



# Sectoral Profile

## Construction

### Region of Western Canada and the Territories

2017-2019



#### EXECUTIVE SUMMARY

Construction is a major industry in all western Canadian provinces and territories. In 2016, the industry accounted for between 8% and 11% of provincial/territorial GDP<sup>1</sup> and employed 565,800 workers across the W-T region.<sup>2</sup>

Growth in employment contracted slightly from 2015 to 2016 (-0.3%), placing the region third behind Ontario (3.4%) and Quebec (0.6%).<sup>3</sup> However, employment prospects appear to be improving in most of the region for the 2017 to 2019 period. While Saskatchewan and parts of the territories will likely lose jobs, Manitoba will see modest gains and British Columbia and Alberta will see stronger employment growth.

#### KEY DRIVERS

- Commodity prices<sup>4</sup> will factor into housing investment decisions that ultimately determine residential construction employment levels, especially in the oil dependent economies of Alberta and Saskatchewan.<sup>5</sup>
- New housing prices have been continually growing, reaching record levels in British Columbia notably and prompting residential construction investments.<sup>6</sup>
- Major institutional and governmental projects are increasingly driving demand for construction in the region, growing by 23% between 2016 and 2015 – up 66% from 2006.<sup>7</sup>

#### BACKGROUND

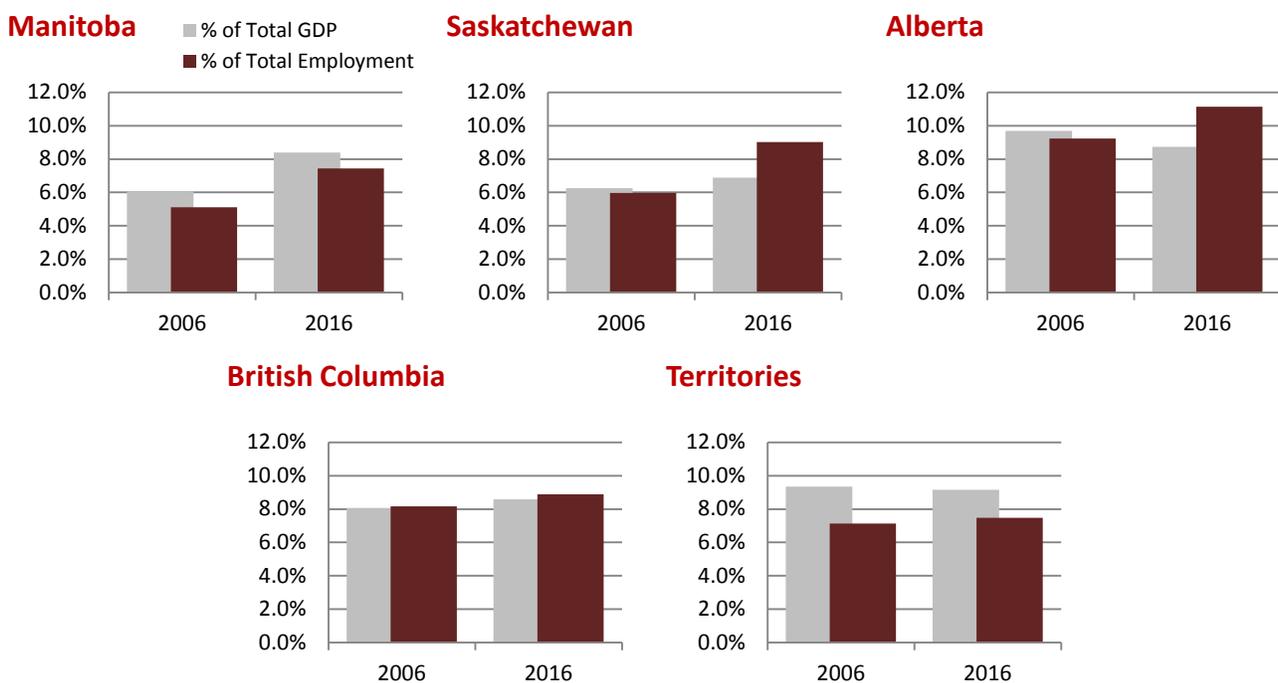
Construction is a major industry in all western and northern jurisdictions. It ranks among the five largest sectors in all provincial/territorial economies.<sup>8</sup> The lowest share was in Yukon and Saskatchewan where construction accounted for 6.7% and 6.9% respectively of the provincial GDP in 2016.<sup>9</sup> In contrast, the construction sector comprised 11.1% of the Nunavut's economy, and in other western and northern jurisdictions, construction

accounted for between 8.3% and 10.9%.<sup>10</sup> In comparison, the construction sector accounts for only 6.7% of GDP in both Ontario and Québec.<sup>11</sup>

