TORONTO LABOUR MARKET INSIGHTS

FEBRUARY 2024

TWIG | TORONTO WORKFORCE INNOVATION GROUP

2023-2024

EXECUTIVE SUMMARY

Like the rest of the province, Toronto's economy and job market cooled throughout the last half of 2023 against the headwinds of inflation, rising wage demands and housing shortages. Yet despite these challenges, the Toronto labour market was remarkably resilient with still-solid job growth. Total employment in the city of Toronto in 2023 grew by 50,690 jobs (3.4 per cent) from 2022, compared to 33,080 jobs (2.3 per cent) growth between 2021 and 2022.

Toronto's downtown continues to recover since the stresses of the pandemic and in 2023; and as indicated in the recent City of Toronto Employer Survey, the downtown reported the highest employment count reported in the last five years at 601,010 jobs. Unfortunately, the positive job has not been uniformly experienced across all Toronto's industry sectors, populations, or communities. Certain areas of Toronto including northern sections of Etobicoke and Scarborough have never fully recovered from the previous recessions and the pandemic.

Job growth occurred across most of Toronto's key industries, during 2023 these were led by:

- Transportation and Warehousing (+16%)
- Health Care and Social Assistance (+7%)
- Professional and Scientific Services (+6%)
- Manufacturing (+5%)

A few industry sectors saw employment declines over 2023. Although some of the declines may have not been driven by contraction, but by labour shortages. Declines were seen in:

- Finance and Insurance (-5%)
- Business and Building Services (-3%)
- Construction (-1%)

Most occupational groupings also demonstrated positive growth over the 2023 period. These occupations include:

- Management Occupations (+11%)
- Health Occupations (+8%)
- Arts and Culture (+7%)
- Trades (+2%)

Only a few occupational groupings showed employment declines during 2023. These occupations included:

- Sales and Service Occupations (-2%)
- Education and Legal Occupations (-1%)

As we head into 2024, economists predict continued employment growth. Wage growth and inflation are likely to be key factors impacting the Toronto labour market. These are expected to moderate as employment growth slows and job vacancies decline further. Although it is unlikely that Canada will slip into a recession, many economists predict (unlike in previous economic downturns) that job losses would be minimal due to high job vacancy rates and "labour hoarding", a documented trend in which employers decide to ride out economic uncertainty with higher payrolls in order to avoid the long-term costs of hiring and training new people. The contributing factor to labour hoarding is Ontario's and Toronto's "greying" industries with a significant portion of workers nearing retirement and soon exiting the labour force entirely (BMO Economic Forecast). There are a number of other important factors we will be monitoring over the coming year. This includes:

- Office Leasing. Despite a slight uptick in office leasing, Toronto's central downtown office vacancy rate reached a record high of 17.4% in the final quarter of 2023. The rate of increase in vacancy is expected to peak in the second quarter of 2024. Any recovery won't be significant, and 10% to 12% is expected to become the new normal for downtown office vacancy.
- Industrial and manufacturing activity continued to show significant growth over the past year in the Greater Toronto Area. Manufacturing shipments from the Toronto CMA increased by over 3% over the past year and vacancy rates for industrial space is historically low and runs counter to trends being seen in the commercial and retail market.
- Building permits issued in the City of Toronto for 2023, an economic indicator for future business activity, was tepid. Indeed, permits issued for commercial buildings was at a 10-year low, while residential building permits declined slightly. Industrial building permits showed a slight increase over the previous year.
- Transit use in Toronto remains well below pre-pandemic levels. This, combined with increasing office vacancy rates, would indicate that many jobs are still hybrid and allowing some employees to work from home. Indeed, the recent City of Toronto employment survey indicated that one in four establishments (25.6 per cent) that adopted a hybrid work model reported having employees work on-site three days a week on average.
- Housing. The Canadian Urban Institute, City of Toronto and Canadian Centre of Economic has confirmed that the demand for new housing far outweighs supply. There is also a long waiting time for both social and community housing, which is around five to seven years.

While any forecast for Toronto's labour market and economy should be treated with some caution, there are many reasons to remain optimistic. As Canada's largest city and the metropolitan powerhouse of Ontario, we are recognized for our economic potential, business friendliness and human capital. Indeed Toronto ranked fourth in the world among 129 major cities for its allure and potential for international business, investing and entrepreneurial success in key areas such as cost-effectiveness and connectivity.

1.   ACKNOWLEDGMENTS

The 2023-24 Local Labour Market Plan is intended to be a guiding map for workforce strategic actions needed in Toronto. The annual review is a process that starts with a review of the latest labour market trends observed internationally, nationally, provincially, and regionally. It continues with a set of community conversations in which stakeholders are invited to express their opinions about the progress of the regional labour market and the needed initiatives for correcting challenges or taking advantage of opportunities. TWIG thanks all individuals and regional organizations involved in the community consultations for their insightful contributions and recommendations. In particular, we would like to thank the Province of Ontario for their continued support of Local Workforce Planning Boards and the City of Toronto staff for their ongoing guidance, insights and data.

TWIG acknowledges that it operates on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis.

The material presented in this report has been prepared by TWIG staff and it draws on information from a variety of sources including Statistics Canada, City of Toronto economic data, TWIG Job Posting Data and is supplements the 2021 Census.

Any errors or omissions are the sole responsibility of the Toronto Workforce Innovation Group. Sections of this report maybe used with permission from TWIG.

February 2024

2. THE TORONTO WORKFORCE INNOVATION GROUP – ABOUT US

Toronto Workforce Innovation Group (TWIG) is a non-profit and independent research organization devoted to finding and promoting solutions to employment-related problems in the Toronto Region. Our Board of Directors is comprised of passionate leaders from Toronto's business, industry, and non-profit communities. Our staff are committed to action-based research and data analysis that can be used by the workforce development system to support Toronto's vibrant and diverse economy. Toronto Workforce Innovation Group (TWIG) is a leading-edge research and partnership organization responding to the diverse needs of local communities and businesses in the area of workforce development. It is one of the 26 similar planning groups tasked by the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) of Ontario to work closely with our local economies.

As Toronto's Workforce Planning Board, we conduct dynamic labour market research, disseminate information and convene stakeholders to address workforce development trends, gaps and opportunities. Among similar organizations in Toronto, our multi-stakeholder approach is unique; we work on issues across many sectors and engage stakeholders from a wide range of perspectives including federal government departments, provincial government departments, industry, training institutes, labour groups, and special interest groups to address skills and labour market information needs.

Our research is an on-going and continuous process that includes our numerous consultations and focus groups with employment/training service providers and job seekers in addition to the deep data dive that informs our publications. We work to ensure that Toronto's workforce has the skills and talent it needs to meet the demands of a changing economy
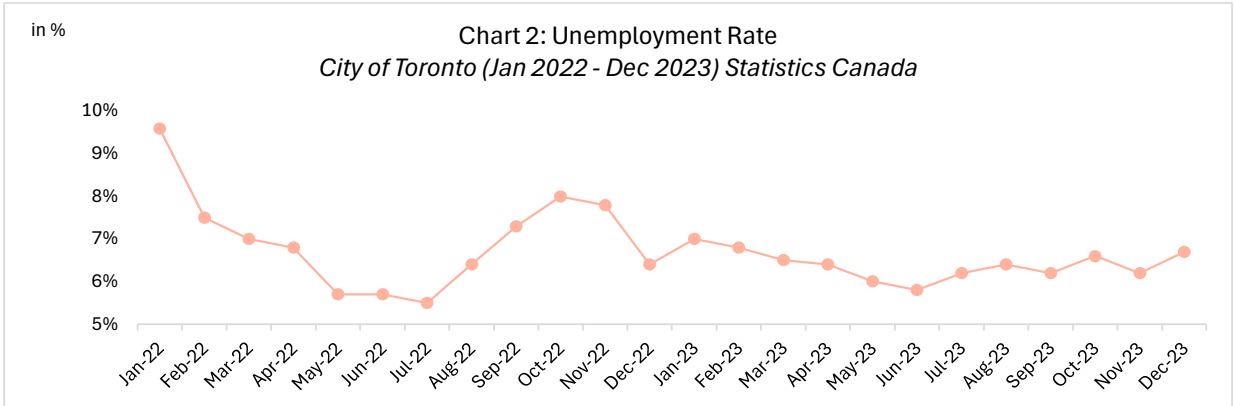
3.   TORONTO'S LABOUR MARKET TRENDS

