



Market Spotlight - Canada

Key Facts

Official Name: Canada

Population: 32.9 million

Major Cities: Ottawa (capital), Toronto, Halifax, Calgary, Edmonton, Vancouver, Winnipeg, Saint John, Montreal, Quebec City, Saskatoon

Languages: English, French

Currency: Canadian dollar (CAD)

Time: Six time zones (GMT-3½ to GMT-8)

International Dialling Code: +1



General

Canada is the second largest country in the World after Russia and is a federation of ten provinces and three territories. The provinces are British Columbia, Saskatchewan, Alberta, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland/Labrador, New Brunswick, Prince Edward Island. The three territories are Northwest Territories, Nunavut, and Yukon.

Underpinned by low inflation and unemployment levels, the Canadian economy has grown rapidly since the early 1990s and is ranked as one of the world's wealthiest and one of the top ten trading nations. Whilst Canada suffered from the effects of the recent global downturn, its economy has stabilised: all of the jobs lost have now been recovered and employment growth is expected to continue throughout 2011 and 2012. Furthermore, average incomes are also projected to grow, albeit modestly, during the same period. Estimated at some \$1.330 trillion, Canada's real GDP grew by an estimated 3% in 2010.

Construction Industry

After a slowdown across all construction sectors, in 2009 the Canadian government announced a \$16-billion, 4000 project infrastructure stimulus to kick-start growth in the industry. Consequently, the industry is now enjoying the benefits of this investment, realising steady growth throughout 2010. In December, Michael Atkinson, President of the Canadian Construction Association indicated that when considering its prospects for the medium term, the industry's mood was one of "guarded optimism". The Provincial Trends report (Nov 2010) by research firm, Scotia Economics, highlighted the regional differences with prediction of 'steady, moderate growth in 2011' for the Atlantic Provinces and 'stronger growth in the West'.

According to UKTI (www.uktradeinvest.gov.uk), the Canadian construction industry accounts for some 12% of GDP and the Canadian Construction Association estimates that it annually accounts for around \$191 billion in goods and services and employs almost 1.3 million people.

There are over 260,000, mainly small, firms in the Canadian construction industry. In the residential sector, almost 90% have 5 employees or less and in the non-residential sector, the percentage is almost 70%. Ontario, Quebec, British Columbia and Alberta account for much of the current and projected growth in construction activity. Prospects are particularly high in Alberta which has already seen significant levels of construction as a result of the knock-on effects of energy-related investment in the Alberta Tar Sands. Export opportunities are most favourable for consultancy services, new and innovative products and systems and energy efficient and 'green' building materials. The local building products manufacturing industry is well developed and very strong in areas such as wood products and components.

Non-Residential Construction

The non-residential construction sector is expected to be the main driver of industry growth over the next few years as the residential sector stabilises. Within the non-residential construction industry, engineering construction is expected to post the strongest gains. Despite the recent downturn, overall investment in the non-residential construction sector increased by 5.3% in 2010 (from 2009) to \$239.9 billion.

Regional and national Government spending plans for educational and healthcare construction schemes are expected to ensure that the non-residential sector will remain buoyant in the short to medium term. Also, concerns over an ageing infrastructure for transport, water and energy services are expected to generate further capital spending commitments. Regional governments are expected to be responsible for significant levels of construction investment, with the largest growth increases expected in Quebec, Ontario and British Columbia and capital spending in the public sector accounting for the majority of the increase.

Significant capital spending increases are planned from the private sector, particularly in manufacturing and oil/gas extraction industries (such as the Alberta Tar Sands mentioned above), and these increases are also buoying medium to long-term prospects.

Major projects in the planning pipeline include the recently awarded contract for a new prison in Windsor, Ontario. The South West Detention Centre will house over 300 inmates and is expected to be completed by 2013. The \$247 million contract has been awarded to a consortium which includes the Bondfield Construction Company Ltd (www.bondfield.com).



Bondfield have also been awarded the contracts for the new Women's College Hospital, involving the construction of a 400,000 square foot facility in Toronto and a new campus building for the University of Waterloo.



