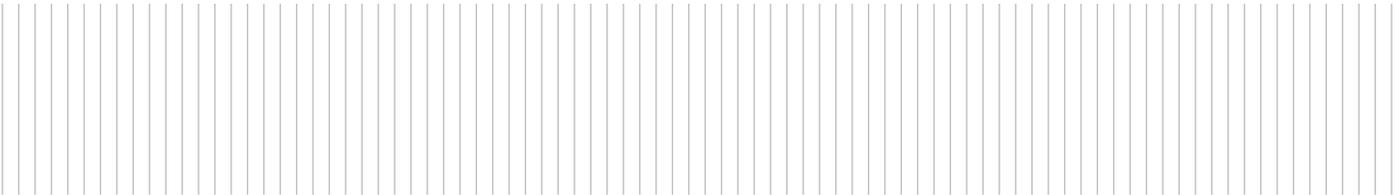


Work in Progress

How Immigration Can Address Labour Shortages
in Residential Construction





Contents

3

Key findings

4

**Housing challenges lie ahead
for Canada**

5

**Residential construction faces
acute labour shortages**

7

**Building the talent pool within
residential construction**

11

**Promising practices show
a way forward**

13

**Existing immigration programs
exclude a key occupation**

14

**Credential recognition
needs improvement**

16

**Appendix A
List of recommendations**

17

**Appendix B
Methodology**

18

**Appendix C
Bibliography**

Key findings

- Construction of new homes is essential to addressing housing availability and affordability in Canada, but persistent labour shortages in residential construction are slowing progress toward meeting the goal to build 3.5 million new homes by 2031.
- The current immigration system is not set up to select immigrants with experience in in-demand occupations within the trades. Key occupations like construction trades helpers and labourers are excluded from economic immigration programs.
- Allocating a small number of immigration places to occupations that are core to residential construction within Immigration, Refugees and Citizenship Canada's (IRCC's) existing Immigration Levels Plan could mitigate labour shortages and advance the building of new homes.
- The newly announced Category-Based Selection rounds show promise in increasing the supply of immigrants with skills needed for residential construction within the current Express Entry system.
- If provinces and regulatory bodies address challenges in credential recognition, immigrants will be able to fill labour market gaps more quickly, which will amplify the positive impact of immigration on homebuilding.



Housing challenges lie ahead for Canada

Availability and affordability of housing is putting pressure on Canadians and new immigrants. Housing is a complex policy area influenced by all three levels of government. As concerns persist, the public expects policy-makers to take action.



Increasing Canada's housing stock is a critical part of the equation. According to the Government of Canada, 3.5 million units need to be added to the housing supply by 2031.¹ Canada needs a mix of standalone housing, condo units, and other types of homes for both homeowners and renters.

To meet government targets, the current rate of residential construction needs to double. With an aging workforce and persistent challenges attracting young people to work in the trades, Canada does not have the workers it needs to accelerate the building of new homes. Bringing more Canadians into the trades will help. But Canada cannot achieve the level of growth required in the residential construction sector without immigration.

Immigration Minister Marc Miller underscored this point in August 2023 when he said that without skilled workers immigrating to Canada, “we absolutely cannot build the homes and meet the demand that exists currently today.”² By including small-scale immigration pilots designed to attract and secure immigrants in the residential construction sector within existing immigration targets, Canada can address structural labour market gaps and fast-track homebuilding.

The purpose of this report is to analyze how immigration programs can address labour shortages in the residential construction sector, and thus help Canada achieve its residential construction goals.

¹ Department of Finance Canada, “Chapter 1: Making Housing More Affordable | Budget 2022.”

² Rana, “Canada ‘Absolutely’ Can’t Build More Houses Without More Immigrants, Minister Says.”

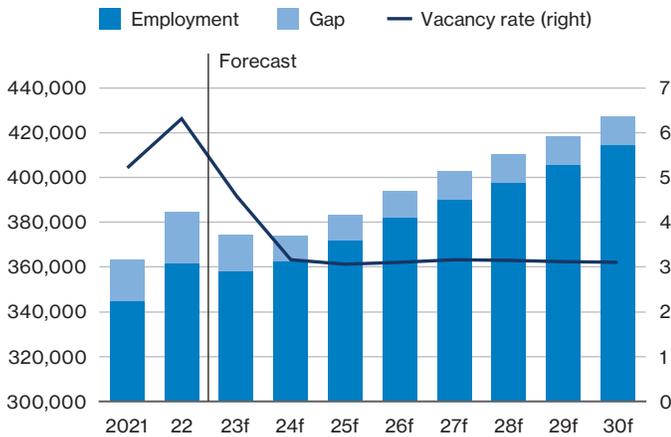
Residential construction faces acute labour shortages

The residential construction industry is expected to grow by 15.0 per cent by 2030. (See Chart 1.) This figure is based on The Conference Board of Canada’s forecasting Model of Skills and Technologies (MOST), which is described in Appendix B.

Vacancy rates peaked in 2022–2023. In the future, the ratio of unfilled vacancies to the number of employees in the industry is expected to remain at 3.1 per cent. This translates to a structural labour shortage of 12,000 jobs per year on average. This gap limits the pace of homebuilding in Canada. Without policy intervention, Canada will not have the workers required to meet its ambitious homebuilding targets.

