



2023 Contractor Survey

CONTRACTORS' INSIGHTS ON
THE ICI CONSTRUCTION INDUSTRY

**RESEARCH DRIVEN.
INDUSTRY FOCUSED.**

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Methodology

The Ontario Construction Secretariat's (OCS) annual Contractor Survey polls Ontario's ICI contractors to gauge their business expectations for the year and capture their views on salient issues in the industry. The survey includes ICI contractors from every region in the province, as well as union and non-union labour models.

500

Telephone interviews
with Ontario ICI
contractors between
Jan 11th to Jan 27th, 2023

185

General
Contractors

298

Trade
Contractors

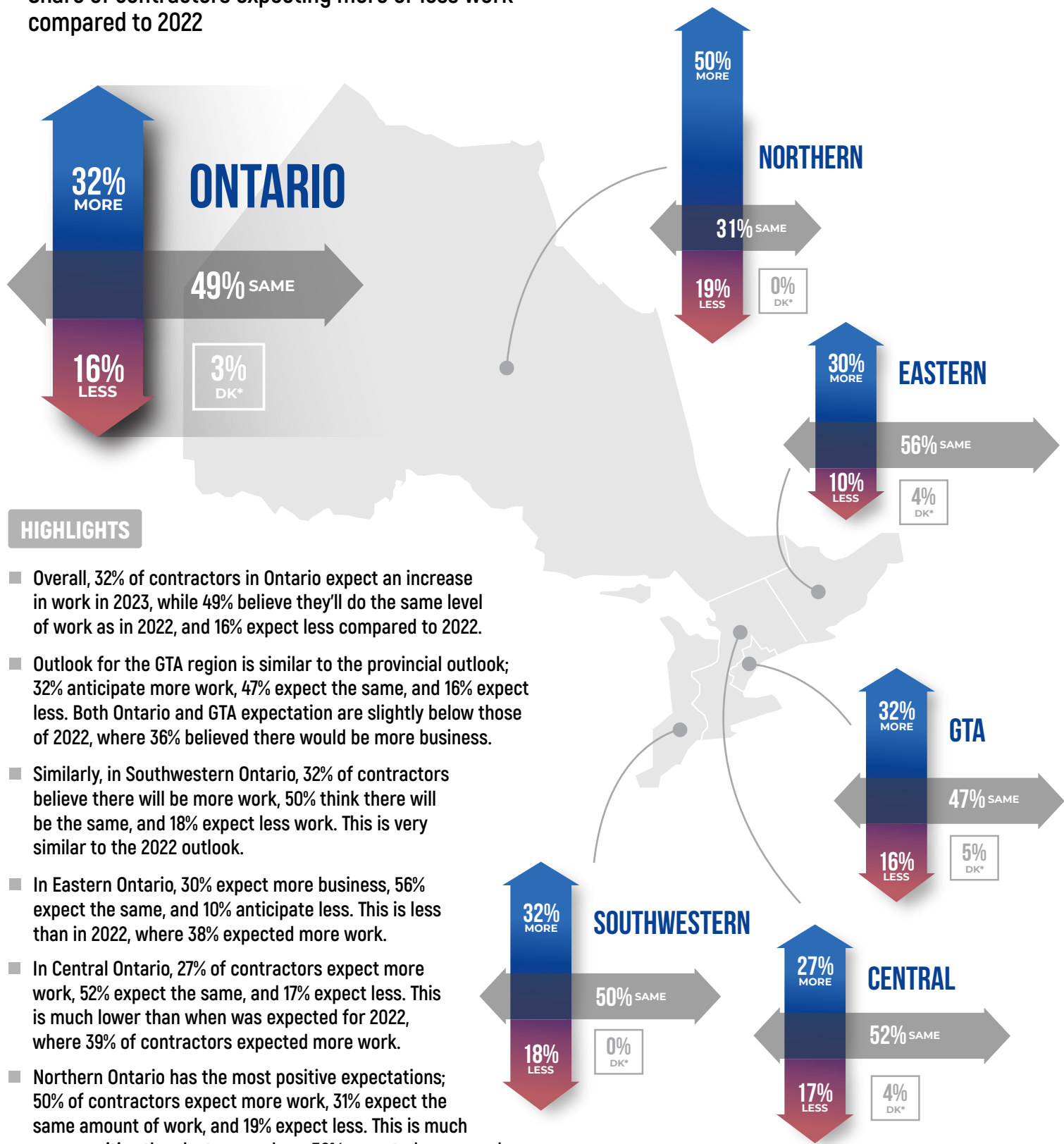
17 Contractors Did Not Specify

+/-4.3

Margin of Error
(percentage points
19 times out of 20)

