

Construction

NAICS 23

Ontario

2022-2024



HIGHLIGHTS

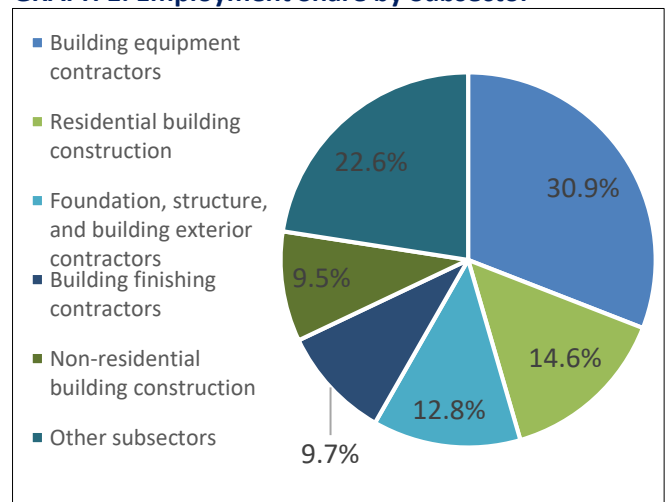
- There were 534,000 people employed in the Ontario construction industry, comprising 7.2% of Ontario's total workforce in 2021.
- Employment in the construction industry increased by 3.7% in 2021.
- Employment is expected to grow moderately over the 2022-2024 forecast period, supported by residential and non-residential building activity across the province.
- Investments in infrastructure and population growth will be key drivers of the construction industry and there is an increased need to recruit skilled trade workers to meet industry demands.

ABOUT THE SECTOR

Composition and importance of the sector

- There were 534,000 people employed in the Ontario construction industry, comprising 7.2% of Ontario's workforce in 2021.
- The construction industry contributed 7.7% to Ontario's Gross Domestic Product (GDP) in 2021.
 - Between 2020 and 2021, output in the industry grew by 6.6%.
 - Construction activity slowed down in the first quarter of 2022, as compared to the first quarter of 2021, as output declined by 5.7%.
- Investments in infrastructure and population growth will be key drivers of the construction industry.
- There is an increased need to recruit skilled trade workers to meet industry demands.

GRAPH 1. Employment Share by Subsector



Source: Statistics Canada, Table 14-10-0202-01

Geographical distribution of employment

Ontario's construction industry is concentrated in the Toronto economic region (ER), which accounts for 41.6% of total provincial employment. The Kitchener-Waterloo-Barrie and Hamilton-Niagara Peninsula ERs also represent a significant proportion of the provincial employment at 11.8% and 11.2%, respectively.

Ontario accounts for over a third of Canadian employment in the construction industry (37.3%).

TABLE 1. Employment by Economic Region

Economic Region	Employed 2021	Sector Share (%)
Ottawa	51,800	9.7%
Kingston-Pembroke	21,600	4.0%
Muskoka-Kawarthas	17,600	3.3%
Toronto	222,100	41.6%
Kitchener-Waterloo-Barrie	63,200	11.8%
Hamilton-Niagara Peninsula	59,700	11.2%
London	28,700	5.4%
Windsor-Sarnia	23,800	4.5%
Stratford-Bruce Peninsula	17,800	3.3%
Northeast	20,100	3.8%
Northwest	7,600	1.4%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce characteristics

- **Males** accounted for 87.9% of Ontario's construction workforce in 2021, compared to 52.7% for all industries.
- **Self-employment** was more common in this industry at 29.8% in 2021, compared to 15.0% for all industries.
- The average hourly construction **wage rate** was \$34.47 in 2021, above the provincial average of \$27.30.
- The annual **wage growth** in the construction sector was 4.2% in 2021, exceeding the all-industry average annual wage growth of 2.5%
- The workforce tends to be more **mobile**, especially during peak construction periods.

TABLE 2. Top Five Occupations

	Employed 2021	Sector Share (%)
0712 Home building and renovation managers	68,600	12.8%
7241 Electricians (except industrial and power system)	38,800	7.3%
7611 Construction trades helpers and labourers	38,400	7.2%
7271 Carpenters	32,600	6.1%
0711 Construction managers	25,700	4.8%

Source: Statistics Canada, Labour Force Survey

RECENT HISTORY

The construction industry operated throughout much of the pandemic but faced supply chain disruptions, higher material prices, some project delays, and new on-site health and safety measures. Employment in the construction sector was 536,300 in June 2019, pre-pandemic. In June 2022, when all mask mandates, travel restrictions and capacity limits were lifted, employment was 585,400 (+9.2% from June 2019). Thousands of workers across several trades in Ontario's residential and non-residential construction sector went on strike during peak construction months in 2022, affecting output and investment in the sector. Unions representing almost 15,000 workers each,

