

# RICS Canadian Construction Market Survey

Q4 2013

## Expectations Turn Higher for 2014 Workloads and Employment

- **Total workloads increased again in Q4**
- **The infrastructure sector was particularly buoyant**
- **Activity is generally broad based and confidence is strong for 2014**

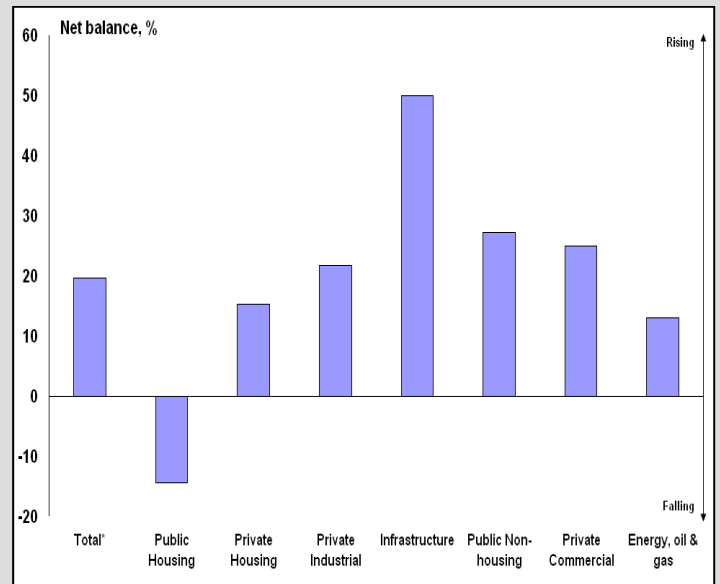
The Q4 Canadian Construction Market Survey indicates that activity in the sector continued to increase during the final part of last year. The infrastructure sector recorded the strongest momentum with a net balance of 50% more respondents seeing activity increase rather than decrease. However, the growth in activity appears reasonably broad based, with only the public housing sector experiencing a decline in workloads over the quarter.

At the 12 month time horizon, expectations for workloads and employment remain upbeat and have improved in Q4 with net balances of 84% and 58% respectively now expecting workloads and employment to increase. This is reflected in an improvement in respondents' expectations in actual percentage terms, with workloads and employment now expected to grow by around 4.7% and 2.5% respectively over the coming 12 months. This compares to Q3's projections of 3.4% and 1.1%. Moreover, a net balance of 40% of respondents expect the infrastructure pipeline managed by Infrastructure Ontario to increase over the year, which should help support activity.

Planning and regulatory delays have been reported as significant constraints on construction activity throughout 2013 but in the final quarter, unsurprisingly, there was a sharp increase in the proportion of respondents for whom adverse weather conditions were an impairment on activity. In terms of skills shortages, the main area of concern is quantity surveyors, with two-thirds of respondents having difficulty sourcing these skills compared to about half of respondents reporting shortages in Q3.

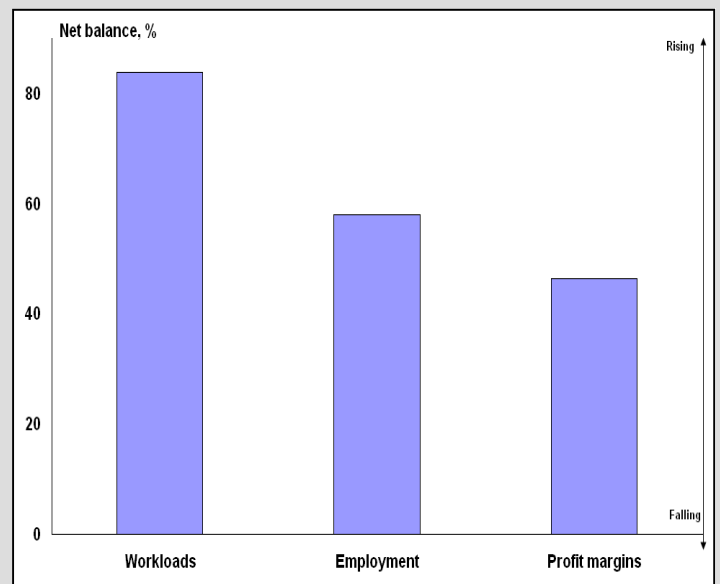
Tender prices are expected to increase across each of the four broad regional blocks that we monitor but the impetus behind price rises is variable across regions. While a large majority of respondents expect tender prices in the Prairies to increase, there seems far less upward pressure on prices in Ontario. The Prairies are also expected to experience the strongest investment in construction over the coming few years.

