



# B.C. Building Supply Sector Labour Market Study

*Final Report*

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The views and opinions expressed in this report are those of its author(s) and not the official policy or position of the Government of British Columbia.



## EXECUTIVE SUMMARY

In the Fall of 2021, the Building Supply Industry Association of BC (BSIA) partnered with the Ministry of Post-Secondary Education and Future Skills (PSFS) to launch a sector engagement and labour market study of the building supply industry in British Columbia. The purpose of this research was to develop strategic insights into the attraction and hiring, training and education, and retention trends within the sector. BSIA contracted R.A. Malatest & Associates Ltd. (Malatest) to conduct the research and analysis for this project.

The study consisted of two phases: Phase I, *Sector Engagement*, involved key informant interviews and focus groups with key sector stakeholders to identify key research questions for Phase II, and develop an understanding of the general context of the sector. The final report from Phase I was submitted in Spring of 2022.

Phase II was the *Labour Market Study* portion of this project. During this portion of the project, multiple research methods and lines of evidence were used to collect a robust set of data for analysis and triangulation. Research activities included a review of secondary data and literature from relevant sources, including Statistics Canada and B.C. Stats data sets, a survey of over 100 employers in the building supply sector in B.C., key informant interviews with industry and training institution representatives from across B.C., and focus groups with youth and new entrants to the sector. Key findings from this research are summarized below.

***The building supply sector is currently challenged by a tight labour market.***

Nearly two in five employers who responded to this survey (39%) reported experiencing long-term vacancies of four months or more in their workplaces, and our research calculated a global vacancy rate across all employer respondents of 6%. This finding was corroborated in interviews with employers (both in Phase I and Phase II of this project), nearly all of whom reported challenges in recruiting and retaining employees for needed positions at their businesses.

***The building supply sector is facing a wave of Baby Boomer retirements.***

Similar to most industries in B.C. and the rest of Canada, the workforce in the building supply sector is aging and seeing a large cohort of Baby Boomer employees heading into their retirement years. This issue is slightly exacerbated for the building supply sector, which has a slightly older than average workforce (particularly within the retail side of the sector). This is contributing to the hiring challenges being experienced in the sector, as employees, especially those in more senior roles who are more difficult to replace, are retiring and there are insufficient numbers of candidates to promote from within and/or hire from outside the company.

***Based on a combination of demand expansion, existing vacancies to be filled, and replacement hires to fill those positions vacated by retirements and workers leaving the industry altogether, the sector will need to aggressively hire over the next five to ten years.***

Examining employer estimates of current vacancies, average turnover rates, and expected retirement numbers over the next five years, there is a large hiring demand in the sector to be met – approximately 4,400 positions per year based on the employer scenario developed. This large number of annual hires speaks to an urgent need to develop a sector-wide strategy for attraction and recruitment strategies.



***Hiring and promotion in the sector tends to be highly informal and not strategic or systematized.***

Approximately three-quarters of employers who responded to the survey indicated that they did not have a formal human resources strategy in their workplace. Similar findings were heard from employers who participated in interviews, it was not common practice to have formal approaches or systems for preparing employees for more senior roles. At the same time, however, employers reported that they rely heavily on promoting from within to fill more senior roles.

Most employers in interviews indicated that they largely relied on subjective factors such as “fit” and “attitude” to assess whether a candidate was a good choice for hiring and/or promoting. The sector may benefit from more formalized processes in developing and assessing talent in their industry; this would support within-sector retention as qualifications and past experience from other workplaces would likely be considered more “transferable” from one company to another and would also make career paths more transparent and accessible for employees in the sector.

***Young people generally do not see employment in building supply as a viable long-term career.***

Based on conversations with youth and new entrants in focus groups, it appears that most youth do not have the building supply sector “on their radar” as a potential career opportunity. There were a few challenges or barriers contributing to this. First, while the sector does tend to pay above-average wages for entry-level positions, that advantage does tend to flatten over time and young people are aware that there is limited potential for earning a high income in the sector. Second, among youth who did indicate interest or aptitude for more hands-on, less academic work, there was an almost exclusive interest in pursuing trades paths due to the high earning potentials in these career fields. Third, among new entrants in the sector, there were concerns from some participants that recognition and promotion within their workplaces were not given out fairly, and they were pessimistic about their likelihood of staying in the sector long-term. Finally, there was little intrinsic appeal to the work for youth; most youth who participated in a focus group rated various aspects of work in the sector, such as working with the public in sales and learning about building maintenance, poorly and were not interested in such work.

***Career-track work in the building sector is highly accessible.***

Despite challenges in recruiting employees to the sector for long-term work, the building supply sector does offer a career track with opportunities for advancement and promotion that is highly attainable. There are few credential requirements for beginning in an entry-level role, such as cashier or salesperson, and due to the industry’s heavy reliance on on-the-job training and promotion from within, working in these types of roles for several years can make one qualified for higher-level roles such as supervisors, managers, and wholesale sales roles. While the top earnings in the sector may not be as much as can be found in other sectors, the lack of “up-front investment” in education or credentials may make the sector appealing to people who do not wish to pursue post-secondary education or training, or who are looking to make a career change mid-working life and do not want to invest in much training or education. Similarly, the sector may be appealing to recent immigrants and new Canadians who may face barriers in getting past credentials and training recognized in Canada.

***We recommend the development of a labour market strategy for the building supply sector.***

The key elements of a labour market strategy for the sector would include:

- Development of key messaging and a “brand” for the building supply sector when promoting and marketing the sector as an employer;
- Development of key occupational definitions and associated skills or credentials needed;



- Targeted recruitment campaigns to promote the sector to select groups who are more likely to find work in the sector appealing; and
- Development of support networks and funds for accessing relevant training and education programs for the sector.



