

# Construction

Construction of Kenny's Pond Retirement Residence, St. John's



Total construction investment is expected to decline by 7.4% (10.7% in real terms) to \$3.1 billion in 2007. Despite the decline, investment remains relatively high on a historical basis. This year's decline in construction investment is due to lower expenditures in the mining and oil and gas sectors.

## Non-Residential Construction

Non-residential construction investment is expected to total \$2.0 billion this year, down \$333.6 million (or 14.3%) compared to 2006. This, in large part, reflects a decline in mega project investment. Construction investment in the mining and oil and gas sectors combined is expected to decline by \$523.1 million (or 32.8%) to \$1.1 billion in 2007. Current investment in these sectors reflects a number of ongoing activities including annual capital spending by the oil production facilities and expenditures for the establishment or reactivation of several mines (such as the Pine Cove gold mine in Baie Verte and the Beaver Brook antimony mine).

Outside of the mining and oil and gas sectors, there are a number of significant non-residential construction projects currently underway in the province, including many projects in the public sector. Public sector construction investment is expected to increase by about 24% this year. Projects in the public sector include: continuation of the St. John's harbour clean-up; continuation of hard surfacing of the Labrador West to Happy Valley-Goose Bay portion and construction of the Cartwright junction to Happy Valley-Goose Bay portion of the Trans Labrador Highway; and, construction of a new long-term care facility in Corner Brook.

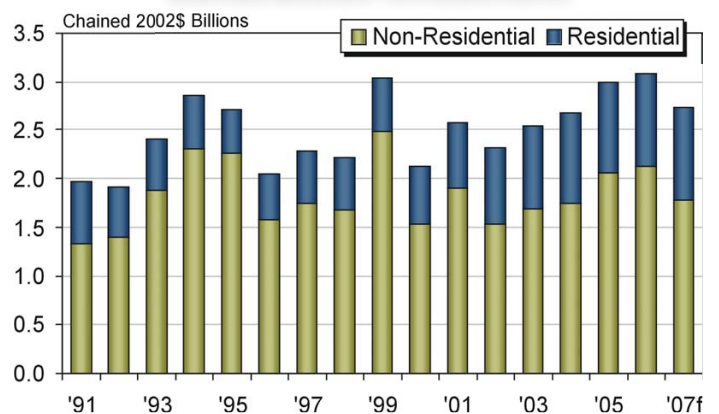
## Residential Construction

Residential construction investment is expected to increase by 8.3% (0.5% in real terms) to \$1.1 billion in 2007—marking growth for the ninth consecutive year. In the first nine months of 2007, residential investment totalled \$850.0 million, an increase of 7.4% over the same period in 2006. Higher expenditures on both new dwell-

ings and renovations were behind the increase. Housing starts increased by 9.4% in the January to September period to 1,832 units, the first increase in this time period since 2004. In the Budget 2007 forecast, housing starts were expected to decline in 2007. However, given the strong performance to date, housing starts are now expected to increase by 9.0% (on an annual basis) to 2,435 units.

Construction employment averaged 13,500 in the first eleven months of 2007, an increase of 4.4% over the same period in 2006. Increased demand for construction workers over the last several years has been reflected in higher average weekly earnings: based on data for the first nine months, weekly earnings (including overtime) in the construction industry in 2007 are about 39% higher than five years ago—this is more than double the growth for the overall economy. The local industry, like the rest of the country, has experienced increased levels of activity in recent years. Securing skilled workers to complete future projects will continue to be one of the main challenges facing the industry, both locally and nationally over the next several years.

## Construction Investment



f: forecast  
 Statistics Canada; Economic Research and Analysis Division,  
 Department of Finance