The labour market across Toronto and the rest of the GTA held reasonably steady over the past twelve months. As noted by TWIG's staff and statisticians at the City, Toronto has now recovered or surpassed pre-pandemic employment levels in most industries and occupations. More specifically:

As of December 2023, the employment rate in the City of Toronto was 61.5%. Throughout 2023, Toronto experienced a notable 3.4% increase in employment compared to the previous year 2022. According to the Toronto Employment Survey, the city recorded a total of 1,535,290 jobs in 2023, marking a net gain of 50,690 jobs. Although the overall employment level remains below the pre-pandemic total of 1,569,800 in 2019, the city has now recovered approximately 7 in 10 jobs lost during the initial year of the COVID-19 pandemic.

Chart 1: Employment Rate
*City of Toronto (Jan 2022 - Dec 2023) Statistics Canada*
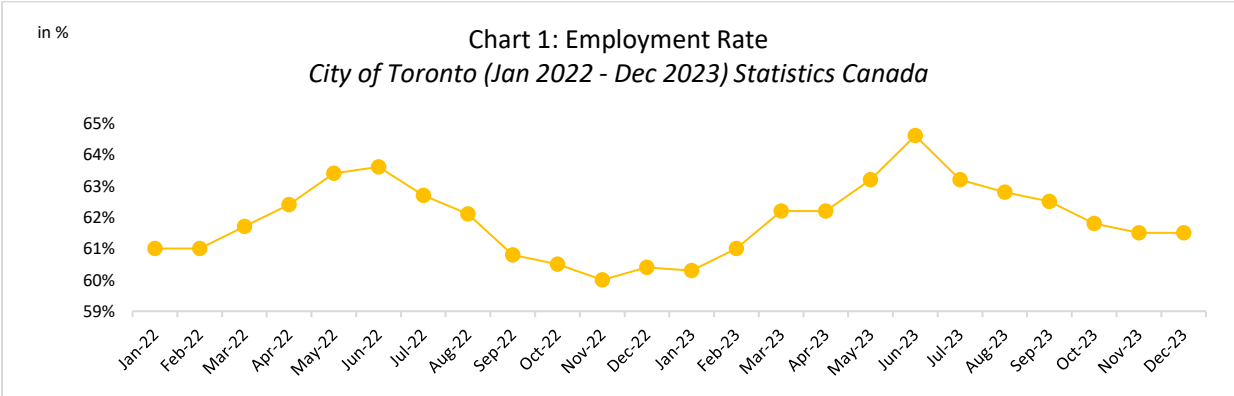
In December 2023, the unemployment rate in the City of Toronto was 6.7%, reflecting a 0.5 percentage point increase from the prior month. Over the past six months, as unemployment rates remained close to pre-pandemic levels, economists are noting that the job market has demonstrated a more resilient performance than initially anticipated.
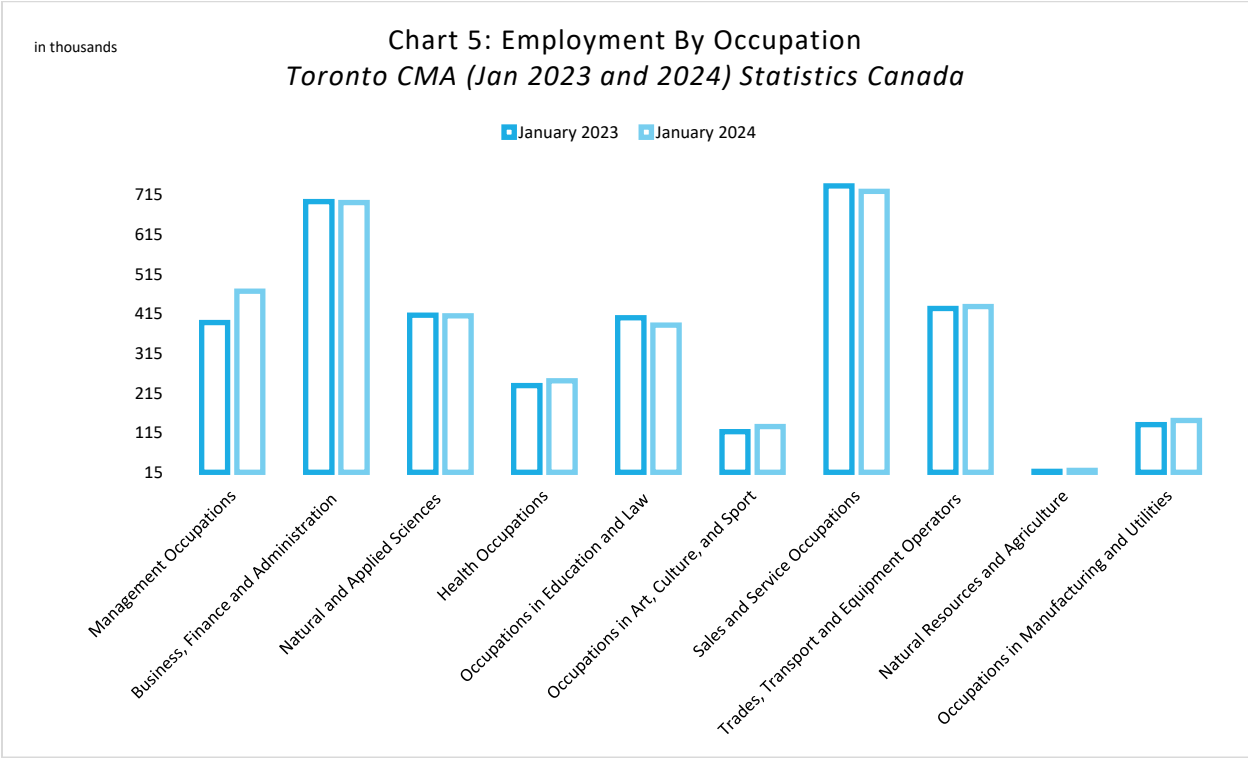

Chart 2: Unemployment Rate
City of Toronto (Jan 2022 - Dec 2023) Statistics Canada

Toronto's labour force participation rates continued to show significant strength over the past year. The labor force participation rate is an important indicator of the health of the labour market and is accepted by economists as the most important data on the health of an economy. While participation rates declined slightly over the fall of 2023, these rates remained significantly higher than historic rates in the Toronto Region.


