

Non-metro employment: construction sector

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Highlights

- Non-metro employment in construction is now higher than before the 2009 downturn.
- Construction employment has regained the pre-downturn level in each economic region and this level is higher than earlier periods (except in the Northwest Economic Region).

Why look at employment in the construction sector?

The construction sector is one of the few sectors with employment growth in non-metro Ontario.

The objective of this FactSheet is to document in which sub-sectors the growth is taking place.

Findings¹

The number employed in construction in non-metro census divisions (CDs) has increased from 54K² in 2001 to 74K in 2014 (Figure 1 and Table 1, Row #1). There was a slight decline during the economic downturn from 2008 to 2011 but the level of 74K has been maintained for the 2012 to 2014 period.

This increase is a 2 percentage point increase in the share of workers in non-metro CDs who are employed in construction (from 6% in 2001 to 8% in 2014) (Table 1, Row #1 as a percent of Row #15).

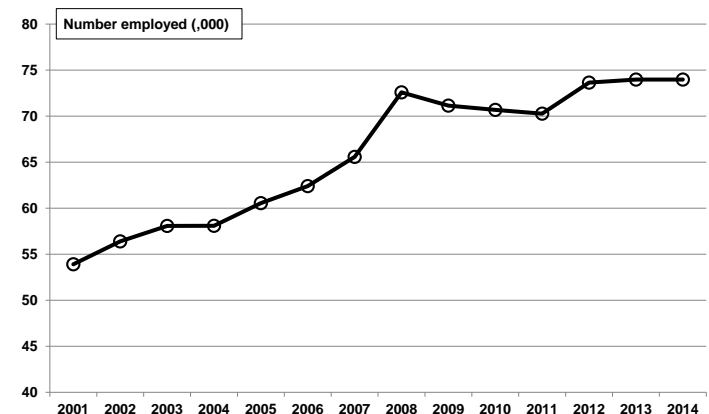
Non-metro construction comprises three major groups. Construction of buildings (Row #2) had 20K non-metro workers in 2014 (27% of all construction workers) and most were employed in construction of residential buildings. Heavy construction (Row #5) had 9K workers in 2014 (12% of all construction workers). The biggest subsector was specialty trade contractors³ (Row #10) with 46K workers (62% of non-metro construction workers).

We report an employment “performance”⁴ indicator that compares the “expected” change in employment in each sector, based on national patterns, and the

“actual” change in employment⁵. If the actual change is greater than the expected change, then the sector performance is “leading” national patterns whereas a negative value suggests it is “lagging”.

Figure 1

Employment in the CONSTRUCTION sector has grown from 54,000 in 2001 to 74,000 in 2014 in non-metro census divisions, Ontario



Source: Ontario Ministry of Agriculture, Food and Rural Affairs, ANALYST EMSI database.

In spite of the growth, the actual change for construction (Row #1) was 20K but the expected change, based on national patterns, was 33K which generates a job “performance” of -13K. In other words, job growth in construction in non-metro CDs was 13K less than the Canadian patterns would have predicted. Note however that the Canadian patterns would be heavily influenced by population growth in

¹ For the level of employment for each subsector, see [Appendix Table](#): Employment in non-metro CDs by industry sector.

² Where “K” indicates “thousand”.

³ This includes contractors specialized in concrete, roofing, electrical, plumbing, drywall, painting, flooring, etc.

⁴ As defined in Footnote #1 in Table 1.

⁵ This shift-share analysis generates a useful indicator of the performance of a given sector in a given region in terms of employment change. Employment across all sectors in non-metro CDs grew by 78K from 2001 to 2004 but this growth was about ½ of expected growth, based on national patterns (last line of Table 1). However, the change in output per worker would provide a different indicator of the performance of a sector.

major metro centres and population growth has not been occurring in Ontario's non-metro areas.

Note the growth in residential construction (5.5K) (Row #3) but the lack of growth in non-residential construction (Row #4). A number of factors may be influencing residential construction employment growth in the context of negligible population growth: e.g. 1) smaller average household size; 2) second homes/cottages; and 3) replacement of older homes with new homes (or upgrading older homes).

Nevertheless, construction employment in non-metro CDs is more intensive than in Ontario as a whole (an LQ >1, as defined in Footnote 2 of Table 1). The only exception is land subdivision construction (LQ=0.5) (Row #7), which is arguably more typical in metro areas.

As noted above, specialty trade contractors (Row #10) is the largest sub-sector – it also reported the largest absolute increase in employment from 2001 to 2014 (a growth of 14K jobs, which was a growth of 43% above 2001 levels).

A review of the trends (see the on-line [Appendix Charts](#) Employment Trends by Industry Sector) in construction employment growth across Ontario's Economic Regions (ERs) shows an upward trend in each of the ERs. Construction employment in the Northwest ER has recovered from the economic downturn but the levels are in the range experienced in the 1990s and 2000s. In each of the other ERs, again the levels have returned to the pre-recession levels but these levels are higher in each ER than experienced in earlier periods.

Summary

Construction employment in non-metro CDs has regained the levels experienced before the 2009 economic downturn.

Construction trade contractors (such as plumbers, electricians, painters, etc.) represent the largest subsector and this subsector had the largest absolute growth in the number of construction workers.