For the most part, the sector has been experiencing growth in the western provinces and territories. The share of construction in **Nunavut’s** GDP has almost doubled between 2006 and 2016.<sup>12</sup> Similarly, construction has also grown in **Manitoba, Saskatchewan, and British Columbia** – +58%, +40%, and +26% respectively.<sup>13</sup>

In **Alberta**, the steady growth that had been occurring since the recession in 2009 has cooled in the last couple of years (-32% since 2014); however, the sector’s output is still 6% higher in 2016 than 2006.<sup>14</sup> The weaker growth spots in the region have been in **Yukon and the Northwest Territories**.

### Construction’s Provincial/Territorial % Share of Employment and GDP, 2006 vs. 2016



Sources: 1. Statistics Canada CANSIM Table 379-000 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars). 2. Statistics Canada Labour force estimates by detailed industry, age, sex, class of worker

The number of workers in the construction sector has also increased over the 2006-2016 period. Overall, 565,800 people in western Canada worked in the construction industry in 2016.<sup>15,16</sup> The bulk of these workers were located in Alberta and British Columbia (82% of the workforce combined), but the most important provincial growth in construction employment in the last decade has come in Saskatchewan and Manitoba (+75% and +58% respectively).<sup>17</sup>

## EMPLOYMENT OUTLOOK

According to industry data, carpenters, contractors, electricians and labourers are generally the most prevalent construction trades and occupations in all Western provinces.<sup>18</sup> Together they account for about 50% of all construction employment in the western provinces.<sup>19</sup>

- **Manitoba** has experienced important growth in non-residential construction in the last decade.<sup>20</sup> Investments have increased significantly over that period (+80%).<sup>21</sup> While overall investment in this sector cooled slightly in 2016 (-5%),<sup>22</sup> Service Canada forecasts that the 2017 to 2019 period will see the number of construction workers continue to grow in the province (+2000) due to the projects that are still underway.
- **Saskatchewan's** construction sector has stagnated over the last few years. And while there are signs of improvement with an uptick in investments in non-residential projects for 2016, residential projects have decreased for two straight years.<sup>23</sup> Service Canada forecasts further sluggishness over the 2017 to 2019 period, with a decline (-2,200) in the amount of construction workers across the province as commodity prices are expected to remain volatile.
- The last few years of declining oil prices have hit **Alberta's** economy and its construction industry. However, the province continues to lead the nation (second behind Ontario) in terms of construction investments and employment,<sup>24</sup> as the tide appears to be turning in commodity markets.<sup>25</sup> Service Canada forecasts an increase (+9000) in the amount of construction workers across the province over the 2017 to 2019 period.
- The extremely high value of homes in **British Columbia** continues to drive investments in residential construction. Investments grew steadily at an average yearly rate of 5% over the last 10 years.<sup>26</sup> Service Canada forecasts a growth of 9,500 workers in the construction sector over the 2017 to 2019 period. According to industry associations, 14,200 jobs will remain unfulfilled by 2026 in the province.<sup>27</sup>
- Construction in the **Territories** depends largely on institutional and governmental investments.<sup>28</sup> In Northwest Territories non-residential investments outpaced residential investments by a factor of ten over the past decade.<sup>29</sup> Overall, Service Canada forecasts an increase of 370 construction workers across the territories during the 2017 to 2019 period: 490 in Yukon, -40 in Northwest Territories and -80 in Nunavut.

