



State *of the* Industry & Outlook Conference

2023

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2022 CONSTRUCTION SNAPSHOT



7.9%

OF ONTARIO'S
GDP (2021)



588,000

EMPLOYMENT



3.7%

UNEMPLOYMENT
RATE



144,533

BUSINESS ESTABLISHMENTS



52,878

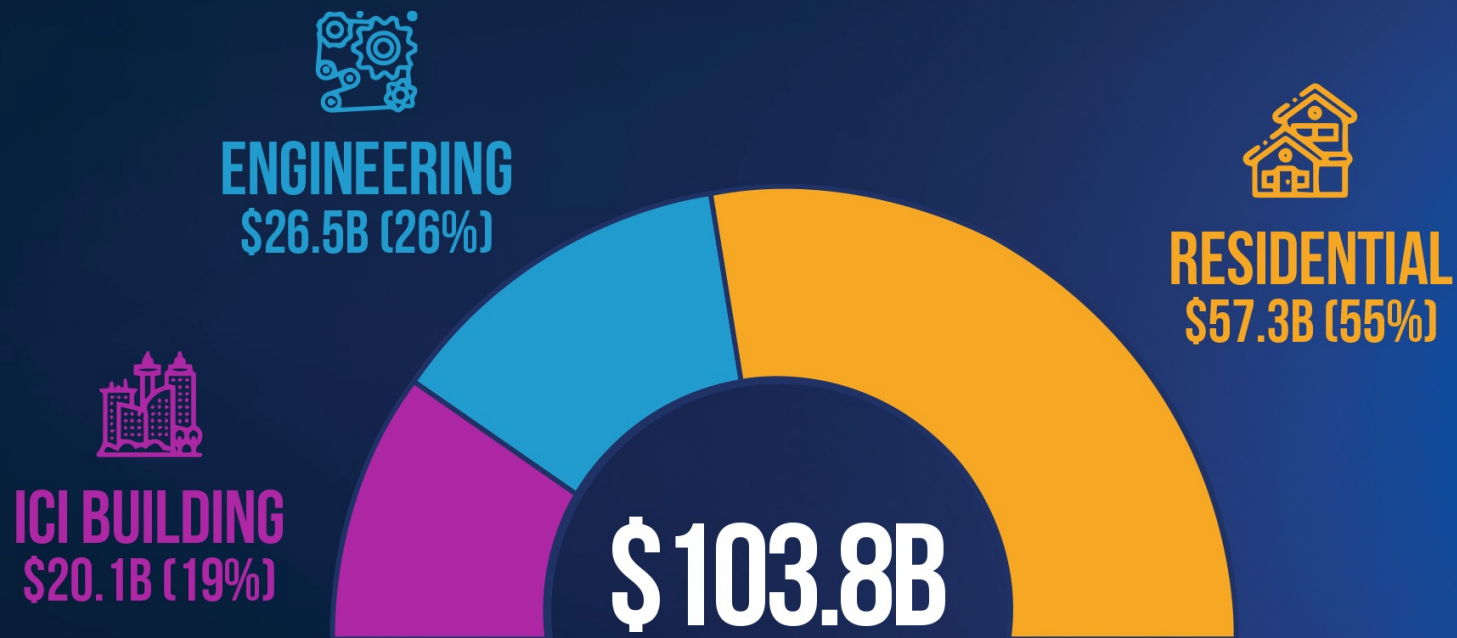
WITH
EMPLOYEES



91,655

WITHOUT
EMPLOYEES

2022 CONSTRUCTION SNAPSHOT



INVESTMENT IN RESIDENTIAL AND NON-RESIDENTIAL CONSTRUCTION

