



Canada's next housing crisis: Who is going to build millions of new homes?

The country's goal is to build 3.9 million new homes by 2031. But between labour constraints and productivity woes, an ambitious plan might be dead on arrival

REPORTING BY MATT LUNDY
PHOTOGRAPHY BY MARISSA TIEL & PHOTOILLUSTRATIONS BY SARAH WRIGHT
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Canada finally has a plan. Through a variety of policy changes and billions of dollars in new spending, the federal government has charted a course to boost home construction in a big way. The goal is to build 3.9 million new homes – two million more than projected – by 2031, an infusion of supply for our way-too-expensive housing market.

But as Canada tries to double construction overnight, it raises a simple question that threatens to dash any hopes of an imminent fix: Who is going to build all these homes?

The construction industry is among the loudest in talking about labour shortages and, indeed, it can be tough for companies to find skilled workers, many of whom are nearing retirement age.

Between now and 2033, an estimated 134,000 residential construction workers will retire, according to BuildForce Canada, a national industry organization. But only 117,000 are projected to join the field over that time – a net loss of labour when it's needed most.

The number of on-site construction workers would need to rise by 83 per cent – or nearly half a million people – over the coming decade to usher in a golden period for development that brings home affordability back to levels seen in the early 2000s, BuildForce estimates.

It's almost an outlandish vision of the future, given the experience on the ground.



The Canadian economy just doesn't have enough skilled trade workers to build the amount of housing that is needed, say some experts.

"For any specialized discipline, there's a huge problem with scheduling," said Elliott Sheaves, a partner at Alair Homes, a network of custom home builders across North America.

"You're relying on a well digger or a septic contractor who's got 100 people calling him for 100 wells that they want to get installed in a 12-week window," said Mr. Sheaves, whose Alair franchise operates in Ontario's Georgian Bay and Muskoka areas. "A lot of them just stopped answering their phones."

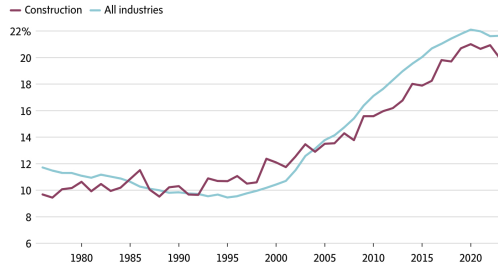
It would be easy to assume that Canadians have shirked tough, blue-collar work in favour of cushy office jobs, complicating efforts to build more homes. But, in fact, a rising share of domestic workers are employed in the construction industry; a record of nearly 650,000 people worked in residential construction last year.

And there's a bunch of supply in the pipeline: Roughly 350,000 housing units are under construction in census metropolitan areas, just shy of all-time highs.

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Aging workers

Percentage of workers aged 55 and older



THE GLOBE AND MAIL, SOURCE: STATSCAN

"We're already operating at almost capacity," said Benjamin Tal, deputy chief economist at CIBC Capital Markets. It's nice to have a goal for residential construction, he added. But 3.9 million homes over the next seven years? "That's not going to happen," he said.

Some housing experts say the issue is less about the number of workers than how they're being used, an extension of the economy's productivity woes. As well, the immigration system is hardly used to recruit people in skilled trades, and some groups are seriously underrepresented in these occupations, notably women.

"We really haven't changed how we build homes in this country. And if anything, it's gotten even more labour-intensive," said Mike Moffatt, senior director of policy and innovation at the Smart Prosperity Institute, a think tank based at the University of Ottawa.

"I think the path forward is a rethink of how we build homes."





Workers dig a trench which will allow them to install underground infrastructure at Hidden Trails, a Homex development in Kamloops.

There's a lot that David Stewart likes about his job as a sprinkler fitter. He gets to work with his hands and outside of a stuffy office environment. The pay is good, too: \$56 an hour.

Mr. Stewart installs sprinkler systems in high-rise condos, mostly across the Greater Toronto Area – a critical part of fire prevention.

But the job is challenging in various ways. Mr. Stewart's day starts at 5 a.m. He often lifts 200-pound sections of pipe. And most of his peers in the trade are afflicted by injuries, such as chronic back pain.

"You put a huge toll on your body," said the 30 year old. "It is tough work."

So tough that it's unappealing to a big chunk of the population.

From 2016 to 2021, the number of working-age people (25 to 64) with apprenticeship certificates in construction trades rose by 0.6 per cent, according to [census results](#). In contrast, the number of working-age people with a bachelor's degree or higher jumped by nearly 20 per cent over the same five-year span.