Chart 3: Participation Rate
City of Toronto (Jan 2022 - Dec 2023) Statistics Canada
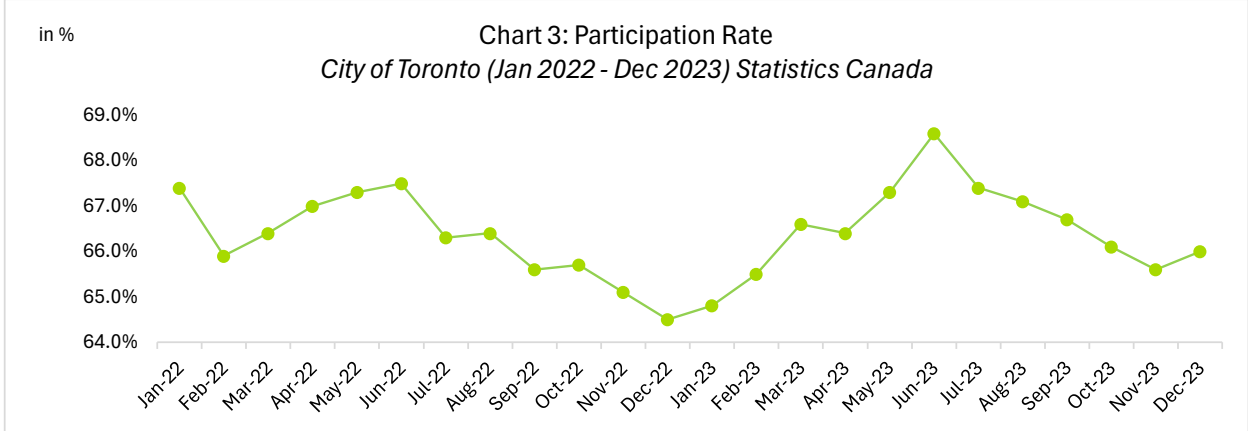
Job growth occurred was largely spread across most of Toronto's key industries during 2023. As Canada's most diverse economy, this is critical. Employment increased in Transportation and Warehousing (+16%), Health Care and Social Assistance (+7%), Professional and Scientific Services (+6%) and Manufacturing (+5%). A few industry sectors saw employment declines over the past 12 months (although some of the declines may have not been driven by contraction, but by labour shortages). Declines were seen in Finance and Insurance (-5%), Business and Building Services (-3%) and Construction (-1%).

Chart 4: Employment By Industry
*Toronto CMA (Jan 2024 and 2023) Statistics Canada*
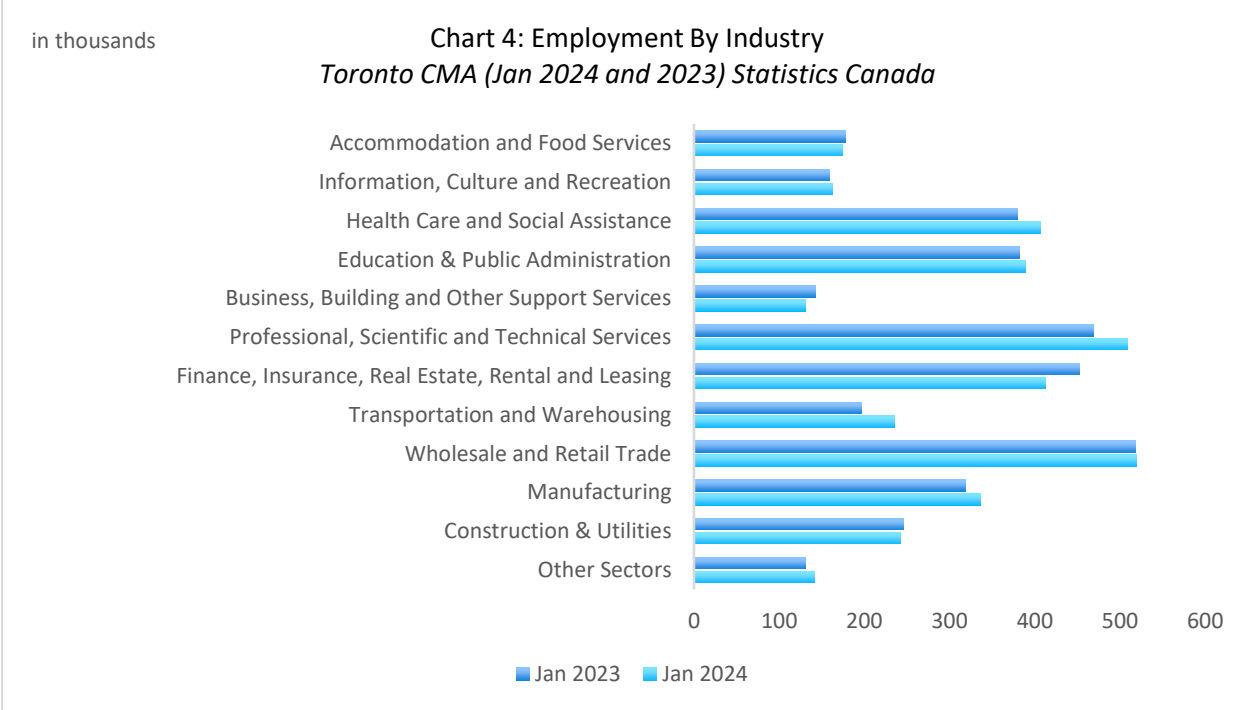
Most occupational groupings also demonstrated positive growth over the 2023 period. The occupations that showed the most growth included Management Occupations (+11%), Health Occupations (+8%), Arts and Culture (+7%) and the Trades (+2%).

Chart 5: Employment By Occupation
Toronto CMA (Jan 2023 and 2024) Statistics Canada
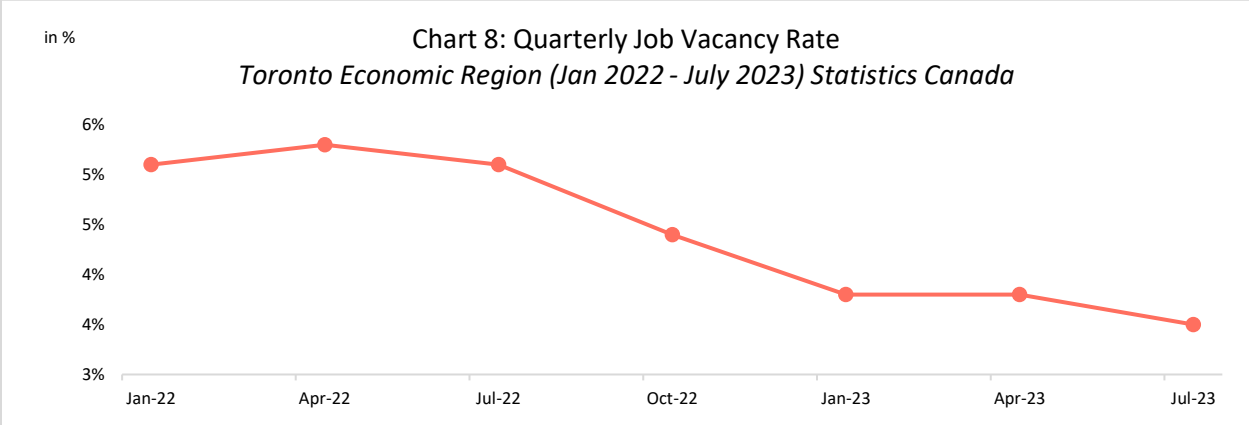
in thousands

■ January 2023   ▫ January 2024

Not unsurprisingly, in the face of high inflation rates across Canada, wages across most occupations increased over the last 24 months. Indeed wages, in Toronto, increased by almost $4 dollars an hour since January of 2022.

