



ALBERTA

Construction Looking Forward 2010–2018 Key Highlights

What a difference a year makes. Labour market rankings in the *Highlights* publication last year signalled extremely tight markets in 2008. The report mentioned the start of a slowdown in 2009, but the recession hit faster and cut deeper than anyone expected. The result was a painful period of layoffs, closures and rapid changes to human resource strategies.

A look back at the Construction Sector Council market evaluations makes the extent of the shock clear. The first column (2008) in the rankings chart (page 3) is taken from the *Highlights* report in 2009. Extremely tight markets dominate with labour shortages reported in all but nine trades and occupations. The second column (2009) reports the new assessments, where every market had excess supply and unemployment. Such an abrupt shift in market conditions is unprecedented and imposes major costs as human resource plans shift abruptly.

The CSC uses a scenario-based forecasting model to assess future labour market conditions. It consults with industry, including labour groups, contractors and owners, 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.

The new 2010 scenario, reported here, updates labour market assessments for Alberta. Conditions have changed rapidly and the new scenario for the 2010–2018 period can be divided into three parts¹: The Current Cycle (2008–2011), Steady Growth (2012–2016) and Housing Downturn (2017–2018).

THE CURRENT CYCLE (2008–2011)

Just as the recession hit faster than expected, the recovery has begun sooner than expected.

These market shifts are the biggest in the housing cycle. Indeed, the extent of the drop in new housing in 2008 and 2009 likely represents overbuilding earlier in the decade as housing starts ran ahead of new household formation. Renovation activity was also restricted in 2009 – despite the tax credit incentives.

Low interest rates and price corrections will prompt a sharp rebound in housing in 2010 and 2011, but the gains will stop short of the peak in 2006. Residential construction employment fluctuates dramatically with a major loss of 17,000 jobs (a 40 percent drop) and a jump of 12,000 jobs (30 percent growth) in 2010 and 2011. But the cycle ends there with an overall loss of 5,000 jobs from 2008 to 2011. Market volatility of this magnitude imposes high costs on employers and workers alike.

¹ The 2010 *Construction Looking Forward* release for Alberta reports new labour market assessments for the period 2010 to 2018. The assessment included 2008 and 2009 as part of the analysis to track the impact of the global recession on local construction investment and labour markets.

Similar volatility hits the industrial, commercial and institutional construction labour markets with job losses of around 20 percent in 2009 and very limited recoveries in 2010 and 2011. Stimulus programs and new infrastructure projects play a more limited counter-cyclical role in Alberta than in other provinces.

The Current Cycle was more severe in the oil sands and utilities with heavy job losses in 2008 and 2009. Some of these losses are restored in 2010 with further improvements in 2011 as oil sands projects revive and industrial maintenance work picks up. Overall, non-residential construction employment dropped by 8,000 jobs in 2008 and 2009 and regains 6,000 jobs in 2010 and 2011. Here again, the extent of market volatility and rapidly shifting expectations impose heavy costs on employers and the workforce across the cycle.

STEADY GROWTH

The 2010 scenario shifts from the extreme volatility of The Current Cycle, from 2008 to 2011, to a period of more Steady Growth from 2012 to 2016. Housing activity follows a mild cycle with some weakness in 2013 and 2014 and offsetting gains in 2015 and 2016. Employment fluctuates around the levels reached in 2008.

Oil sands projects continue with new announcements that sustain and gradually increase the high level of activity. Other non-residential activity in commercial and institutional keep the same even pace of growth. By the end of the scenario, non-residential construction employment rises about 10 percent above the 2008 peak.

The scenario ends in 2017 and 2018 with a mild Housing Downturn period and ongoing non-residential activity.

SUPPLY-SIDE ADJUSTMENTS

Supply-side adjustments to these labour requirements are determined by patterns of mobility and demographics. In the short run, opportunities to hire workers from the local unemployment pool are limited by the apparent loss of out-of-province workers during 2009. Supply-side estimates show the construction workforce dropped 10 percent last year as unemployed workers left Alberta. Extensive recruiting from other industries and other provinces will begin again in late 2010 and 2011. The challenge will be bringing back workers to fill jobs as both the housing market rebounds and non-residential projects restart.

