



# Sectoral Profile

## Construction

Region of Western Canada and the Territories

2015-2017



### EXECUTIVE SUMMARY

Construction is a major industry in all western Canadian provinces and territories. The industry accounted for between 7.7% and 15.8% of provincial/territorial GDP in 2015.<sup>1</sup> Over that year, it employed 563,200 workers across the W-T region;<sup>2</sup> with industry employment in the region growing significantly more quickly than in the rest of Canada over the last 10 years.<sup>3</sup> Employment prospects in the region appear to be mixed. Alberta and Saskatchewan will likely lose jobs in the 2015-2017 period. Employment growth will be stronger in Manitoba and the territories but more moderate in British Columbia.

### KEY DRIVERS

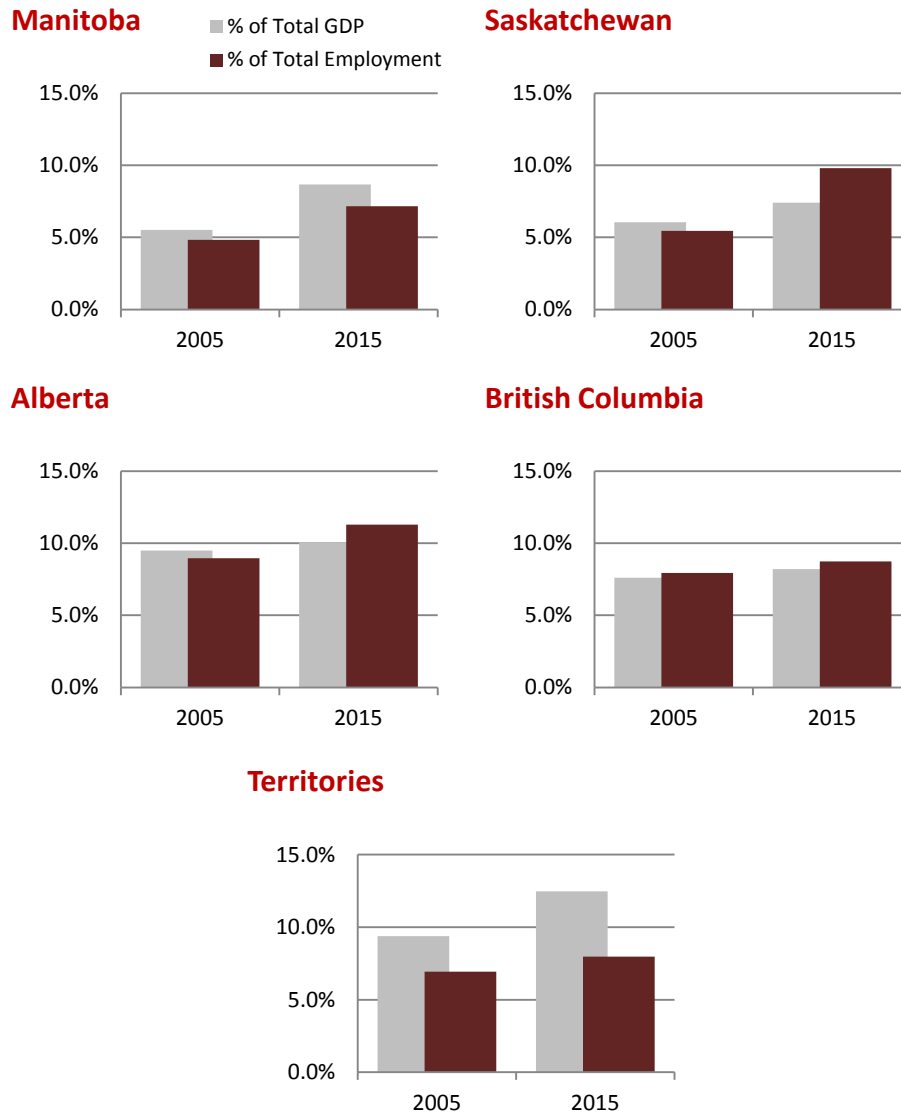
- Low commodity prices<sup>4</sup> will impede construction in both Alberta and Saskatchewan, where more than half of all construction investments have been in commercial projects.<sup>5</sup>
- New housing price have been continually growing, reaching record levels in British Columbia notably and prompting residential construction investments.<sup>6</sup>
- Major institutional and governmental projects have been driving demand for construction in the Territories and Manitoba.<sup>7</sup>

