

# Sectoral Outlook

2010-2012



Montréal

**Authors**

Manon Jeanneau and Marcel Méthé, economists

Montréal Region

Telephone: Manon Jeanneau: 450-682-8950, ext 2246 – Marcel Méthé, 450-445-0411, ext 316

Email: [manon.janneau@servicecanada.gc.ca](mailto:manon.janneau@servicecanada.gc.ca), [marcel.methe@servicecanada.gc.ca](mailto:marcel.methe@servicecanada.gc.ca)

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Muriel Deslauriers

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## Summary

The Montréal Census Metropolitan Area (CMA) includes the Island of Montréal, Laval, Longueuil, communities to the south as far as Hudson, Beauharnois, Saint-Isidore, La Prairie, Richelieu, Mont-Saint-Hilaire, Beloeil and Verchères, and to the north as far as Saint-Placide, Saint-Jérôme, Mascouche and Lavaltrie. In the 2006 census, Statistics Canada estimated the population of the Montréal CMA at 3,635,571 inhabitants, a 5.3% increase over 2001 (as against a 4.3% increase in the province of Quebec). Quebec's Institut de la statistique is forecasting a population increase of 10.0% in the CMA between 2006 and 2016 (compared with a 7.8% increase in the province).

The population increase on the Island of Montréal is mainly attributed to immigration, while the growing population in the suburbs is due chiefly to in-migration from all regions of Quebec. Furthermore, a large contingent of students moves into the city each year, contributing impetus to the local economy.

Between 1997 and 2007, the Montréal CMA benefited from a consistently strong North American economy. Domestic demand remained robust, stimulated by consumer spending and business investment fuelled by low interest rates and rising household incomes.

Canada's economic performance was hard hit by the slowing US economy, where crises in the finance, real estate and automotive industries triggered a worldwide recession in late 2008. Montréal CMA figures began to lag as a result in the spring of 2008: after 14 straight years of increases, the number of employed remained more or less unchanged in 2008 (slight decrease of 0.1%) and dipped by 1% in 2009. In spite of the recession, during which 20,000 jobs were lost, labour market indicators maintained relatively acceptable levels in 2009 in the Montréal CMA, with an unemployment rate of 9.2% and employment and labour force participation rates of 60.6% and 66.7%, respectively.

In the context of a high dollar, globalization of markets and stiffer competition, particularly from emerging countries, export manufacturers are constantly faced with new challenges and must revise their strategies in order to remain competitive.

The tertiary sector provides jobs for 81.9% of workers in the census metropolitan area, while 12.9% work in manufacturing and 4.7% in construction. The primary sector provides a mere 0.5% of the jobs in the CMA, the majority in agriculture.

For 2010–2012, employment is forecast to grow at an average annual rate of 1.4% in the CMA (1.0% in Quebec), which is similar to that of the past ten years. The groups contributing most to employment growth will be production services, construction, consumer services, public and parapublic services, and investment-related

manufacturing. Employment in resource- and consumer-related manufacturing and agriculture will post a slight decrease.

Primary sector employment is expected to shrink an average of 0.1% a year; the downturn expected in agriculture will be offset by strong job creation in mining activities.

Employment gains in manufacturing should make up for some of the jobs lost during the recession. Job growth is expected at 0.5% a year in the CMA and 0.4% in Quebec. Investment-related manufacturing will be single-handedly responsible for these gains, with an average annual growth rate of 1.1%. The strongest manufacturing sub-sectors include transportation equipment manufacturing (1.8%), fabricated metal product manufacturing (1.7%), non-metallic mineral product manufacturing (1.5%), food, beverage and tobacco product manufacturing (1.2%) and machinery manufacturing (1.2%).

In spite of a sharp drop in the number of construction jobs in 2009, employment has been very high in the past five years, reaching a historic peak in 2008. With the recession setting in by the close of 2008, 2009 was marked by reduced activity in construction. Indeed, in 2009, there was an 11% decline in the value of building permits in the Montréal CMA. The economic recovery, which is becoming increasingly evident, should ensure annual average growth of 1.8% from 2010 to 2012 in the construction industry. Although residential construction, which accounts for about two thirds of the value of building permits, will continue to be very active, the industry will be primarily stimulated by institutional construction.

The transition to a service economy is becoming increasingly apparent in the CMA, with the service sector accounting for over four out of five jobs, while the manufacturing sector's share has been dwindling every year. Employment gains in the service industry are offsetting losses in manufacturing. Indeed, 81.9% of jobs in the CMA are in services, and this figure should continue growing at an average annual rate of 1.5% during the forecast period (1.1% in Quebec).

Production services will experience the strongest growth, at an average annual rate of 2.0% (1.6% in Quebec). The best performances will be in professional, scientific and technical services (2.5%) and wholesale trade (2.0%). Nevertheless, all industries in this group will post appreciable employment gains. Consumer services are expected to grow by an annual average of 1.4%, faster than in Quebec (1.0%). Industries in this group should grow at a relatively uniform pace from 2010 to 2012. Meanwhile, public and parapublic services should grow by 1.1% annually (0.8% in Quebec). Jobs will be created primarily in health care and social assistance



establishments (2.0%) and in ambulatory and hospital services (1.7%).



## Introduction

Each year, Service Canada issues medium-term employment forecasts both by industry and by occupation for Quebec as a whole and for each of its economic regions. The results of these analyses are published in the form of a series of studies intended to provide a comprehensive overview of recent labour market developments and outlooks in Quebec and its various regions.

We hope this series of documents will interest people who are seeking labour market guidance and those who help them, including parents, educational staff and employment assistance services workers. It should also interest businesses and employer associations that want to identify human resources management issues in their industries.

This document is made up of two sections. The first part provides a synopsis of the labour market in the region, including an overview of economic developments and key labour market indicators. The second part presents sectoral outlooks by industrial groups catalogued according to the North American Industry Classification System (NAICS).



## Notes on methodology

### Employment estimates

The employment estimates by industry are based on Statistics Canada's Labour Force Survey (LFS), as this tool is the only reliable source that follows employment developments in both Quebec and the regions. Since the employment level in some industries is very low in a number of economic regions, other sources of data—mainly of an administrative nature—have sometimes been used because LFS figures in these industries are unreliable. In addition, three-year (2007–2008–2009) averages are included in the statistical tables to provide a more reliable indication of employment levels.

The employment outlooks have been established for a three-year period, from 2010 to 2012. They were developed in winter 2009–2010 in co-operation with Service Canada economists working in Quebec's regions. We also wish to thank the Canadian Occupational Projection System (COPS) team, without which we would not have had access to many of the analysis and forecasting tools that were used to carry out this study.

### Industrial groups

The industrial analysis presented in this study is based on an aggregation using the North American Industry Classification System (NAICS). Here, we provide a brief overview of the composition of each of these groups. Precise definitions of the industries are available in the NAICS published by Statistics Canada.

#### Primary sector

- 11 Agriculture, Forestry, Fishing and Hunting
- 21 Mining and Oil and Gas Extraction

#### Manufacturing sector

- 31–33 Manufacturing

When relevant, the following groups are also presented.

