BUILDFORCE CANADA

Residential Scenario Outlook 2024-2033

A construction industry employment estimation to address Canada's housing supply gap

APRIL 2024

The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

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INTRODUCTION

This residential labour force outlook report provides labour market information for two very different projections based on: 1) a **Baseline** scenario based on the BuildForce Canada business-as-usual residential construction market projections, and 2) an **Alternative** scenario designed to model the impact of achieving the targets described in the Canada Mortgage and Housing Corporation (CMHC) September 2023 report, *Housing shortages in Canada: Updating how much housing we need by 2030*.

The Baseline scenario assumes a continuing similar environment absent of major government policy change, and incorporates factors like household formation rates, immigration, population age demographics, economic projections, and insights from the residential sector. The Baseline scenario projections do not factor in the federal and provincial objectives to significantly increase the construction of new housing units over the coming decade. To gauge the extensive labour force requirements necessary for realizing these public policy goals and addressing the housing supply gap identified by CMHC, an Alternative scenario has been developed. This model provides an estimation of the extra recruitment efforts required to achieve the housing supply gap targets. It will be discussed in conjunction with the BuildForce Baseline scenario in this report.

It is important to note that the significant increase in recruitment necessary to achieve the housing supply gap targets is occurring alongside demographic shifts in Canada's age structure, notably characterized by a decreasing share of younger workers entering the workforce. This trend, which impacts all sectors of the economy, is likely to greatly heighten competition for young individuals with an aptitude for skilled trades work. Consequently, the construction industry's historically effective recruitment strategies for skilled workers may lose their efficacy or reliability in this evolving context, potentially impeding the industry's ability to meet these targets within the envisaged timeframes. Furthermore, successfully attracting a large number of skilled trade workers to the residential sector could pose challenges for other sectors of the economy also dependent on a skilled trades workforce.

CURRENT STATUS – 2023 HIGHLIGHTS

In 2023, investment in both new housing and renovation projects saw a notable decline, largely due to the rising interest rates significantly impacting consumer behaviour. The sharp increase in these rates led many potential home buyers and existing homeowners to delay or abandon their purchasing and/or renovation plans, resulting in a decrease in overall investment across the new housing and renovation sectors. The new housing segment, in particular, was more severely affected by this trend. In addition to this, renovation activities, inclusive of maintenance projects, also experienced reduced investment levels as rising interest rates reduced households' disposable incomes. Furthermore, the heightened borrowing costs contributed to a decrease in housing starts across most provinces, with the exception of British Columbia, Nova Scotia, and Saskatchewan.

The reduced investment levels had a consequential impact on employment within the residential sector. The year 2023 marked a downturn in total residential employment, with a loss of roughly 26,000 (-4%) workers. The most significant decline was seen in new housing construction, which recorded an 8% drop in employment. The renovation sector was not immune to these effects either, witnessing a 2% reduction in its workforce. In contrast to these downward trends, employment in maintenance-related roles increased by 3% over the year.

BASELINE SCENARIO – HIGHLIGHTS

Looking forward, residential employment contracts again in 2024 (-2%) before rebounding in 2025 with renewed growth to 2028. By 2033, residential employment increases by 2% above 2023 levels.

Over the forecast period, the aging workforce and increasing retirements will pose a significant challenge for the residential construction industry. An estimated 133,800 workers, which represents 22% of the 2023 labour force, are projected to retire, leading to a substantial gap in skilled personnel. Alongside this, anticipated demand growth means the industry will need to recruit around 158,400 workers between 2024 and 2033.

Based on historical trends, it is anticipated that the residential sector could attract approximately 117,200 domestic new entrants, predominantly individuals aged 30 years and younger, within this timeframe. However, even if the industry achieves this rate of success, a shortfall of 41,200 workers will emerge by 2033 – especially as new-home construction rebounds between 2025 and 2028.

ALTERNATIVE SCENARIO – HIGHLIGHTS

The implementation of the Alternative scenario brings about a substantial shift in the investment landscape. In the Baseline scenario, there was an anticipated 9% increase in investment by 2033 relative to the 2023 levels. However, under the Alternative scenario, the projected investment escalation is notably higher, rising 109% above the 2023 baseline. It is noteworthy that non-residential investment is also impacted, albeit to a lesser extent. In the Baseline scenario, a modest 2% increase over the 2023 baseline was projected. Conversely, under the Alternative scenario, non-residential investment is projected to rise by 16% over 2023 levels.

Furthermore, the Alternative scenario anticipates a rise in housing starts commencing in 2024, peaking at 681,600 units in 2029, followed by a gradual decline until the end of the forecast period. The CMHC housing supply gap amounts to a 148% increase in housing starts over the BuildForce Baseline number of total stock added over the forecast period. When comparing projected housing starts at the start and end points of the forecast, housing starts in 2033 will be 185% higher than levels recorded in 2023.

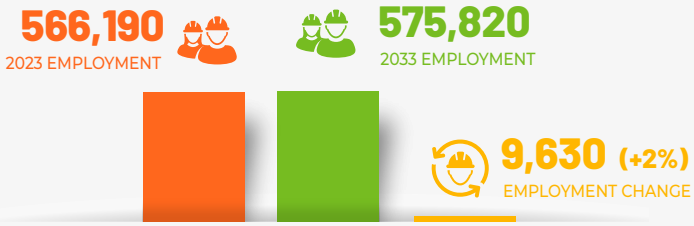
To achieve these ambitious housing targets, a significant expansion of the residential workforce is imperative. In 2023, the residential sector employed approximately 566,190 onsite construction skilled trades and supervisory personnel. To meet the Alternative scenario's housing goals, the onsite workforce must grow to 1.038 million by 2033, representing an 83% increase over the 2023 baseline. In parallel, non-residential employment must also increase to enable residential construction to proceed. The Baseline scenario projects non-residential employment will be 7% higher in 2033 than at the 2023 baseline. Under the Alternative scenario, employment is projected to rise by 19%, a 12-percentage point increase over the Baseline scenario.

When measuring the start and endpoints of the forecast scenario, total construction investment under the Alternative scenario is projected to be 54% higher in 2033 than at the 2023 starting point.

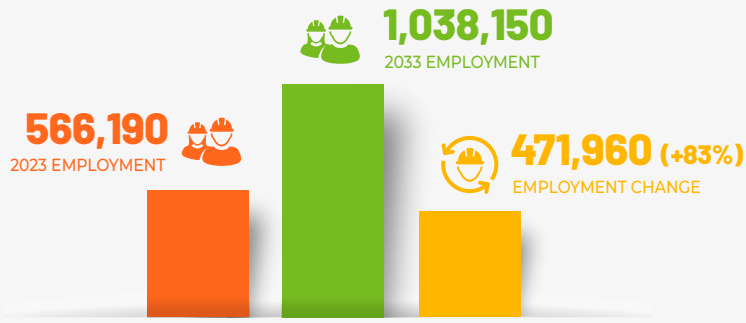
CANADA

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



ALTERNATIVE SCENARIO



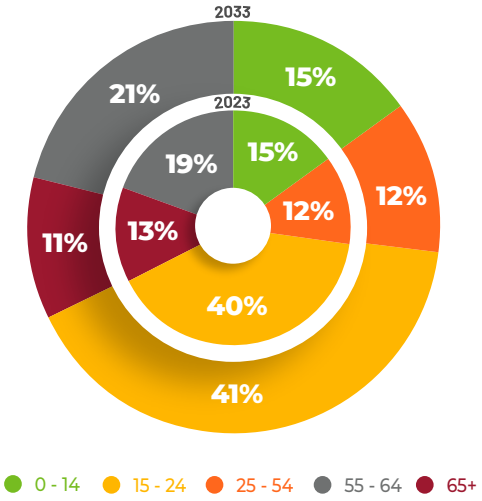
Source: BuildForce Canada, 2024

Population Trends

Like many G-7 and OECD countries, Canada's population age structure is changing. In 2023, 32% of Canadians were 55 years of age or older, with 19% of those over 65, while only 27% were under 24 years of age. By 2033, the share of the population over 55 remains at 32%, but 21% will be over 65 years of age. The share of individuals under 24 years of age remains the same. Essentially, this means there will be fewer younger individuals available over the next 10 years to replace workers exiting the workforce to retirement. All industries will be competing for a relatively smaller pool of youth over the next 10 years, which will make the competition for the recruitment of younger talent intense. See Figure 1.

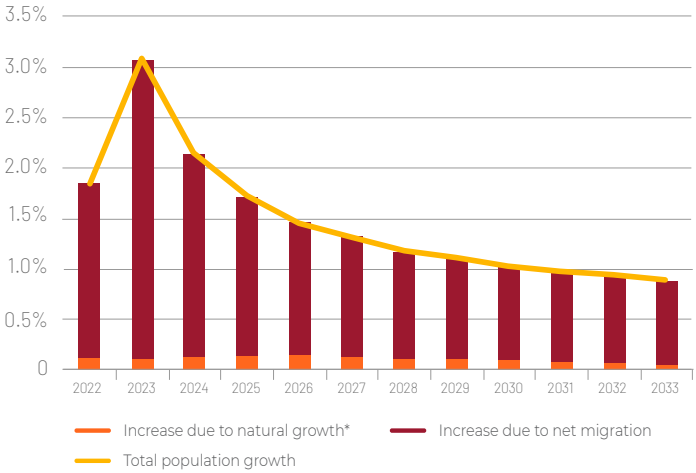
Natural rates of population growth have been in decline since the 1970s, which has placed a greater burden on the immigration system to help fill labour force gaps. Increasing immigration levels to 1.485 million admissions of permanent residents over the next three years will help moderate some of these pressures, but may exacerbate others, such as housing availability and affordability. Statistics Canada estimates there were 8.7 million[1] permanent residents in the labour force in 2023, which amounts to 27% of the overall labour force. This share has been rising over the past decade and is projected to rise to over 30% over the forecast period. See Figure 2.

FIGURE 1: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033 CANADA



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

FIGURE 2: POPULATION GROWTH BY COMPONENT, 2024–2033 CANADA



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

[1] Statistics Canada. Table 14-10-0083-01 Labour force characteristics by immigrant status, annual (x 1,000)

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 16,739,980 housing dwellings in the country in Q3 of 2023. The mix of the housing units is captured in Table 1.

TABLE 1: HOUSING STOCK IN CANADA, Q3–2023

	TOTAL UNITS	% SHARE
Total dwellings	**16,739,980**	**100%**
Single-detached	8,726,946	52%
Semi-detached	805,304	5%
Row	1,075,879	6%
Multi-units	5,901,071	35%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Canada was $646,134 in November 2023. See Table 2.

TABLE 2: AVERAGE HOME PRICES, 2023, CANADA

PROVINCE	AVERAGE HOME PRICE*
Canada	**$646,134**
New Brunswick	$287,900
Newfoundland and Labrador	$291,300
Saskatchewan	$324,400
Manitoba	$328,564
Prince Edward Island	$361,800
Nova Scotia	$390,000
Alberta	$446,919
Quebec	$485,407
Ontario	$833,525
British Columbia	$964,371

* Source: Canadian Real Estate Association, National Price Map, November 2023 data

Vacancy Rates

CMHC reported a rental vacancy rate for Canada of 1.9% in October 2022. This was down from the 3.2% rate recorded in October of 2021. While vacancy rates were higher in Western Canada (except British Columbia), most provinces had vacancy rates below 2% in 2022.

BUILDFORCE CANADA BASELINE RESIDENTIAL CONSTRUCTION SCENARIO, 2024–2033

International migration to Canada reached an historical high of more than 1.1 million people in 2023 after contracting significantly in 2020 (-25%) and 2021 (-54%) due to restrictions created in response to the COVID-19 pandemic. This trend helped to increase household formation[2] by more than 150,000 (+54%) in 2023, which in turn, supported by low interest rates, helped to sustain housing starts at an elevated level of nearly 262,000 units in 2022. Although that figure represented a slight decline (-4%) from the peak set in 2021, starts nonetheless continued to exceed historical highs, with significant demand for single-detached,[3] semi-detached,[4] row homes,[5] and multi-unit builds.[6]

Housing starts declined further in 2023 (-11%) despite record-high household formation, coming in at just over 233,000 units for the year. This was due to a number of factors, specifically: consumers' reactions to rapidly rising interest rates, and to a lesser degree, the desire of older-aged homeowners to invest in upgrades to their existing homes rather than purchasing new ones. Single-detached starts, the most expensive type of housing, declined on a year-over-year basis by approximately 26% as higher borrowing costs slowed demand for these types of units. Declines in multi-unit housing were less pronounced, particularly for apartment types which declined by less than 3%.

Investment in the residential sector is coming off very high levels of activity. In 2021, the sector witnessed a year-over-year increase in investment of 13%. That has stepped down since, decreasing by 7% in 2022 and an additional 10% in 2023. A further decline of 2% is anticipated for 2024. From 2025 onwards, a rebound in new-home construction is projected to drive investment levels upward. This trend is expected to continue through to 2029. By 2033, investment levels are projected to be 9% higher than their 2023 starting point.

Although new-home construction remains the primary driver of residential-sector investment, there is a predicted moderate shift in the types of homes that will be built. More developed urban markets in particular are experiencing a shift in housing mix away from single-detached homes towards semi-detached, row, and apartment units. This trend is being driven by a number of factors, including land-use policies focused on densification and prevailing affordability concerns. Throughout the forecast period, there is

[2] Household formation refers to the change in the number of households (persons living under one roof or occupying a separate housing unit) from one year to the next. It is the means by which population growth is transformed into demand for new housing.
[3] Single-detached (single) refers to a building containing only one dwelling unit that is completely separated on all sides from any other dwelling or structure.
[4] Semi-detached (semi) refers to adjoined single units with separate points of entry to each residential unit.
[5] Row homes (rows) refer to adjoined units attached by one side to another unit with separate points of entry to each residential unit.
[6] Multi-unit (multi) refers to buildings containing multiple dwelling units that are adjoined to other units and maintain a single-entry point to the building, but separate entry points to each residential unit. This includes low, mid and high-rise apartments and condominiums, as well as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

an anticipated short-term increase in multi-unit construction to increase housing supply. These are in response to the housing affordability issues that have emerged, reducing homeownership and driving down rental vacancy rates in many Canadian cities.

By 2033, it is expected that single-detached units will constitute 30% of housing starts, down from levels of between 35% and 40% that were prevalent through the early- to mid-2010s. Conversely, the share of multi-units is projected to increase to 53%, up from between 40% to 50% through the early- to mid-2010s.

The Housing Challenge

Canada Mortgage and Housing Corporation (CMHC) first identified that Canada faced a housing-supply gap in its June 2022 report, *Canada's Housing Supply Shortages: Estimating what is needed to solve Canada's housing affordability crisis by 2030*. The report proposed a series of provincial housing starts targets for most provinces. In September 2023, an update to the earlier report was released with slightly revised targets based on changes in the economy in the intervening period. The revised report, *Housing shortages in Canada: Updating how much housing we need by 2030*, proposes a series of targets for provinces to help close the housing supply gap that has emerged in Canada.

Historically, housing starts have averaged around 200,000 units annually. While Canada's population has consistently grown since 1972, housing starts have not followed the same upward trend, which is largely due to their dependence on consumer demand, including ability for consumers to purchase. When affordability is not an issue, housing starts should fill the gap between market needs and the existing housing stock. When the current stock is insufficient to meet market demands, housing starts should increase to compensate for this deficit. On the other hand, when the existing housing stock is adequate to meet market needs, housing starts decline. This dynamic relationship should ensure that the development of new housing is closely aligned with market demands. However, if affordability issues prevent buyers from being able to purchase homes, and/or government policy restrains new development (including purpose-built-rental), supply cannot keep up with demand.

Table 3 provides a detailed overview of the changes in housing starts and the housing mix over the past 50 years and projected based on the BuildForce Canada Baseline scenario.

Housing affordability issues have also caused more Canadians to rent rather than own, and have kept younger-age Canadians in the rental market longer than previous generations. With the market not able to respond with supply, data from the most recent CMHC Rental Market Survey[7] show rental vacancy rates in Canada have declined from 3.1% in October 2021 to 1.9% in October 2022.

Addressing the Housing Supply Gap

The consensus among housing analysts is that Canada is not adding new housing at a rate that is sufficient to meet the needs of its growing population. To help improve housing affordability, the federal government committed to working with provinces and municipalities to increase the housing supply over the next decade. CMHC, in the September 2023 update to its earlier housing supply shortage report, released revised gap targets for each province. Achieving these goals, it said, would help restore housing affordability.

Table 4 shows the housing supply gap identified by CMHC that must be overcome to help restore housing affordability in Canada.

Addressing the CMHC provincial supply gap housing targets will necessitate a substantial increase in the annual rate of housing starts over the next seven years. This requirement comes at a time when the construction sector is contracting due to high interest rates that are slowing housing starts.

The BuildForce Alternative scenario adopts the CMHC provincial targets as the foundation for estimating the projected labour force requirements needed to fully implement these targets by 2033, extending beyond the 2030 timeline suggested in the CMHC report.

The Alternative scenario considers the mix of unit types and their geographical distribution, largely mirroring current development

TABLE 3: HOUSING STARTS OVER TIME, 1972 TO 2033, CANADA

	1972	1982	1992	2002	2012	2022	2033*
Total units	**249,914**	**125,860**	**168,271**	**205,034**	**214,827**	**261,849**	**213,483**
Single-detached	46%	43%	55%	61%	39%	28%	30%
Semi-detached	5%	5%	6%	7%	7%	4%	5%
Row	7%	10%	12%	9%	10%	11%	12%
Apartment and other unit types	42%	42%	27%	23%	45%	57%	53%

Source: Statistics Canada – Canada Mortgage and Housing Corporation, Table 34-10-0126-01
*Source: BuildForce Canada estimates

[7] Canada Mortgage and Housing Corporation (CMHC), Rental Market Survey, Canada, 2022, Table 1.0: Rental market indicators, privately initiated apartment structure of three units and over, province and major centers. October 2022

TABLE 4: CMHC HOUSING SUPPLY GAP BY PROVINCE AND BUILDFORCE CANADA HOUSING STARTS PROJECTIONS, CANADA

REGION	**BuildForce housing starts** (Baseline)*	**CMHC target** (above Baseline)**	**BuildForce housing starts** (Alternative)***
Canada	**2,308,980**	**3,450,000**	**5,758,980**
Newfoundland and Labrador	12,900	60,000	72,900
Prince Edward Island	12,600	--	12,600
Nova Scotia	53,200	70,000	123,200
New Brunswick	37,800	--	37,800
Quebec	341,620	860,000	1,201,620
Ontario	949,180	1,480,000	2,429,180
Manitoba	69,870	170,000	239,870
Saskatchewan	50,630	60,000	110,630
Alberta	369,310	130,000	499,310
British Columbia	411,850	610,000	1,021,850

*Source: BuildForce Canada, National Highlights 2024–2033
** Source: CMHC, Housing shortage in Canada: Updating how much housing we need by 2030
***Source: BuildForce Canada, Alternative scenario, 2024, based on the CMHC target

patterns. It also encompasses impacts on both residential and non-residential employment requirements, acknowledging that residential projects typically commence with a non-residential component of activity. Moreover, the economic impact of the additional homebuilding will have indirect impacts on all sectors of Canada's economy (i.e., beneficiaries of this work will spend money in the economy and create additional demands across the entire economy). This holistic approach ensures a comprehensive assessment of the labour force needs to meet these ambitious housing targets.

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The Alternative scenario assumes supply chains and the availability of raw materials will remain robust and sufficient, thereby allowing construction to proceed as planned within the forecasted timeframes. It also assumes that the required recruitment of labour to complete the additional housing within the forecast period will be achieved. This presupposition is crucial, as it underpins the feasibility of meeting the projected construction schedules and targets.

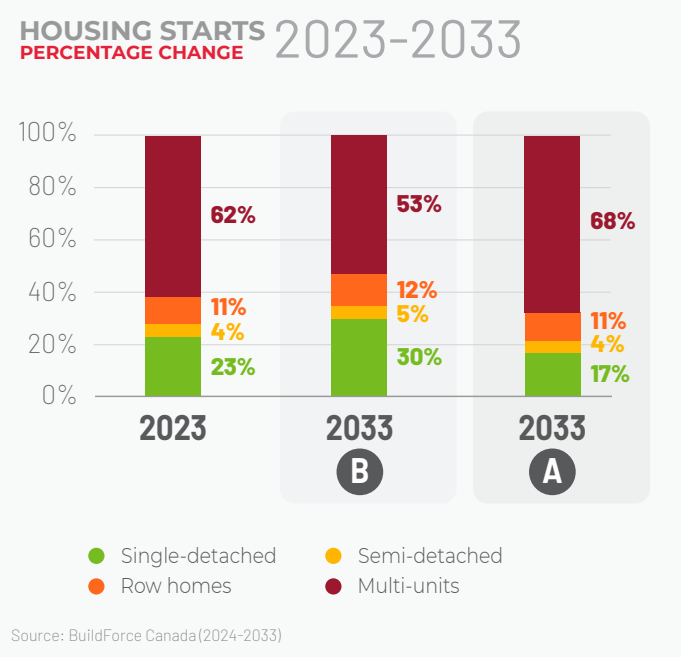
ALTERNATIVE SCENARIO, 2024–2033

CANADA	UNITS
CMHC Housing Supply Gap	3,450,000
Baseline Projected Housing Starts	2,308,980
Alternative Projected Housing Starts	5,758,980

IMPACT ON HOUSING STARTS

The BuildForce Baseline scenario forecasts that just over 2.3 million housing units will be built between 2024 and 2033. In 2023, the composition of these units were 62% multi-units, 11% row homes, 4% semi-detached units, and 23% single-detached homes. Over the forecast period, a gradual shift in housing form is expected. By 2033, the Baseline scenario projects a growth in the share of singles to 30%, a slight increase for semi-detached and row homes to 5% and 12% respectively, and a decrease in the share of multi-units, down to 53% of total starts over the forecast period.

Under the Alternative scenario, an additional 3.45 million housing units will be built by 2033, which amounts to a 149% increase over the forecast period when compared to the Baseline scenario's total housing starts estimate. When measuring housing starts in 2033 against levels in 2023, housing start levels in 2033 will be 184% higher than at the 2023 baseline. Housing starts will rise from just over 233,000



Source: BuildForce Canada (2024-2033)

in 2023 to approximately 662,000 by 2033. The mix of housing starts will also shift to accommodate the housing supply gap targets. By 2033, single-detached units are expected to account for just 17% of total housing starts, semi-detached units and rows at 4% and 11% respectively, whereas multi-units rise to 68%.

Figure 3 shows the mix of housing proposed under the Alternative over the Baseline scenario.

FIGURE 3: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, CANADA

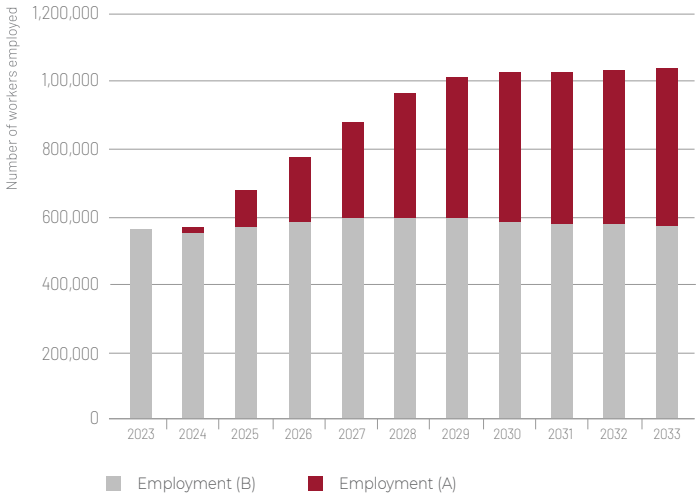
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 566,190 individuals employed in onsite construction in 2023 in the national residential construction industry. Approximately 13% worked in residential maintenance, 39% in renovations, and 48% in new home construction. The Baseline scenario calls for an increase in overall employment of 2% over the forecast period. Maintenance and renovation-related employment increase to 14% and 43% respectively, whereas new home construction declines to 43%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 83% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 10% share of total employment, renovations 29%, and new home construction 61%. See Figure 4.

FIGURE 4: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT IMPACTS, 2024–2033, CANADA



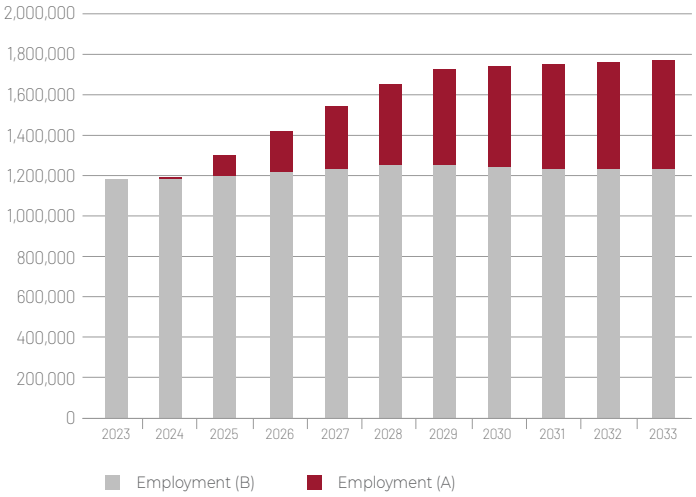
Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. The Baseline scenario projects employment in the sector will expand by 7% by 2033 over the 2023 baseline. Under the Alternative scenario, employment will expand by 19%, a 12-percentage point increase over the Baseline scenario.

Total onsite construction employment under the Alternative scenario is projected to rise to 1.77 million in 2033, up from 1.18 million in 2023. Figure 5 charts the expected rise in total construction employment over the forecast period.

FIGURE 5: ALTERNATIVE OVER BASELINE, EMPLOYMENT GAINS, TOTAL CONSTRUCTION INDUSTRY 2024–2033, CANADA



Source: Statistics Canada, BuildForce Canada (2024-2033)

From an employment standpoint, the residential sector is expected to undergo the most significant changes. In the initial phase, workers involved in residential maintenance and renovation activities are likely to shift towards new housing projects. However, this movement is anticipated to diminish over time.

