



STATE OF THE INDUSTRY

Construction Sector Robust – But Could Do More with Less Red Tape



Chris Gardner
ICBA President

ICBA's *Annual Wage and Benefits Survey* shows that despite uncertainty both domestically and internationally, there's optimism in the province's construction sector. A surprising 87% of contractors forecast that work volumes in 2024 will be the same or higher than in 2023.

This seems counter-intuitive given that we have rolled from one crisis to another in recent years – from the COVID-19 pandemic, to supply chain disruptions, to inflation and then historic increases in interest rates.

While the industry remains resilient and robust, it faces significant challenges. Four in five contractors still can't find enough of

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the people they need. This dynamic has not changed for years given Canada's dismal record of identifying the skills gaps in our economy and attracting the new immigrants we need to fill them. Last year, only 2% of the approximately 460,000 new permanent immigrants to Canada ended up pursuing a career in the construction trades. We must do better.

The shortage of talent is compounded by ongoing supply-chain constraints and reg-

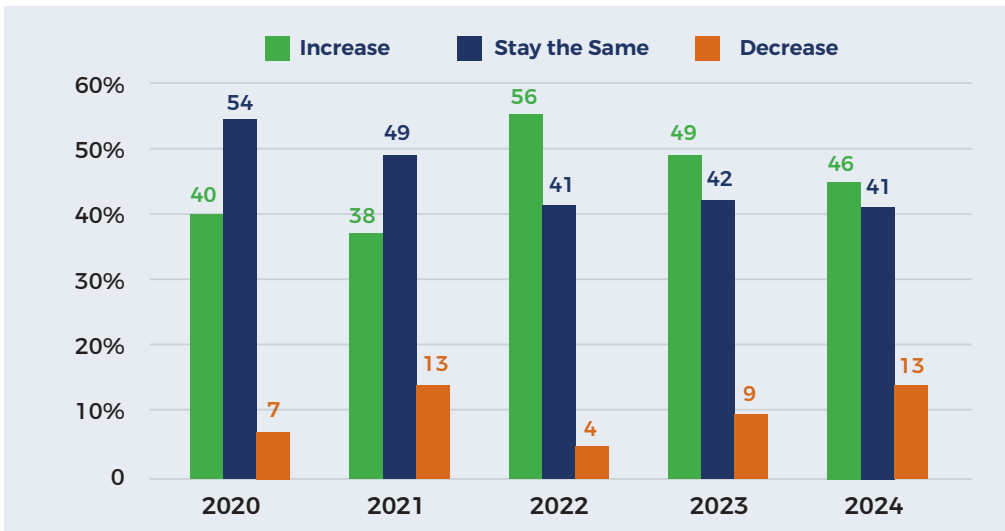
ulatory and permit-related challenges. This puts enormous upward pressure on the cost of construction and the length of time it takes to build, which further hurts affordability.

In December, the Bank of Canada reported that its housing affordability index was the worst it has been since 1982. A big part of the challenge is that we have under-invested in housing for decades – in B.C., fewer homes were completed in 2022 compared to 2021 and fewer still in 2023. We are heading in the wrong direction.

The flip side of this coin, however, is that this is an excellent time for those seeking exciting career opportunities to get into construction. Construction trades are in intense demand, and the earnings potential remains strong – meaning that real incomes are growing at a faster pace than in other sectors.

Close to Half of Contractors Expect Business Growth Next Year

Do you expect your work volume for the year to...



Estimated % increase in work (average among those expecting increase)