UP 2.2% OVER 2021

2023 Contractor Survey

CONTRACTORS' INSIGHTS ON
THE ICI CONSTRUCTION INDUSTRY



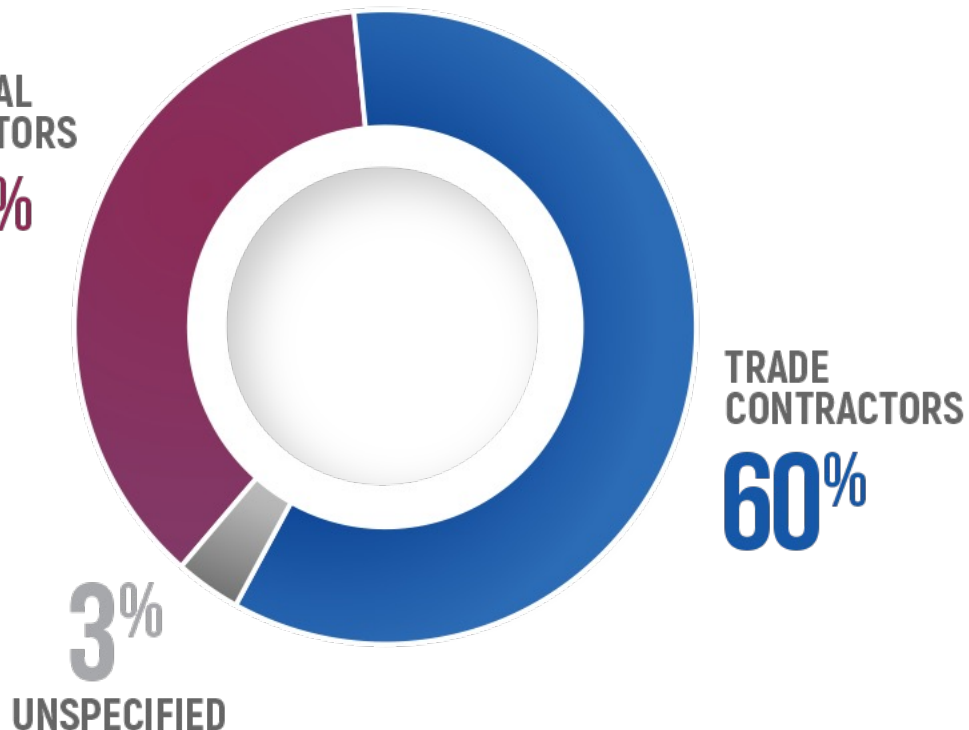
Methodology

500

TELEPHONE INTERVIEWS
ICI SECTOR CONTRACTORS

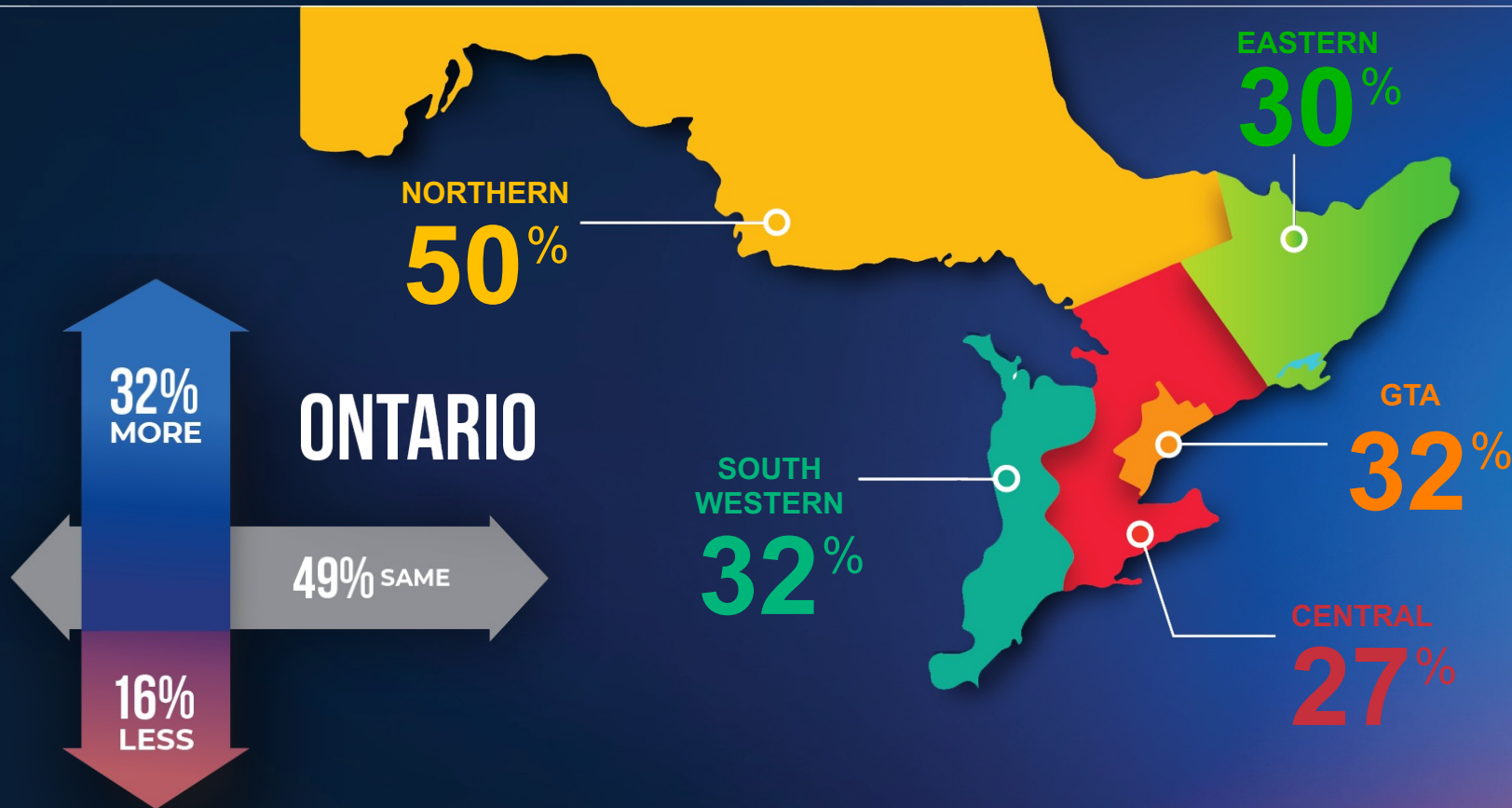
GENERAL
CONTRACTORS

37%



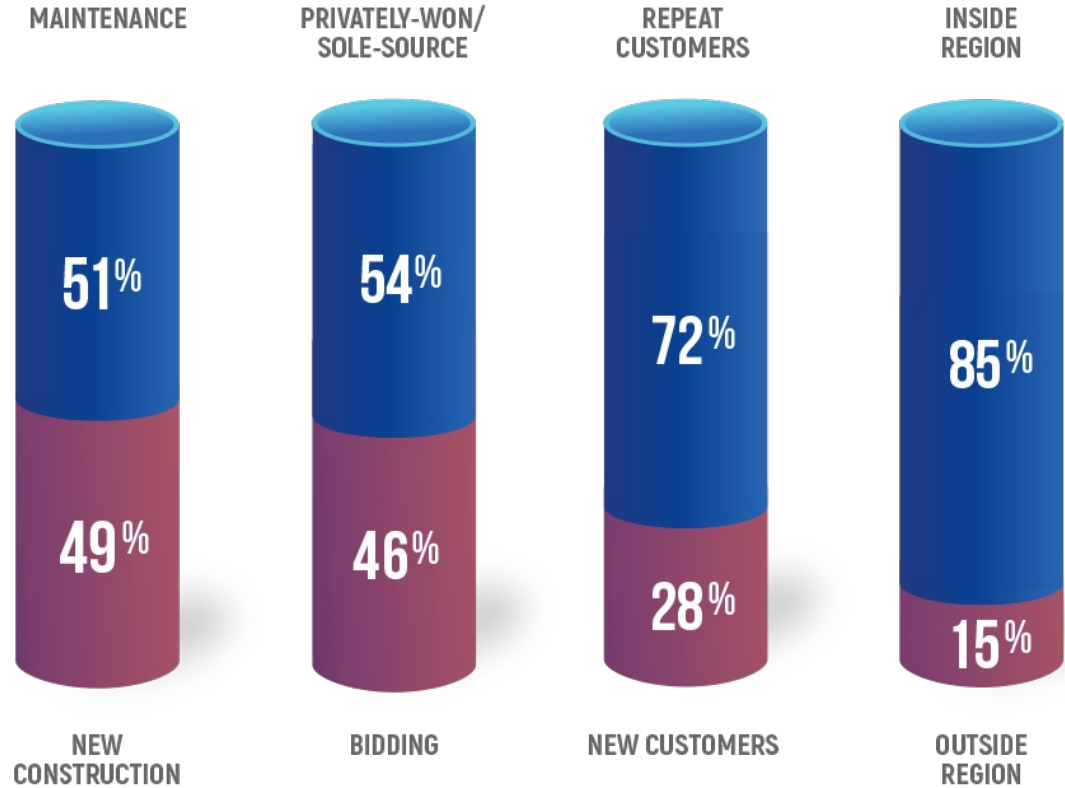
Contractors' 2023 Outlook

(Share of contractors expecting MORE work in 2023)