#### Consumer-related manufacturing

- 311 Food Manufacturing
- 312 Beverage and Tobacco Product Manufacturing
- 313 Textile Mills
- 314 Textile Product Mills
- 315 Clothing Manufacturing
- 316 Leather and Allied Product Manufacturing
- 323 Printing and Related Support Activities
- 337 Furniture and Related Product Manufacturing
- 339 Miscellaneous Manufacturing

#### Resource-related manufacturing

- 321 Wood Product Manufacturing
- 322 Paper Manufacturing
- 324 Petroleum and Coal Products Manufacturing
- 327 Non-Metallic Mineral Product Manufacturing
- 331 Primary Metal Manufacturing

#### Investment-related manufacturing

- 325 Chemical Manufacturing
- 326 Plastics and Rubber Products Manufacturing
- 332 Fabricated Metal Product Manufacturing
- 333 Machinery Manufacturing
- 334 Computer and Electronic Product Manufacturing
- 335 Electrical Equipment, Appliance and Component Manufacturing
- 336 Transportation Equipment Manufacturing

#### Construction

- 23 Construction



Consumer services

- 44-45 Retail Trade
- 51 Information and Cultural Industries
- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

Production services

- 22 Utilities
- 41 Wholesale Trade
- 48-49 Transportation and Warehousing
- 52 Finance and Insurance
- 53 Real Estate and Rental and Leasing
- 54 Professional, Scientific and Technical Services
- 55 Management of Companies and Enterprises
- 56 Administrative and Support, Waste Management and Remediation Services

Public and parapublic services

- 61 Educational Services
- 62 Health Care and Social Assistance
- 91 Public Administration





## Part 1: Overview

### Description of the area

The Montréal Census Metropolitan Area includes the Island of Montréal, Laval, Longueuil, communities to the south as far as Hudson, Beauharnois, Saint-Isidore, La Prairie, Richelieu, Mont-Saint-Hilaire, Beloeil and Verchères, and to the north as far as Saint-Placide, Saint-Jérôme, Mascouche and Lavaltrie. In the 2006 census, Statistics Canada estimated the population of the Montréal CMA at 3,635,571 inhabitants, a 5.3% increase over 2001 (as against a 4.3% increase in the province of Quebec). Quebec's Institut de la statistique is forecasting a population increase of 10% in the CMA between 2006 and 2016 (compared with a 7.8% increase in the province).

The population increase on the Island of Montréal is mainly attributed to immigration, while the growing population of the suburbs is due chiefly to in-migration from all regions of Quebec. Furthermore, a large contingent of students moves into the city each year, contributing impetus to the local economy.

### Economic environment

Between 1997 and 2007, the Montréal CMA benefited from a consistently strong North American economy. Domestic demand remained robust, stimulated by consumer spending and business investment fuelled by low interest rates and rising household incomes. Many people dipped into their savings and took on substantial mortgages or engaged in other housing-related spending.

Construction was a driving force in local economic activity and contributed substantially to employment growth in the Montréal area. The recession that hit Quebec in late 2008 affected businesses, resulting in an overall drop in manufacturing and construction activity. After hitting record levels in 2007 and 2008, the value of building permits in the Montréal CMA in 2009 dropped by 10% from the previous year. Hardest hit were the industrial and commercial sectors, which saw drops of 18% and 16%, respectively, while the residential sector posted a 12% decrease. Only the institutional and public sectors experienced growth (32%), stimulated by government infrastructure and recovery programs.

The sharp rise in the value of the Canadian dollar since 2003 has benefited consumers by limiting import price hikes and inflation. It has, however, also had a negative impact on some manufacturing industries. Most seriously affected are those that produce non-durable goods and depended on the weak dollar that prevailed prior to 2003 to facilitate sales of their products abroad. Several manufacturers in these industries have moved a significant portion of their production to low-wage countries, mostly in Asia.

Since the end of 2009, a high level of consumer confidence has contributed to the economic upturn, leading to increased growth in the retail and housing sectors. In Canada, domestic demand remains strong, but exports are still vulnerable to the strength of our dollar and US consumer apathy. The austerity plans adopted by a number of European countries, aimed at reducing their public deficits, have also created new uncertainty about the world economy and could dampen growth. Local businesses would be best served by focusing on the thriving economies of Asian economic partners.

During the forecast period, some factors will continue to influence economic activity, including the value of the Canadian dollar, adjustments made by companies facing stiffer foreign competition, North American interest rates, energy prices, the world economy, and the US and European economies in particular.



## Labour market indicators

Despite the recession, which resulted in the loss of many jobs, labour market indicators remained at acceptable levels in 2009

Between the early 2000s and 2008, there was a substantial improvement in Montréal CMA labour market indicators. Participation and employment rates went up and the rate of unemployment fell. By the time the recession hit in late 2008 and in 2009, much of this positive movement had gone into reverse, particularly the unemployment rate. This situation was fairly comparable to that of the province as a whole.

Despite the recession, which resulted in the loss of 20,000 jobs, labour market indicators remained at acceptable levels in the Montréal CMA in 2009: an unemployment rate of 9.2% and employment and participation rates of 60.6% and 66.7%, respectively. Over three quarters of the job losses were attributable to cuts in full-time jobs. Men were primarily affected by both the full- and part-time job losses. Men in the 15-24 age group were especially hard hit, with their unemployment rate surging from 14.5% in 2008 to 21.2% in 2009. The number of jobs for women grew by more than 10,000.

**Table 1**

Main Labour Market Indicators – 2007–2009				
Montréal Census Metropolitan Area				
	2007	2008	2009	2007–2009
Population 15+ ('000)	3,036.5	3,066.9	3,102.6	3,068.7
Labour force ('000)	2,045.4	2,052.6	2,070.3	2,056.1
Employed ('000)	1,902.6	1,900.1	1,880.4	1,894.4
Unemployed ('000)	142.9	152.6	189.9	161.8
Unemployment rate	7.0	7.4	9.2	7.9
Participation rate	67.4	66.9	66.7	67.0
Employment rate	62.7	62.0	60.6	61.7

Source: Statistics Canada, Labour Force Survey  
Data compiled by Service Canada

The Montréal CMA weathered the recession better than the rest of the country. According to Labour Force Survey data, the drop in employment was 1.0% in the CMA in 2009, comparable to that for Quebec as a whole (-1.0%), but lower than the Canadian average (-1.6%). The Island of Montréal was harder hit by the recession, posting a 4% decrease in employment during the same period, while the outlying northern and southern suburbs posted employment increases.

In the Montréal CMA, the impact of the economic slowdown and financial crisis in the US began to be felt in the spring of 2008, much earlier than in the rest of the province. Nonetheless, the labour force continued to grow in 2009, which also contributed to the increases in the number of unemployed and the unemployment rate. During the same year, the unemployment rate was an average 9.2%, substantially higher than the provincial rate (8.5%).

In 2009, the outlying northern and southern suburbs were better at regaining the jobs lost during the recession, while the Island of Montréal has yet to make up its losses. This may be explained in part by the characteristics of the labour force residing on the Island; its profile is different from that of the rest of the CMA. The Island of Montréal has a greater percentage of workers having difficulty entering the labour market (eg, immigrants and young people) than do neighbouring communities. The unemployment rate on the island is higher and the participation rate lower than in the rest of the CMA. Communities located off the island are home to more individuals who have reached retirement age, and this limits increases in the total number of employed persons in this sub-region of outlying suburbs.

By 2012, average annual employment growth is expected to hover around 1.4% in the CMA (1.0% in Quebec), a percentage fairly similar to the average for the past ten years.





## Part 2: Sectoral outlook

### Overview

#### Industrial structure

The average number of employed persons in the Montréal CMA from 2007 to 2009 was about 1,894,400. The region's industrial base is similar to that of Quebec as a whole, with a few specific exceptions, including the fact that the goods-producing and primary sector industries play a lesser role there.

The primary sector, accounting for a very small share of the region's employment (0.5%), employs about 8,600 workers, concentrated primarily in agriculture and horticulture. The construction industry employs about 89,500 workers and represents 4.7% of all jobs in the CMA.