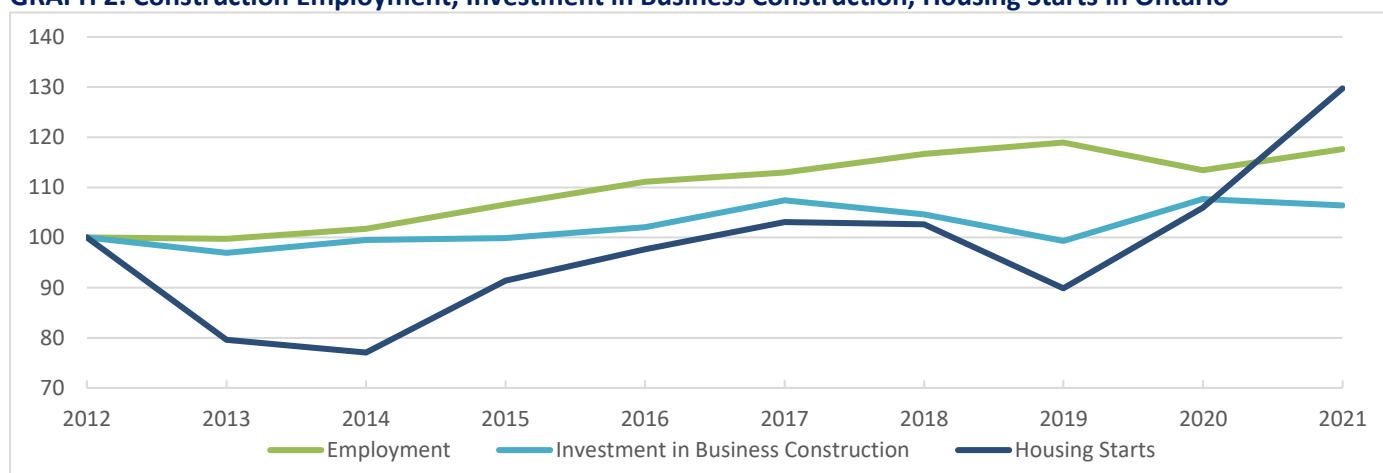
including carpenters, operating engineers (such as crane operators), and high-rise construction workers (such as high-rise forming and tile installers) mentioned high inflation and increased costs associated with the trades as reasons for strikes, with most of the strikes ending by June 2022.”

Residential construction: While the provincial housing market saw strong building activity in 2020 and 2021, rising interest rates caused the market to soften in 2022. Housing starts slowed down, falling by 5.5% annually in the second quarter of 2022. This fall follows strong increases of 17.9% in 2020 and 22.5% in 2021. Rural areas saw a bump in housing starts in 2021, followed by a decline in 2022. The total value of residential building permits and residential construction investment rose in 2021. However, thus far in 2022, developers have faced issues such as rising costs of borrowing, tight labour supply and material shortages. Even so, the number of building permits issued has been stable. Construction of rental and affordable housing units started in many communities and home renovations saw robust growth led by the single-family market.

Non-residential construction: Capital spending on non-residential construction is projected to rise 10.4%, to \$60.8B in Ontario in 2022. Infrastructure investments continued to be at the forefront of non-residential building activity. Key projects in transit, health care, highways and bridges, public buildings and utilities, and nuclear power supported heavy and civil engineering and institutional construction. The total value of non-residential building permits and non-residential construction investment increased in the first quarter of 2022 by 26.3% (7.8% year-over-year), continuing the upwards trend from 2021.

Meanwhile, commercial construction picked up towards the end of 2021. Commercial building saw a greater pandemic-driven slowdown, likely due to shifting office arrangements and overall weaker conditions in hard-hit industries such as retail, entertainment, and hospitality.

GRAPH 2. Construction Employment, Investment in Business Construction, Housing Starts in Ontario



Sources: Statistics Canada, Labour Force Survey

* Data are expressed as index where year 2012 = 100%

EMPLOYMENT OUTLOOKS

The construction industry is positioned to see moderate growth in building activity over the 2022-2024 forecast period. Several infrastructure developments, such as the Gordie Howe International Bridge construction, public transportation projects, healthcare projects, and other institutional projects, are set to ramp up or break ground in the near term, adding to the growing list of projects underway in Ontario. Office space occupancy has increased as businesses transition to hybrid work models, but vacancy rates have not yet recovered to pre-pandemic levels. A cooling housing market in 2022 and a projected decline in home sales and prices may weaken housing starts over the projection period. While supply chain pressures have eased for some materials, disruptions may still weigh on builders. To help offset an expected wave of retirements from the baby boomer generation and meet peak project demands, there is a focus on recruitment initiatives to encourage the uptake of skilled trade occupations.

