

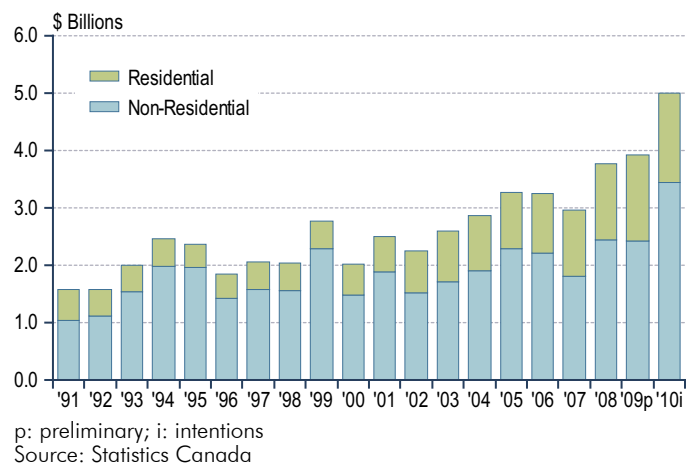
# Construction

School construction (Dept. of Finance)



The construction industry generated about 3% of the province's nominal GDP in 2008. Of this, the residential sector comprises about 40%, while the non-residential, building and engineering sector comprises about 60%. Following strong growth in 2008, construction activity in the province remained robust during 2009. This is in sharp contrast to activity throughout many provinces in Canada, as well as many developed countries throughout the world. Construction investment in Newfoundland and Labrador increased by 3.6% to \$3.9 billion in 2009—an 11.4% increase in residential investment was more than enough to offset a slight decrease in non-residential construction of 0.6%.

## Construction Investment



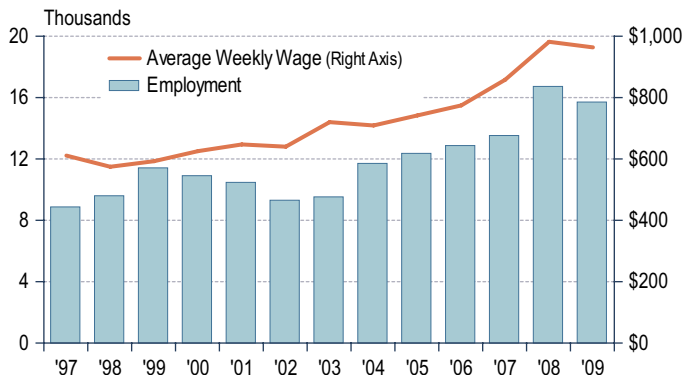
### Non-Residential Construction

During 2009, non-residential construction investment decreased by 0.6% over 2008 to \$2.4 billion. Although slightly lower than 2008, the level of non-residential construction remained high in a historical context (see chart). Advancement of major projects, in particular activity related to the tie-in of the White Rose North Amethyst field and construction of the nickel processing facility in Long Harbour, contributed to high levels of spending. In addition, both federal and provincial government stimulus programs contributed to increases in public sector investment. Notable increases in construction investment were recorded in categories which have a high public sector component: educational services (up 72.9%) and health care and social assistance (up 23.7%).

### Residential Construction

Provincial residential construction investment increased significantly in 2009, due mainly to the robust housing market. Investment in residential construction totalled \$1.5 billion, up 11.4% compared to 2008. During 2009, residential construction data indicate higher expenditures on both new dwellings (+10.1%) and renovations (+6.1%). Expenditures on new dwellings posted strong growth despite