Of greatest concern for the industry will be what to do with the surplus workers that may exist at the end point of the forecast as investment levels return to more normal levels of activity. While achieving these housing targets is extremely optimistic, particularly in such a short time frame, if successful, the residential sector may find itself with a large surplus of skilled workers by 2034. Careful labour force management will be required to ensure pathways exist for the seamless transition of these workers into other sectors of the economy.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

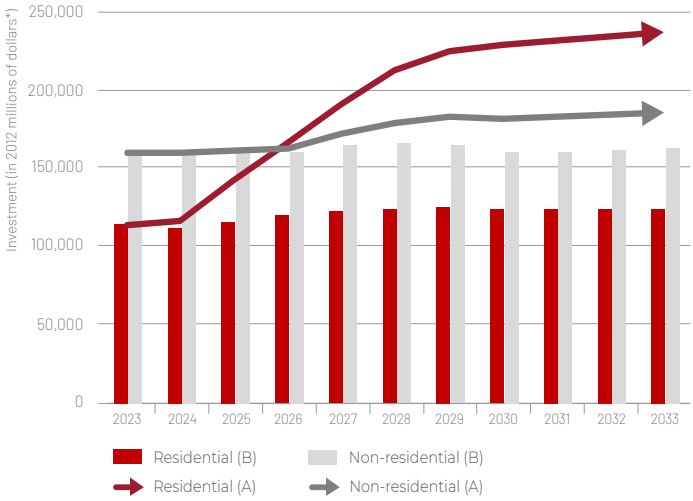
The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in Canada's economy.

Under the Baseline scenario, residential construction investment is down in 2024 from 2023 levels, but rises over 2023 in 2025. Thereafter, it continues to grow to a peak in 2029, and then moderates slightly in the latter years of the forecast period. The Baseline scenario calls for investment levels to be 9% higher in 2033 than 2023 levels.

The Alternative scenario projects investment levels will rise steadily commencing in 2024 and peak in 2033. Over the forecast period, overall investment in 2033 is expected to be 109% higher than 2023 levels.

Non-residential investment, which is projected to increase by 2% over the forecast period under the Baseline scenario, rises to 16% under the Alternative scenario, a 14-percentage point increase. See Figure 6.

FIGURE 6: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, CANADA



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

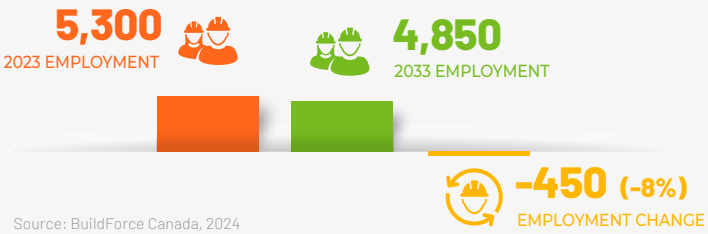
Source: Statistics Canada, BuildForce Canada (2024-2033)

The following sections of this report consider the implications of the Baseline and Alternative scenarios on the residential construction sectors in each province.

NEWFOUNDLAND AND LABRADOR

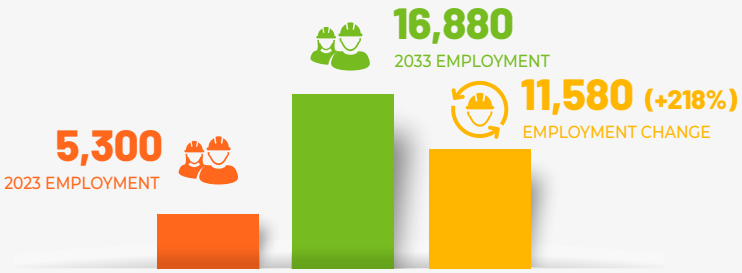
SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



Source: BuildForce Canada, 2024

ALTERNATIVE SCENARIO



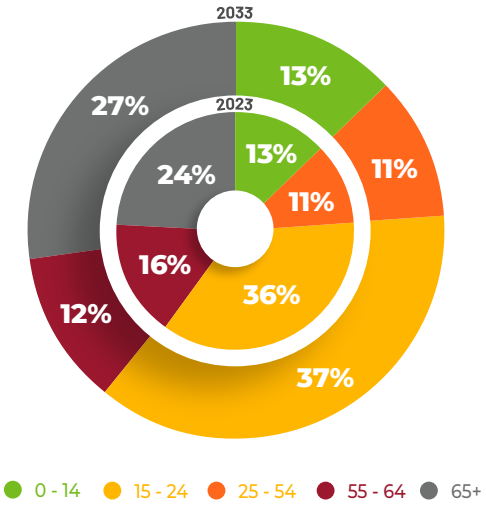
Provincial Trends

Population Age Structure

Like most provinces, Newfoundland and Labrador is experiencing a shift in its population age structure.

Figure 7 shows that the share of the population that is 65 years and older is expected to rise, with 27% of the province's residents being older than 64 by 2033 – up from 24% in 2023. Meanwhile, the share of younger workers (i.e., those aged 15 to 24) is expected to remain constant at 11% over the same period.

FIGURE 7: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033
NEWFOUNDLAND AND LABRADOR



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

This trend will create challenges regarding future labour force recruitment as the number of workers leaving the labour force exceeds those available to replace them. This will place significant pressure on all industries as the competition for younger workers intensifies.

Meanwhile, Newfoundland and Labrador is faced with the additional challenge of an aging population. This problem is common to the Atlantic provinces. Its natural rate of population growth has been negative since 2012 and is trending downward.

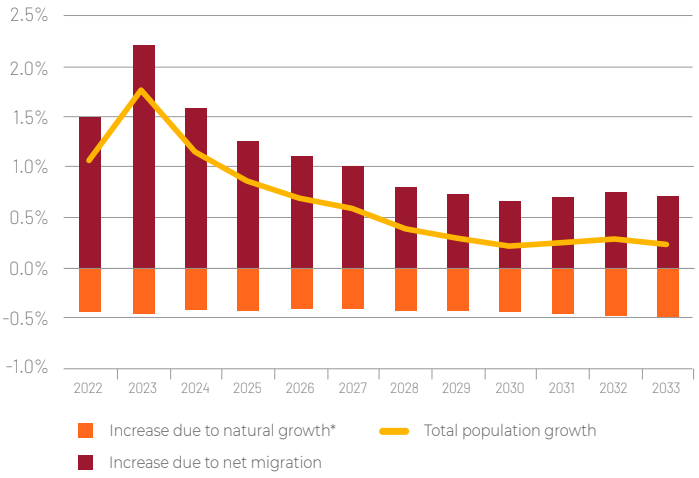
As a result, net in-migration has become the sole source of population growth in the province. Since 2019, the province has welcomed 13,350 permanent residents through immigration.[8] Levels spiked in 2023 when the province saw a major influx of both permanent and non-permanent residents. Many in the latter group are students who could choose to obtain permanent residency status after graduation.

Although these rates of growth are unlikely to be sustained, Newfoundland and Labrador will also benefit from the federal government's increased immigration targets for 2024 and 2025. Increasingly, immigration will be essential to supporting growth in the province's core working-age group of 25- to 54-year-olds.

Figure 8 shows the various factors affecting population growth in Newfoundland and Labrador over the forecast period.

[8] Immigration, Refugees and Citizenship Canada (IRCC), Canada - Admissions of Permanent Residents by Province/Territory of Intended Destination and Immigration Category, January 2015 - November 2023

FIGURE 8: POPULATION GROWTH BY COMPONENT, 2024–2033
NEWFOUNDLAND AND LABRADOR



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 271,471 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 5.

TABLE 5: HOUSING STOCK IN THE PROVINCE, Q3–2023,
NEWFOUNDLAND AND LABRADOR

	TOTAL UNITS	% SHARE
Total dwellings	**271,471**	**100%**
Single-detached	198,339	73%
Semi-detached	9,729	4%
Row	11,964	4%
Multi-units	48,940	18%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a resale home in Newfoundland and Labrador was $291,300 in November 2023.

Vacancy Rates

CMHC reported a rental vacancy rate of 2.8% in communities with populations over 10,000 in the province in October 2022. This was down from 2021 levels, when the rate was 3.4%. In St. John's, the largest Census Metropolian Area in the province, the vacancy rate was 2.9% in October 2022.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

An influx of permanent and non-permanent residents to Newfoundland and Labrador in recent years boosted household formation levels to a high in 2023. Although that trend is not expected to be sustained across the forecast period, the province will continue to attract large numbers of newcomers, particularly in the short-term period as it benefits from elevated targets described in the federal Immigration Levels Plan.

This trend, combined with low interest rates, helped to drive housing starts in the province to a five-year high in 2022, with demand elevated in both the single-family and multi-unit components. Rising interest rates in the latter half of 2022 curbed that growth in 2023, however. Over the forecast period, a total of 12,900 housing units are projected to be built.

The outlook for the provincial housing market sees starts remaining relatively unchanged from 2023 levels in 2024. A period of growth follows from 2025 to 2028 as high immigration levels and low rental vacancy rates elevate starts for both types of housing, and for multi-unit builds in particular. Indeed, these unit types account for approximately 35% of housing starts in each year of the forecast period. Later years see new-housing investment levels contract slightly, but remain elevated.

Renovation expenditures, meanwhile, are expected to contract into the medium term, given consumer concerns over interest rates and rising construction costs. Even as interest rates cool in 2025 and beyond, investment levels are not expected to rebound strongly as overall population growth slows across the forecast period. Renovation investment levels end the decade almost unchanged from 2023 levels.

Total residential employment is expected to be sustained near current levels through 2028 before cycling down through the end of the decade. By 2033, employment is expected to contract by 9% compared to 2023 levels, with all three components reporting contractions.

ALTERNATIVE SCENARIO, 2024–2033

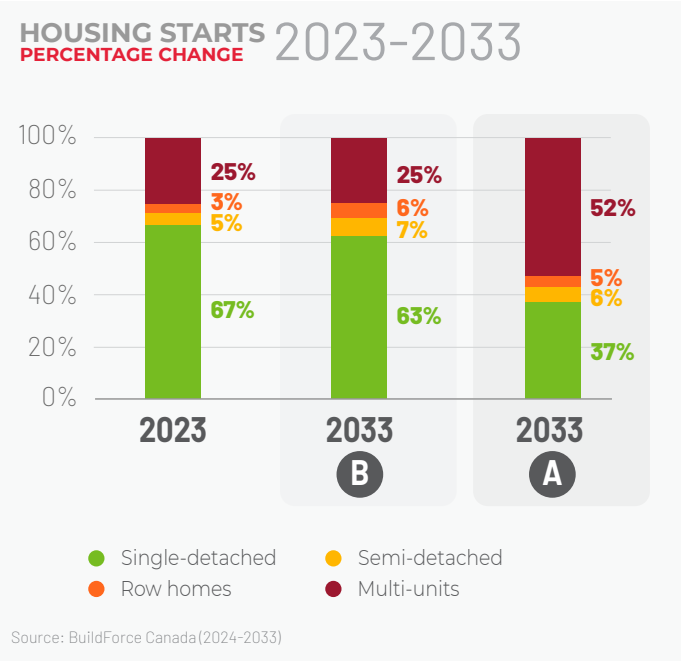
NEWFOUNDLAND AND LABRADOR	UNITS
CMHC Housing Supply Gap	60,000
Baseline Projected Housing Starts	12,900
Alternative Projected Housing Starts	72,900

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The identified housing supply gap in the province is 60,000 units and the Baseline scenario projects 12,900 units will be started in the province between 2024 and 2033. To accommodate the housing supply gap, housing starts will need to increase by 465% over the Baseline scenario. The Alternative scenario projects that between 2024 and 2033, a total of 72,900 housing starts will have been undertaken in the province, a rise from just over 1,000 units in 2023 to just under 9,000 units by 2033 or a 763% increase.

IMPACT ON HOUSING STARTS

Housing starts in the province are dominated by single-detached units accounting for 67% of total starts in 2023.



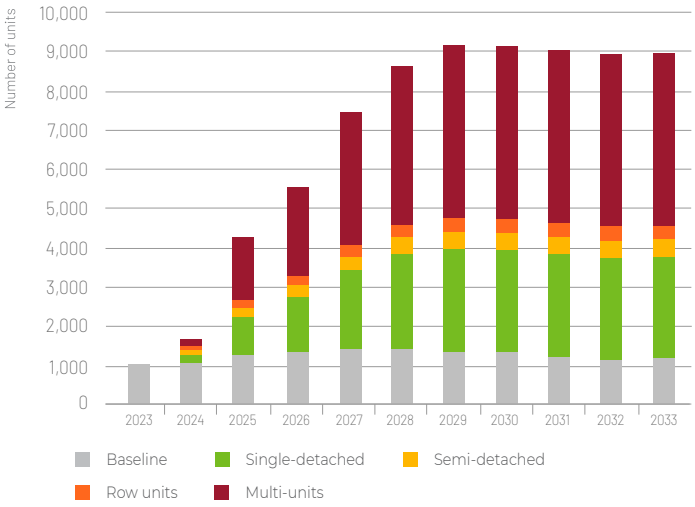
Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a slight decline in the share of single-detached units over the forecast period. The beneficiaries of this decline are semi-detached units and row homes that grow from 5% and 3% in 2023, to 7% and 6% by 2033. Multi-units remain constant at 25% of total annual housing starts.

To achieve the provincial housing supply gap targets, the Alternative scenario projects the single-detached homes share will decrease to just 37% of total starts, whereas multi-units will increase to 52%. Semi-detached and rows also experience small declines compared to the Baseline 2033 scenario.

Figure 9 shows the required growth based on these assumptions.

FIGURE 9: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, NEWFOUNDLAND AND LABRADOR



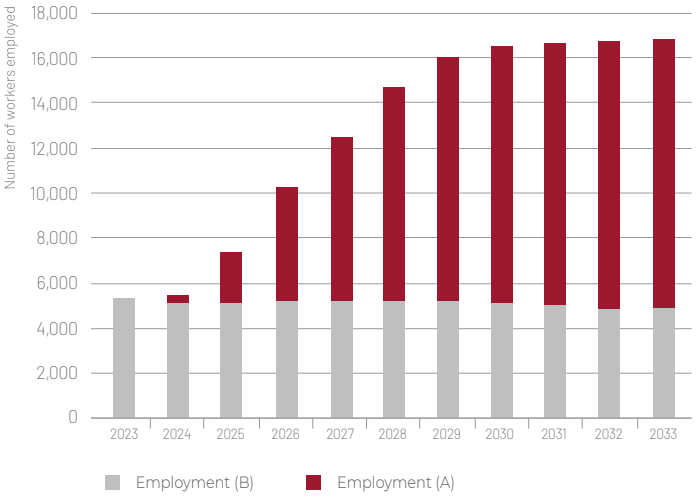
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 5,300 individuals employed in onsite construction in 2023 in the province's residential construction industry. Approximately 19% worked in residential maintenance, 55% in renovations, and 26% in new home construction. The Baseline scenario calls for a decline in overall employment of 8% over the forecast period. By 2033, maintenance and renovation related employment increase to 20% and 54% respectively, whereas new home construction remains at 26%.

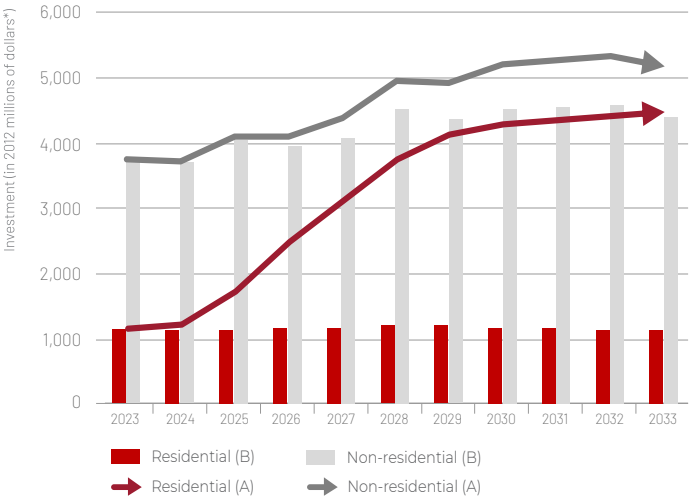
To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 218% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 9% share of total employment, renovations 26%, and new home construction 65%. See Figure 10.

FIGURE 10: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, NEWFOUNDLAND AND LABRADOR



Source: Statistics Canada, BuildForce Canada (2024-2033)

FIGURE 11: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, NEWFOUNDLAND AND LABRADOR



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will be 7% higher by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 24%, a full 17-percentage point rise over the baseline.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

Under the Baseline scenario, residential construction investment is forecast to decrease in 2024 and rebound in 2025 to a forecast peak in 2028. Thereafter, investment declines modestly, falling below 2023 levels by 2032. The Baseline scenario calls for investment levels to be 1% lower in 2033 than 2023 levels.

The Alternative scenario projects investment levels will rise steadily commencing in 2024 and throughout to a forecast peak in 2033. Compared to 2023 levels, investment in 2033 will be 289% higher.

The Baseline scenario projects non-residential investment by 2033 will be 17% higher than 2023 levels. Under the Alternative scenario, investment experiences more robust growth, rising by 38% over the forecast period, an increase of 21 percentage points over the Baseline scenario. See Figure 11.

COMPETING PRESSURES

Newfoundland and Labrador is also in the middle of a transition away from fossil fuel sources for home heating and cooling. While fossil fuel heating accounts for only 24% of heating sources in the province, a vast majority of homes are currently heated by electrical baseboard heaters. As baseboard heaters are less efficient than other electrical heating sources, such as heat pumps, a number of homes may be engaged in substantial home renovations during this period that may draw significantly on the residential workforce.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

Preliminary results from this report estimate that Newfoundland and Labrador could require an additional 670 tradespeople to undertake this work by 2032. Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, electricians, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing in Newfoundland and Labrador may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

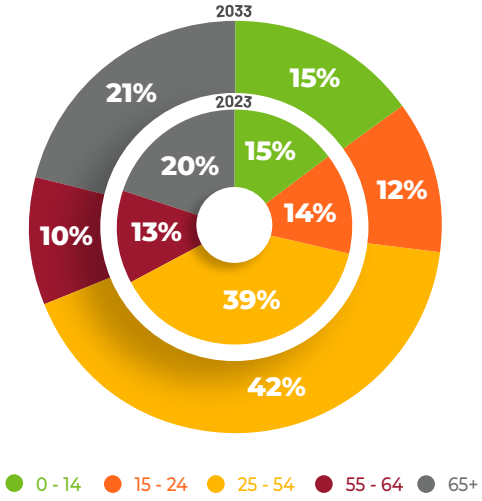
PRINCE EDWARD ISLAND

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO

Source: BuildForce Canada, 2024

FIGURE 12: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033
PRINCE EDWARD ISLAND



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

Provincial Trends

Population Age Structure

Prince Edward Island is experiencing a shift in its population age structure.

Figure 12 shows that the share of people aged 15 to 24 years of age and who are about to enter the province's labour force comprised 14% of the population in 2023. That figure is projected to contract to 12% by 2033. Over the same period, the share of the population over age 65 and mainly retired is projected to grow from 20% to 21%.

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

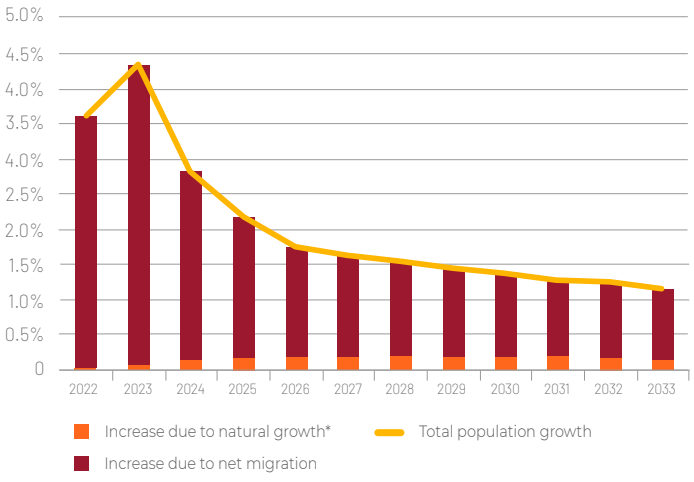
Due to immigration, PEI's population has been growing, shifting the population age structure and increasing the core-working age population. This has helped create a positive natural rate of population growth. Since 2019, the province has welcomed 12,230 permanent residents through immigration.

The population increased significantly in 2023 with an unexpected surge in the number of permanent and non-permanent residents from international sources, combined with positive net interprovincial migration. Many non-permanent residents are international students who may choose to obtain permanent residence status after graduation.

Although these levels are unlikely to be sustained, the province will benefit from the newly expanded federal Immigration Levels Plan through 2025. Moreover, with many immigrants coming to Prince Edward Island in their prime child-bearing years, upward growth in the province's rate of natural population growth is expected throughout the forecast period. They will also be essential to supporting growth in the province's core working-age group of 25 to 54 years of age, and may help to ease labour-market pressures over the decade should these individuals choose to stay in the province.

Figure 13 shows the various factors affecting population growth in PEI over the forecast period.

FIGURE 13: COMPONENTS OF POPULATION CHANGE, 2024–2033
PRINCE EDWARD ISLAND



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 76,998 housing dwellings in the province in Q3 of 2023. The mix of the housing is captured in Table 6.

TABLE 6: HOUSING STOCK IN THE PROVINCE, Q3–2023, PRINCE EDWARD ISLAND

	TOTAL UNITS	% SHARE
Total dwellings	**76,998**	**100%**
Single-detached	52,988	69%
Semi-detached	4,096	5%
Row	3,177	4%
Multi-units	13,609	18%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Vacancy Rates

CMHC reported the rental vacancy rate in communities with populations larger than 10,000 in the province was 0.8% in October 2022. This is down from 2021 levels, when the rate was 1.5%. In Charlottetown, the largest Census Metropolian Area in the province, the vacancy rate was also 0.8% in October 2022.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Household formation levels have charted a strong upward trend in Prince Edward Island largely due to high levels of immigration, and to the province's relatively low cost of living compared to other regions of the country.

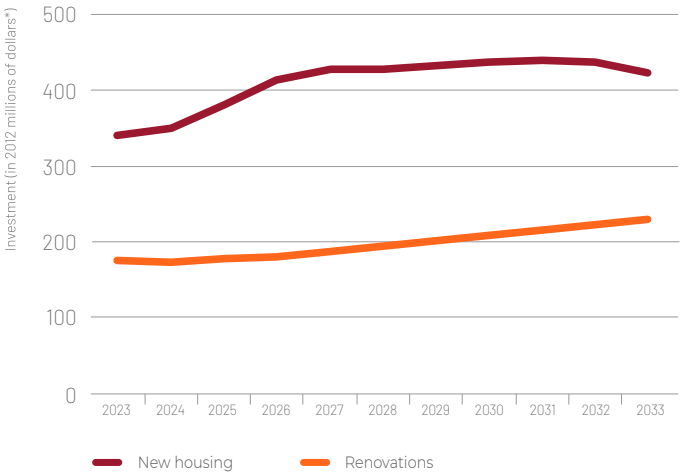
The influx of arrivals from elsewhere in Canada and abroad helped to elevate housing starts to a peak of 1,500 units in 2019. That figure is more than double the level reported as recently as 2016. New housing investment levels responded accordingly.

Although they have subsided since, new-home construction levels have remained elevated at more than 1,000 units in each year through 2023. The most recent surge in household formation recorded in 2022 and 2023 will help to return new-housing construction levels to growth and sustain them at elevated levels of more than 1,300 units annually for most of the forecast period. Much of this growth occurs in the single-family home component, where starts are projected to increase in every year to 2032. Multi-unit starts are expected to see more fluctuation across the forecast period, with demand driven by low rental vacancy rates, high demand from newcomers, and the comparative affordability of these unit types.

Residential Investment

Investment in the province's residential sector will be driven by strong growth in the new housing and renovations and maintenance components. Despite the impact of higher interest rates on consumer demands, new housing is expected to rise in 2024 and then continually rise to 2031. Renovation investment remains neutral in 2024, but then rises continuously to 2033. By 2033, investment levels in both new housing and renovations are projected to increase by 25% and 31%, respectively. Figure 14 shows housing investment over the forecast period.

FIGURE 14: BASELINE RESIDENTIAL INVESTMENT, 2024–2033 PRINCE EDWARD ISLAND



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

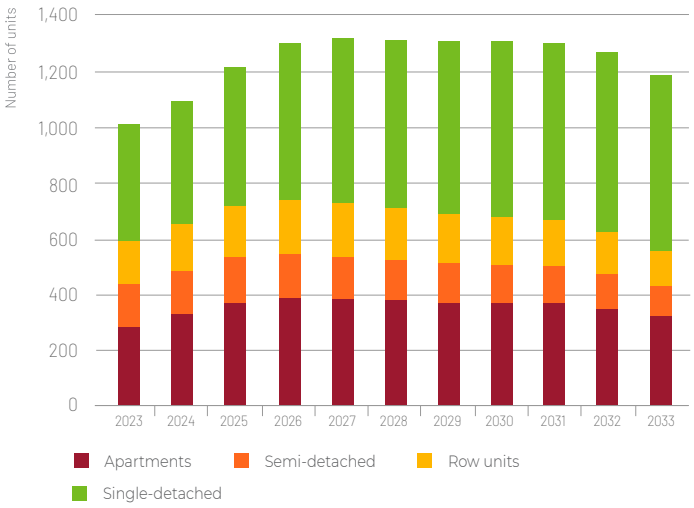
Source: BuildForce Canada (2024-2033)

Housing Starts

Over the forecast period, an estimated 12,300 housing unit starts are expected. The dominant type of housing unit in the province remains single-detached homes. The increase in immigration to the province over the past several years has put pressure on the housing market, leading to an increase in the number of multi-unit homes built. While single-detached homes are expected to remain prominent, apartment and row homes will see a marginal increase in the medium term, but then decline in the latter years of the forecast as housing supply adjusts to population requirements.

Through most of the 2010s, multi-unit housing accounted for between 30% to 45% of total housing starts. By 2024, multi-units are projected to account for 60% of total housing starts, with multi-units making up 30% of the total. However, this trend is expected to moderate over the forecast period, declining to 47% by 2033, with multi-units retreating to 28%. Figure 15 shows the mix of housing projected to be built over the forecast period in the province.