### Workloads - last 3 months



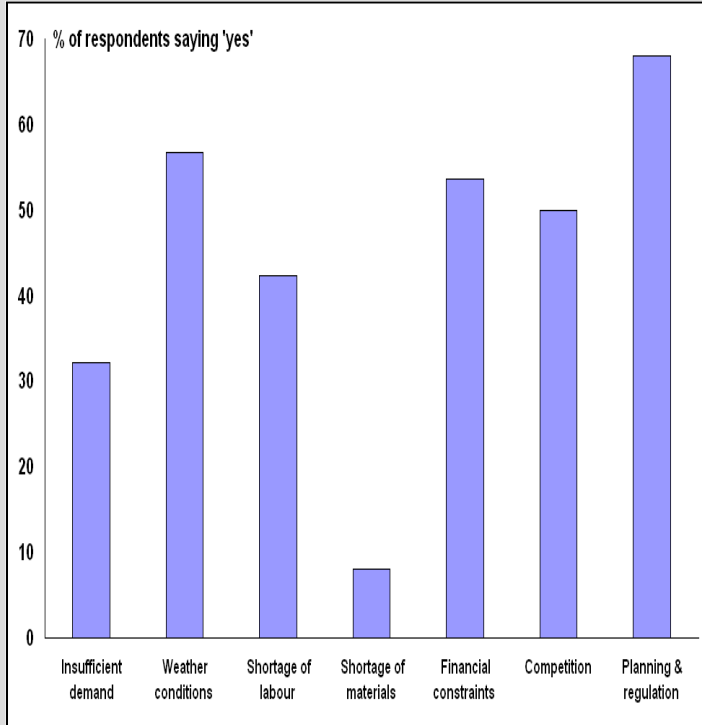
\*The headline net balance for total construction workloads is an unweighted average of all of the sectors (in net balance terms) covered in the survey.

### Expectations - 12 months ahead

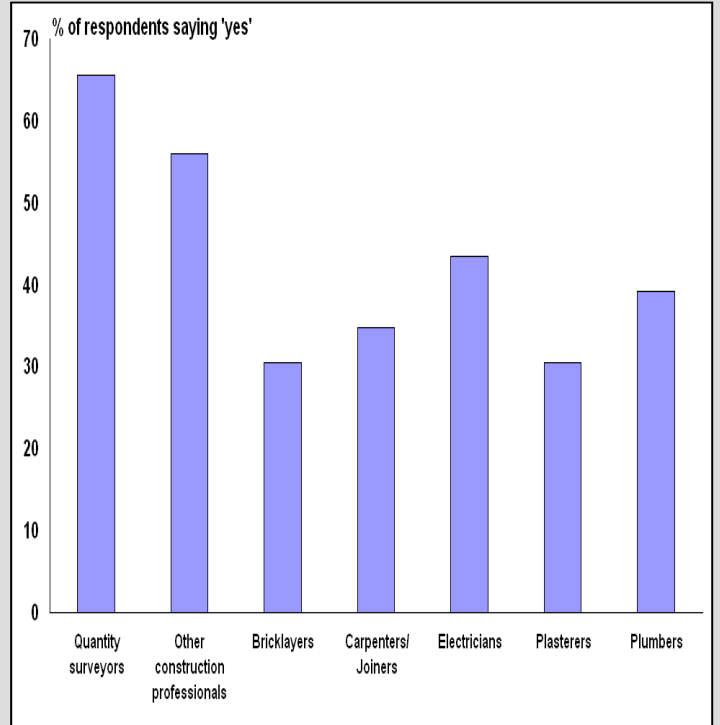


**About:** The RICS Canadian Construction Market Survey is a quarterly sentiment survey of respondents who operate in the construction market sector. See back page for further details.

