

CANADIAN CONSTRUCTION InSITES

NATIONAL CONSTRUCTION INDUSTRY SURVEY

Taking the Pulse of Construction at a Pivotal Time



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Chair, Merit Canada

A recent Merit Canada industry survey demonstrates that 2021 was a good year to be in construction, with strong business performance predominating.

That confirms how essential construction is to our economy, and what an important driver of jobs and investment it remains even during highly disruptive times.

While not immune to pandemic-related and other headwinds, construction work supports millions of families across our country.

Inflationary pressures are becoming severe in 2022. For example, prices for steel, rebar, glass and various other key project inputs are all shooting up dramatically, and our industry relies heavily on what we now know are vulnerable global supply chains.

And that unavoidably translates into higher costs for our services and longer timelines to deliver them. There is a significant move to de-risk supply chains and bring them closer to home in response.

Despite all that, the industry outlook is for strong growth. That's good news, but governments shouldn't passively bank on it.

Instead, they should listen to what our members are saying about reducing red tape and tax and approving projects faster to stimulate even greater construction and economic growth. Merit Canada advocacy over the rest of the year will focus on these issues.

A cautionary note coming out of the survey is that the construction workforce has seen significant mental health setbacks during the pandemic. Merit Canada's members are rolling out new, innovative programs to meet this challenge and to maintain construction's central role as a driver of jobs and opportunity in every community in Canada.

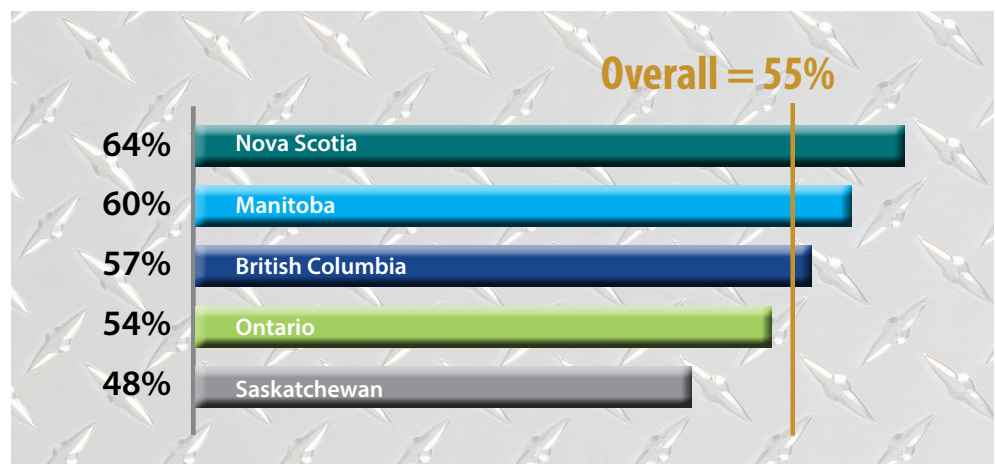
**The industry outlook:
strong growth.**

Industry Performing Well, Despite the Times

Across all provinces covered by the national industry survey, over half of industry respondents said their construction businesses performed very or moderately well during 2021, while the large majority of the rest said performance was at least satisfactory. Responses varied by province, with nearly two-thirds of Nova Scotia respondents in the "very or moderately well" category, but only a little shy of half of Saskatchewan respondents.

Business Performed Very or Moderately Well in 2021

Data was collected through an online survey February 8-24, 2022, among members and construction industry contacts of Merit Canada in B.C., Saskatchewan, Manitoba, Ontario and Nova Scotia.

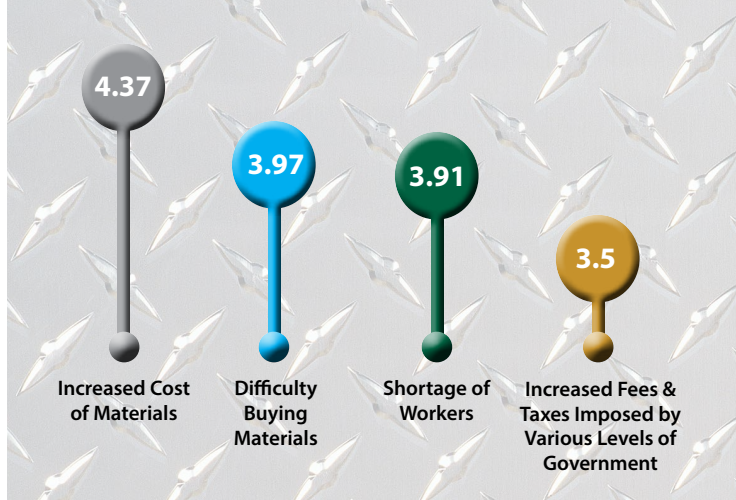


The Biggest Challenges Ahead in 2022

While performance was generally strong in 2021, the Canadian construction industry is confronting a range of challenges in 2022. That includes the now perennial issue of worker shortages, but also increasingly daunting supply chain challenges that are being experienced across the country. With increased costs and project delays, supply chain constraints and the shortage of people are impacting both the industry and its customers.