### Projected employment change for the construction sector during the 2017-2019 forecast period

Economic Region	Projected Change in Employment	Projected Annual Growth
<b>Manitoba</b>	<b>2,000</b>	<b>1.4%</b>
Southern Manitoba		1.5%
Winnipeg		1.4%
Northern Manitoba		1.3%
<b>Saskatchewan</b>	<b>-2,200</b>	<b>-1.5%</b>
Regina & Southern Saskatchewan		-1.4%
Saskatoon & Northern Saskatchewan		-1.5%
<b>Alberta</b>	<b>9,000</b>	<b>1.2%</b>
Calgary & Southern Alberta		1.0%
Edmonton, Red Deer, Camrose, & Drumheller		1.2%
Northern Alberta and Banff		1.7%
<b>British Columbia</b>	<b>9,500</b>	<b>1.5%</b>
Vancouver Island & Coast		1.4%
Lower Mainland - Southwest		1.5%
Okanagan - Kootenay		1.5%
Northern BC		1.2%
<b>Yukon</b>	<b>490</b>	<b>7.5%</b>
<b>Northwest Territories</b>	<b>-40</b>	<b>-0.9%</b>
<b>Nunavut</b>	<b>-80</b>	<b>-3.5%</b>

Source: Service Canada Regional Occupational Outlooks in Canada, 2017-2019

## REGIONAL OVERVIEW

There were 47,100 people employed in **Manitoba's** construction sector in 2016, with an additional 4,500 who were unemployed.<sup>30</sup> As elsewhere in the country, construction workers work longer hours than the average and generally work full-time.<sup>31</sup> Given its geographic specificity, Manitoba's construction workers are more likely than elsewhere in western Canada to only work seasonally.<sup>32</sup> Construction wages in Manitoba have been growing in the last few years.<sup>33</sup> Average hourly wages sat at \$25.01 in 2016 compared to \$17.96 in 2006.<sup>34</sup> As a result, a construction worker in Manitoba earned \$1.47 more an hour the average provincial wages in 2016.<sup>35</sup>

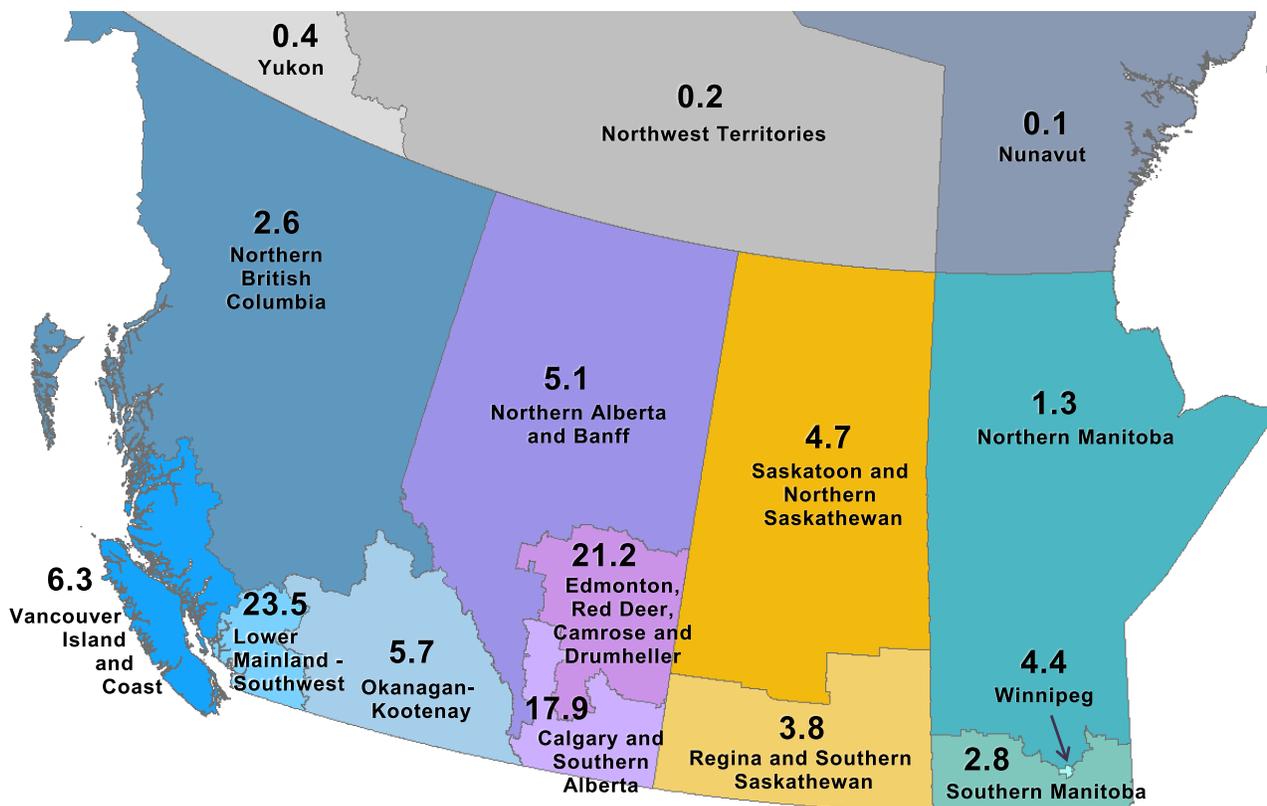
**Saskatchewan** has experienced the highest rate of growth in the number of construction workers over the last ten years in western Canada.<sup>36</sup> The amount of people employed in this industry has grown significantly (+75%) over that period.<sup>37</sup> However, employment dipped in 2016 (-9% from 2015), with 51,300 construction workers in Saskatchewan.<sup>38</sup> And the province also had the highest unemployment rate for construction workers among all western provinces (9.8% in 2016).<sup>39</sup> Construction wages have been historically lower than the province's average worker's wages; however, earnings have been on the rise and have now topped the provincial average for eight consecutive years.<sup>40</sup>