Chart 1

Long-term vacancy rate at 3.1 per cent
(employment and gap, number; vacancy rate, per cent)



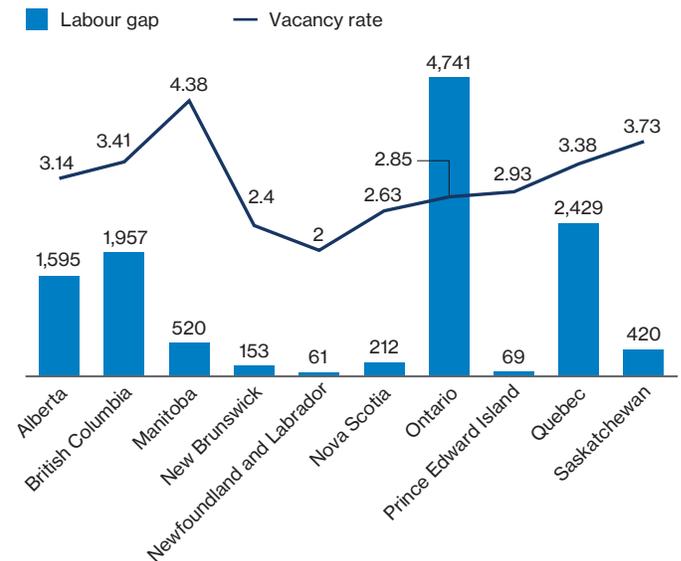
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The labour gap is highest in Ontario

There is provincial variation in terms of residential construction labour needs. (See Chart 2.) Despite having a vacancy rate under the national average, Ontario is projected to represent 40 per cent of the overall labour gap in Canada. This translates to an average structural shortage of 4,800 unfilled jobs per year between 2024 and 2030. British Columbia and Quebec are expected to have 4,500 jobs unfilled each year over the same forecasting period. The Prairies are projected to have a significantly higher vacancy rate than the national average, representing a structural lack of around 2,550 workers annually.

Chart 2

Provincial distribution of average vacancy rate and labour gap, 2024–2030
(labour gap, number; vacancy rate, per cent)



Sources: The Conference Board of Canada; Statistics Canada.

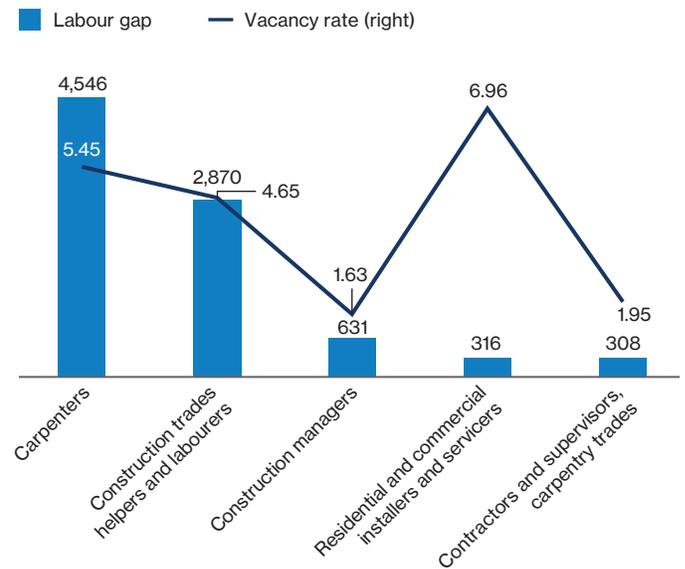
The labour gap varies by occupation

Carpenters and construction trades helpers and labourers are forecasted to have the highest labour gap in residential construction in 2030. (See Chart 3.) These occupations typically have above average vacancy rates and large labour gaps. Based on forecasted demand, Canada is missing over 4,500 carpenters. This occupation is key to Canadian construction, which often uses wooden frames. Trades helpers and labourers assist in many aspects of residential construction, including bricklaying, carpentry, concrete mixing, drywalling, and plumbing.³ A Canada-wide shortfall of over 2,800 labourers restricts the capacity of the sector to double the current rate of residential construction.

For British Columbia and Ontario, these two occupations combined represent a gap of respectively 1,100 and 2,800 workers.

Chart 3

Largest labour gap in 2030 for carpenters and construction helpers and labourers (labour gap, number; vacancy rate, per cent)



Sources: The Conference Board of Canada; Statistics Canada.



³ Employment and Social Development Canada, "Construction Trades Helpers and Labourers."

Building the talent pool within residential construction

To accelerate homebuilding in line with projected needs, Canada needs to ensure growth in the number of workers with skills and experience in residential construction. Immigration can help.

Allocating a small number of immigration places within IRCC’s existing Immigration Levels Plan to key occupations within the residential construction sector could mitigate labour shortages and advance the building of new homes. To get there, Canada will need to adopt immigration policies that account for the unique characteristics of the sector.

High human capital immigration doesn’t support the trades

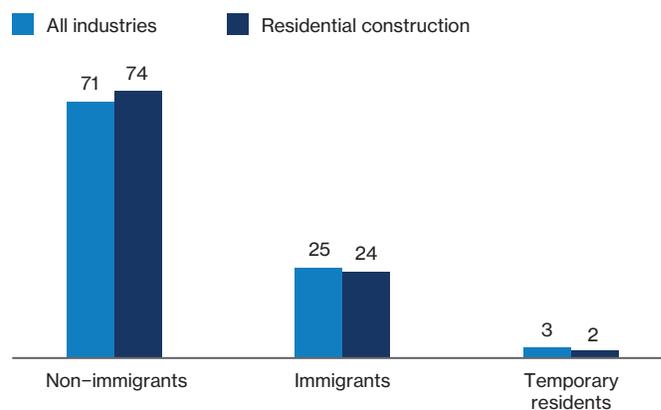
According to the 2021 Census, immigrants are slightly under-represented in the residential construction sector. (See Chart 4.) The national trend holds true in both British Columbia and Ontario.

