



ALBERTA

Construction Looking Forward 2011–2019 Keys Highlights

Emerging from a tumultuous period, which took construction labour markets from extreme tightness in 2008 to a sharp downturn in 2009, recovery underway in Alberta is expected to carry employment back to 2008 peak levels by 2012. Construction activity will be driven by new construction, ongoing maintenance and sustaining capital projects.

The 2011 *Construction Looking Forward* scenario¹ describes an expansion in both residential and non-residential construction employment that builds up across the scenario. Significant new oil sands investment, driven by growing global demand and rising energy prices, and major electrical power projects propel total non-residential employment. A residential correction in the latter half of the scenario period rebalances market conditions for some trades, but employment remains above 2008 levels through 2019.

The Construction Sector Council (CSC) uses a scenario-based forecasting model to assess future labour market conditions. It consults with industry, including owners, contractors and labour groups, to validate the scenario assumptions, and seeks input from governments on related analysis and construction project lists. This approach offers efficient access to project information and detailed first-hand assessments of labour supply and demand for individual construction trades and occupations.

By 2011, investment in utilities and oil sands projects quickly regains previous peak levels of activity. Employment remains near record levels until 2015 when a second wave of capital, sustaining capital and maintenance projects drives employment to new peak levels. By 2017, employment on oil sands projects is estimated to be 25 percent higher than the 2007 peak levels of activity.

This pattern of new construction adds to employment in key non-residential trades and occupations, including the following:

- ◆ boilermakers
- ◆ carpenters
- ◆ construction estimators
- ◆ construction millwrights
- ◆ crane operators
- ◆ electricians
- ◆ industrial instrument technicians
- ◆ insulators
- ◆ ironworkers
- ◆ sheet metal workers

This is the familiar group of trades that tested the skills of recruiters in 2007 and 2008. Throughout the scenario, there will be recurring tight labour markets as demand grows steadily for the key industrial trades and occupations.

The scenario in the residential sector can be described in two periods: Residential Expansion (2010–2014) and Residential Correction (2015–2019).

¹ The 2011 *Construction Looking Forward* release for Alberta reports new labour market assessments for the 2010–2019 period. The assessment includes 2009 and 2010 as part of the analysis to track the impact of the global recession and recovery in local construction investment and labour markets.

The housing correction, which started in 2008, hit bottom in 2009, with housing starts falling to half of household formations² and residential employment declining 20 percent. Employment losses would have been even greater if not cushioned by a strong rise in stimulus-related renovation activity. Housing construction rebounded strongly in 2010, recovering most of the employment losses from the previous year. The recovery continues through 2014 as renewed economic expansion restores population growth. Annual residential investment averages 8 percent from 2010 to 2014, increasing employment by 18,000 workers to new peak levels. Rising employment in residential work will tighten labour markets for bricklayers, carpenters, floor covering installers, plasterers and drywall installers, home builders and tilesetters as early as 2013.

Housing begins a moderate down cycle starting in 2015, as housing starts catch up to household formations and population growth stabilizes. Modest declines in residential investment and employment continue through 2017, returning residential employment to 2008 levels.

SUPPLY-SIDE ADJUSTMENTS

Supply-side adjustments to these labour requirements are determined by patterns of mobility and demographics. The sharp downturn in 2009 forced many workers into unemployment or into work outside of construction. Some workers from outside Alberta left the province. Despite the departure of workers, unemployment more than doubled from the all-time lows recorded in 2007 and 2008. In 2010, the recovery drew many workers back into the labour force. The continued recovery in residential and renewed investment in oil sands and related projects tightens markets between 2011 and 2013 for several trades and occupations. Meeting employment requirements locally for the trades listed previously will grow progressively more difficult as unemployment falls, markets tighten and skills shortages challenge recruiters. Rankings that describe the market are summarized on page 4.

The CSC labour market information (LMI) system breaks down the annual change in the labour supply into four components: retirements, mortality, new entrants and in-mobility. Estimates of retirements and mortality capture annual losses in the workforce and these are balanced by first-time new entrants to the labour force from the Alberta

population aged 30 and younger. As the age profile of the workforce grows older, the number of new entrants falls below retirements and mortality, and the local workforce declines. During years when the local workforce cannot meet requirements, additions from outside the industry and region are necessary. The CSC estimates track in-mobility as the required additions needed to balance markets at normal levels of unemployment.

Over the 2011–2019 scenario period, demographic trends will limit the opportunities for local recruiting to fill new labour requirements. Rising labour requirements for new construction across the scenario from 2011 to 2019 increases the labour force by 30,000 workers. Expected exits from the labour force due to retirements and mortality total 35,000 workers. Half of the total requirements will be met with 26,000 new entrants, leaving a net in-mobility requirement of almost 40,000 workers that industry will need to bring in from outside Alberta's construction market.

