

# Sector Profile

## Transportation and Warehousing

### Atlantic Region

2023

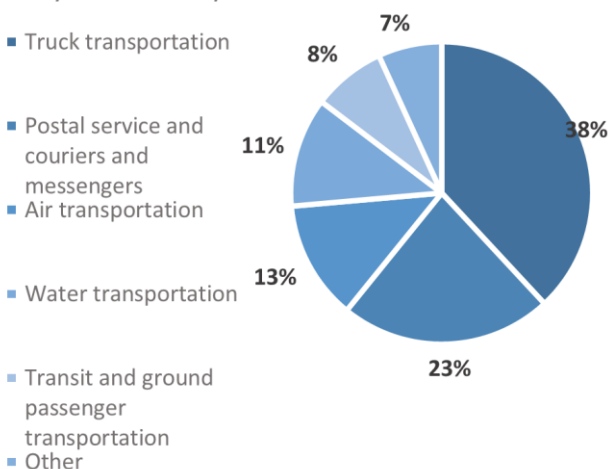


#### HIGHLIGHTS

- The transportation and warehousing sector contributed almost \$3.7B to Atlantic Canada's GDP in 2022, representing 3.4% of total output in the region.
- The workforce in the transportation and warehousing sector is male-dominated, and relatively older. A high share of jobs in the sector require a post-secondary certificate or diploma.
- Employment in the sector recovered from the pandemic in 2021, but it has decreased more recently. Many of the subsectors, including truck and air transportation, are suffering from a labour shortage.
- By 2025, employment in the transportation and warehousing industry is expected to grow on average 1.2% per year. Growth will be driven by an increase in demand for goods and services supported by robust population growth but constrained by labour supply challenges.

#### ABOUT THE INDUSTRY

##### Employment Share by sub-industry



Source: Statistics Canada, Labour Force Survey 2022

##### Composition and Importance of the Sector

The transportation and warehousing industry is comprised of businesses and organizations that specialize in the movement of people and goods. Of its 11 subsectors, several are variants of transportation by mode: air, rail, water, truck, transit, pipeline, scenic, postal, couriers, and support activities. The remaining subsector is warehousing and storage.

The transportation and warehousing sector comprised 3.4% of Atlantic Canada's total economic output, at \$3.7B. There were 51,500 workers employed in this sector in 2022. The largest subsector is truck transportation, comprising 38% of the sector's employment. The second largest subsector is postal service, couriers, and messengers, representing 23% of the sector's employment.



## Geographic Distribution of Employment

The largest share of workers (39.6%) in the transportation and warehousing sector in Atlantic Canada were employed in Nova Scotia. Transportation and warehousing employs 20,400 workers in Nova Scotia and makes up 4.2% of the province's total employment base. The sector holds a slightly larger share of New Brunswick's total employment (4.9%). There are 18,300 workers employed in New Brunswick. The sector is much smaller in Prince Edward Island, where it represents 2.3% of total provincial employment—with 1,900 transportation and warehousing workers. There are 10,900 workers in the sector in Newfoundland and Labrador, accounting for 4.7% of employment.

	Employed 2022	Industry Share (%)
Atlantic Canada	51,500	4.4%
Newfoundland and Labrador	10,900	4.7%
Prince Edward Island	1,900	2.3%
Nova Scotia	20,400	4.2%
New Brunswick	18,300	4.9%

Source: Statistics Canada, Labour Force Survey

## WORKFORCE

### Workforce Characteristics

The workforce in the transportation and warehousing sector in Atlantic Canada is male-dominated and older compared to all industries. The share of male workers in the sector is 76.3%, well above the all-industry average of 50.7%. The share of female workers in the sector is 23.7% while in all industries female workers account for 49.3% of total employment. The share of workers aged 25-54 years of age is 59.3%, which is more in line with the all-industry average of 62.5%. Moreover, workers aged 55 and older account for 35.2% of the employment base in transportation and warehousing, compared to 24.0% in all industries.

Most workers in transportation and warehousing were employed full-time (86.9%) in 2022, while a smaller share were employed part-time (13.1%). Only 10% of workers are self-employed. The share of workers who were employed in a permanent position was 79.4%, while 10.6% were employed on a temporary basis. Jobs in this sector typically require a post-secondary certificate. The share of workers with a post-secondary certificate or diploma is 49.8%, and those with a university degree represents 11.2% of all workers in the industry.

### Main Occupations

Employment in this industry has less seasonal variation than the Atlantic Region's labour market as a whole. Even so, certain subsectors do experience some seasonality, particularly those associated with tourism, like bus and boat tours.