The manufacturing sector accounts for slightly less than 13% of the employed population of the CMA, or 244,200 people, working mainly in the manufacture of food, beverages and tobacco products, transportation equipment, chemicals, clothing and leather products, and fabricated metal products.

Most employed persons in the Montréal CMA are employed in the service sector (1,552,000 people), ie, eight out of ten workers, which is a higher percentage of the working population than in Quebec as a whole. This variance between the Montréal CMA and Quebec is particularly noticeable in production services. However, there are proportionally fewer Montréal CMA residents in public and parapublic services.

### Outlook

The effects of the US economic downturn and financial crisis began to be felt in the spring of 2008 and have aggravated the situation for companies that ship their goods to the American market.

From 1995 to 2009, the number of employed in the Montréal CMA increased at an average rate of 1.6% per year. This increase occurred in two separate phases. During the 1995–2000 period, Montréal benefited greatly from expansion in the manufacturing and production services sectors. Population growth and the economic upturn also led to a significant increase in consumer services. However, the CMA's manufacturing sector experienced considerable turmoil in the 2000s, especially starting in 2003. All the same, overall employment growth has averaged a steady 1.3% annually, thanks to the construction industry, production services and public services.

The effects of the US economic downturn and financial crisis began to be felt in the spring of 2008, leading to falling employment levels in the next two years.

In both the Montréal CMA and Quebec, there has been a decrease in employment in the manufacturing sector, particularly since 2003. Despite low interest rates and the thriving housing sector, which has stimulated furniture and electronic appliance sales, many companies have had to adjust to changing circumstances in international trade and rationalize their activities. The activities of goods-exporting firms have slowed owing to the rapid increase in the value of the Canadian dollar (making our products more costly) and stiffer competition from Asian countries. More recently, the sluggish United States economy has further aggravated the situation for these companies, which ship their goods to the American market.

The economy, which is showing more and more signs of recovery, will likely give rise to moderate growth in the manufacturing industry during the 2010–2012 period. Annual employment growth of 0.5% is predicted, which is fairly similar to forecast employment growth for the province (0.4%).

The service sector is growing steadily and is represented in many areas of activity, including in retail and wholesale trade; health services; professional, scientific and technical services; finance, insurance, real estate and rental and leasing; and educational services. Nearly 82% of employed people in the CMA work in service-related industries.



Overall, consumer and production services enjoyed sizeable gains in employment from 2006 to 2007. However, these sub-sectors lost steam in 2008 and 2009 owing to the economy, which had an especially strong impact on wholesale and retail trade and finance, insurance and real estate.

In recent months, there has been an increase in housing sales due to low interest rates. Possible mortgage-rate increases will make houses less affordable and dampen potential demand. Higher interest rates may force households to devote a larger part of their earnings to debt repayment, which could limit future growth in consumer spending. Overall, the service sector is expected to grow by an average 1.5% per year from 2010 to 2012, which slightly exceeds the forecast growth for the province (1.1%).

During the forecast period, the overall average annual rate of employment growth in the Montréal CMA is expected to be about 1.4%, which is slightly higher than the growth rate forecast for the province (1.0%). Growth will occur mainly in the service and construction industries, while the manufacturing sector will attempt to regain the jobs lost in the past two years.

**Table 2**

<b>Employment Breakdown and Outlook for Selected Industry Groups</b>					
<b>Montréal Census Metropolitan Area</b>					
	<b>Average for 2007–2009</b>			<b>2010–2012</b>	
	<b>Level (’000)</b>	<b>Share of Employment</b>		<b>Average Annual Growth</b>	
	<b>Region</b>	<b>Region</b>	<b>Province</b>	<b>Region</b>	<b>Province</b>
All industries	1,894.4	100.0%	100.0%	1.4%	1.0%
Primary	8.6	0.5%	2.4%	-0.1%	0.3%
Manufacturing	244.2	12.9%	14.0%	0.5%	0.4%
Construction	89.5	4.7%	5.4%	1.8%	1.3%
Services	1,551.9	81.9%	78.2%	1.5%	1.1%
Consumer services	527.6	27.9%	27.6%	1.4%	1.0%
Production services	590.0	31.1%	26.0%	2.0%	1.6%
Public and parapublic services	434.3	22.9%	24.7%	1.1%	0.8%

Source: Service Canada, Quebec Region  
Historical estimates based on Statistics Canada’s Labour Force Survey (see Notes on Methodology)



## Primary sector

The primary sector comprises the natural resource industries: agriculture, forestry, fishing and hunting, mining, and oil and gas extraction. Employment in the primary sector has been shrinking steadily for a number of years and accounts for only 0.5% of employment in the Montréal CMA, compared with 1.0% in 1990. Also, of the 8,600 jobs in the sector during the 2007–2009 period, about 65% were in agriculture.

Major organizational changes on farms have affected employment trends in the agricultural sector. Increased industrialization has led to a greater concentration of activities in large-scale operations with strong capital. This reorganization has increased productivity but also driven down labour needs and substantially lowered the number of farmers since 1987 and the number of unpaid family workers.

For the 2010–2012 forecast period, we anticipate an annual average drop in employment of 0.1%, attributable to declines in the agriculture sub-sector. In Quebec as a whole, a decrease is also anticipated in agriculture, but this will be offset by strong employment growth in the mining industry.

**Table 3**

Employment Breakdown and Outlook in the Primary Sector					
Montréal Census Metropolitan Area					
	Average for 2007–2009			2010–2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Primary sector	8.6	0.5%	2.4%	-0.1%	0.3%
Agriculture	5.6	0.3%	1.6%	-0.1%	-0.3%
Forestry and logging	0.4	0.0%	0.4%	0.0%	0.0%
Fishing, hunting and trapping	0.0	0.0%	0.0%	0.0%	1.9%
Mining	2.6	0.1%	0.4%	0.0%	2.5%

Source: Service Canada, Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

## Manufacturing sector

The economic situation having improved, we are already seeing a resumption of activity by manufacturers, which resulted in employment growth in 2009.

Approximately 244,200 people work in the manufacturing sector in the Montréal CMA. Although the sector is highly diverse, it is dominated by the manufacture of food, beverages and tobacco products, transportation equipment, chemicals, clothing and leather products, and fabricated metal products.

Since 2000, the manufacturing sector in the Montréal CMA has had several setbacks and employment has shrunk by an average of 2.5% per year. Export manufacturers have had to contend with a combination of problems, including a soaring Canadian dollar, higher oil prices, stiffer global competition, mainly from emerging countries, and, more recently, a global recession (particularly in the United States). A number of manufacturers have had to cut production, causing employment to fall. From 2007 to 2009, the drop in employment amounted to 2.7% per year, slightly less than the 2.9% decrease for the province as a whole. The manufacturing sector in the Montréal CMA started hiring again by mid-2009 and employment grew by 2.4% from 2008 to 2009, a better performance than that of the province's manufacturing sector, which continued to post job losses during the period (-2.1%).



The economic situation having improved in the past year, we are already seeing a resumption of activity by manufacturers, which resulted in employment growth in 2009. From 2010 to 2012, export manufacturers are expected to make a strong contribution to the world economic recovery. But given the fragility of the US economy and deficit problems in Europe, the growth outlook in the manufacturing sector as a whole may be more modest.

Although it negatively affects export manufacturers, the strong Canadian dollar will encourage local businesses to purchase equipment. However, these investments, which boost productivity and competitiveness, tend to slow job creation. The companies will also have to invest more in developing new markets and differentiate themselves from competitors by offering new products.

