



Sectoral Profile

Construction

NAICS 23

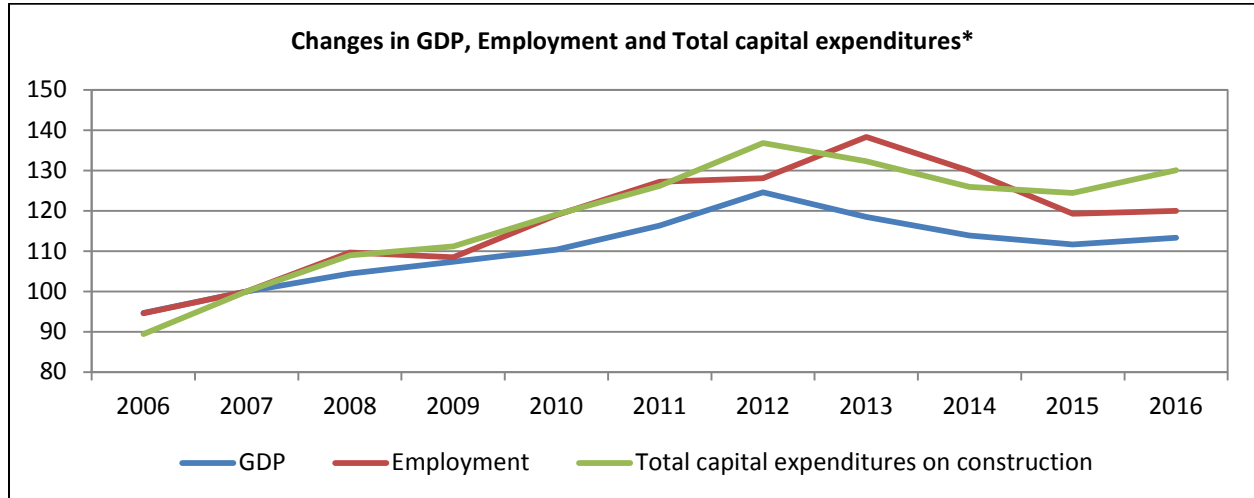
Quebec

2018-2020*



- In residential construction, dynamics depend on household formation, and growth of the population, disposable income, interest rates, and overall economic condition
- The non-residential segment, i.e. industrial, institutional and commercial construction, and civil engineering and roadworks, relies heavily on public and private investments, mainly in transportation infrastructures, health, and education

Based on real estate investments in the province, the residential and non-residential construction segments have taken turns in leading the industry in Quebec.



* Data are given in index numbers where the year 2007 = 100

Sources: Statistics Canada, GDP – CANSIM 379-0030, Employment – LFS, Capital expenditures – CANSIM 026-0013 & 029-0045

Before the recession, an average of 51,000 residential units were built per year in Québec, which is a lot considering that households formation could not support such a high number. From 2009 to 2012, housing starts dropped to about 48,000 a year. Taking into consideration the weak economic growth during those those years, it is still a high number. Then, the slowdown in residential construction hit hard; the decline was necessary to reduce inventories. But it lasted only a few years, as the sale of available residences went very quickly. Since then, a small growth in the number of housing start revived the prospects in this segment.

* This document is the result of analyses performed using information available as at April 5, 2018.

Some analysts dreaded the growth in household debt and tighter mortgage measures, thinking these would make it more difficult for young buyers and less affluent households to become homeowners. It is worth noting that the debt of Quebec households is lower than in other provinces, and that provincial markets are not overheating, thus limiting price increase. The management of household debt in Quebec is healthy, and low interest rates have allowed a number of households to buy property without too much financial stress. In regards to tighter mortgage measures, the devastation that was feared by some did not materialized. According to mortgage institutions, all borrowers were already subjected the stress test, whether mandatory or not, in order to avoid default situations as far as possible. As for those few households that fail the test, they may go for a smaller property or delay their purchase and save more for a their down payment.

Based on market conditions, the *Canada Mortgage and Housing Corporation* (CMHC) is anticipating a slight increase in the number of housing starts. The CMHC also believes that the resale market will improve, which augurs well for renovations.

Renovation is a major component of the construction industry based on the value of the work performed. Over the last 25 years in Quebec, the amount spent annually on renovations has exceeded new housing acquisition costs. The size of the projects has also increased over the years, so that since 2014, renovation accounts for over 60% of all annual private household expenditures. In the line of economic recovery action plans (2008-2009 recession), renovation benefited from tax credit programs from both federal and provincial governments. These made enormous contributions to growth. Beyond economic stimulus programs, renovation was already getting support from governments, for example to make houses more energy-efficient. These programs also play a part in the fight against illegal work and tax evasion: in order to benefit from these measures, the work must be carried out by duly recognized professionals.