Canada’s immigration system was designed to select people with high human capital, rather than people with skills in in-demand occupations. The system privileges high levels of education and excellent skills in Canada’s official languages.

Many occupations in the trades, including those needed for residential construction, are eligible for economic immigration programs. But in practice, people with these skills are infrequently selected for permanent residence. In 2018, about two-thirds of people selected through the Express Entry system who listed an intended occupation stated an intention to work in a professional occupation, as opposed to a technical job or skilled trade.⁴



Chart 4
Immigrants under-represented in residential construction (per cent)



Sources: The Conference Board of Canada; Statistics Canada.

⁴ OECD, *Recruiting Immigrant Workers: Canada 2019*.

Many occupations in the trades, including those needed for residential construction, are eligible for economic immigration programs. But in practice, people with these skills are infrequently selected for permanent residence.



Canada operates a small Federal Skilled Trade Program (FSTP). But this program does not address the immigration barriers for people working in the trades. Onerous eligibility requirements and a limited list of eligible occupations mean that the FSTP does not meet the needs of many industries, including residential construction. Census data from 2021 show that less than 1 per cent of immigrants who work in residential construction got permanent residence through the FSTP. (See Table 1.) The Organisation for Economic Co-operation and Development (OECD) has argued against continuation of the FSTP.⁵

Table 1
Immigrants in residential construction, by category
(number of immigrants)

Immigration program	Count
Economic immigrants (principal applicants)	16,780
Skilled workers	9,805
Skilled trades workers	100
Canadian experience class	1,280
Provincial nominee program (PNP)	4,075
All other worker programs	470
Business program	1,050
Economic immigrants (dependants)	16,775
Family sponsorship	27,500
Refugees and humanitarian immigrants	17,295

Sources: The Conference Board of Canada; Statistics Canada.



Family and humanitarian immigration supports residential construction

In 2021, the largest number of immigrants in the residential construction sector were granted permanent residence through family connections (including both family sponsorship and dependants on an economic immigrant’s application) or refugee and humanitarian immigration streams. (See Table 1.)

According to the 2021 Census, immigrants through two streams—family sponsorship, and refugee and humanitarian immigration—make up nearly 60 per cent of immigrants working in residential construction as carpenters and nearly 70 per cent of immigrants working as construction trades helpers and labourers. These groups are critical not only to the sector as a whole, but also to the two occupations with the largest labour market gap in the sector. (See Chart 3.) Without these immigrants, the labour shortages would be much higher. This points to the critical economic contributions made by immigrants who were selected for attributes other than their professional qualifications.

5 Ibid.

Demand-driven immigration is not a good fit for residential construction

In some sectors with labour shortages, employers recruit foreign-born workers and facilitate their immigration process. This can lead to a temporary permit through the Temporary Foreign Worker Program (TFWP) or permanent residence through provincial and regional programs like the Provincial Nominee Program (PNP), the Atlantic Immigration Program, and the Rural and Northern Immigration Pilot. These programs are demand-driven, in that they respond to employer need and allow employers to play a role in the selection of immigrants.

The residential construction sector is not well-positioned to use demand-driven immigration programs. Limited capacity, ever-shifting demand, and reliance on subcontracting make it difficult for employers to fill vacancies this way. Three key reasons for this difficulty includes:

- **Capacity constraints.** The sector is largely made up of small and medium-sized enterprises (SMEs).⁶ Many employers in residential construction have fewer than 10 employees. SMEs often lack capacity to recruit abroad and engage in immigration paperwork.
- **Sector volatility.** Demand for workers in residential construction is often unstable, and some occupations are seasonal.⁷ By the time a temporary foreign worker would be recruited and arrive in Canada, employer needs may have changed.
- **Piecemeal and subcontracted work.** Many people in the industry are hired as subcontractors.⁸ Workers may have multiple employers over the course of a year. Such work arrangements are a difficult fit with immigration programs that require an offer of a permanent job.



The poor fit between the sector and demand-driven immigration programs is illustrated by its infrequent use. Temporary residents are under-represented in the residential construction workforce. (See Chart 4.) Very few immigrants in the sector are selected through the PNP, despite dramatic growth in this program in recent years. (See Table 1.)

Recommendation 1

Ensure that immigration programs support an expanded supply of workers with experience in the trades, such as occupations in residential construction. Canada needs an immigration program that selects immigrants based on experience in trades critical to residential construction. The immigration program should select individuals based on their skills and not rely on a permanent job offer. Increasing the number of tradespeople in Canada can have economic benefits that go beyond meeting labour market need, since housing supply counts among the major macroeconomic issues in Canada of the day.

6 Haan and others, "By the Numbers: The Construction Industry in Canada From 1986 to 2016."

7 Buckley and others, "Migrant Work & Employment in the Construction Sector."

8 Ibid.

Promising practices show a way forward

Two immigration programs developed recently show that Canada has the necessary tools to select immigrants with experience working in many occupations that are core to residential construction. Lessons learned from these programs signal how Canada can address labour shortages in residential construction.

