



ocs State  
*of the* Industry  
& Outlook  
Conference

2022

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# 2021 CONSTRUCTION SNAPSHOT



**7.5%**

OF ONTARIO'S  
GDP (2020)



**534,000**

EMPLOYMENT  
(2021)



**4.7%**

UNEMPLOYMENT  
RATE (2021)



**138,300**

BUSINESS ESTABLISHMENTS



**50,590**

WITH  
EMPLOYEES

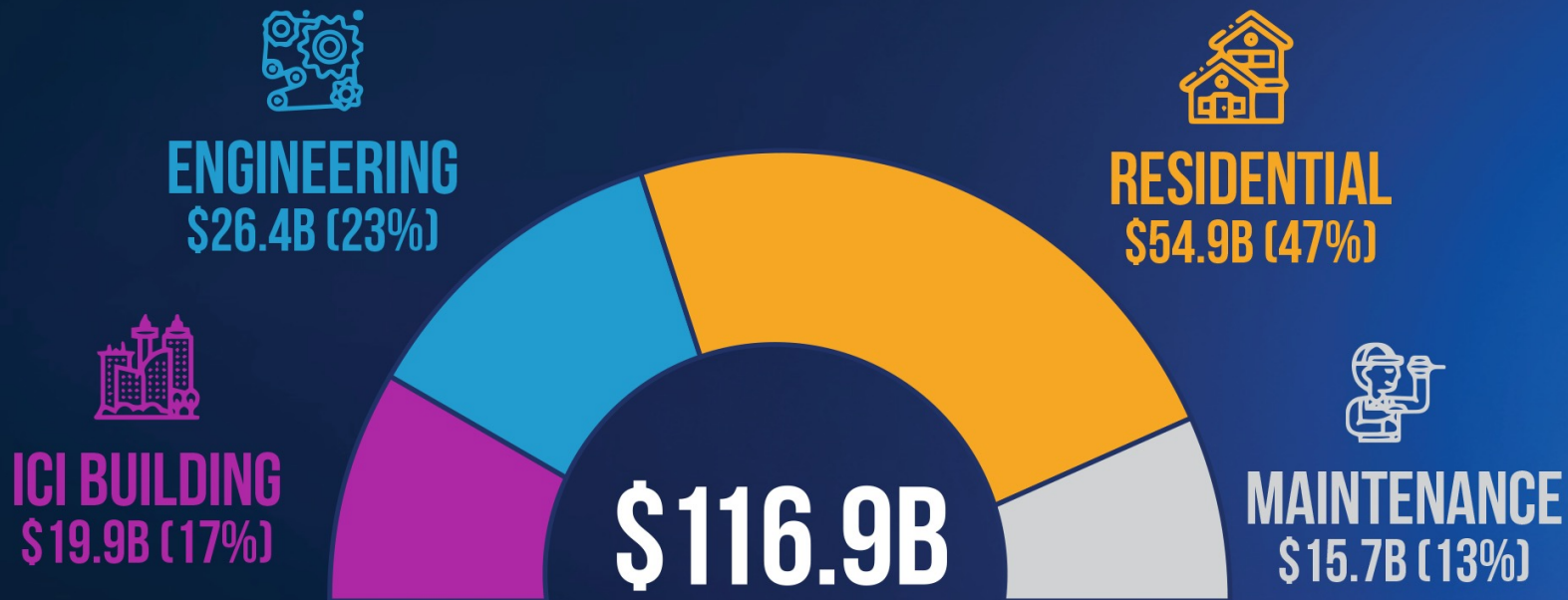


**87,710**

WITHOUT  
EMPLOYEES



# 2021 CONSTRUCTION SNAPSHOT



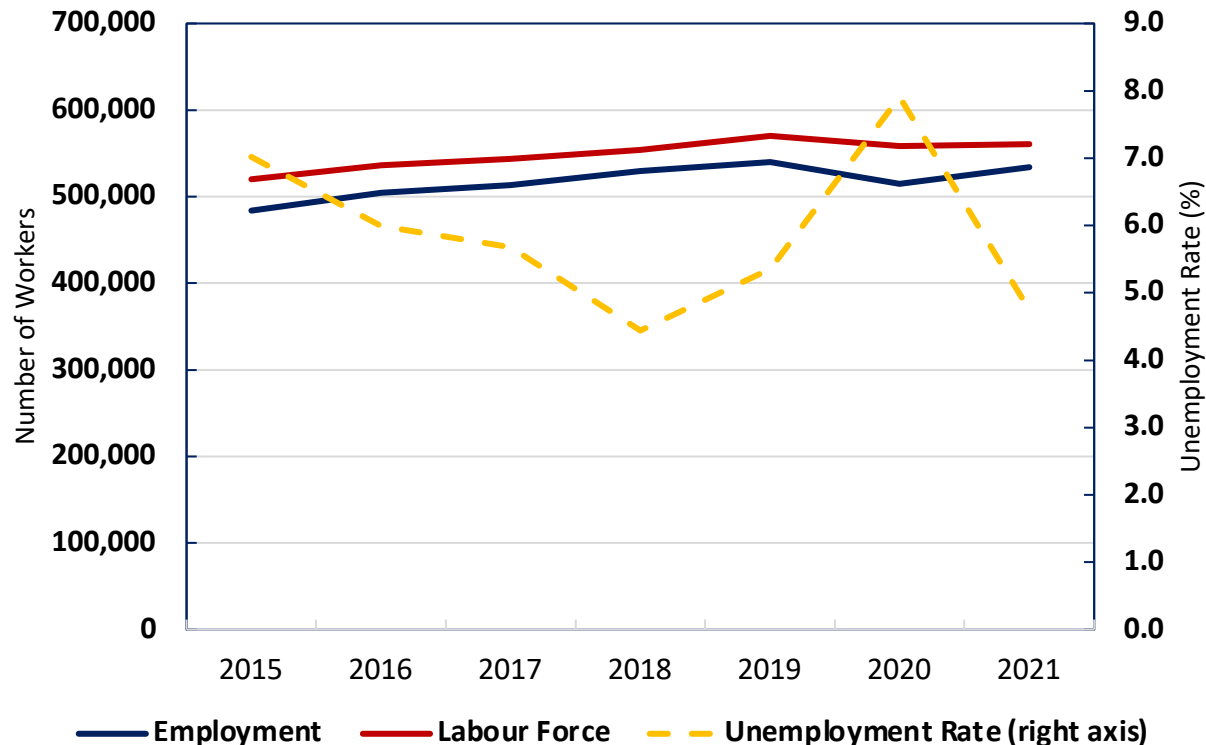
INVESTMENT IN RESIDENTIAL AND NON-RESIDENTIAL CONSTRUCTION

**UP 13.5%** OVER 2019



# Construction Labour Market

- Construction employment recovers most of the jobs lost in 2020, however **remains below** 2019 peak of 540,000
- Labour Force is not recovering at the same pace as Employment resulting in a declining unemployment rate
- 2021 average annual unemployment rate drops dramatically