FIGURE 15: BASELINE, HOUSING STARTS BY TYPE, 2024–2033, PRINCE EDWARD ISLAND



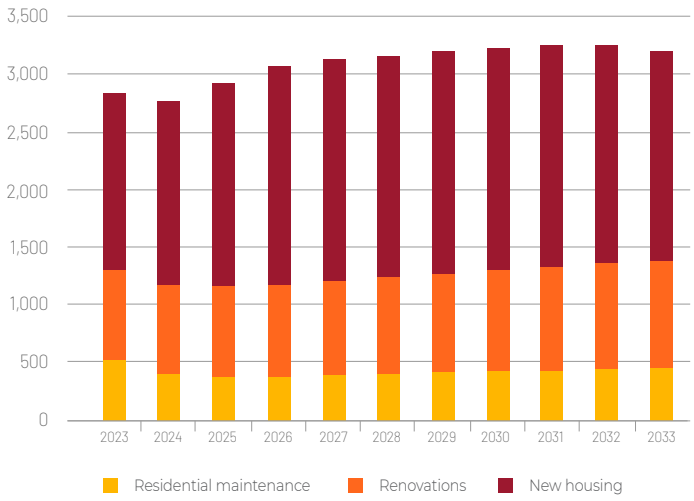
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

Residential Onsite Employment

Employment in PEI's residential sector has been increasing over the past several years, peaking in 2022 on the strength of a significant rise in housing starts. Since then, employment has declined slightly due in part to a downturn in demand resulting from the interest rate increases seen in 2022 and 2023.

Over the forecast period, employment is projected to decline slightly in 2024 but then rise throughout to 2032. New housing remains the largest employment segment, accounting for more than half of all residential employment in Prince Edward Island. Over the forecast period, new housing employment is projected to rise by 18%. While a smaller component, renovation employment is expected to rise throughout the forecast, increasing by 21% over 2023 levels. Maintenance employment, which has been elevated due to above average demands created by Hurricane Fiona, is projected to return to historically normal levels by 2026. See Figure 16 for employment changes by residential construction segment.

FIGURE 16: BASELINE, RESIDENTIAL EMPLOYMENT BY SEGMENT, 2024–2033, PRINCE EDWARD ISLAND



Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

Strong regional demands for residential construction workers from neighbouring provinces will maintain workforce pressures in Prince Edward Island throughout most of the forecast period. The transition away from fossil fuels for heating will also create competing demand for workers. Approximately 59% of the province's homes rely on fossil fuels for their heating needs, with 37% of homes currently heated by heating oil. While approximately 41% of the province's homes are heated by electric heating equipment, a vast majority are using inefficient electric baseboard heaters, with only 3% currently heated by heat pumps. Converting away from fossil fuel heating sources to electrical sources will place significant demands on the renovation and maintenance workforce.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

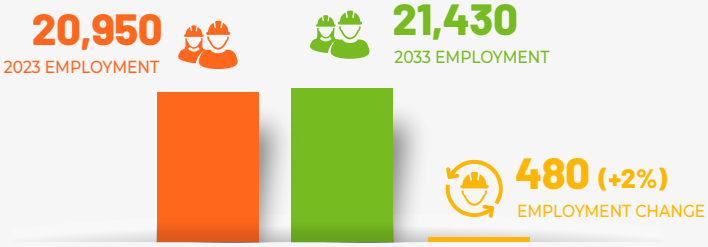
Preliminary results from this report estimate that Prince Edward Island could require an additional 250 tradespeople to undertake this work by 2032. Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, electricians, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing and renovate PEI's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

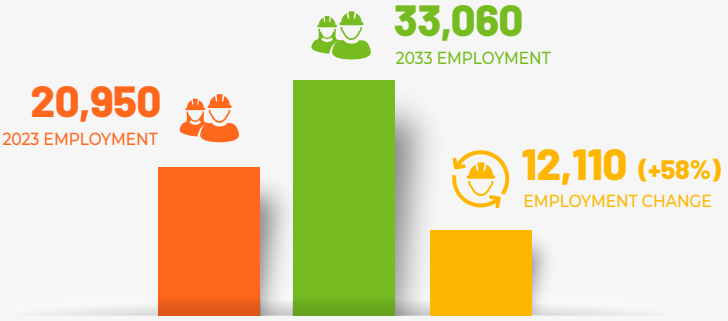
NOVA SCOTIA

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



ALTERNATIVE SCENARIO



Source: BuildForce Canada, 2024

Provincial Trends

Population Age Structure

Like most provinces, Nova Scotia is experiencing a shift in its population age structure.

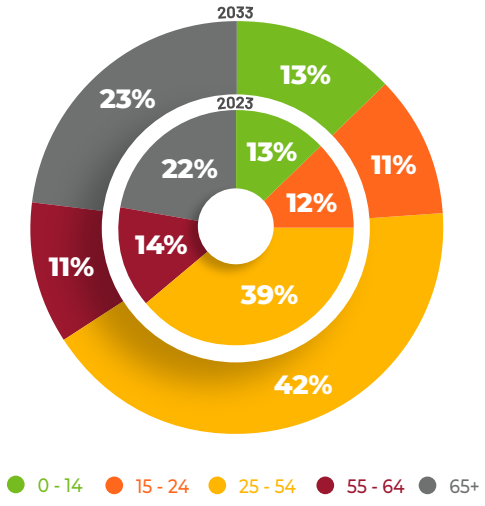
Figure 17 shows that the share of people aged between 15 and 24 years of age and who are about to enter the province's labour force comprised 12% of the population in 2023. That figure is expected to drop to 11% by 2033. Over the same period however, the share of the population over 65 years of age and mainly retired is projected to grow from 22% to 23%.

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

Meanwhile, Nova Scotia is faced with the additional challenge of an aging population. The province's natural rate of population growth has been negative since 2013, and is trending downward. See Figure 18.

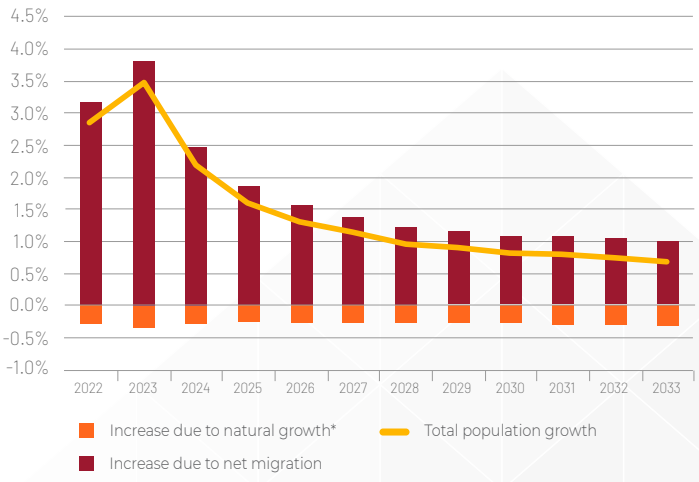
As a result, net in-migration has become the sole source of population growth in the province. Since 2019, the province has welcomed 43,420 permanent residents through immigration. Levels spiked in 2022 when the province saw a major influx of both permanent and non-permanent residents. Many in the latter group are students who could choose to obtain permanent residency status after graduation.

FIGURE 17: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033
NOVA SCOTIA



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

FIGURE 18: COMPONENTS OF POPULATION CHANGE, 2024–2033
NOVA SCOTIA



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 486,039 housing dwellings in the province in Q3 of 2023. The mix of the housing is captured in Table 7.

TABLE 7: HOUSING STOCK IN THE PROVINCE, Q3–2023, NOVA SCOTIA

	TOTAL UNITS	% SHARE
Total dwellings	**486,039**	**100%**
Single-detached	310,980	64%
Semi-detached	23,230	5%
Row	12,171	3%
Multi-units	121,994	25%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Nova Scotia was $390,000 in November 2023. This makes Nova Scotia Canada's sixth-most affordable housing market.

Vacancy Rates

CMHC reported a rental vacancy rate of 1% in communities with populations over 10,000 in the province in October 2022. This was down from the rate of 1.2% recorded in 2021. The rate in Halifax, the province's largest Census Metropolitan Area, remained at 1% in 2022.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Housing starts enter the forecast period on a downward trend. After reaching a high of just under 6,000 units in 2021, start levels contracted as interest rates rose in late 2022 and through 2023. Contractions have been greatest among single-family homes, which tend to be more expensive than multi-unit builds. As a result, single-detached units have contracted as a share of total housing starts in the province.

The outlook calls for a contraction in residential investment into 2024 as housing starts recede further. Investment is projected to return to growth after 2025 and remain at an elevated level through 2031. Growth is strongest among construction of single-detached units during this period, which reach a peak in 2031. Multi-unit starts, meanwhile, remain at an elevated level to 2028 before contracting through to the end of the decade with slowing population growth. These are supported by historically low rental vacancy rates in some urban areas, as well as an influx of permanent and temporary residents from outside the country, many of whom choose to rent properties before buying. Over the forecast period, a total of 53,200 units are expected to be built.

Finally, renovation activity is projected to experience growth through the forecast period as interest rates stabilize and incomes adjust.

Residential construction employment surged by 16% in 2022 as the industry contended with significant growth in renovation and new-housing construction. Employment pulled back slightly in 2023 and is expected to do so again in 2024, given declines in new-housing construction and stable renovation activity. A period of growth follows as renewed demands for renovation and new housing projects push industry employment higher. Although employment in new housing rises strongly between 2024 and 2028, it fails to return to 2023 levels, and contracts by 11% over the forecast period.

Despite this decline, overall employment grows on the strength of additional renovation and maintenance related employment, which increase by 11% and 14% respectively over the forecast period. After reaching a forecast peak in 2031, overall employment is projected to be 2% higher in 2033 than levels recorded in 2023.

Further housing start contractions are projected for 2024, with most losses projected among single-detached units. As a result, labour market conditions are projected to weaken for trades and occupations concentrated in low-rise single-family builds, but recruiting challenges are expected to persist for trades and occupations more involved in the construction of high-rise apartment buildings.

Growth resumes in 2025 and creates new recruiting challenges among several trades and occupations.

Labour markets are expected to return to balance after 2026, as demand for more labour-intensive single-detached homes cools to the end of the forecast period.

ALTERNATIVE SCENARIO, 2024–2033

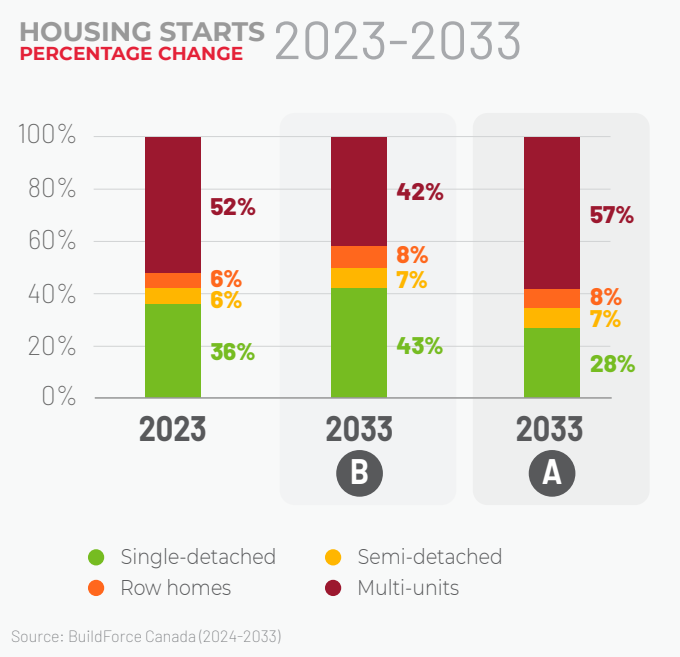
NOVA SCOTIA	UNITS
CMHC Housing Supply Gap	70,000
Baseline Projected Housing Starts	53,200
Alternative Projected Housing Starts	123,200

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The identified housing supply gap in the province is 70,000 units and the Baseline scenario projects 53,200 units will be started in the province between 2024 and 2033. To accommodate the housing supply gap, housing starts will need to increase by 132% over the Baseline scenario. The Alternative scenario projects that between 2024 and 2033, a total of 123,200 housing starts will have been undertaken in the province, a rise from just over 5,500 units in 2023 to just over 14,300 units by 2033 or a 159% increase.

IMPACT ON HOUSING STARTS

Housing starts in the province are dominated by multi-unit construction accounting for 52% of total starts in 2023.

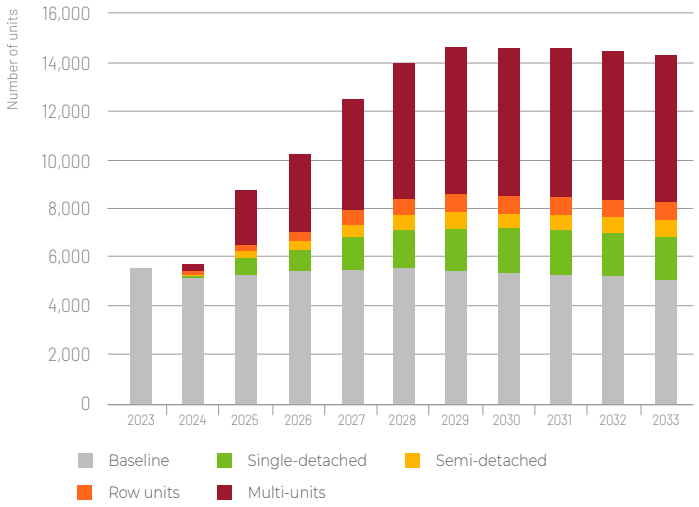


Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a slight decline in the share of multi-unit housing starts over the forecast period. The beneficiaries of this decline are semi-detached and row units, which increase their share from 6% each in 2023, to 7% and 8% respectively by 2033. Single-detached units also rise to a 43% share of total annual housing starts.

To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 28% of total starts, whereas multi-units will increase to 57%. Semi-detached and rows maintain their Baseline scenario gains. Figure 19 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

FIGURE 19: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, NOVA SCOTIA



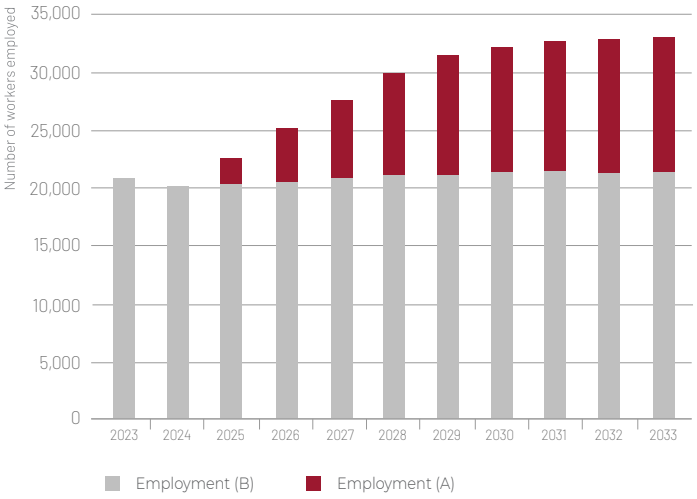
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 20,950 individuals employed in onsite construction in 2023 in the province's residential construction industry. Approximately 16% worked in residential maintenance, 42% in renovations, and 42% in new home construction. The Baseline scenario calls for an increase in overall employment of 2% over the forecast period. Maintenance and renovation related employment increase to 17% and 46% respectively, whereas new home construction declines to 37%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 58% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 13% share of total employment, renovations 34%, and new home construction 53%. Figure 20 projects employment growth on the Alternative scenario over the Baseline scenario.

FIGURE 20: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, NOVA SCOTIA



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will be 8% higher by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 16%, an eight-percentage point rise over the baseline.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

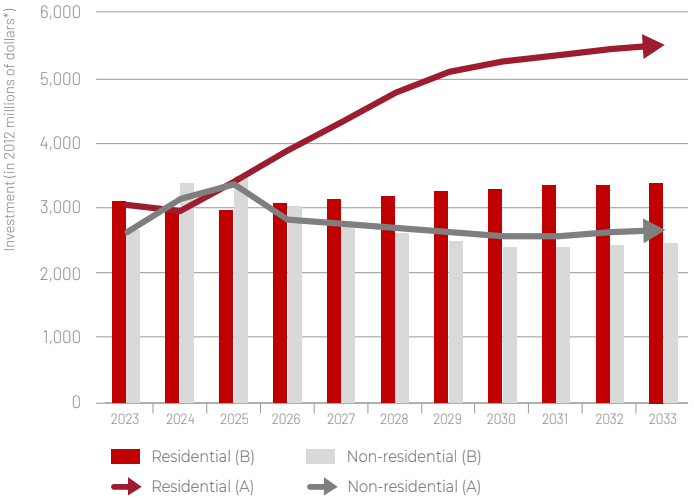
The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

Under the Baseline scenario, residential construction investment is forecast to decrease in 2024 and only rise above 2023 levels in 2027. Investment thereafter continues to grow and peaks in 2033. When contrasted against 2023 levels, investment in the residential sector will be 10% higher by 2033.

The Alternative scenario projects investment levels will rise steadily commencing in 2025, surpassing 2023 levels, and then continue to rise steadily to a forecast peak in 2033. Compared to 2023 levels, investment will be 79% higher in 2033.

The Baseline scenario projects non-residential investment begins rising in 2024 to a peak in 2025. Thereafter, investment moderates with levels falling below 2023 in 2028. By 2033, investment levels are down 7% from 2023 levels. Under the Alternative scenario, investment experiences a similar peak in 2025 and moderates thereafter to 2033, but finishes the forecast period 1% higher than the 2023 baseline, an increase of eight percentage points over the Baseline scenario. See Figure 21.

FIGURE 21: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, NOVA SCOTIA



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

A shift away from fossil-fuel-burning heating sources in Nova Scotia is underway. However, approximately 50% of homes are still dependent on fossil fuels for heating their homes, while the other 50% use electricity although primarily inefficient baseboard heaters. As efforts to replace fossil-fuel-burning heating sources accelerate, the demands on the residential renovation and maintenance workforce will increase. This will have an impact on recruitment and will create competition among all three segments of construction for the same skilled trade workforce.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

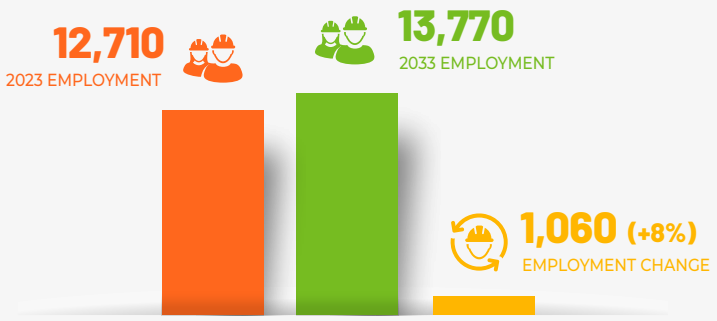
Preliminary results from this report estimate that Nova Scotia could require an additional 1,830 tradespeople to undertake this work by 2032. Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, gas fitters, electricians, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing and renovate Nova Scotia's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

NEW BRUNSWICK

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



Source: BuildForce Canada, 2024

Alternative Scenario

For New Brunswick, there is no Alternative scenario. CMHC forecasts that new home construction is proceeding at a rate that will not create any housing supply shortage by 2030. New Brunswick maintains the most affordable housing market in Canada. The average price for a home in the province was $287,900 in November 2023.

Provincial Trends

Population Age Structure

New Brunswick is experiencing a shift in its population age structure.

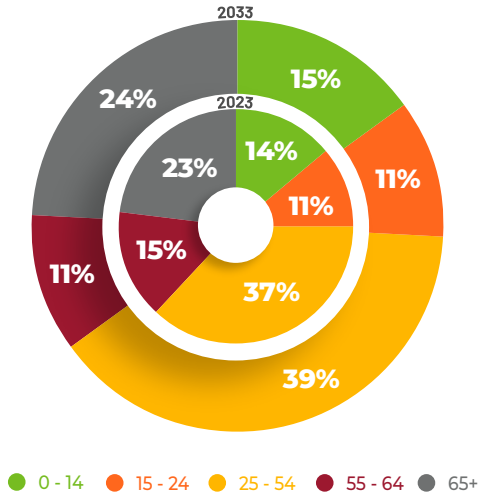
Figure 22 shows that the share of people aged between 15 and 24 years of age and who are about to enter the province's labour force comprised 11% of the population in 2023. That figure is expected to remain unchanged by 2033. Over the same period, however, the share of the population over 65 years of age and mainly retired is projected to grow from 23% to 24%.

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

Meanwhile, New Brunswick is faced with the additional challenge of an aging population. The province's natural rate of population growth has been negative since 2015, and is trending downward.

As a result, net in-migration has become the sole source of population growth in the province. Since 2019, the province has welcomed 34,670 permanent residents through immigration. Levels spiked in 2022 and 2023 when the province saw a major influx of both permanent and non-permanent residents. Many in the latter group are students who could choose to obtain permanent residency status after graduation.

FIGURE 22: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033
NEW BRUNSWICK

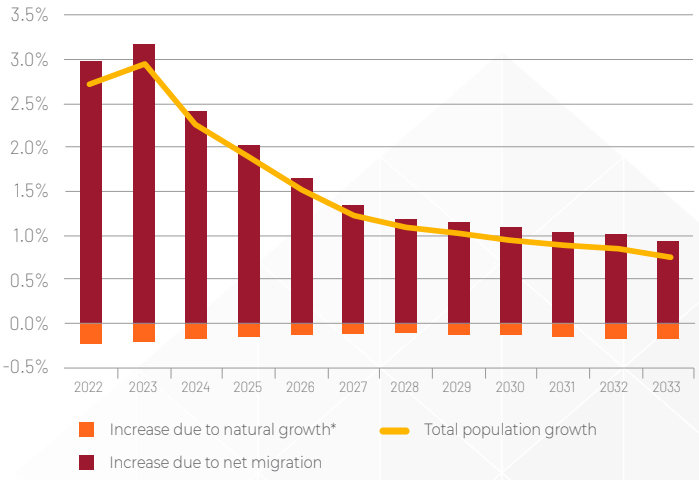


Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

Although these rates of growth are unlikely to be sustained, New Brunswick will benefit from the federal government's increased immigration targets for 2024 and 2025. Moreover, with many immigrants coming to the province in their prime working- and child-bearing ages, the natural rate of population growth should benefit from some upward pressure. Increasingly, immigrants will be essential to supporting growth in the province's core working-age group of 25 to 54 years of age, and may help to ease labour-market pressures over the decade.

Figure 23 shows the various factors affecting population growth in New Brunswick over the forecast period.

FIGURE 23: COMPONENTS OF POPULATION CHANGE, 2024–2033
NEW BRUNSWICK



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 371,143 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 8.

TABLE 8: HOUSING STOCK IN THE PROVINCE, Q3–2023, NEW BRUNSWICK

	TOTAL UNITS	% SHARE
Total dwellings	**371,143**	**100%**
Single-detached	250,061	67%
Semi-detached	14,756	4%
Row	10,543	3%
Multi-units	80,333	22%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, New Brunswick was the most affordable housing market in Canada in 2023.

Vacancy Rates

CMHC reported a rental vacancy rate of 1.9% in communities with populations over 10,000 in the province in October 2022. This was up from the rate of 1.7% recorded in 2021. The rate in Moncton was 1.7% in October 2022, and 1.6% in Saint John.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

New Brunswick's residential sector has benefitted in recent years from elevated levels of migration, both from abroad and from other provinces. Household formation has been generally trending upward since 2015, and rose sharply in 2022 with an influx of permanent and temporary residents. These trends, combined with historically low interest rates, combined to elevate housing starts to a new peak of nearly 4,700 units in 2022.

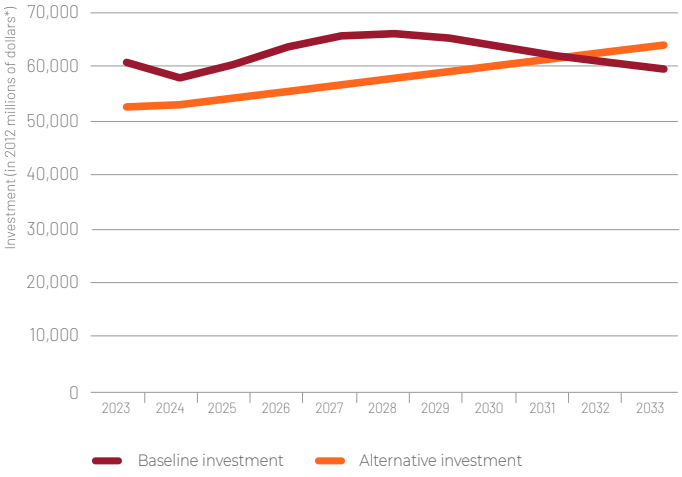
Although household formation surged again in 2023 with the arrival of even more permanent and temporary residents, housing starts stepped down in response to interest rate pressures. Starts are expected to contract again in 2024, although modestly, before they return to growth through 2029. Of note is the effect of interest rate pressures on the market for single-detached housing. As recently as 2018, these unit types comprised 50% of total housing starts in the province. By 2025, they are projected to account for just 27%. In later years, they stabilize at between 30% and 40%. Interest rate pressures have increased demand for multi-unit units. So too has immigration, as newcomers tend to rent housing before they buy.

Investment

Single-detached housing starts are projected to contract to a low of 970 units in 2024 before rising almost continuously across the remainder of the forecast period. Multi-units will follow almost the opposite trend, rising to an elevated level in 2025 before declining gradually to 2033. Renovation activity, meanwhile, is projected to rise steadily throughout the 10-year outlook.

Figure 24 shows the anticipated renovation and new-housing investment trends for residential construction.

FIGURE 24: BASELINE RESIDENTIAL INVESTMENT, 2024–2033 NEW BRUNSWICK



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: BuildForce Canada (2024-2033)

Housing Starts

The housing mix in New Brunswick has changed significantly over the past decade. In 2018, single-detached units accounted for 50% of total starts, whereas multi-units made up approximately 35%. In 2023, the share of single-detached units had declined to 30%, while multi-units made up 53% of total housing starts. Rising immigration levels to the province and higher levels of inter-provincial migration has been partly responsible for this trend. The relative affordability of housing in the province has made it an attractive destination and helped increase overall demand for housing in the province. Housing starts have been rising since 2016 and peaked in 2022 at 4,700 units. Starts retreated in 2023, but remained near 2021 levels.

Housing starts are expected to soften slightly in 2024, but then rise continuously to just under 4,000 units by 2027. Thereafter, starts decline out to 2033, falling 8% from 2023 levels. During this period, the market for single-detached units is expected to rebound, rising to 44% of total starts by 2033. Apartment units retreat to 43% of total housing starts by 2033, which is down 10% from 2023. Figure 25 charts housing starts by type over the forecast period.