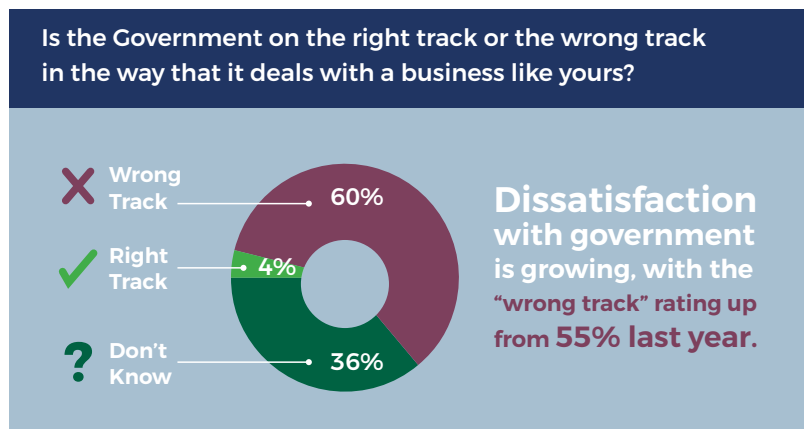
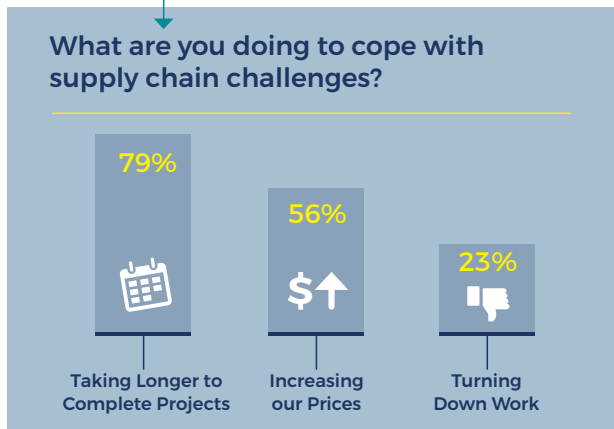
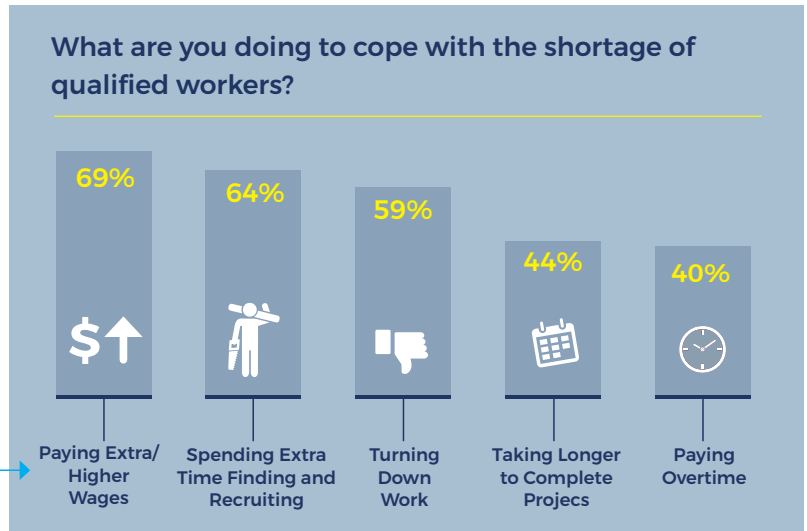
23%

Estimated % increase in employees (average among those expecting to hire more)

21%

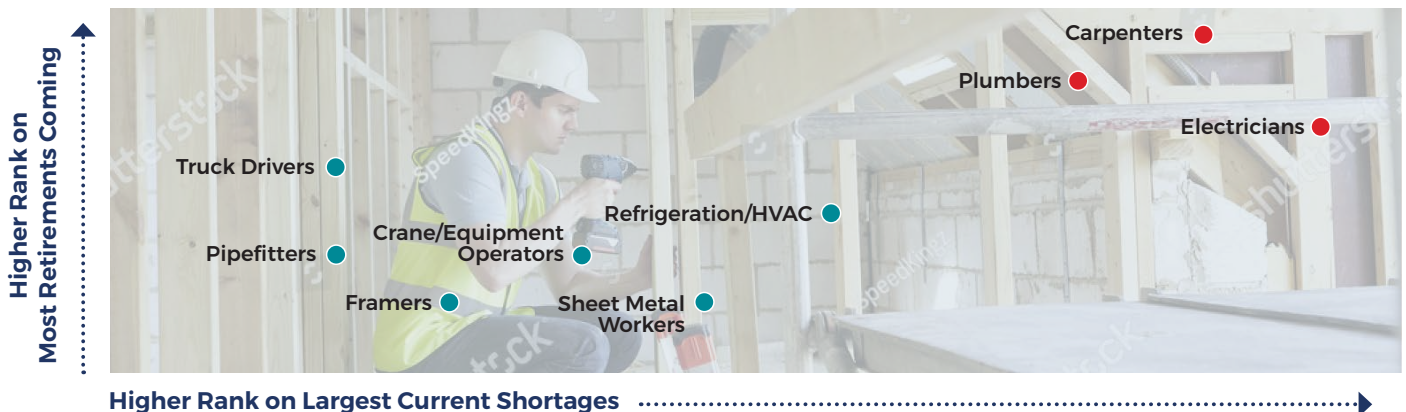
What's Keeping the Industry up at Night

Asked what the biggest challenges will be in 2024, two-thirds of B.C. construction contractors cite the shortage of people – almost twice as many who cite any other factor. Supply chain, permitting, and regulatory issues are among the next most widely shared concerns. And there's a strong sentiment that government is on the wrong track when dealing with construction contractors.