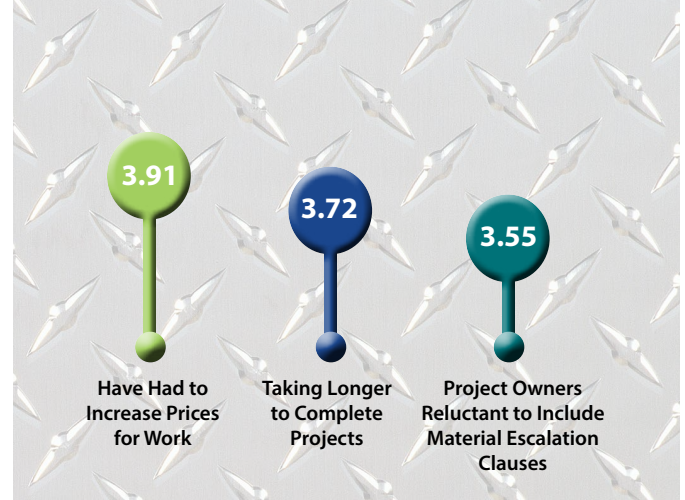
Biggest Operational Challenges

Impact of each challenge, rated on a scale of 1-5



Impact of Supply Chain Challenges

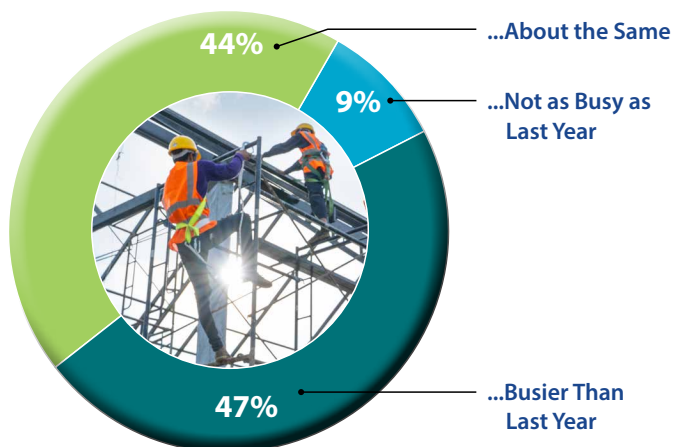
Relevance of each challenge, rated on a scale of 1-5



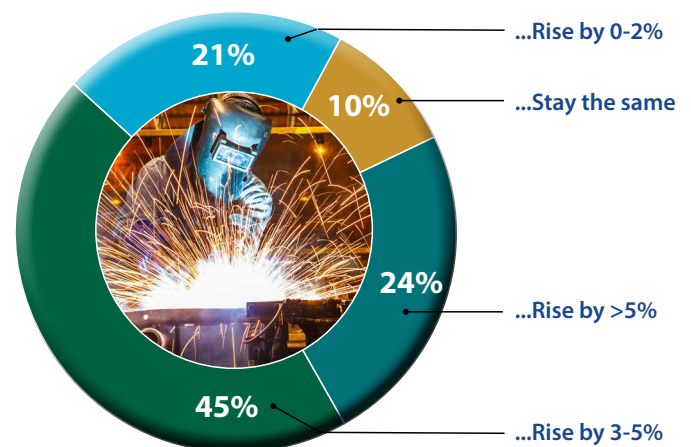
Business Performance Expectations in 2022

Very few respondents expect to see less work this year, and a plurality expect to see more. In combination with a skilled worker shortage, this will drive continued strong wage growth for construction workers. Nearly a quarter of industry respondents foresee wage increases of more than five per cent in 2022.

Thinking about the volume of work you expect in 2022 will your business be...



Do you expect wages in 2022 to...