### BACKGROUND

Construction is a major industry in all western and northern jurisdictions. It ranks among the fourth largest sector in all provincial/territorial economies.<sup>8</sup> The lowest share was in Saskatchewan where construction accounted for 7.7% of the provincial GDP in 2015.<sup>9</sup> In contrast, the construction sector comprised 15.8% of the Northwest Territories' economy, and in other western and northern jurisdictions, construction accounted for between 8.3% and 14.1%.<sup>10</sup> In comparison, the construction sector accounts for only 6.7% of Ontario's GDP and 6.5% of Québec's.<sup>11</sup>

The sector has also been experiencing important growth in all western provinces and territories. For example, the share of construction in the total Manitoba GDP has more than doubled between 2005 and 2015.<sup>12</sup> Similarly, construction has also grown in Alberta and Northwest Territories; +50% and +56% respectively.<sup>13</sup>

**Construction’s Provincial/Territorial % Share of Employment and GDP, 2005 vs. 2015**



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 2005-2015 period. Overall, 563,200 people in western Canada worked in the construction industry in 2015.<sup>14,15</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 (+114% and +63% respectively).<sup>16</sup>

Depending on the province or territory, employment growth in construction is driven by investments in residential construction, non-residential construction or both. Investments in non-residential projects (i.e. industrial, commercial or, institutional and governmental) outpace investments in residential projects in all western and northern jurisdictions.<sup>17</sup>

For example, the Territories, Saskatchewan and Alberta have largely relied on non-residential projects in the last decade, while Manitoba and British Columbia have relied more on residential construction.<sup>18</sup> Thanks to a number of major industrial projects, non-residential investments in Northwest Territories have been ten times higher<sup>19</sup> Over the same period, institutional and governmental investments have grown by a multiple of 9 in North West Territories, reaching \$6.1M in 2015.<sup>20</sup>

According to industry data, carpenters, contractors, electricians and labourers are generally the most prevalent construction trades and occupations in all Western provinces.<sup>21</sup> Together they account for about 50% of all construction employment in the western provinces.<sup>22</sup>

## EMPLOYMENT OUTLOOK

**Manitoba** has experienced important growth in non-residential construction in the last decade.<sup>23</sup> Investments have almost doubled over that period (+96%).<sup>24</sup> Service Canada forecasts 7,400 job openings across all trades and occupations in the construction sector in Manitoba over 2015-2017. According to BuildForce Canada, traditionally large trades and occupations (e.g., carpenters, electricians, plumbers) will continue to grow in Manitoba.<sup>25</sup>

**Saskatchewan's** construction sector has stagnated over the last few years. Investments in non-residential projects have not increased in the last three years and investments in residential projects have decreased.<sup>26</sup> Service Canada forecasts a decrease of 5,000 workers in the construction sector across the province over 2015-2017. According to BuildForce Canada large job losses are expected between 2015 and 2025.<sup>27</sup> However, a substantial number of retirements and new projects might lead to a high demand for some occupations from 2018 to 2020.<sup>28</sup>

Commodity prices have hit **Alberta's** economy and its construction industry. While the province continues to lead the nation in terms of construction investments and employment, investments have dipped in 2009 and 2010 and are still fluctuating.<sup>29</sup> Service Canada forecasts a decrease of 10,500 workers in the construction sector across the province over the 2015-2017 period. According to BuildForce Canada, there is currently an oversupply of construction workers in Alberta with the labour market not stabilizing itself before 2020-2021.<sup>30</sup> However, BuildForce Canada estimates that employment in trades and occupations related to residential constructions (e.g. plumbers, painters and decorators, roofers, and electricians) could grow and that the labour market will remain stable for these occupations.<sup>31</sup>

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 2% over the last 10 years.<sup>32</sup> Service Canada forecasts a growth of 7,800 workers in the construction sector over 2015-2017. According to industry

associations, 15,000 jobs will remain unfulfilled by 2024 in the province.<sup>33</sup> BuildForce Canada estimates that labour market conditions will remain stable over the next decade.<sup>34</sup>

