



CONSTRUCTION
SECTOR COUNCIL



CONSEIL SECTORIEL
DE LA CONSTRUCTION

CANADIAN CONSTRUCTION INDUSTRY FORECAST; 2007-2012
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PREPARED BY THE CANADIAN CONSTRUCTION ASSOCIATION AND THE
CONSTRUCTION SECTOR COUNCIL

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Note that all economic and labour market forecast information can now be accessed at www.constructionforecasts.ca, an interactive website allowing users to tailor requests based on sector, region, and timeframe.

Economic Performance

The construction outlook released by the Construction Sector Council as of spring 2007 suggests that 2008 will be very much like 2007. The current forecast calls for real investment in construction to increase by 3.5% in 2007 and 3.1% in 2008. However, starting in 2009, the pace of activity will level off, with investment projected to increase by 1.7% in 2009 before declining by 0.1% in 2010 and 0.9% in 2011. See the summary under Table 1, and constant dollar investment values in Appendix 1.

The main driver of industry growth over the next few years will remain the non-residential sector. In 2007, data suggest that the non-residential sector, including the building sector and engineering construction, will grow by 7.9%, and an additional 5% in 2008. Activity will moderate somewhat in 2009 with growth of 3.1%, then fall off with an expected contraction of 0.5% in 2010 and a further contraction of 1.4% in 2011.

The outlook suggests that the residential sector will slowdown into the foreseeable future. Following an expected contraction in residential construction of 2.4% in 2007, the residential market is expected to post a small gain of 0.3% in 2008, followed by a contraction of 0.4% in 2009, and an almost fixed growth of 0.3% in 2010 and 0% growth in 2011.

Within the non-residential construction industry, engineering construction will continue to post the strongest gains. In 2007, engineering construction is expected to grow by 9.7%, followed by 5.7% in 2008 and 3.7% in 2009. Industrial construction will remain on

a blistering pace – the sector is expected to grow by 9.7% in 2007, 9.4% in 2008, but is expected to cool in 2009 to only 1.5% growth, followed by several years of contraction.

Institutional and government construction (such as hospitals and schools), as well as commercial and high residential construction are both expected to post only moderate gains over the coming years. Institutional construction is expected to post gains in the 1 to 2% range over the forecast period. Following a relatively strong year in 2007 of 3.5% growth, the commercial and high residential sector will slow to 1.1% growth in 2008, 2.7% in 2009, and 1.7% in 2010. See Table 2 for a summary.

For a list of provincial growth figures, visit www.constructionforecasts.ca. For explanatory text by province, visit www.csc-ca.org, and look under individual provincial Labour Market Information reports.

Employment¹

As usual, employment forecast trends tend to be in line with economic performance. Excluding Quebec, employment in the construction industry in the rest of Canada (ROC) is forecast to grow rapidly by 5.8% in 2007 and 4% in 2008, before leveling off in 2009 with growth of only 1.3%. By 2010, employment is expected to decline by 1%, followed by a further drop of 1.6% in 2011, before rebounding by a modest 0.2% in 2012.

Not surprisingly, employment gains will be strongest in Western Canada in 2008. Alberta's construction industry will lead the way with employment growth expected of 7.8%, followed by Saskatchewan at 6.6%, and British Columbia at 6%. Employment gains in other provinces are expected to be modest at best in 2008. For a summary of employment growth rates nationally and in all provinces except Quebec, see Table 3.

Tables

Table 1 illustrates annual percentage change of construction investment for the residential, non-residential, and overall construction industry; 2006-2012

	2006	2007	2008	2009	2010	2011	2012
OVERALL	3.9	3.5	3.1	1.7	-0.1	-0.9	-1.3
Non-residential	5.9	7.9	5.0	3.1	-0.5	-1.4	-2.3
Residential	1.4	-2.4	0.3	-0.4	0.3	-0.1	0.3

¹ Note that employment numbers do not include the Province of Quebec. The Commission de la construction du Quebec maintains a separate accounting of employment in Quebec – for more information on employment numbers in Quebec, consult the CCQ website at www.ccq.org.

Table 2 illustrates annual percentage change in construction investment for the non-residential subsectors; 2006-2012.

	2006	2007	2008	2009	2010	2011	2012
Engineering	6.3	9.7	5.7	3.7	-0.8	-2.1	-3.5
Industrial	7.1	9.7	9.4	1.5	-3.7	-3.0	-2.9
Commercial and high residential	6.3	3.5	1.1	2.7	1.7	0.9	1.2
Institutional and Government	2.6	1.6	1.6	1.4	0.9	1.4	1.4

Table 3 illustrates annual employment growth in the overall construction industry, excluding Quebec; 2006-2012.

	2006	2007	2008	2009	2010	2011	2012
% Change - National	5.1	5.8	4.0	1.3	-1.0	-1.6	0.2
Alberta	7.7	11.4	7.8	2.6	-2.2	-3.9	-0.9
BC	6.6	13.1	6.0	-1.1	-3.1	-4.8	-1.5
Manitoba	7.9	3.3	1.2	3.9	2.4	1.2	1.9
New Brunswick	11.4	15.5	-0.2	-10.8	-7.4	-0.4	0.6
Nfld and Labrador	0.1	9.0	-1.8	3.7	-2.3	-5.2	-3.9
Nova Scotia	12.0	5.5	0	-2.3	-2.8	-2.3	1.9
Ontario	2.0	-0.4	1.9	2.7	0.9	0.9	1.6
PEI	26.6	6.1	-10.6	-10.2	0.8	0.8	0.9
Sask.	7.0	2.9	6.6	4.5	0.5	-0.2	-1.1

Appendix A: 1997 constant dollar construction investment values for the overall, residential and non-residential construction sectors; millions of dollars; 2006-2011 (Note: These figures are indexed to 1997 dollars. They do NOT represent current year dollar values, and are intended for year over year comparative purposes only).

	2006	2007	2008	2009	2010	2011	2012
OVERALL	142,846	147,807	152,353	154,963	154,657	153,255	155,258
Non-residential	81,043	87,463	91,822	94,704	94,202	92,854	90,685
Residential	61,803	60,344	60,531	60,259	60,455	60,401	60,573