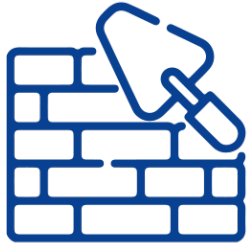


Sources of Work

Maintenance edges
out New Construction



Contractor Top Concerns



AVAILABILITY OF SKILLED TRADES LABOUR



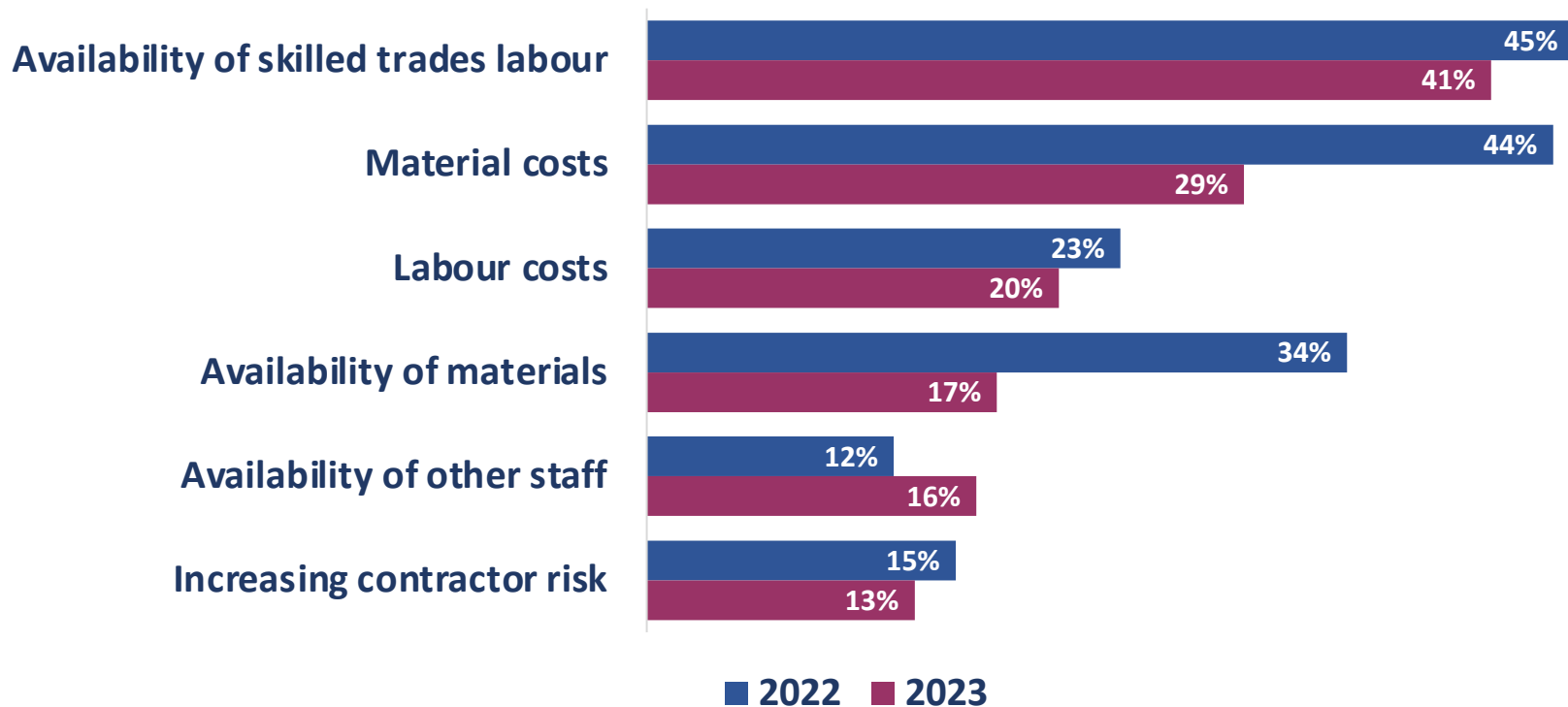
MATERIAL COSTS

INTENSITY OF CONCERN

(Mean score on a 7-point scale)

| | |
|--|-----|
| Availability of experienced labour | 5.6 |
| Material costs | 5.3 |
| Labour costs | 4.9 |
| Material availability | 4.8 |
| Transportation costs (transportation, bonding, insurance) | 4.6 |
| Increasing contractor risk | 4.2 |