Source: Statistics Canada. Table 14-10-0022-01



# 2022

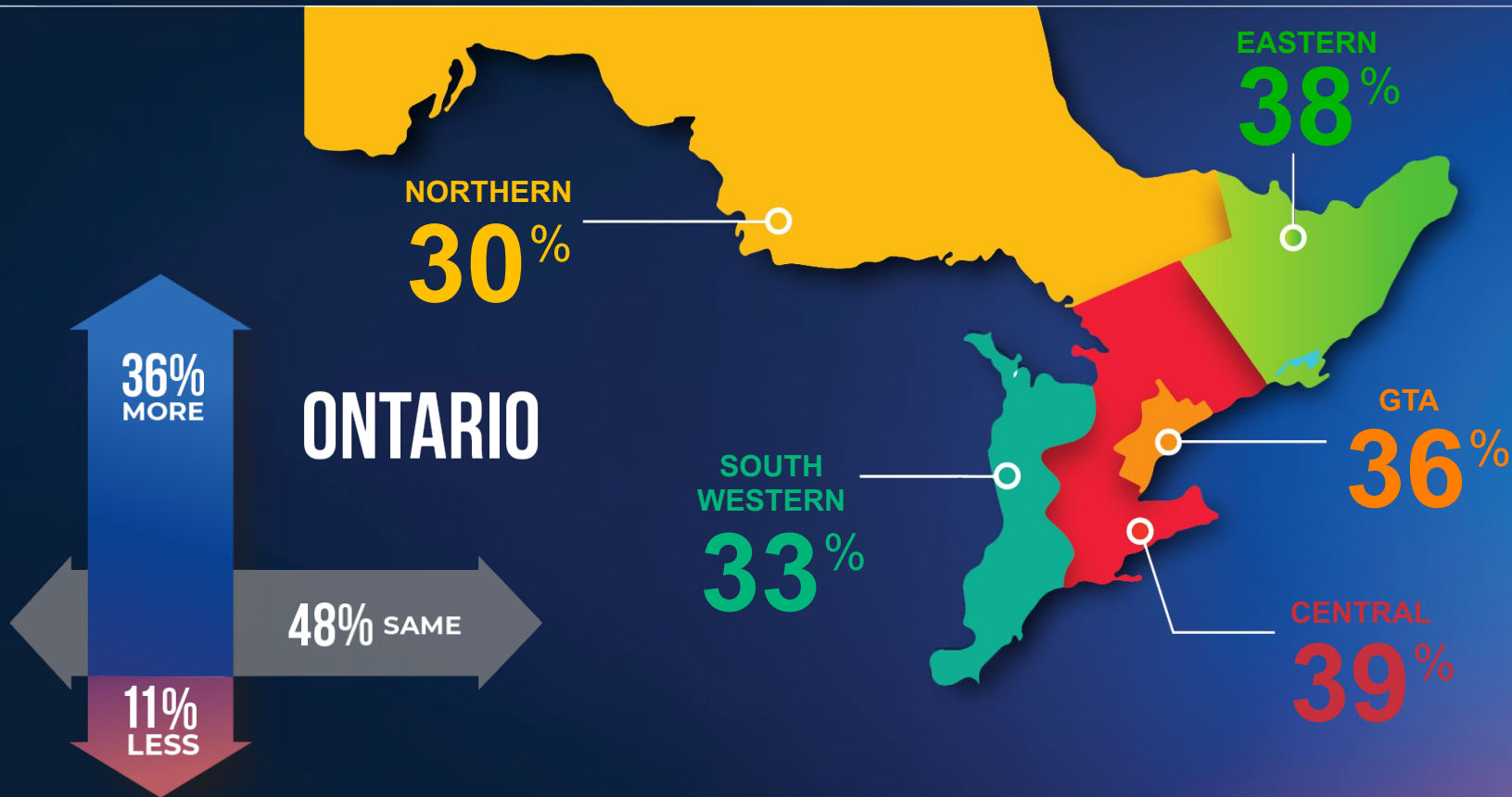
# Contractor Survey

CONTRACTORS' INSIGHTS ON  
THE ICI CONSTRUCTION INDUSTRY





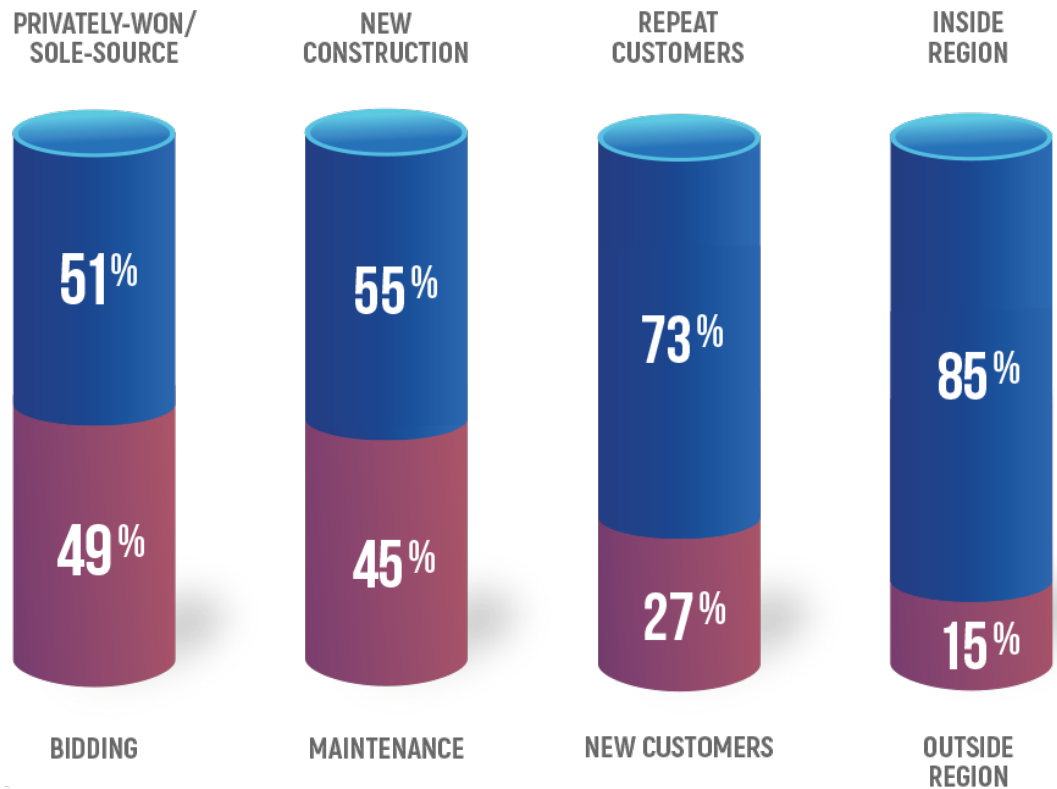
# Contractors' 2022 Outlook





# Sources of Work

New Construction  
edges out  
Maintenance Work  
for the first time





# Contractor Top Concerns



## **COST AND AVAILABILITY OF MATERIALS**



## **AVAILABILITY AND QUALITY OF SKILLED TRADES LABOUR**

### **INTENSITY OF CONCERN**

(Mean score on a 7-point scale)