Category-Based Selection priorities in 2023 match labour market needs

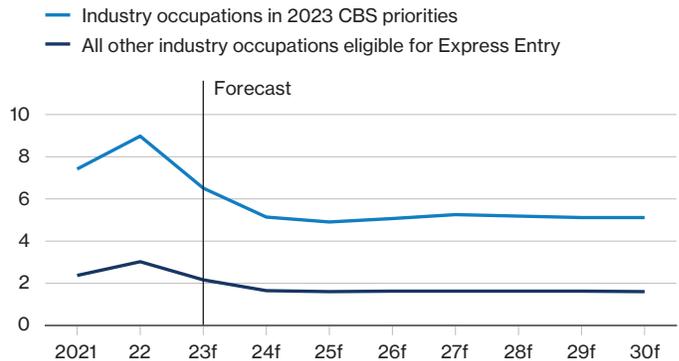
In May 2023, Canada announced a new type of Express Entry round—the Category-Based Selection (CBS). CBS will supplement the existing Express Entry rounds. It allows the Minister of Immigration to meet economic goals by conducting a targeted Express Entry round to select candidates who have specific skills.

Many trade occupations are eligible for Express Entry, but tradespeople often do not have enough points to be selected in other Express Entry rounds because they tend to have lower levels of formal education, lower skills in official languages, or no long-term job offer. CBS can help overcome this barrier.

Over 30 occupations core to residential construction were among the priority occupations for CBS in 2023. The Conference Board of Canada analysis shows that these occupations have a current and forecasted vacancy rate more than double the vacancy rate for other residential construction occupations that are eligible for Express Entry. (See Chart 5.)

Chart 5

Labour market gaps in CBS priority occupations, 2030 (gap, per cent)



f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

The 2023 CBS round has the potential to select immigrants who can contribute to the labour pool in residential construction. Beyond selection, a few other factors will influence the extent that a CBS round can help the residential construction sector:

- Immigrants’ country of residence shapes impact.** There are different advantages to selecting people inside or outside Canada. People living outside Canada when they are selected for permanent residence can fill labour market gaps. Selecting people living in Canada to transition to permanent residence will help ensure labour gaps do not increase.
- Draws address occupations, not sectors.** New immigrants with occupations core to residential construction could also work in other sectors. Employers in residential construction will have to compete for their talent.
- Recruitment matters.** Going forward, IRCC may need to advertise CBS priorities to ensure that there are sufficient people in the Express Entry pool. People with skills in the trades may have chosen not to create an Express Entry profile, thinking that they will not have enough points to be selected.

Stabilizing current workforce with transition to permanent residence

In 2019, the Government of Canada launched a pilot program that offers permanent residence to out-of-status construction workers working in specific occupations in the Greater Toronto Area (GTA). In January 2023, the government extended the pilot project and increased the number of applications it would accept.⁹

By transitioning workers to permanent residents, the program supports worker retention in construction. Given the scope of current and projected labour shortages, it is important to maintain the existing supply of workers as well as attract new workers.

The pilot program offers a model that can be expanded and modified for future immigration programs:

- **High uptake.** The pilot program is currently oversubscribed. This suggests that an expanded program could further secure retention of construction workers in the Canadian labour market. The program could be extended for a longer period and accept a higher number of applicants.
- **Broader eligibility criteria.** Currently, construction workers must be in the GTA. But labour shortages extend beyond the GTA. There are likely out-of-status construction workers across Canada who would apply if eligible. The government could also broaden the eligibility criteria in other ways. The current pilot program excludes people with a refugee claim. Following the example of the so-called Guardian Angels immigration program, the pilot program for out-of-status construction workers could allow people with a previous refugee claim to apply.¹⁰
- **Documentation requirements.** The pilot for out-of-status construction workers shows how IRCC can implement flexible documentation requirements so people can prove work experience. The pilot does not require a full-time, permanent position.

It allows people to show many different types of documents to prove consistent work in construction. This makes the program more accessible, since full-time, permanent work is uncommon in the sector. Similar flexibility can be used for CBS and for other immigration programs that include occupations in residential construction.

- **Language requirements.** Unlike most economic immigration programs, the pilot for out-of-status construction workers does not require a certain level of proficiency in an official language. In a previous iteration of the pilot, there was a language requirement, and that led to low uptake. When the requirement was eliminated, the number of applications increased. Clear communication, especially listening comprehension, is needed for jobsite safety. But existing construction workers are already thriving on job sites in Canada. Canada could use lessons learned from this pilot to eliminate language requirements for construction workers with experience in French- and English-speaking countries.

Recommendation 2

Monitor outcomes in Category-Based Selection and the pilot for out-of-status construction workers.

These programs represent potentially important developments for residential construction. The 2023 priority occupations accurately reflect the need for workers in residential construction. IRCC should evaluate existing programs to find out whether immigrants work in their intended occupation. Learnings from these immigration programs should inform whether and how the programs operate in future years. IRCC should consider broadening these programs in terms of occupation lists and geography. If the immigration programs are successful, IRCC should consider expanding eligibility requirements to allow a greater number of people to apply, including people with a previous refugee claim.

9 Immigration, Refugees and Citizenship Canada, "Canada Doubles Immigration Program for Out-of-Status Construction Workers in the Greater Toronto Area."