In non-residential construction, the pre-recession period of growth gave way to weaker years. Industrial construction saw a return to growth between 2009 and 2012, followed by the collapse of industrial product and raw material prices due to global overcapacity. All of this slowed the development of many natural resource extraction and processing projects. A soaring institutional construction segment, following the recession, contributed to the growth of the industry. Capital expenditures for industrial buildings returned to growth in 2016, and intentions for 2018 point toward a continuing momentum. More recently, a return to development in the mining industry also added a contribution to the growth of the industrial construction segment. We believe that this will continue over the coming years, but its pace could diminish if no measures are not taken to reduce the global overcapacity, namely in aluminum and steel production.

This being said, the uncertainty brought about by the American protectionist rhetoric, the ongoing renegotiation of the North American Free Trade Agreement, and the threat of being subjected to additional tariffs on product sold to the United States could greatly dampen, even cancel out the expected gains in industrial investment intentions for 2018 and over the coming years.

Given all the measures and amounts announced by the Government of Quebec and the financial contribution of the federal government to projects in the province, institutional construction is expected to carry on at a good pace. The same will be true for engineering and road works: there are countless of projects, and construction timetables must be deferred in order to lessen the impact on the flow of transportation. Almost a decade of growth is expected here.

Finally, commercial construction is expected to recover its vitality, based on statements made in this field. It is not a lack of investments that causes the situation, but rather the fact that many projects are still in the planning phase and will get under way only later. The slower momentum over the past few years and the increase in the vacancy rate of office towers, is a bit worrisome.

Overall, non-residential construction presents a positive outlook for the next few years.

Overall, growth is expected in the province both in activity levels and in the workforce. Some regions will experience a decline due the expected weakening in housing construction, linked to their weak population dynamics, or to the end of a large construction project.

Sectoral Dynamics for Regions

Québec 2018-2020	In the Economic Regions	AAGR
<p>Annual average growth: 0.6%</p> <p>Gain of approx.: 4,700 positions</p> <p>Yearly dynamics: 2018: ↗ 2019: ↗ 2020: ↗</p>	Abitibi-Témiscamingue	1.6%
	Lanaudière	0.8%
	Montréal CMA	0.8%
	Outaouais	0.8%
	Laurentides	0.8%
	Montréal	0.7%
	Capitale-Nationale	0.7%
	QUÉBEC	0.6%
	Estrie	0.6%
	Centre-du-Québec	0.5%
	Mauricie	0.4%
	Chaudière-Appalaches	0.3%
	Côte-Nord / Nord-du-Québec	0.1%
	Saguenay-Lac-Saint-Jean	-0.4%
	Bas-Saint-Laurent	-0.5%
Gaspésie-Les-Îles	-0.5%	

n/a: not applicable

Source: 2018–2020 Sectoral Outlook annual exercise

Labour Market Analysis Directorate, Service Canada – Quebec Region, April 5, 2018.

The following occupations from the construction industry are the most likely to be affected by growth (according to the occupation by industry matrix):

- 7271 Carpenters
- 7611 Construction trades helpers and labourers
- 7241 Electricians (except industrial and power system)
- 7521 Heavy equipment operators (except crane)
- 0711 Construction managers
- 7251 Plumbers
- 7294 Painters and decorators (except interior decorators)
- 0712 Home building and renovation managers
- 7281 Bricklayers
- 7284 Plasterers, drywall installers and finishers and lathers
- 7291 Roofers and shinglers
- 7441 Residential and commercial installers and servicers
- 7302 Contractors and supervisors, heavy equipment operator crews
- 7313 Refrigeration and air conditioning mechanics

- 2234 Construction estimators
- 7233 Sheet metal workers
- 7237 Welders and related machine operators
- 7272 Cabinetmakers.

