

The BC CONSTRUCTION MONITOR

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State of the Industry Business and Wage Outlook Bright, but Clouds on Horizon

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ICBA President

Just over half the B.C. construction companies taking part in our annual ICBA Wage and Benefits Survey expect increased business volumes this year – and by 24 per cent on average. To put that in context,

the global economy as a whole is expected to grow by 2.9 per cent in 2019. Clearly, this industry is still firing on all cylinders and then some.

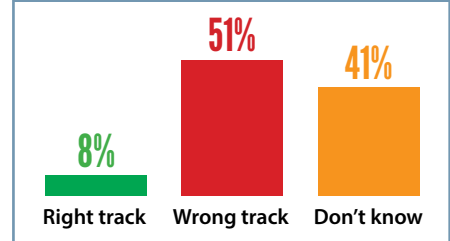
That's great news for the hundreds of thousands of British Columbians who already are or are thinking about making their living in construction. They have no shortage of opportunities ahead of them,

and already highly competitive wages are forecast to keep rising at about double the rate of inflation.

The most immediate challenge in the industry remains simply finding enough qualified people to do the available work. Skills shortages have eased a little – particularly in the North – but with nearly 60 per cent of companies saying they are turning down work the pressure remains acute.

And there's another emerging threat: While lots of companies expect growth, an equal number – 51 per cent – believe that government is on the “wrong track” when dealing with their businesses. No doubt the missteps they have in mind include the B.C. NDP's opposition to projects like the Trans Mountain Expansion, and its exclusion of 85 per cent of the construction workforce from publicly funded projects.

In dealing with a business like mine, government is on the...



So times are good. Actually very good. But clouds are gathering on the horizon. We have a provincial government determined to undermine the key conditions for sustained construction industry growth and vitality. How far it gets in acting on that agenda will have a big effect on the state of the industry one year from now.

Most Construction Companies Expect Growth This Year

Once again in 2019, a little more than half of B.C. construction companies expect to have even more work this year than last. There's variation in that figure by region and type of construction - builders of high rises are much more bullish than builders of single family homes, for example - but the overall picture remains remarkably robust.

What do you expect will happen with your work volume this year?

51% of Contractors say it will Increase

7% say it will Decrease

42% of Contractors say it will Stay the Same



Average Projected Growth for those Expecting Increased Volume: 24%

2019: % Saying "Increase" by Region

Northern B.C.	Lower Mainland, Fraser Valley, Whistler	Interior B.C.	Vancouver Island
64%	54%	37%	29%

History: % Saying "Increase" by Year

2015	2016	2017	2018	2019
47%	48%	53%	53%	51%

Tight Labour Market is Curbing Growth

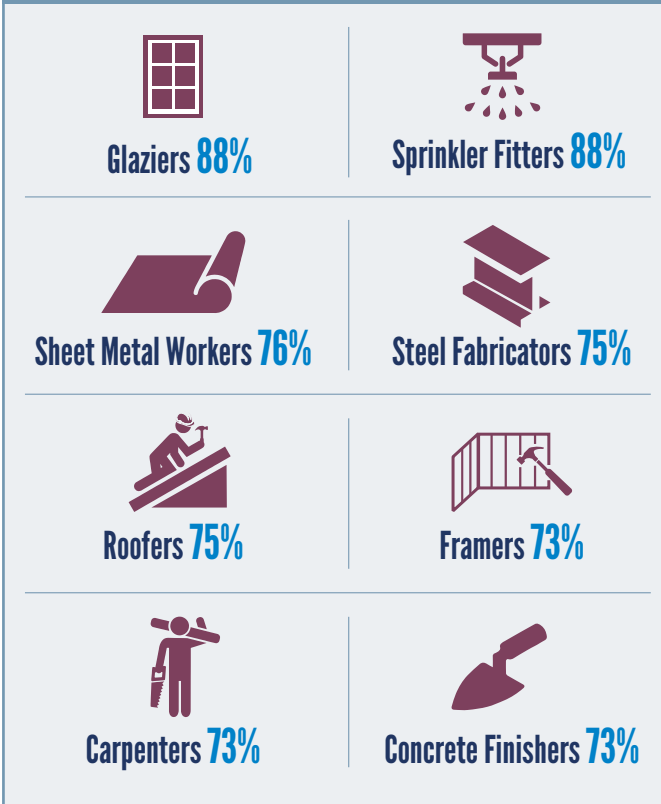
Given growing work volumes this year, 45% of all survey respondents will be looking to hire, while 12% also plan to add more hours for existing workers. That's great news for the B.C. economy and job seekers, but it will be easier said than done. As recently as 2017, 59% of construction companies said they couldn't find enough of the workers they needed. Today, that percentage is as high as 82% on the Island, and the shortage is impacting construction operations of all types.

