

# The BC CONSTRUCTION MONITOR

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NOVEMBER 2018

The B.C. Economy:

## It Starts With What Gets Built



Chris Gardner  
ICBA President

Every morning, nearly 250,000 British Columbians get up and head to work in the construction industry, and their work accounts for nearly a tenth of the entire B.C. economy. This is an under-recognized reality in British Columbia, and one that we point out to stakeholders at every opportunity.

Too often, construction somehow fades into the backdrop, with other sectors - from energy and natural resources, to high tech and tourism - enjoying a higher profile and greater cachet.

In fact, building structures and infrastructure is the foundational

activity in any economy. And in B.C., with an ongoing influx of new residents and various major industrial and infrastructure projects needing to be built, construction plays an even larger role.

*Construction's contribution to our economy is not widely understood.*

Construction is a key indicator of overall economic health, since it is one of the first activities to shrink when uncertainty takes hold. It is a massive generator of investment and jobs in its own right - so much so that contractors are having growing difficulty finding enough skilled workers. Construction in turn



drives large spin-off benefits in every community across the province.

We take stock in this *Monitor* of construction's true economic impact, strength and importance in B.C. The numbers underscore the reality that when ICBA advocates for a strong construction sector, we've got the best interests of British Columbia and our long-term prosperity very much at heart.

## Construction Industry Economic Impacts in B.C.

GDP Contribution:

**\$19.7 BILLION**



**8.4%** of total GDP

Average Weekly Wage Rate:

**\$1,134**



**116%** of all-industry average

Employment:

**241,500** PEOPLE EMPLOYED



**9.7%** of total employment

GDP and employment figures are 2018 forecasts (Central 1 Credit Union), weekly wage rates are as of September 2018 (BC Stats).

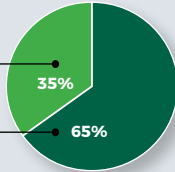
# Construction Tops Industry Ranks for Economic Contributions



## Rank Among Goods-Producing Sectors in B.C. by GDP

Construction = 35% of all goods-related GDP

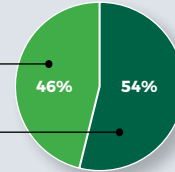
All other sectors combined\* = 65%



## Rank Among Goods-Producing Sectors in B.C. by Employment

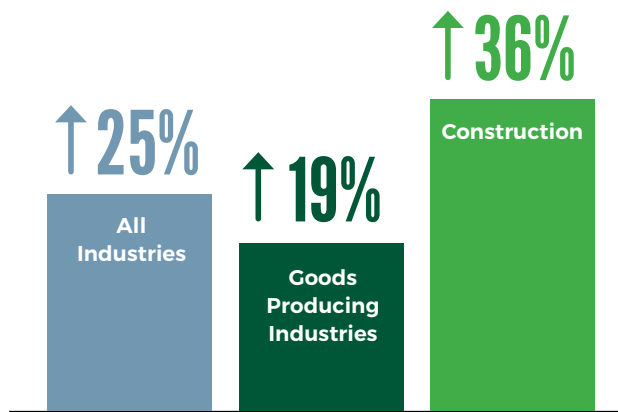
Construction = 46% of all goods-related employment

All other sectors combined\* = 54%

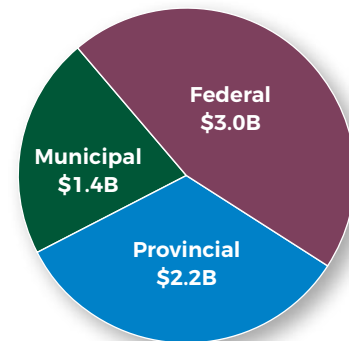


\* Agriculture; forestry and logging; fishing, hunting and trapping; mining, quarrying and oil and gas extraction; utilities; and all forms of manufacturing

## GDP Growth in B.C. 2007 to 2017



## Total Tax Revenues from Construction (2016)



Total: \$6.6 Billion

Economic Impacts of the B.C. Property Development Industry in 2016, MNP. Includes direct, indirect and induced.

Construction GDP Compared to Forest Industry GDP:

**ALMOST  
2X  
AS LARGE**

Number of overnight **TOURIST STAYS NEEDED** to generate the same investment as construction does:

**54 MILLION** (>2.5X current levels)

Number of major TV **PRODUCTIONS**

that would need to be filmed in B.C. annually to generate the same employment as construction does: **250** (>12X current levels)

*Other than in the construction sector, goods-producing industries have seen net employment losses over the past decade.*

– B.C. Business Matters Blog, July 2018

# Construction Outlook is for Continued Strength

Hundreds of billions worth of construction projects are on the drawing board in B.C. As a result, most construction contractors geared up for even more work this year, despite an already intense pace. This will keep the industry's GDP and employment contributions growing at the same pace as the provincial economy.



## Major Construction Project Status in B.C., Q2 2018

Value of Projects Under Construction	\$73.7 billion
Value of Proposed Projects	\$311.7 billion
Total Value of All 952 Major Construction Projects*	\$416.3 billion

B.C. Major Projects Inventory, Second Quarter 2018. Tracks all projects with capital value of \$15 million or more (\$20 million in the Lower Mainland). \*Total includes some projects (~\$30B value) currently "on hold", and some newly completed (~\$1B value).