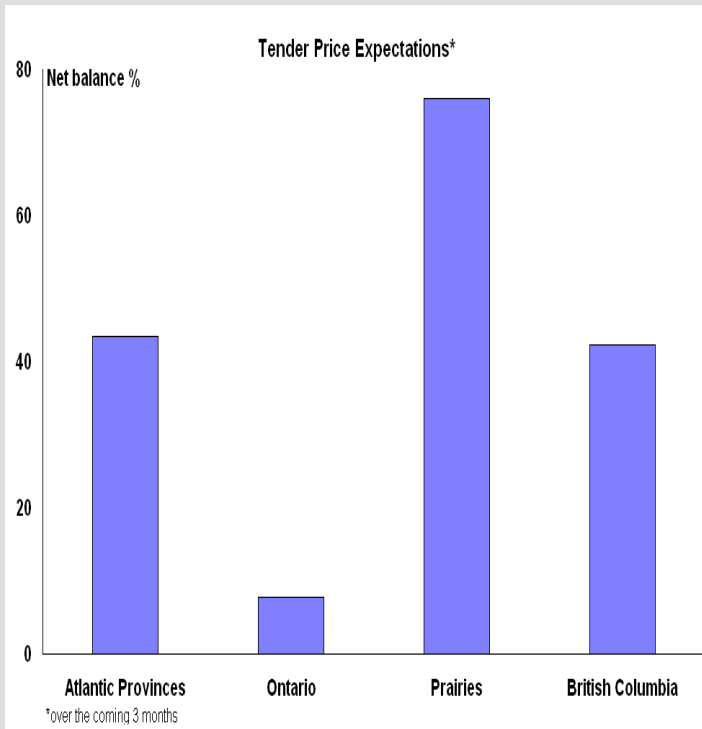
### Factors limiting activity



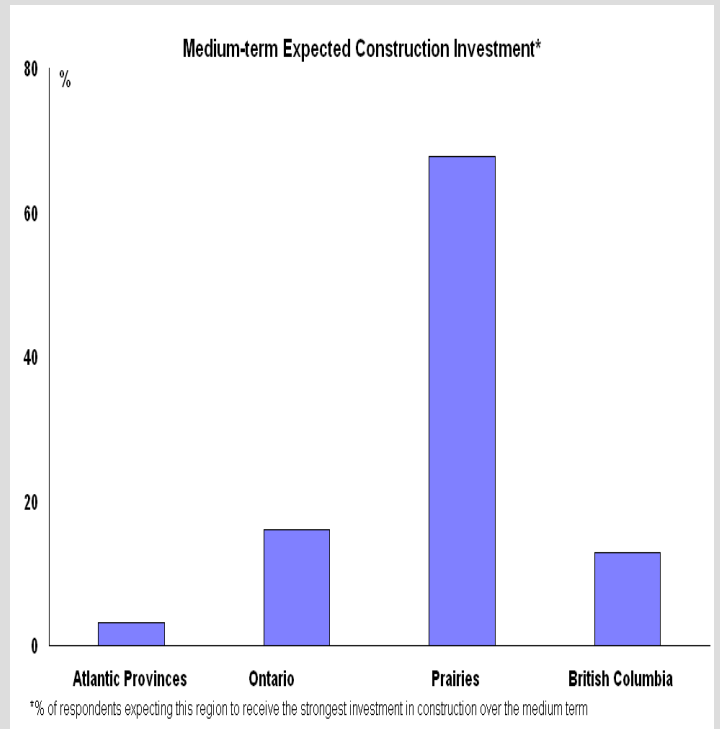
### Skills shortages



### Tender Price Expectations



### Construction Investment Expectations



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## Notes to editors

### About:

- The **RICS Canada Construction Market Survey** is a quarterly sentiment survey of respondents who operate in the construction sector.

### Questions asked:

1. How has the level of workloads changed over the last three months?
2. Has your company (or your contractors) experienced skills shortages in your region in the latest three months for the following areas?
3. Have any of the following factors impacted building activity over the last three months?
4. Has your company used BIM over the last three months and if so, in which of the following areas?
5. What are your company's approximate expectations in each of the following areas over the next 12 months?
6. How do you expect client sustainability budget allocations to change over the next 12 months?
7. In your opinion, how will the infrastructure pipeline (as managed by Infrastructure Ontario) change over the coming 12 months?
8. Which region of Canada do you believe will have the strongest investment in construction over the coming few years?
9. How do you expect tender prices to change in each of the following areas over the coming 3 months: Ontario, the Prairies, British Columbia, Atlantic Provinces.
10. Would you consider relocation to another province for employment?

### Net balance data:

- **Net balance = Proportion of surveyors reporting a rise in workloads minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).**
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

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