Material costs	<b>5.8</b>
Availability of skilled trades labour	<b>5.7</b>
Availability of materials	<b>5.6</b>
Quality of skilled trades labour	<b>5.5</b>
Increasing other costs (transportation, bonding, insurance)	<b>5.3</b>
Rising direct labour cost	<b>5.0</b>
Ongoing effects of COVID-19	<b>4.7</b>
Increasing contractor risk	<b>4.4</b>
Subcontractor availability	<b>3.9</b>
Availability of salaried staff	<b>3.9</b>



# Contractor Finances



**40%**

OF CONTRACTORS  
REPORTED **HIGHER**  
REVENUES IN 2021  
COMPARED TO 2020



**+2%**

ON AVERAGE,  
CONTRACTOR REVENUE  
**INCREASED** BY 2% IN 2021



# 2022 Revenue Expectations



**EXPECTED REVENUE  
FOR 2022 COMPARED  
TO 2021**

**52%**

HIGHER

**33%**

SAME

**12%**

LOWER

**3%**

DON'T KNOW



**+10%**

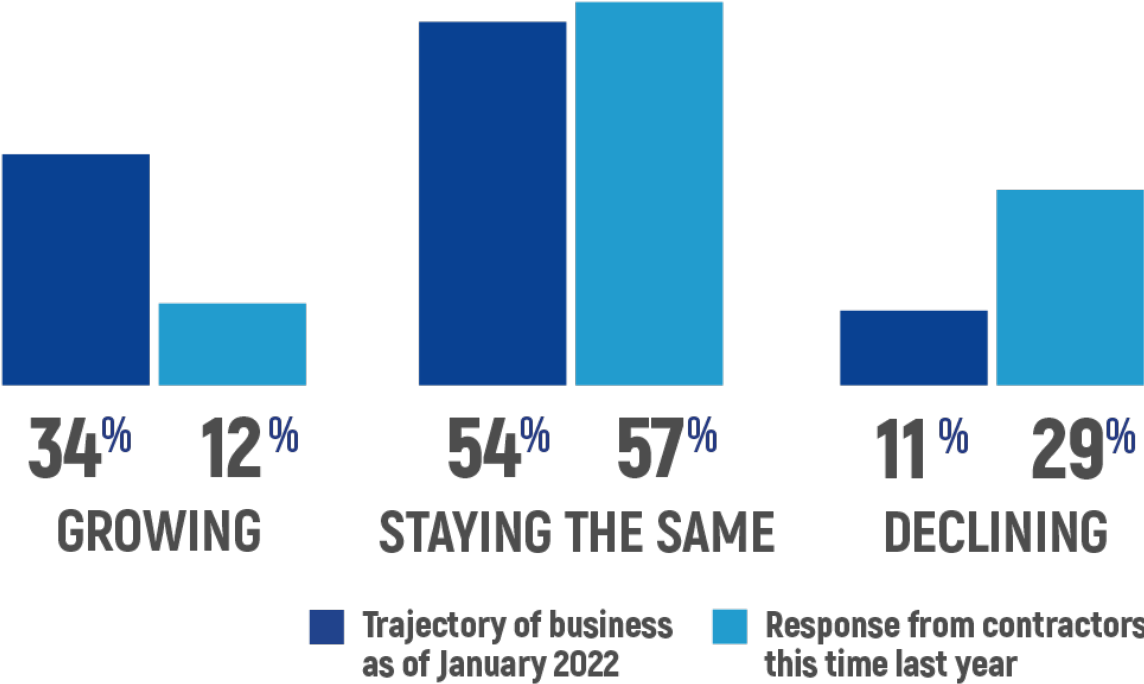
**CONTRACTORS ANTICIPATE  
AN AVERAGE INCREASE IN  
REVENUE OF 10% IN 2022**



# Growth of Business

Pre- Pandemic

Approximately 60% of contractors said their business was growing





# Labour Market Outlook



# 43%

OF CONTRACTORS  
EXPECT TO **HIRE MORE  
EMPLOYEES** IN 2022  
COMPARED TO 2021

## TOP 3 APPROACHES TO ATTRACT / RETAIN WORKERS

1. Raise Wages
2. Promote Employees
3. Improve Benefits

## OTHER APPROACHES

- ✓ Sign up with a union
- ✓ Training and education
- ✓ Take on more apprentices
- ✓ Flexible work conditions
- ✓ Improving company culture



