British Columbia is projected to see near-term labour market challenges as employment demands rise to a peak in 2029

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Construction activity contracted slightly in British Columbia in 2023 as a gain in non-residential construction investment was not enough to offset a loss in activity in the residential sector. The former has been supported in recent years by strong activity in engineering construction and the construction of industrial, commercial, and institutional buildings; the latter has seen historically high levels of activity contract under rising interest rates and consumer concerns over affordability.

The short-term outlook for the province calls for non-residential construction activity to contract as several major projects reach conclusion or pass peak activity levels. Investment is then sustained into the middle years of the forecast before contracting in the later stages. Residential-sector investment, meanwhile, is expected to see a moderate up-cycle between 2025 and 2030.

BuildForce Canada released its 2024–2033 *Construction and Maintenance Looking Forward* report for British Columbia today. It shows that employment levels, which were historically high coming into the forecast period, will step down initially as residential and non-residential demands ease. A period of growth follows between 2025 and 2029, with employment in both sectors reaching peak levels at that time. Employment then recedes to the end of the decade, with both sectors growing by 2% above 2023 levels by 2033.

Of note, these numbers are based on existing known demands and do not take into account public-sector initiatives to address housing affordability challenges, nor the anticipated increase in demand for construction services related to the retrofit of existing residential, industrial, commercial, and institutional buildings to accommodate the electrification of the economy. Both scenarios are addressed in separate reports to be released by BuildForce Canada at a later date.

"British Columbia has been one of the busiest construction markets in Canada for several years, with many major non-residential projects stacked on top of a booming residential sector," says Bill Ferreira, Executive Director of BuildForce Canada. "It's no surprise that market conditions are easing into the early years of our forecast period, particularly given the impact of rising interest rates on residential construction and the completion of several major non-residential projects. Having said that, the provincial market is strong, and will return to growth through the middle years of the forecast."

A full analysis of British Columbia's construction sector requires detailed looks at not only the provincial market as a whole, but also at the two key provincial sub-markets: the Lower Mainland and Vancouver Island. Both have their own unique market conditions.

The Lower Mainland construction market, which includes Greater Vancouver, Fraser Valley, Sunshine Coast, Squamish, and Lillooet, accounts for approximately 60% of the province's construction employment. The region experienced another year of growth in 2023 as a slight contraction in residential investment was offset by a gain in non-residential construction.

Although total employment in the Lower Mainland construction market is projected to increase continuously to 2031, residential construction employment is projected to soften after 2024, contracting by 13% by 2033, while non-residential employment will record a series of increases across the same timeline, rising by just under 8% compared to 2023 levels.

The Vancouver Island construction market, which includes the Capital Region, Cowichan Valley, Nanaimo, Alberni-Clayoquot, Strathcona, Comox Valley, Powell River, Mount Waddington, and Central Coast, experienced a slight contraction in 2023 as a gain in non-residential construction was more than offset by losses in residential investment. The outlook calls for both sectors to grow to 2033, with levels cycling across the forecast period. A gain of just under 6% for the non-residential sector more than offsets a contraction of less than 2% in the residential sector.

BuildForce Canada projects that British Columbia's construction industry will need to recruit 54,000 additional workers over the forecast period to keep pace with expansion and replacement demands. Of those, 43,200 workers – or 23% of the current construction labour force – are expected to retire during this period. Although the addition of 36,300 workers under the age of 30 from local recruitment efforts will help to offset these retirements, the labour force faces a near-term need for large numbers of experienced skilled workers. By 2033, the industry could face a deficit of 17,700 workers unless anticipated recruitment is increased.

The development of skilled tradespersons in the construction industry takes years, and often requires participation in a provincial apprenticeship program. New registrations in British Columbia's 25 largest construction trade programs have fluctuated in recent years, and remain below the peak levels reported in 2013. New registrations fell by 9% between 2013 and 2019, while employment increased by 12% over the same period. Although the province saw a substantial recovery in new registrations in 2022, program completions remained below pre-COVID levels.

The construction industry remains focused on building a more diverse and inclusive labour force. To that end, efforts are ongoing to enhance the recruitment of individuals from groups traditionally under-represented in the province's construction labour force, such as women, Indigenous People, and newcomers to Canada.

In 2023, there were approximately 33,400 women employed in British Columbia's construction industry. That figure was almost unchanged from 2022 levels. Of them, 29% worked directly in on-site construction. As a share of the total, women represented just 5% of the 183,400 tradespeople employed in the industry in 2023.

The Indigenous population is another under-represented group that presents recruitment opportunities for British Columbia's construction industry. In 2021, Indigenous workers accounted for 6.2% of the province's construction labour force, which is a slight increase from 2016. It is also notably higher than the share of Indigenous People represented in the overall labour force. As the Indigenous population is the fastest growing in Canada and Indigenous workers seem predisposed to the pursuit of careers within the sector, there may be scope to further increase the recruitment of Indigenous People into the province's construction industry.

The construction industry is also committed to the recruitment of newcomers to Canada to meet anticipated labour market requirements. Based on current trends, British Columbia is expected to see elevated levels of immigration over the forecast period. This will make newcomers a key contributor to the industry's labour force.

Increasing the participation rate of women, Indigenous People, and new Canadians could help British Columbia's construction industry address its future labour force needs.

BuildForce Canada is a national industry-led organization that represents all sectors of Canada's construction industry. Its mandate is to support the labour market development needs of the construction and maintenance industry. As part of these activities, BuildForce works with key industry stakeholders, including contractors, proponents of construction, labour providers, governments, and training providers to identify both demand and supply trends that will impact labour force capacity in the sector, and supports the career searches of job seekers wanting to work in the industry. BuildForce also leads programs and initiatives that support workforce upskilling, workforce productivity improvements, improvements to training modalities, human resource tools to support the adoption of industry best practices, as well as other value-added initiatives focused on supporting the industry's labour force development needs. Visit www.buildforce.ca.

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