Contractors' Outlook For 2023

Share of contractors expecting more or less work compared to 2022



HIGHLIGHTS

- Overall, 32% of contractors in Ontario expect an increase in work in 2023, while 49% believe they'll do the same level of work as in 2022, and 16% expect less compared to 2022.
- Outlook for the GTA region is similar to the provincial outlook; 32% anticipate more work, 47% expect the same, and 16% expect less. Both Ontario and GTA expectation are slightly below those of 2022, where 36% believed there would be more business.
- Similarly, in Southwestern Ontario, 32% of contractors believe there will be more work, 50% think there will be the same, and 18% expect less work. This is very similar to the 2022 outlook.
- In Eastern Ontario, 30% expect more business, 56% expect the same, and 10% anticipate less. This is less than in 2022, where 38% expected more work.
- In Central Ontario, 27% of contractors expect more work, 52% expect the same, and 17% expect less. This is much lower than when was expected for 2022, where 39% of contractors expected more work.
- Northern Ontario has the most positive expectations; 50% of contractors expect more work, 31% expect the same amount of work, and 19% expect less. This is much more positive than last year, where 30% expected more work.

* DK = Don't Know

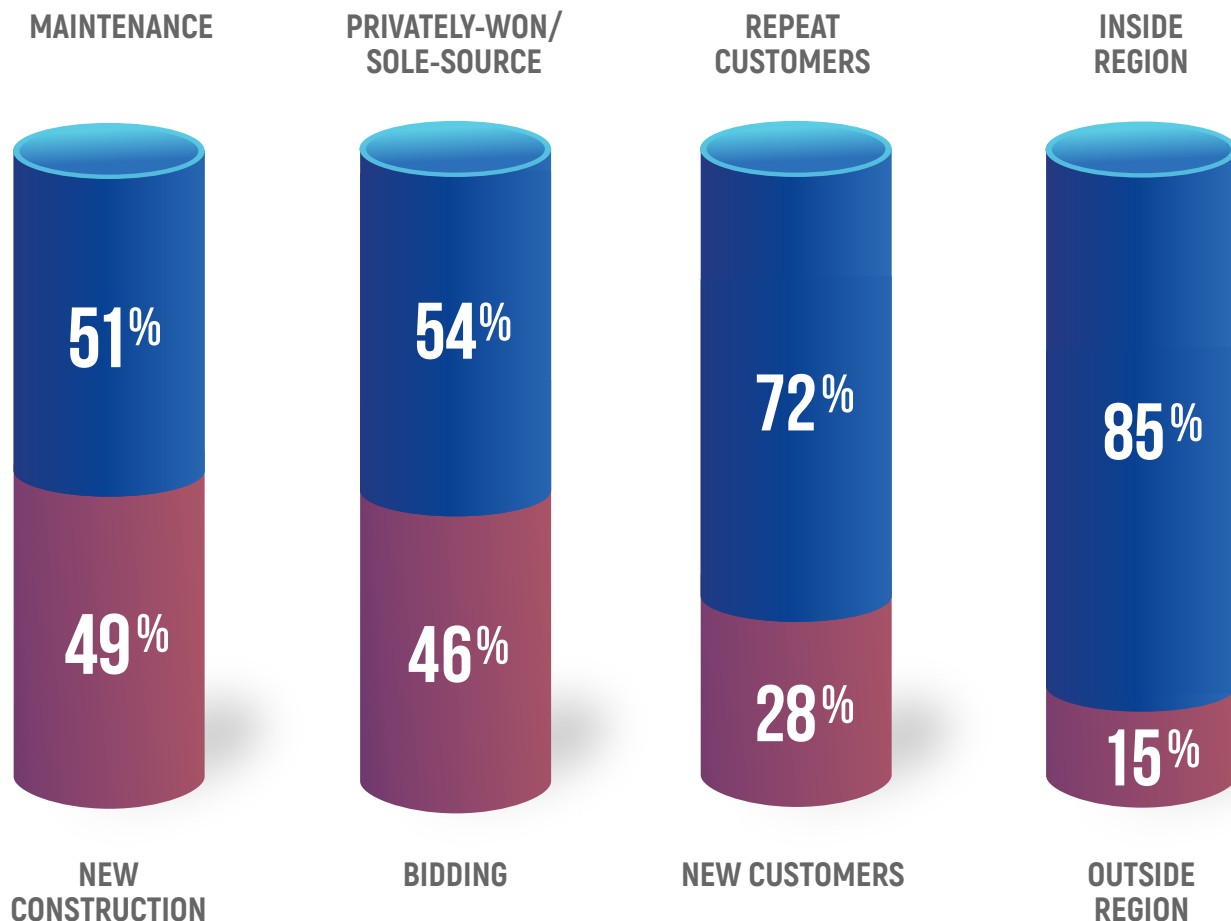
Q "Looking forward, how much business do you expect to conduct in 2023 compared to last year, on a 5-point scale where 5 means that 2023 will have much more business than 2022 and 1, much less?"