Chart 6: Average Hourly Wage
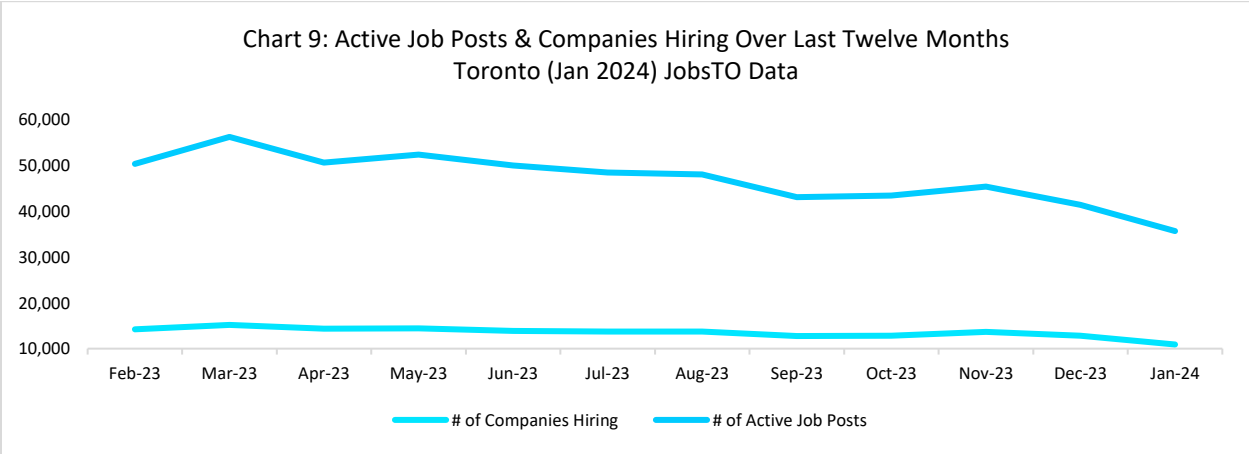*City of Toronto (Jan 2022 to Dec 2023) Statistics Canada*
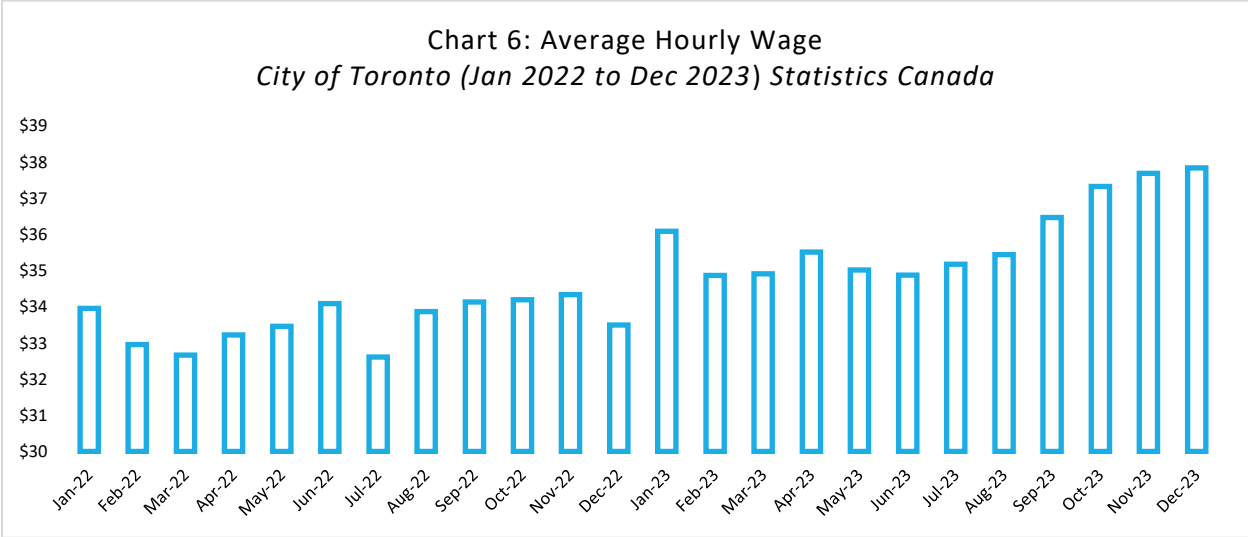
While most employment and labour indicators were positive for the City of Toronto, there were a number of indicators suggesting that labour market tightness is starting to ease.

Chart 7: Average of Actual Hours Worked at Main Job
City of Toronto (Jan 2022 - Dec 2023)

— 2022   — 2023
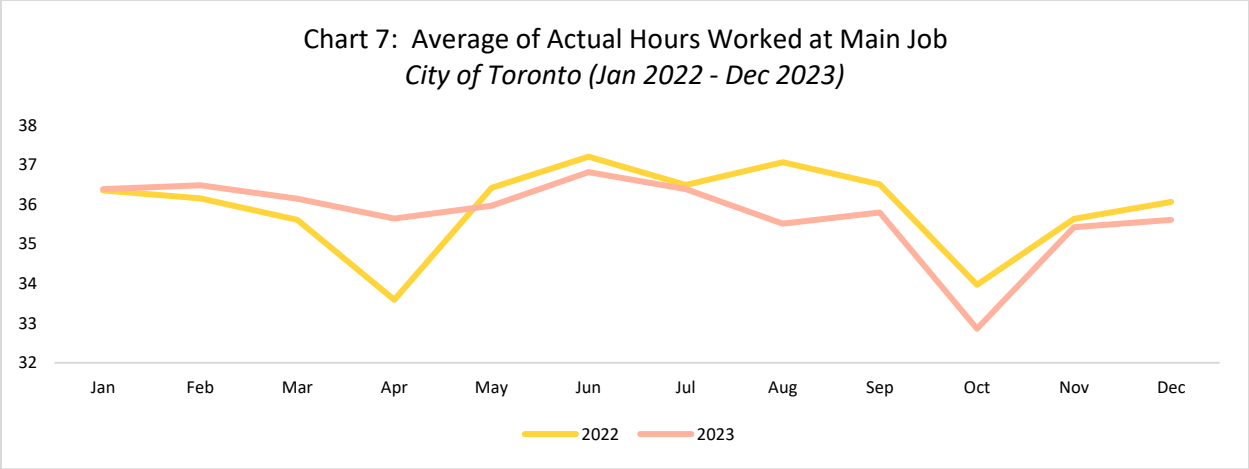
While hours worked per week can be somewhat volatile and subject to seasonality, the average Torontonian worked approximately a ½ hour less per week in 2023 than in the previous year.

in %

Chart 8: Quarterly Job Vacancy Rate
*Toronto Economic Region (Jan 2022 - July 2023) Statistics Canada*

The number of job vacancies for every unemployed worker declined over the past 12 months in the Toronto Economic Region. As noted by Statistics Canada, in Ontario there were fewer positions requiring a high school diploma or less while the number of vacancies for positions requiring a bachelor's degree or higher increased.

Chart 9: Active Job Posts & Companies Hiring Over Last Twelve Months
Toronto (Jan 2024) JobsTO Data

**— # of Companies Hiring   — # of Active Job Posts**

Similarly, there has been a slow decline in both the number of job posts in Toronto and the number of companies hiring over the past year. While this might not appear to be good news for job-seekers, this data, analyzed in concert with Tables 6 to 8 – strongly suggest that Toronto's labour market is no longer over-heated (leading to inflation) but is instead heading for a soft landing.

### 4.   FACTORS IMPACTING TORONTO'S LABOUR MARKET

A) Housing: In survey after survey, the biggest concern voiced by residents and workers in Toronto, is the shortage of affordable housing. Indeed, as noted by the City, housing costs are the largest impediment towards businesses locating or relocating to the Toronto Economic Region. While housing market conditions are expected to improve with lower borrowing costs, there are still a number of policy issues that need to be addressed. At both the Provincial and Municipal level, the focus needs to remain on building new homes and apartments that are affordable to the average worker.

Chart 10: Housing Starts in Number of Units
City of Toronto (Jan 2022 - Dec 2023)
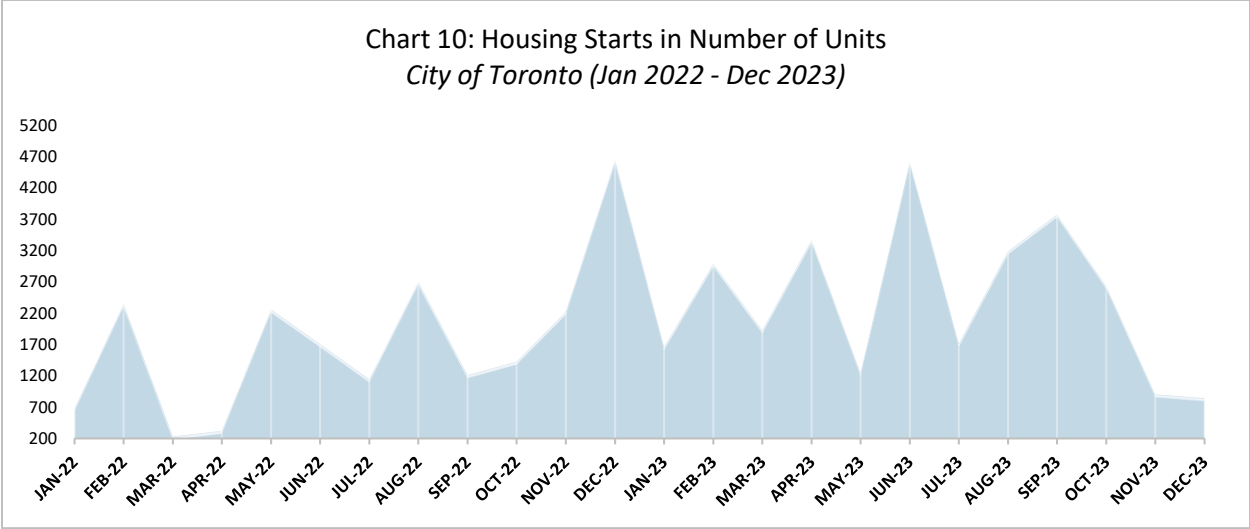
B) Transit: While most elements and indicators of Toronto's economy have returned to pre-Pandemic levels of, public transit is still lagging due to people working from home and/or safety concerns. The TTC is still a long way off from the approximately 2 million riders per week from 2019.

