)