Work Picture for 2023

HIGHLIGHTS

- Last year, 55% of contractors work was expected to be on new construction projects, compared to 45% on maintenance. For 2023, it has shifted back to a more equal balance, with maintenance making up 51% of the work, and new construction making up 49% of their anticipated slate of projects.
- Contractors anticipate just over half of their work (54%) will be won privately and 46% will be won through bidding.
- Similar to 2022, 72% of contractors' work will come from repeat customers (73% in 2022), while 28% will be from new customers (27% in 2022).
- Identical to last year, contractors expect 85% of their work to be done inside their region, while 15% will be done outside their region.

Sources of Work in 2023



Q "Thinking about your work picture for 2023, what percentage of your work do you expect will be from each of the following?"

How Contractors View Ontario's Construction Industry



81%
POSITIVE



19%
NEGATIVE

Q "Overall, do you have a positive or negative outlook on the Ontario construction industry?"

Reasons for Positive Outlook



Of the **394** contractors that provided a reason for a positive outlook:



35%
ABUNDANCE
of work

10%
INCREASE
in construction
activity

OTHER reasons include:

- EASING of COVID-19 related restrictions
- GROWING population
- AGING infrastructure
- REBOUNDED commercial sector

Q "What are some of your reasons for having a positive outlook on Ontario's construction industry?"

Reasons for Negative Outlook



Of the **96** contractors that provided a reason for a negative outlook:



26%
HIGH
costs in
general

26%
HIGH
interest
rates

26%
DIFFICULTIES
obtaining materials
and labour

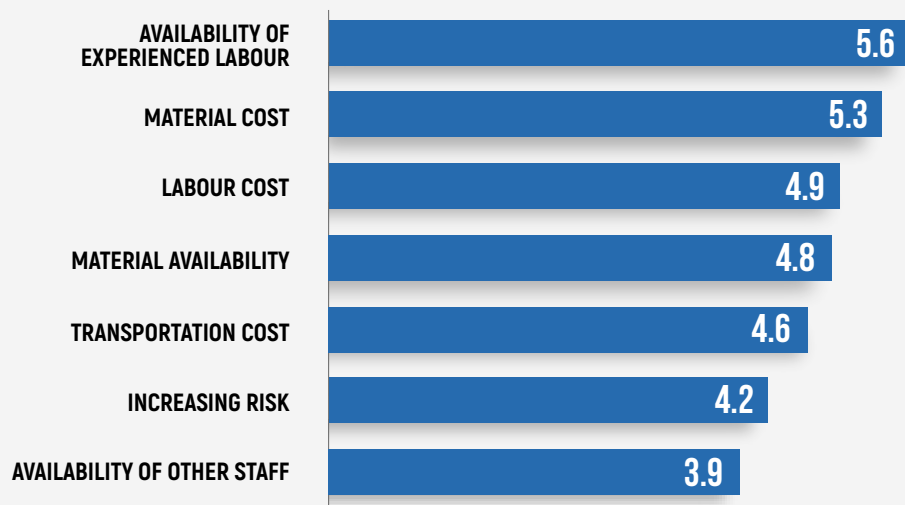
Q "What are some of your reasons for having a negative outlook on Ontario's construction industry?"