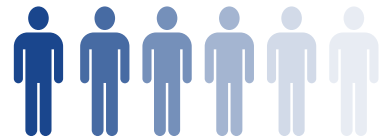
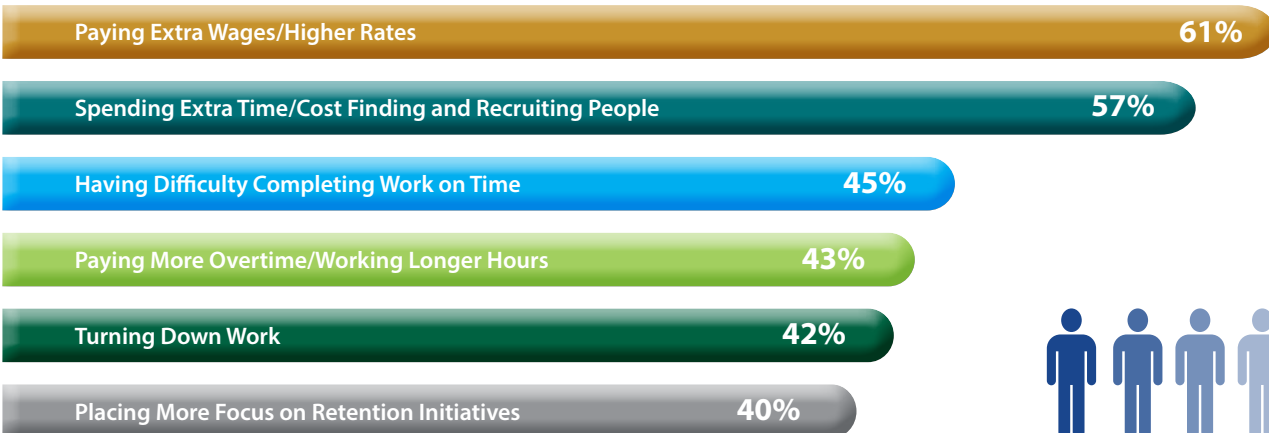


Circles show per cent of respondents choosing each option

How the Shortage of People is Playing Out

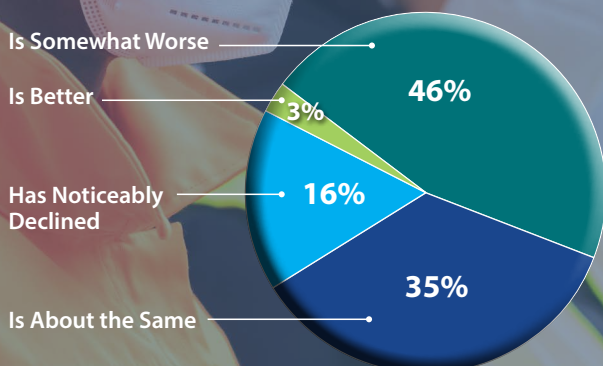
As Canada careens over a demographic cliff, the competition for talent is intense.

Most Commonly Cited Effects of Wide-Spread Labour Shortages (% of employers experiencing)



The Pandemic Has Taken its Toll on People

How has the mental health and wellness of your construction-industry colleagues changed during the pandemic?



Top-Ranked Ways Government Can Help with Labour Shortage

- #1** Provide greater tax incentives for employers to train workers 
- #2** Fund more trades training spaces at colleges and technical institutions 
- #3** Make it easier for skilled tradespeople to immigrate to Canada 
- #4** Invest in programs targeting under-represented populations 
- #5** Sponsor international recruitment campaigns and trade missions for construction 

Performance and Impacts: How the Provinces Compare

The Merit Canada survey results reveal a lot of commonality in terms of challenges faced and solutions proposed in construction, but no one provincial experience or dynamic is precisely like another. Comparative province-specific results on some of the key issues are below.

Mental Health in Industry Has Got Worse Through Pandemic (somewhat or noticeably)

Overall = 62%



Volume of Work Expected to Increase in 2022

Overall = 47%



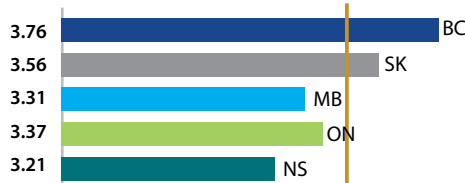
Impact of Shortage of Workers (scale of 1-5)

Overall = 3.91



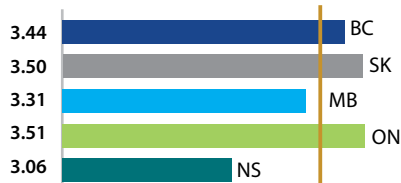
Impact of Increased Fees and Taxes (scale of 1-5)

Overall = 3.50



Relevance of Squeezed Profit Margins Due to Supply Chain Challenges (scale of 1-5)

Overall = 3.38



Construction InSites covers issues and current developments relating to the construction sector federally and within the provinces represented by Merit Canada. It is produced regularly for member contractors, policy makers and commentators, and for all Canadians with an interest in workplace democracy, accountability and transparency within one of the nation's most important industries.

Member Associations



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