FIGURE 25: BASELINE, HOUSING STARTS BY TYPE, 2024–2033
NEW BRUNSWICK

Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

Residential Employment

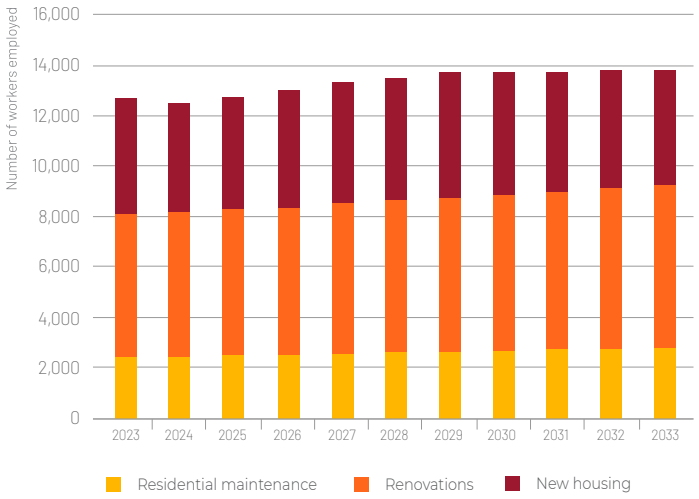
Residential construction employment reached a peak of nearly 13,000 workers in 2022, driven by strong demand for housing starts and renovation work. Employment stepped down in 2023 with the effects of rising interest rates on both. A further weakening is projected for 2024 before the outlook calls for employment to rise strongly into 2030 as housing starts return to growth and renovation demands remain elevated.

By the end of the decade, employment is projected to be 8% higher than 2023 levels. Although employment in new housing rises strongly through to 2029, it ends the forecast period at 2% below 2023 levels. The impact on overall employment is entirely offset by rising employment levels in both the renovation (14%) and maintenance (15%) sectors. See Figure 26 for residential employment growth by segment.

COMPETING PRESSURES

The transition away from fossil fuels for heating is underway in New Brunswick. Just 29% of homes in the province are dependent on fossil fuels for the heating needs. However, although

FIGURE 26: BASELINE, RESIDENTIAL EMPLOYMENT BY SEGMENT, 2024–2033, NEW BRUNSWICK



Source: BuildForce Canada (2024-2033)

71% of New Brunswick's housing stock is already heated by electricity, most of this is represented by inefficient baseboard heaters. Many of these are likely to be converted to heat pumps over the coming decade. While the ongoing transition to electric heating sources will pull on the renovation and maintenance workforce, the demands should be mostly managed with the existing labour force.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

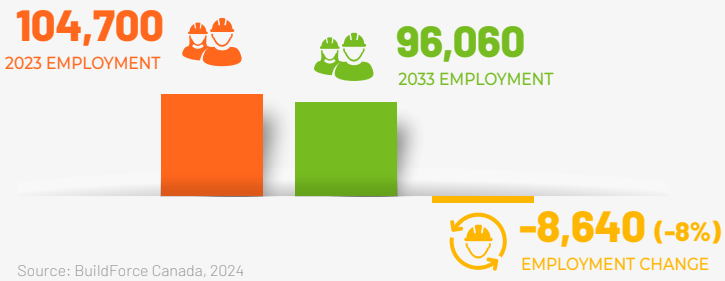
Preliminary results from this report estimate that New Brunswick could require an additional 1,030 tradespeople to undertake this work by 2032. As homes in the province are already mostly heated by green energy sources, much of the additional demands stem from energy efficiency retrofits to reduce heat loss. Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, windows and doors installers, plasterers and drywallers, painters, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing and renovate New Brunswick's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

QUEBEC

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



Source: BuildForce Canada, 2024

ALTERNATIVE SCENARIO

Provincial Trends

Population Age Structure

Quebec is experiencing a shift in its population age structure.

Figure 27 shows that the share of the population that is 65 years of age and older is expected to rise, from 21% in 2023 to 24% in 2033. Meanwhile, the share of younger workers (i.e., those aged between 15 and 24 years of age) is expected to increase by just one percentage point – from 11% to 12% – over the same period. recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

This trend will create challenges regarding future labour force recruitment as the number of workers leaving the labour force exceeds those available to replace them. This will place significant pressure on all industries as the competition for younger workers will intensify.

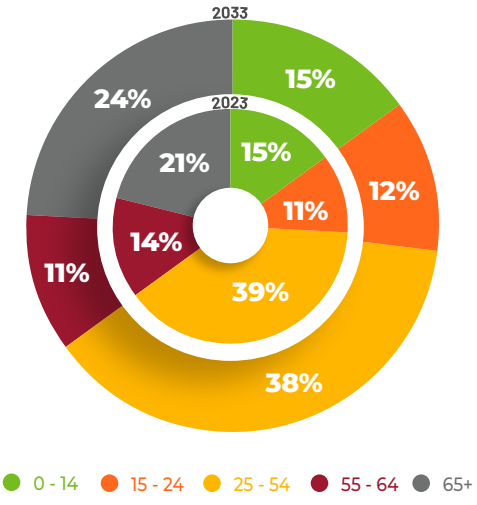
Quebec is also faced with the challenge of a population that is generally older than the national average. Although its natural rate of population growth remains positive, this indicator has seen significant declines in the last decade.

As a result, immigration has become a key source of population growth. Since 2019, the province has welcomed 234,960 permanent residents through immigration. Levels spiked in 2023 when the province saw a major influx of both permanent and non-permanent residents. Many in the latter group are students who could choose to obtain permanent residency status after graduation.

Although these rates of growth are unlikely to be sustained, Quebec will also benefit from the federal government's increased immigration targets for 2024 and 2025. Increasingly, newcomers will be essential to supporting growth in the province's core working-age group of 25- to 54-year-olds, and may, if they choose to establish themselves in the province, help ease labour-market pressures over the decade.

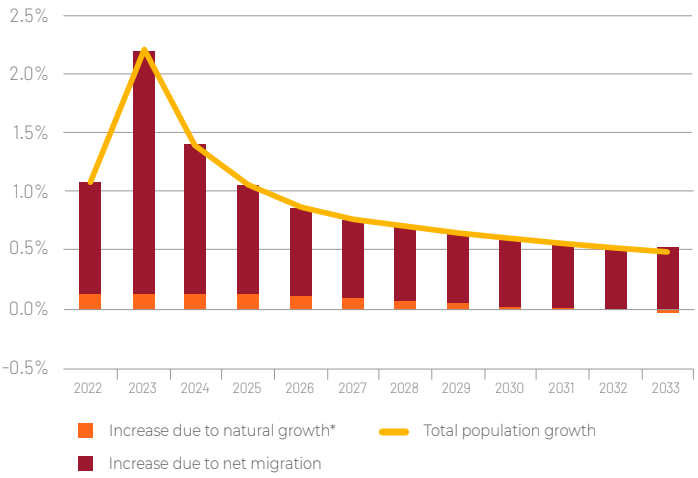
Figure 28 shows the various factors affecting population growth in Quebec over the forecast period.

FIGURE 27: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033 QUEBEC



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

FIGURE 28: POPULATION GROWTH BY COMPONENT, 2024–2033
QUEBEC



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 4,148,188 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 9.

TABLE 9: HOUSING STOCK IN THE PROVINCE, Q3–2023, QUEBEC

	TOTAL UNITS	% SHARE
Total dwellings	**4,148,188**	**100%**
Single-detached	1,852,693	45%
Semi-detached	211,519	5%
Row	106,057	3%
Multi-units	1,949,767	47%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Quebec was $485,407 in November 2023. This makes Quebec the third-most expensive market in Canada.

Vacancy Rates

CMHC reported a rental vacancy rate of 1.7% in communities with populations over 10,000 in the province in October 2022. This was down from the rate of 2.5% recorded in 2021. With the exception of Montreal, vacancy rates in the province's largest cities in October 2022 were far below the provincial average: Gatineau at 0.8%; Saguenay at 0.9%; Sherbrooke at 0.9%; and Trois-Rivieres also at 0.9%. Quebec City recorded a rate of 1.5%, whereas Montreal's rate was 2%.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Residential investment levels peaked in Quebec in 2021, driven by elevated levels of household formation in 2018 and 2019, record-low interest rates, and strong demand for residential renovations.

Investment contractions of 10% in 2022 and nearly 14% in 2023 were driven by rising interest rates and reduced consumer confidence. The outlook across the forecast period sees investment levels remain relatively unchanged to 2033.

New-housing investment, which was elevated in 2021, saw significant contractions in 2022 and 2023. Housing starts in particular decreased by more than 40% in the last two years. Housing starts levels are expected to remain relatively unchanged in 2024 before declining through to the end of the forecast period with slowing population growth.

The outlook for renovation activity tells a different story. Investment levels are expected to chart a steady upward trend across the forecast period, with growth supported by a combination of factors, including the expense of new housing, the province's aging housing stock, and people preferring to remain in their residences as they age.

The combination of these factors leaves overall residential employment down by 8% in 2033 compared to 2023 levels. Losses will be concentrated in new housing related employment (-28%), while renovation employment is projected to grow by 8% and maintenance employment by 1%.

ALTERNATIVE SCENARIO, 2024–2033

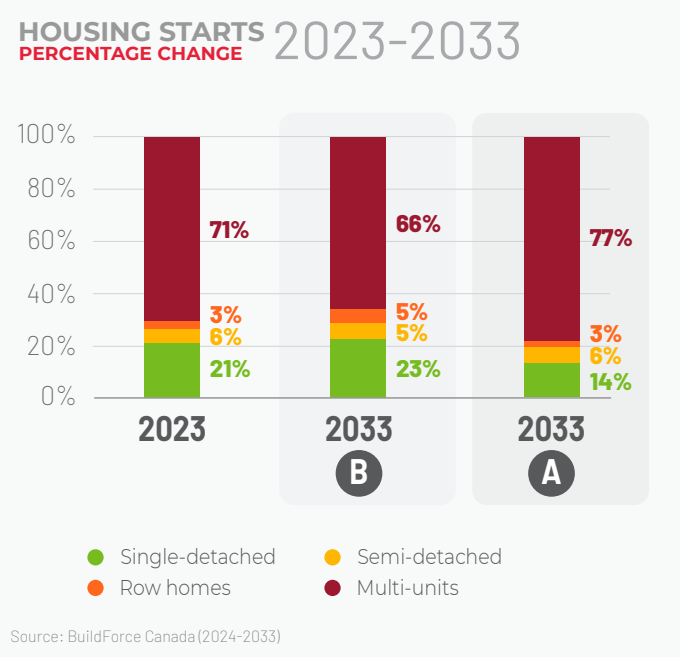
QUEBEC	UNITS
CMHC Housing Supply Gap	860,000
Baseline Projected Housing Starts	341,620
Alternative Projected Housing Starts	1,201,620

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The identified housing supply gap in the province is 860,000 units and the Baseline scenario projects 341,620 units will be started in the province between 2024 and 2033. To accommodate the housing supply gap, housing starts will need to increase by 252% over the Baseline scenario. The Alternative scenario projects that between 2024 and 2033, a total of 1.2 million housing starts will have been undertaken in the province, a rise from more than 39,000 units in 2023 to 143,800 units by 2033 or a 267% increase.

IMPACT ON HOUSING STARTS

Housing starts in the province are dominated by multi-unit construction accounting for 71% of total starts in 2023.



Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a slight decline in the share of multi-unit housing starts over the forecast period. The beneficiaries of this decline will be single-detached units that see their share rise to 23% of total annual housing starts.

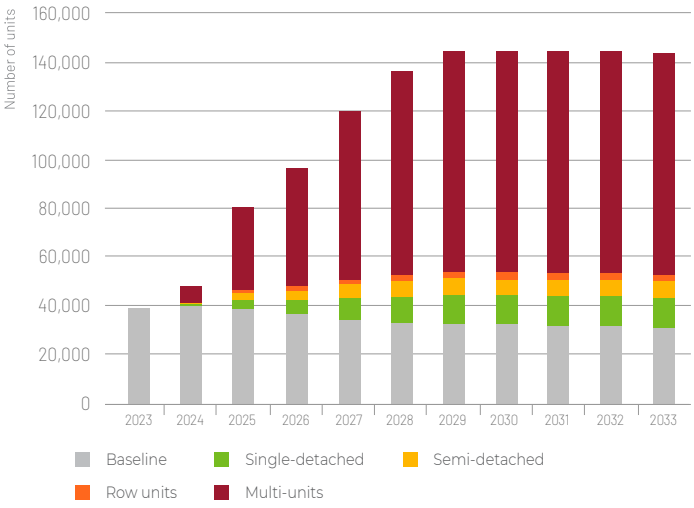
To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 14% of total starts, whereas multi-units will increase to 77%. Semi-detached and rows remain at 2023 levels. Figure 29 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 104,700 individuals employed in onsite construction in 2023 in the province's residential construction industry. Approximately 15% worked in residential maintenance, 48% in renovations, and 37% in new home construction. The Baseline scenario calls for a decline in overall employment of 8% over the forecast period. Maintenance and renovation related employment increase to 17% and 55% respectively, whereas new home construction declines to 29%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 75% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 11% share of total employment, renovations 34%, and new home construction 55%. Figure 30 projects employment growth on the Alternative scenario over the Baseline scenario.

FIGURE 29: ALTERNATIVE SCENARIO, HOUSING STARTS BY UNIT TYPE, 2024–2033, QUEBEC



Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

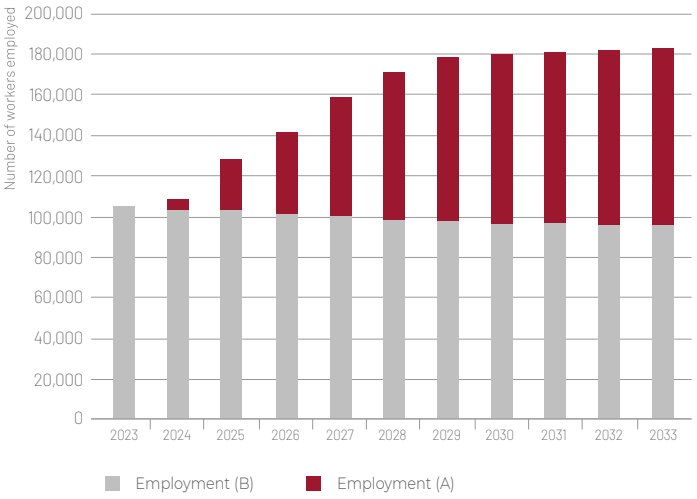
The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will be 1% lower by 2033. A similar comparison under the Alternative scenario projects employment will expand by 11%, a full 12-percentage point rise over the baseline.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

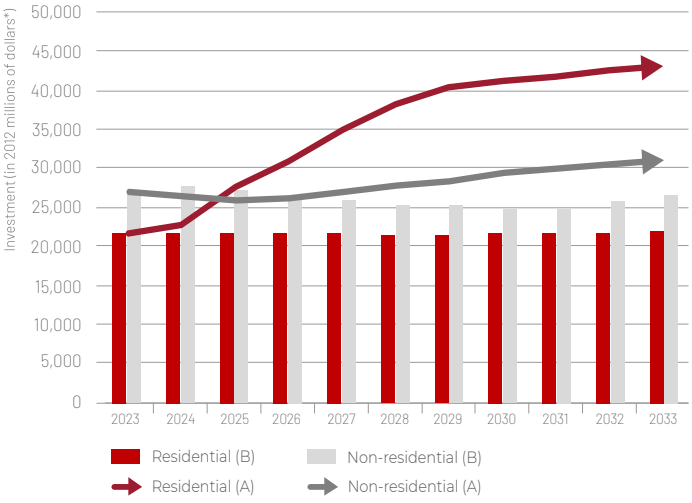
Under the Baseline scenario, residential construction investment is forecast to decrease moderately and consistently through to

FIGURE 30: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, QUEBEC



Source: Statistics Canada, BuildForce Canada (2024-2033)

FIGURE 31: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, QUEBEC



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

2029, rising only briefly above 2023 levels in 2025. In the last four years of the forecast, investment recovers, rising above 2023 levels in 2032 and peaking in 2033. When contrasted against 2023 levels, investment in the residential sector will be 1% higher by 2033.

The Alternative scenario projects investment levels will rise steadily commencing in 2024 and grow consistently to a forecast peak in 2033. Compared to 2023 levels, investment levels will be 97% higher in 2033.

The Baseline scenario projects non-residential investment will continue rising in 2024, but thereafter retreat for a forecast low in 2030. A brief upswing then occurs in the latter half of the scenario. By 2033, investment levels are down 2% from 2023 levels. Under the Alternative scenario, investment follows a similar initial path, but then accelerates after 2025 and surpasses 2023 levels in 2027. A forecast peak is reached in 2033, leaving investment levels up 15% over 2023 levels by 2033, a 17-percentage point increase over the Baseline scenario.

The Alternative scenario projects overall construction investment levels will be 52% higher in 2033 than the 2023 baseline. See Figure 31.

COMPETING PRESSURES

Quebec is also in the middle of a transition away from fossil fuel sources for home heating and cooling. While 71% of homes in the province are already heated by electricity, inefficient baseboard heaters make up the bulk of heating equipment in Quebec. Electrical baseboard heating is the dominant heating source at 64%, however, as baseboard heating is less efficient than other electrical heating sources, such as heat pumps, a number of homes may be engaged in substantial home renovations during the next decade that may draw significantly on the residential workforce.

The drive to switch from fossil fuels to electric sources for home heating will create significant challenges. It will draw on the residential maintenance and renovation workforce and become a significant competitor for workers with the required skills over the forecast period. If homeowners couple heating source fuel switching with energy efficiency retrofits to improve the overall energy efficiency of their homes, recruitment pressures on the sector will be intense and may undermine the capacity of the industry to recruit the workers it requires to meet the Alternative scenario new home construction goals.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

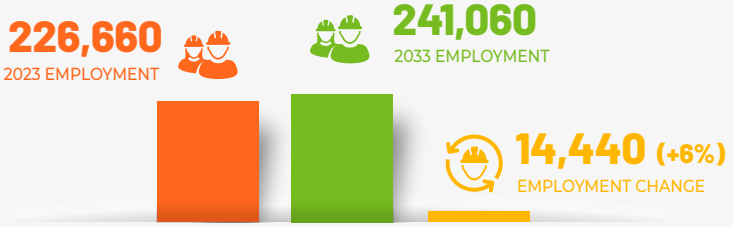
Preliminary results from this report estimate that Quebec could require an additional 9,400 tradespeople to undertake this work by 2032. As homes in the province are already mostly heated by green energy sources, much of the additional demands stem from energy efficiency retrofits to reduce heat loss. Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, windows and doors installers, plasterers and drywallers, painters, roofers, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing and renovate Quebec's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

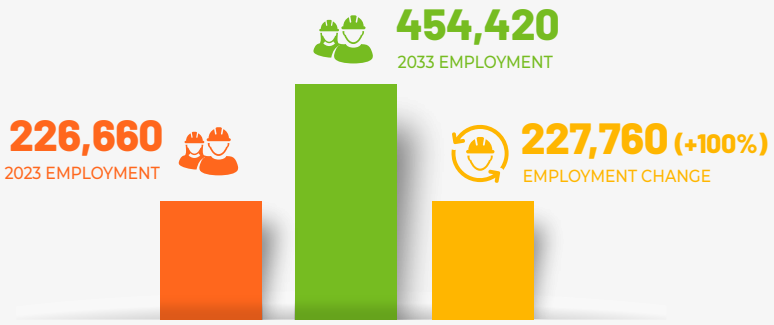
ONTARIO

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



ALTERNATIVE SCENARIO



Source: BuildForce Canada, 2024

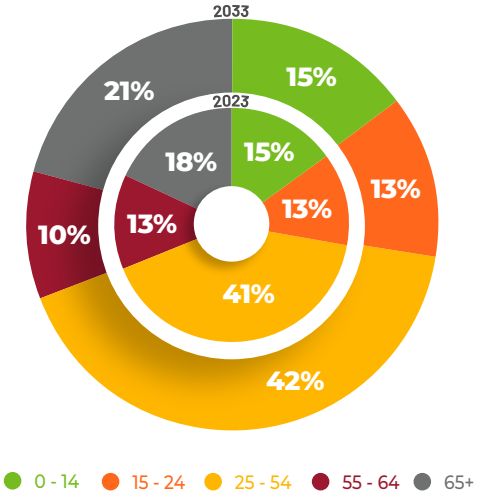
Provincial Trends

Population Age Structure

Ontario is experiencing a shift in its population age structure.

Figure 32 shows that the share of residents between 15 and 24 years of age and who are about to enter the province's labour force comprised 13% of the population in 2023. That figure is expected to remain unchanged across the forecast period. The share of the population over 65 years of age and mainly retired, however, is projected to grow from 18% to 21% during this same period.

FIGURE 32: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033 ONTARIO



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

Ontario's population is generally younger than the national average, which has helped to maintain a positive, although declining, natural rate of population growth.

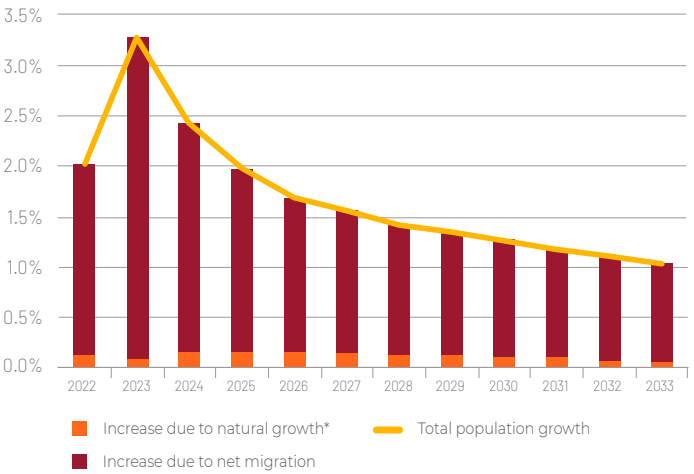
Since 2019, the province has welcomed 812,125 permanent residents through immigration, or 45% of the total number of permanent residents admitted to Canada during this period. The population has increased significantly since 2021, with approximately 575,800 permanent residents added to the provincial population. There has also been a significant rise in the number of foreign students admitted to study in Canada. Many of these international students may seek to obtain permanent residence status after graduation.

Although these levels are unlikely to be sustained, Ontario will benefit from the newly expanded federal Immigration Levels Plan through 2025. Moreover, given that many of these individuals are in their prime child-bearing years, upward growth in the province's rate of natural population growth is forecasted across the forecast period. They will also be essential to supporting growth in the province's core working-age group of 25 to 54 years of age, and may help to ease labour-market pressures over the decade.

The combination of these factors should sustain Ontario's annual population growth rate at between 1.5% and 2% across the short term, and above 1% through 2033.

Figure 33 shows the various factors affecting population growth in Ontario over the forecast period.

FIGURE 33: POPULATION GROWTH BY COMPONENT, 2024–2033 ONTARIO



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 6,103,069 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 10.

TABLE 10: HOUSING STOCK IN THE PROVINCE, Q3–2023, ONTARIO

	TOTAL UNITS	% SHARE
Total dwellings	**6,103,069**	**100%**
Single-detached	3,245,781	53%
Semi-detached	321,176	5%
Row	546,201	9%
Multi-units	1,967,675	32%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Ontario was $833,525 in November of 2023. This makes Ontario the second-most expensive housing market in the country.

Vacancy Rates

CMHC reported a rental vacancy rate of 1.8% in communities with populations over 10,000 in the province in October 2022. This was down from the 3.5% rate recorded in 2021. Table 11 shows vacancy rates in several large Ontario cities.

TABLE 11: RENTAL VACANCY RATES IN MAJOR ONTARIO CMAs, OCTOBER 2021 TO OCTOBER 2022, ONTARIO

CITIES	REGION	OCTOBER 2021	OCTOBER 2022
Barrie CMA	Central Ontario	1.6	2.1
Belleville CMA	Eastern Ontario	1.7	2.4
Brantford CMA	Central Ontario	2.0	1.5
Guelph CMA	Central Ontario	2.0	1.5
Hamilton CMA	Central Ontario	2.8	1.9
Kingston CMA	Eastern Ontario	1.4	1.2
Kitchener-Cambridge-Waterloo CMA	Central Ontario	2.0	1.2
London CMA	Southwest Ontario	1.9	1.7
St. Catharines-Niagara CMA	Central Ontario	1.9	2.8
Oshawa CMA	GTA	2.2	2.6
Ottawa-Gatineau CMA (Ont. part)	Eastern Ontario	3.4	2.1
Peterborough CMA	Central Ontario	1.0	1.1
Greater Sudbury/Grand Sudbury CMA	Northern Ontario	1.8	2.3
Thunder Bay CMA	Northern Ontario	3.3	1.6
Toronto CMA	GTA	4.6	1.6
Windsor CMA	Southwest Ontario	3.5	1.8

Vacancy rates in several Ontario cities remain under considerable pressure. Toronto and several neighbouring cities have seen considerable population growth, and land for new housing construction in the GTA has become scarcer, placing additional pressure on housing prices.

ALTERNATIVE SCENARIO, 2024–2033

ONTARIO	UNITS
CMHC Housing Supply Gap	1,480,000
Baseline Projected Housing Starts	949,180
Alternative Projected Housing Starts	2,429,180

BUILDFORCE CANADA ONTARIO REGIONAL OUTLOOK, 2024–2033

For Ontario as a whole, the identified housing supply gap in the province is 1.48 million units and the Baseline scenario projects 949,180 units will be started in the province between 2024 and 2033. To accommodate the housing supply gap, housing starts will need to increase by 156% over the Baseline scenario. The Alternative scenario projects that between 2024 and 2033, a total of 2.43 million housing starts will have been undertaken in the province, a rise from just over 88,700 units in 2023 to just over 286,400 units by 2033 or a 223% increase.

The BuildForce analysis for Ontario is divided into five separate regions[9]: Eastern Ontario, Northern Ontario, Central Ontario, the Greater Toronto Area, and Southwestern Ontario. Provincial housing supply gap targets have been apportioned to each region based on current housing start levels. Adjustments were also made to accommodate the types of housing required in each region based on inter-provincial and immigration patterns. The following sections review market conditions in each of the five regions.

EASTERN ONTARIO: BASELINE SCENARIO

Eastern Ontario's residential sector has been propelled by demand created by historically low interest rates and historically high levels of immigration. These combined to bring residential investment levels to a peak in 2021. They have stepped down since. Rising interest rates in 2022 and 2023 curbed housing affordability and contracted housing starts considerably. The outlook across the forecast period calls for investment levels to cycle down further into 2024 before returning to growth between 2025 and 2028.