SIZE AND DISTRIBUTION OF AND CHANGES IN EMPLOYMENT IN THE INDUSTRY IN QUEBEC

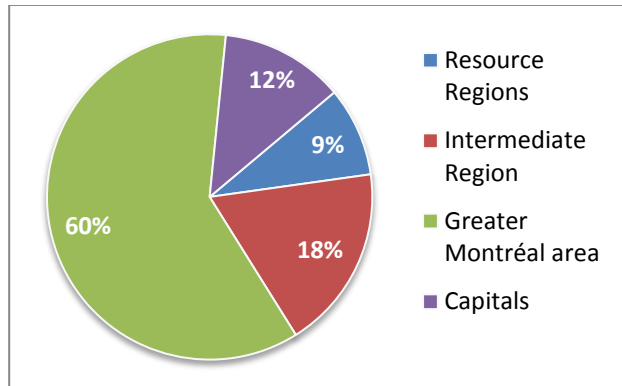
	Employment 2015–2017 Average			10-year Change in Employment	
	Employment In thousands	Provincial distribution	Regional employment share	In thousands	as a %
All of Quebec	238.8	100.0%	5.8%	51.8	27.7%
Resource Regions					
Abitibi-Témiscamingue	4.9	2.1%	6.7%	2.1	72.9%
Bas-Saint-Laurent	4.2	1.8%	5.0%	0.3	6.7%
Côte-Nord / Nord-du-Québec	3.1	1.3%	5.8%	0.8	35.3%
Gaspésie-Îles-de-la-Madeleine	2.7	1.1%	7.5%	1.2	76.1%
Saguenay-Lac-Saint-Jean	8.5	3.6%	6.6%	2.1	32.8%
Intermediate Regions					
Centre-du-Québec	7.9	3.3%	6.6%	2.1	35.6%
Chaudière-Appalaches	14.9	6.3%	6.9%	2.9	23.8%
Estrie	8.6	3.6%	5.6%	1.0	12.6%
Mauricie	6.5	2.7%	5.4%	0.4	6.6%
Greater Montréal area					
Lanaudière	20.9	8.8%	8.2%	3.4	19.6%
Laurentides	25.6	10.7%	8.3%	6.1	31.6%
Laval	10.8	4.5%	5.1%	2.7	33.7%
Montréal	51.8	21.7%	6.6%	14.0	37.1%
Montréal	30.1	12.6%	3.0%	1.5	5.4%
Capitals					
Capitale-Nationale	22.4	9.4%	5.5%	9.1	68.8%
Outaouais	15.9	6.6%	7.9%	2.2	16.1%

x: confidential data, fewer than 1,500 people employed in this region

Source: Historical estimates based on Statistics Canada's Labour Force Survey

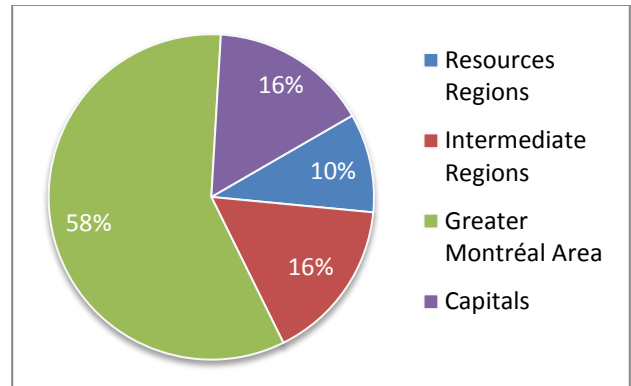
SOME CHARACTERISTICS OF THE INDUSTRY IN QUÉBEC

Establishment distribution by Region



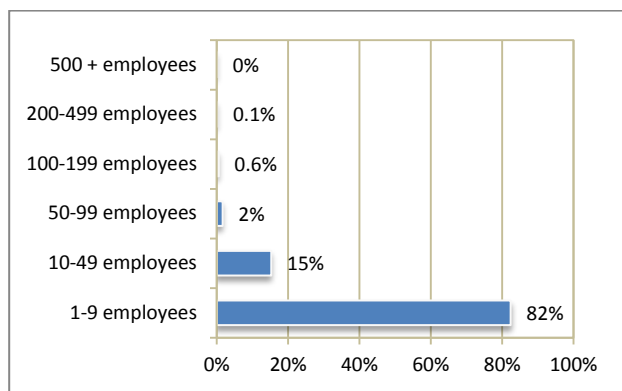
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