Companies Saying There Aren't Enough of the Workers They Need

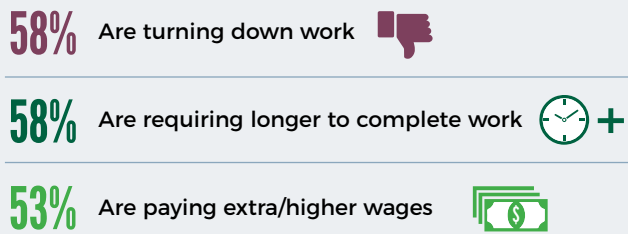


B.C.-wide, **76%** of construction companies can't find enough qualified workers in the trades they require

The Eight Most Challenged Trades: % of Employers Reporting a Shortage

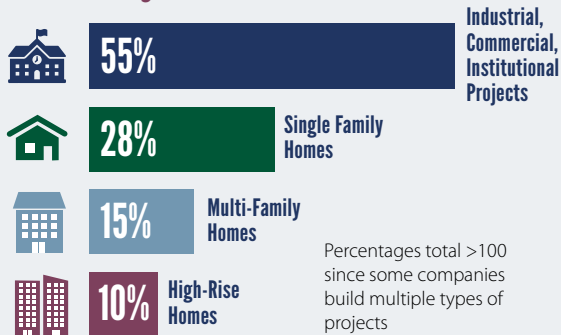


How Companies are Coping with Labour Shortages



1,000 Companies Surveyed in November 2018

What They Build:



33% have annual revenues of **\$10+ MILLION**

25% have **50+ EMPLOYEES**

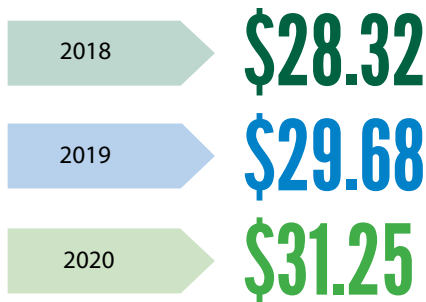
62% have typical field crews of at least **10 PEOPLE**

Wage Growth is Accelerating Fast

With such a tight labour market, it's no surprise that wages are high and trending higher. Hourly wages for trades have recently trended up by 4.0% or more annually. But the escalation is expected to hit 5.3% in 2020, and to push the average rate well past the \$30 threshold. In more than a fifth of the trades surveyed, foreman wages already exceed \$40/hour.

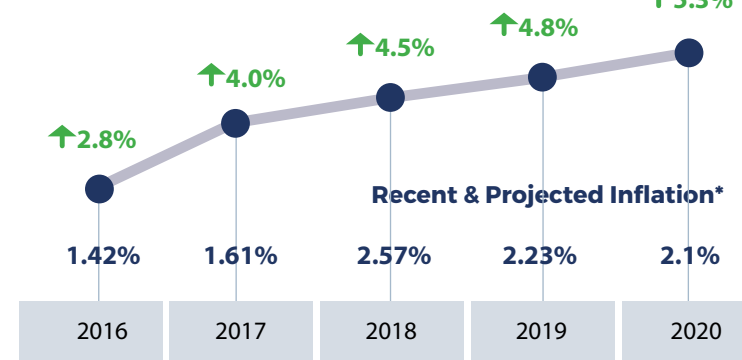
Construction Wage Rate (average hourly wage, all trades surveyed)

Recent & Projected



Construction Wage Increases Outpacing Inflation

Recent & Projected Wage Increases



* <https://www.statista.com/statistics/271247/inflation-rate-in-canada/>

Trade	Entry Level Wage	Foreman Wage	Expected Increase 2019
Millwrights	\$27.82	\$45.00	2.7%
Ironworkers/Steel Erectors	\$24.70	\$42.34	2.9%
Refrigeration & HVAC	\$17.76	\$41.62	5.2%
Welders	\$22.15	\$40.10	3.9%
Pipefitters	\$19.33	\$39.33	2.6%
Roofers	\$20.00	\$38.78	4.6%
Plumbers	\$18.67	\$38.68	4.7%
Framers	\$21.55	\$37.91	4.1%
Carpenters	\$20.39	\$37.65	4.2%
Steel Fabricators	\$20.64	\$37.35	3.8%
Sheet Metal Workers	\$19.17	\$37.32	3.4%
Glaziers	\$23.67	\$37.25	3.6%
Electricians	\$17.40	\$36.60	4.7%
Safety Officer	\$28.20	\$36.54	4.4%
Sprinkler Fitters	\$18.43	\$33.83	2.1%
Labourers	\$19.34	\$31.73	5.3%
Truck Drivers	\$28.99	\$30.06	5.5%
Painters	\$17.30	\$29.44	5.6%

Average Hourly Wage, All Trades: \$29.68 (excluding bonuses, profit-sharing, and health and retirement benefits)

The Regional Picture



Interior BC

37% Companies expecting more work 2019

43% Companies that expected more work 2018

42% of work is in **Single Family Residential** projects

23% of companies do **\$10M+** in business annually

78% of companies can't find enough of the workers they need - down from **82%** in **2018** ↓

...especially labourers, carpenters and framers

Northern BC

64% Companies expecting more work 2019

60% Companies that expected more work 2018

73% of work is in **Industrial, Commercial and Institutional** projects

16% of companies do **\$10M+** in business annually

68% of companies can't find enough of the workers they need - down from **80%** in **2018** ↓

...especially carpenters, labourers and welders

Vancouver Island

29% Companies expecting more work 2019

49% Companies that expected more work 2018

39% of work is in **Single Family Residential** projects

32% of companies do **\$10M+** in business annually

82% of companies can't find enough of the workers they need - up from **76%** in **2018** ↑

...especially carpenters, labourers and plumbers

Southwest BC

54% Companies expecting more work 2019

55% Companies that expected more work 2018

56% of work is in **Industrial, Commercial and Institutional** projects

39% of companies do **\$10M+** in business annually

78% of companies can't find enough of the workers they need - up from **74%** in **2018** ↑

...especially carpenters, labourers and plumbers

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.

The Monitor draws on analyses and outlooks from various sources, and provides current and substantive insight. This regular publication is intended for industry executives, government decision makers, journalists and other opinion leaders.

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