Transport truck drivers are the largest occupation in transportation and warehousing, employing 10,375 workers in 2022 and representing 20.1% of employment in the sector. There has been a 9.7% decline in employment in this occupation since 2012. The second largest occupation is delivery service drivers and door-to-door distributors, who represent 4.8% of employment in the sector. This occupation has become increasingly important since 2012, as shown by the near 50% increase in employment over the past ten years.

<b>Top 5 largest occupations</b>	Employed 2022	% Share of Industry
Transport truck drivers	10,375	20.1%
Delivery service drivers and door-to-door distributors	2,500	4.8%
Bus drivers, subway operators and other transit operators	2,300	4.4%
Material handlers	2,225	4.3%
Letter carriers	2,000	3.9%

Source: ESDC/Service Canada



## RECENT HISTORY

The effect of the pandemic on the transportation and warehousing industry varied greatly by subsector. Overall, employment fell by 15% between February and May 2020, as containment measures were imposed and demand for goods, and services faltered. Employment in this industry returned to pre-pandemic levels by 2021, reaching a 16-year high in October of that year. Throughout 2022 and into 2023 employment in transportation and warehousing has decreased.

Air transportation and similar passenger sub-sectors have experienced a slower recovery compared to other sub-sectors in transportation. During and after the pandemic travel restrictions, a soft economy combined with passengers’ fears of proximity to others significantly decreased demand for passenger transportation. While widespread vaccination counteracted these issues, airlines still faced severe revenue and employment losses. In fact, the sector has suffered more job losses compared to other sectors. The sector started to recover in 2022, leading to labour shortages in occupations such as security workers and pilots.

The truck transportation subsector in Atlantic Canada was affected by the pandemic in multiple ways. The demand for goods shipments softened as containment measures caused wholesale and retail sales to diminish, but has since recovered. The subsector has also been challenged by an aging workforce and a high rate of retirements for the past several years, resulting in a growing number of vacancies and a shortage of drivers.

According to Trucking HR, the number of job vacancies for truck drivers was up in the first quarter of 2023 compared to the previous quarter (October – December 2022). However, the demand for workers fell during the same period, as employment in truck transportation declined. While job vacancies in the sector have risen, the number of workers looking for employment has not kept pace.

The cost of training and high insurance premiums can be barriers for younger individuals who are considering becoming transport truck drivers. Across Atlantic Canada, the training program to become a transport truck driver is 12-13 weeks long and costs \$10,000-12,000. According to the Prince Edward Island Trucking Sector Council, the number of new entrants in the industry declined from 150-200 around 15 years ago to only 18 last year.



To address the labour shortage in the industry, companies have turned to temporary foreign workers and other immigrants. The Trucking Human Resources Sector Council has indicated that new immigration programs are creating opportunities to reduce worker shortages. The new National Occupation Classification system implemented in November 2022 has made it possible for truck drivers and bus drivers, subway operators, and other transit operators to be eligible for some of Canada’s immigration programs including Express Entry. Other immigration programs such as the PEI Critical Worker stream target immigrants with work experience as truck drivers.

The postal service and couriers and messengers sub-industries became busier over the course of the pandemic. Many retail businesses and restaurants began offering home delivery services, as containment measures restricted in-person shopping and dining. Consumer preference has since been permanently altered, even as stores reopen and online shopping remains strong. From 2012 to 2022, the number of delivery service drivers in the Atlantic Region grew by 50%.

Increased prices for supplies have presented a challenge for the industry, including elevated fuel costs. While oil prices plummeted during the pandemic, they reached a peak in 2022 with high prices persisting into 2023.



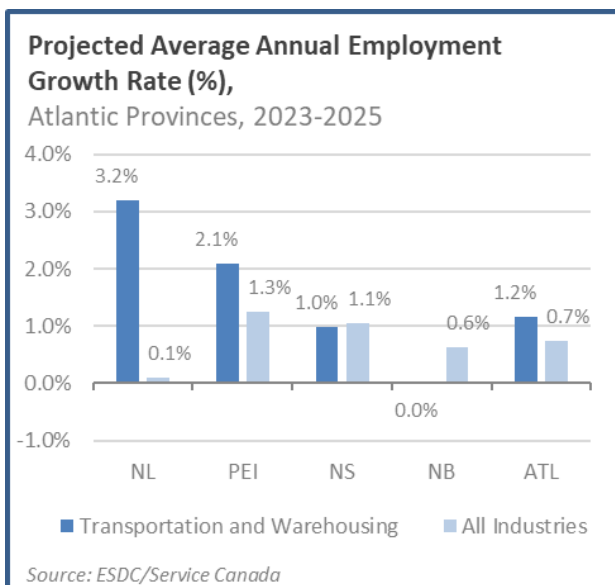
## OUTLOOK

By 2025, employment in the transportation and warehousing industry is anticipated to grow at an average annual rate of 1.2%, exceeding the all-industry average of 0.7% per year. Growth is foreseen to be strongest in Newfoundland and Labrador, averaging 3.2% per year.