Over the next three years, we expect employment to increase by an average of 0.5% annually in the Montréal CMA manufacturing sector, which is similar to the forecast increase for Quebec (0.4%).

### Consumer-related manufacturing

In the Montréal CMA, consumer-related manufacturing industries employ 97,400 workers and account for 5.1% of local employment. They include manufacturing industries whose growth chiefly depends on consumer spending. However, despite an increase in consumer spending in Quebec, the rest of Canada and the United States, the number of jobs in this sector has dropped by more than 3.6% per year since 2000, particularly in the clothing, textile, furniture and printing industries. This decline can be explained by a variety of factors, including the higher Canadian dollar, competition from emerging economies and a drop in demand for printed material caused by a surge in the use of electronic media.

Between now and 2012, employment in consumer-related manufacturing should continue to drop in the Montréal CMA (-0.2%). We may see a significant decrease in the textile (-2.0%), clothing (-2.5%) and printing (-1.4%) sub-sectors, where companies will continue to restructure. Employment is expected to be relatively stable in the furniture industry, where companies have completed most of their adjustments. Only the food, beverage and tobacco product manufacturing industries and miscellaneous manufacturing will see a slight increase (1.2% and 0.4%).

#### *Food, beverage and tobacco product manufacturing*

Less vulnerable to ups and downs in the economy.

The food manufacturing industry employs approximately 35,800 people in the Montréal CMA. This sector accounts for 14.7% of manufacturing employment and is the largest manufacturing employer in the region.

The food, beverage and tobacco product manufacturing sector has remained quite dynamic in the past decade, posting average annual growth of approximately 2.2% since 2000. The industry is far less dependent on international trade and less vulnerable to ups and downs in the economy than most other manufacturing industries. Still, employment will not grow as fast as in the last ten years, as the pace of demographic growth has slackened. For the 2010–2012 period, growth in the Montréal CMA is expected to continue but at a slightly lower rate of 0.7%, compared with 0.3% for the province.



**Table 4**

<b>Employment Breakdown and Outlook in the Manufacturing Sector</b>					
<b>Montréal Census Metropolitan Area</b>					
	<b>Average for 2007–2009</b>			<b>2010–2012</b>	
	<b>Level ('000)</b>	<b>Share of Employment</b>		<b>Average Annual Growth</b>	
	<b>Region</b>	<b>Region</b>	<b>Province</b>	<b>Region</b>	<b>Province</b>
Manufacturing sector	244.2	12.9%	14.0%	0.5%	0.4%
<b>Consumer-related manufacturing</b>	<b>97.4</b>	<b>5.1%</b>	<b>5.2%</b>	<b>-0.2%</b>	<b>-0.1%</b>
Food, beverages and tobacco products	35.8	1.9%	2.0%	1.2%	0.9%
Textile mills and textile product mills	5.4	0.3%	0.3%	-2.0%	-1.0%
Clothing and leather products	18.0	1.0%	0.7%	-2.5%	-2.5%
Printing and related activities	15.6	0.8%	0.7%	-1.4%	-1.6%
Furniture and related products	11.1	0.6%	0.9%	0.0%	0.1%
Miscellaneous	11.6	0.6%	0.6%	0.4%	0.6%
<b>Resource-related manufacturing</b>	<b>26.4</b>	<b>1.4%</b>	<b>3.0%</b>	<b>-0.5%</b>	<b>0.1%</b>
Wood products	6.1	0.3%	1.0%	0.5%	0.4%
Paper	6.4	0.3%	0.7%	-0.3%	-1.3%
Petroleum and coal products	3.3	0.2%	0.1%	-5.1%	-3.0%
Non-metallic mineral products	5.2	0.3%	0.4%	1.5%	1.5%
Primary metal	5.4	0.3%	0.7%	0.5%	0.8%
<b>Investment-related manufacturing</b>	<b>120.4</b>	<b>6.4%</b>	<b>5.8%</b>	<b>1.1%</b>	<b>1.0%</b>
Chemical	22.0	1.2%	0.8%	0.3%	0.3%
Plastic and rubber products	12.4	0.7%	0.9%	0.3%	0.4%
Fabricated metal products	17.9	0.9%	1.1%	1.7%	1.7%
Machinery	10.9	0.6%	0.6%	1.2%	1.0%
Computer and electronic products	12.4	0.7%	0.6%	0.5%	0.7%
Electrical equipment, appliances and components	9.3	0.5%	0.4%	1.1%	1.1%
Transportation equipment	35.5	1.9%	1.4%	1.8%	1.1%

Source: Service Canada, Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)





The clothing and textile industry continues to decline.

### ***Textile, clothing and leather products industry***

In the early 1990s, the textile, clothing and leather products manufacturing industry employed nearly 55,000 workers in the Montréal CMA; this made it the chief manufacturing employer in the CMA. The number of workers has been dwindling since, reaching 23,400 in 2007–2009. Nevertheless, it is still one of the main manufacturing employers on the Island of Montréal.

Various factors have had negative repercussions on the textile and apparel industries over the past few years. First, the Agreement on Textiles and Clothing ended on January 1, 2005, which eliminated international trade barriers in the apparel industry. Second, the rise of the Canadian dollar as against the American dollar made goods manufactured in Canada more expensive. Competition has become stronger, particularly from Asian countries where labour costs are much lower. To stay profitable, many Canadian companies are moving their production units to countries with lower production costs, which is resulting in numerous layoffs and plant closures in Quebec. Companies whose products are geared to more specialized markets where competition from emerging countries is weak will have better chances of surviving than mass producers.

During the 2010–2012 forecast period, we are anticipating that employment in the textile, clothing and leather products manufacturing industries will decrease at an average annual rate of between 2.0% and 2.5%, compared with a 0.5% increase for manufacturing as a whole.

### ***Furniture manufacturing***

Slightly over 11,000 Montréalers work in furniture manufacturing, representing 4.5% of manufacturing jobs in the CMA. Until the mid-2000s, this sector benefited from low interest rates and a boom in the residential construction industry. As a result of Asia's stronger market presence and cheaper labour costs, coupled with an increase in the value of the Canadian dollar, local products became less attractive economically, thereby putting Quebec furniture manufacturers at a disadvantage. Since the furniture industry has a strong export market and is highly dependent on residential construction, it suffered through the recession in the US, our biggest trading partner. A number of manufacturers in the region decided to invest and modernize their facilities to customize their products and distinguish themselves from Chinese manufacturers. Some had no choice but to close down. Therefore no growth is expected by 2012; at best, employment will remain stable in the CMA and in the province as a whole.

### ***Printing and related activities***

More job losses are expected in the printing industry as a result of the widespread use of electronic publications.

The printing industry employs roughly 15,600 people in the CMA, or 6.4% of manufacturing employment. Over the past several years, employment has dropped sharply in the printing sector, both in the Montréal CMA and in Quebec overall, in spite of a number of investments. In addition to increasing productivity, the introduction of new technology has helped to broaden the range of products and services, which has accentuated competition and adversely affected small operations. Lacking the means to modernize their equipment, many binderies and small print shops have had to close in recent years.

The printing industry in Quebec is dominated by two large companies—Transcontinental and World Color Press (formerly Quebecor World)—and a large number of small companies that often work under subcontract for one of the two giants. World Color Press has closed several of its plants in recent years, leading to many layoffs, and was then acquired by US-based Quad/Graphics. The new structure affected a number of subcontractors in the region. In addition, the growing popularity of the Internet and electronic media has brought down the demand for printed products. Both environmental and financial considerations have also led to the increased use of electronic media.