| Availability of salaried staff | 3.9 |
| Availability of salaried staff | 3.9 |

Softening of Contractor Top Concerns



Modest Softening in Hiring Expectations



33%

**OF CONTRACTORS
EXPECT TO HIRE MORE
EMPLOYEES IN 2023
COMPARED TO 2022**

Last year, **43%** of
contractors anticipated
an increase in their
number of employees

Union Contractors Continue to Lead in Apprenticeship



83% 

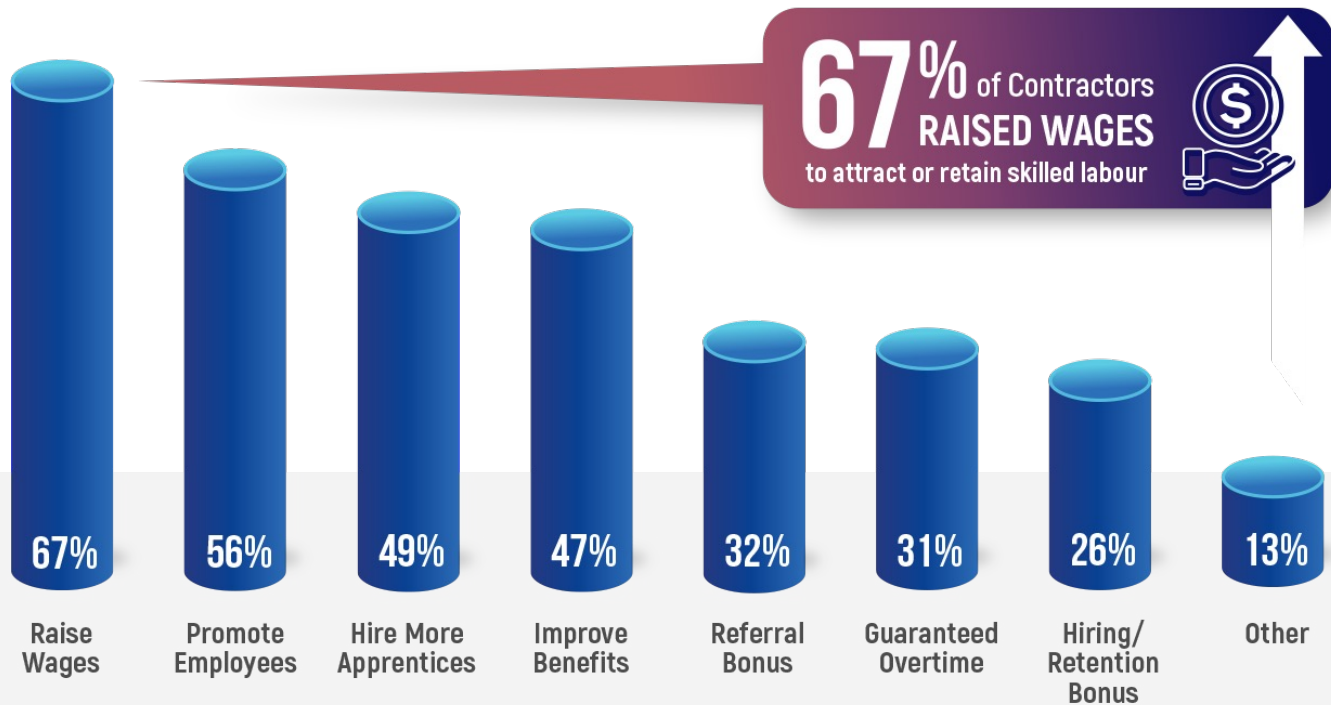


NON-UNION **54%** 



"Does your firm employ apprentices?"