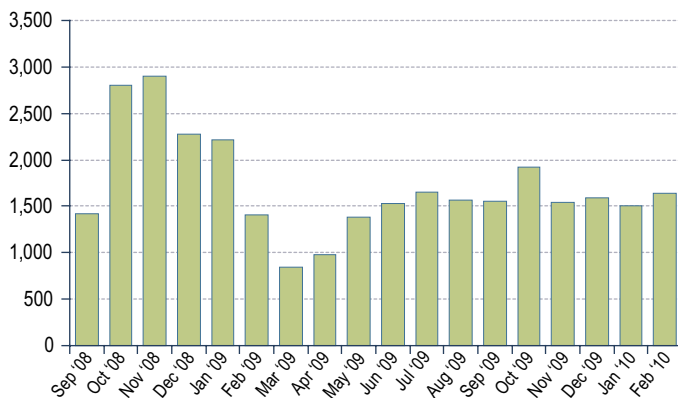
## Construction Employment and Wages



Source: Statistics Canada

## Alberta/Western Canada Air Charter Passengers

St. John's International Airport



Note: Includes passengers arriving and departing.  
Source: St. John's International Airport Authority

John's departing for and arriving from Alberta and other parts of Western Canada recently peaked in late 2008, before reaching a trough in March 2009. By June 2009, the number of passengers had increased somewhat, and since this period has remained fairly stable, hovering around 1,500 per month.

After recording an increase of 14.5% during 2008, average weekly earnings for the construction industry were down 1.8% during 2009. This is in contrast to national performance, where average weekly earnings for the construction industry were up 3.8% during 2009.

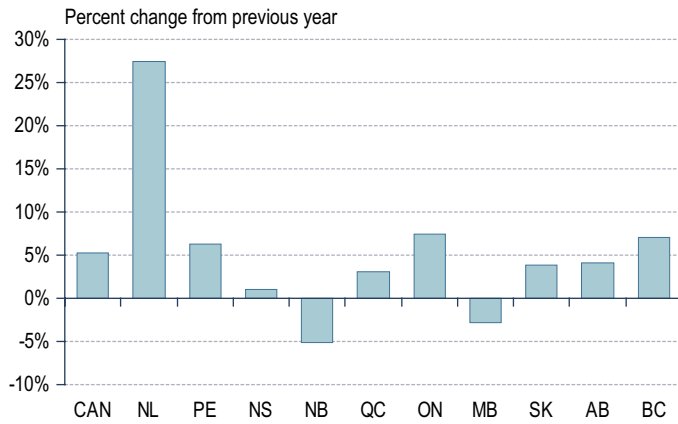
a decrease in housing starts. Total housing starts were 3,057 in 2009, representing a decrease of 6.3% compared to 2008. The strong increase in the value of new construction could be due to the combined effect of increased land and building costs, and higher priced finishings and extras demanded by purchasers (see also *Real Estate*). Renovation spending was bolstered by the Home Renovation Tax Credit and ecoENERGY Retrofit grants.

## Employment and Wages

Construction employment has been trending upwards since 2002 (see chart) reflecting strong activity both locally and nationally. However, after six consecutive years of growth, construction employment declined by 6.0% to 15,700 in 2009. It is believed that a considerable portion of this provincial employment decline is due to a drop in the employment of workers who live in the province and commute to construction-related jobs outside the province, in particular Western Canada. The chart on the left offers some evidence of this belief. Air charter passengers at the airport in St.

# CONSTRUCTION OUTLOOK 2010

## Construction Investment Intentions 2010



Source: Statistics Canada

Construction investment is expected to post a strong performance during 2010, increasing by 27.5% to \$5.0 billion. This is the strongest expectation among provinces. Nationally, construction investment is expected to increase by 5.1%.

Non-residential construction spending is expected to increase by 42.4% to \$3.4 billion. This increase in non-residential construction activity is related to the nickel processing facility in Long Harbour, additional government infrastructure spending, and higher investment in the oil and gas industry.

Residential spending is expected to increase by 3.5% to \$1.55 billion, due to continued gains in new home construction.

Housing starts are expected to increase by 1.5% to 3,102.

Construction employment is expected to rebound in 2010 as increased investment and activity locally and in Alberta should increase the demand for workers in the construction industry.

Almost \$21 billion in project spending is planned or underway in the province according to the inventory of Major Capitol Projects.