Contractor Concerns

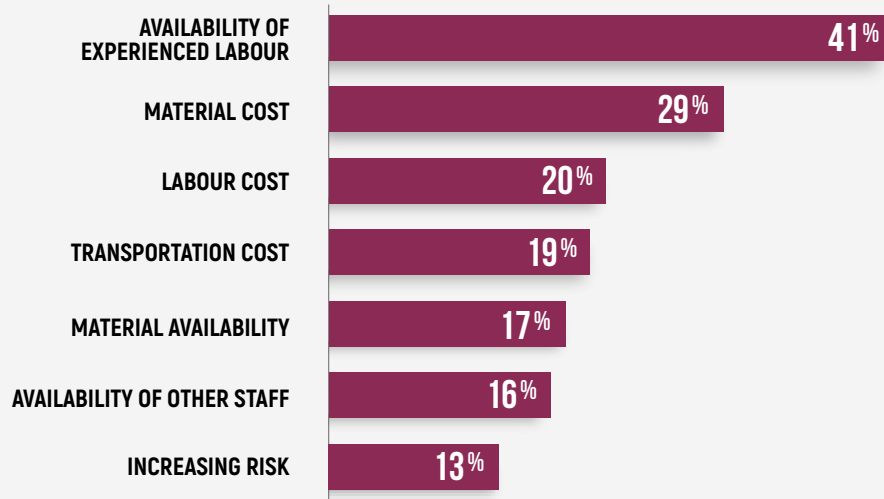
Every year, we aim to identify ICI contractors' greatest worries by asking them to rate a series of potential concerns on a 7-point scale (where 7 means a major concern, and 1 means not a concern at all). Using a 7-point scale allows us to compare concerns and measure the intensity of contractors' concerns. The responses to this question are presented here in two ways: the percentage who gave the highest possible score (7 out of 7), and the average score of each concern.

Similar to 2022, **Availability of Experienced Skilled Labour** and **Material Costs** are the top concerns. However, the percentage of contractors rating material costs (29%) as the highest concern is much lower than in 2022 (44%). **Material Availability** also dropped as a top concern, with 17% of contractors rating it as their top concern, compared to 34% last year. The intensity, or average score, of each concern was slightly lower compared to 2022, with Material Availability dropping from 5.6 to 4.8 (likely reflecting easing supply chains).

CONCERN BY INTENSITY: Mean score on 7-point scale



CONCERN BY PERCENTAGE: Percentage of contractors giving a 7 out of 7 on the concern intensity scale



KEY TAKEAWAY

AVAILABILITY OF EXPERIENCED LABOUR AND MATERIAL RELATED COSTS TOP CONCERNS

Q

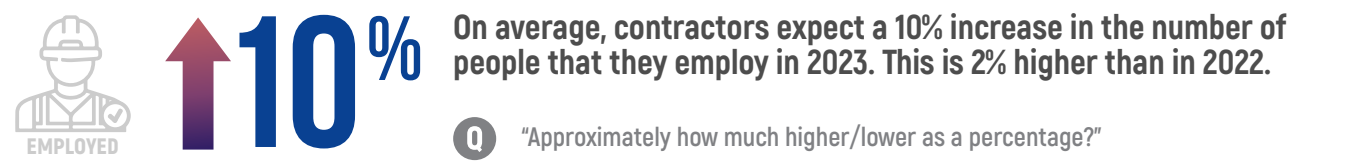
"How much of a concern to your business are the following on a 7-point scale where 7 means a major concern, and 1 means not a concern at all?"