In Ontario, mild growth is likely for residential construction due to headwinds from increasing policy interest rates, as homebuyers' affordability decreases.

Economic uncertainty and rising costs of material could also slow down residential renovations. Rising cost of shelter in Ontario has also contributed to a rise in adults living in shared accommodation, reducing the demand for housing. However, increasing immigration targets continue to provide support for residential construction in Ontario.

On the other hand, investments in infrastructure and industrial construction across the province will support employment in the non-residential construction sector, which is expected to continue its trajectory of growth. In the Toronto economic region, construction is ongoing on multiple office buildings as companies implement return to work plans. Construction projects in public transportation, nuclear refurbishment and other infrastructure and institutional projects in southern and eastern Ontario contribute to the growth in non-residential construction. Furthermore, investments in mining and utility projects in Northern Ontario will also boost employment in the region's non-residential construction sector.

TABLE 3: Employment Change in Construction: June 2019 vs. June 2022

ONTARIO	↑ (+49,100; 9.2%)
Ottawa	↑
Kingston-Pembroke	↑
Muskoka-Kawarthas	↑
Toronto	↑
Kitchener-Waterloo-Barrie	↓
Hamilton-Niagara Peninsula	↑
London	↑
Windsor-Sarnia	↑
Stratford-Bruce Peninsula	↑
Northeast	↑
Northwest	↑

Source: Service Canada, Employment Outlooks

Key trends affecting the outlook of the construction sector

- Large infrastructure investments coupled with major commercial and industrial construction projects will drive growth in the province's non-residential construction.
- Rising interest rates causing the housing market to cool down.
- Increased cost of living leading to changing trends in living arrangements in favour of shared accommodation.
- General population growth supported by higher levels of immigration.

FOR FURTHER INFORMATION

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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http://www.esdc.gc.ca/cqi-bin/contact/edsc-esdRépartition géographiquéc/eng/contact_us.aspx?section=lmi

APPENDIX

TABLE A1. Geographical Distribution and Employment Outlooks of the Sector

	Share of Employment in Ontario (%)	Sector Share of Employment (%)
	Average 2019-2021	Average 2019-2021
Ontario	100.0%	7.2%
Ottawa	9.7%	7.0%
Kingston-Pembroke	4.0%	10.0%
Muskoka-Kawarthas	3.3%	10.0%
Toronto	41.6%	6.3%
Kitchener-Waterloo-Barrie	11.8%	8.3%
Hamilton-Niagara Peninsula	11.2%	8.0%
London	5.4%	7.7%
Windsor-Sarnia	4.5%	7.9%
Stratford-Bruce Peninsula	3.3%	11.2%
Northeast	3.8%	8.2%
Northwest	1.4%	7.7%

Sources: Statistics Canada, Labour Force Survey
Service Canada, Employment Outlooks

TABLE A2. Characteristics of Employed Persons

	Construction			All Sectors	
	Employment, 2021	Share of Total (%)	AAGR (%)*	Share of Total (%)	AAGR (%)*
Employment (000s)	534,000	100.0%	1.7%	100.0%	1.0%
Male	469,200	87.9%	1.6%	52.7%	1.2%
Female	64,800	12.1%	2.8%	47.3%	0.9%
15-24 years old	64,600	12.1%	2.6%	12.8%	0.6%
25-54 years old	356,900	66.8%	0.8%	64.8%	0.5%
55 years and older	112,500	21.1%	5.8%	22.3%	3.0%
Worked full-time	488,700	91.5%	1.6%	82.4%	1.2%
Worked part-time	45,200	8.5%	3.8%	17.6%	0.2%
Self-employed	159,200	29.8%	0.8%	15.0%	0.7%
Employees	374,800	70.2%	2.2%	85.0%	1.1%
Permanent job	331,700	62.1%	3.0%	75.3%	1.3%
Temporary job	43,100	8.1%	8.1%	9.8%	0.1%
Less than high school	52,300	9.8%	-1.4%	6.1%	-2.8%
High school graduate	173,800	32.5%	1.0%	23.1%	-0.6%
Postsecondary cert. or diploma	226,100	42.3%	2.1%	31.8%	0.5%
University degree	163,600	30.6%	6.0%	38.9%	3.7%

Sources: Statistics Canada, Labour Force Survey
 Service Canada, Employment Outlooks

* Average annual growth rate for last ten years available data