Construction in the **Territories** depends largely on institutional and governmental investments.<sup>35</sup> In Northwest Territories non-residential investments outpace residential investments by a factor of ten.<sup>36</sup> Over the 2015-2017 period, Service Canada forecasts growth of 460 construction workers across the territories: 40 in Yukon, 320 in Northwest Territories and 100 in Nunavut. However, the industry suggests that 3,400 skilled workers would be needed to fill jobs associated with almost a dozen major present or future projects.<sup>37</sup> Projects include the announcement from governments of Canada and Northwest Territories of \$80.9 million in funding for highway infrastructures.<sup>38</sup> In Nunavut, Canada and Nunavut will invest in key infrastructure priorities such as repairing and upgrading existing water treatment facilities.<sup>39</sup>

### Projected employment change for the construction sector during the 2015-2017 forecast period

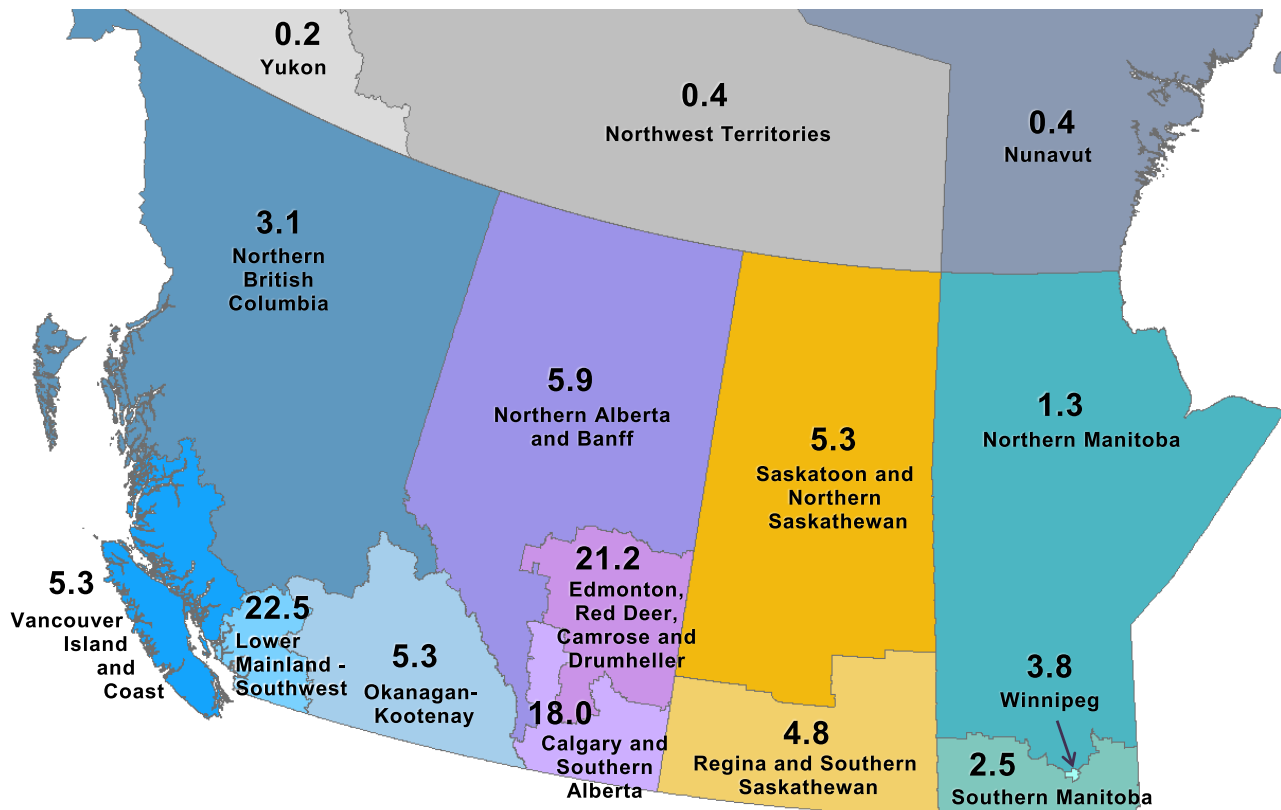
Economic Region	Projected Change in Employment	Projected Annual Growth
<b>Manitoba</b>	<b>7,400</b>	<b>5.8%</b>
Southern Manitoba		6.3%
Winnipeg		5.7%
Northern Manitoba		5.1%
<b>Saskatchewan</b>	<b>-5,000</b>	<b>-3.0%</b>
Regina & Southern Saskatchewan		-2.9%
Saskatoon & Northern Saskatchewan		-3.2%
<b>Alberta</b>	<b>-10,500</b>	<b>-1.4%</b>
Calgary & Southern Alberta		-2.0%
Edmonton, Red Deer, Camrose, & Drumheller		-0.9%
Northern Alberta and Banff		-1.3%
<b>British Columbia</b>	<b>7,800</b>	<b>1.3%</b>
Vancouver Island & Coast		1.2%
Lower Mainland - Southwest		1.3%
Okanagan - Kootenay		1.4%
Northern BC		1.0%
<b>Yukon</b>	<b>40</b>	<b>4.4%</b>
<b>Northwest Territories</b>	<b>320</b>	<b>5.3%</b>
<b>Nunavut</b>	<b>100</b>	<b>0.8%</b>