10 Immigration, Refugees and Citizenship Canada, "CIMM - Guardian Angels (Refugee Claimants Working on the Front Lines) - June 2, 2021."

Existing immigration programs exclude a key occupation

CBS and the pilot program for out-of-status construction workers will help alleviate labour shortages. But neither accepts applicants who have experience as construction trades helpers and labourers. A small-scale program to recruit construction trades helpers and labourers would significantly decrease labour shortages in residential construction.

Construction trades helpers and labourers are a Training, Education, Experience and Responsibility (TEER) 5 occupation. Occupations at TEER 5 require no formal education. They are rarely eligible for permanent residence in Canada. But forecasting by The Conference Board of Canada shows that, without intervention, demand for workers in this occupation will continue to outstrip supply.

Innovative approaches to increasing the supply of construction trades helpers and labourers

A pilot program for construction trades helpers and labourers may require innovative program design. The proposed pilot program could draw on lessons learned from recent immigration programs in terms of language requirements and documenting work history.

Following from the pilot for out-of-status construction workers, the federal or provincial government could create a program that has a low threshold for language ability. If the person has experience working in a country with one of Canada's official languages, the government could consider having no language requirement, like with the pilot project for out-of-status construction workers.

The United States may be a place to focus recruitment efforts. The federal or provincial governments could create a pilot program for immigrant workers in construction in the U.S., similar to the recent program offering temporary visas in Canada for H-1B visa holders in the United States.¹¹

Unlike the program for H-1B holders, the proposed pilot would be more likely to attract candidates if it provides permanent residence rather than a temporary permit. Some applicants in the U.S. may have precarious immigration status. They may be unwilling to leave the U.S. for precarious status in Canada. But an offer of permanent residence could attract a large number of applicants who have experience on jobsites with English as a working language.

People with precarious immigration status in one country often face barriers getting a visa in a third country due to a perception that the person might fall out of status in that third country. But if workers are offered permanent residence in Canada, the risk of falling out of status is small.

There are many motivations to regularize people's immigration status. For this reason, there have often been temporary or institutional pathways out of precarious immigration status.¹² A pilot program to recruit construction trades helpers and labourers—even individuals who have previously fallen out of status—to meet a Canadian policy objective can deliver value and do so within the parameters of existing immigration program norms.

Recommendation 3

Create a pilot immigration program for people with experience as construction trades helpers and labourers. Current immigration programs exclude this occupation because it is a TEER 5 occupation. But a small immigration program can make a substantial difference in addressing the vacancy rate in this occupation.

¹¹ Immigration, Refugees and Citizenship Canada, "H-1B Visa Holder Work Permit."

¹² Current examples in Canada include certain applications for permanent residence on humanitarian and compassionate grounds and the pilot for out-of-status construction workers. There are several examples of past programs, such as a program for Algerians residing in Quebec from the early 2000s. The 2021 mandate letter to the Minister of Immigration, Refugees and Citizenship called for the development of a regularization program.

Credential recognition needs improvement

To maximize the impact of immigration policy changes, provinces, regulators, and employers need to collaborate to address barriers to credential recognition. If immigrants are not employed in the occupation of their expertise, it undermines the goal of selecting immigrants with experience in those occupations.

Credential recognition is a concern in both regulated professions and non-regulated professions. For regulated professions, faster and easier recertification can help. A better balance between maintaining safety standards and a smooth re-licensing process for immigrant workers will reduce shortfalls in this sector. At the same time, aligning licensing requirements across provinces will facilitate worker mobility within Canada for both Canadian and immigrant workers.

In non-regulated professions, the government can support employers and regulatory bodies to adopt more efficient credential assessment strategies. Competency-based assessment and other practices can reduce unnecessary barriers to recruiting and hiring immigrants.

For the two occupations needing the largest number of new workers—carpenters, and construction trades helpers and labourers—licensing requirements are unlikely to prevent employment in the sector. The hurdles are greater for construction managers, the occupation in residential construction with the third-highest need for workers. Employers may ask construction managers to have professional engineering status or construction trade certification, as well as experience in the construction industry.¹³ It will take time for immigrant workers to get the licence or certification. If employers prefer candidates to have Canadian experience,¹⁴ it will be difficult for newcomers to enter the industry as construction managers.

13 Employment and Social Development Canada, “70010 – Construction Managers.”

14 Ding, *The ‘Canadian Experience’ Disconnect: Immigrant Selection, Economic Settlement, and Hiring.*



More than immigrants: A multi-pronged approach

Immigration alone cannot create a robust sector for three reasons:

- It takes time for immigration policies to translate into workers in the labour force. Application processing and getting licensed in the profession are factors that will slow the implementation.
- Over-reliance on immigration leaves employers vulnerable to exogenous events, like COVID-19, that affect immigration to Canada.¹⁵
- A labour force segmented by immigrant status can lead to exploitation and unsafe practices on the worksite.

Addressing the skill gap in the short and long term will require a multi-pronged approach, bringing both Canadian-born and immigrant workers to the sector.

Canada underperforms in attracting, training, and retaining school leavers to the trades, including trades in residential construction. From 2016, there has been a noticeable decline in apprenticeship registrations, which has caused some provinces to step up efforts to encourage training in the trades.¹⁶ These efforts are integral to addressing current and projected labour shortages and building a healthy residential construction sector.