in thousands

Chart 11: TTC Weekday Ridership
City of Toronto (Jan 2022 - Dec 2023)
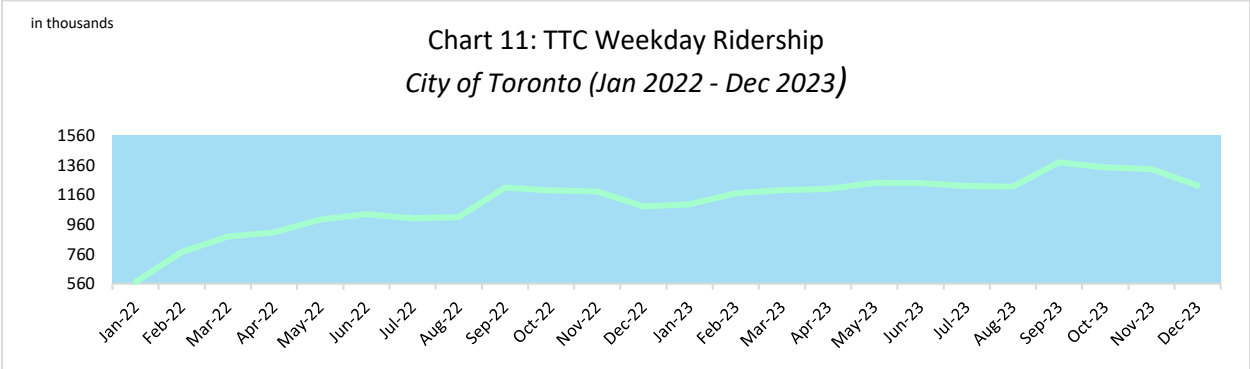
Before the pandemic, the GO Transit System averaged 7 million riders per month. As demonstrated in Chart 10, average ridership is only slightly above half of pre-pandemic levels. Ridership is higher than the pandemic low in 2020-Q2. However, with many office workers still working remotely, weekday ridership remains below pre-pandemic levels.

Chart 12: GO Transit Monthly Ridership
GO Transit (Jan 2022 - Dec 2023)

in thousands
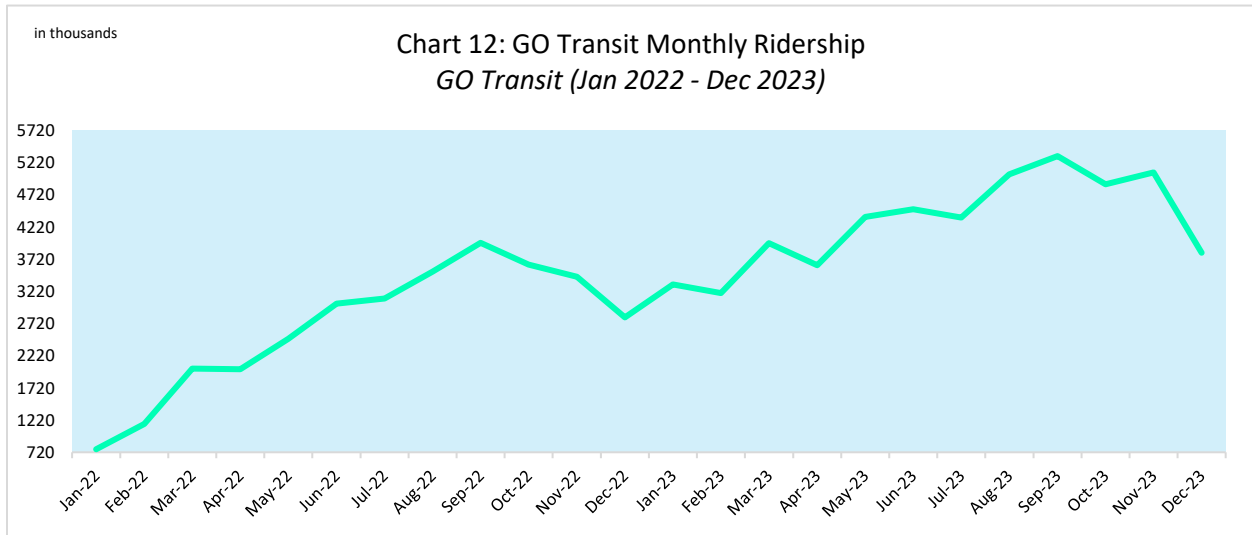
The above issues with public transit are borne out in the 2021 Census data. Close to 60% of working Torontonians use an automobile or truck to travel to work which is up by almost 10% over the previous Census (2016). Conversely, public transit has declined by 10%.

Chart 13: Mode of Transportation to Work, 2016 and 2021 Census.
City of Toronto
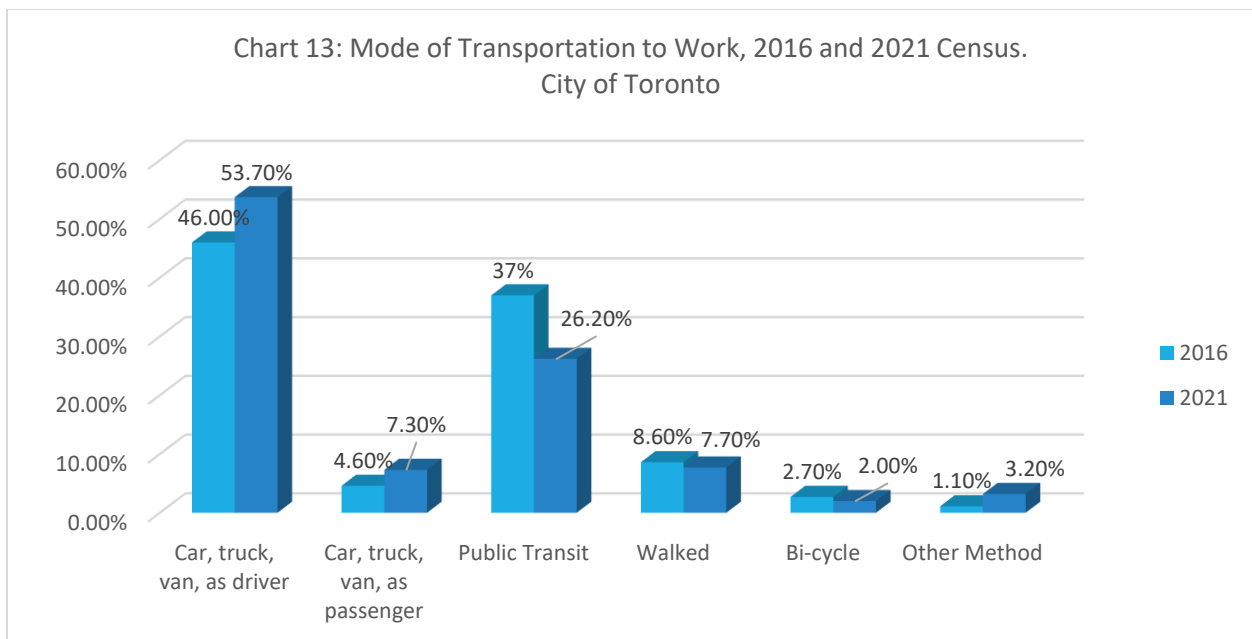
Length of Commute in Toronto	
Less than 15 minutes	130,355
15 to 29 minutes	251,795
30 to 44 minutes	222,015
45 to 59 minutes	88,655
60 minutes and over	98,655

