

CONSTRUCTION MONITOR

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

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

We welcome your feedback and story suggestions at: info@icba.ca

CONTENTS:

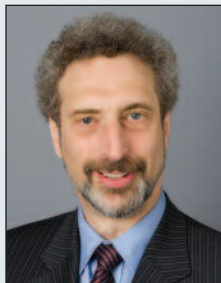
Today's growth outlook... Inside

The population-construction connection... Inside

Homebuilding's economic heft...

[Back page](#)

BC booms when its population grows



Philip Hochstein

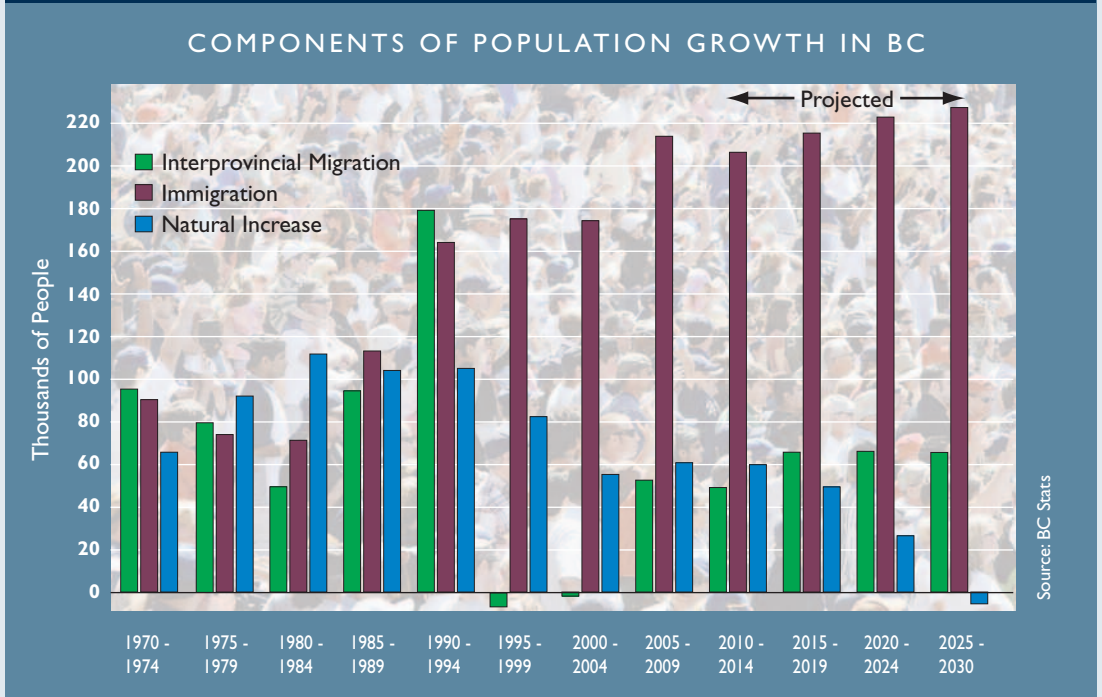
Small measures can give you the big picture on the health of many provincial economies. In Alberta it's the price of oil. In Saskatchewan it's a mix of key agricultural and mining commodity prices. In Ontario manufacturing and financial services are still dominant.

Here in BC the key indicator might surprise you. Though forestry, mining, and tourism remain important, it is population growth – the in-flow of individuals and families from the rest of Canada and increasingly from overseas – that is at the heart of our economy.

Population growth is the sum of three factors: net migration from other provinces and territories, net migration from other countries, and births minus deaths. In BC, immigration has

See **BC Booms** p. 2

Immigration Drives Population Growth



Population increase is the sum of three factors, and in BC immigration is by far the biggest component. As recently as the early 1990s, inter-provincial migration was a bigger driver, but immigration now far out-strips it in scope, and “natural increase” is expected to become “natural decrease” in the years ahead.

BC Booms

Continued from p. 1

become the most important piece of the puzzle, and in 2005-09 accounted for close to twice the population growth of the other two factors combined.

Simply, BC booms when more people decide to call this province home. Far from “taking away jobs”, immigrants and in-migrants generate them. In particular, new British Columbians drive the construction sector – in homebuilding, in multi-family construction, and in expanding the commercial and institutional infrastructure that a growing population requires. Their impact is felt all the way up the construction supply chain.

And with construction accounting for more than \$9 billion in annual GDP and nearly 10 per cent of all employment in the province, that matters to everyone.

It's not just the number of people coming that creates the benefits. It's also their attitude. Recent research suggests that many immigrants have a particularly strong attachment to buying a home. That comes with a stronger willingness to curb other consumption in the interests of getting into home ownership.