## ICBA 2018 Wage and Benefits Survey

**53%** of B.C. contractors expect their work volume to increase this year

**ONLY 4%** of B.C. contractors expect their work volume to decrease this year

Expectations of increased work volumes by region:

**55%** in Lower Mainland, Fraser Valley, Whistler      **60%** in Northern B.C.

Expected construction wage escalation:

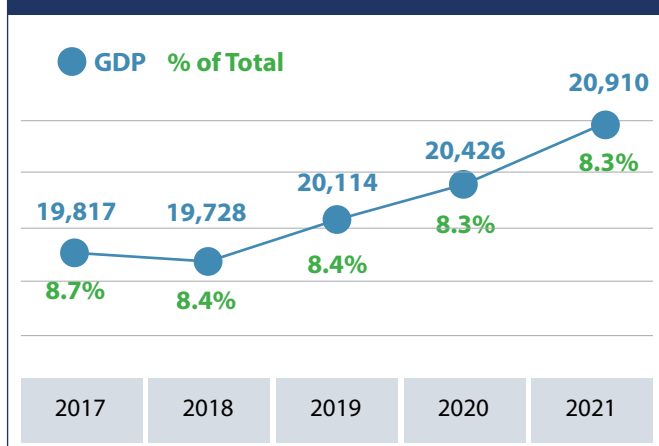
**4.5%** in 2018 and **5.1%** in 2019

**>2X** projected inflation rate

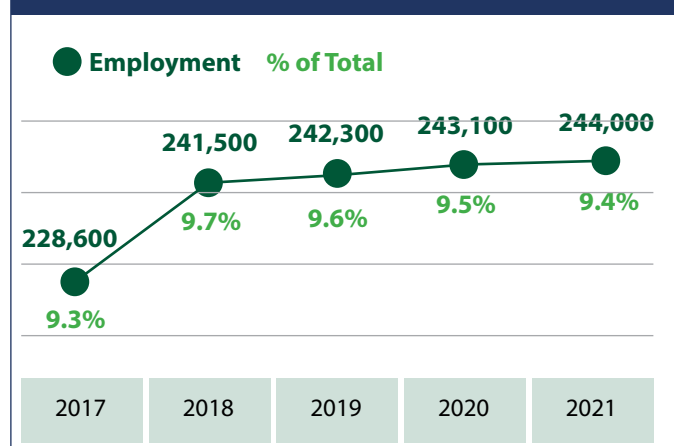
Contractors saying there are not enough qualified workers in the trades they require:

**75%** in 2018, up from **59%** in 2017

## Forecast GDP: B.C. Construction



## Forecast Employment: B.C. Construction



# An Industry for All B.C.

Construction happens everywhere in the province, resulting in widely dispersed economic benefits. Once-depressed areas such as the North Coast are about to benefit from the largest-ever private sector investment in Canada – the construction of the massive, \$40-billion LNG Canada project. Public support for the industry is equally widespread and robust.



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.

You can receive the Monitor in print or digital formats, and let us know if you have colleagues who would also be interested in it. We also welcome your feedback and story suggestions. Please email us at [info@icba.ca](mailto:info@icba.ca).

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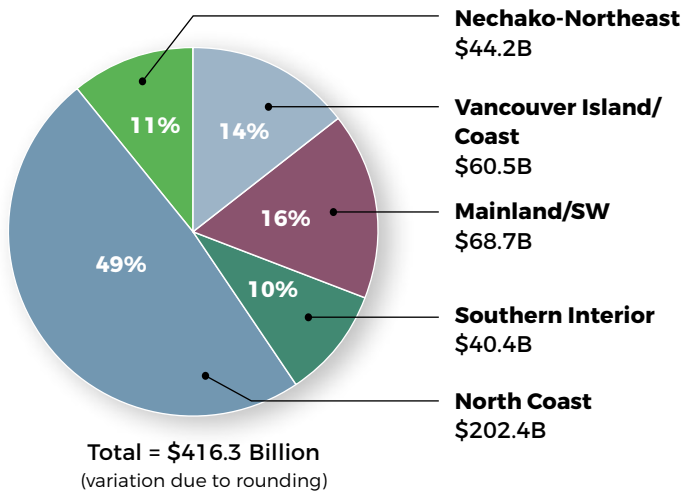
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## B.C. Major Projects Inventory: Breakdown by Region



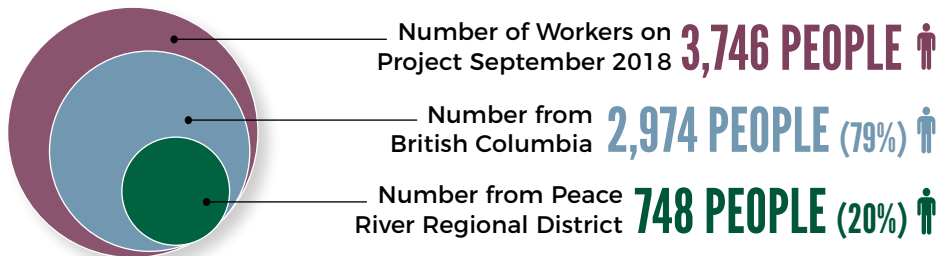
## LNG Canada Project - Kitimat

### Expected Peak Construction Employment



Economic Commentary, Central 1 Credit Union – August 2018

## Site C Clean Energy Project - Peace River Regional District



Source: BC Hydro

## Checking in With British Columbians

British Columbians agreeing that construction industry is a very important source of good jobs and economic growth	89%	✓
British Columbians agreeing that construction industry is important to the future prosperity of B.C.	89%	✓

Survey of a representative sample of >1,000 British Columbians, September 2018.