15 Ding, *Essential Work: The Current and Future Role of (Im)Migrant Talent.*

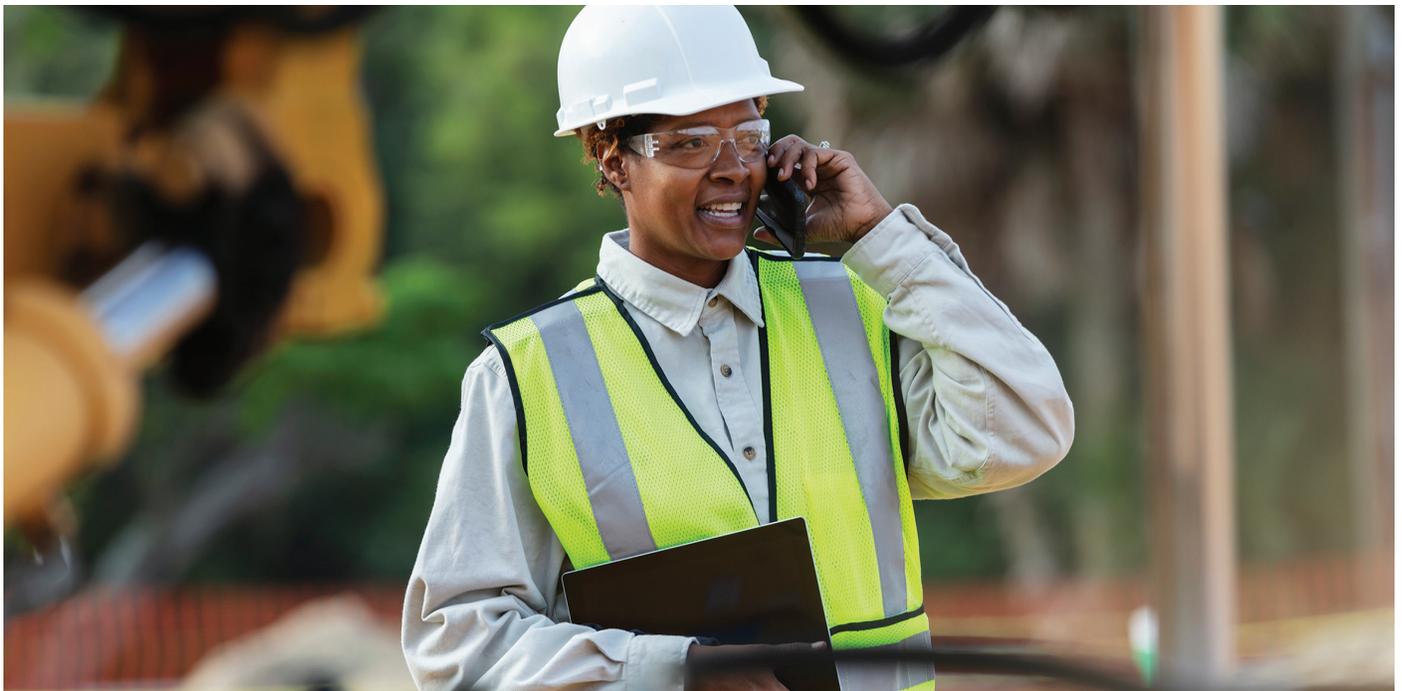
16 Howe and others, “Engaging Employers in Apprentice Training: Focus Group Insights From Small-to-Medium-Sized Employers in Ontario, Canada”; Malette and others, “Academic Interests Mismatch: Undergraduate to Apprenticeship Transfer Among Canadian Students.”

Recommendation 4

Reduce barriers to licensing in regulated professions. Immigrants can experience greater career satisfaction and better contribute to the Canadian economy, including residential construction, if the licensing process is faster and easier. Provinces should work with regulators to speed up re-licensing. For instance, they may consider whether requirements can be reduced for applicants from countries with similar training programs. Within regulated professions, efforts to recognize licences from other provinces will also play a role. This would allow immigrants and Canadian-born workers to be mobile within Canada to meet changing demands in the labour market.

Recommendation 5

Work with employers to improve credential recognition for all occupations. Residential construction includes some voluntary trades, where licensing is not required. But immigrants in non-licensed occupations still face barriers if employers do not recognize their experience and do not hire them. Provinces can expand resources on competency-based assessment and other tools to assist with the transition to the labour market.



Appendix A

List of recommendations

Recommendation 1

Ensure that immigration programs support an expanded supply of workers with experience in the trades, such as occupations in residential construction. Canada needs an immigration program that selects immigrants based on experience in trades critical to residential construction. The immigration program should select individuals based on their skills and not rely on a permanent job offer. Increasing the number of tradespeople in Canada can have economic benefits that go beyond meeting labour market need, since housing supply counts among the major macroeconomic issues in Canada of the day.

Recommendation 2

Monitor outcomes in Category-Based Selection and the pilot for out-of-status construction workers. These programs represent potentially important developments for residential construction. The 2023 priority occupations accurately reflect the need for workers in residential construction. IRCC should evaluate existing programs to find out whether immigrants work in their intended occupation. Learnings from these immigration programs should inform whether and how the programs operate in future years. IRCC should consider broadening these programs in terms of occupation lists and geography. If the immigration programs are successful, IRCC should consider expanding eligibility requirements to allow a greater number of people to apply, including people with a previous refugee claim.