Residential construction activity reached an investment peak in 2021, as low interest rates and strong consumer demand helped spur demand for both new housing and renovation work. Investment stepped down in 2022 as rising interest rates began to erode housing affordability, contracting housing starts in particular. The same trends affected the region's market in 2023 and are expected to do so again in 2024. The full effects of these shifts are being muted somewhat by the high levels of household formation caused by regional in-migration and international migration. They are also causing buyers to show preference toward more affordable multi-units over single-family housing.

Housing starts are expected to return to growth in 2025, beginning a cycle that carries through to 2028, and which is supported by strong population growth. Of note is the fact that although demand returns to single-family housing starts in this period, multi-unit starts are expected to account for more than 70% of the region's housing starts by the middle of the forecast period. Later years see starts slow as they re-align with household formation.

Renovation investment, meanwhile, slowed in 2023 and is expected to do so again in 2024, driven by rising construction costs and elevated interest rates. Investment levels trend upward after 2024, supported by anticipated improvements in household disposable income.

Table 12 shows the employment trends by sector for residential construction in Eastern Ontario.

TABLE 12: BASELINE, RESIDENTIAL EMPLOYMENT CHANGE, 2024–26, 2027–29, 2030–33, EASTERN ONTARIO

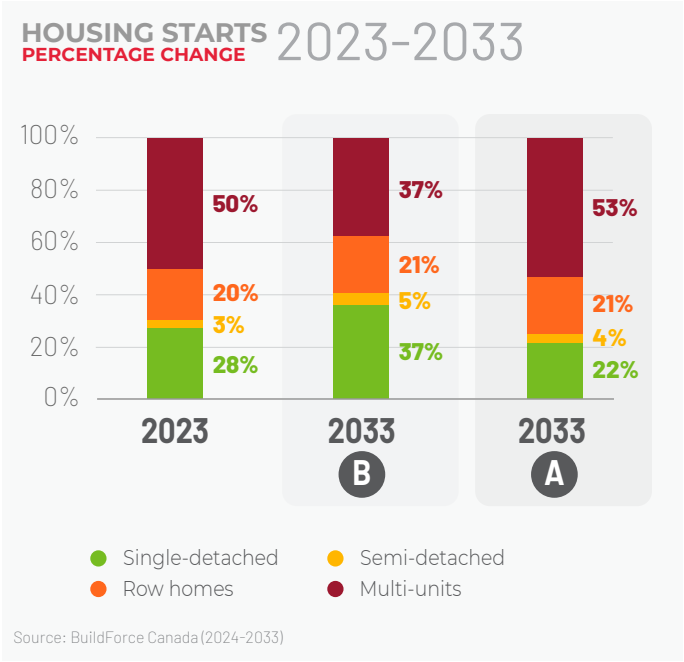
SECTOR	% CHANGE 2024-2026	% CHANGE 2027-2029	% CHANGE 2030-2033
Total employment	**5%**	**4%**	**-7%**
New housing	11%	6%	-14%
Renovations	-3%	3%	1%
Maintenance	2%	1%	0%

EASTERN ONTARIO: ALTERNATIVE SCENARIO

IMPACT ON HOUSING STARTS

Housing starts in the region are dominated by multi-unit construction accounting for 50% of total starts in 2023.

[9] **Eastern Ontario** includes the economic regions of both Ottawa and Kingston-Pembroke, including the census metropolitan areas (CMAs) of Ottawa and Kingston. Cities include Cornwall, Brockville, Belleville, and Petawawa.
Central Ontario includes the economic regions of Muskoka-Kawarthas, Kitchener-Waterloo-Barrie, and Hamilton-Niagara Peninsula as defined by Statistics Canada, which includes the census metropolitan areas (CMAs) of St. Catharines-Niagara, Hamilton, and Kitchener-Waterloo. The region includes such cities as Peterborough, Orangeville, Guelph, Barrie, and Brantford.
The Greater Toronto Area (GTA) includes the municipalities of Ajax, Aurora, Bradford West Gwillimbury, Brampton, Brock, Caledon, Clarington, East Gwillimbury, Georgina, Georgina Island, Halton Hills, King, Markham, Milton, Mississauga, Newmarket, Oakville, Oshawa, Pickering, Richmond Hill, Scugog, Toronto, Uxbridge, Vaughan, Whitby, and Whitchurch-Stouffville.
Northern Ontario includes the economic regions of the Northeast and Northwest as defined by Statistics Canada, including the census metropolitan areas (CMAs) of Thunder Bay and Sudbury. Cities include Sault Ste. Marie, Timmins, Kirkland Lake, Dryden, Kenora, and Fort Frances.
Southwestern Ontario includes the economic regions of London, Windsor-Sarnia and Stratford-Bruce Peninsula as defined by Statistics Canada, including the census metropolitan areas (CMAs) of London and Windsor. Cities include Chatham, Ingersoll, Sarnia, Stratford, Goderich, and Owen Sound.



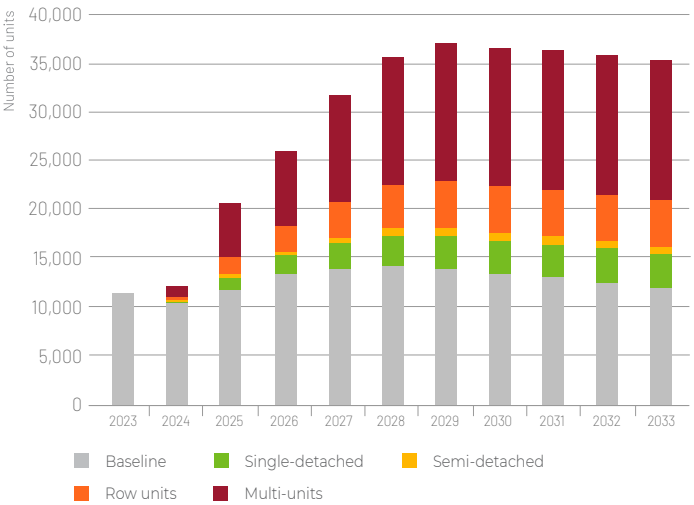
Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a decline in the share of multi-unit housing starts over the forecast period. The beneficiaries of this decline are row and semi-detached units, which increase their share from 20% and 3% in 2023, to 21% and 5% respectively by 2033. Single-detached units also rise to a 37% share of total annual housing starts.

To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 22% of total starts, whereas multi-units will increase to 53%. Row and semi-detached units maintain their Baseline scenario gains.

Figure 34 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

FIGURE 34: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, EASTERN ONTARIO



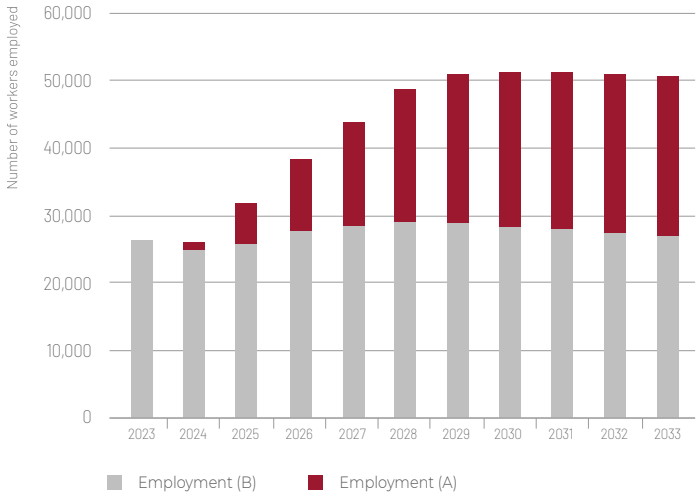
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 26,480 individuals employed in onsite construction in 2023 in Eastern Ontario's residential construction industry. Approximately 12% worked in residential maintenance, 39% in renovations, and 49% in new home construction. The Baseline scenario calls for an increase in overall employment of 2% over the forecast period. The shares of maintenance, renovation and new housing employment remain fixed throughout.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 91% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 9% share of total employment, renovations 26%, and new home construction 65%. Figure 35 projects employment growth on the Alternative scenario over the Baseline scenario.

FIGURE 35: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, EASTERN ONTARIO



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will be 1% higher by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 10%, a nine-percentage point rise over the baseline.

NORTHERN ONTARIO: BASELINE SCENARIO

Although housing starts in Northern Ontario have been elevated, and are being supported by historically high levels of net in-migration, residential investment is trending down as high interest rates shift home buyers' preferences from single-family units to less expensive multi-unit homes. Investment slowed in in the new housing component in 2023. Housing starts are expected reach a peak between 2025 and 2027 as interest rate pressures ease. Renovation activity, meanwhile, is projected to decline across the forecast period with weakening disposable incomes.

Residential construction investment levels peaked in 2021 with strong demand for both new-housing construction and renovation activity. Investment in both segments has stepped down since, largely in response to rising interest rates. Renovation activity is projected to continue to decline across the forecast period as job and income growth weakens across the region. Despite this, renovation activity remains the key driver of residential investment, accounting for more than half of total output.

New housing investment, meanwhile, is projected to decline in 2024 before experiencing a period of growth between 2025 and 2028. Construction demand is strong across this period, with growth in all unit types. Starts reach a new peak in 2028 before declining in later years in line with slowing regional population growth.

Moreover, positive final investment decisions for mining projects in the Ring of Fire, could create a significant upside to this forecast.

Table 13 shows the employment trends by sector for residential construction in Northern Ontario.

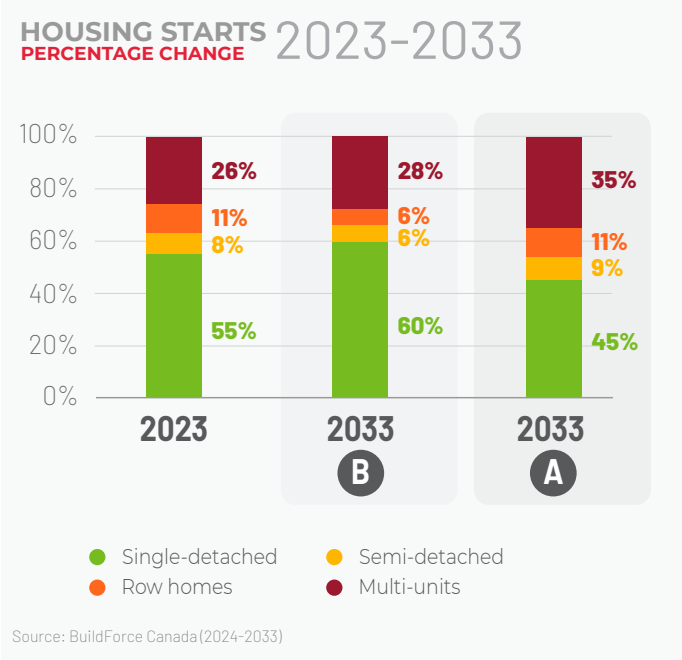
TABLE 13: BASELINE, RESIDENTIAL EMPLOYMENT CHANGE, 2024–26, 2027–29, 2030–33, NORTHERN ONTARIO

SECTOR	% CHANGE 2024-2026	% CHANGE 2027-2029	% CHANGE 2030-2033
Total employment	**0%**	**-3%**	**-10%**
New housing	15%	2%	-17%
Renovations	-6%	-5%	-8%
Maintenance	-1%	-2%	-3%

NORTHERN ONTARIO: ALTERNATIVE SCENARIO

IMPACT ON HOUSING STARTS

Housing starts in the region are dominated by single-detached unit construction accounting for 55% of total starts in 2023.



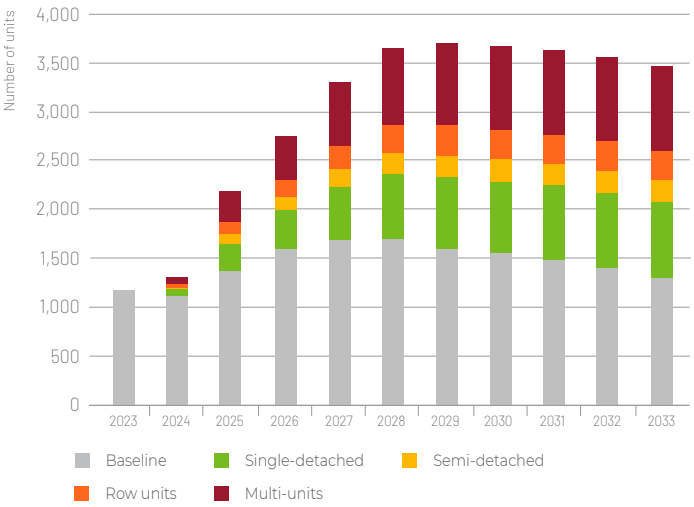
Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a slight increase in the share of single-detached unit housing starts over the forecast period. Row and semi-detached homes experience declines, retreating from 11% and 8% to 6% each by 2033. Multi-unit construction rises from 26% in 2023 to 28% by 2033.

To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 45% of total starts, whereas multi-units will increase to 35%. Semi-detached and row homes maintain their 2023 levels.

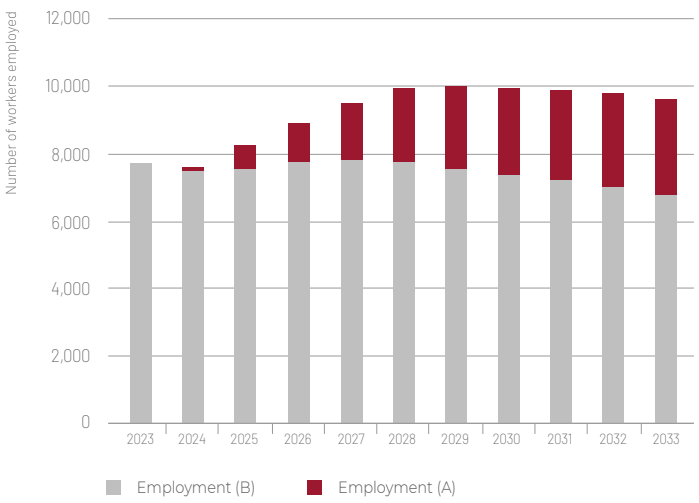
Figure 36 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

FIGURE 36: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, NORTHERN ONTARIO



Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

FIGURE 37: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, NORTHERN ONTARIO



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 7,750 individuals employed in onsite construction in 2023 in Northern Ontario's residential construction industry. Approximately 19% worked in residential maintenance, 55% in renovations, and 26% in new home construction. The Baseline scenario calls for a decrease in overall employment of 12% over the forecast period.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 24% higher in 2033 than 2023 levels. Under this scenario, residential maintenance will maintain a 19% share of total employment, renovations will decrease to 39%, and new home construction will increase to 42%. Figure 37 projects employment growth on the Alternative scenario over the Baseline scenario.

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment gains will be flat by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 3%.

CENTRAL ONTARIO: BASELINE SCENARIO

The Central region has benefitted in recent years from an out-flow of residents from the neighbouring, and comparatively more expensive, Greater Toronto Area. This trend, combined with historically low interest rates, drove residential construction activity to high levels in 2021. Housing starts in the region grew by nearly 50% compared to the year previous, and renovation activity saw strong gains.

The local residential construction market has contracted since, as rising interest rates have cooled demand for both new housing and renovation activity. Investment levels dropped by 13% in 2023 and are forecast to drop again in 2024 as rising interest rates continue to curb demand for new housing and renovation work. Levels are projected to return to growth in 2025 and through to the end of the decade, supported by more stable interest rates and strong population growth.

Central Ontario's residential sector reached a peak employment level of more than 75,200 workers in 2022. This was driven by a surge in both new-housing and renovation investment in 2021, which in turn was spurred by low interest rates, and high levels of migration – both from abroad and from other parts of Canada. Employment has stepped down since, contracting as interest rates rise and investment levels decline. 2023 saw employment fall by 5%, and 2024 should produce a similar contraction of 4%.

As Table 14 shows, employment is projected to rise steadily between 2025 and 2029, adding nearly 12% above 2023 levels before contracting slightly into 2033 and finishing the decade 10% above 2023 levels. New-housing employment rises to a peak of more than 20% above 2023 levels by 2029, and finishes the decade at 13% above 2023 levels. Renovation employment grows by 8%, while maintenance adds 5%.

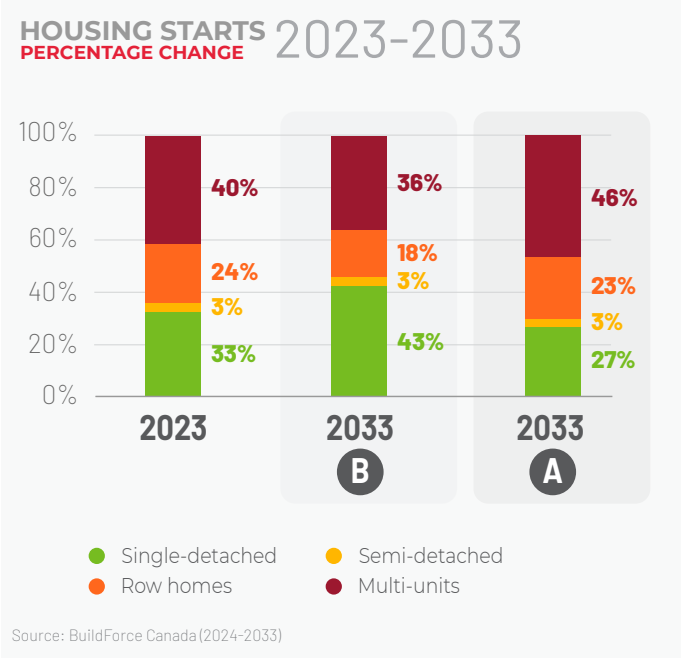
TABLE 14: BASELINE, RESIDENTIAL EMPLOYMENT CHANGE, 2024–26, 2027–29, 2030–33, CENTRAL ONTARIO

SECTOR	% CHANGE 2024-2026	% CHANGE 2027-2029	% CHANGE 2030-2033
Total employment	**6%**	**5%**	**-2%**
New housing	11%	8%	-6%
Renovations	0%	3%	5%
Maintenance	3%	1%	1%

CENTRAL ONTARIO: ALTERNATIVE SCENARIO

IMPACT ON HOUSING STARTS

Housing starts in the region are dominated by multi-unit construction accounting for 40% of total starts in 2023.



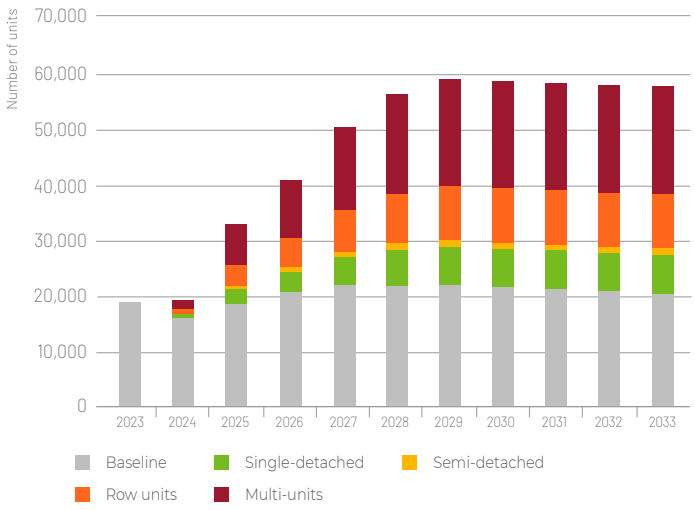
Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a decrease in the share of multi-unit housing starts over the forecast period. Row homes decrease from 24% to 18%, while semi-detached units remain at 3%. These declines drive single-detached units higher, consistent with demand pressures for more single homes to accommodate higher levels of immigration and household formations.

To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 27% of total starts, whereas multi-units will increase to 46%. Semi-detached and rows maintain their 2023 levels.

Figure 38 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

FIGURE 38: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, CENTRAL ONTARIO



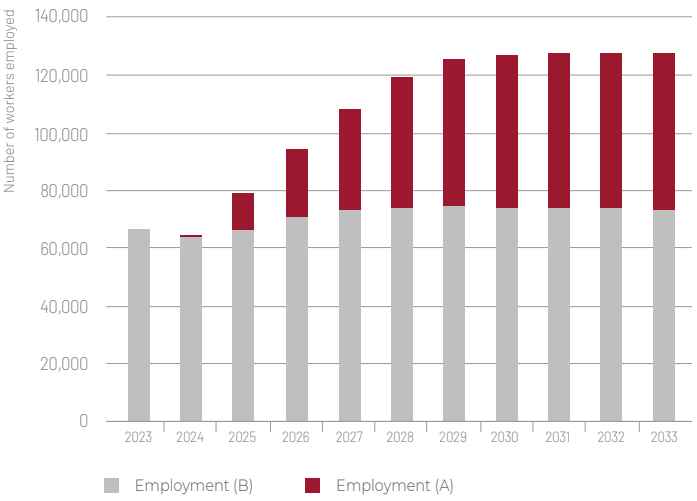
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 66,900 individuals employed in onsite construction in 2023 in Central Ontario's residential construction industry. Approximately 11% worked in residential maintenance, 38% in renovations, and 51% in new home construction. The Baseline scenario calls for an increase in overall employment of 10% over the forecast period.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 91% higher in 2033 than 2023 levels. Under this scenario, residential maintenance will maintain a 8% share of total employment, renovations will decrease to 25%, and new home construction will increase to 67%. Figure 39 projects employment growth on the Alternative scenario over the Baseline scenario.

FIGURE 39: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, CENTRAL ONTARIO



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will rise 12% by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 27%, a 15-percentage point increase over the Baseline scenario.

GREATER TORONTO AREA: BASELINE SCENARIO

The Greater Toronto Area's residential sector has experienced several years of declining investment levels. Activity reached a peak in 2021 as low interest rates and strong rates of immigration drove demand for new housing. Investment has stepped down since. Rising interest rates in the latter part of 2022 and 2023 contracted demand for single-family homes and, combined with elevated levels of immigration, have bolstered demand for multi-unit units. The outlook calls for residential investment to contract into 2024 before returning to growth between 2025 and 2028. Housing starts in particular are projected to reach a new peak in 2028.

New housing investment levels in the GTA surged in 2020 and edged even higher in 2021, supported by strong population growth, low interest rates, and consumer preferences. Investment has contracted since, and is expected to do so again in 2024, as rising interest rates have reduced housing affordability.

Notable to this trend is the fact that the number of total housing starts in the region increased in 2022 and 2023. Although buyers are generally trending away from single-detached homes, which tend to be the most expensive unit types, demand for multi-unit units, and apartment units in particular, was elevated in in both years. This is likely due to factors such as housing costs, an influx of permanent and temporary residents to the region (who tend to rent homes before they buy), very tight regional rental vacancy rates, and land availability. The transition to more affordable units, in particular multi-unit units, has caused investment and employment to retreat.

Housing starts are expected to contract in 2024, as the impact of higher interest rates and reduced pre-sales finally catch up. They are projected to return to growth between 2025 and 2028, in line with increasing demand for new home construction, and a boost in demand for single-detached homes. By 2033, multi-unit housing units are expected to account for more than 85% of total housing starts in the region.

Renovation investment levels, meanwhile, contracted in 2022 and 2023, and are forecast to do so again in 2024. Investment levels are expected to return to growth in 2025 as interest rates stabilize and wages and incomes grow.

Table 15 shows the impact of these changes on residential employment in the GTA.

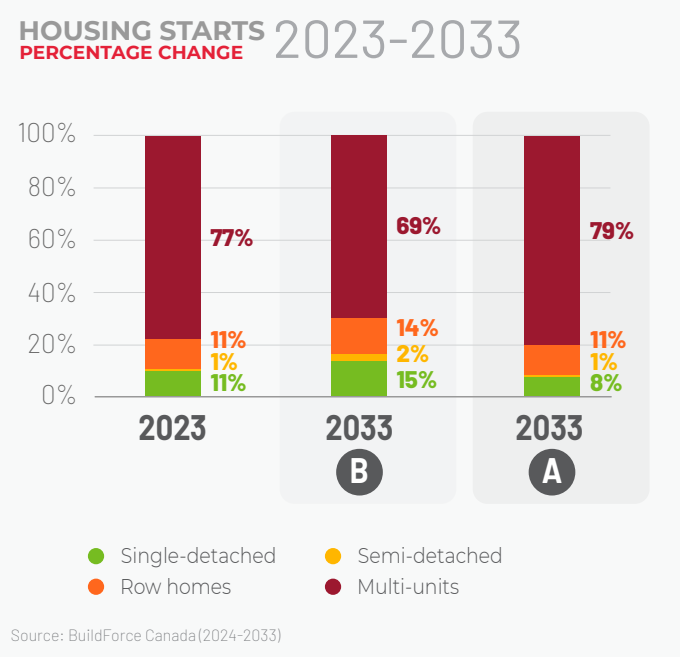
TABLE 15: BASELINE, RESIDENTIAL EMPLOYMENT CHANGE, 2024–26, 2027–29, 2030–33, GREATER TORONTO AREA

SECTOR	% CHANGE 2024-2026	% CHANGE 2027-2029	% CHANGE 2030-2033
Total employment	**5%**	**1%**	**-3%**
New housing	8%	0%	-11%
Renovations	2%	2%	7%
Maintenance	5%	3%	3%

GREATER TORONTO AREA: ALTERNATIVE SCENARIO

IMPACT ON HOUSING STARTS

Housing starts in the region are dominated by multi-unit construction accounting for 77% of total starts in 2023.



Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a decline in the share of multi-unit housing starts over the forecast period. The beneficiaries of this decline are row homes and semi-detached houses, which increase their shares from 11% and 1% in 2023, to 14% and 2% respectively by 2033. Single-detached units also rise from an 11% to 15% share of total annual housing starts over the forecast period.

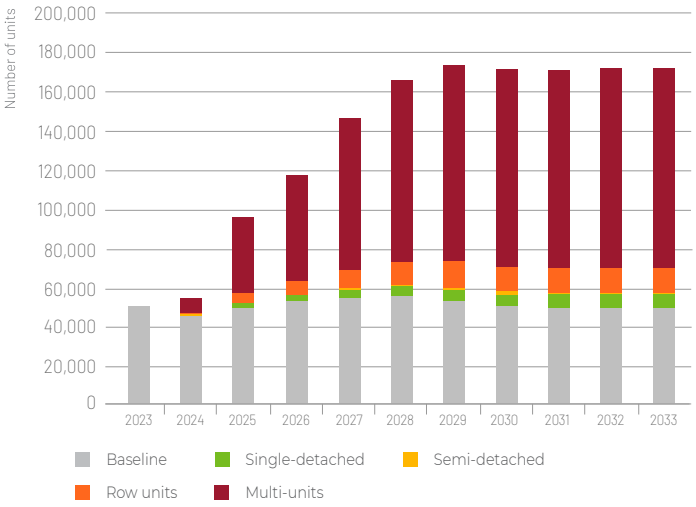
To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 8% of total starts, whereas multi-units will increase to 79%. Semi-detached and rows maintain their Baseline scenario levels.

