



# Construction & Development

## INDUSTRY ROUNDTABLE

June 9, 2020

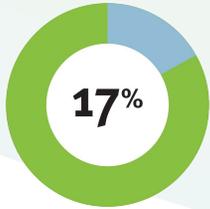


# STATE OF THE INDUSTRY

---



Top employer with over 11,300 employees representing 10.9% of total employment in the region



1,332 Construction & Development businesses operating in the Central Okanagan in 2018, or 17% of total businesses



Median wage of construction trades, helpers and labourers in the Thompson Okanagan is \$20.00/hour



From Jan-Mar 2020, prior to COVID-19, housing starts in region increased 45.5% compared to same period in 2019

---

# LOCAL IMPACTS TO DATE

---



Investors appetite for investment and risk tolerance decreased due to market uncertainty, however investment options are available



As an essential service, most constructions sites continued operations with social distancing adjustments and most projects continued as planned



Worker attraction and retention a challenge pre-COVID-19. Challenges continue for some companies, possibly due to CERB payments creating a temporary disincentive to re-enter the workforce



Property managers reported majority of residential tenants continue to pay rent but this is uncertain as tenant financial situations may change following the end of CERB payments

---

# RECOVERY OUTLOOK

---



Industry members project region will see signs of recovery in Q4 2020 to Q1 2021



Region perceived as strong for investment, and success of public health initiatives in Canada, BC and Central Okanagan may increase region's competitiveness for investment



Online residential sale registrations significant increase could indicate pent-up demand which could result in higher home prices

*“COVID-19 has accelerated trends in how we work, live and learn. Now is the time to think differently about how we design our communities”*

*“Having 2-3 project plans ready to go will enhance the long-term recovery of the region when stimulus becomes available ”*

---

# ACTION PROPOSED BY INDUSTRY

---



Encourage governments to explore ways to increase housing supply - increasing density, supporting BC Housing and supporting rental purpose housing



Opportunity to leverage increased social and political will to create innovative affordable housing solutions (i.e. flexible zoning to convert unoccupied hotels or office space to affordable housing)



At municipal/provincial level, governments could consider ways to shift tax burden from new development to existing housing stock to allow for affordable housing development



Continue to support initiatives to increase skilled workforce through post-secondary training and talent attraction initiatives

---

# THANK YOU

---

*We rely on Central Okanagan businesses for industry information.  
Thank you to the many businesses who provided feedback  
directly or indirectly including:*

- Brad Klassen, *Troika Developments*
- Scott Butler, *Highstreet Ventures*
- Ryan Malcolm, *Ntityix Development Corp*
- Bronwyn Denton, *AllTerra Land Surveying*
- Matt Cameron, *CTQ Consultants*
- Darcy Nyrose, *Nyrose & Associates*
- Rich Trelfall, *Urban Development Institute Okanagan*
- Dan Rogers, *Kelowna Chamber of Commerce*
- Nicole Udzenija, *UBC Okanagan*
- COEDC Advisory Council - 45+ community leaders



## Construction & Development Industry Roundtable

June 9, 2020

On June 9, 2020, the Central Okanagan Economic Development Commission (COEDC) held a Construction & Development Industry Roundtable with the COEDC Advisory Council and additional industry representatives.

Participants were asked:

- What has been your business experience thus far?
- What can governments do to support long-term recovery in your industry?

Results from the broad ranging, future-focused discussions will inform the Economic Recovery Task Force and guide a long-term economic recovery plan for the region.

### State of the Industry

There were 1,332 Construction & Development businesses operating in the Central Okanagan in 2018 or 17% of total businesses.<sup>1</sup>

The sector is a top employer for the region with over 11,300 employees representing 10.9% of total employment in the region.<sup>2</sup>

Median wage of a construction trades helper and labourers in the Thompson Okanagan is \$20.00/hour.<sup>3</sup>

From January to March 2020, prior to the impact of COVID-19, Housing Starts in the Central Okanagan increased 45.4% compared to the same period in 2019.