Recommendation 3

Create a pilot immigration program for people with experience as construction trades helpers and labourers. Current immigration programs exclude this occupation because it is a TEER 5 occupation. But a small immigration program can make a substantial difference in addressing the vacancy rate in this occupation.

Recommendation 4

Reduce barriers to licensing in regulated professions. Immigrants can experience greater career satisfaction and better contribute to the Canadian economy, including residential construction, if the licensing process is faster and easier. Provinces should work with regulators to accelerate the process. For instance, they may consider whether requirements can be reduced for applicants from countries with similar training programs. Within regulated professions, efforts to recognize licences from other provinces will also play a role. This would allow immigrants and Canadian-born workers to be mobile within Canada to meet changing demands in the labour market.

Recommendation 5

Work with employers to improve credential recognition for all occupations. Residential construction includes some voluntary trades, where licensing is not required. But immigrants in non-licensed occupations still face barriers if employers do not recognize their experience and do not hire them. Provinces can expand resources on competency-based assessment and other tools to assist with the transition to the labour market.

Appendix B

Methodology

The labour market forecasts used in this document use the Model of Skills and Technologies (MOST) developed by The Conference Board of Canada. This model was built on behalf of the Future Skills Centre with the goal of helping prepare Canadians for the future of work. The MOST is built on top of the Conference Board's forecasts and additional data sources regarding skills, probability of automation, and other labour market information such as job postings.

The MOST generates detailed 20-year labour market projections. Key dimensions of the database, which can be combined to present data in multiple ways, include:

- **Occupational coverage.** Forecasts for more than 500 different occupational groupings.
- **Industry inclusion.** Industry coverage within the MOST includes employment estimates for more than 400 different industries.
- **Regional coverage.** All provinces and territories are included in the MOST.
- **Skill requirements.** All labour data in the MOST can be described using 35 different skills categories from O*Net.
- **Technology adoption.** The MOST can be used to create and assess the impact of multiple technology adoption scenarios on the labour market.

While the projections presented here are specific to the residential construction industry, these numbers are extracted from a model that projects all occupations and industries jointly. As such, the labour market conditions of residential construction depend on overall macroeconomic conditions including changes in demand (e.g., economic crisis or boom) and supply (e.g., import restrained by COVID), but also relative changes of this industry compared to the others (e.g., productivity gain, wage increases).

Thus, the MOST projects yearly employment numbers in levels. Since they are yearly averages, seasonality in employment is reflected in the yearly numbers on a *pro rata* basis. The total labour supply in the model depends on retirement, attrition, interprovincial migrations in and out, net international migration, and the school leavers joining the workforce.

Finally, the labour gap is projected as the part of the labour demand not satisfied by the labour supply. This is obtained by first predicting the number and nature of job postings. These are then compared to the number and skills of job seekers.

The balance, or lack thereof, is thus obtained by matching skills. The larger the distance between the skills associated with an occupation and the skills attached to job seekers, the larger the gap. Similarly, when there is a higher number of job offers compared to job seekers, the disparity in skills becomes more prominent. When interpreting the results, it is important to remember that the labour gap captures structural imbalances in the labour market. This means that the determinants of markets traditionally assumed by economists are present; therefore, a persisting labour gap is the sign of a structural imbalance that will not be resolved without intervention.

To forecast shortages, we grouped occupations by broad occupation categories (BOCs). BOCs are defined by the type of work performed, the field of study, or the industry of employment.¹ We excluded BOC-3 'health occupations' and BOC-5 'occupations in art, culture, recreation, and sport' from the forecast. The remaining BOCs were split between industry occupations that are directly related to residential construction and professional occupations that support residential construction.

Industry occupations are those categorized as BOC-2 'natural and applied sciences and related occupations'; BOC-7 'trades, transport, and equipment operators and related occupations'; BOC-8 'natural resources, agriculture, and related production occupations'; and BOC-9 'occupations in manufacturing and utilities'.

Professional occupations are categorized as BOC-0 'legislative and senior management occupations'; BOC-1 'business, finance, and administrative occupations'; BOC-4 'occupations in education, law, and social, community, and government services'; and BOC-6 'sales and service occupations'.

Industry and professional occupations were then grouped based on eligibility for existing Express Entry programs (excluding those under the 2023 priorities for Category-Based Selection), eligibility for the 2023 priorities for CBS, and ineligibility for Express Entry. This categorization was used to determine the extent to which existing programs can address projected labour market gaps.

Analysis of the immigrant participation in the residential labour market is based on data from a custom data request provided by Statistics Canada using data from the 2021 Census. The analysis is limited to the residential construction sector, as identified as the NAICS industry Residential Building Construction (2361). Occupations were included in the analysis if there were workers in residential construction in that occupation in 2021.

¹ Statistics Canada, "Introduction to the National Occupational Classification (NOC) 2021 Version 1.0."

Appendix C

Bibliography

Buckley, Michelle, Adam Zendel, Jeff Biggar, Lia Frederiksen, and Jill Wells. *Migrant Work & Employment in the Construction Sector*. Geneva: International Labour Office, 2016.

Conference Board of Canada, The. "The Model of Occupations, Skills, and Technology (MOST)." Accessed September 11, 2023. <https://www.conferenceboard.ca/future-skills-centre/tools/model-of-occupations-skills-and-technology-most/>.

Department of Finance Canada. "Chapter 1: Making Housing More Affordable | Budget 2022" (archived), April 7, 2022. Accessed September 7, 2023. <https://www.budget.canada.ca/2022/report-rapport/chap1-en.html>.