Labour Market Outlook

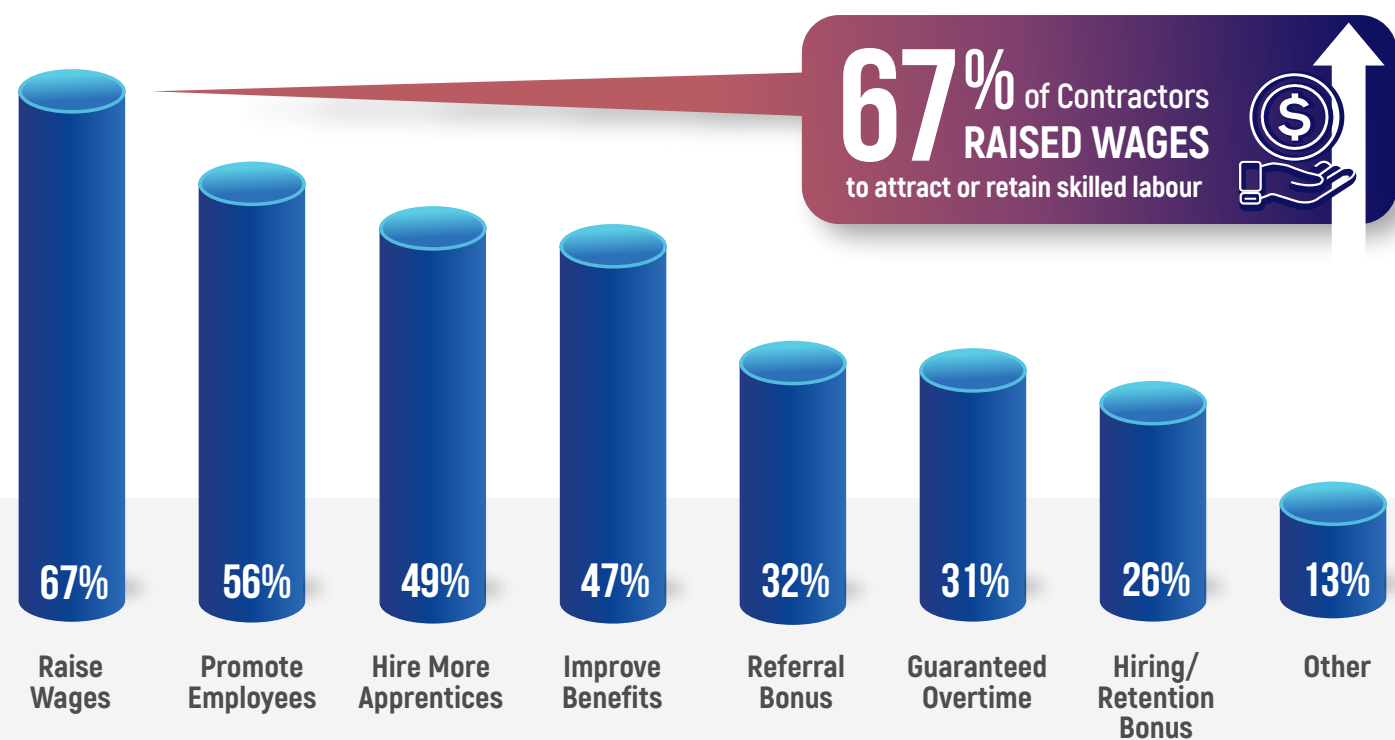
Labour Expectations for 2023



Q "Thinking of the year 2023 overall, do you expect the number of people employed by your firm to be higher, lower, or the same compared to 2022? [By number of people employed we mean all staff including onsite skilled labour and salaried office staff]"



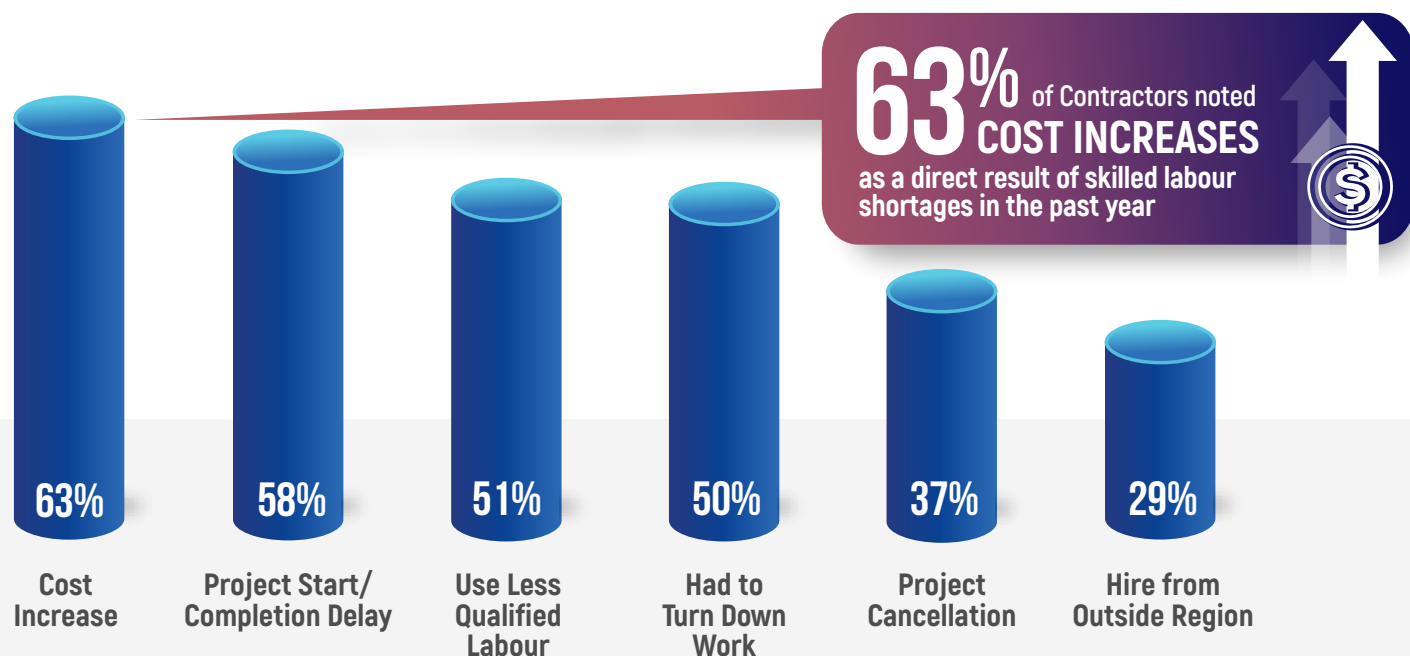
Approaches taken by contractors in the past 12 months to attract or retain skilled labour