Several developers and people in construction said the industry has something of a public relations issue: Young people aren't being sold on the benefits of a career in trades. Or maybe they don't know the full scope of available jobs. (Not everything is as gruelling as what Mr. Stewart describes.)

"There's a huge opportunity to make really good money," said Matt McCurrach, president at Homex Development Corp., a builder in Kamloops. "In trades, you're working all the way through your apprenticeship. It's a great pathway to owning a home and to a great lifestyle."

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19-year-old Tristan Hoepfner loads blast rock into a truck at Hidden Trails.



Matt McCurrach, president of Homex Development Corporation, poses for a photo at one of his developments.



Labourers work to install underground infrastructure on undeveloped land at Hidden Trails.

Fresh out of high school, Tristan Hoepfner took a job last year with Mr. McCurrach's firm as a general labourer, with hopes of operating heavy equipment, such as backhoes.

"That's exactly what they've been getting me on, which is awesome," said the 19 year old.

Governments across Canada are hoping youth will follow a similar path as Mr. Hoepfner. There are dozens of initiatives to encourage people to get into skilled trades, many of which offer financial incentives.

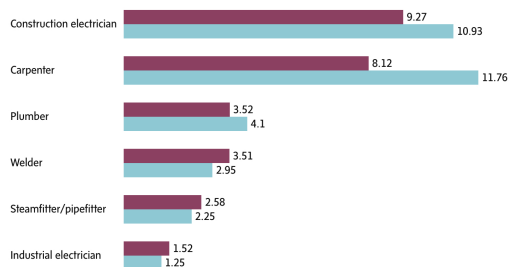
Starting with Grade 9 students this fall, Ontario will require all students to earn a

Starting this school year, students in Nova Scotia must complete a technical education credit in order to obtain a high-school diploma. Nova Scotia refunds the provincial income tax paid on the first \$50,000 of annual income for under-30 workers in certain trades. The federal government offers no-interest loans to people in apprenticeship training, along with cash grants as they progress through their programs.

New registrations in apprenticeship programs

In thousands of registrations

● Annual average: 2010 to 2019 ● 2022



THE GLOBE AND MAIL, SOURCE: STATSCAN

There are tentative signs that efforts such as these are working. In 2022, there were nearly 11,000 new apprenticeship registrations for construction electricians, up 18 per cent from the annual average in the 2010s, Statistics Canada figures show. New registrations for carpenter apprenticeships topped 11,700 for an increase of 45 per cent.

Ryan Stewart, brother of David, the sprinkler fitter, is working toward his Red Seal as a refrigeration and air conditioning mechanic. His previous training as a gas technician was covered by the Ontario government – funding he was unaware of.

"I didn't even know there was a grant to pay for my school until I was already in school, and my [employer] found it," said Mr. Stewart, 28. "I know a lot of people who wouldn't be in the skilled trades if there wasn't some benefit, helping them get their way through school."



Women and racialized people make up a fraction of working-age people in skilled trades, according to the most recent census.

When Karen Pullen was starting out as an electrician in the late 1980s, it was a rough time for women on job sites. "My first year, I probably cried more days on the way home than I didn't," she said. "Everybody told me I was not welcome there."

A self-described "tough cookie," Ms. Pullen built a career as a union electrician, and she currently works for the International Brotherhood of Electrical Workers Local 353 out of its offices in Oshawa, Ont., east of Toronto. The work culture in construction is improving, she said, but it can still be hostile to outsiders.

"It's not woman-friendly. It's not gay-friendly. It's not friendly to other races," she said. "It's a very white world, the construction industry."

The numbers show that women are severely underrepresented in skilled trades.

Among working-age people from 25 to 64, women accounted for just 2.3 per cent of apprenticeship certificate holders in construction trades, according to [census results for 2021](#). This is a clear area for improvement, said Mr. Tal of CIBC.

"That's not enough," he said of the numbers. "That's an untapped source of labour supply."

The same goes for racialized groups. In the working-age population, they made up 5.9 per cent of apprenticeship certificate holders in construction trades – well below their 27-per-cent share of the 25-to-64 population.

"We want construction to look more like what it looks like out on our streets," Ms. Pullen said.

To that end, IBEW Local 353 runs a program to help women and marginalized groups prepare for the electrical trades. It combines 15 weeks of classroom and shop training with a 10-week job placement. Once that's finished, workers may remain with the employer and become a preapprentice with the union, then after one year of work, they can become a registered apprentice and IBEW member.

So far, more than 100 people have participated in the program, which is now in its third year and operates out of Oshawa. The union has also received funding from the Ontario government to set up a mobile classroom, which will allow it to bring the program to Indigenous communities.

"We're getting really great feedback from the employers," said Ticha Albino, an

electrician and the human-rights business representative at Local 353, who co-created the program. "They're really happy with our participants. We make sure they're ready to go out there."