Figure 40 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 94,750 individuals employed in onsite construction in 2023 in the GTA's residential construction industry. Approximately 11% worked in residential maintenance, 37% in renovations, and 52% in new home construction. The Baseline scenario calls for an increase in overall employment of 3% over the forecast period.

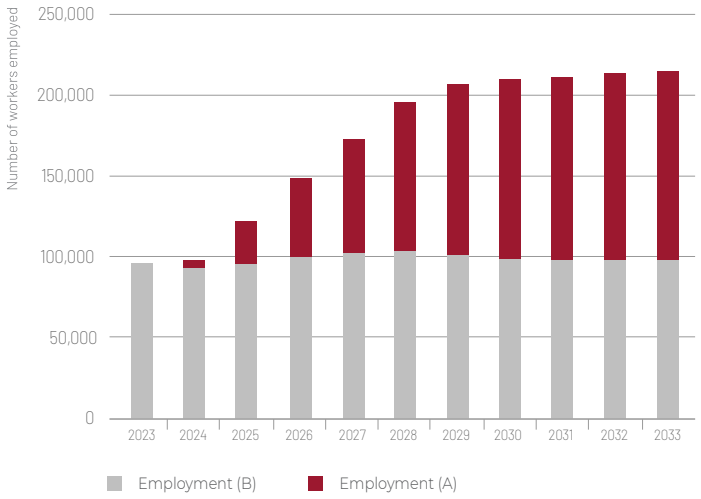
FIGURE 40: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, GREATER TORONTO AREA



Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 127% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 9% share of total employment, renovations 24%, and new home construction 67%. Figure 41 projects employment growth on the Alternative scenario over the Baseline scenario.

FIGURE 41: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, GREATER TORONTO AREA



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will be 14% higher by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 29%, a full 15 percentage point rise over the baseline.

SOUTHEWESTERN ONTARIO: BASELINE SCENARIO

Until 2021, Southwestern Ontario's residential sector had been the regional construction industry's principal driver of growth. Despite strong levels of population growth, residential investment has trended downward in recent years, and is projected to reach its lowest level since 2015 in 2024. The residential sector continues to be constrained by high interest rates, but is projected to return to growth in 2025 and beyond as these pressures ease.

Housing starts peaked at more than 12,000 units in 2021, supported by record-low interest rates and an influx of permanent and temporary residents to the region. They have stepped down since, and are expected to decline again in 2024. Starts are projected to return to growth between 2025 and 2028 as interest rate pressures ease and population growth remains elevated. Multi-unit starts are expected to rebound significantly during this period, driven by strong levels of immigration, tight rental vacancy rates in urban centres, and the comparatively lower cost of living compared to other regions.

Renovation investment, meanwhile, slowed in 2023 and is forecast to do the same in 2024 under high interest rates and rising construction costs. Activity is sustained thereafter as consumers see lower interest rates and household disposable incomes improve.

Table 16 shows the employment trends by sector for residential construction in Southwestern Ontario.

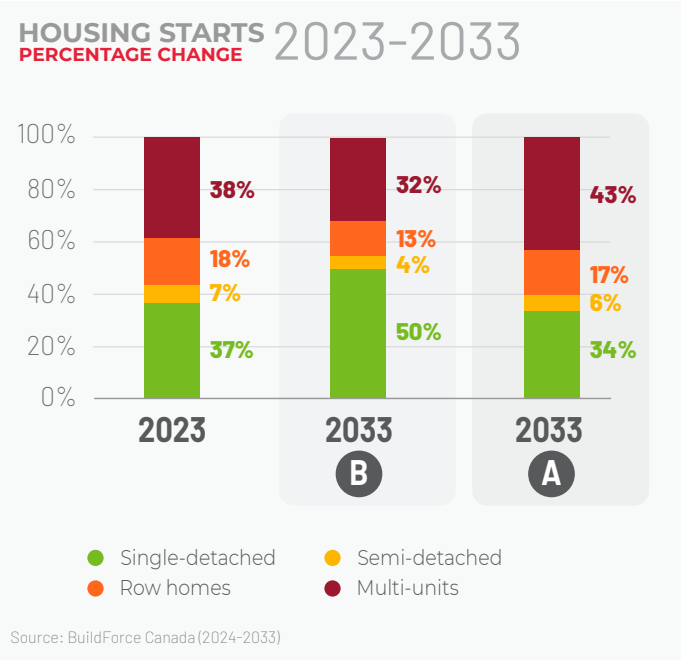
TABLE 16: BASELINE, RESIDENTIAL EMPLOYMENT CHANGE, 2024–26, 2027–29, 2030–33, SOUTHWESTERN ONTARIO

SECTOR	% CHANGE 2024-2026	% CHANGE 2027-2029	% CHANGE 2030-2033
Total employment	**11%**	**10%**	**-5%**
New housing	29%	22%	-10%
Renovations	-1%	0%	-1%
Maintenance	5%	0%	0%

SOUTHWESTERN ONTARIO: ALTERNATIVE SCENARIO

IMPACT ON HOUSING STARTS

Housing starts in the region are dominated by multi-unit and single-detached construction with each accounting for an approximate 37% share of total starts in 2023.



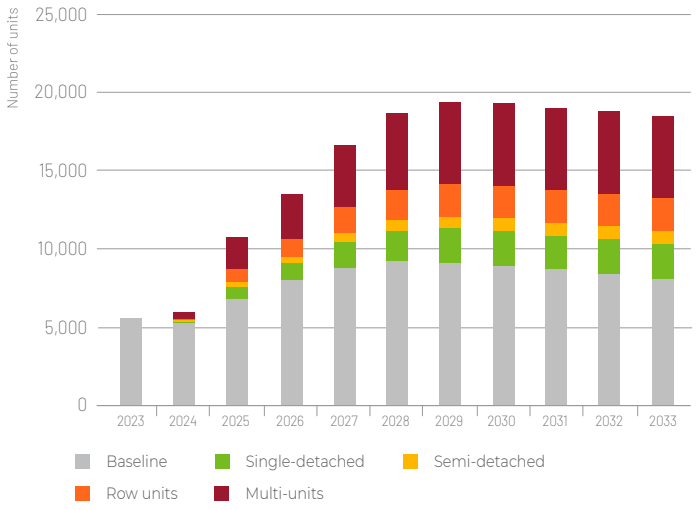
Source: BuildForce Canada (2024-2033)

The Baseline scenario projects a slight decline in the share of multi-unit, semi-detached and row unit housing starts over the forecast period. The beneficiary of these decline is single-detached unit construction which rises to make up 50% of total starts by 2033.

To achieve the provincial housing supply gap targets, the Alternative scenario projects the share of single-detached units will decrease to just 34% of total starts, whereas multi-units will increase to 43%. Semi-detached and row homes maintain their Baseline scenario levels.

Figure 42 charts the impact of the additional housing contemplated under the Alternative scenario against the Baseline scenario.

FIGURE 42: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, SOUTHWESTERN ONTARIO



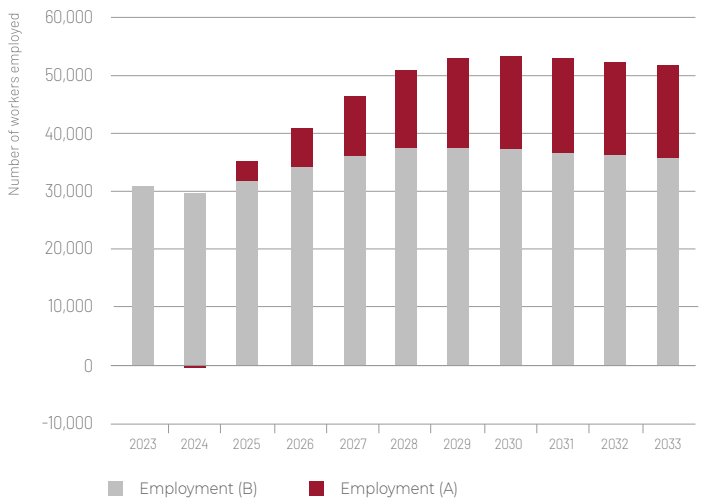
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 30,790 individuals employed in onsite construction in 2023 in the region's residential construction industry. Approximately 14% worked in residential maintenance, 48% in renovations, and 39% in new home construction. The Baseline scenario calls for an increase in overall employment of 16% over the forecast period.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 68% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 10% share of total employment, renovations 30%, and new home construction 60%. Figure 43 projects employment growth on the Alternative scenario over the Baseline scenario.

FIGURE 43: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, SOUTHWESTERN ONTARIO



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. When contrasting employment levels in 2023 against projected levels in 2033, the Baseline scenario projects employment will be 12% higher by 2033. A similar comparison under the Alternative scenario, projects employment will expand by 23%, a full 11-percentage point rise over the baseline.

IMPACT ON PROVINCIAL RESIDENTIAL AND NON-RESIDENTIAL ONSITE EMPLOYMENT

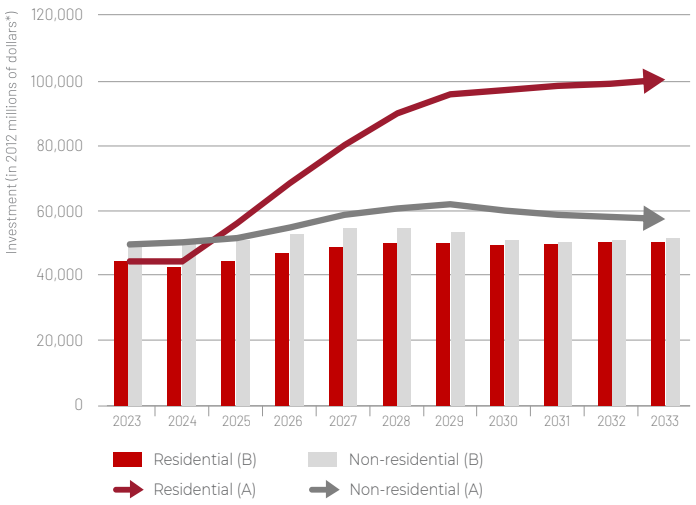
In the Baseline scenario, the outlook for investment in residential housing indicates a decline in the first two years of the forecast, followed by a rise above 2023 levels in 2026. Subsequently, it is expected to continue growing, reaching a forecasted peak in 2028. Afterward, there may be a modest decrease in investment, but it is projected to rebound to a new high in 2033.

Under the Alternative scenario, investment in the residential sector commences rising in 2024, and peaking in 2033. If achieved, investment levels in 2033 would be 126% higher than 2023 levels.

The Alternative scenario also projects non-residential construction will experience growth during this period. In the Baseline scenario, investment levels in the non-residential sector are anticipated to be 3% higher by 2033 when compared to 2023 levels. Under the Alternative scenario, investment levels in the non-residential sector will be 17% higher than the 2023 baseline by 2033. Peak investment levels are expected to be achieved in 2029, followed by modest year-over-year declines until 2033.

Total construction investment under the Alternative scenario is projected to be 69% higher in 2033 compared to the levels observed in 2023. See Figure 44.

FIGURE 44: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, ONTARIO



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

Ontario is heavily dependent on fossil fuel sources for heating. Approximately 76% of homes in the province rely on fossil fuels for heating. While 17% of Ontario homes use baseboard electric for heating, approximately 7% have already shifted to heat pumps. Achieving the switch away from fossil fuel sources to electric is a significant undertaking and will create a significant draw on the residential workforce, particularly since a share of these conversions will be accompanied by substantial energy efficiency renovation projects aimed at reducing heat loss.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy efficiency renovation projects that would be required to minimize heat loss.

Preliminary results from this report estimate that Ontario could require an additional 24,600 tradespeople to undertake this work by 2032. Transitioning to green heating equipment and making existing homes more heat-efficient will generate demands for several trades and occupations. While retrofitting existing heating equipment will generate demands concentrated among only a few trades and occupations, energy efficiency renovations projects will require a broader set of trades and occupations.

Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, gas fitters, electricians, windows and doors installers, plasterers and drywallers, painters, roofers, trades helpers and labourers, and contractors and supervisors.

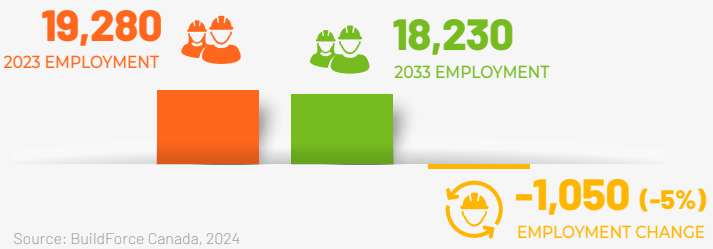
The availability of key tradespeople to build new housing and renovate Ontario's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

Regionally, demands are tied to the relative size of the existing housing stock that will need to be retrofitted. The Greater Toronto Area and Central Ontario should see the largest demands, requiring an additional 10,600 and 6,900 workers, respectively, by 2032. Demands in Southwestern Ontario is estimated at 3,300 workers, while the Eastern region could require an additional 3,100 workers and Northern Ontario an additional 1,000 workers.

MANITOBA

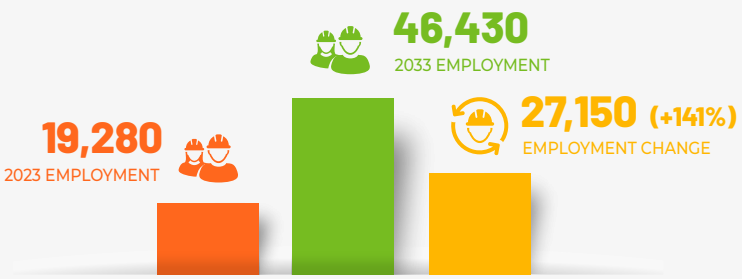
SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



Source: BuildForce Canada, 2024

ALTERNATIVE SCENARIO



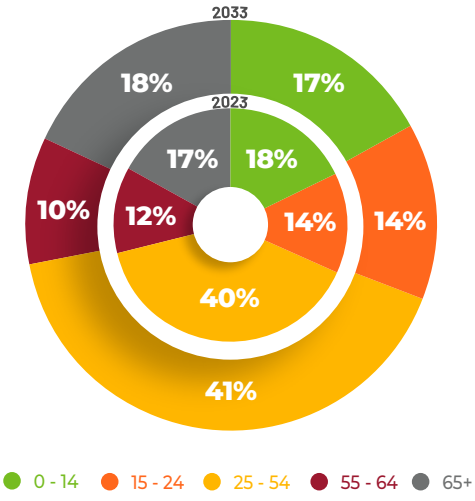
Provincial Trends

Population Age Structure

Manitoba is experiencing a shift in its population age structure.

Figure 45 shows that the share of people between 15 and 24 years of age and who are about to enter the province's labour force comprised 14% of the population in 2023. That figure is expected to remain unchanged across the decade. Over the same period, however, the share of the population over 65 years of age and mainly retired is projected to grow from 17% to 18%.

FIGURE 45: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033 MANITOBA



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

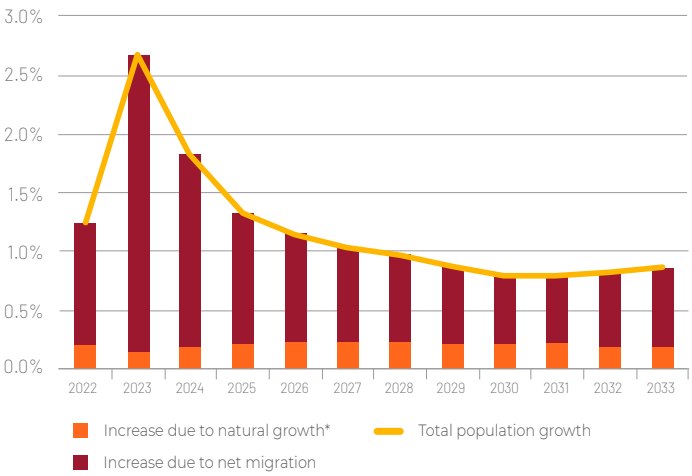
Manitoba's population is generally younger than the national average, which has helped to maintain a positive, although declining, natural rate of population growth.

Since 2019, the province has welcomed 88,480 permanent residents through immigration. The population increased significantly in 2023 with a surge in the number of permanent and non-permanent residents. Many of the non-permanent residents are international students that may seek to obtain permanent residence status after graduation.

Although these levels are unlikely to be sustained, Manitoba will benefit from the newly expanded federal Immigration Levels Plan through 2025. Moreover, with many of these individuals coming to Manitoba in their prime child-bearing years, upward growth in the province's rate of natural population growth is anticipated across the forecast period. They will also be essential to supporting growth in the province's core working-age group of 25 to 54 years of age, and may help to ease labour-market pressures over the decade.

Figure 46 shows the various factors affecting population growth in Manitoba over the forecast period.

FIGURE 46: POPULATION GROWTH BY COMPONENT, 2024–2033 MANITOBA



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 590,926 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 17.

TABLE 17: HOUSING STOCK IN THE PROVINCE, Q3–2023, MANITOBA

	TOTAL UNITS	% SHARE
Total dwellings	**590,926**	**100%**
Single-detached	387,823	66%
Semi-detached	20,558	3%
Row	22,678	4%
Multi-units	146,963	25%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Manitoba was $328,564 in November 2023.

Vacancy Rates

CMHC reported a rental vacancy rate of 2.9% for communities with populations over 10,000 in the province in October 2022. This was down from the 5% rate recorded in 2021. During this same period, the rate in the Winnipeg Census Metropolitan Area declined from 5.1% to 2.7% in October 2022.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Residential sector activity has stepped back from the peak levels of investment reported in 2021. Investment contracted by 3% in 2023 as activity declined in both new-housing and renovation construction. A shift in consumer preferences from higher-cost single-detached units to more affordable multi-unit builds has partially driven this change.

Investment in new-housing construction is expected to contract through to 2030. Demand for single-detached homes is expected to stabilize through 2025, with housing starts reporting around 3,000 units across the near term. A modest downcycle follows into 2030. The outlook for multi-unit builds remains elevated by historical standards but declines across the forecast period. Renovation activity, meanwhile, is projected to grow.

These trends combine to contract residential employment by about 6% across the forecast period. Gains of 2% in renovation employment and 7% in maintenance employment are not enough to offset a contraction of nearly 16% in new-housing employment.

ALTERNATIVE SCENARIO, 2024–2033

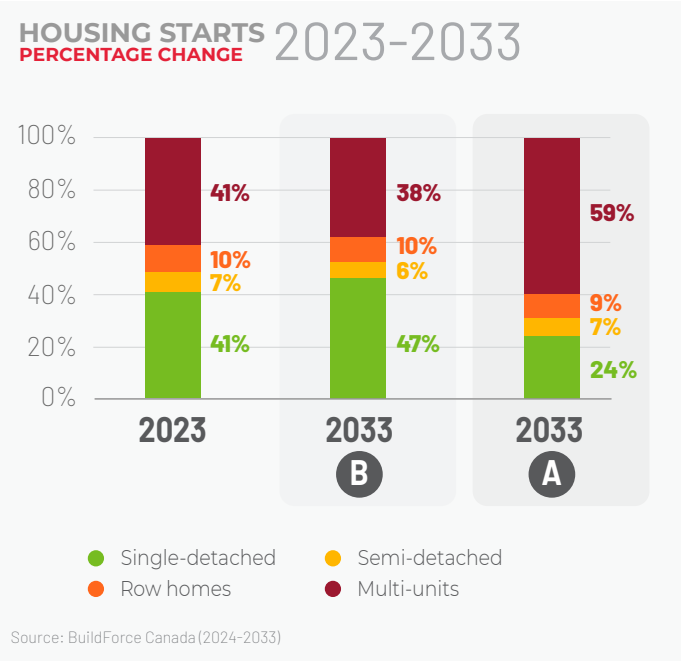
MANITOBA	UNITS
CMHC Housing Supply Gap	170,000
Baseline Projected Housing Starts	69,870
Alternative Projected Housing Starts	239,870

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The Baseline scenario has housing starts declining over the forecast period by 4% from the 2023 baseline. The Baseline projects approximately 69,870 homes will be started in the province over the forecast period. To achieve the CMHC housing supply gap target of 170,000 additional homes for the province, the Alternative scenario projects a total of 239,870 housing starts will take place over the forecast period, a 243% increase over the Baseline scenario.

IMPACT ON HOUSING STARTS

The Baseline scenario projects a slight rise in the share of single-detached units over the forecast period. This rise comes primarily at the expense of multi-unit homes. To achieve the housing supply targets, the Alternative scenario projects single-detached homes will decrease to just 24% of total starts, whereas multi-units will increase to 59%.

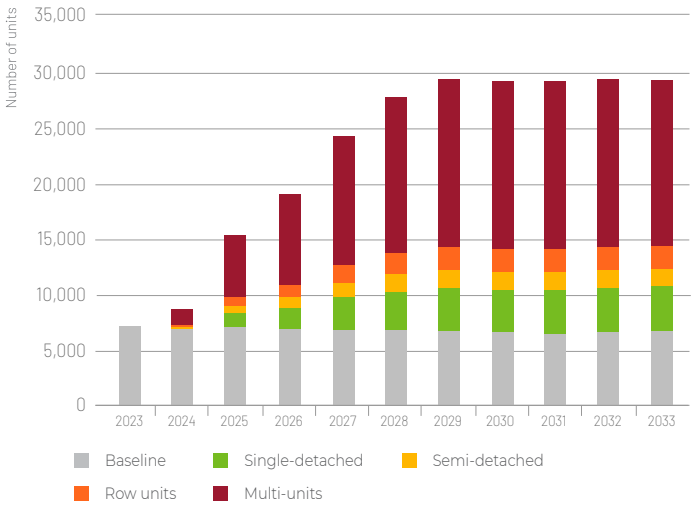


Source: BuildForce Canada (2024-2033)

The housing supply gap targets are ambitious for the province. To achieve this goal, the Alternative scenario projects housing starts will commence rising over the 2023 baseline in 2024 and continue rising to a scenario peak in 2033.

Figure 47 shows the projected growth in housing starts by type over the Baseline scenario.

FIGURE 47: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, MANITOBA



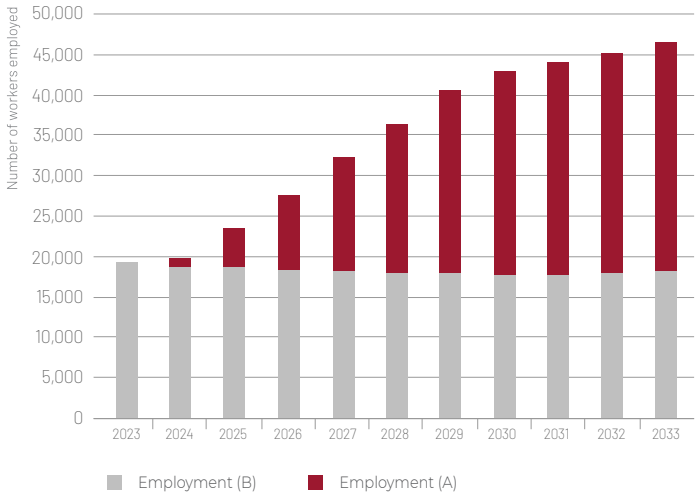
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 19,275 individuals employed in 2023 in the province's residential construction industry. Approximately 14% worked in residential maintenance, 40% in renovations, and 46% in new home construction. The Baseline scenario calls for a decline in overall employment of 5% over the forecast period. Maintenance and renovation related employment increases to 16% and 44% respectively, whereas new home construction declines to 41%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 141% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 9% share of total employment, renovations 27%, and new home construction 65%. See Figure 48.

FIGURE 48: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, MANITOBA



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. The Baseline scenario projects employment in the sector will expand by 15% by 2033 over the 2023 baseline. Under the Alternative scenario, employment will expand by 47%.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL ONSITE EMPLOYMENT

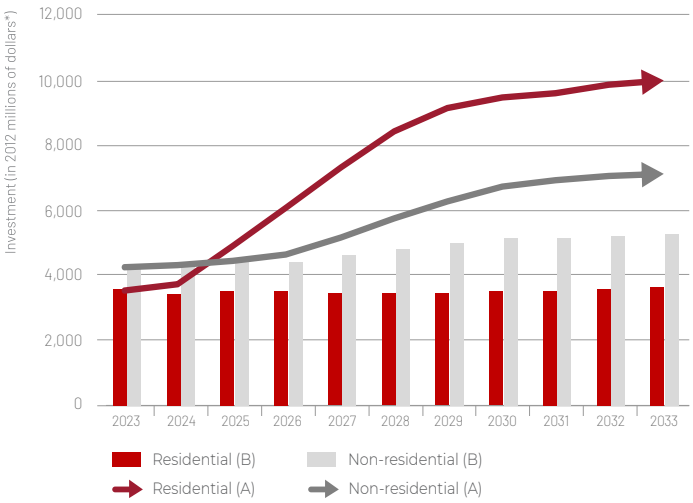
The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

Under the Baseline scenario, residential construction investment is forecast to decrease in 2024 and remain below 2023 levels until 2032, with an investment peak achieved in 2033. The Baseline scenario calls for investment levels to be 2% higher in 2033 than 2023 levels.

The Alternative scenario projects investment levels will rise steadily commencing in 2024 and peak in 2033. Over the forecast period, overall investment in 2033 is expected to be 181% higher than 2023 levels.

Non-residential investment, which is projected to increase by 23% over the forecast period under the Baseline scenario, rises to 67% under the Alternative scenario. See Figure 49.

FIGURE 49: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, MANITOBA



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

Fossil fuel heating remains dominant in existing Manitoba homes. Approximately 59% of the province's homes rely on fossil fuels for their heating. Approximately 41% of the province's homes are currently heated by electricity, with 38% using electric baseboard heaters, and 4% heated by heat pumps.