In 2016, **Alberta** had 251,900 people employed in construction, giving it the largest share (44%) of this industry’s workers in western Canada<sup>41</sup>. While most of the workforce was located in Edmonton and Calgary, 12% and 13% of employment in Red Deer and Camrose-Drumheller respectively is in construction.<sup>42</sup> The province’s construction workers are less likely to be self-employed than other provinces in the western region, which can be attributed to the prevalence of non-residential construction in the province.<sup>43</sup> Economic growth in the province has led to very high wages in the construction sector.<sup>44</sup> Construction workers in Alberta earned 13% more than the average worker in other industries in the province in 2016.<sup>45</sup>

In 2016, **British Columbia** recorded the lowest unemployment rate among all provinces for construction workers (5.8%).<sup>46</sup> Except for 2009 and 2010, labour market conditions for construction workers in B.C. have been very stable. Labour market stability and a large residential sector have contributed to B.C.’s record level of self-employed construction workers. In 2016, 70,000 construction workers were self-employed; representing above a third of the construction workforce.<sup>47</sup> Stable conditions are also attracting displaced workers from other regions such as laid off oil and gas workers from Alberta. Industry sources suggest that 45% of B.C. construction employers hired at least one worker that came directly from Alberta’s oil and gas sector.<sup>48</sup>

In 2016, 4,057 workers were employed in the construction industry in the **Territories**.<sup>49</sup> More than half of them were employed in Northwest Territories and more than a quarter in Yukon.<sup>50</sup> While there are no reliable data on labour market conditions, data suggest that employment levels have been stable in North West Territories over the last ten years (+24%) and have increased significantly in Yukon (+10%) and in Nunavut (+54%).<sup>51</sup>

**Distribution of employment in the construction sector across Western Canada (%)**



Source: Service Canada Regional Occupational Outlooks in Canada, 2017-2019

**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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<sup>1</sup> Statistics Canada. Table 379-0028 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (percentage share), CANSIM (database). (accessed: November 21, 2017)

<sup>2</sup> Statistics Canada. Table 282-0012 - Labour Force Survey estimates (LFS), employment by class of worker, North American Industry Classification System (NAICS) and sex, annual (persons) (accessed: November 21, 2017)

<sup>3</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database). (accessed: November 22, 2017)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>4</sup> U.S. Energy Information Administration. Petroleum & Other Liquids. Spot Prices. (accessed: November 22, 2016) [http://www.eia.gov/dnav/pet/pet\\_pri\\_spt\\_s1\\_d.htm](http://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm)

<sup>5</sup> The Conference Board of Canada: Renner, Cory. Canadian Industrial Outlook: Residential Construction—Winter 2017.

<sup>6</sup> Statistics Canada. Table 327-0046 - New housing price index, monthly (index, 2007=100), CANSIM (database). (accessed: November 22, 2017)

<sup>7</sup> Statistics Canada. Table 026-0016 - Investment in non-residential building construction, by type of building, province and census metropolitan area (CMA), quarterly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>8</sup> Statistics Canada. Table 379-0028 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (percentage share), CANSIM (database). (accessed: November 22, 2016)

<sup>9</sup> Ibid

<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Statistics Canada. Table 379-0030 Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars x 1,000,000)(1,2,60,63,64) (accessed:28/XI/17)

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<sup>13</sup> Ibid

<sup>14</sup> Ibid

<sup>15</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database). (accessed:28/XI/17)

<sup>16</sup> Employment numbers for the construction sector in the territories was not available within a single consistent source.