Diñç, Yılmaz Ergun. *Essential Work: The Current and Future Role of (Im)Migrant Talent*. Ottawa: The Conference Board of Canada, October 29, 2021. Accessed September 7, 2023. <https://www.conferenceboard.ca/product/essential-work-the-current-and-future-role-of-immigrant-talent/>.

–. *The 'Canadian Experience' Disconnect: Immigrant Selection, Economic Settlement, and Hiring*. Ottawa: The Conference Board of Canada, 2022. Accessed September 7, 2023. <https://www.conferenceboard.ca/product/the-canadian-experience-disconnect-immigrant-selection-economic-settlement-and-hiring/>.

Employment and Social Development Canada. "70010 – Construction Managers," June 2, 2023. Accessed September 7, 2023. <https://noc.esdc.gc.ca/Structure/NocProfile?objectid=%2FnFEheTBMsGmwy08PzjmaAmFuKRTZ6c4KDX0GxkkcE%3D>.

–. "Construction Trades Helpers and Labourers," 2023. Accessed September 7, 2023. <https://noc.esdc.gc.ca/Structure/NocProfile?objectid=OByuamk%2Fpb5KWXEazKxF%2BjskddvCdBo8jHJBH%2BEkYfE%3D>.

Haan, Michael, Christopher Hewitt, and Georgina Chuatico. "By the Numbers: The Construction Industry in Canada From 1986 to 2016." *Labour and Industry* 30, no. 4 (October 1, 2020): 299–320. <https://doi.org/10.1080/10301763.2020.1819181>.

Howe, Aaron S., Joyce Lo, Sharan Jaswal, Ali Bani-Fatemi, Vijay Kumar Chattu, and Behdin Nowrouzi-Kia. "Engaging Employers in Apprentice Training: Focus Group Insights From Small-to-Medium-Sized Employers in Ontario, Canada." *International Journal of Environmental Research and Public Health* 20, no. 3 (2023): 2527. <https://doi.org/10.3390/ijerph20032527>.

Immigration, Refugees and Citizenship Canada.

"Canada Doubles Immigration Program for Out-of-Status Construction Workers in the Greater Toronto Area." News release, January 20, 2023. <https://www.canada.ca/en/immigration-refugees-citizenship/news/2023/01/canada-doubles-immigration-program-for-out-of-status-construction-workers-in-the-greater-toronto-area.html>.

–. "H-1B Visa Holder Work Permit." July 16, 2023. Accessed September 7, 2023. <https://www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/permit/h1b.html>.

–. "CIMM - Guardian Angels (Refugee Claimants Working on the Front Lines) - June 2, 2021," September 22, 2021. Accessed September 7, 2023. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/transparency/committees/cimm-jun-02-2021/guardian-angels.html>.

Malette, Nicole, Karen Robson, and Erica Thomson. "Academic Interests Mismatch: Undergraduate to Apprenticeship Transfer Among Canadian Students." *Journal of Vocational Education & Training* 0, no. 0 (October 17, 2022): 1–22. <https://doi.org/10.1080/13636820.2022.2126879>.

Organisation for Economic Co-operation and Development (OECD). *Recruiting Immigrant Workers: Canada 2019*. Paris: OECD Publishing, 2019. Accessed September 7, 2023. <https://www.oecd.org/publications/recruiting-immigrant-workers-canada-2019-4abab00d-en.htm>.

Rana, Uday. "Canada 'Absolutely' Can't Build More Houses Without More Immigrants, Minister Says." *Global News*, August 11, 2023. <https://globalnews.ca/news/9890682/housing-shortage-canada-immigration-targets/>.

Statistics Canada. "Introduction to the National Occupational Classification (NOC) 2021 Version 1.0." Accessed August 4, 2023. <https://www.statcan.gc.ca/en/subjects/standard/noc/2021/introductionV1>.

Acknowledgements

This research was prepared with financial support from the British Columbia Real Estate Association, the Canadian Real Estate Association, and the Ontario Real Estate Association.



**ONTARIO
REAL
ESTATE
ASSOCIATION**

The following members of The Conference Board of Canada's team contributed to this research: Dr. Alejandro Hernandez, Magdalene Cooman, and Stefan Fournier.

We thank the numerous individuals who took the time to participate in this research as interviewees or survey participants.

Work in Progress: How Immigration Can Address Labour Shortages in Residential Construction

Dr. Kathryn Dennler, Dr. Fabien Forge, and Alice Craft

To cite this research: Dennler, Kathryn, Fabien Forge, and Alice Craft. *Work in Progress: How Immigration Can Address Labour Shortages in Residential Construction*. Ottawa: The Conference Board of Canada, 2023.

©2023 The Conference Board of Canada*

Published in Canada | All rights reserved | Agreement No. 40063028 |

*Incorporated as AERIC Inc.

An accessible version of this document for the visually impaired is available upon request.

Accessibility Officer, The Conference Board of Canada

Tel.: 613-526-3280 or 1-866-711-2262

Email: accessibility@conferenceboard.ca

®The Conference Board of Canada is a registered trademark of The Conference Board, Inc. Forecasts and research often involve numerous assumptions and data sources, and are subject to inherent risks and uncertainties. This information is not intended as specific investment, accounting, legal, or tax advice. The responsibility for the findings and conclusions of this research rests entirely with The Conference Board of Canada.



Where insights meet impact