The drive to switch from fossil fuels to electric sources for home heating will create significant challenges. The federal targets for achieving a 40% reduction in carbon emissions from homes by 2030, if achieved, will be a significant undertaking. Such an undertaking will draw on the residential maintenance and renovation workforce and become a significant competitor for workers with the required skills over the forecast period. If homeowners couple heating source fuel switching with energy efficiency retrofits to improve the overall energy efficiency of their homes, recruitment pressures on the sector will be intense and may undermine the capacity of the industry to recruit the workers it requires to meet the Alternative scenario new home construction goals.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

Preliminary results from this report estimate that Manitoba could require an additional 2,300 tradespeople to undertake this work by 2032. Transitioning to green heating equipment and making existing homes more heat-efficient will generate demands for several trades and occupations. While retrofitting existing heating equipment will generate demands concentrated among only a few trades and occupations, energy-efficiency renovation projects will require a broader set of trades and occupations.

Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, gas fitters, electricians, windows and doors installers, plasterers and drywallers, painters, roofers, trades helpers and labourers, and contractors and supervisors.

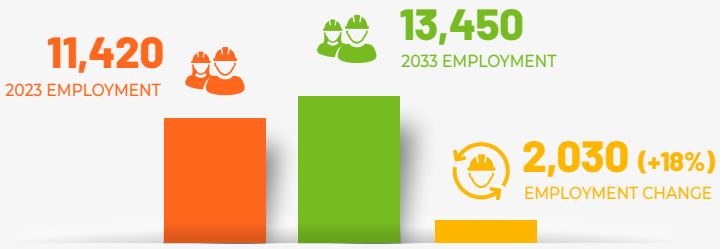
The availability of key tradespeople to build new housing and renovate Manitoba's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

Furthermore, it typically takes several years for construction workers to acquire the experience they need to be proficient in their trades. Recruitment of inexperienced workers to carry out the additional construction required may impact overall industry productivity levels. Recruiting workers from other industries will likely be the preferred approach, although this may lead to skills shortages in other industries equally dependent on skilled trade workers.

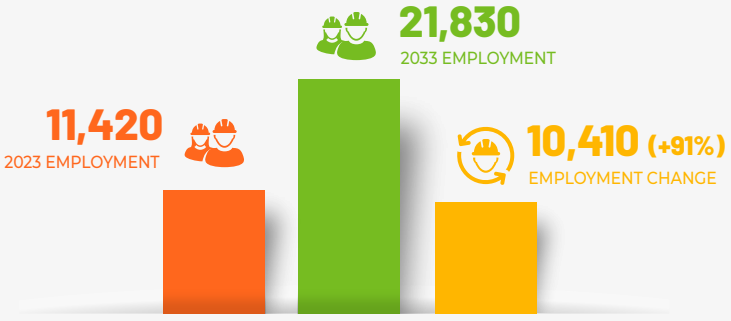
SASKATCHEWAN

SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



ALTERNATIVE SCENARIO



Source: BuildForce Canada, 2024

Provincial Trends

Population Age Structure

Saskatchewan is experiencing a shift in its population age structure.

Figure 50 shows that the share of people between 15 and 24 years of age and who are about to enter the province's labour force comprised 13% of the population in 2023. That figure is expected to grow to 14% by 2033. Over the same period however, the share of the population over 65 years of age and mainly retired is projected to grow from 17% to 19%.

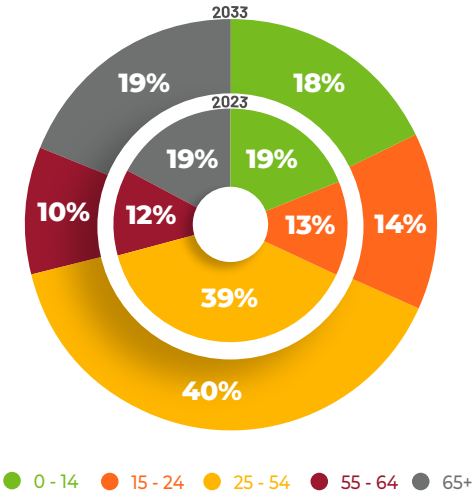
This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

Saskatchewan's population is generally younger than the national average. This has helped to maintain a positive, although declining, natural rate of population growth.

Since 2019, the province has welcomed 79,265 permanent residents through immigration. The population increased significantly in 2023 with an unexpected surge in the number of permanent and non-permanent residents. Many of the non-permanent residents are international students that may seek to obtain permanent residence status after graduation.

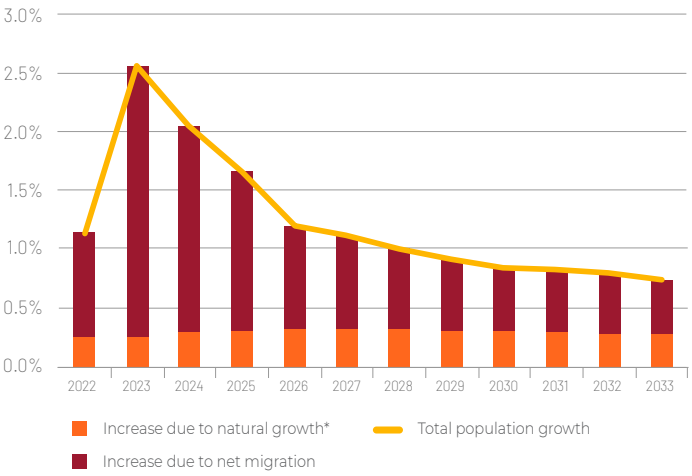
Although these levels are unlikely to be sustained, the province will benefit from the newly expanded federal Immigration Levels Plan through 2025. Moreover, with many of these newcomers arriving in their prime child-bearing years, upward growth in the province's rate of natural population growth is forecast across the forecast period. They will also be essential to supporting growth in the province's core working-age group of 25 to 54 years of age and may help to ease labour-market pressures over the decade. See Figure 51.

FIGURE 50: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033 SASKATCHEWAN



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

FIGURE 51: POPULATION GROWTH BY COMPONENT, 2024–2033
SASKATCHEWAN



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 523,479 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 18.

TABLE 18: HOUSING STOCK IN THE PROVINCE, Q3–2023, SASKATCHEWAN

	TOTAL UNITS	% SHARE
Total dwellings	**523,479**	**100%**
Single-detached	368,695	70%
Semi-detached	15,911	3%
Row	22,802	4%
Multi-units	102,933	20%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Saskatchewan was $324,400 in November 2023. Saskatchewan has the third-lowest average home price in Canada.

Vacancy Rates

CMHC reported a rental vacancy rate of 2.9% in communities with populations over 10,000 in the province in October 2022. This was down from the 5% rate recorded in 2021. The 2022 rates in Regina and Saskatoon were 3.2% and 3.4%, respectively.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Although Saskatchewan's population is growing and household formation reached an all-time high in 2023, interest-rate pressures have dampened consumer activity in the housing market.

Housing starts contracted by 4% in 2023, driven by a loss of 13% among single-family home starts. At the same time, a growth in multi-unit starts suggests that housing affordability may be a concern among home buyers. As similar market conditions persist, starts are expected to contract again in 2024.

The outlook for the residential sector sees housing starts, and new housing investment, return to strong growth between 2025 and 2028. This occurs as lending rates decline and as the population grows. In later years, new-housing investment retreats from its peak as demand for housing eventually meets household formation projections.

Meanwhile, renovation activity is projected to grow after 2024 and through to the end of the decade in response to an aging housing stock, and consumers' desires to remain their homes as they age.

By 2033, these factors combine to elevate residential employment by nearly 18% above 2023 levels, although a 31% increase is expected by the anticipated peak in 2028. Growth is driven by a large jump in new housing (29%), as well as growth in renovation (10%) and maintenance (9%) employment. Of note, the strong up-cycle in housing starts between 2025 and 2028 will elevate new-housing construction employment by as much as 67% over 2023 levels.

ALTERNATIVE SCENARIO, 2024–2033

SASKATCHEWAN	UNITS
CMHC Housing Supply Gap	60,000
Baseline Projected Housing Starts	50,630
Alternative Projected Housing Starts	110,630

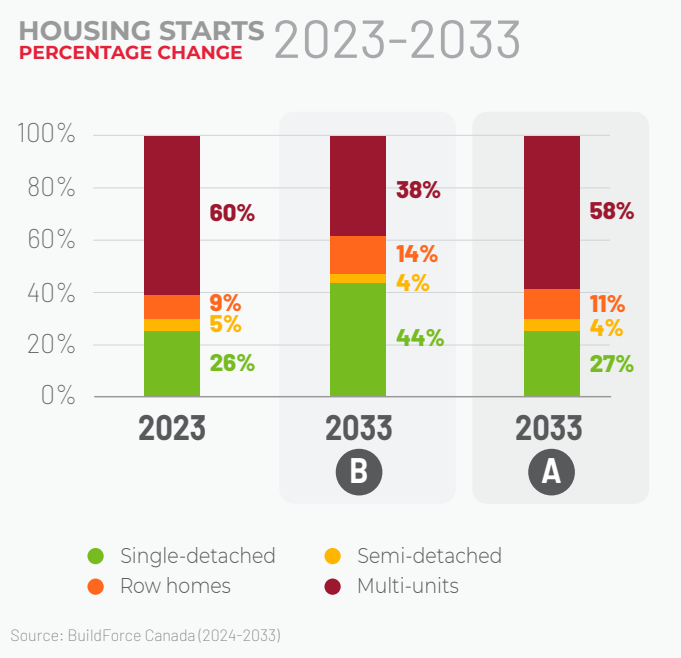
BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The Baseline scenario has housing starts declining in 2024 but rebounding in 2025, rising above 2023 levels. Over the forecast period, housing starts peak in 2028 and then decline modestly but remain above 2023 levels throughout the forecast period. When compared to 2023 levels, housing starts in 2033 will be 17% higher.

The Baseline projects approximately 50,625 homes will be started in the province over the forecast period. To achieve the CMHC housing supply gap target of 60,000 additional homes for the province, the Alternative scenario projects a total of 110,630 housing starts will take place over the forecast period, a 119% increase over the Baseline scenario.

IMPACT ON HOUSING STARTS

The Baseline scenario projects a rise in the share of single-detached units over the forecast period. This comes primarily at the expense of multi-unit homes. To achieve the housing supply targets, the Alternative scenario projects single-detached homes will rise to 27% of total starts, and multi-units will decrease to 58%.



Source: BuildForce Canada (2024-2033)

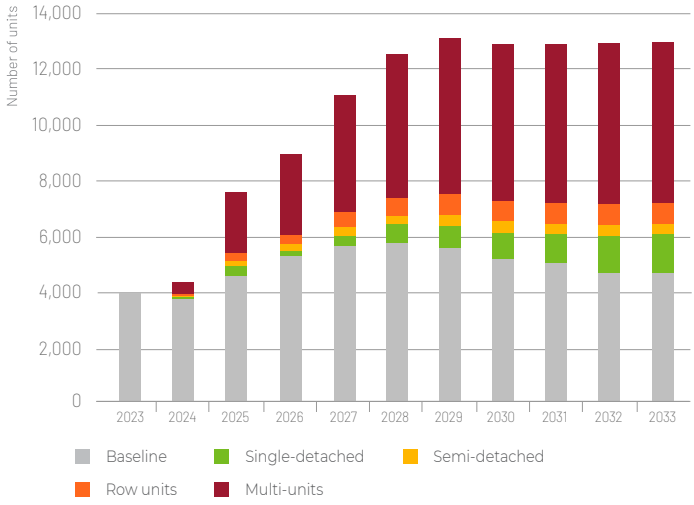
The housing supply gap targets are ambitious for the province. To achieve this goal, the Alternative scenario projects housing starts will commence rising over the 2023 baseline in 2024 and continue rising to a scenario peak in 2029. Thereafter, housing starts remain elevated through to 2033.

Figure 52 shows the projected growth in housing starts by type over the Baseline scenario.

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 11,420 individuals employed in onsite construction in 2023 in the province's residential construction industry. Approximately 17% worked in residential maintenance, 40% in renovations, and 43% in new home construction. The Baseline scenario calls for an increase in overall employment

FIGURE 52: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, SASKATCHEWAN

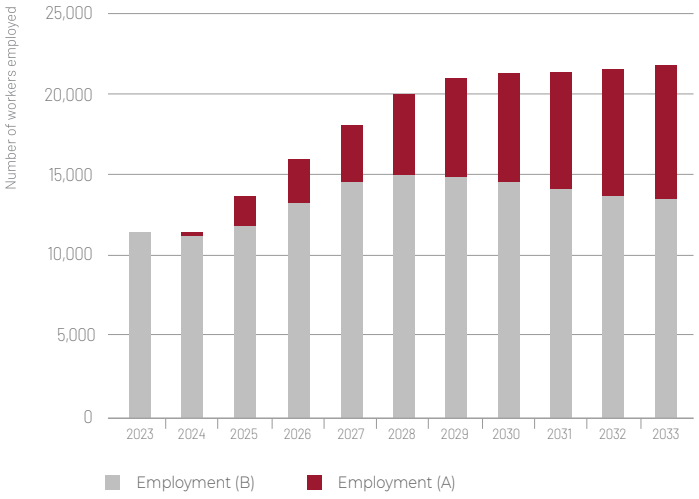


Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

of 18% over the forecast period. Maintenance employment decreases to 16%, renovation related employment decreases to 37%, and new home construction increases to 47%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 91% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for an 11% share of total employment, renovations 28%, and new home construction 61%. See Figure 53.

FIGURE 53: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, SASKATCHEWAN



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. The Baseline scenario projects employment in the sector will expand by 1% by 2033 over the 2023 baseline. Under the Alternative scenario, employment will expand by 6%.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

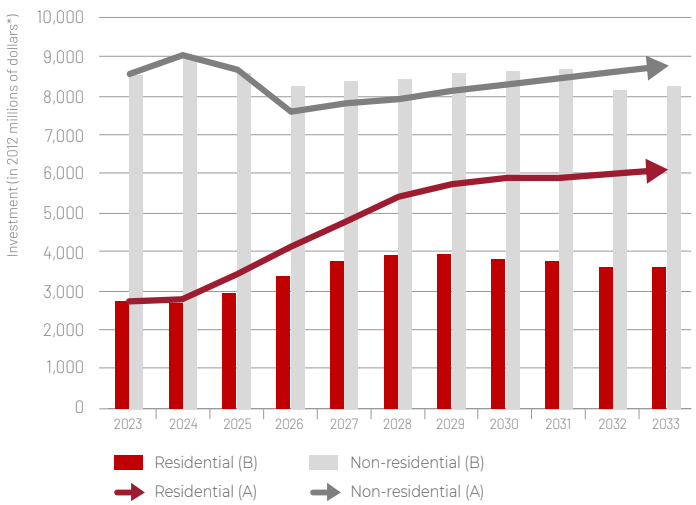
Under the Baseline scenario, residential construction investment is forecast to decrease in 2024 but rise above 2023 levels in 2025. Investment continues to grow to a peak in 2029, with annual declines thereafter to 2033. The Baseline scenario calls for investment levels to be 32% higher in 2033 than 2023 levels.

The Alternative scenario projects residential investment levels will rise steadily commencing in 2024 and peak in 2033. Over the forecast period, the Alternative scenario estimates residential investment in 2033 will be 126% higher than 2023 levels.

Non-residential investment, which enters the forecast period on the rise, peaks in 2024 and then moderates to 2027 as several major projects reach completion. A further upcycle then follows to a peak in 2031, followed by slight declines after to the end of the forecast period. Overall, however, non-residential construction investment in 2033 is projected to be down 3% from 2023 levels.

Under the Alternative scenario, non-residential investment follows a similar path, peaking in 2024 and then declining steadily to 2027. Thereafter, investment rises steadily to a new peak achieved in 2033. Compared to 2023 levels, overall non-residential investment is 3% higher in 2033. See Figure 54.

FIGURE 54: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, SASKATCHEWAN



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

The desire to reduce carbon emissions by 40% from homes by 2030 will create significant competition for qualified skilled tradespersons in the province.

Saskatchewan is one of the provinces with the highest proportion of homes heated by fossil fuels. Approximately 85% of Saskatchewan homes rely on fossil fuels for their heating needs. Only 15% of its homes currently use electricity as their primary heating source. A further 12% are heated by electric baseboard heaters and 3% by heat pumps.

Achieving the fuel switching targets during this period may create significant recruitment competition for qualified skilled tradesperson. Moreover, if fuel switching is accompanied by energy efficiency retrofits to improve overall heating efficiency, the demand for qualified labour will increase significantly for several trades and occupations.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

Preliminary results from this report estimate that Saskatchewan could require an additional 1,900 tradespeople to undertake this work by 2032. Transitioning to green heating equipment and making existing homes more heat-efficient will generate demands for several trades and occupations. While retrofitting existing heating equipment will generate demands concentrated among only a few trades and occupations, energy efficiency renovations projects will require a broader set of trades and occupations.

Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, sheet metal workers, electricians, windows and doors installers, plasterers and drywallers, painters, roofers, trades helpers and labourers, and contractors and supervisors.

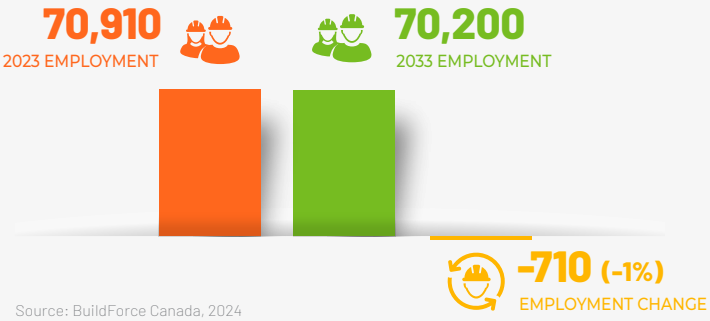
The availability of key tradespeople to build new housing and renovate Saskatchewan's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

Furthermore, the significant increase in residential employment required to overcome the housing supply gap may create a substantial draw on the skilled trades workforce within the province, creating potential labour force challenges for other industries dependent on skilled trade workers.

ALBERTA

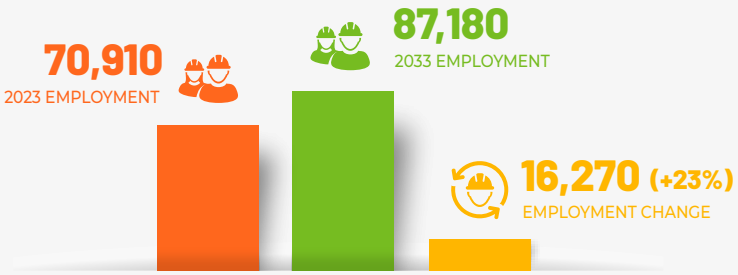
SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



Source: BuildForce Canada, 2024

ALTERNATIVE SCENARIO



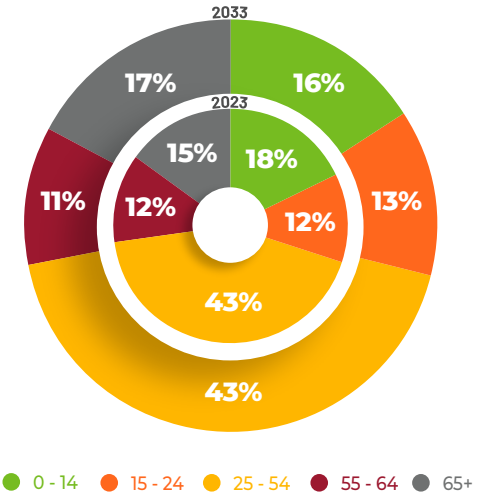
Provincial Trends

Population Age Structure

Like most provinces, Alberta is experiencing a shift in its population age structure.

Figure 55 shows that the share of people between 15 and 24 years of age and who are about to enter the province's labour force comprised 12% of the population in 2023. By 2033, it is expected to grow slightly – to 13%. Over the same period, the share of the population over 65 years of age and mainly retired is projected to grow from 15% to 17%.

FIGURE 55: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033 ALBERTA



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

Alberta is among only a handful of provinces that are showing positive natural rates of population growth. Its population is younger than most, and births are exceeding deaths.

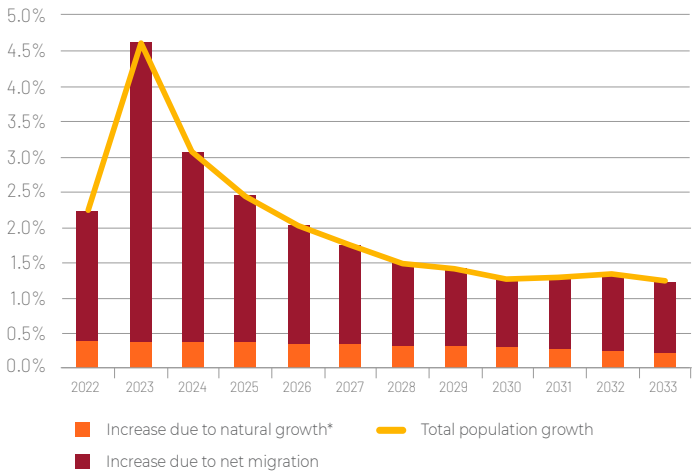
Since 2019, the province has welcomed 209,795 permanent residents through immigration. The population increased significantly in 2023 with a surge in the number of permanent and non-permanent residents. Many of the non-permanent residents are international students that may seek to obtain permanent residence status after graduation.

While this level of immigration is unlikely to be sustained in the future, Alberta will certainly benefit from its share of the newly expanded federal immigration targets. Immigration levels should therefore remain at or above 50,000 people annually through the medium term.

These high levels of immigration will help to sustain Alberta's natural rate of population growth above zero across the forecast period. They will also be essential to supporting growth in the province's core working-age group of 25 to 54 years of age, and may help to ease labour-market pressures over the decade.

Figure 56 shows the various factors affecting population growth in Alberta over the forecast period.

FIGURE 56: POPULATION GROWTH BY COMPONENT, 2024–2033
ALBERTA



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 1,832,881 housing dwellings in the province in Q3 of 2023. The mix of the housing units is captured in Table 19.

TABLE 19: HOUSING STOCK IN THE PROVINCE, Q3–2023, ALBERTA

	TOTAL UNITS	% SHARE
Total dwellings	**1,832,881**	**100%**
Single-detached	1,081,289	59%
Semi-detached	110,441	6%
Row	144,609	8%
Multi-units	443,273	24%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in Alberta was $446,919 in November 2023. The province has the most affordable housing prices of all provinces with populations over 2 million.

Vacancy Rates

CMHC reported a rental vacancy rate of 3.8% in communities with populations over 10,000 in the province in October 2022. This was down from the 6.8% rate recorded in 2021. The 2022 rates were 2.7% in Calgary, 4.3% in Edmonton, and 2.1% in Lethbridge.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Residential construction took a step back in 2023, albeit from the elevated levels of employment and investment reported in 2021 and 2022. Rising interest rates led to contractions in provincial new-housing construction, and among single-family homes in particular. Renovation activity also stepped back due to rising construction costs and concerns over affordability.

The outlook calls for residential investment to grow to elevated levels through 2028, driven by strong demand for both new construction and renovation work. Later years see new-housing investment contract as population growth slows, while renovation activity remains on an upward trend. By the end of the decade, residential investment is projected to increase by 9%, with gains primarily related to renovation activity.

Residential employment is projected to follow a similar trend across the decade. Employment grows to a peak in 2026 before plateauing through 2028 and then declining to 2033. Initially, the strongest growth is within new-home construction, which rises by 12% to 2026, but then declines in the latter years of the outlook, finishing 10% below 2023 levels by 2033. These declines are mostly offset by employment gains in renovation and maintenance which chart continued growth throughout the forecast, increasing by 13% and 6% respectively. By 2033, these two segments will account for 49% of total residential employment, up from 43% in 2023. Due to these competing trends, total residential employment contracts only marginally by 2033, down just 1% from 2023 levels.

ALTERNATIVE SCENARIO, 2024–2033

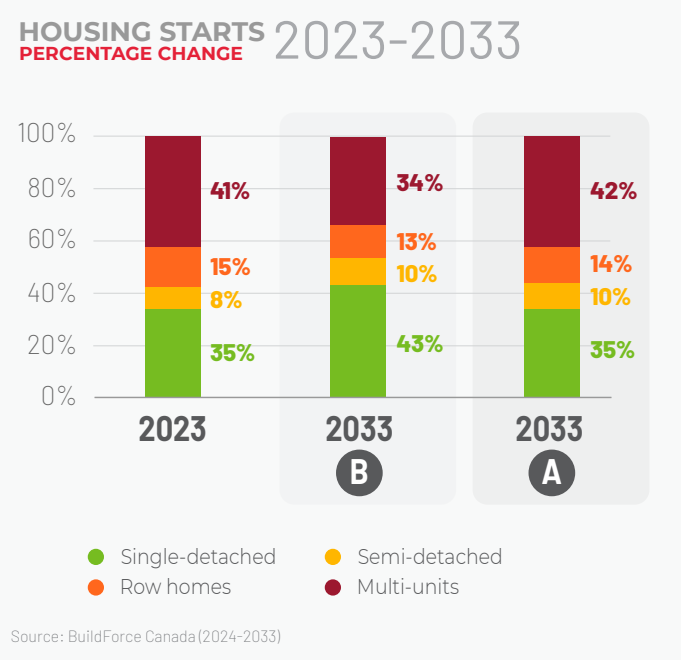
ALBERTA	UNITS
CMHC Housing Supply Gap	130,000
Baseline Projected Housing Starts	369,310
Alternative Projected Housing Starts	499,310

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The Baseline scenario has housing starts declining over the forecast period by 5% from the 2023 level. The Baseline projects approximately 369,310 homes will be started in the province over the forecast period. To achieve the CMHC housing supply gap target of 130,000 additional homes for the province, the Alternative scenario projects a total of 499,310 housing starts will take place over the forecast period, a 35% increase over the Baseline scenario.