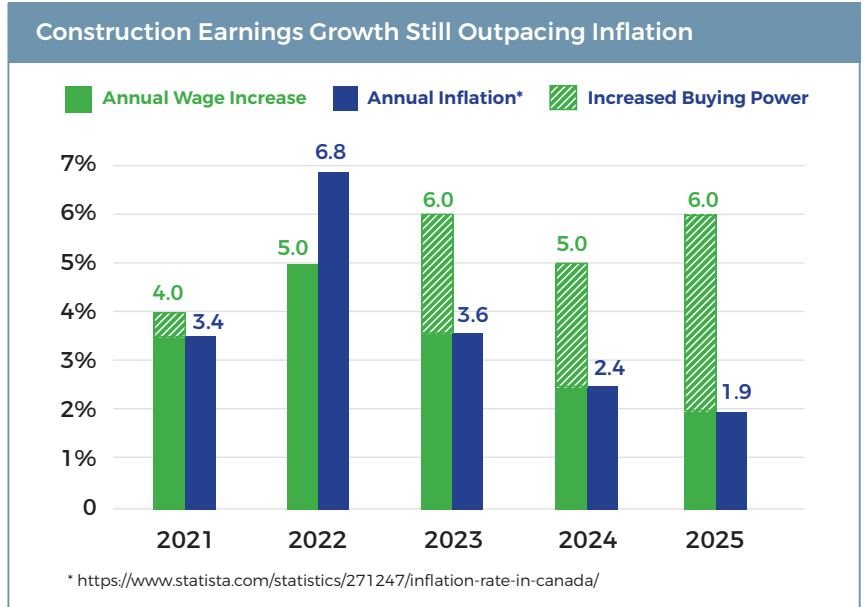
The Most Critical Trades for Shortages

While shortages persist across many construction trades, three of the largest trades have the distinction of being top ranked in terms of both current shortages and prevalence of pending retirements.