According to the traffic data company Inrix, Torontonians lost an average of **118 hours** from commuting, up by 59 per cent from 2021. Toronto also took the top spot for the most congested city in Canada, while placing third among North American cities when it came to traffic delay times. Lane reductions on the Gardner Expressway in Spring of 2024, will significantly add to Toronto's congestion problems. This is both an labour market and economic challenge. Many companies (particularly in manufacturing and warehousing) determine where to locate and/or expand a business based on accessibility to major highways and roads.
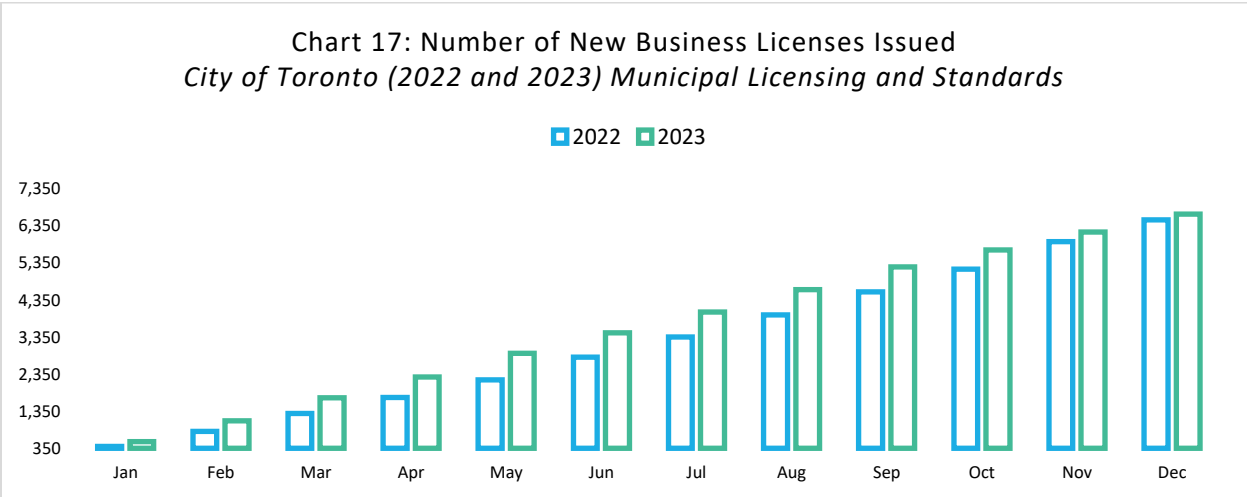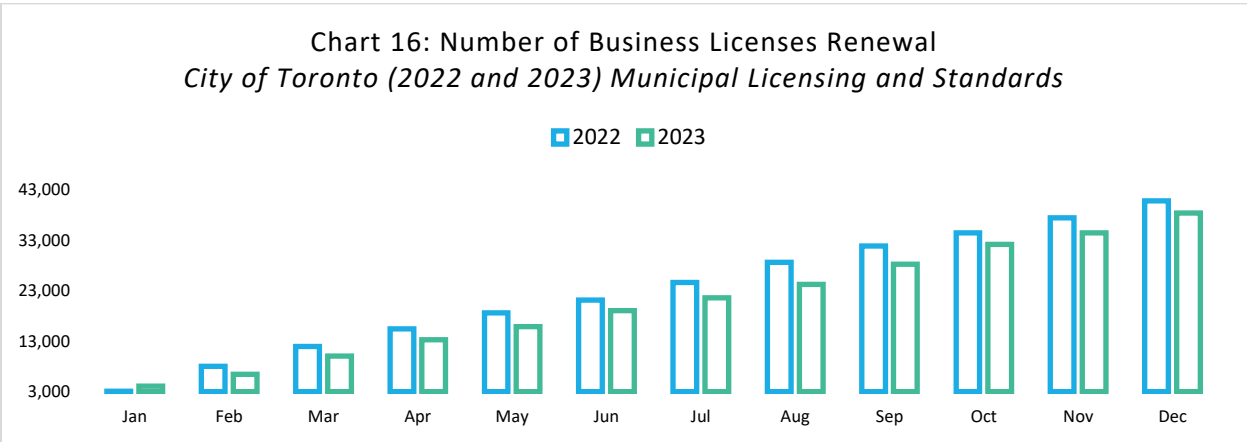
C) Building Permits and Vacancy: The earliest indicator for any economy (be it municipal, provincial or national) are the number of building permits issued. Overall, the number and value of building permits issued in the City of Toronto, remains robust. However, and perhaps not unexpectedly, while residential and industrial construction has remained positive over the past 24 months, Toronto is seeing the lowest amount of commercial construction in decades. The significant decline in commercial construction is due to the high vacancy rates in office buildings, and the slow shift away from brick-and-mortar retail.

in millions ($)

Chart 14: City Building Permits
City of Toronto (Jan 2022 - Nov 2023)
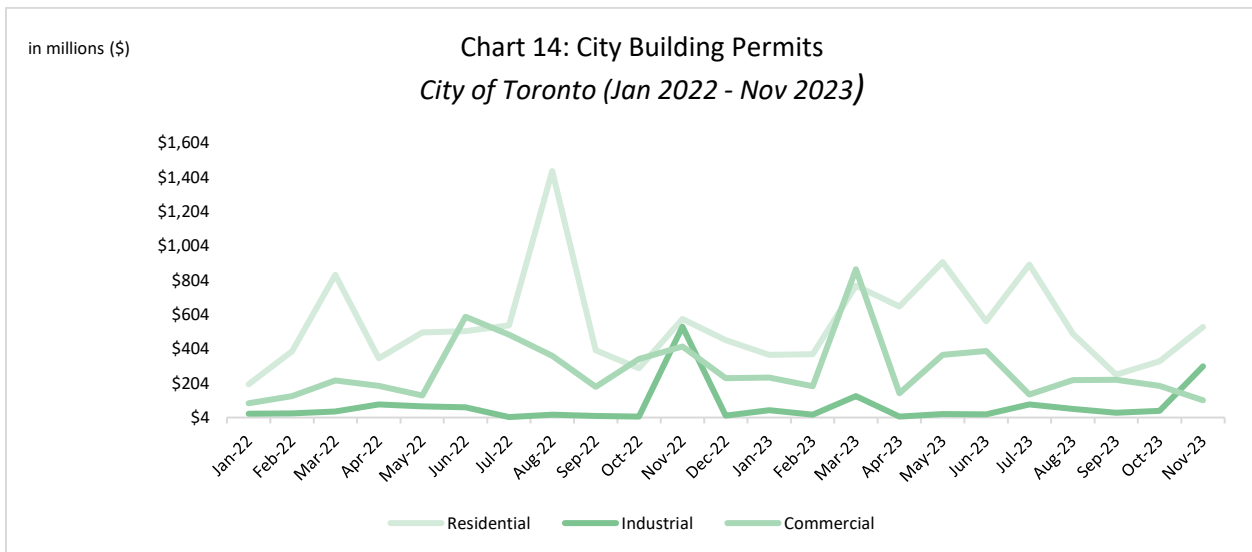
The challenges caused by commercial (office) vacancies are unlikely to be ameliorated in the near future. As seen in Chart 15 below, the rate of increase in vacancy is expected to peak in the second quarter of 2024 at about 17%. Any recovery won't be significant, and most commercial real estate firms are expecting a 10% to 12% vacancy rate to become the new normal for downtown office vacancy. While housing and infrastructure projects may take up some of the construction "slack" – the demand for construction workers in the coming decade may ease.