Source: Service Canada Regional Occupational Outlooks in Canada, 2015-2017

## REGIONAL OVERVIEW

There were 45,600 construction workers employed in **Manitoba** in 2015 and an additional 3,300 unemployed construction workers.<sup>40</sup> As elsewhere in the country, construction workers work longer hours than the average and generally work full-time.<sup>41</sup> Given its geographic specificity, Manitoba's construction workers are more likely than elsewhere in western Canada to only work seasonally.<sup>42</sup> Construction wages in Manitoba have been growing in the last years.<sup>43</sup> Average hourly wages sat at \$25.21 in 2015 compared to \$18.23 in 2005.<sup>44</sup> As a result, a construction worker in Manitoba earned 1.05 times the average provincial wages in 2015.<sup>45</sup>

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



Source: Service Canada Regional Occupational Outlooks in Canada, 2015-2017

**Saskatchewan** has experienced the highest rate of growth in construction workers over the last ten years in western Canada.<sup>46</sup> The number of construction workers more than doubled (+114%) over that period.<sup>47</sup> As of 2015, there were 56,200 construction workers in Saskatchewan.<sup>48</sup> However, the province also had the highest unemployment rate for construction workers among all western provinces (8.5% in 2015).<sup>49</sup> Union participation are low among construction workers in Saskatchewan<sup>50</sup> and wages have been historically lower than the province's average worker's wages, but over the last two years construction wages have been increasing.<sup>51</sup>

Almost half of all construction workers in western Canada worked in **Alberta**.<sup>52</sup> In 2015, this represented 259,900 workers.<sup>53</sup> While mostly located in Edmonton and Calgary, 12% of employment in Red Deer and Wood Buffalo-Cold Lake is in construction.<sup>54</sup> Consistent with Alberta's focus on non-residential construction, the

province's workers are the least likely to be self-employed among all western provinces.<sup>55</sup> Economic growth in the province has led to very high wages in the construction sector.<sup>56</sup> Construction workers in Alberta earned up to 10% more than the average worker in the province over the last ten years.<sup>57</sup>

In 2015, **British Columbia** recorded the lowest unemployment rate among all provinces for construction workers (5.7%).<sup>58</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 been contributing factors in B.C.'s record level of self-employed construction workers. In 2015, 68,200 construction workers were self-employed; representing above a third of the construction workforce.<sup>59</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 working in Alberta's oil and gas sector.<sup>60</sup>

In 2015, 4,296 workers were employed in the construction industry in the **Territories**.<sup>61</sup> More than half of them were employed in Northwest Territories and more than a quarter in Yukon.<sup>62</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 (+13%) and have increased significantly in Yukon (+29%) and in Nunavut (+61%).<sup>63</sup>

**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: August 8, 2016)

<sup>2</sup> Employment numbers for the construction sector in the territories were not available within a single consistent source.

<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: August 8, 2016)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: August 8, 2016)

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

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<sup>5</sup> Sources: 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: August 8, 2016)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: August 8, 2016)

<sup>6</sup> Statistics Canada. Table 327-0046 - New housing price index, monthly (index, 2007=100), CANSIM (database). (accessed: August 17, 2016)

<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: August 8, 2016)

<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: August 8, 2016)

<sup>9</sup> Ibid

<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</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)

<sup>15</sup> Employment numbers for the construction sector in the territories was not available within a single consistent source.