In an assessment released last year, the Canada Mortgage and Housing Corporation looked at the experience of a group of immigrants six, 24, and 48 months after landing. While less than one-in-five owned their home at the time of the first survey (an already impressive proportion, CMHC noted) more than half did by the 48-month mark.

Housing demand is an especially important consideration here in BC, where residential investment accounts for a much larger

proportion of GDP than in any other province.

Fortunately, a spring survey showed strong support for immigration, with seven in 10 Canadians agreeing it's a key tool in strengthening our economy. And although a more recent poll found rising skepticism about immigration nationally, BC stood apart from most other regions in the strength of our positive perceptions of immigration.

That's not to say we couldn't better align immigration policy with economic objectives, and better ensure that people who want to make a home and a life for their families in Canada can put their skills to full use. But from a BC perspective in particular, we'd be inflicting serious economic damage if we reduced immigration levels.

We also need to recognize that natural beauty alone doesn't assure us of the population growth we need. Throughout the late 1990s and early 2000s, for example, more people left BC for other parts of Canada than moved into British Columbia. And as this *Monitor* demonstrates, population loss is not only a reaction to tough economic conditions like those we faced in the 1990s. Out-migration actually hurts the provincial economy.

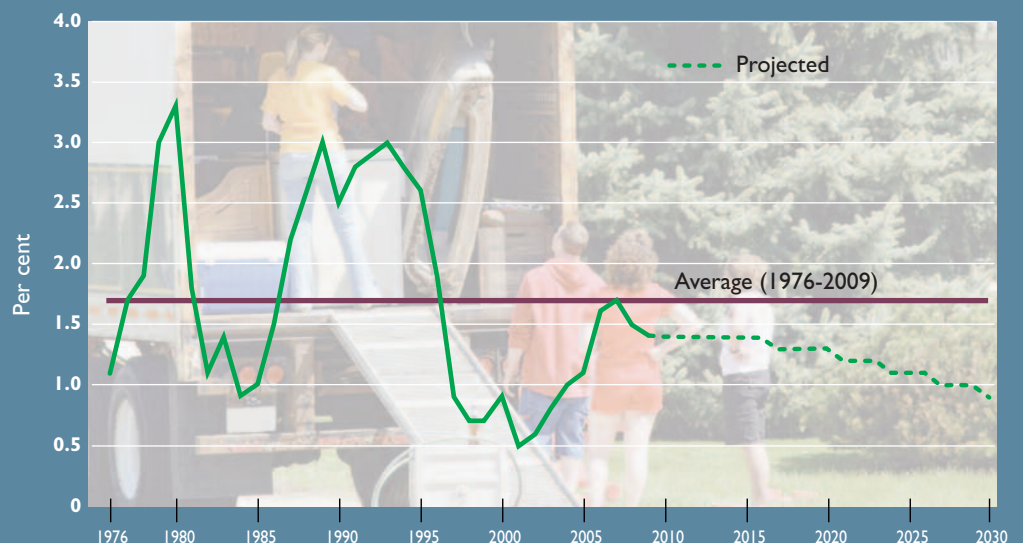
So, in the same way that many Albertans closely follow the trajectory of international energy markets, British Columbians should be watching our success in attracting and integrating immigrants. In addition to all immigration does to make this a more vibrant and interesting place to live, it's also key to the economic well-being of all British Columbians.



Getting the Growth we Need

Even with immigration numbers expected to generally trend upward this decade and next, the outlook as of today is for overall population growth in BC that will be below the recent long-term average. To put that in Alberta-equivalent terms, it's like a long-term outlook for consistently depressed oil prices. In response, we need to maximize the benefit of the population growth we do see, and to look for ways to sustain recent growth to a greater extent than the current outlook suggests is likely.