The majority of non-metro construction appears to be the construction of residential buildings and this high level is in the context of virtually no population growth in non-metro areas.

Table 1

Non-metro employment in the CONSTRUCTION sector, employment change & performance relative to national patterns, Ontario, 2001 to 2014																								
Row #	NAICS Code	Level	Industry sector (displayed for each category of NAICS = North American Industry Classification System)	Estimated number employed (,000)													Expected change (based on national patterns) (1), 2001 to 2014 (,000)	Actual change, 2001 to 2014 (,000)	"Performance" = Actual minus Expected (,000)	Intensity(2) (LQ) relative to:				
																				Ontario		Canada		
				2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013				2014	2001	2014	2001	2014
1	23	1	Construction	53.9	56.4	58.1	58.1	60.6	62.4	65.6	72.6	71.2	70.7	70.3	73.6	74.0	74.0	32.9	20.1	-12.9	1.2	1.2	1.1	1.1
2	236	2	Construction of buildings	14.5	15.1	15.2	14.6	14.5	15.1	16.5	19.8	20.1	19.5	19.4	20.5	19.9	19.7	11.4	5.2	-6.2	1.3	1.2	1.2	1.0
3	2361	3	.. Residential building construction	9.7	10.7	11.0	10.7	11.2	12.0	12.5	15.0	15.6	15.3	15.3	16.1	15.6	15.2	8.9	5.5	-3.4	1.2	1.2	1.2	1.1
4	2362	3	.. Non-residential building construction	4.8	4.4	4.2	3.9	3.4	3.1	4.0	4.7	4.4	4.2	4.2	4.5	4.3	4.5	2.5	-0.3	-2.8	1.6	1.1	1.2	0.8
5	237	2	Heavy & civil engineering construction	7.5	6.9	7.5	8.0	8.0	8.1	8.2	9.5	9.0	8.6	8.2	8.5	8.5	8.6	4.5	1.1	-3.4	1.7	1.5	1.2	1.0
6	2371	3	.. Utility system construction	2.5	2.4	2.4	2.2	2.2	2.3	2.3	2.7	2.7	2.8	3.0	3.1	3.2	3.4	3.7	0.9	-2.8	1.9	1.5	1.3	0.8
7	2372	3	.. Land subdivision	0.5	0.4	0.5	0.6	0.5	0.3	0.4	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.2	-0.1	-0.3	0.9	0.5	0.8	0.5
8	2373	3	.. Highway, street & bridge construction	3.9	3.7	4.1	4.7	4.8	5.0	5.8	5.3	4.9	4.4	4.6	4.4	4.4	4.4	0.1	0.5	0.4	1.9	2.0	1.2	1.4
9	2379	3	.. Other heavy & civil engineering construction	0.6	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.9	-0.2	-1.0	1.7	1.0	1.6	0.5
10	238	2	Specialty trade contractors	32.0	34.4	35.4	35.5	38.1	39.3	40.9	43.3	42.1	42.6	42.6	44.6	45.6	45.7	17.3	13.8	-3.6	1.0	1.2	1.1	1.1
11	2381	3	.. Foundation, structure, & building exterior contractors	8.2	7.7	7.1	7.2	8.2	8.5	9.5	10.5	10.0	9.5	9.6	10.0	10.1	10.0	4.6	1.8	-2.9	1.2	1.2	1.4	1.2
12	2382	3	.. Building equipment contractors	12.2	13.7	14.1	13.8	14.8	15.5	16.1	16.4	15.5	16.2	16.6	17.6	17.8	18.4	7.4	6.2	-1.3	1.0	1.2	1.1	1.1
13	2383	3	.. Building finishing contractors	6.3	7.5	8.1	8.0	8.2	8.2	8.5	9.2	9.6	9.5	9.3	9.5	9.7	9.5	3.0	3.2	0.2	0.8	1.0	0.9	1.0
14	2389	3	.. Other specialty trade contractors	5.2	5.5	6.0	6.4	6.9	7.0	6.8	7.3	7.1	7.4	7.1	7.5	8.0	7.9	2.5	2.7	0.2	1.3	1.7	1.1	1.2
15	Total: All sectors in non-metro Ontario			874.6	890.3	901.6	910.7	922.1	932.6	930.6	960.1	923.5	913.0	919.7	938.4	948.4	952.4	150.6	77.8	-72.8				

1. The expected change is estimated from a shift-share calculation that shows the change that would have occurred if non-metro employment had changed at the same rate as national employment and if the employment in the given sector had changed at the same rate as the national employment in the given sector.

2. A location quotient (LQ) indicates the relative intensity of a sector (in this case, in non-metro census divisions), relative to the provincial pattern and relative to the national pattern. It is calculated as the non-metro percent employed in a sector divided by the provincial (or national) percent employed in a sector.

Source: Ontario Ministry of Agriculture and Food, ANALYST EMSI database.

Rural Ontario Institute gratefully acknowledges the work of Ray Bollman in preparing this edition of [Focus on Rural Ontario](#). Questions on data sources can be directed to RayD.Bollman@sasktel.net. Any comments or discussions can be directed to NRagetie@RuralOntarioInstitute.ca.