Meanwhile, Infrastructure Ontario have invited tenders for the construction of the new 656 bed Humber River Hospital and also for the construction of a new rail link and associated passenger station, connecting Toronto Pearson International Airport with Toronto's Union Station (www.infrastructureontario.ca).



Zeidler Partnership Architects of Toronto have recently unveiled the new, eight storey, 155,463-square-foot student learning centre for Ryerson University. Completion is expected in 2014 (www.zeidlerpartnership.com).

Residential Construction

Looking to the prospects for 2011/2012, according to CMHC (Canadian Mortgage & Housing Corporation) housing starts are expected to number some 177,600 units for 2011 and 183,800 for 2012, a significant improvement on the 2009 figure of 149,000 units but still short of the 222,000 unit per year average between 2002-2008. Much of this uplift has been as a result of the low mortgage costs and commentators expect steady growth for the next few years. According to Alex Carrick, chief economist for Reed Construction Data Canada, "Several factors should prevent a decline in housing starts in 2011, with an expectation of gradually improving markets again in 2012 and 2013." With Canada largely unaffected by the mortgage and foreclosure crisis that plagued the US, homeowner and consumer confidence remain healthy.

Longer-term, CMHC forecasts that starts will average 185,000 units over the 2012-2014 period. While this is below the average annual housing starts between 2002 and 2008, it is thought to be a very robust level of housing activity - well above the average starts levels in the 1990s, and in line with projected housing requirements. In its January 2011 'Pulse' survey of 369 members, the Canadian Home Builders Association revealed more positive sentiment with respondents expecting higher levels of employment in 2011 across the country (except in Quebec) and higher growth, especially in the renovation sub-sectors.



Major Canadian construction companies include:

PCL (www.pcl.com)
Carillion Canada Inc. www.carillion.ca
Flint Energy Services www.flintenergy.com
Aecon Group Inc., www.aecon.com
Ellis Don Corporation www.ellisdon.com
Graham Group Ltd www.graham.ca
Ledcor (www.ledcor.com)
CANA Construction (www.cana.ca)
Bird Construction, www.bird.ca
Stuart Olson Dominion Construction
(www.dominionco.com)

Key Construction Exhibitions

GreenBuild Expo www.greenbuildexpo.org 4-7 Oct 2011
Construct Canada www.constructcanada.com 30 Nov-2 Dec 2011
HomeBuilder & Renovator Expo www.homebuilderexpo.ca 30 Nov-2 Dec 2011
Design Trends www.designtrendstoronto.com 30 Nov-2 Dec 2011
Concrete Canada www.concretecanadaexpo.com 30 Nov-2 Dec 2011

Journals

Building Magazine www.building.ca
Canadian Consulting Engineer www.canadianconsultingengineer.com
Construction Canada www.constructioncanada.net
Home Builder Magazine www.homebuildercanada.com
Canadian Architect www.canadianarchitect.com
Canadian Architecture & Design www.cadmag.ca

Project Leads

Reed Construction Data Building Reports www.dcnonl.com

Useful Contacts

Construction Sector Council www.csc-ca.org
Construction Forecasts www.constructionforecasts.ca
Canadian Construction Association www.cca-acc.com
The Canada Green Building Council www.cagbc.org
Association of Canadian Engineering Companies www.acec.ca
Canadian Home Builders Association www.chba.ca
Construction Specifications Canada www.csc-dcc.ca
Infrastructure Canada www.infc.gc.ca
The Royal Architectural Institute of Canada www.raic.org

STOP PRESS

The Canadian city of Mississauga, Southern Ontario, has unveiled plans for a master-planned, mixed-use, transit-oriented neighbourhood for the city's waterfront area. The city's plans include construction of mid-rise apartment blocks and offices with street-front retail at ground level, as well as high-rises and townhouses and a possible college or university campus. The creek on the waterfront will be restored to a wetland and the shoreline would be turned into green space to create a continuous belt of parkland. The proposal also includes construction of new streets including a central, pedestrian-friendly north-south thoroughfare and a transit corridor. The project, if executed, is expected to reach completion in 15-20 years (from www.designbuild-network.com).

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