1. 2018 Central Okanagan Economic Profile

2. 2018 Central Okanagan Economic Profile

3. Statistics Canada Job Vacancy and Wage Survey

4. COEDC Economic Indicators Q1 2020

### About the Economic Recovery Task Force

The Central Okanagan economy is highly integrated with businesses and workforce move fluidly across Region. To combat the long-term economic impacts of COVID-19, the local governments and Westbank First Nation have come together to form the Economic Recovery Task Force.

The Economic Recovery Task Force is co-chaired by Chair Given and Mayor Basran and comprised of:

- Chief Christopher Derickson, Westbank First Nation
- Regional Board Chair Gail Given, Regional District of Central Okanagan
- Mayor Colin Basran, City of Kelowna
- Mayor Gord Milsom, City of West Kelowna
- Mayor James Baker, District of Lake Country
- Mayor Cindy Fortin, District of Peachland

## About the COEDC Advisory Council

The [COEDC's Advisory Council](#) is a conduit of information and ideas between business, community leaders and government. Made up of 45+ influential industry leaders, community shapers and elected officials, the council meets to share information and work together towards sustainable economic growth.

Thank you to Construction & Development Industry Representatives for sharing your insight and expertise:

Troika Developments  
*Brad Klassen*

Highstreet Ventures  
*Scott Butler*

Ntityx Development Corp  
*Ryan Malcolm*

AllTerra Land Surveying  
*Bronwyn Denton*

CTQ Consultants  
*Matt Cameron*

Nyrose & Associates  
*Darcy Nyrose*

Urban Development Institute  
Okanagan  
*Rich Trelfall*

Kelowna Chamber of  
Commerce  
*Dan Rogers*

UBC Okanagan  
*Nicole Udzenija*

## Local Impacts to Date (June 2020)

### **Demand:**

Many current projects have continued as planned, while some large projects have been delayed.

Appetite for investment and risk tolerance has decreased as investors react to uncertainty in the market; however financing options are still available.

Ability to sell real estate has been hampered due to social distancing; however online registrations have increased dramatically indicating there is still demand for product.

Property managers reported that the majority of residential tenants continue to pay rent, however there is a question as to how long that will continue if CERB payments cease and the financial situation of tenants becomes more precarious.

### **Operations:**

As an essential service, most construction sites were able to continue operating with adjustments to ensure social distancing.

Most businesses have transitioned office staff to working remotely where possible. Businesses report that the adjustment has been largely positive with 2/3 of staff being more productive from home. Some businesses are considering permanent changes.

While real estate sales slowed due to social distancing, many people still have to buy/sell homes due to career relocations or family circumstances.

### **Workforce:**

Prior to Covid-19, attracting and retaining workers was a top concern for the sector. Some businesses continue to face workforce challenges, possibly exacerbated by CERB payments creating a perceived temporary disincentive to re-entering the workforce.

## Recovery Outlook

Industry members are hopeful that the region will see signs of recovery in the Construction & Development sector in Q4 2020 to Q1 2021.

While residential sales decreased, online registrations through developer websites have increased dramatically. This could indicate pent-up demand that will emerge as consumer confidence returns and public health restrictions are lifted. There is concern that this will result in increased home prices.

The Central Okanagan continues to be perceived as a strong region for investment with development and investment inquiries from outside the region continuing. The success of public health initiatives in Canada, BC and the Central Okanagan may increase the region's competitiveness for investment.



Demand may shift as consumer preferences around density and evolving office and commercial space trends are accelerated by COVID-19.

### Actions Proposed by Industry

There is an opportunity to leverage an increase in social and political will to create innovative affordable housing solutions. Governments could consider implementing flexible zoning to allow for converting unoccupied hotels or office space to affordable housing.

Industry representatives encourage governments to look for ways to increase the housing supply as demand for housing in the Region is not expected to diminish in the long-term. Increasing density, supporting BC Housing and supporting rental purpose housing are all important factors in increasing housing supply.

Municipal and Provincial governments could consider ways to shift the tax burden from new development to existing housing stock to allow for affordable housing development.