Strategies for Attracting and Retaining Skilled Labour



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

Other Ways Contractors are Managing 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.

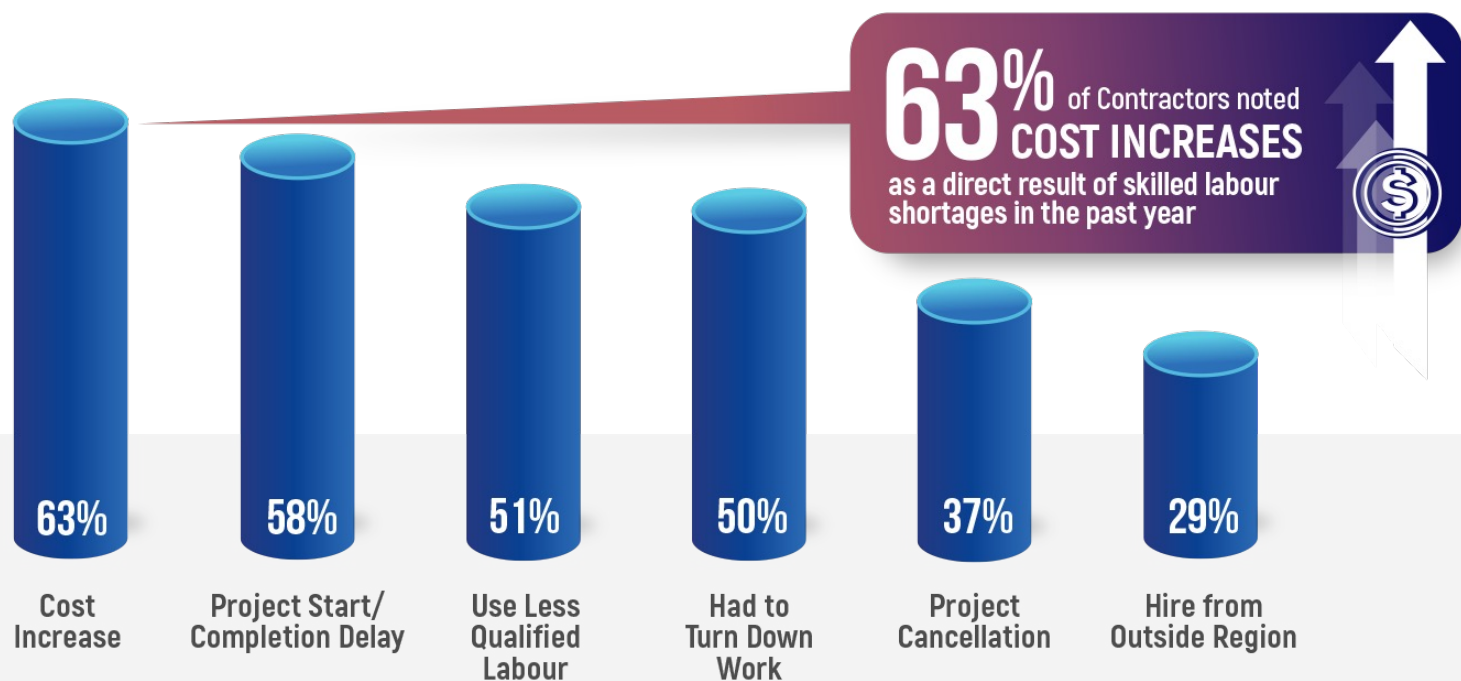
“

We 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.

“

We expanded
time lines
for project
completion.

Consequences of 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.