Q "Over the past 12 months, have you taken any of the following approaches to attracting or retaining skilled labour?"

Labour Market Outlook

Consequences from Skilled Labour Shortages



Q The following is a list of potential consequences of skilled labour shortages. Has your firm experienced any of the following as a direct result of skilled labour shortages in the past year.

Other Ways to Combat Labour Market Challenges



25% of firms would be **very likely** to adopt **new technologies** to enhance productivity.

“

The only thing that we are doing at this time is being selective on the projects just so that we can utilize our existing man power.

“

We expanded time lines for project completion.

“

We have tried to be as efficient as possible. Splitting shifts to get the most out of people. Perform the tasks at the most opportune time. Using different platforms and materials.

“

Subcontracting out the work to either union-based labour or other general construction companies.

“

Longer work days and paid overtime.

Q “Have you taken any other approaches not listed here?”

Apprenticeship

Contractors Employing Apprentices in Ontario (Past 4 Years)

68%
2020

61%
2021

60%
2022


64%
2023

Sources: Data for 2020-2022 comes from previous OCS Contractor Surveys

Percentage of Contractors Employing Apprentices in 2023



UNION

83%  **7% UP**



NON-UNION

54%  **2% UP**



"Does your firm employ apprentices?"

KEY TAKEAWAY

**UNION CONTRACTORS
CONTINUE TO LEAD IN
EMPLOYING APPRENTICES**

Supply Chain Disruptions

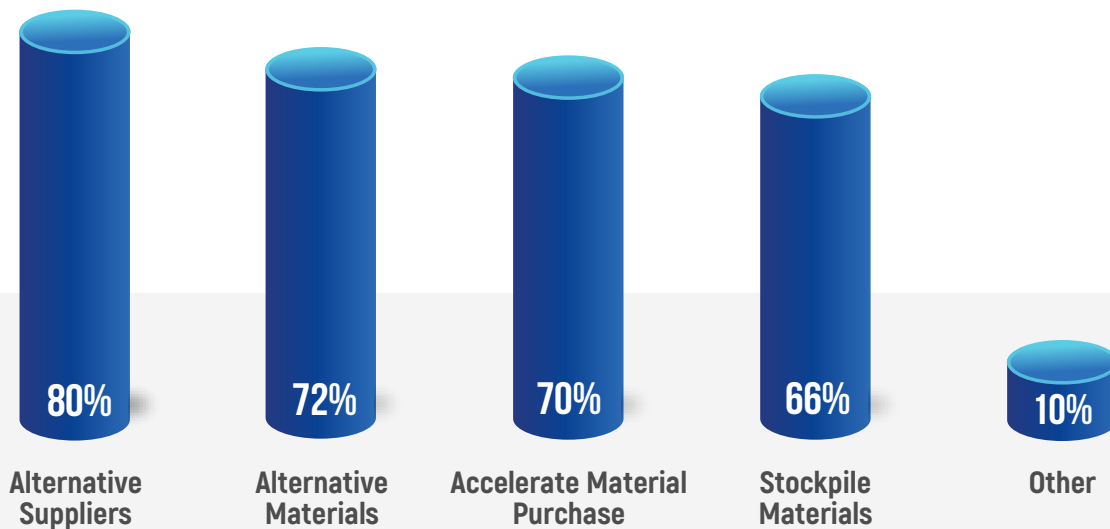


Fewer firms (73%) reported facing significant supply chain disruptions compared to last year (77% in 2022)

40% DOWN
FROM 2022

Q "Has your firm experienced significant supply chain disruptions in the past year?"