Recovery in the air transportation subsector is likely to be slow. While the number of passengers is higher than what it was during the pandemic, it remains below pre-pandemic levels. The outlook for the tourism industry is positive, but business travel has been and will continue to be suppressed by the change in preferences toward remote training and meetings. Airlines have started their recovery focusing on routes with high capacity, leaving airports with reduced flight selection.

The truck industry is expected to grow in the coming years due to increased economic activity and higher capital investment. Ongoing, robust population growth – driven by international immigration – will support continued growth in domestic demand and resulting supply chain networks. However, the sector is expected to remain constrained by labour supply challenges. Governments and the industry are actively pursuing various hiring strategies such as using immigration programs to fill in labour gaps and subsidizing training costs.

The transit and ground passenger subsector is expected to benefit from a gradual recovery to pre-pandemic conditions. While growth in public transportation will be driven by population growth, it will be constrained somewhat by remote work, higher insurance and gas prices, along with a shortage of workers.



Similar to other transportation and warehousing sectors, the postal service, couriers, and messengers subsector is expecting growth to be supported by stronger domestic demand for goods and services, which should increase courier routes. While postal service transportation will be tempered by increased reliance on paperless communication and the development of communal postal boxes, there is an increase in demand for e-commerce and home delivery services, which will drive courier employment. Shopper preferences have likely changed permanently as a result of the pandemic. Even as physical stores have reopened, consumer preference towards online purchasing will continue to be strong.

**Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

The analysis in this report was finalized as of **September, 2023**.

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## APPENDIX

## Real GDP (2022) and Employment (2022) for Atlantic Canada

	Transportation and Warehousing			All Industries		
	Number	Share of		Number	Share of	
		Total	AAGR*		Total	AAGR*
Real GDP (M\$)	\$3,655.6	100.0%	0.6%	\$109,227.1	100.0%	1.0%
Newfoundland and Labrador	\$761.1	20.8%	0.0%	\$30,150.3	27.6%	0.1%
Prince Edward Island	\$196.5	5.4%	2.5%	\$6,542.6	6.0%	2.5%
Nova Scotia	\$1,254.0	34.3%	0.8%	\$40,011.5	36.6%	1.5%
New Brunswick	\$1,444.0	39.5%	0.5%	\$32,522.7	29.8%	1.1%
Employment (000s)	51.5	100.0%	-0.2%	1175.2	100.0%	0.4%
Male	39.3	76.3%	-0.4%	596.0	50.7%	0.4%
Female	12.2	23.7%	0.2%	579.2	49.3%	0.5%
15-24 years old	2.9	5.5%	2.7%	158.7	13.5%	0.4%
25-54 years old	30.6	59.3%	-1.7%	734.4	62.5%	-0.2%
55 years and older	18.1	35.2%	2.4%	282.1	24.0%	2.2%
Worked full-time	44.8	86.9%	-0.4%	990.6	84.3%	0.6%
Worked part-time	6.7	13.1%	1.1%	184.6	15.7%	-0.4%
Self-employed	5.1	10.0%	-3.0%	123.2	10.5%	-1.0%
Employees	46.4	90.1%	0.1%	1052.0	89.5%	0.6%
Permanent job	40.9	79.4%	0.4%	884.4	75.3%	1.0%
Temporary job	5.5	10.6%	-1.5%	167.6	14.3%	-1.4%
Less than high school	4.7	9.1%	-5.5%	95.5	8.1%	-3.9%
High school graduate	15.4	30.0%	-0.5%	275.3	23.4%	-0.5%
Postsecondary cert. or diploma	25.6	49.8%	1.1%	456.3	38.8%	0.3%
University degree	5.8	11.2%	1.0%	348.2	29.6%	3.3%
Newfoundland and Labrador	10.9	21.1%	0.1%	232.5	19.8%	-0.3%
Prince Edward Island	1.9	3.8%	-3.3%	84.3	7.2%	1.5%
Nova Scotia	20.4	39.7%	-0.3%	484.9	41.3%	0.6%
New Brunswick	18.3	35.5%	0.0%	373.5	31.8%	0.5%

Source: Statistics Canada, Labour Force Survey - Custom Table; Table 36-10-0402-01

\*Average annual growth rate for last ten years of available data (GDP 2013-22 and Employment 2013-22)