# Project Disruptions



**52%**

OF CONTRACTORS  
HAVE HAD PROJECTS  
**POSTPONED** BY  
OWNER IN 2021/2022

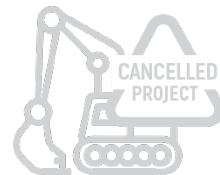
66% have been rescheduled



**38%**

OF CONTRACTORS  
HAVE HAD PROJECTS  
**CANCELLED** BY  
OWNER IN 2021/2022

## Reasons for Project Cancellations



- 27%** Material Costs/Availability/Delays
- 19%** General Cost Increases
- 16%** COVID-19 Effects/Restrictions/Delays
- 14%** Lack of Funding/Financing from Owner
- 5%** Changing Priorities of Owner
- 5%** Permit Delays
- 3%** Economic Uncertainty
- 3%** Subcontractor/Labour Availability



# Supply Chain Disruptions



**77%**

OF CONTRACTORS  
HAVE **EXPERIENCED  
SIGNIFICANT** SUPPLY  
CHAIN DISRUPTIONS  
IN THE PAST YEAR

## Strategies to Manage Supply Chain Disruptions

**80%**

Sought alternative  
suppliers

**73%**

Accelerated material  
purchases after winning  
contract

**67%**

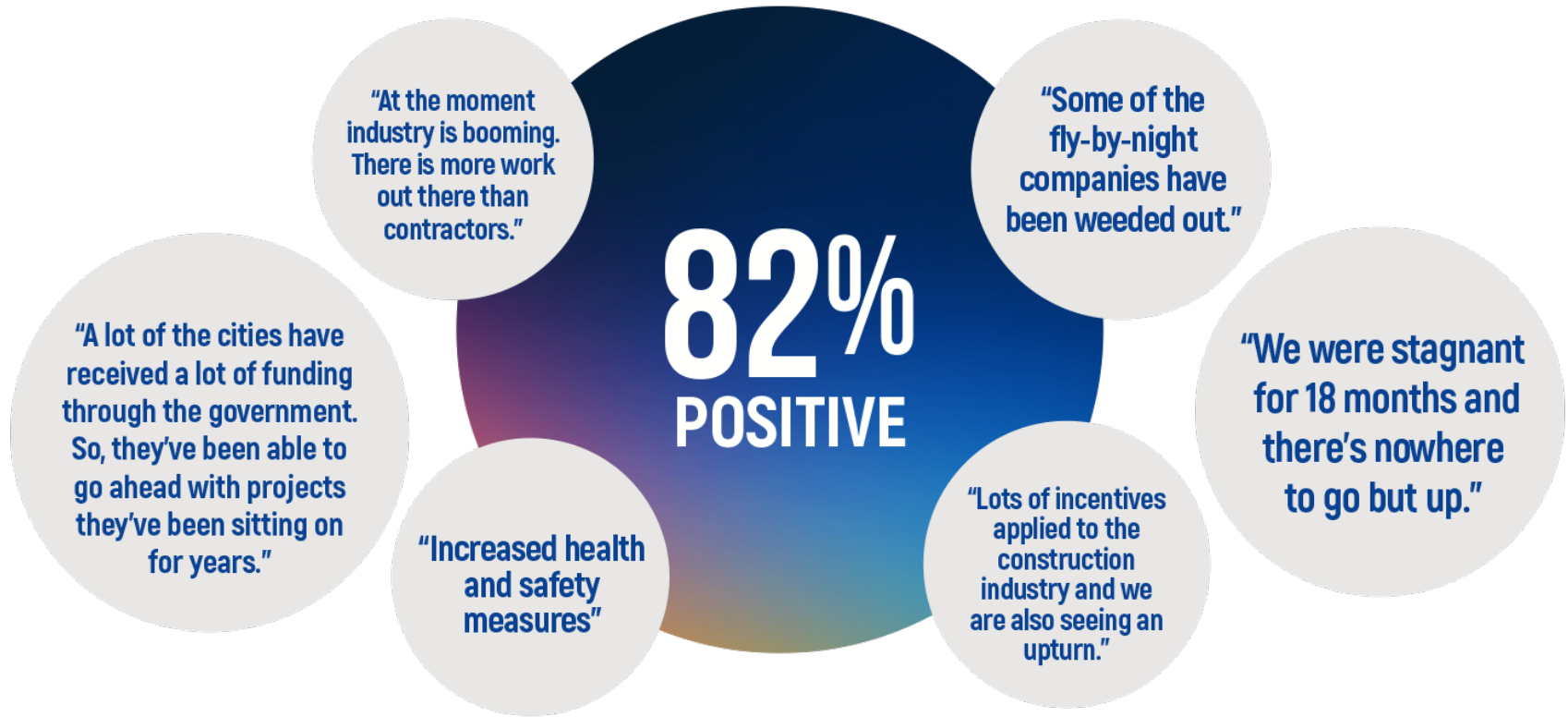
Specified alternative  
materials or products in  
contracts