IMPACT ON HOUSING STARTS

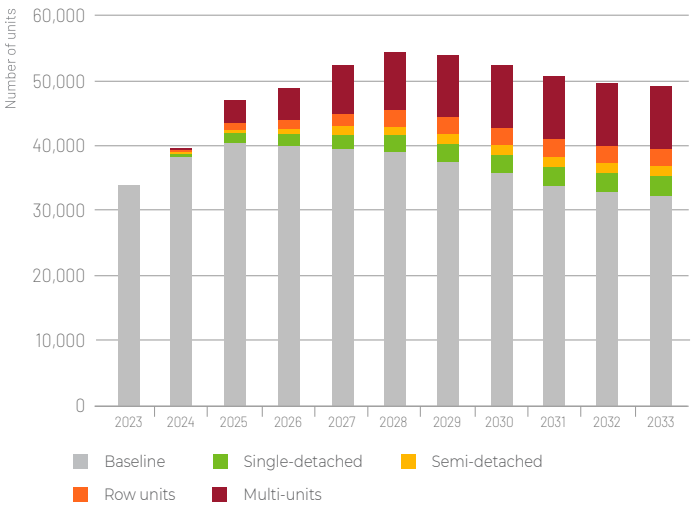
The Baseline scenario projects a slight rise in the share of single-detached units over the forecast period. This rise comes primarily at the expense of multi-unit homes. To achieve the housing supply targets, the Alternative scenario projects single-detached homes will remain at 35% of total starts, whereas multi-units will increase slightly to 42%.



Source: BuildForce Canada (2024-2033)

Alberta's housing supply gap targets are less ambitious than for other provinces. To achieve this goal, the Alternative scenario projects housing starts will commence rising over the 2023 baseline in 2024 and continue rising to a scenario peak in 2028. Thereafter, housing starts decline modestly but remain well above 2023 levels. See Figure 57.

FIGURE 57: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, ALBERTA



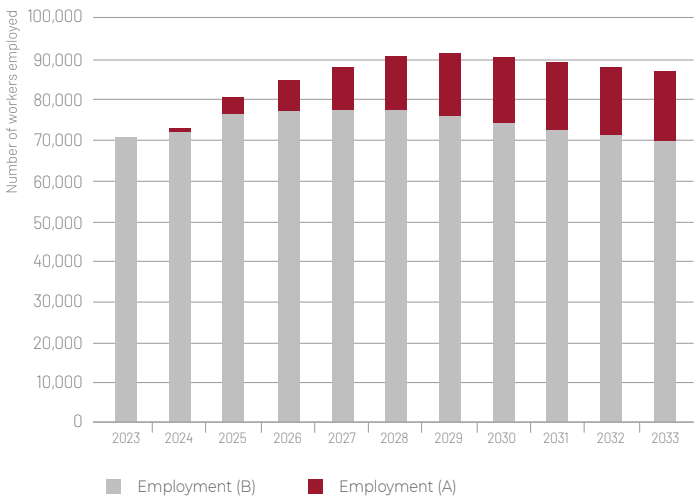
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 70,910 individuals employed in onsite construction in 2023 in the province's residential construction industry. Approximately 12% worked in residential maintenance, 31% in renovations, and 56% in new home construction. The Baseline scenario calls for a decline in overall employment of 1% over the forecast period. Maintenance and renovation related employment rises to 13% and 36% respectively, whereas new home construction declines to 51%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 23% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for an 11% share of total employment, renovations 31%, and new home construction 58%. See Figure 58.

FIGURE 58: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, ALBERTA



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. The Baseline scenario projects employment in the sector will expand by 14% by 2033 over the 2023 baseline. Under the Alternative scenario, employment will expand by 17%, a three-percentage point increase over the Baseline scenario.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

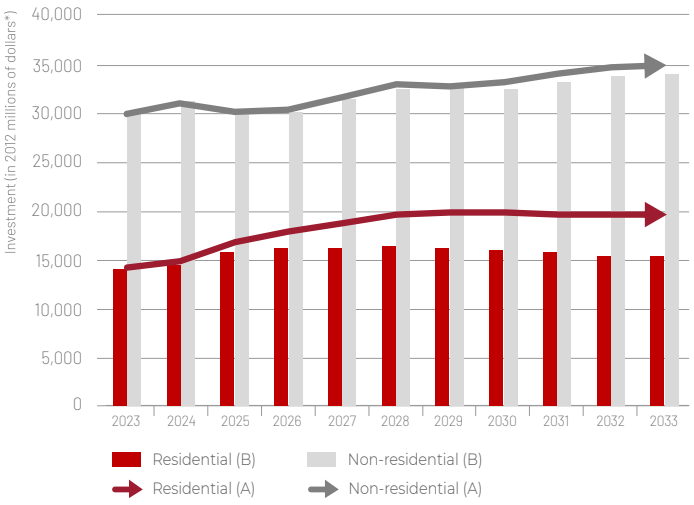
The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

Under the Baseline scenario, residential construction investment is forecast to increase through to 2028, followed by modest declines thereafter to 2033. However, investment levels throughout the forecast period remain above 2023 levels. The Baseline scenario calls for investment levels to be 9% higher in 2033 than 2023 levels.

The Alternative scenario projects investment levels will rise steadily commencing in 2024 and peak in 2029. This is followed by very modest decreases thereafter to 2033. Compared to 2023 levels, overall investment in 2033 is projected to be 38% higher.

Non-residential investment, which is projected to increase by 13% over the forecast period under the Baseline scenario, rises to 16% under the Alternative scenario, a three-percentage point increase. See Figure 59.

FIGURE 59: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, ALBERTA



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

As in Saskatchewan and Ontario, the vast majority of homes in Alberta depend on fossil fuel sources for home heating. Approximately 86% of homes in Alberta use fossil fuel burning furnaces or boilers, while approximately 14% are heated by electricity. Approximately 11% of Alberta homes use electric baseboard or radiant heating sources to meet their home heating needs, while 3% are heated by heat pumps. Should demand for fuel switching increase, this could present a significant challenge to workforce residential recruitment, particularly if homeowners undertake deeper home energy retrofits concurrently with switching to an electrical home heating source.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

Preliminary results from this report estimate that Alberta could require an additional 7,300 tradespeople to undertake this work by 2032. Transitioning to green heating equipment and making existing homes more heat-efficient will generate demands for several trades and occupations. While retrofitting existing heating equipment will generate demands concentrated among only a few trades and occupations, energy efficiency renovations projects will require a broader set of trades and occupations.

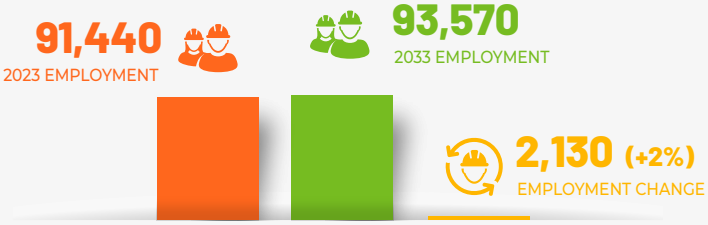
Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, gas fitters, sheet metal workers, electricians, windows and doors installers, plasterers and drywallers, painters, roofers, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing and renovate Alberta's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

BRITISH COLUMBIA

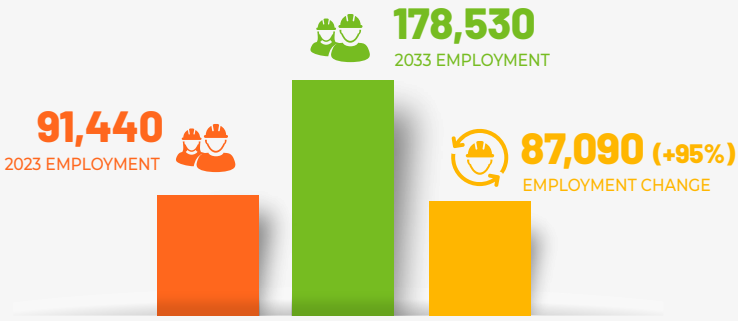
SCENARIO HIGHLIGHTS, 2024–2033

BASELINE SCENARIO



Source: BuildForce Canada, 2024

ALTERNATIVE SCENARIO



Provincial Trends

Population Age Structure

British Columbia is experiencing a shift in its population age structure.

Figure 60 shows that the share of people between 15 and 24 years of age and who are about to enter the province's labour force comprised 12% of the population in 2023. That figure is expected to contract to 11% by 2033. Over the same period however, the share of the population over 65 years of age and mainly retired is projected to grow from 20% to 23%.

This trend will create challenges regarding future labour force recruitment. All industries will be competing for a relatively smaller pool of youth over the next 10 years.

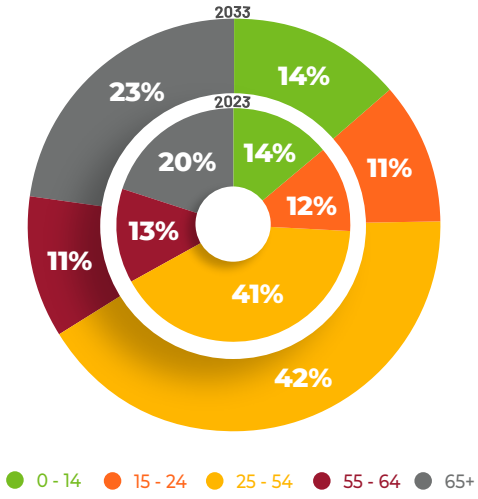
British Columbia's population is generally older than the national average. Although its natural rate of population growth has been above zero in recent years, the rate has been declining, and dropped below zero in 2022.

Since 2019, the province has welcomed 273,570 permanent residents through immigration. The provincial population increased significantly in 2023 with an unexpected surge in the number of permanent and non-permanent residents. Many of the non-permanent residents are international students that may seek to obtain permanent residence status after graduation.

Although these levels are unlikely to be sustained, the province will benefit from the newly expanded federal Immigration Levels Plan through 2025. Moreover, with many of these immigrants coming to British Columbia in their prime child-bearing years, upward growth in the province's rate of natural population growth is forecast across much of the forecast period. They will also be essential to supporting growth in the province's core working-age group of 25 to 54 years of age, and may help to ease labour-market pressures over the decade.

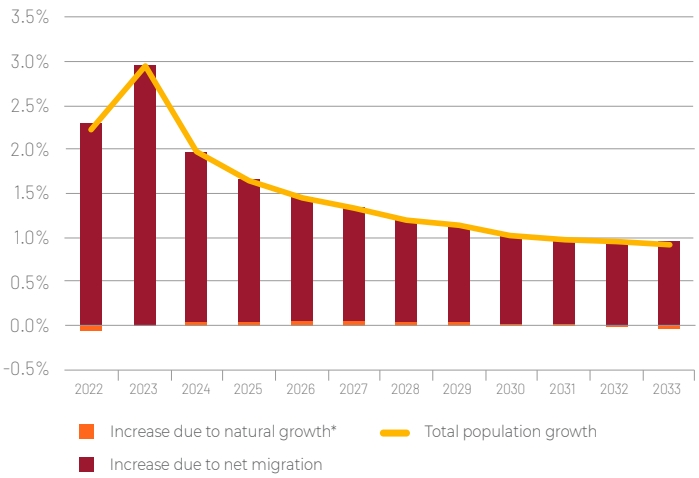
Figure 61 shows the various factors affecting population growth in British Columbia over the forecast period.

FIGURE 60: POPULATION AGE STRUCTURE CHANGE, 2023 AND 2033
BRITISH COLUMBIA



Note: The interior circle represents 2023 and the exterior circle the age distribution in 2033.
Source: BuildForce Canada, 2024

FIGURE 61: POPULATION GROWTH BY COMPONENT, 2024–2033
BRITISH COLUMBIA



*** Natural rate of population growth** refers to the growth in the population due to the number of births relative to the number of deaths, which leads to a positive or negative natural rate.
Source: BuildForce Canada, 2024

HOUSING STOCK AND RENTAL VACANCY RATES

Statistics Canada reports there were 2,285,775 housing dwellings in communities with populations over 10,000 in the province in Q3 of 2023. The mix of the housing units is captured in Table 20.

TABLE 20: HOUSING STOCK IN THE PROVINCE, Q3–2023, BRITISH COLUMBIA

	TOTAL UNITS	% SHARE
Total dwellings	**2,285,775**	**100%**
Single-detached	950,803	42%
Semi-detached	70,006	3%
Row	188,621	8%
Multi-units	1,016,433	44%

Source: Statistics Canada, Table 36-10-0688-01. Data on mobile homes not reported.

Housing Affordability

According to the Canadian Real Estate Association, the average cost of a home in British Columbia was $964,371 in November 2023. British Columbia has the highest average home price in Canada.

Vacancy Rates

CMHC reported a rental vacancy rate of 1.3% in the province in October 2022. This was down from the 1.4% rate recorded in 2021. Rates in the four largest Census Metropolitan Areas in the province were also very low at 2.1% in Abbotsford-Mission, 1.2% in Kelowna, 0.9% in Vancouver, and 1.5% in Victoria.

BUILDFORCE CANADA PROVINCIAL BASELINE SCENARIO, 2024–2033

Housing starts have been elevated across British Columbia in recent years, driven by an influx of permanent and non-permanent residents. Unlike most other regions of the country, in which demand was curtailed by rising interest rates, British Columbia reported an increase in the total number of housing starts in 2023. A significant increase in the number of apartment units under construction more than offset a decline in the number of single-family unit starts.

New housing investment is projected to soften into 2024 and 2025 as interest rate pressures cool demand for new housing. Levels plateau thereafter and through to 2029, after which new-home construction recedes as population growth slows. Investment levels contract by nearly 19% by 2033 compared to 2023 levels.

Renovation investment, on the other hand, has been trending up in recent years. After a setback in 2023, the segment is anticipated to record a steady series of strong increases through to 2033. Investment levels increase by 56% across the forecast period, ending the period higher than investment levels in new housing.

By 2033, total residential construction employment is projected to increase by 2% above 2023 levels. Employment reaches a peak of 5% above 2023 levels by 2029 before contracting in later years of the forecast period. Of note is the change in composition of residential employment across the period. A contraction of more than 26% in new housing is more than offset by growth of 41% in renovation employment, and 42% in maintenance employment. By 2033, the renovation component is the sector's largest employer.

ALTERNATIVE SCENARIO, 2024–2033

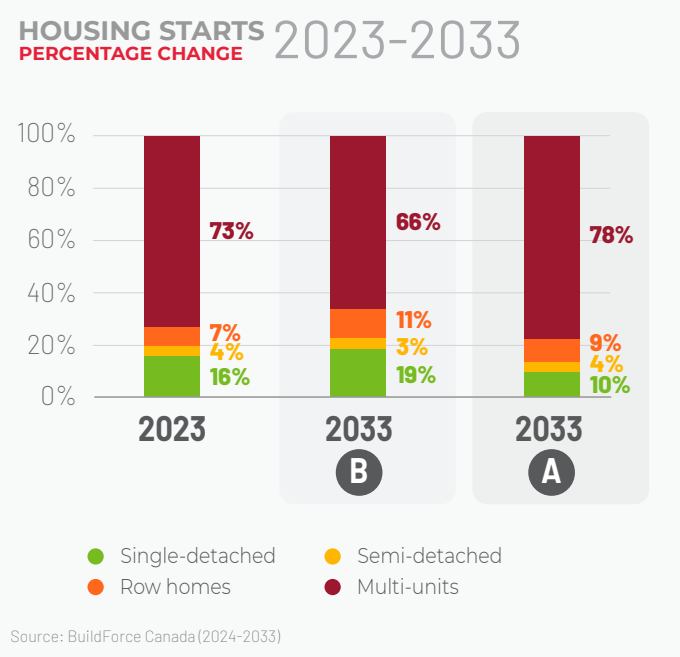
BRITISH COLUMBIA	UNITS
CMHC Housing Supply Gap	610,000
Baseline Projected Housing Starts	411,850
Alternative Projected Housing Starts	1,021,850

BUILDFORCE ALTERNATIVE SCENARIO, 2024–2033

The Baseline scenario has housing starts declining over the forecast period by 27% from the 2023 baseline. The Baseline projects approximately 411,845 homes will be started in the province over the forecast period. To achieve the CMHC housing supply gap target of 610,000 additional homes for the province, the Alternative scenario projects a total of 1.02 million housing starts will take place over the forecast period, a 148% increase over the Baseline scenario.

IMPACT ON HOUSING STARTS

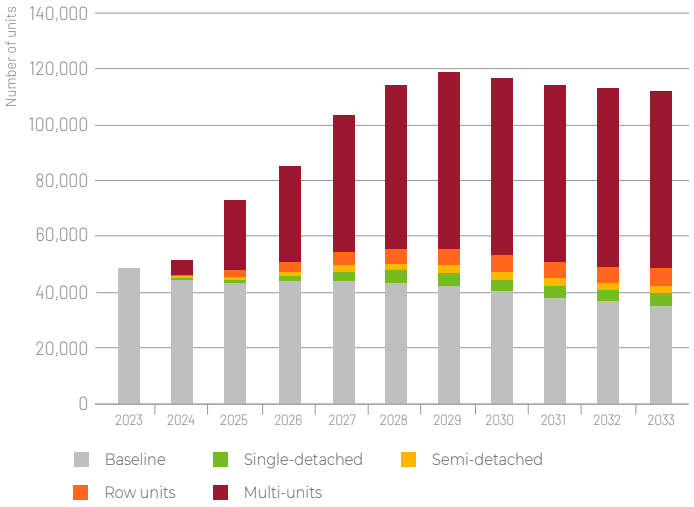
British Columbia is a housing market that is dominated by the construction of multi-units, with multi-units accounting for 73% of total housing starts in 2023. The Baseline scenario projects a slight rise in the share of single-detached units over the forecast period. This rise comes primarily at the expense of multi-unit homes, which decreases to 66% by 2033. To achieve the housing supply targets, the Alternative scenario projects single-detached homes will decrease to just to just 10% of total starts, whereas multi-units will increase to 78%.



Source: BuildForce Canada (2024-2033)

The housing supply gap targets are ambitious for the province. To achieve this goal, the Alternative scenario projects housing starts will commence rising over the 2023 baseline in 2024 and continue rising to a scenario peak in 2029. Declines follow thereafter but remain significantly elevated from 2023 levels. By 2033, housing starts are projected to be 130% higher than 2023 levels. See Figure 62.

FIGURE 62: ALTERNATIVE OVER BASELINE, HOUSING STARTS BY MIX, 2024–2033, BRITISH COLUMBIA



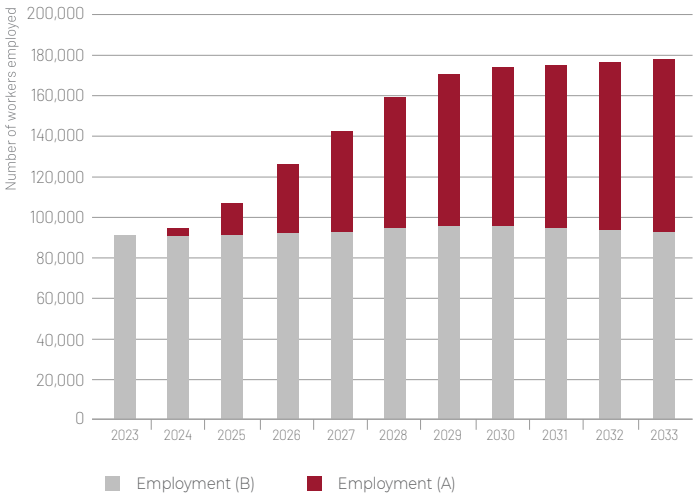
Source: Canada Mortgage and Housing Corporation, BuildForce Canada (2024-2033)

IMPACT ON RESIDENTIAL ONSITE EMPLOYMENT

There were approximately 91,440 individuals employed in onsite construction in 2023 in the province's residential construction industry. Approximately 11% worked in residential maintenance, 32% in renovations, and 57% in new home construction. The Baseline scenario calls for an increase in overall employment of 2% over the forecast period. Maintenance and renovation related employment increases to 15% and 43% respectively, whereas new home construction declines to 41%.

To keep pace with the additional construction contemplated to overcome the housing supply gap, the Alternative scenario projects employment will need to be 95% higher in 2033 than 2023 levels. Under this scenario, residential maintenance in 2033 will account for a 10% share of total employment, renovations 29%, and new home construction 61%. See Figure 63.

FIGURE 63: ALTERNATIVE OVER BASELINE, RESIDENTIAL EMPLOYMENT, 2024–2033, BRITISH COLUMBIA



Source: Statistics Canada, BuildForce Canada (2024-2033)

IMPACT ON NON-RESIDENTIAL ONSITE EMPLOYMENT

The additional residential construction demands related to addressing the housing supply gap will also impact non-residential employment. The Baseline scenario projects employment in the sector will expand by 2% by 2033 over the 2023 baseline. Under the Alternative scenario, employment will expand by 21%.

IMPACT ON RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT

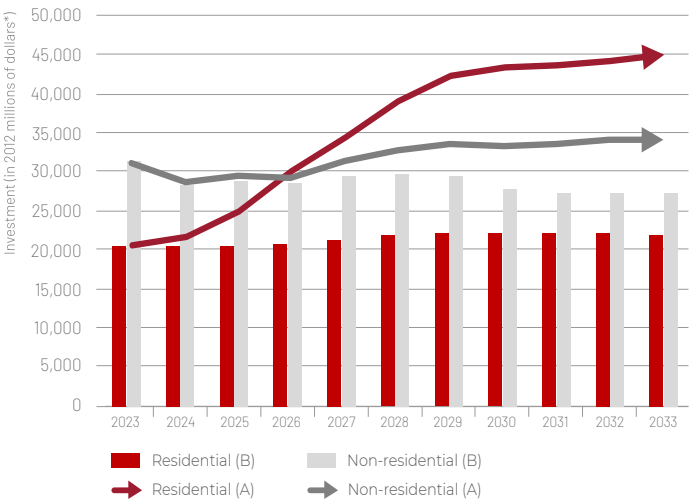
The additional construction contemplated to meet the housing supply gap will also contribute to overall investment gains in the province's economy.

Under the Baseline scenario, residential construction investment is forecast to grow to a 2030 peak, followed by modest decreases thereafter. The Baseline scenario calls for investment levels to be 7% higher in 2033 than 2023 levels.

The Alternative scenario projects investment levels will rise steadily commencing in 2024 and peak in 2033. Over the forecast period, overall investment in 2033 is expected to be 121% higher than 2023 levels.

Non-residential investment which is projected to decrease by 13% over the forecast period under the Baseline scenario rises to 9% under the Alternative scenario, a 22-percentage point increase. See Figure 64.

FIGURE 64: ALTERNATIVE OVER BASELINE, CONSTRUCTION INVESTMENT, 2024–2033, BRITISH COLUMBIA



* $2012 millions indicates that the investment values are in year 2012 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

Source: Statistics Canada, BuildForce Canada (2024-2033)

COMPETING PRESSURES

In addition to restoring housing affordability, other federal policies may contribute to additional demands for residential construction workers in British Columbia. For example, the federal government's target to reduce emissions from buildings by 40% by 2030 will create significant demands for tradespeople and other occupations in construction and other industries.

Although British Columbia is relatively less dependent on fossil fuel for home heating than other provinces in Western Canada, it still has work cut out for it in the road to fully transitioning to green energy sources. Approximately 55% of homes in British Columbia rely on fossil fuel sources for their heating needs, while 45% are heated by electricity. However, 41% of homes are heated by less-efficient electric baseboard heaters, while only 4% of homes currently rely on heat pumps to meet their home heating needs.

Should the process of fuel switching from fossil fuels to electrical sources accelerate over the forecast period, competition for several key trades construction trades required to achieve the additional supply gap targets may emerge, particularly if these home conversions are accompanied by energy efficiency retrofits to reduce heat loss and make homes more efficient.

BuildForce Canada is releasing a separate report that estimates additional employment requirements from transitioning from fossil-fuel heating and cooling to greener alternatives. The report also builds in assumptions around energy-efficiency renovation projects that would be required to minimize heat loss.

Preliminary results from this report estimate that British Columbia could require an additional 7,900 tradespeople to undertake this work by 2032. Transitioning to green heating equipment and making existing homes more heat-efficient will generate demands for several trades and occupations. While retrofitting existing heating equipment will generate demands concentrated among only a few trades and occupations, energy efficiency renovations projects will require a broader set of trades and occupations.

Key trades and occupations impacted by this work include refrigeration and air conditioning mechanics, insulators, gas fitters, sheet metal workers, electricians, windows and doors installers, plasterers and drywallers, painters, roofers, trades helpers and labourers, and contractors and supervisors.

The availability of key tradespeople to build new housing and renovate British Columbia's current housing stock may come into competition with efforts to transition the province's existing housing stock toward efficient green-energy heating equipment.

Also worth noting is the potential impact that achieving the CMHC supply gap goal on other sectors of the economy. A significant rise in tradesperson employment in the residential sector over such a short time horizon may reduce the availability of tradespersons for other sectors of the economy.

CONCLUSION

Meeting the CMHC housing supply goals presents a challenging scenario for Canada's residential construction sector when it comes to labour, especially when comparing the Baseline and the Alternative scenarios. Achieving these ambitious targets will necessitate a significant increase in the annual rate of housing starts over the next decade. This increase is set to occur in an environment where the construction sector is already struggling in terms of labour to keep up with current demand levels.

The dramatic increase in investment levels and employment to meet these goals will contribute to additional economic growth in nearly all provinces. Newfoundland and Labrador, for instance, is projected to experience an extraordinary 465% increase in housing starts if these targets are successfully met. The scale of this growth is unprecedented and highlights the transformative impact of the Alternative scenarios on regional economies if it comes to fruition.

However, escalating housing starts from approximately 2.3 million to over 5.7 million over the next 10 years under the Alternative scenario will create significant stresses on the residential labour force. Given Canada's changing demographics, notably the decreasing number of younger workers entering the workforce, there will be heightened competition for these younger workers, leading to increased recruitment pressures across various industries. The Alternative scenario compounds these challenges, further tightening an already constrained labour market where the demand for skilled tradespersons will likely significantly exceeds supply.

Furthermore, the rapid rise in tradesperson employment in the residential sector, required to meet these ambitious targets, could create stresses in other sectors of the economy that are equally reliant on tradespersons. The residential construction sector's expansion might lead to a reallocation of labour resources, potentially at the expense of other critical sectors.

Additional pressures are expected as the sector adjusts to aid in the energy transition from fossil fuels to electric heating sources. This transition will demand specialized skills and create an additional draw on the labour force, creating competing demands on the same workforce, which could undermine the industry's capacity to achieve the new housing goals within the proposed timeframe.

In summary, while the Alternative scenario offers an opportunity for substantial economic growth and transformation in the residential construction sector, it also presents considerable challenges. These include intense competition for a shrinking pool of young workers, potential labour shortages in other sectors, and the need for specialized skills to support sustainable housing initiatives and energy transitions, assuming those come to fruition as well. The success of this ambitious plan will hinge on effectively addressing these challenges and ensuring a balanced and sustainable approach to labour force development and resource allocation.

Residential Scenario Outlook 2024-2033

A construction industry employment estimation to address Canada's housing supply gap

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