

REVERSAL OF FORTUNE PRESSURES BC'S CONSTRUCTION INDUSTRY

Costs Soar as Labour Pool Shrinks and Public Policy Leaves Contractors Stranded

Victoria BC – October 25, 2022 - The statistics reported in the Fall 2022 BC Construction Association (BCCA) Industry Stat Pack, combined with findings from a new economic and policy report published today by the organization, paint a stark picture for BC contractors.

Investment in BC's industrial, commercial, and institutional (ICI) construction sectors is down 10.9% since February 2020, while the non-residential building price index spiked 19.6%.

Rising prices led to the largest industry in BC's goods sector growing 10% in dollar value despite the decrease in demand, contributing 9.7% of provincial GDP. Construction has seen a whopping 80% increase in the value of current projects compared to five years ago.

Contractors are struggling to balance declining commercial demand with rising costs of materials and labour, even as waning procurement standards on public sector projects add to project risk.

BC is living its lowest construction unemployment rate since 1976 at 5.7%, with the competition for talent sending average construction wages soaring 26% since 2017 and 11% since last year alone. That 2022 jump includes a 2% increase due to the 5 days mandatory paid sick leave legislated this past January.

Making a challenging situation worse, the provincial government has failed to deliver on prompt payment legislation. Without it, BC's contractors will experience significant financial risk, taking on increased cost of debt and in danger of bankruptcy as they wait 90-120 days to be paid.

"Waiting to be paid is getting even more expensive" says Chris Atchison, BCCA President. "Slow payment for services rendered is unique to our industry, and with costs of goods, labour, and borrowing all rising, many BC contractors are reaching crisis. Prompt payment legislation is not experimental, it is proven. Unlocking cash flow is an economic necessity and in the best interests of every community in BC."

Despite a sustained increase in the number of ICI construction companies in BC (now 26,262), the number of tradespeople in the industry has dropped 5% over three years. The average company size has decreased 7% over the last three years to an average of 6.53 workers.

Women comprise 5.7% of tradespeople, an increase of 24% since 2017 but a year-over-year decrease of 8%.

"The construction industry is massive, essential, and struggling" cautions Atchison. "Make no mistake: many employers are reaching a breaking point. The urgent need for more housing and other infrastructure development hangs in the balance."

The complete Stat Pack, Economic Report from Sage Policy Group, and more information regarding the value of the construction industry to BC's economy can be found at <https://bccasn.com/news-publications/stat-packs-data/>.

KEY B.C. CONSTRUCTION INDUSTRY STATISTICS:

- Construction is the No. 1 employer in B.C.'s goods sector
- B.C.'s construction industry accounts for 9.7% (\$25.4B) of the province's GDP
- More than 236,000 people rely directly on B.C.'s Construction industry for a paycheck
- Number of credentialed tradespeople: 171,470
- Roughly 85% of construction workers are non-union
- Number of credentialed tradeswomen: 9,774 (5.70%)
- Number of construction companies in BC: 26,262
- Average yearly wage of B.C. construction employees: \$66,101 (\$15.6B cumulative yearly wage)
- Value of proposed construction projects in British Columbia: \$220 billion
- Estimated value of current major construction projects underway in B.C.: \$135.4 billion
- Number of construction jobs in BC that will be unfilled due to labour shortages by 2027: 5,653

Details regarding data sources can be found at <https://www.bccassn.com/stats-sources/>.

ABOUT THE BRITISH COLUMBIA CONSTRUCTION ASSOCIATION

The British Columbia Construction Association (BCCA) works with four Regional Construction Associations (NRCA, SICA, VICA and VRCA) to serve more than 10,000 employers in the provinces industrial, commercial, institutional (ICI) construction industry. BCCA advocates on behalf of all employers to ensure British Columbia's construction sector remains productive and resilient.

For more information about BCCA, please visit: <https://www.bccassn.com/>.

CONTACTS:

BC Construction Association

Greg Descantes

604-417-1379

gdescantes@pacegroup.com