Employment distribution by Region



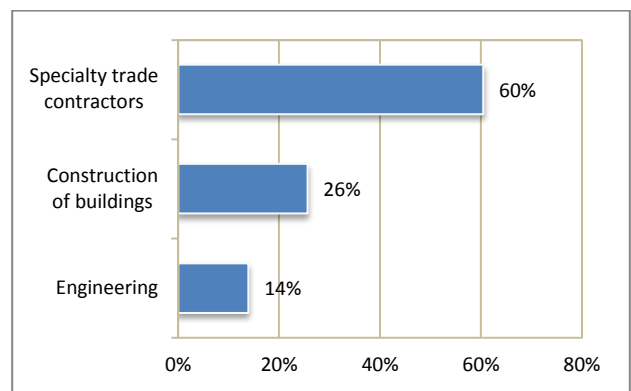
Source: Statistics Canada, Labour Force Survey; based on average employment in 2014-2016

Size of establishment



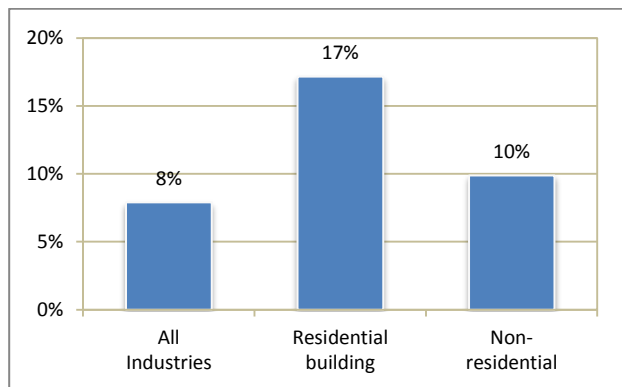
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

Employment by industry subsectors



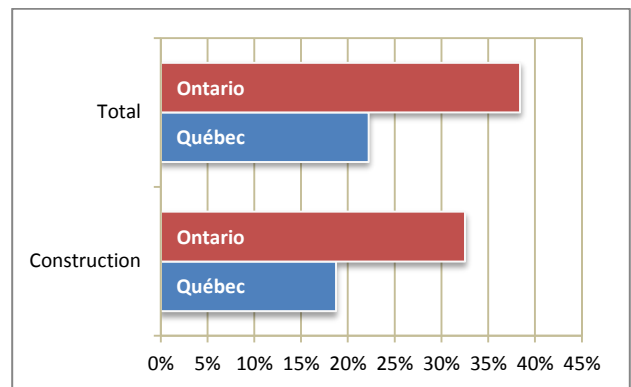
Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

Self-employed jobs compared to Total employment



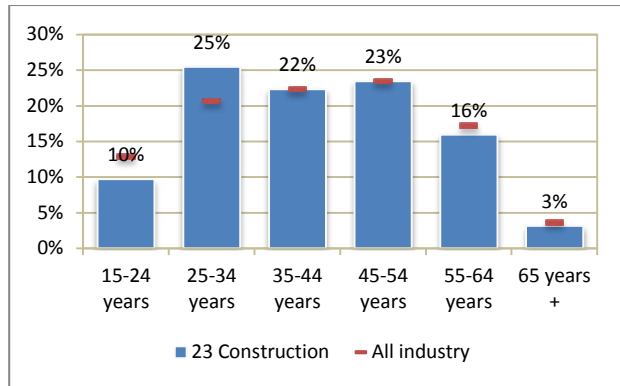
Source: Statistics Canada, CANSIM 383-0031 Labour statistics, based on average employment in 2014-2016

Share of total employment and industry in Canada



Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

Employed Labour Force Aged 15 Years and Over



Source: Statistics Canada, 2016 Census, special tabulation for ESDC

Employment distribution by skill type

National Occupational Classification	
0. Management	12%
1. Business, finance and administration	9%
2. Natural and applied sciences and related	6%
3. Health	0%
4. Education, law and social, community and government services	0%
5. Art, culture, recreation and sport	0%
6. Sales and service	3%
7. Trades, transport and equipment operators	67%
8. Natural resources, agriculture and related production	1%
9. Manufacturing and utilities	1%

Source: Statistics Canada, 2016 Census, special tabulation for ESDC

FOR MORE INFORMATION

- Job Bank (Canada) – [Job Market Trends and News](#): Information on job, skills and local labour market trends is important for making career decisions. In addition, information on wages, labour supply, labour demand and other factors helps employers recruit, train and retain workers and make business and investment decisions.
- North American Industry Classification System (NAICS) Canada 2012: Construction [NAICS 23](#)

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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For further information, please contact the LMI team at:

http://www.esdc.gc.ca/cqi-bin/contact/edsc-esdc/eng/contact_us.aspx?section=lmi

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