**63%**

Stock-piled  
materials



# Contractor Outlook for Construction Industry Upbeat







## Construction Sector Outlook



# Construction Outlook

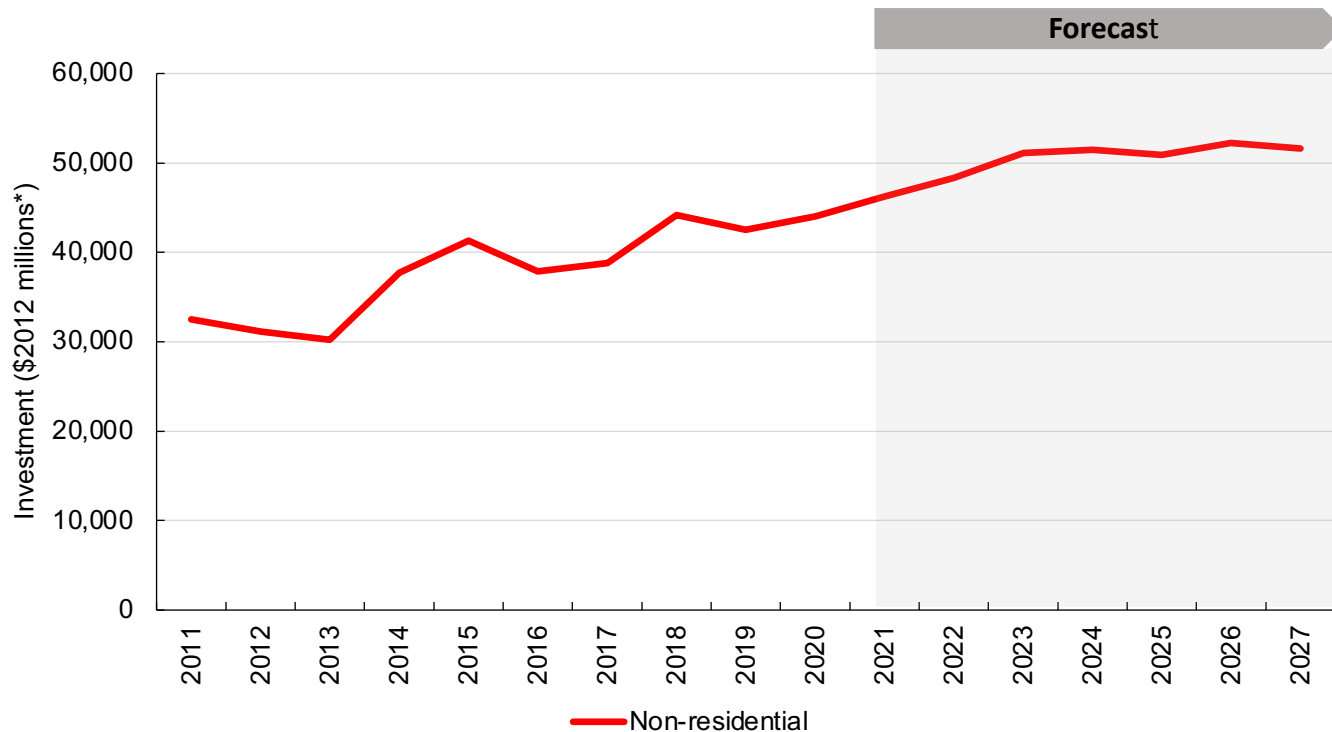
- Fundamentals for non-residential construction remain strong
- Government-focus spending on infrastructure including transit, roads, utilities
- Long list of projects in the pipeline valued at over \$140 billion across all regions of the province

Project Pipeline	
Project Type	Value
Transit	\$60B
Utilities	\$26B
Healthcare	\$20B
Government Buildings	\$11B
Roads / Bridges	\$9B
Mining	\$8B
Manufacturing / Distribution	\$2B
Source: BuildForce Canada	