More job losses are expected in the printing industry as a result of the widespread use of electronic publications and foreign competition. For the forecast period, employment is expected to fall 1.4% annually on average in the Montréal CMA, on par with Quebec

overall (-1.6%).

## Resource-related manufacturing

Resource-related manufacturing employs 26,400 people in the Montréal CMA, accounting for just under 11% of employment in the manufacturing sector. Proportionally speaking, this sector employs half as many people in the Montréal region as in the province as a whole. The two biggest industries in this group are paper and wood products. Given the tenuous nature of the global economic recovery and the structural problems in the paper and wood products sub-sectors, the outlook for job growth is negative. The only sub-sectors with a better employment outlook are non-metallic mineral product manufacturing and primary metal manufacturing. Overall, there will be a slight decrease (-0.5%) in employment in this manufacturing sector in the Montréal CMA during the 2010–2012 period.

### *Non-metallic mineral products manufacturing*

The non-metallic mineral products manufacturing industry employs about 5,200 people in the Montréal CMA. With greater public spending on infrastructure, the industry has managed to extricate itself somewhat from its situation in the wake of the housing market bust in the US. Still, the downturn in construction in Montréal in 2009 slowed down production in the industry. Since some public infrastructure projects will continue during the forecast period, the non-metallic mineral products industry should enjoy fair growth (1.5%) between now and 2012.

### *Paper manufacturing*

The decline in demand for newsprint of recent years is showing no signs of letting up, mainly because of the difficulties faced by print media groups and the growing popularity of online media. With an average of roughly 6,400 jobs from 2007 to 2009, the industry lost approximately 20% of its workforce in that period. Other plant closures and additional layoffs seem to be inevitable. Employment in paper manufacturing in the Montréal CMA should thus continue to decrease slightly, at an average rate of 0.3% per year, albeit at a slower pace than in Quebec as a whole (-1.3%).

### *Petroleum and coal products manufacturing*

Petroleum manufacturing, which employs only 3,300 workers in the CMA, is a minor industry in the region. Grappling with shrinking demand in North American, large surpluses and trying economic times, the main oil refineries are gradually shedding their assets. Once a booming industry in Montréal, the petroleum sector will soon have only one refinery left, Petro-Canada's. The Shell refinery in Montréal-Est is to close and to be converted into an oil handling terminal, contributing to the major decline in employment in the industry. From now until 2012, employment should continue to retreat at an average annual rate of 5.1% in the Montréal CMA.

## Investment-related manufacturing

Investment-related manufacturing provides 20,400 jobs in the Montreal metropolitan area. Transportation equipment manufacturing, chemical products manufacturing and fabricated metal product manufacturing are the most important industries in terms of job creation.

Investment-related manufacturing was key to the recovery of the manufacturing sector in Montréal in the mid 1990s. Between 1995 and 2004, employment in this sub-sector increased by an average of 1.5% per year, higher than the rate for the manufacturing sector as a whole (1.0%).

In the last few years, some key industries in the investment-related manufacturing group have, however, run into serious problems, forcing them to lay off many workers. Competition from emerging countries and the strong Canadian dollar have made our products less competitive in foreign markets. High-volume exporters have been hit more

severely by decreases in their shipments because of economic conditions in the United States and around the world.

The gradual recovery taking place is expected to fuel an increase in global demand for these products and encourage manufacturers in this sub-sector to step up production, pushing the employment level upward at an average rate of 1.1% per year, which is higher than the forecast employment growth rate for Montréal's manufacturing industry as a whole (0.5%).

#### ***Plastic and rubber products***

The plastic and rubber products industry provided jobs for an average of 12,400 people between 2007 and 2009 in the Montréal CMA, representing 5.1% of manufacturing employment. The economic downturn that hit the US in 2007 was very difficult for this industry, especially because of the crisis in the automotive industry. Since late 2009, the industry has started to gradually make up for lost ground owing to the rally in the automobile industry and slightly higher exports to the US. The strong presence of countries with low labour costs are eroding the market shares of local manufacturers and thus keeping employment growth down. Plastic product exports should pick up momentum with the recovery of industrial production in the US. The employment growth outlook for the next three years is positive, albeit modest. Employment is expected to increase by an average of 0.3% annually in the CMA, which is similar to that in the province as a whole (0.4%).

#### ***Chemical manufacturing***

The expiry of patents on a number of popular products and limited public funds for medication insurance programs are a source of uncertainty for the pharmaceutical industry.

The chemical industry employs 22,200 people in the CMA, or about one out of ten manufacturing jobs, mainly in pharmaceutical and medicine manufacturing. Most pharmaceutical jobs in the province (80%) are in the Montréal CMA, which has many pharmaceutical companies. The presence of highly renowned universities and research centres is a major attraction for companies that want to establish themselves in the region.

Some factors including higher life expectancies and progress in disease research are pushing up the demand for medication. Nevertheless, the industry has been dealing with a few difficulties in recent years, such as the expiry of patents on a number of popular products and efforts to control the cost of government medication insurance programs, which are curbing research and development of new medication and are becoming a source of uncertainty for the industry. There have been layoffs in the Montréal CMA in the past three years and more are expected in the coming years. The most recent occurred in 2009, when Wyeth was acquired by Pfizer and Merck Frost merged with Schering-Plough. On the other hand, Schering-Plough has confirmed it will invest \$30 million in its Pointe-Claire plant. The long-term growth outlook is attractive, and a number of factors will continue to support the demand for pharmaceuticals, including the aging population and the fact that consumer spending on health care is generally not considered to be discretionary.

The announced closure of the Shell refinery will have an impact on the petrochemical industry in Montréal, where the majority of companies depend on each other.

Also, the eventual closure of the Shell refinery will strike a blow to the petrochemical industry in Montréal, which has already been weakened by the closure of Petromont and PTT PolyCanada in the past year, resulting in hundreds of layoffs. Most of the businesses in the sector are SMEs and are dependent on each other in the manufacturing chain.

The soap, cleaning compound, paint and fertilizer sub-sectors are expected to hold steady owing to domestic demand, which is fuelled by demographic growth and the rapid development of emerging countries.

Between now and 2012, employment in the chemical manufacturing industry should expand somewhat at an average rate of 0.3% annually, in line with the provincial trend.

#### ***Fabricated metal products***

Fabricated metal products manufacturing in the Montréal CMA provides work for about 17,900 people, or 7.3% of all manufacturing workers. Jobs are concentrated in the



manufacture of metal architectural and structural components, machined items, screws, nuts and bolts, and other metal products. Industry fortunes are tied chiefly to non-residential construction, but, in the Montréal CMA, the aeronautics industry is also a significant source of market opportunities for these companies.

Road infrastructure works announced by the Quebec government have lessened some of the negative impact stemming from decreased domestic and foreign demand during the recent recession. The demand for metal products on North American and international markets should start to pick up again as the economic recovery settles in, and the industry will have to meet the needs of new infrastructure projects. We expect employment to grow an average of 1.7% a year in the fabricated metal products sector between 2010 and 2012.

### ***Transportation equipment manufacturing***

The rising number of orders of some aeronautics manufacturers and the recovery in the automotive industry are boosting the sectoral outlook.

Transportation equipment manufacturing employs 35,500 people, 75% of whom work in the aeronautics industry. After the food and beverage manufacturing industry, the transportation equipment industry is the largest manufacturing employer in the CMA. Most of the jobs related to this industry in Quebec are found in the Montréal CMA.