Not far from where labourers work, an empty signpost designed to hold a "for sale" sign sits at the end of an undeveloped cul-de-sac at Hidden Trails.

The federal government is fond of saying that immigration offers a solution to the housing crisis.

"Without those skilled workers coming from outside Canada, we absolutely cannot build the homes and meet the demand that exists currently today," Immigration Minister Marc Miller said last summer.

The problem? Canada doesn't actually bring in many construction workers from abroad.

Around 13,800 new immigrants last year intended to work in skilled trades, amounting to 2.9 per cent of total permanent resident admissions, according to data provided by Immigration, Refugees and Citizenship Canada (IRCC). In some years, the intake was less than 2 per cent.

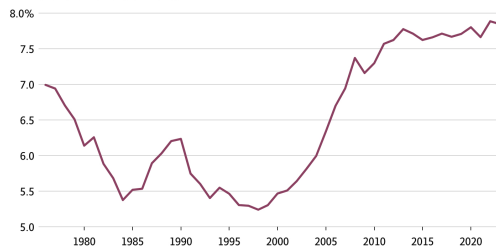
With some positions, the inflow is meagre. Nearly 150 people who immigrated last year sought to become concrete finishers, the IRCC numbers show. Sixty-five people were looking for careers as plumbers. Only 15 were planning to become crane operators.

"The construction industry appears to benefit less from high immigration levels than other sectors do," Bank of Canada researchers said in a December report.

This isn't an accident. Canada's points-based system for economic immigration is set up to find high-wage, white-collar professionals – great for raising average wages in the country, but less so for solving its intractable housing problems.

Increasingly, Canada selects immigrants with prior experience in the country, whether as students, workers or both. The postsecondary education sector has tailored its offerings to this path for immigration, offering two-year programs to international students that lead to three-year work permits, giving them a lengthy runway for attaining permanent residency.

Employment in construction
As a percentage of all employed people



Note: Includes all types of construction, not solely residential work.
THE GLOBE AND MAIL. SOURCE: STATSCAN

Business programs are overwhelmingly popular with foreign students. In Ontario, more than 120,000 study permits were approved or extended last year for those studying in business fields at postsecondary schools, according to data provided by IRCC. But just 3,000 approvals went to people learning trades.

"I think that international students grab the first thing that they can relate to, and often they relate to business," said Baldev Pooni, dean of the School of Trades and Technology at British Columbia's Thompson Rivers University.

The Task Force for Housing and Climate, a cross-partisan group that released a set of recommendations to boost housing supply earlier this year, said that Ottawa should exempt skilled trade programs from new limits on the issuance of visas for international students. It also called for a "rebalanced immigration strategy" that increases the number of skilled tradespeople who are granted permanent resident status.

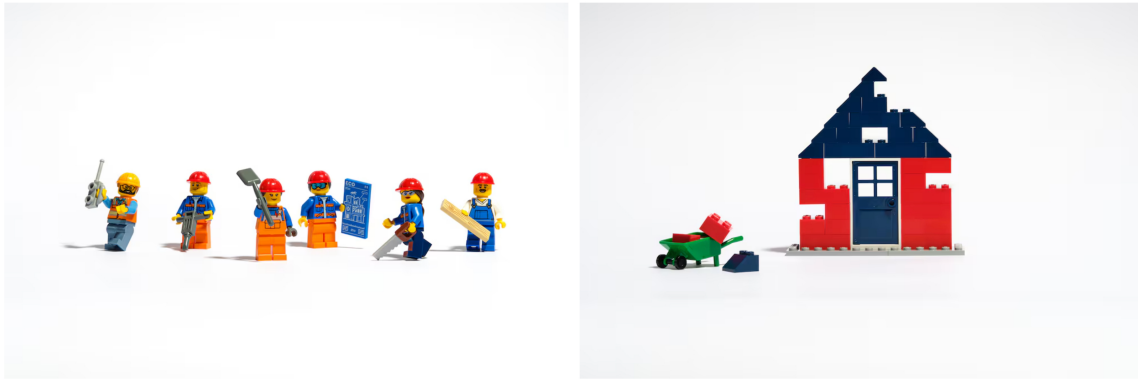
The federal government is taking steps in that direction.

Since last summer, it has invited people to apply for permanent residency because of their experience in high-demand occupations, such as carpentry. But so far, Ottawa has invited just 4,300 people with experience in the trades to apply. (There are other ways by which tradespeople can gain entry.) The government has put far more emphasis on the recruitment of tech workers and people who speak French.

As of April, there were roughly 17,500 people in the pool of immigration hopefuls with Canadian work experience in skilled trades or construction, IRCC figures show.