BC POPULATION GROWTH

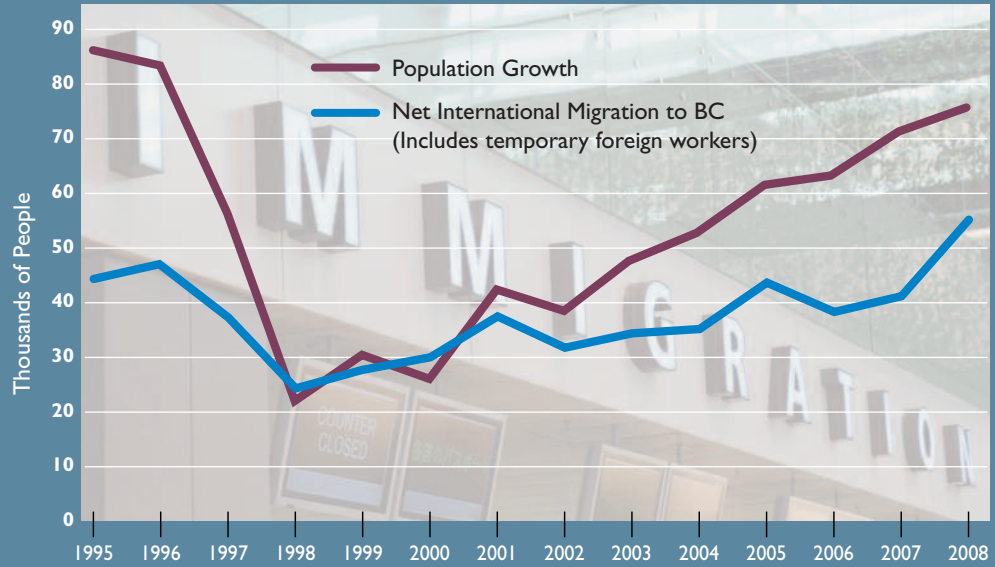


Source: BC Stats

As More People Arrive...

While various factors influence the health of the construction industry, these graphs underscore close parallels between population growth on the one hand (which is mainly immigration driven), and residential construction activity on the other hand (two key indicators of which are shown below). And home construction translates into non-residential activity as neighbourhood and other infrastructure is expanded. A growing population is therefore one of the best ways to ensure the construction industry remains active and helps drive BC's economy.