# Non-Residential Construction Investment Outlook, Ontario (\$2012)

- Projected to increase by **12%** between 2021 and the scenario peak in 2026



Source: Statistics Canada, BuildForce Canada (2022-2027)



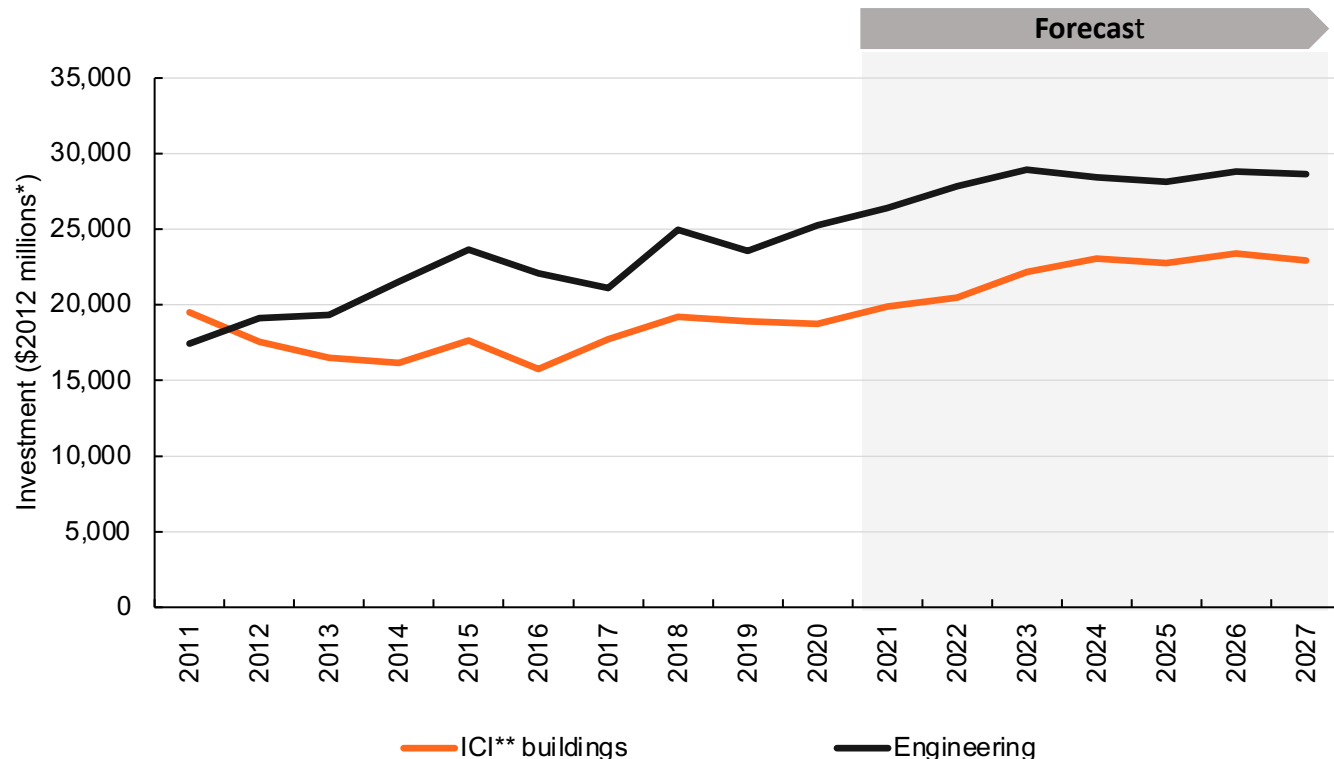
# Non-Residential Investment Outlook, Ontario (\$2012)

## Engineering

- Driven by transit projects through to 2026
- Mining, utilities and wastewater are also remaining high levels to 2023

## ICI Buildings

- Strong growth with through 2026 driven by significant investment in healthcare and transit spin-offs (+18%)