Supply Chain Disruptions

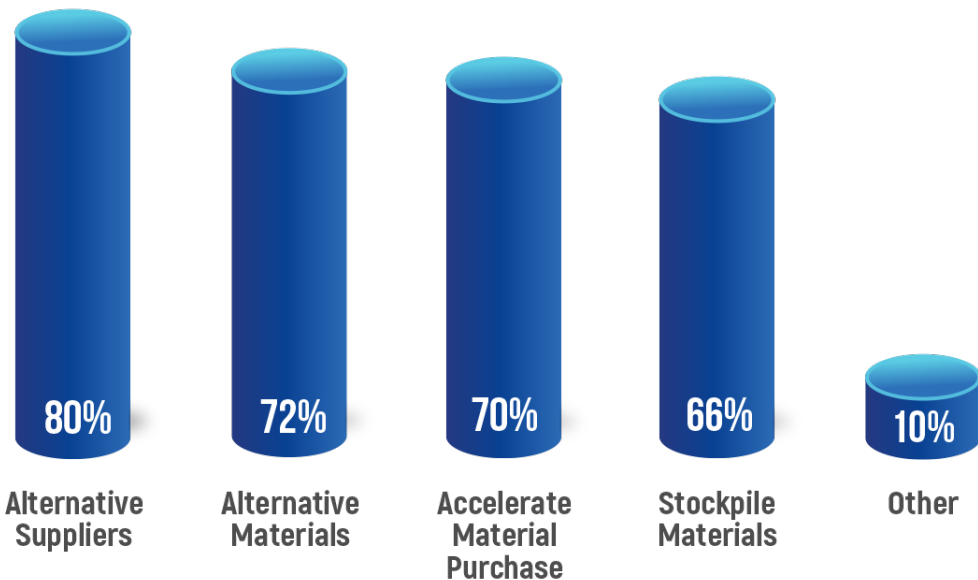


4% DOWN
FROM 2022

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

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

Approaches taken to avoid supply chain disruptions



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

Project Disruptions



36%

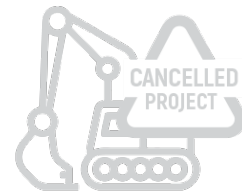
OF CONTRACTORS
HAVE HAD PROJECTS
CANCELLED BY THE
OWNER IN 2022/2023



53%

OF CONTRACTORS
HAVE HAD PROJECTS
DELAYED BY THE
OWNER IN 2022/2023

Reasons for Project Cancellations



- Escalating project costs
- Difficulty obtaining materials
- High interest rates
- Lack of funding
- Scope of work too great
- Delays related to labour shortages

Contractor Outlook for Construction Industry Upbeat

81%
POSITIVE



Reasons for Positive Outlook



35%

ABUNDANCE
of work

10%

INCREASE
in construction
activity

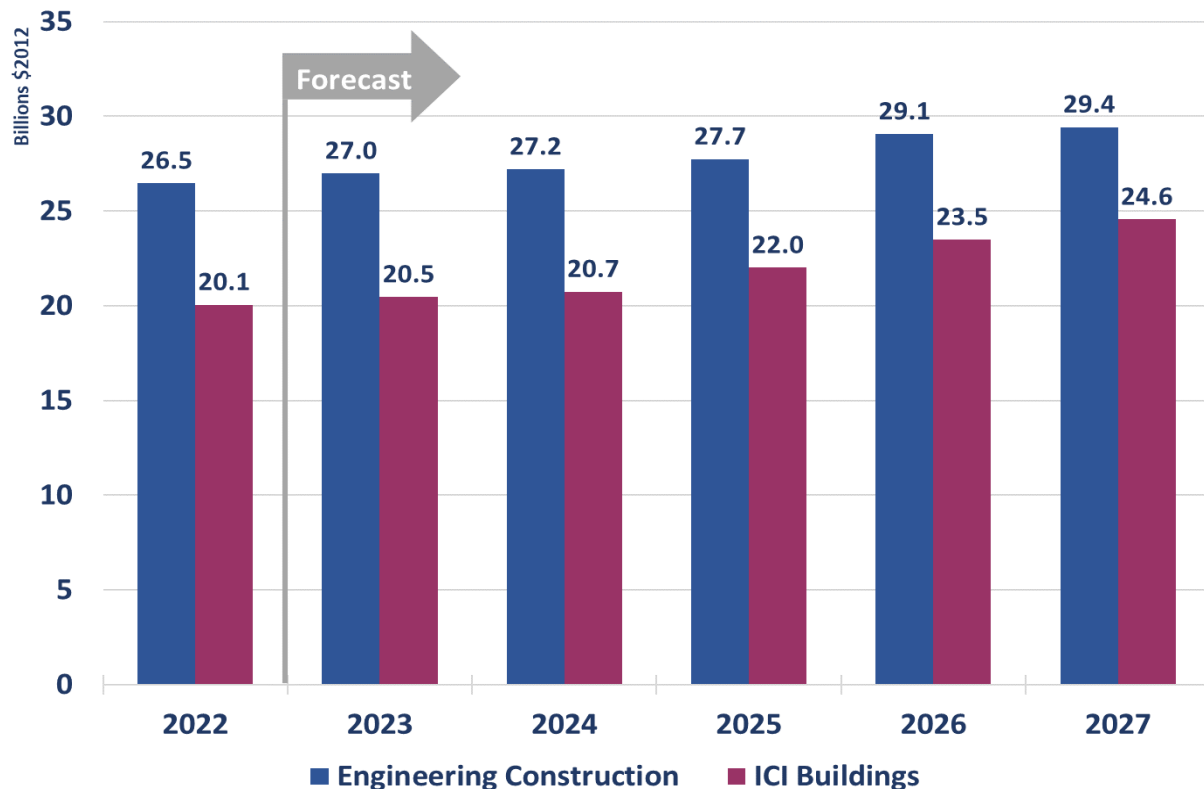


CONSTRUCTION SECTOR OUTLOOK

Non-Residential Construction Investment Outlook, Ontario

(\$2012 billions)