<sup>17</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database accessed:28/XI/17)

<sup>18</sup> BuildForce Canada. Forecast Data. Employment: Construction Industry by Province. (accessed: August 31, 2016)

<sup>19</sup> Ibid

<sup>20</sup> Statistics Canada. Table 026-0016 - Investment in non-residential building construction, by type of building, province and census metropolitan area (CMA), quarterly (dollars), CANSIM (database). (accessed:28/XI/17)

<sup>21</sup> Ibid

<sup>22</sup> Ibid

<sup>23</sup> Statistics Canada. Table 026-0016 - Investment in non-residential building construction, by type of building, province and census metropolitan area (CMA), quarterly (dollars), CANSIM (database). (accessed: November 22, 2017)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>24</sup> Statistics Canada. Table 026-0016 - Investment in non-residential building construction, by type of building, province and census metropolitan area (CMA), quarterly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>25</sup> The Conference Board of Canada: Provincial Outlook Economic Forecast: Alberta—Summer 2017 (accessed December 12, 2017)

<sup>26</sup> Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>27</sup> British Columbia Construction Association:  
<https://www.bccasn.com/media/stat-pack-fall-2017.pdf>

<sup>28</sup> Statistics Canada. Table 026-0016 - Investment in non-residential building construction, by type of building, province and census metropolitan area (CMA), quarterly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>29</sup> Statistics Canada. Table 026-0016 - Investment in non-residential building construction, by type of building, province and census metropolitan area (CMA), quarterly (dollars), CANSIM (database). (accessed: November 22, 2017)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: November 22, 2017)

<sup>30</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

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<sup>31</sup> Statistics Canada. Table 282-0020 - Labour force survey estimates (LFS), by usual hours worked, class of worker, North American Industry Classification System (NAICS) and sex, annual (persons unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

<sup>32</sup> Statistics Canada. Table 282-0080 - Labour force survey estimates (LFS), employees by job permanency, North American Industry Classification System (NAICS), sex and age group, annual (persons), CANSIM (database). (accessed: December 04, 2017)

<sup>33</sup> Statistics Canada. Table 282-0072 - Labour force survey estimates (LFS), wages of employees by type of work, North American Industry Classification System (NAICS), sex and age group, annual (current dollars unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

<sup>34</sup> Ibid

<sup>35</sup> Ibid

<sup>36</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

<sup>37</sup> Ibid

<sup>38</sup> Ibid

<sup>39</sup> Ibid

<sup>40</sup> Statistics Canada. Table 282-0072 - Labour force survey estimates (LFS), wages of employees by type of work, North American Industry Classification System (NAICS), sex and age group, annual (current dollars unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

<sup>41</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

<sup>42</sup> Statistics Canada. Table 282-0125 - Labour Force Survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS), annual (persons) (accessed: December 04, 2017)

<sup>43</sup> Statistics Canada. Table 282-0012 - Labour force survey estimates (LFS), employment by class of worker, North American Industry Classification System (NAICS) and sex, annual (persons), CANSIM (database). (accessed: December 04, 2017)

<sup>44</sup> Statistics Canada. Table 282-0072 - Labour force survey estimates (LFS), wages of employees by type of work, North American Industry Classification System (NAICS), sex and age group, annual (current dollars unless otherwise noted), CANSIM (database). (accessed: December 04, 2017)

<sup>45</sup> Ibid

<sup>46</sup> Statistics Canada. Table 282-0008 - Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted), CANSIM (database). (accessed: August 8, 2016)

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<sup>47</sup> Statistics Canada. Table 282-0012 - Labour force survey estimates (LFS), employment by class of worker, North American Industry Classification System (NAICS) and sex, annual (persons), CANSIM (database). (accessed: December 04, 2017)

<sup>48</sup> British Columbia Construction Association  
<https://www.bccassn.com/media/survey-bc-construction-industry-2016.pdf>

<sup>49</sup> Statistics Canada. Table 281-0024 - Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), annual (persons), CANSIM (database). (accessed: December 04, 2017)

<sup>50</sup> Ibid

<sup>51</sup> Ibid