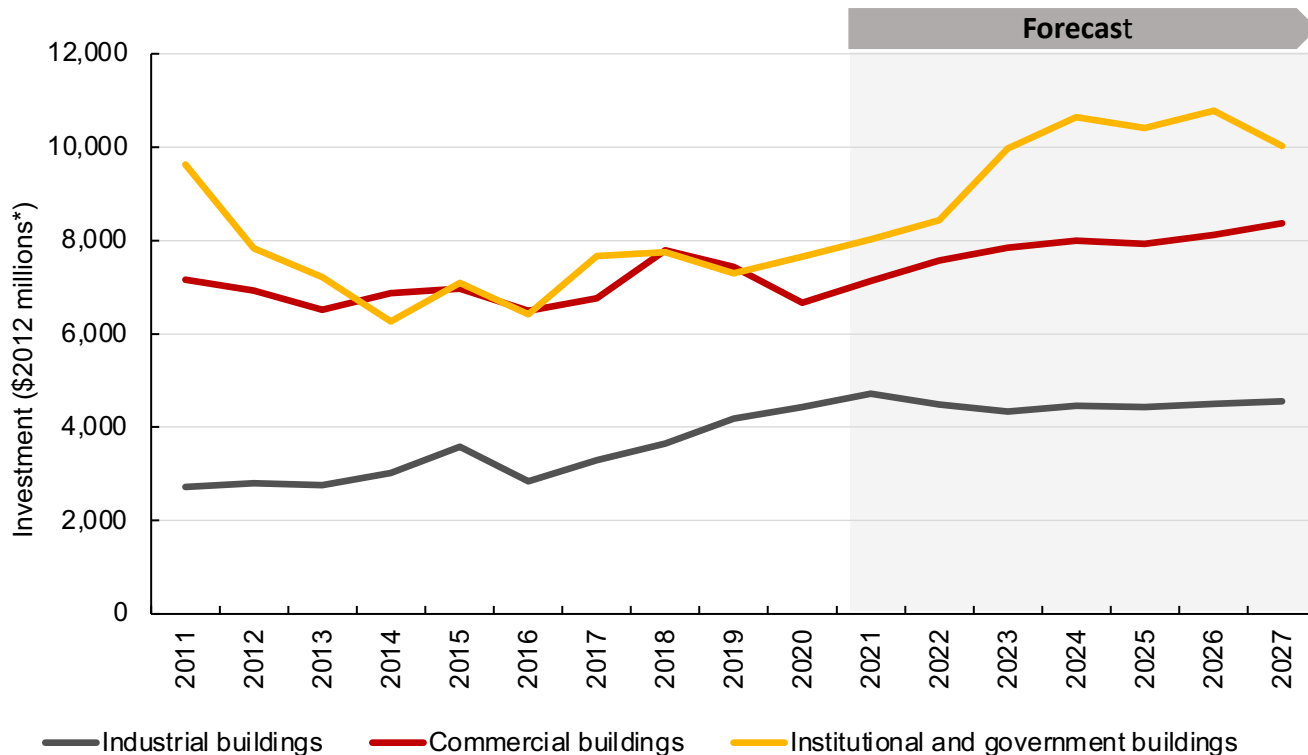
\*\* Industrial, Commercial, Institutional

Source: Statistics Canada, BuildForce Canada (2022-2027)



# ICI Buildings Investment Outlook, Ontario (\$2012)

- **Institutional** experiences strong growth to peak in **2024/26** driven by government investment in social projects (+34%)
- **Commercial** expected to **rebound** as economy recovers and business re-position post-COVID
- **Industrial** investment cycles down in 2023 then stabilizes



Source: Statistics Canada, BuildForce Canada (2022-2027)



# Construction Labour Markets

- ❑ Non-residential labour markets are expected to remain tight, driven by a long list of current and proposed projects
- ❑ High levels of demand are projected to exist in most regional construction markets across the province
- ❑ Retirement of 25,300 workers during this period will increase the overall recruitment requirement to 50,600 workers



**+50,600  
WORKERS**



# Construction Labour Markets

- ❑ Meeting labour demands will require a combination of strategies and coordinated project planning amongst all stakeholders
- ❑ Strategies to include:
  - **Local recruitment and training** (particularly those groups traditionally underrepresented in the construction labour force)
  - Attracting **immigrants**
  - Attracting **workers from other industries**
  - Use of **out-of-province workers** during anticipated peak periods



# Construction Market Risks

- ❑ Contractor capacity and worker availability may constrain the market
- ❑ Meeting peak labour demands may be challenged as high levels of demand are projected in most regional construction markets across the province
- ❑ Short-term and long-term COVID-19 impact on labour market (workers sitting on the sidelines, training pause)
- ❑ Continued supply chain challenges and impact on project costs



# Key Takeaways

- ❑ Contractors are positive amid ongoing challenges related to COVID, an abundance of work and supply chain challenges
- ❑ Over \$140 billion in major projects driving construction activity, driving Non-Residential Investment up 12% over the forecast period
- ❑ Need to keep an eye on cumulative impact of smaller projects including those related to the retrofit market
- ❑ Labour supply will continue to be challenged at peak times in various markets across the province
- ❑ Industry stakeholders have the tools to address challenges



# THANK YOU

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# Q&A SESSION