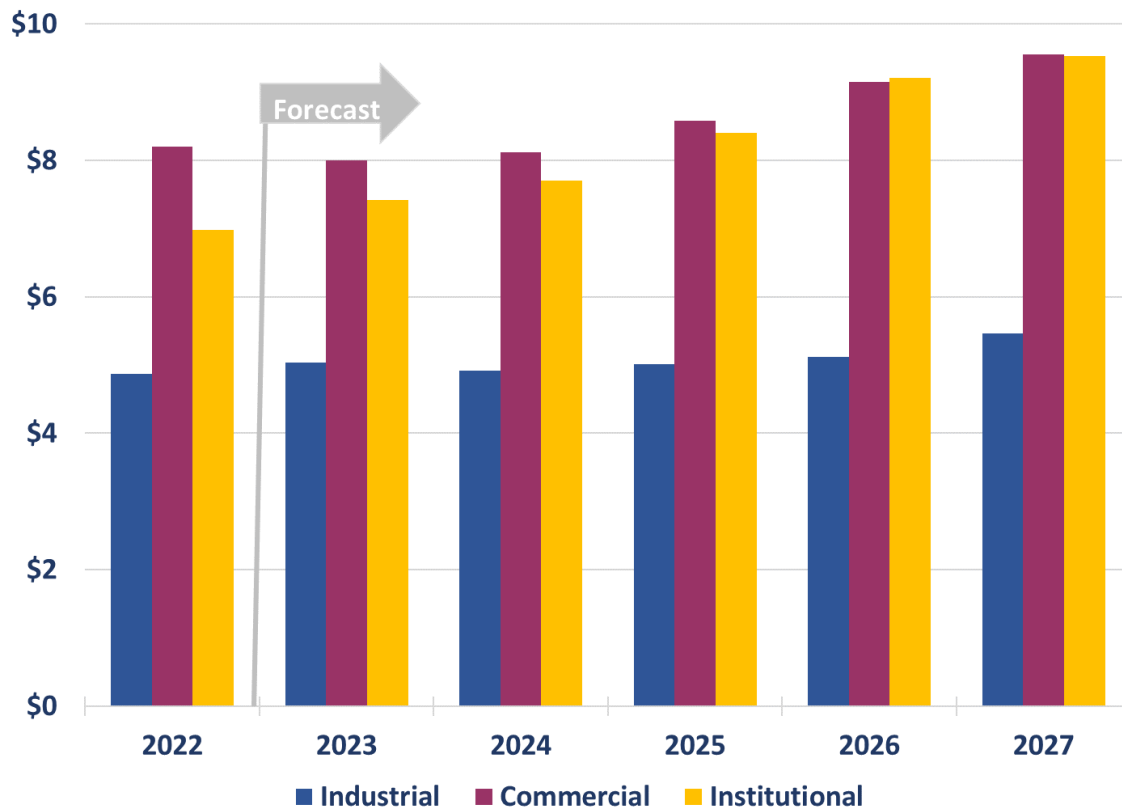
- **Total ICI Building** investment is expected to **increase by 22%**
- **Engineering** construction investment will moderate over the next few years as some projects reach completion, before starting another growth cycle in 2026-27



Source: BuildForce Canada, Preliminary, Feb. 2023

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

- **Institutional** experiences strong growth to peak at **\$9.5B in 2027** driven by government investment in social projects (+36.5%)
- **Commercial** contracts modestly in 2023 as economy falters, but then resumes growth to **peak at \$9.6B**
- **Industrial** investment remains stable experiencing stronger growth in 2027

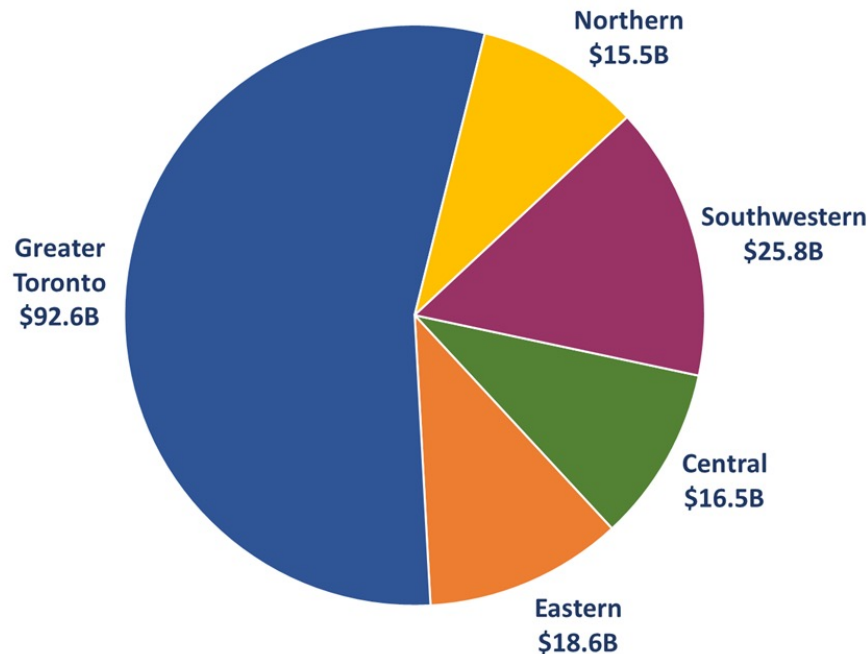


Source: BuildForce Canada, Preliminary, Feb. 2023

Strong Project Pipeline Driving Construction Outlook

| Project Type | Value |
|---|---------|
| Transit | \$59.4B |
| Utilities (Power & Water/Wastewater) | \$30.0B |
| Healthcare | \$26.9B |
| Industrial | \$14.6B |
| Government Buildings | \$10.8B |
| Mining | \$10.8B |
| Roads / Bridges | \$10.0B |
| Distribution Centres / Other | \$6.5B |