Approaches taken by contractors to avoid supply chain disruptions



Q "Has your firm taken any of the following approaches to respond to or avoid supply chain disruptions?"

Other approaches taken by contractors

“
We've actually tried to go outside of the province to get materials that we had shortage of.

“
Offering higher price to suppliers. For instance, if they are not able to provide materials on time, we offer extra money to provide materials to that site.

“
Qualifications were included in our proposals in order to limit our exposure to both cost increases and material shortages and equipment delivery delays.

“
We have imported some materials because we could not find it in Ontario. We had to get it in the States.

Q "Have you taken any other approaches not listed here?"

Project Disruptions

36% of contractors have had projects **cancelled** by the owner in 2022/2023

Q Have any of your projects scheduled to start in 2022 or 2023 been cancelled by the owner?

53% of contractors have had projects **delayed** by the owner in 2022/2023

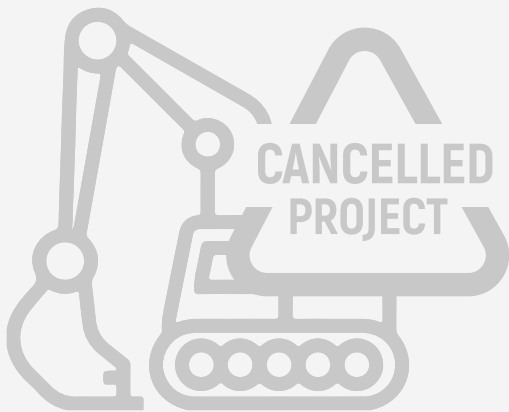
Q Have any of your projects scheduled to start in 2022 or 2023 been delayed by the owner?

65% Most significant project has been rescheduled

83% Most significant project rescheduled to 2023

Q Thinking of the most significant project postponement, has it been rescheduled?

Reasons for Project Cancellations



Q "What were the major reasons for the project or projects being cancelled?"

Of the 174 contractors that responded:

40% **ESCALATING** project costs

15% **DIFFICULTY** obtaining materials
(down from 27% reported last year)

Other reasons mentioned by contractors

- High interest rates
- Lack of funding
- Scope of the work being bigger than anticipated
- Delays due to labour shortages

Ramifications of Cancellations

“
We had to scramble to find replacement work in a timely fashion.

“
Higher costs in being overstaffed for a short period of time until more work has been found or employee layoffs.

“
Not able to keep our casual staff working. Lost income and loss of more opportunities.

“
Reduction in sales and we had to let go and layoff people.

“
We had to lay people off. We see a downturn in volume and profit.

Contractor Insights and Key Takeaways

- The overall outlook for Ontario's construction industry is very positive; there are numerous projects and a strong demand for construction, which is fueled by population growth and the need to update infrastructure.
- Labour remains a significant concern with contractors expecting to take on additional employees in 2023. On a positive note, both union and non-union contractors are taking on more apprentices.
- Despite the mostly positive outlook, availability of experienced skilled labour and material related costs are still prominent concerns. However, the severity of these issues is somewhat less than in our 2022 survey, and certain aspects such as material availability and supply chain disruptions are showing improvement

Q

What are some of your reasons for having a positive outlook on Ontario's construction industry?

“

Ontario is growing and we are happy to be a part of all the work taking place.

“

Fair bit of new construction and modernization.

“

We're not going through Covid anymore and it looks like things are picking up right now. There are always challenges with everything and positives in the construction industry. We just have to look at positives.

“

Everything is old in Ontario and it needs to be updated.

“

We have so much back log and a lot of projects.

“

We're a contractor and we actually remained fairly busy throughout the past couple years. The prices got higher but we didn't slow down so that was a positive.

“

There seems to be a significant amount of work that will be coming out for tender.

“

We are already booked for next year and we are now turning work away.

“

Strong need for construction projects, housing, commercial and industrial space.

“

The economy is bouncing back in the commercial industry so hopefully there will be more work.

NOTES

[illegible]

2023 Contractor Survey

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

info@iciconstruction.com | T.416.620.5210 | TF.1.888.878.8868

iciconstruction.com | Follow the OCS on Twitter  @OntConstSec

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