The presence of major players in the region has a positive impact on other companies and stimulates investment in the CMA. Up until late 2008, the order books of major corporations, including Bombardier Aerospace, Pratt & Whitney Canada, Héroux-Devtek and Bell Helicopter Textron, were full, to the benefit of local suppliers and sub-contractors. In the last two years, however, a number of carriers have cancelled or postponed their aircraft orders, leading airplane and helicopter makers and sub-contractors to lay off workers. Manufacturers still need to adjust their production to the demand, and more layoffs might be announced in 2010 because of the scarcity of new contracts awarded by air carriers. On the other hand, a number of companies are offsetting the slowdown with large investments in the military aerospace sector. More recently, some manufacturers announced they were expecting to step up production of some of their models by 2011, which will aid local suppliers.

In the automotive parts sector, which was hit hard during the recession, positive sales results since mid-2009 are encouraging to car manufacturers, which expect sales to continue climbing during the forecast period.

A larger number of orders of some aeronautics manufacturers in the second half of 2009 and the recovery in the automobile industry are boosting the sectoral outlook. We expect employment in transportation equipment manufacturing to grow an average of 1.8% a year in the Montréal CMA, which is substantially higher than the growth rate in the manufacturing sector as a whole in the region (0.5 %).

## **Construction industry**

Mortgage rates, which are currently low, combined with a robust job market, will provide a solid basis for continued brisk activity in the housing market.

The average number of people employed in the construction industry from 2007 to 2009 in the Montréal CMA was 89,500, or 4.7% of total employment. Throughout most of the 1990s, the number of workers fell significantly before the industry underwent a major recovery in 1999. Between 2000 and 2009, employment grew by an average of 4.6% a year.

In the last five years, historically low interest rates have fuelled demand for housing. Residential construction has been the main driver of the substantial increase in the number of construction workers (average of 4.3% per year). Although it accounts for only 4.7% of total employment, the construction industry has been a major contributor to employment growth in the Montréal CMA in this period.

Residential construction in the Montréal CMA accounts for nearly half the value of building permits granted in Quebec. Although it has abated since the historic high in 2004, especially in 2009, residential construction still has the largest share of investments in the region, valued at \$3.7 billion in 2009. Over 18,800 new housing units were added in Montréal in 2009, down 20% from the previous year. Quebec also experienced a decline in



the same period, even though it was less pronounced (-15%). The construction of multiple housing units also dropped considerably.

The commercial sector, the second largest group in the industry, generated investments of almost \$1.2 billion in 2009, shy of the record highs in 2007 and 2008. Still, this figure is not negligible. In the institutional and government sector, the value of building permits grew by 32% year over year. The industrial sector was anaemic in 2008 and 2009; the total value of building permits was close to \$5.7 billion in 2009, down 11% from the previous year. Projects in the public sector, several of which had already been planned, compensated for the shortfall in private investments, preventing an abrupt drop in the employment level.

Projects announced in the roadwork, civil engineering and institutional sectors will help to sustain modest employment growth. The Plan québécois des infrastructures will continue to provide a considerable number of jobs during the forecast period. It provides for \$30 billion in spending on schools, hospitals, roads, waterworks and sewers.

The large-scale projects scheduled to begin during the forecast period include the Bassins du Nouveau Havre—a multifunctional urban project, development of the Old Port of Montreal, extension of Highway 25, construction of a bridge across the Rivières des Prairies and rebuilding of the Turcot Interchange. Other major projects in the works include development of the CHUM and McGill super hospitals and the Sainte Justine hospital centre; transformation of the Outremont rail yard into a university campus; completion of the Entertainment District; commercial projects in the former Saint Michel quarry, Viger station, Griffintown, Old Port; and the construction of new Bombardier and Pratt & Whitney plants in Mirabel as part of Bombardier's C-Series project.

These projects will support the demand for construction labour for the 2010–2012 forecast period, when strong growth is expected to average around 1.8% for the CMA, above the Quebec rate (1.3%). Mortgage rates, which are fairly attractive at the moment, combined with a robust job market, will provide a solid basis for continued brisk activity in the housing market. However, growth is not expected to be as high as in the previous decade, primarily because there will be fewer new households and house prices are higher. A potential hike in interest rates may also result in decreased investment in residential housing in the coming year.



## Service sector

### Consumer services

In the Montréal CMA, 527,600 people work in consumer services. They represent more than a quarter of the CMA's employed (27.9%), as they do in Quebec as a whole. Almost 43% of the jobs in this industry group are in retail trade.

**Table 5**

Employment Breakdown and Outlook in Consumer Services					
Montréal Census Metropolitan Area					
	Average for 2007–2009			2010–2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer services	527.6	27.9%	27.6%	1.4%	1.0%
Retail trade	225.9	11.9%	12.4%	1.4%	0.9%
Information, culture and recreation	109.3	5.8%	4.5%	1.2%	1.0%
Accommodation and food services	109.5	5.8%	6.2%	1.4%	1.0%
Other services	82.9	4.4%	4.6%	1.5%	1.3%

Source: Service Canada, Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

There has been steady growth in consumer services over the last two decades. Since the early 2000s, the number of people employed in consumer services has grown by an average 1.3% per year. The principal factor behind the dynamic growth of consumer services is the jump in disposable income in the Montréal CMA, spurred on by wage equity payments in 2007 combined with recent income tax reductions and increased purchasing power resulting from the strength of our currency. Low interest rates during the period also contributed to increased household spending. However, higher energy costs (oil, gas and electricity) ate up a portion of disposable income. Nonetheless, in 2009, the economic downturn encouraged consumers to cut spending, resulting in a 2.8% drop in employment in this sector.

Since late 2009, positive economic indicators have rekindled consumer confidence, which should contribute to greater consumer spending. Over the next three years, the average annual increase in employment in consumer services is expected to be 1.4%, slightly higher than the rate for the province as a whole (1.0%).

#### **Retail trade**

Retail trade provides work for about 225,900 people in the CMA, making it the most important industrial sector in the region with more than one out of ten jobs. Since the late 1990s, retail trade has undergone a significant transformation. The arrival of specialty big-box stores and power centres has changed consumer shopping habits. These new players have prompted a number of established retailers to improve their products and services in an effort to stay competitive and hold on to their market shares. This has had a domino effect on job creation. Between 1998 and 2007, employment rose by over 2.2% per year after having stagnated for approximately a decade.



The economy, which made up some lost ground in the second half of 2009, has rekindled consumer confidence.

The economic slowdown hit retail trade hard in 2008 and 2009, resulting in significant job losses. The effects of the recession and uncertainty about a sustainable recovery are making consumers cautious. Many households are still putting off buying durable goods, avoiding spending on luxuries and choosing alternatives when it comes to essential items. The economy, which made up some lost ground in the second half of 2009, breathed new life into consumer confidence, especially in terms of pent-up demand for durable goods. Household spending is being stimulated by greater personal income and the high Canadian dollar, increasing consumers' import purchasing power. The end of recovery and accommodative monetary programs, and higher sales taxes in Quebec in 2011 and 2012, could nevertheless slow the demand for goods in 2011.

During the forecast period, employment should pick up again and grow substantially at an average annual rate of 1.4%, higher than in the province as a whole (0.9%).

### ***Information, culture and recreation***

The development of major tourism and cultural attractions under way and planned will continue to support dynamic local activity in this area.

The information, culture and recreation sectors employ an average of 109,300 people in the CMA. Most of them work in the information and cultural industries. Moreover, Montréal is the cultural hub of Quebec as regards creation, production and distribution. Information and cultural industries posted tremendous growth during the second half of the 1990s in Montreal, thanks to the boom in the film and telecommunications sectors and to development in the arts, entertainment and recreation industry. Higher personal incomes have substantially increased spending on recreation in the last 30 years in Quebec. As a result, many investments were made in cultural, sports, recreation and tourism facilities, attracting increasing numbers of tourists.