This new method of selecting immigrants is contentious in policy circles. Some labour economists say the priority should be admitting people with the highest earnings potential – not trying to fill specific jobs.

But when it comes to construction trades, Mr. Tal favours a hands-on approach. "Change your points system and make it faster for them to enter if they are in these occupations," he said.



Sometimes the issue in construction is not a lack of workers, but a lack of work.

Based on the resources that Canada puts into construction, the country should be building way more homes than it does. That's the message from the Canada Mortgage and Housing Corp.

Despite more people working on housing projects, and more money flowing into them, construction hasn't kept pace. In May, the federal housing agency estimated that Canada has the potential capacity to break ground on more than 400,000 homes a year. That's far higher than reality: 240,000 housing unit starts in 2023. The country notched 252,000 starts on annualized basis during the first quarter of this year.

There are all sorts of culprits for this productivity issue, from a tangle of red tape in permitting processes to copious restrictions on what can be built where. (Ottawa is trying to dismantle exclusionary zoning practices at the local level through its funding programs to speed up development.) Also, most construction companies have fewer than five employees. With so many small businesses working on a typical housing project, the situation is ripe for delays.

"Consolidation may help generate economies of scale, making the math work better to build affordable housing and enabling some production savings to be passed on to Canadians," CMHC said on its website.

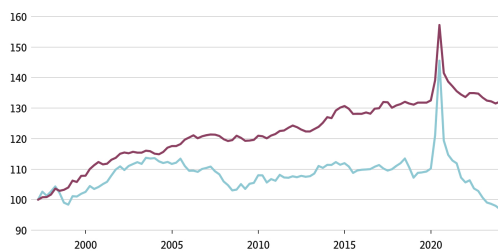
Mr. Moffatt of the Smart Prosperity Institute is more concerned about money than labour. If Canada is trying to build an *additional* two million homes, and each unit costs around \$500,000 to produce (including the cost of land), then it would require \$1-trillion in capital, according to his rough calculations.

"I don't entirely know where the money is gonna come from," he said.

Mr. Moffatt doesn't think the same-old mentality will help to alleviate the crisis. If the country is trying to double home construction, the assumption shouldn't be that twice as many workers are needed, he said.

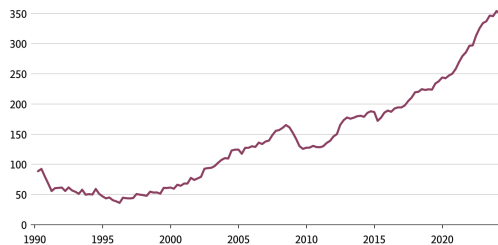
Mr. Moffatt is encouraged by several moves aimed at improving productivity in the sector. For example, Ottawa is developing a catalogue of preapproved home designs, reviving something that was used after the Second World War to facilitate more construction.

Labour productivity in Canada
Real GDP per hour worked (Index, Q1 1997 = 100)



THE GLOBE AND MAIL, SOURCE: STATISTICS CANADA, DESJARDINS SECURITIES

Housing units under construction
In thousands of units, quarterly



Note: Data are for census metropolitan areas.

THE GLOBE AND MAIL, SOURCE: CANADA MORTGAGE AND HOUSING CORP.

Another area of promise is modular housing. "When we're building the module units in the factory, we're simultaneously doing site work at the same time," said Chris Smith, director of sales for Eastern Canada for NRB Modular Solutions, which supplies prefabricated components to housing projects across the country. "You're really able to shorten that overall construction schedule."

More recently, the pressing issue in construction is not a lack of workers, but a lack of work. Housing starts have slowed from a 2021 peak on account of higher interest

rates, resulting in less need for labour. As of April, there were 47,200 job vacancies in construction, down from 89,000 two years earlier.

Mr. Sheaves, the builder in the Georgian Bay area, said workers are willing to commute from hours away to get a gig. "I'm getting calls from contractors from all over Southern Ontario, willing to travel up here from London, Guelph, Scarborough and Ajax, which just seems crazy to me," he said.

There is hope for a turnaround. The Bank of Canada has started to cut interest rates, which combined with a number of pro-development government policies, should lead to an increase in activity. CMHC projects housing starts will pick up in 2025 and 2026 – albeit nowhere close to Ottawa's ambitious targets.

In the interim, an aging industry is looking for the next generation of builders. Around one-fifth of construction workers are 55 and older. The clock is ticking.

If you get into specialized trades, "these are disciplines that people are, off the hop, making six-figure incomes with very little debt incurred," Mr. Sheaves said. "I know the work's not for everybody, but construction has long been underappreciated."

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