Source: BuildForce Canada, February 2023



\$169.1 Billion

A Glimpse into the Regions

CENTRAL ONTARIO

| Project | Timeframe | Value |
|---|-------------|--------|
| Hamilton LRT | 2024 - 2029 | \$3.4B |
| Niagara Falls Hospital | 2023 - 2027 | \$1.5B |
| Hamilton Health Sciences (Juravinski) | 2026 - 2030 | \$1.5B |
| ArcelorMittal Dofasco Hamilton Steel Works (2 projects) | 2027 -2028 | \$1.8B |
| Garden City Skyway Twinning (St. Catharine's) | 2025 - 2030 | \$750M |
| Niagara Region Wastewater Replacement / Expansion | 2025 - 2027 | \$400M |
| Hamilton Health Sciences (West Lincoln) | 2022 – 2025 | \$350M |
| Collingwood General and Marine Hospital Redevelopment | 2027 - 2030 | \$350M |

A Glimpse into the Regions

EASTERN ONTARIO

| Project | Timeframe | Value |
|--|-------------|--------|
| Centre Block, Parliament Hill (Phase 1 & 2) | 2019 - 2029 | \$4.9B |
| Ottawa LRT Extension | 2020 - 2025 | \$2.5B |
| Kingston General Hospital | 2025 - 2029 | \$1.0B |
| Supreme Court of Canada, Heritage Building Rehab | 2023 -2028 | \$1.0B |
| Canadian Nuclear Laboratories | 2022 - 2027 | \$800M |
| Lester B. Pearson Building | 2021 - 2028 | \$700M |
| 1Door4 Integrated Treatment Centre (Ottawa) | 2023 – 2026 | \$350M |
| Eastern Correctional Complex | 2026 - 2028 | \$350M |

A Glimpse into the Regions

GREATER TORONTO

| Project | Timeframe | Value |
|--|-------------|---------|
| OPG Darlington Refurbishment | 2017 - 2026 | \$13.5B |
| OnCorr: GO RER Electrification | 2022 - 2029 | \$10.5B |
| Ontario Line - Southern & Northern Sections | 2022 - 2027 | \$8.5B |
| Mississauga Health Trillium | 2025 -2029 | \$4.0B |
| Hurontario LRT | 2020 - 2024 | \$2.0B |
| Oakville Automotive Assembly Plant Retooling | 2023 - 2024 | \$1.8B |
| CAMH Queen Street Redevelopment - Phase D | 2024 – 2027 | \$1.5B |
| Queensway Health Centre | 2023 - 2027 | \$1.0B |
| CIBC Square Office Building - Tower Two | 2021 - 2024 | \$1.0 |

A Glimpse into the Regions

NORTHERN ONTARIO

| Project | Timeframe | Value |
|--|-------------|--------|
| Sudbury Onaping Depth Nickel/Copper Mine | 2019 - 2024 | \$1.7B |
| Geraldton Greenstone Hardrock Gold Mine & Mill Restart/Expansion | 2022 - 2024 | \$1.5B |
| Agnico-Eagle Atikokan Hammond Reef Gold Mine | 2026 - 2028 | \$1.0B |
| Red Lake Springpole Gold Mine & Mill | 2024 -2026 | \$900M |
| Thunder Bay Correctional Facility | 2022 - 2026 | \$750M |
| SS Marie Steel Mill | 2021 - 2024 | \$700M |
| Marathon Open Pit Mine | 2023 – 2024 | \$700M |
| Weeneebayko Hospital Replacement | 2024 - 2027 | \$400M |

A Glimpse into the Regions

SOUTHWESTERN ONTARIO

| Project | Timeframe | Value |
|--|-------------|---------|
| Bruce Power Refurbishment | 2020 - 2033 | \$13.5B |
| NextStar Electric Vehicle Battery Mfg Facility | 2022 -2024 | \$4.1B |
| Gordie Howe Bridge | 2018 - 2024 | \$3.8B |
| Windsor Acute Care Hospital | 2027 - 2031 | \$2.0B |
| Windsor Automotive Assembly Plant #3 Retooling | 2023 - 2024 | \$1.9B |
| Crown Royal Distillery | 2022 - 2025 | \$245M |
| Hwy 3 | 2022 - 2024 | \$175M |
| Amazon Windsor Fulfillment/Storage Centre | 2023 – 2024 | \$100M |

Construction Labour Markets

- ❑ Non-residential labour markets are expected to remain tight given the investment outlook
- ❑ High levels of demand are projected to exist in most regional construction markets across the province
- ❑ Retirement of workers and a smaller cohort of youth entering the workforce continue to challenge construction and other industries

Key Takeaways

- ❑ Contractors remain positive amid persistent challenges related labour market, material costs and supply chain disruptions
- ❑ Over \$169 billion in major projects driving construction activity driving non-residential investment
- ❑ Green retrofit market expected to grow
- ❑ Labour supply will continue to be challenged at peak times in various markets across the province
- ❑ Industry stakeholders need to continue to attract and retrain a diverse workforce to meet needs

THANK YOU

Visit our website at
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