

Construction

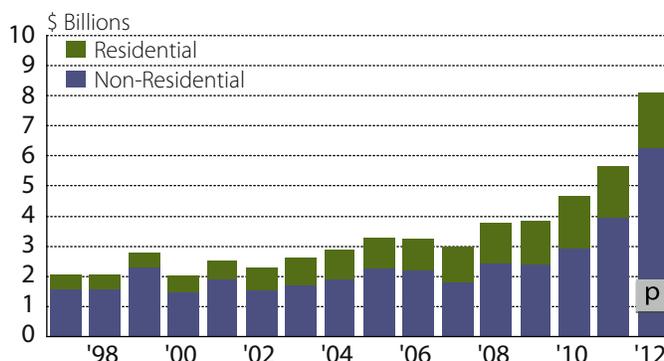
The construction industry has recorded significant growth over the past five years, with record investment, employment and wage levels again seen in 2012. Construction investment in Newfoundland and Labrador rose to \$8.1 billion in 2012, up 42.4% from 2011 (see chart). This represented the strongest growth in the country. Growth in construction expenditures was led by the private sector which accounted for 82.5% of construction spending. Resource-based major project activity played an important role in private sector spending. In addition, public sector investment in infrastructure (i.e. the Trans Labrador Highway, new student residences at Memorial University and a number of new long-term care facilities) supported growth.

Construction Expenditures

Non-residential expenditures accounted for 77.4% of total construction investment in 2012. This sector reached almost \$6.3 billion in investment, up 57.8% from the record levels experienced in 2011 (see table). Expenditures were heavily concentrated in the mining and oil and gas extraction industries. Together they accounted for just under half of all construction investment in the province (see chart). While data on the distribution between mining and oil and gas was not available for 2012, it is estimated that about two-thirds (\$2.3 billion) of the spending in this category was attributable to oil and gas. Some of the contributors to investment in mining and oil and gas last year included expansion at current producing oil projects; site preparations at Bull Arm for the Hebron development; expansion at the Iron Ore Company of Canada; and development of direct shipping mines in Labrador.

Manufacturing investment also figured prominently in non-residential construction last year driven by upgrades at the oil refinery at Come By Chance and the construction of the Long Harbour nickel processing facility. Investment in the utilities industry reflected preparatory work for the Muskrat Falls project. The table lists the investment expenditures by industry for 2011 and 2012. The other category reflects a combination of industry data that was either not available due to suppression or was very small.

Construction Investment



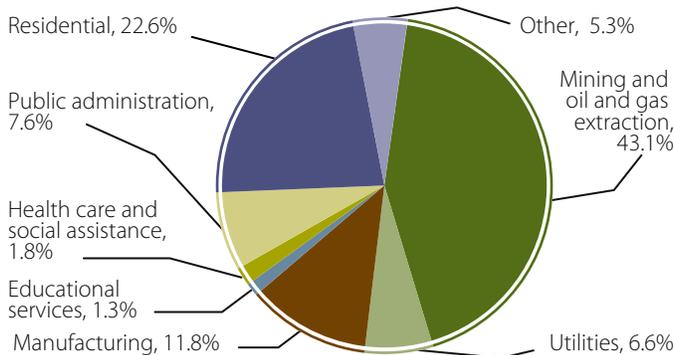
p: preliminary
Source: Statistics Canada

Construction Investment by Industry (\$ M)

	2011	2012p	Actual Change	% Change
Total expenditures	5,678.7	8,089.1	2,410.4	42.4%
Non-Residential	3,965.8	6,260.0	2,294.2	57.8%
Mining and oil and gas extraction	2,077.1	3,485.9	1,408.8	67.8%
Utilities	222.2	531.5	309.3	139.2%
Manufacturing	514.4	958.4	444.0	86.3%
Educational services	125.6	102.9	-22.7	-18.1%
Health care and social assistance	130.5	142.3	11.8	9.0%
Public administration	565.1	612.3	47.2	8.4%
Other	330.9	426.7	95.8	29.0%
Residential	1,712.9	1,829.1	116.2	6.8%

p: preliminary
Source: Statistics Canada

Construction Investment by Industry 2012



Source: Statistics Canada

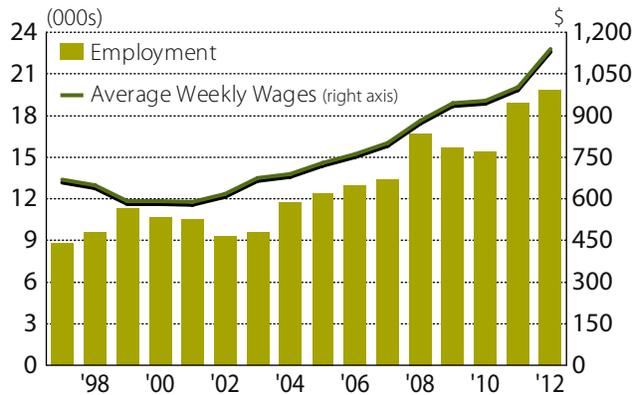
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Investment in residential construction remained strong in 2012, with investment rising to over \$1.8 billion, an increase of 6.8% over historically high levels of investment seen in 2011. Higher expenditures were seen both on new dwellings (+8.4%) and renovations (+8.6%). Higher expenditures directed toward new dwellings are consistent with the 11.4% increase in housing starts seen in 2012 (see *Real Estate*).

Construction Employment and Wages

The recent strength in the construction industry has benefited construction workers. Construction wages have increased considerably over the last five years (see chart). Between 2007 and 2012 construction weekly wages in Newfoundland and Labrador increased by 42.0%. In 2012, average weekly earnings in the construction industry were \$1,139, the third highest among provinces after Alberta and Saskatchewan. This represents an increase of 13.7% compared with 2011, by far the highest growth seen in the country. Additionally, average employment in the construction industry increased by 4.8%, reaching the highest level ever recorded in the province. Major project development, combined with the strength in new home construction, significantly contributed to increased employment.

Construction Employment and Wages



Source: Statistics Canada

Construction Outlook 2013

- Construction investment is expected to post another strong performance with expenditures forecast to increase by 25.9% to reach \$10.2 billion.
- Non-residential construction spending is projected to increase 33.8%, driven by the continued advancement of major projects such as Muskrat Falls and the Hebron development.
- Residential investment is expected to total \$1.8 billion, on par with the record levels posted in 2012.
- Over \$36 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 37).



Real Estate

The housing market in Newfoundland and Labrador was strong in 2012, supported by solid income growth and low interest rates. Housing starts and sales increased, and house prices reached new highs. Rental vacancy rates edged upward during the year but remained low in a historical context.