ONTARIO’S CONSTRUCTION INDUSTRY

Non-Residential Construction Continues to Build

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2019 YEAR IN REVIEW
2019 Year in Review

Construction Share of Provincial GDP: 7.4%

Construction Investment by Region:
- Greater Toronto: $46.0B
- Northern: $6.8B
- South Western: $12.2B
- Central: $21.7B
- Eastern: $15.8B

ICI Buildings: $18.5B (18%)
Maintenance: $13.6B (13%)
Engineering: $28.5B (28%)
Residential: $41.9B (41%)

Investment in Residential and Non-Residential Construction: $102.5B
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)

- Transportation: $58.4
- Utilities: $32.0
- Government: $15.6
- Healthcare: $15.5

$135B
Major projects underway or expected to start over next 3-5 years
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

**Province-wide Labour Market Conditions**

**Non-Residential Sector, 2019 - 2026**

- **44,000** additional workers
- **28,000** new entrants
- **16,000** net mobility
### Greater Toronto (Non-Residential to 2026 Peak)

**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

**23,400 ADDITIONAL WORKERS**

**11,500 NEW ENTRANTS**

**11,900 NET MOBILITY**

Numerous Trades in High Demand in 2020 with ongoing effects through 2026.
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)

#### 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

**5,235 ADDITIONAL WORKERS**

2,620 NEW ENTRANTS + 2,615 NET MOBILITY = 5,235 ADDITIONAL WORKERS


Eastern Ontario (Non-Residential to 2024 Peak)

2,620 NEW ENTRANTS + 2,615 NET MOBILITY = 5,235 ADDITIONAL WORKERS

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)

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

2,670 ADDITIONAL WORKERS
700 NEW ENTRANTS
1,970 NET MOBILITY

Strong labour market demand continues through to the end of 2021
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
Contractors have heightened work expectations for 2020

Ontario:
- 39% more
- 47% same
- 12% less
- 2% DK*
% of Contractors Expecting More Work in 2020

- Northern: 32%
- South Western: 36%
- GTA: 43%
- Central: 38%
- Eastern: 37%
Contractors working in High-Rise Residential and Commercial are particularly bullish about increased work in those sectors.
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

Contractor Concerns
(%, indicating significant concern over next 3 years)†

- Recruiting skilled workers: 74%
- Aging workforce: 57%
- Availability/cost of construction materials: 39%
- Provincial political environment: 35%
- Keeping up with new technologies: 34%
- Green building standards: 29%
- Community benefits: 20%

† Percent giving a score between 5-7 out of 7  ♦ 7 out of 7
60% of contractors experienced skilled labour shortages over the past 3 years.

Anticipate Difficulty Accessing Labour in 2020:
- 69% More Difficult
- 14% Same
- 17% Less Difficult
Does your firm employ apprentices? (% Yes)

85% Union Contractors: Leaders in training the next generation of skilled trade professionals
57%
Technology Use Is Increasing

9 IN 10 CONTRACTORS NOW BELIEVE NEW TECHNOLOGIES ARE IMPORTANT TO THE FUTURE OF THEIR BUSINESS

1 IN 4 GENERAL CONTRACTORS NOW HAS A BUDGET FOR NEW TECHNOLOGIES
Motivations

- Meeting Client Needs or Demands: 34%
- Increasing Productivity: 20%
- Reducing Costs: 19%
- Gaining a Competitive Advantage: 17%
- Offering New Services: 7%

Barriers

- Cost or Budget Restrictions: 30%
- Lack of Evidence of Return-on-Investment: 25%
- Training Requirements: 24%
- Lack of Awareness: 15%

Contractors’ Tech Report
Significant Changes in Tech Adoption

- 51% of general contractors have used smart sensors and remote monitoring, increasing from 36% in 2018 to 51% in 2020.
- 46% have used BIM, increasing from 30% in 2018 to 46% in 2020.
Broad Industry Adoption and Growing

- Jobsite data collection, apps or devices: 39% (+6%)
- Smart sensors or remote monitoring: 39% (+5%)
- Wearable devices: 28% (+5%)
Less Common Adopted but Growing

- **Drones**: 10% (+5%)
- **3D Printing**: 9% (+4%)
- **Augmented or Virtual Reality**: 5% (+4%)

Established Tech

- **Prefabricated or Modular Building Components**: 38%
- **Automated Technology**: 41%
- **Advanced Building Materials**: 47%
Questions?