Over the rest of the scenario, demographic trends will limit the opportunities for local recruiting to fill new labour requirements. New supply-side estimates in the CSC system track 25,600 retirements and the loss of 3,800 workers due to mortality, and this replacement requirement will be added to the 23,700 new jobs created. There will be an estimated 25,700 new entrants (Albertans between the ages of 15 and 30 entering the workforce for the first time), but these will not be enough to fill the labour force requirements. Industry will need to recruit 27,000 construction workers from other industries, regions or countries².

In the end, the abrupt and painful cyclical dislocation from 2008 to 2011 is left behind and the central priorities of the construction industry focus on recruiting. Activity returns to the very high levels achieved by 2008. Industry priorities are quickly shifting back to training, career promotion, recruiting and investment in apprenticeship and the other essential support systems.

² Unemployment in Alberta falls by 400 across the scenario.

MARKET RANKINGS FOR TRADES AND OCCUPATIONS IN ALBERTA

	2008*	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Boilermakers	5	2	4	4	3	3	3	3	3	3	3
Bricklayers	4	2	4	4	3	3	3	3	3	3	2
Carpenters	3	2	4	4	3	3	3	4	4	3	2
Concrete finishers	4	2	3	3	3	3	3	3	3	3	3
Construction estimators	4	2	3	4	3	3	3	3	4	3	2
Construction managers	3	2	4	5	3	3	3	3	3	3	2
Construction millwrights and industrial mechanics (except textile)	4	2	3	4	3	3	3	3	3	3	3
Contractors and supervisors	4	2	3	4	3	3	3	3	3	3	3
Crane operators	4	2	3	4	4	3	3	3	3	3	3
Drillers and blasters – construction	3	2	3	4	3	3	3	3	3	3	3
Electricians (including industrial and power system)	4	2	3	4	3	3	3	3	3	3	3
Elevator constructors and mechanics	4	1	3	3	3	3	3	3	3	3	3
Floor covering installers	4	1	3	4	3	3	3	3	3	3	3
Gasfitters	3	2	4	5	3	3	3	4	4	3	2
Glaziers	5	2	3	3	3	3	3	3	3	3	3
Heavy equipment operators (except crane)	5	2	3	3	3	3	3	3	3	3	3
Heavy-duty equipment mechanics	5	2	3	3	3	3	3	3	3	3	3
Industrial instrument technicians and mechanics	3	2	3	3	3	3	3	3	3	3	3
Insulators	4	2	3	4	4	3	3	3	3	3	3
Ironworkers and structural metal fabricators and fitters	4	2	3	4	4	4	3	3	4	3	3
Painters and decorators	4	1	3	4	3	3	3	3	3	3	3
Plasterers, drywall installers and finishers, and lathers	3	1	3	4	3	3	3	4	4	3	2
Plumbers	4	2	4	4	3	3	3	3	3	3	3
Refrigeration and air conditioning mechanics	5	2	3	3	3	3	3	3	3	3	3
Residential and commercial installers and servicers	4	1	3	4	3	3	3	3	3	3	3
Residential home builders and renovators	3	2	4	5	3	2	3	3	4	3	2
Roofers and shinglers	4	2	4	4	3	3	3	3	3	3	3
Sheet metal workers	3	2	3	4	4	3	3	3	3	3	3
Steamfitters, pipefitters and sprinkler system installers	5	2	4	4	4	4	3	3	4	4	3
Tiles setters	4	1	3	4	2	2	3	3	3	3	2
Trades helpers and labourers	3	2	3	3	3	3	3	3	4	3	2
Truck drivers	4	2	3	4	3	3	3	3	4	3	3
Welders and related machine operators	4	2	3	4	4	4	3	3	3	3	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.

* 2008 rankings based on *Construction Looking Forward, Alberta (2009-2017)*
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 2010 to 2018 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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April 2010

Funded by the Government of
Canada's Sector Council Program



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

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