Projects involving the construction and development of major tourism and cultural attractions under way and planned, including the Entertainment District (renovation of Place des Arts and the new hall for the Orchestre symphonique de Montréal, known as l'Adresse symphonique), will continue to support dynamic local activity in this niche.

The information sub-sector, made up of television broadcasting and newspaper publishing, is struggling with some problems that include declining advertising revenue, amended CRTC rules and competition from specialty channels and the Internet. Some broadcasters, such as CTV and Radio-Canada, have announced cut-backs and laid off employees. Competition is fierce among the various service providers, and general channels are losing ground to specialized channels. Technological innovations are prompting the media and information industry to make radical changes and hop on the digital bandwagon.

In the telecommunications sector, the sagging demand for traditional telephones is leading businesses to migrate to wireless services, where new providers are joining the big players (Bell, Fido/Rogers and TELUS). Vidéotron, which created 600 jobs 2009, is expecting to create as many in 2010 when it launches wireless telephony.

The information, culture and recreation sector will grow by an average of 1.2% per year between 2010 and 2012.

### ***Accommodation and food services***

The accommodation and food services sub-sector employs 109,500 people in the Montréal CMA. About 90% of them work in the food services and drinking places industry, which is geared much more toward the local market than tourists.

In 2009, the strong Canadian dollar and poor economy reduced the number of tourists, especially those from the US, bringing employment down by 5.5%. New measures US authorities have put in place at the border are also making travel more complicated for American citizens. In spite of a small economic recovery, uncertainty reigns both in the US and in Europe, which may restrict the number of foreign visitors who stay at hotels and go to restaurants in the CMA. Tourists may be sensitive to currency fluctuations and limit their spending in restaurants and the length of their stays in Montréal. The demand for business travel has been dropping since fall 2008.

The food services industry, whose customers are largely made up of local workers and residents, should benefit from the local economy's strong performance. Personal income spent on recreation should continue to climb. Combined with demographic growth and higher wages, this will have a positive impact on employment in this industry. Annual growth should average 1.4% between 2010 and 2012, compared with 1.0% for Quebec as a whole.

## Production services

Production services employ approximately 590,000 workers, accounting for over 31% of local employment (see Table 6). Within production services, professional, scientific and technical services and finance, insurance, real estate and rental and leasing account for the highest percentages of jobs.

Since the early 2000s, this industry group has posted a substantial rate of employment growth of 2.3% per year, which is clearly higher than the rate of employment growth in the labour market as a whole (1.3%) during the same period. Production services includes industries that have generated vast numbers of jobs in recent years, particularly the following: professional, scientific and technical services; business, building and other support services; finance, insurance, real estate and rental and leasing; and wholesale trade. In 2008 and early 2009, the economic slowdown resulted in job losses, particularly in transportation and warehousing, finance and insurance, and real estate and rental and leasing.

A return to a strong economy, a resumption in infrastructure investments around the world and upcoming corporate restructurings are just a few of the factors that will stimulate hiring in engineering, law and accounting firms in the CMA. From now until 2012, the average annual employment growth rate in production services is expected to be 2.0%. The strongest employment growth will occur in the professional, scientific and technical services sub-sector (2.5%).

**Table 6**

<b>Employment Breakdown and Outlook in Production Services</b>					
<b>Montréal Census Metropolitan Area</b>					
	<b>Average for 2007–2009</b>			<b>2010–2012</b>	
	<b>Level ('000)</b>	<b>Share of Employment</b>		<b>Average Annual Growth</b>	
	<b>Region</b>	<b>Region</b>	<b>Province</b>	<b>Region</b>	<b>Province</b>
Production services	590.0	31.1%	26.0%	2.0%	1.6%
Utilities	16.2	0.9%	0.9%	1.1%	1.2%
Wholesale trade	97.2	5.1%	4.0%	2.0%	1.5%
Transportation and warehousing	93.9	5.0%	4.6%	1.5%	1.5%
Finance, insurance, real estate and rental and leasing	131.0	6.9%	5.9%	1.8%	1.4%
Professional, scientific and technical services	175.3	9.3%	6.9%	2.5%	2.0%
Business, building and support services	76.4	4.0%	3.7%	1.8%	1.2%

Source: Service Canada, Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

## Wholesale trade





The expected recovery in international trade should give the industry a shot in the arm in the next year.

In the Montréal Census Metropolitan Area, wholesale trade employs 97,200 workers, accounting for 5.1% of local jobs. Since 2001, the wholesale trade industry has benefited from the strong performance of the Canadian and Montréal economies. Domestic demand has increased, fuelled by low interest rates, extra disposable income and the vigour of the labour market. While the strength of our currency against the greenback is a major impediment to exporters to the US, it favours Canadian importers.

In an era of growing market globalization, this industry is becoming increasingly sensitive to world economic conditions, since it serves as a conduit, supplying the local market with imports and the international market with exports. The global recession significantly undermined this industry from 2008 to 2009, leading to lower employment figures. The recovery in retail trade in the second half of 2009 and steady progress in international trade expected during the forecast period should bring about annual average growth of 2.0% in wholesale trade in the Montréal CMA and 1.5% in Quebec as a whole.

### ***Transportation and warehousing***

In the Montréal CMA, the transportation and warehousing industry employed approximately 93,900 workers from 2007 to 2009, accounting for 5.0% of local jobs. About 39% of these jobs were in transit and ground passenger transportation, 24% in trucking and 11% in air transportation. Postal service and couriers and messengers accounted for almost 19% of these jobs. The remaining jobs were in other transportation and warehousing services.

This industry is one of the least dynamic in the production services group in terms of employment growth, and its importance within the group has been declining steadily in the CMA. In the late 1980s, this industry employed approximately 100,000 people and accounted for 25% of jobs in the group, as against 16% today. For several years now, the profitability of carriers has been shrinking under pressure from rising oil prices and the strength of the Canadian dollar. The US economic slowdown and then the recession also compounded the industry's woes. In 2009, reduced corporate spending, high unemployment and waning consumer confidence weakened the demand for travel and put the brakes on shipments. Now that the economy is recovering, international trade will pick up steam, which will have a positive impact on the industry and employment.

Affected by the recession in 2009, the transportation and warehousing industry should pick up again and grow at an average rate of 1.8% annually during the 2010–2011 forecast period.

### ***Finance, insurance, real estate and rental and leasing***

The spike in the number of future retirees in the next few years should drive demand for financial planning and retirement fund management services.

In the Montréal CMA, finance, insurance, real estate and rental and leasing employ approximately 131,000 workers, accounting for 22% of the jobs in production services. More than half of these jobs are in finance. From 2000 to early 2008, these services posted very strong job growth in the Montréal CMA. However, the crisis in the US financial industry, followed by the global recession, greatly affected the sector starting in the second quarter of 2008. These were the services that lost the most jobs between the first quarter of 2008 and fall 2009.

The increasing number of investment products and the spike in the number of future retirees should create a resurgence in the demand for financial planning and retirement fund management services. The high debt rate is also leading more and more people to consult specialists to better deal with their financial difficulties. All these elements will sustain activity in the industry and boost the employment level.

Despite a significant decrease in jobs in 2009, this sector should return to growth during the 2010–2012 period; annual employment growth is expected to average 1.8% in the CMA.

In the past year, a number of video game producers have set up shop in Montréal.