Chart 15: Quarterly Office Vacancy Rate
*City of Toronto (Jan 2022 to July 2023)*

in %
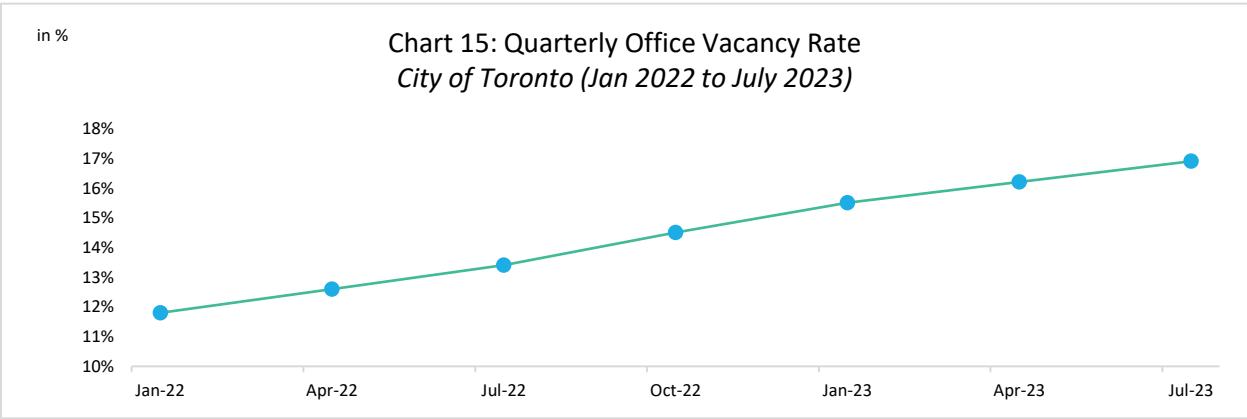
D) Business Permits: While challenges reside in transit and construction across Toronto, the same cannot be said for small business. As evidenced by Charts 16 and 17, the number of business permits issued in Toronto have held steady or increased slightly (either renewals or new permits). Small business remains the lifeblood of both the regional and provincial economy. Indeed, job growth directly correlates to small business starts.

Chart 16: Number of Business Licenses Renewal
City of Toronto (2022 and 2023) Municipal Licensing and Standards

2022 2023

Chart 17: Number of New Business Licenses Issued
City of Toronto (2022 and 2023) Municipal Licensing and Standards

2022 2023

5.   JOB POSTING DATA

Early this year, the Toronto Workforce Innovation Group launched JobsTO. The dashboard, which gives real-time labour market information has proven remarkably popular with the public averaging almost 1,000 unique hits per day. Aside from giving job seekers salient information on what occupations and industries are looking to hire – the data can also be used to explore trends in "what employers are looking for." The information below explores some of the key themes we are seeing in the labour market place.

Job Market Softened. As seen below, the number of new job postings has steadily declined over the past 12 months. It is worth noting that the number of employers looking/advertising for workers has remained fairly constant. This indicates that while employers are still hiring – they are just not hiring as "many" workers.
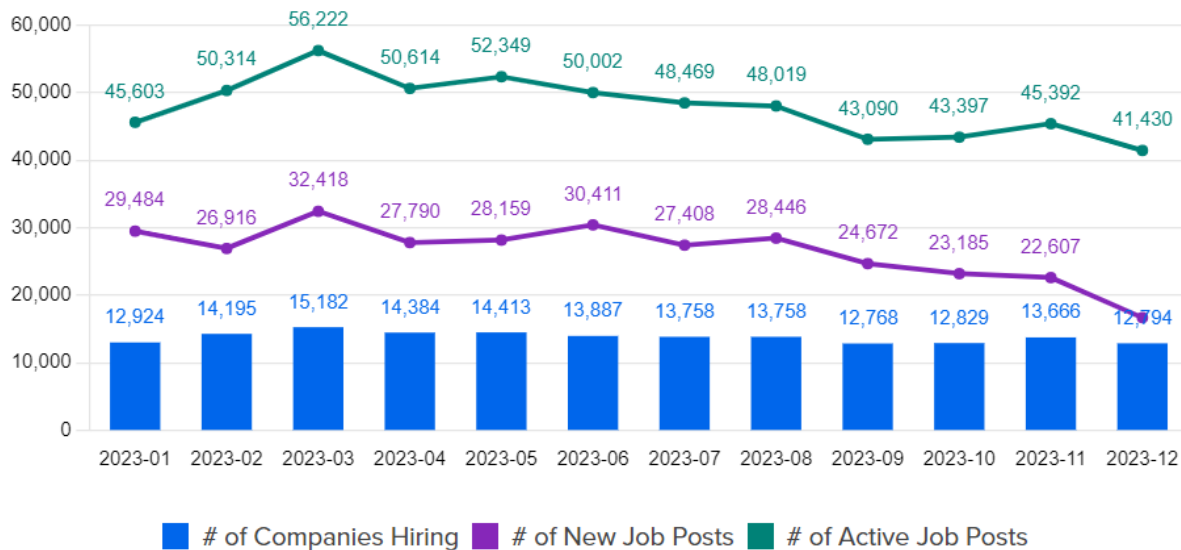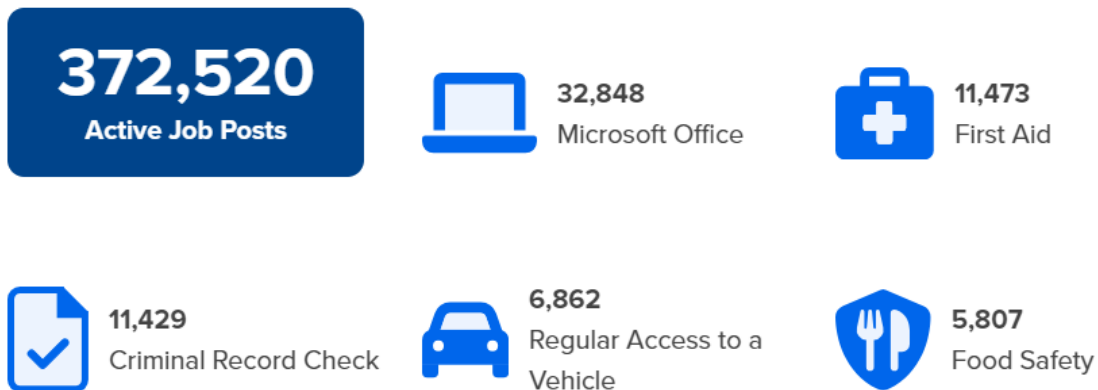

Education is at a premium. While 70% of jobs do not ask for the highest level of education, those that do most commonly identify a University Education. While year over year comparisons are not currently available in the system (but will be available by Fall 2024), there was a 20% increase in requests for University Education from January 2023 to December 2023.

Education Level	Job Count
University Degree	34,332
Highschool Diploma or Equivalent	14,907
College Certificate or Diploma	10,597
Trades	7,920
Post-Graduate Certificate	271
No Formal Education or Training Required	179

Experience is valued. The majority of job posts in Toronto indicate that employers would like over 2 years experience in an industry or occupation. Perhaps an indication that worker shortages are not as severe as earlier in the year and employers are raising expectations, there was a 11% increase in the number of job posts requesting a minimum of two years of experience.

Experience	Job Count
3+ Years	31,558
5+ Years	31,178
2+ Years	30,909
1+ Years	27,329
1	10,488
10+ Years	6,746

Additional Skills: While significant effort is being placed in micro-credentials, employers are still asking for similar skills – knowledge as they did a decade ago. MS Office, Food Handler Certificates, Smart-Serve and First-Aid all have significant currency with Toronto employers.

