

Sectoral profile: construction



Footprint

The construction industry contributes approximately 7% to the Canadian GDP. Small and mid-sized enterprises (1 to 499 employees) account for about 82% of it. Additionally, SMEs represent the majority of businesses (99.9%) and employ 85% of the construction workforce.

Table 4 – The construction sector in Canada

	GDP ^{6,7}	Businesses ^{8,9}	Workforce ¹⁰
Total	\$151B	384,000	1,480,000
Sector's share of the economy	7%	9%	8%
SMEs' share of the sector	82%	99.9%	85%

The construction sector includes three subsectors:¹¹

- Specialty trade contractors (57% of establishments), who mostly operate in activities needed in the construction of buildings and structures (e.g., masonry, painting, or electrical work)
- Construction of buildings (33% of establishments)
- Heavy and civil engineering construction (9% of establishments).

Sources

- (6) Statistics Canada. Table 36-10-0434-03.
- (7) Innovation, Science and Econ. Dev. Canada, Key Small Business Statistics 2022.
- (8) Statistics Canada. Table 33-10-0662-01.
- (9) Statistics Canada. Table 33-10-0661-01.
- (10) Statistics Canada, Labour Force Survey data, custom tabulations.
- (11) Statistics Canada. North American Industry Classification System (NAICS) Canada 2022 Version 1.0.
- (12) Statistics Canada. Table 36-10-0449-01.
- (13) Bank of Canada, Canadian interest rates and monetary policy variables: 10-year lookup.
- (14) CFIB, Your Business Outlook Survey. January 2012 to June 2023. Seasonally adjusted data.

Fitness

The gap between national GDP growth and the construction industry has been widening since mid-2021 (Figure 7). Fewer construction businesses report above-normal unfilled orders and staff overtime, especially since Q3 2022, or report a strong performance in the past 3-4 months (Figure 8). However, the downward trend stabilized in Q2 2023, suggesting a possible plateau.

Figure 7 – Construction GDP was more volatile in the past decade¹²

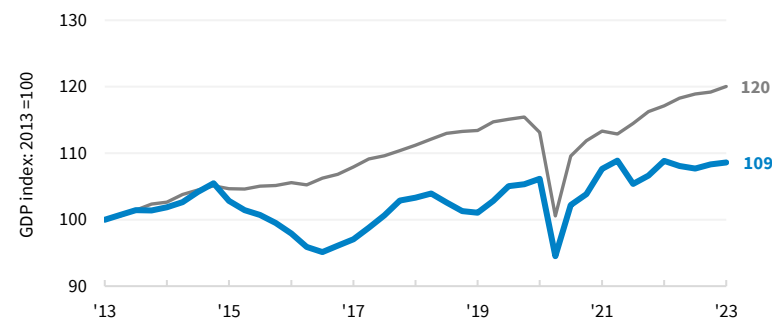
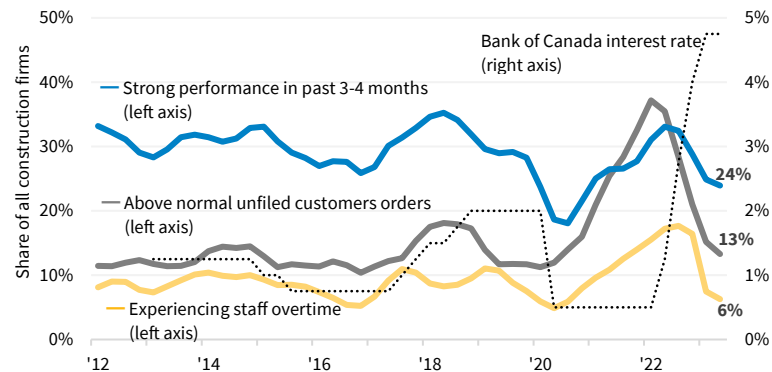


Figure 8 – Key indicators show that the construction sector has cooled down recently^{13,14}



Challenges

Construction SMEs are much more likely to face cost pressures due to fuel and energy, insurance or tax and regulations (Figure 9). Business growth is limited mainly by the shortage of workers (Figure 10), reflecting the sector's high job vacancy rate (Table 2).

Figure 9 – Fuel/energy, wage, insurance, and tax/regulatory costs affect the construction industry more than in other sectors¹⁴

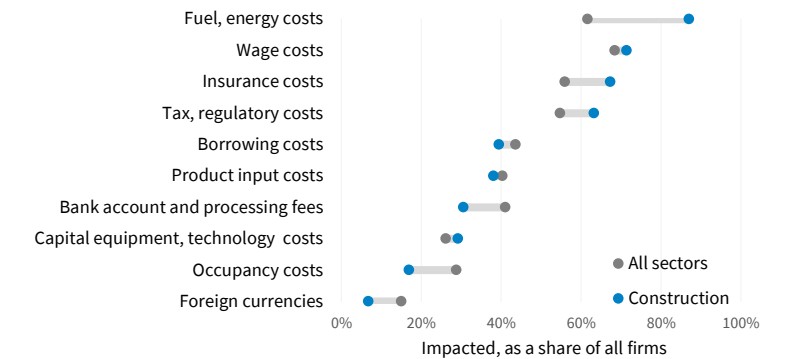


Figure 10 – Shortages of labour limit the growth of construction businesses more than in other sectors¹⁴