### ***Professional, scientific and technical services***

The professional, scientific and technical services industry is among the most dynamic in the Montréal CMA. From the early 1990s to 2008, its workforce more than doubled, and in the last decade, it has increased by an average of 3.9% per year. With an average of nearly 175,300 employed between 2007 and 2009, it is the most significant industry in the production services group and the second most important in the service industry after retail trade.

Computer systems design; management, scientific and technical consulting services; and architecture, engineering, surveying and design services were the most dynamic subgroups in this industry. They account for 27%, 22% and 14% of employment in this sub-sector, respectively. In the past year, a number of video game producers have set up shop in Montréal, including Warner Bros., Funcom and THQ, and a number of studios that are already in the city are planning to step up their activities. Job creation should therefore continue in the video game sector until 2012.

The boom in both residential and non-residential construction in recent years has greatly benefited the architecture and engineering sub-sector. Current and planned investments on the Island of Montréal and in neighbouring communities are expected to maintain dynamic growth in this industry.

Although the recession made access to funding more difficult for businesses in the scientific research sub-sector, including biotech companies, even forcing some to shut down, the professional, scientific and technical services industry as a whole seems to have come through relatively unscathed from the economic downturn. As a matter of fact, the employment level even nudged up in 2009. In the 2010–2012 period, employment is expected to grow substantially for most sub-sectors in this industry, by 2.5%, which is much higher than the average growth rate for all industries in the CMA.

### ***Business, building and support services***

Growing concern about the environment will boost the waste management and remediation services sub-sector.

Business, building and support services also saw dazzling growth in the 20 years leading up to the end of 2007, which can be explained in large part by the proliferation of call centres, greater use of specialized services (employment agencies and security services, travel agencies, etc) and greater awareness of the environment. Like all industries, this sector was also affected by lower employment in 2008 and 2009. Activities seem to have picked up since late 2009.

In the future, the sub-sectors that will contribute most to employment growth will be employment services, investigation and security services, environmental services and waste management services. Travel agencies will have to adjust to the new trend of direct on-line purchasing of travel packages from various service suppliers. Business management and support services should grow at an average of 1.8% annually between now and 2012.

## **Public and parapublic services**

Public and parapublic services employ 434,300 people, accounting for 22.9% of employment in the Montréal CMA. More than half of these people work in health care and social services, while a almost third work in educational services. For its part, public administration accounts for less than 20% of the workforce.

Both the provincial and federal public services have been one of the areas most responsible for job creation over the past 20 years, especially in educational services and health care and social assistance. Employment in these sub-sectors is subject to government budgetary decisions and demographic pressures, such as population growth, changes in the school age population and population aging.

To pull out of the most recent recession, the various levels of government acquired heavy debts in order to inject millions of dollars into the economy. These substantial spending

hikes have piled up heavy deficits and increased public debt. This may put pressure on the workforce in the coming years. Given the budget restriction policies of various levels of government, a shortage of health care workers and continually burgeoning requirements, we anticipate an average annual employment increase of 1.1% during the 2010–2012 period, which is lower than the average in the last ten years (2.2%). Job creation will be concentrated in health services, while employment growth will be weaker in educational services. Employment will remain more or less the same in public administration.

**Table 7**

<b>Employment Breakdown and Outlook in Public and Parapublic Services</b>					
<b>Montréal Census Metropolitan Area</b>					
	<b>Average for 2007–2009</b>			<b>2010–2012</b>	
	<b>Level ('000)</b>	<b>Share of Employment</b>		<b>Average Annual Growth</b>	
	<b>Region</b>	<b>Region</b>	<b>Province</b>	<b>Region</b>	<b>Province</b>
Public and parapublic services	434.3	22.9%	24.7%	1.1%	0.8%
Educational services	134.9	7.1%	6.7%	0.6%	0.3%
Ambulatory health care and hospitals	119.4	6.3%	6.5%	1.7%	1.4%
Other health care and social assistance	99.5	5.3%	5.6%	2.0%	1.8%
Federal public administration	21.6	1.1%	2.1%	-0.5%	-0.4%
Provincial and territorial public administration	23.9	1.3%	1.9%	-0.5%	-0.4%
Local, municipal, regional and other public administration	34.8	1.8%	1.8%	0.6%	0.5%

Source: Service Canada, Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

### ***Educational services***

Educational services employ 134,900 workers in the Montréal CMA. Approximately 60% of the jobs are in primary and secondary education. These services posted strong job growth until 2007, and then employment dipped by 0.7% between 2007 and 2009. Demographics are changing in the Montréal CMA. The number of young people is declining and the number of older people is on the rise.

Historically, the rate of employment in this sector has not always reflected fluctuations in the student population, owing to the improved availability of services and the reluctance to close schools that serve the elementary and secondary school clientele in their own areas. Needs will vary depending on local school boards. Generally speaking, school boards in areas with strong demographic growth and those in poorer communities on the island are anticipating an increase in the number of students.

According to the Quebec Department of Education's February 2009 workforce forecasts for the preschool, elementary and secondary school populations, school boards in Montréal and neighbouring municipalities, like most other school boards in Quebec, will see a slight increase in enrolment from 2010 to 2012. The recent increase in the birth rate will have a positive impact on the student population at the primary level, which will partially offset losses at the secondary level. Higher figures are also expected at the college and university levels. New university campuses off the Island of Montréal (in Longueuil and Laval) promote higher education and foster employment growth in education in the CMA. Finally, courses offered outside the regular education system (in languages, professional development, driver training, sports, etc) offer excellent growth potential.



The aging population will play a part in increasing needs in health care and social assistance.

Moderate growth is expected during the forecast period, about 0.6%, which is higher than that in Quebec as a whole (0.3%).

### ***Health care and social assistance***

In the Montréal CMA, approximately 219,000 people work in health care and social assistance, making this sub-sector the main employer in the public services group. About 34% of these employees work in hospitals and 20% in doctors' offices and medical laboratories. Social assistance and nursing care facilities employ 30% and 15% of workers in this sector.

The rising number of sick people and the aging population will play a part in increasing needs in health care and social assistance. Investment will be needed to respond to growing needs for home care and accommodation for the burgeoning clientele of frail elderly. Government spending announced in health care and greater enrolment in medicine faculties will help fill the labour shortage (doctors, nurses, etc) and increase the number of health care providers and intermediate resources in health services during the forecast period.

Some growth is also expected to stem from labour needs in early childhood education. The Quebec government intends to boost the number of subsidized daycare spots.

Efforts to put public finances in order, global pay freezes, and the policy of replacing one out of every two retiring public servants and extending this measure to administrative staff in the health and education networks could nevertheless put the brakes on the hiring of additional personnel. During the 2010–2012 period, the ambulatory and hospital care and other health care and social assistance sectors will enjoy the strongest employment growth (1.7% and 2%, respectively) in the public and parapublic services group.

### ***Public administration***

Public administration provides jobs for 80,300 people in the Montréal CMA. Local, municipal and other public administrations employ the largest number of workers, accounting for approximately 43% of the workforce. Federal and provincial administrations employ 27% and 30%, respectively. Employment in public administration is expected to be fairly stable between 2010 and 2012.

A slight decline in employment is expected in provincial administration (-0.5%). The many retirements expected through to 2012 and pressures to reduce the budget deficit, including the measure to fill one out of every two vacancies, will limit growth in the public workforce. The federal administration is also looking for ways to save money in order to allocate revenue to other budgetary items. The impact on the workforce should result in an annual decrease of about 0.5% on average during the 2010–2012 period. Employment growth is expected to inch up (0.6%) in municipal administrations in the Montréal CMA.