BC POPULATION GROWTH AND NET INTERNATIONAL MIGRATION

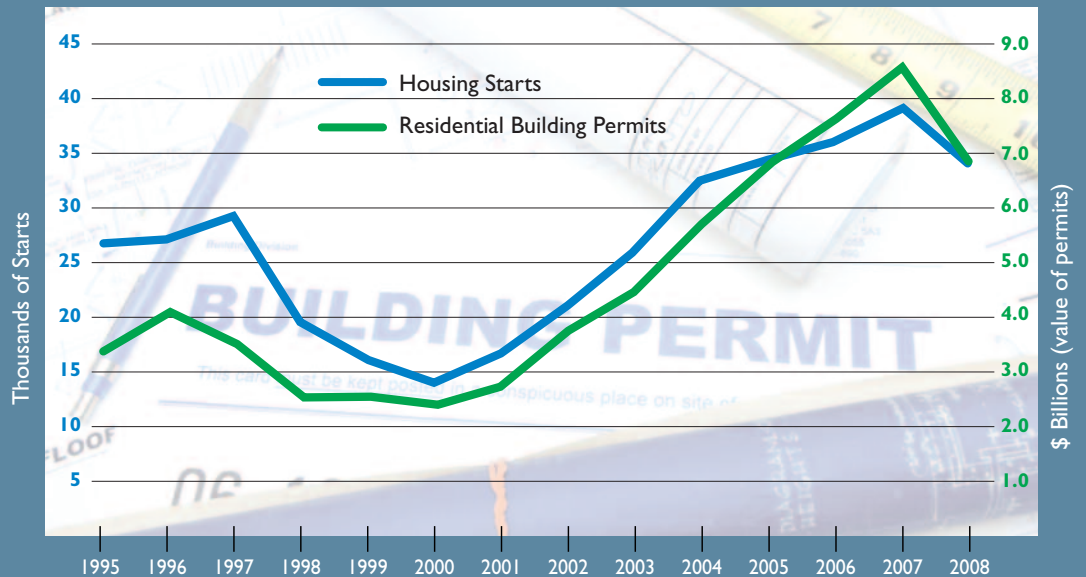


Source: BC Stats

...Homebuilding Booms



BC HOUSING STARTS AND RESIDENTIAL BUILDING PERMITS



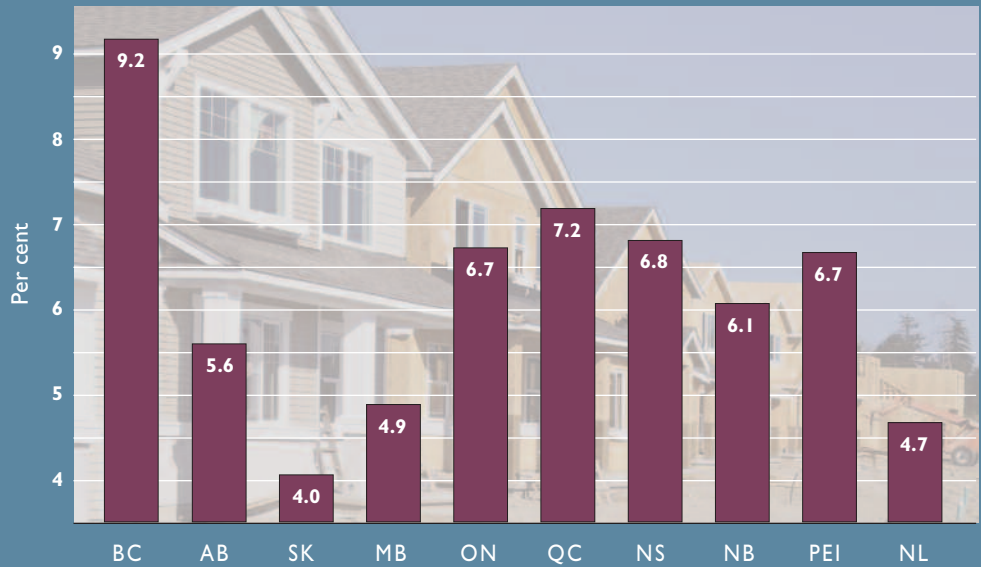
Source: BC Stats, StatsCan

“A growing population is one of the best ways to ensure the industry remains active and helps drive BC's economy”

Residential Construction's Unique Importance

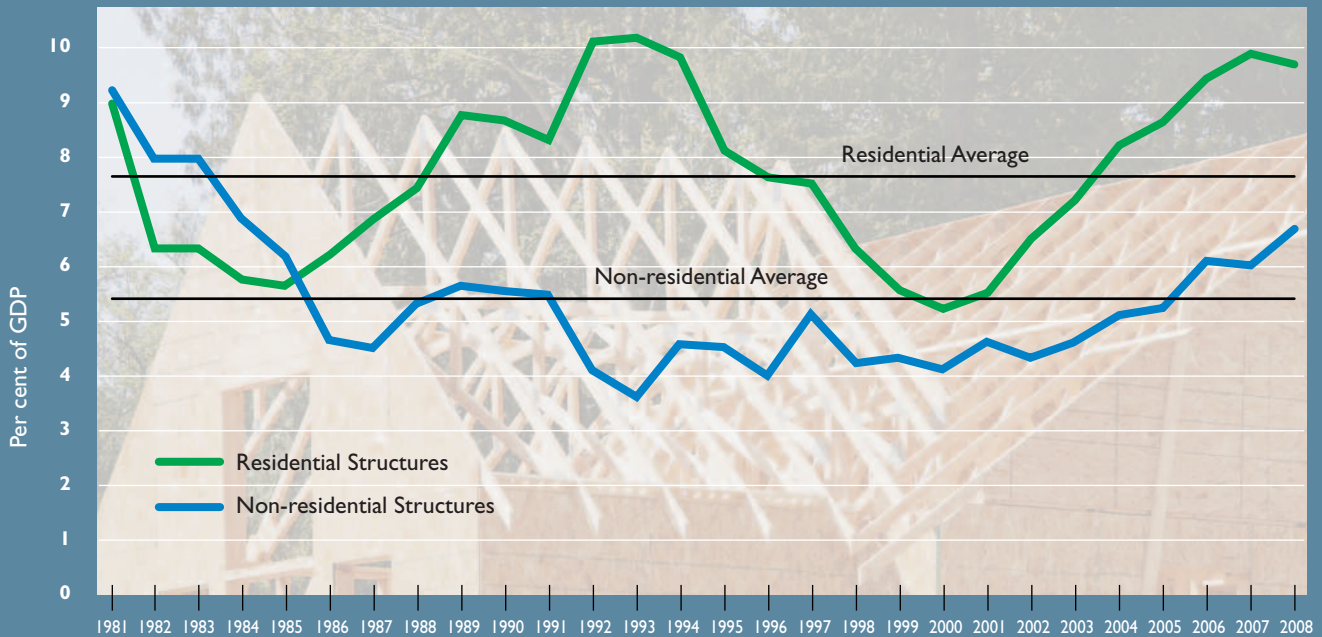
A unique feature of the BC construction industry is the relative importance of residential construction. Its share of GDP is a full two percentage points above where it sits in any other province, and has consistently been larger than non-residential construction's share since the mid-1980s. And since the most immediate need of any new arrival is a roof over his or her head, the impact of population growth on the most common type of construction work is particularly direct.

RESIDENTIAL INVESTMENT IN GDP (AVG. 2004-2008)



Source: StatsCan, Provincial Economic Accounts

RESIDENTIAL AND NON-RESIDENTIAL INVESTMENT



Source: StatsCan, Provincial Economic Accounts



Independent Contractors and Businesses Association of BC

211 - 3823 Henning Drive, Burnaby, B.C. V5C 6P3

PHONE: 604.298.7795 TOLL-FREE: 1.800.663.2865

WEBSITE: www.icba.ca EMAIL: info@icba.ca

Member of