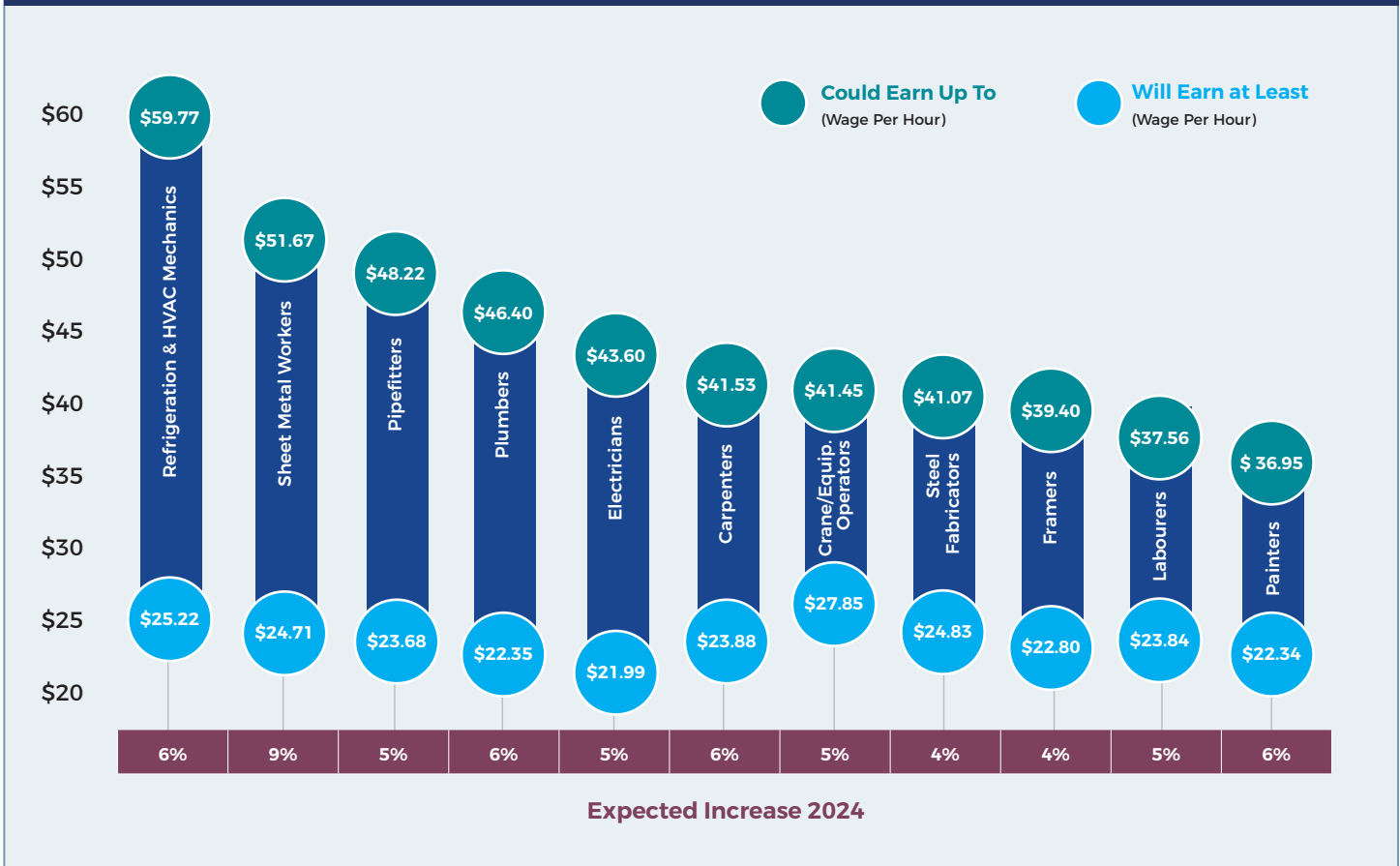


Construction – A Great Career Opportunity

At just north of \$37.50 an hour, the average wage across all construction trades surveyed now equates to about \$78,000 annually, and that's before benefits, bonuses, profit-sharing and overtime. Projected wage increases in the industry have resumed their historical pattern of outpacing the rate of inflation, meaning people in the industry will continue to see their earning power grow.



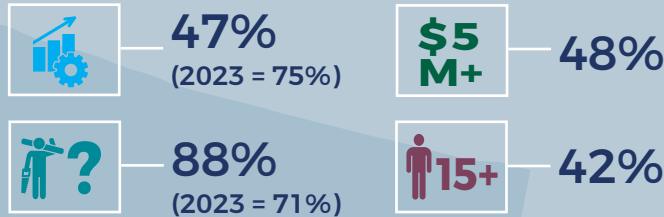
Wage Ranges and Expected Increase by Trade



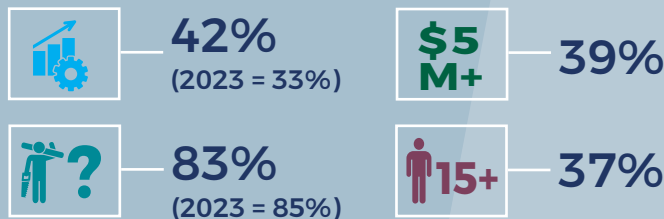
Breaking it Down: Survey Responses by Region

While broad trends hold across the province, there are some regional distinctions. Expectations of higher work volumes in 2024, for example, are more modest on the Island.

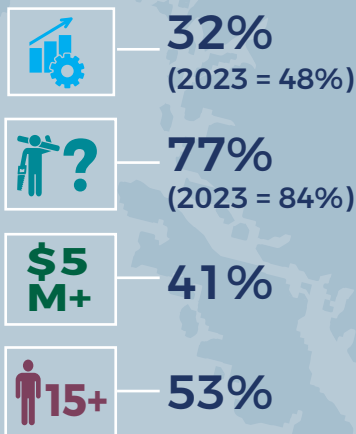
Northern B.C.



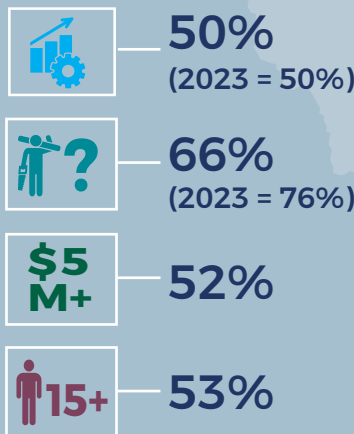
Interior B.C.



Vancouver Island



Southwest B.C.



% of companies that expect more work in 2024

% of companies that have annual revenues of \$5M or more

% of companies that can't find enough of the workers they need

% of companies that have 15 or more employees

The BC CONSTRUCTION MONITOR is an ICBA publication providing ahead-of-the-curve information and statistics on the B.C. construction industry and issues relevant to it.



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