<sup>16</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)

<sup>17</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: August 8, 2016)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: August 8, 2016)

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> BuildForce Canada. Forecast Data. Employment: Construction Industry by Province. (accessed: August 31, 2016)

<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: August 8, 2016)

<sup>24</sup> Ibid

<sup>25</sup> BuildForce Canada. Forecast Data. Employment: Construction Industry by Province. (accessed: August 31, 2016)

<sup>26</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: August 8, 2016)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: August 8, 2016)

<sup>27</sup> Ibid

<sup>28</sup> BuildForce Canada. 2016 Construction and Maintenance Looking Forward: Saskatchewan. Tables 1 and 2.  
[https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016\\_SK\\_Constr\\_Maint\\_Looking\\_Forward.pdf](https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016_SK_Constr_Maint_Looking_Forward.pdf)

<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: August 8, 2016)

<sup>30</sup> BuildForce Canada. 2016 Construction and Maintenance Looking Forward: Alberta. Tables 1 and 2.  
[https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016\\_AB\\_Constr\\_Maint\\_Looking\\_Forward.pdf](https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016_AB_Constr_Maint_Looking_Forward.pdf)

<sup>31</sup> BuildForce Canada. 2016 Construction and Maintenance Looking Forward: Alberta. Tables 1 and 2.  
[https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016\\_AB\\_Constr\\_Maint\\_Looking\\_Forward.pdf](https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016_AB_Constr_Maint_Looking_Forward.pdf)

BuildForce Canada. Forecast Data. Employment: Construction Industry by Province. (accessed: August 31, 2016)

<sup>32</sup> Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: August 8, 2016)

<sup>33</sup> British Columbia Construction Association:  
<https://www.bccasn.com/media/survey-bc-construction-industry-2016.pdf>

<sup>34</sup> BuildForce Canada. 2016 Construction and Maintenance Looking Forward: British Columbia. Tables 1 and 2.  
[https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016\\_BC\\_Constr\\_Maint\\_Looking\\_Forward.pdf](https://www.constructionforecasts.ca/sites/forecast/files/highlights/2016/2016_BC_Constr_Maint_Looking_Forward.pdf)

<sup>35</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: August 8, 2016)

<sup>36</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: August 8, 2016)

Statistics Canada. Table 026-0017 - Investment in new housing construction, by type of dwellings, Canada, provinces and territories, monthly (dollars), CANSIM (database). (accessed: August 8, 2016)

<sup>37</sup> NWT & Nunavut Construction Association  
<http://nnca.ca/sites/default/files/2014%20CONSTRUCTION%20NORTH%20OF%2060.pdf>

<sup>38</sup> Infrastructure Canada. Infrastructure Canada Projects and Programs (since 2002) - Northwest Territories.  
<http://www.infrastructure.gc.ca/map-carte/nt-eng.html>



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<sup>39</sup> Infrastructure Canada. Infrastructure Canada Projects and Programs (since 2002) - Nunavut.  
<http://www.infrastructure.gc.ca/map-carte/nt-eng.html>

<sup>40</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)

<sup>41</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: August 8, 2016)

<sup>42</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: August 8, 2016)

<sup>43</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: August 8, 2016)

<sup>44</sup> Ibid

<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)

<sup>47</sup> Ibid

<sup>48</sup> Ibid

<sup>49</sup> Ibid

<sup>50</sup> Statistics Canada. Table 282-0078 - Labour force survey estimates (LFS), employees by union coverage, North American Industry Classification System (NAICS), sex and age group, annual (persons), CANSIM (database). (accessed: August 8, 2016)

<sup>51</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: August 8, 2016)

<sup>52</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)

<sup>53</sup> Ibid

<sup>54</sup> Ibid

<sup>55</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: August 8, 2016)

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<sup>56</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: August 8, 2016)

<sup>57</sup> Ibid

<sup>58</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)

<sup>59</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: August 8, 2016)

<sup>60</sup> British Columbia Construction Association <https://www.bccassn.com/media/survey-bc-construction-industry-2016.pdf>

<sup>61</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: August 16, 2016)

<sup>62</sup> Ibid

<sup>63</sup> Ibid