Long-term demographic measures point out the need to attract new entrants into the construction industry. Many of these new workers will be new entrants from the younger population or will come from outside the industry in Alberta. The CSC scenario assumes that the construction industry attracts its share from this provincial pool, but other industries will be competing for these workers and the construction industry will need a focused recruiting drive to gain needed entrants. Indeed, these new Alberta entrants will not fill all requirements. This highlights a specific need to target career promotions. Increased recruiting efforts will target a variety of sources, including youth, women, Aboriginal people, other industries and immigrants. Training and certification programs, including apprenticeship, will need to expand and adapt to attract and prepare these new construction workers.

Changing conditions in other provinces and countries will shift, offering both challenges and opportunities for recruiting. The 2011 CSC LMI scenario in other provinces suggests, in general, more challenges than opportunities for recruiting skilled workers in the near term. Much depends on the timing of major projects. In particular, the recovery in investment in Alberta will coincide with major projects underway and proposed in Saskatchewan, and Newfoundland and Labrador.

² Household formation refers to the change in the number of households from one year to the next.

National and provincial systems that promote training and mobility, that help credential recognition and that support recruiting are continuously improving. The scenario highlights the need for these programs. In addition to new

construction activity, labour requirements for sustaining capital, maintenance and shutdown projects become a growing concern as more facilities are constructed over the forecast scenario.

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With a click, this unique industry planning tool delivers sound forecasting and planning data covering up to 10 years for more than 30 major construction trades.

In mere seconds, a user can determine the availability of a construction trade/occupation in labour markets across Canada. They can also generate customized tables and graphs on a broad range of selected categories within sector, trade or province. With another click the data is converted to any of a variety of chart formats.



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Developed by the Construction Sector Council as part of our *Labour Market Information Program*

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MARKET RANKINGS FOR TRADES AND OCCUPATIONS IN ALBERTA

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Boilermakers	4	3	3	4	3	4	4	4	4	3
Bricklayers	4	4	3	4	3	3	3	3	3	3
Carpenters	4	4	4	4	4	3	3	3	4	4
Concrete finishers	3	3	3	3	3	3	3	3	3	3
Construction estimators	4	4	3	4	3	3	3	3	3	3
Construction managers	4	4	3	4	3	3	3	3	3	3
Construction millwrights and industrial mechanics (except textile)	4	3	3	4	3	4	4	4	4	3
Contractors and supervisors	4	3	3	4	3	3	3	3	3	3
Crane operators	4	4	4	3	3	4	4	4	3	3
Drillers and blasters – construction	4	4	3	3	3	3	3	3	3	3
Electricians (including industrial and power system)	4	4	3	4	3	3	3	4	3	3
Elevator constructors and mechanics	2	4	3	4	3	3	3	3	3	3
Floor covering installers	3	3	3	4	3	3	3	3	3	3
Gasfitters	4	4	3	4	3	3	3	3	3	3
Glaziers	3	3	3	4	3	3	3	3	3	3
Heavy equipment operators (except crane)	3	3	3	3	3	3	3	3	3	4
Heavy-duty equipment mechanics	2	3	3	3	2	3	3	3	3	3
Industrial instrument technicians and mechanics	4	3	3	3	4	4	4	4	3	3
Insulators	4	4	4	4	3	4	4	4	4	3
Ironworkers and structural metal fabricators and fitters	4	4	4	4	3	4	4	4	4	3
Painters and decorators	2	3	3	4	3	3	3	3	3	3
Plasterers, drywall installers and finishers, and lathers	3	4	3	4	3	3	2	3	3	4
Plumbers	3	4	3	4	3	3	3	3	3	3
Refrigeration and air conditioning mechanics	2	3	3	4	3	3	3	3	3	3
Residential and commercial installers and servicers	2	3	3	4	3	3	3	3	3	3
Residential home builders and renovators	3	4	3	4	3	2	2	3	3	3
Roofers and shinglers	3	3	3	4	3	3	3	3	3	3
Sheet metal workers	4	4	4	4	3	4	4	4	3	3
Steamfitters, pipefitters and sprinkler system installers	4	4	4	4	3	4	4	4	4	3
Tiles setters	2	3	3	4	3	2	2	3	3	3
Trades helpers and labourers	3	4	3	3	3	2	2	3	3	3
Truck drivers	3	3	3	4	3	3	3	4	4	4
Welders and related machine operators	4	4	4	4	3	4	4	4	4	3

MARKET RANKINGS

- 1 Workers are available, excess supply is apparent and there is a risk of losing workers to other markets.
- 2 Workers are available to meet an increase in demand.
- 3 The availability of workers may be limited by large projects, industrial maintenance or other short-term increases in demand.
- 4 Workers are generally not available. Employers will need to compete to attract additional workers.
- 5 Workers are not available to meet demand. Competition for workers is intense and projects or production may be delayed or deferred.

Source: Construction Sector Council

Timely construction forecast data is available online at www.constructionforecasts.ca. Create customized reports on a broad range of selected categories within sector, trade or province covering up to 10 years.

The full report, *Construction Looking Forward, An Assessment of Construction Labour Markets from 2011 to 2019 for Alberta*, is part of the Construction Sector Council's *Labour Market Information Program* and will be available electronically at www.csc-ca.org later this spring.

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