372,520 Active Job Posts

32,848 Microsoft Office

11,473 First Aid

11,429 Criminal Record Check

6,862 Regular Access to a Vehicle

5,807 Food Safety

**In Demand Occupations – City of Toronto**

Using TWIG's JobTO data, we were able to examine what occupations were in highest demand across Toronto. The data around job postings suggest, that while there may be a "skills" shortage, there is still a labour shortage in lower paying occupations. Indeed, many businesses in the retail and hospitality sectors never took their online job posts down demonstrating difficulties in both attracting and retaining workers. The Top 20 occupations advertised online in Toronto are:

| Retail salespersons and visual merchandisers |
| Administrative officers |
| Cooks |
| Registered nurses and registered psychiatric nurses |
| Administrative assistants |
| Other customer and information services representatives |
| Food counter attendants, kitchen helpers and related support occupations |
| Retail and wholesale trade managers |
| Material handlers |
| Economists and economic policy researchers and analysts |
| Receptionists |
| Advertising, marketing and public relations managers |
| Financial and investment analysts |

The top hiring industry sectors in 2023 echoed growth seen the Stats Canada Labour Force Survey, with the notable sector of Finance and Insurance which had stagnant growth over the past twelve months. Later this year, TWIG will be conducting a study on this industry sector, and will explore the counter intuitive nature of the growth in job postings.

Sector	Job Count
56 - Administrative and support, waste management and remediation services	41,892
52 - Finance and insurance	40,175
62 - Health care and social assistance	39,717
54 - Professional, scientific and technical services	33,949
44 - Retail trade	25,934
72 - Accommodation and food services	21,938
51 - Information and cultural industries	14,761
61 - Educational services	13,971
81 - Other services (except public administration)	9,663

Working from Home: As seen below – the number of job posts indicating that working from home is an option (for at least part of the work week) has held steady throughout the year, and has actually increased over 2022. It would appear that hybrid work is not going anywhere soon.
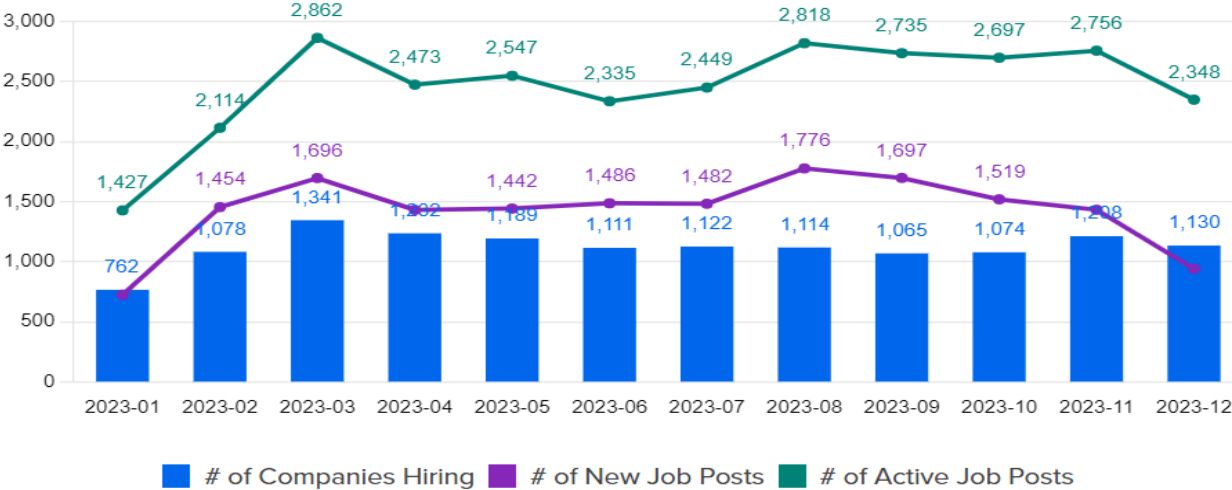
The top advertised occupations that provide hybrid or working from home are ranked in order of job postings:

1. Administrative occupations and transportation logistics occupations
2. Sales and service representatives and other customer and personal services occupations
3. Administrative and financial supervisors and specialized administrative occupations
4. Professional occupations in finance and business
5. Specialized middle management occupations in administrative services, financial and business services and communication.

6.   Workforce Development Themes, Toronto 2024

From July to November 2023, TWIG held community consultations across the City of Toronto. During these consultations, labour market progress and trends were presented to regional labour market community stakeholders, e.g. employers, employment services, local administration, economic development offices, industry associations, the Literacy and Basic Skills Community and to educational and training institutions. These discussions were supplemented by an ongoing review of labour market conditions, calls to the office (from both Job seekers and employers) and other inquiries. TWIG staff collated the gathered information along thematic lines. The following themes and priorities were identified:

A) Impacts of AI on Work: In the evolving landscape of Toronto's labor market, the integration of Artificial Intelligence (AI) presents a complex scenario for lower-skilled or income workers and persons with disabilities, marked by both promising opportunities and significant challenges. AI's potential to improve workplace accessibility, offer personalized training, and create tech-centric roles in AI development and data analysis is tempered by the risks of job displacement and a widening skills gap, particularly in sectors reliant on routine tasks such as retail and customer service. This dual-edged sword not only underscores the need for targeted interventions but also highlights the importance of AI-driven

job matching platforms and assistive technologies in enhancing inclusion. However, the risk of exacerbating existing inequalities through biased algorithms or inaccessible technology, coupled with systemic barriers to employment faced by equity-deserving groups, calls for a concerted effort towards inclusive design and policy innovation. The promise of AI to reduce hiring biases offers a glimpse into a more equitable future, yet ensuring equitable access to training and education to fully leverage these advancements remains a critical challenge.

B) Housing: Toronto's economy has generated 150,000 new jobs over the last two years along with 120,000 new immigrants. Though growth in employment is unambiguously positive and immigration is critical for our growth, it has caused significant strain with respect to housing. Most stakeholders felt it is important to examine how the construction and real-estate sector can respond to these needs (both in the demand and emergent policy). There is also interest in the demands that will be placed on the labour force for occupations related to new housing initiatives. Since there is no industry classification specific to housing, TWIG committed to collating industry sub-sectors and industry groups (4 and 5 digit NAICS) to create a statistical definition of the housing industry. It is also unclear whether the current shortage of construction workers is playing any role with respect to the housing challenges being faced in Toronto.

C) Insurance Industry: The insurance industry's growth in Toronto in the late 1970's has often been cited as a factor in Toronto's population and economic growth over the past 40 years. Insurance has remained the second-largest industry within Torontos broader financial services sector, employing 95,000 people in Toronto or 27% of the total financial sector employment. Furthermore, it is a sector in which the average wage is over $65,000 per year. However, some concerns among City officials and EO Agencies have been expressed about whether the sector will remain vibrant given the movement of the industry into online sales and service.

D) Ex-Offenders: The topic of the successful reintegration of ex-offenders into society and work was an emergent theme throughout the past year. Numerous voices noted that it is a critical social issue that demands attention and understanding. In Toronto and across Toronto, ex-convicts encounter significant challenges when seeking employment due to societal stigma, limited skills, and legal barriers. Recognizing the role of employment in reintegration is crucial, as gainful employment can foster a sense of purpose, reduce recidivism, and promote social bonds. As noted in numerous articles, finding services and programs to support ex-offenders is difficult for Employment Ontario, Educational Institutions, Ontario Works and Social Service organizations.

E) Heat Maps: In late 2023, TWIG published several heat maps showing the location and intensity of child care services. A variety of stakeholders, including the public, have indicated that there is a need to map the employment and training ecosystem. Such maps were seen as having potential in informing us about what communities in Toronto have employment and training services and the intensity - indicating what communities in Toronto are underserved.

For more information about the Labour Market Insight Report and more detailed labour market information updated in real time see: Job Demand Report - Toronto Workforce Innovation Group.

https://workforceinnovation.ca/job-demand