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## 1 BACKGROUND AND INTRODUCTION

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### 1.1 About the Building Supply Industry in B.C.

The building supply industry in B.C. encompasses manufacturers, distributors, and retailers working in the B.C. economy that provide building materials to both business (e.g., contractors, construction, restoration companies) and end consumers (e.g., homeowners). A wide variety of materials and products are included within this sector, such as lumber products, plumbing and electrical supplies, insulation and drywall, interior finishings (e.g., flooring, lighting, plumbing fixtures), and others.

The building supply sector in B.C. is highly varied, including retailers as well as manufacturers and distributors. Retailers range from smaller, independently owned hardware and supply stores to “big box” chain stores. Manufacturers and distributors in the sector include businesses focused on secondary product manufacturing (e.g., raw lumber into finished building materials) as well as those establishments that supply tertiary services and products (e.g., glazers, cabinetry carpenters). In total, the building supply industry in B.C. forms the supply chain that supports the construction, repair, and restoration of residential, commercial, and industrial buildings in the province.

It is estimated that there are approximately 2,900 establishments<sup>1</sup> (both retail and wholesale) that make up the building supply sector in B.C. In 2020, these industries contributed a combined \$3.3 billion to B.C.’s and Canada’s GDP, representing 1.33% of B.C.’s total GDP for that year. In that same year, it is estimated that there were roughly 31,500 persons employed in the sector across British Columbia.

### 1.2 About BSIA

The Building Supply Industry Association of B.C. (BSIA) is a membership-based association of manufacturers, distributors, and retailers in the building supply sector in the province. The BSIA supports the sector through information and services for members, and advocacy to address issues of concern at all levels of government. BSIA is the official voice of the building supply industry in B.C., actively supporting the sector’s labour needs through a variety of initiatives.

Recently, BSIA partnered with Northwest Skills Institute and the Community Workforce Response Grant program, funded through the Canada-British Columbia Workforce Development Agreement, to pilot online training programs. Northwest Skills Institute offered training in Manufacturing Production Worker and Building Supply Warehouse and Distribution roles in an entirely online format. The training approach has been noted by instructors and students as innovative, and responsive to the challenges of the COVID-19 pandemic.

BSIA regularly hosts courses and seminars on a variety of topics relevant to the sector, ranging from developing work estimates to effective use of social media. BSIA also partners with post-secondary institutes in the province, such as Northwest Skills Institute and UBC’s Sauder School of Business, to promote relevant training and education in job skills, trades, and business management.

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<sup>1</sup> It should be noted that this count of 2,900 is likely too high as it includes companies that are dormant, single person entities, or establishments that are in the process of discontinuing operations.





### **1.3 Purpose of Industry Engagement**

As B.C. looks forward to a post-COVID economic recovery and return to normal, the impacts of the pandemic on labour markets – across many sectors – are yet to be fully understood. BSIA members have reported a variety of labour challenges, including shortages of needed staff and an aging workforce in senior and management roles.

To respond to these challenges and support its members in being better informed about the labour market in the sector, BSIA partnered with the B.C. Ministry of Post-Secondary Education and Future Skills (PSFS) to undertake labour market research in support of developing a long-term forecast for the sector. BSIA was granted funding for this project through the Canada-British Columbia Labour Market Development Agreement. BSIA contracted R.A. Malatest and Associates Ltd. (Malatest), an economic and social research consulting firm, to conduct the primary and secondary research needed to develop such a forecast.

In collaboration with AEST and Malatest, BSIA decided to undertake this project in two phases: Phase I, a sector engagement study, and Phase II, a broader labour market research study.

#### **1.3.1 Phase I Engagement**

Phase I, sector engagement, began in October 2021. The purpose of this phase of the project was to collect input from key sector stakeholders and businesses regarding their needs for labour market information. This phase of the research included outreach to business owners and sector leaders, soliciting input through key informant interviews and roundtable discussion groups.

Phase I of the project was originally scheduled to be completed by the end of 2021. However, due to challenges associated with the flooding of the Fraser Valley in November 2021, many employers were unavailable to participate in this project at the time. As such, deadlines were extended and consultation for Phase I of the project concluded in mid-February 2022, with Phase I concluding at the end of February 2022.

#### **1.3.2 Phase II Labour Market Study**

Phase II of the project, the labour market study, began in March 2022 and built upon the findings and recommendations emerging from Phase I. This phase of the project involved directly collecting information from businesses regarding issues such as labour shortages, wage and compensation information, turnover and retirements, and other labour market issues. While businesses that participated in Phase I were invited to participate in the survey of employers, different businesses were recruited for key informant interviews in Phase II. In addition, Phase II involved research with employees and potential employees in the sector, particularly youth, to better understand the labour market from the supply side. Phase II research methods included a business survey, key informant interviews, and focus groups with youth and new entrants to the sector.

This report summarizes the findings from Phase II of the study.

### **1.4 Governance Committee**

To support this labour market project, BSIA convened a Governance Committee composed of interested BSIA members with extensive experience in the industry. The purpose of the Governance Committee



was to provide expert feedback on key project deliverables and data collection tools, and to informally support data collection activities by reaching out to colleagues and encouraging participation.

#### **1.4.1 List of Governance Committee Members**

**Thomas Foreman**

President, BSIA

**Maggie Juszko**

Association Manager, BSIA

**Brad Dixon**

Entrepreneur

**Ron Tu**

Business Development Manager, Cedarline Industries

**Carole Hamanishi**

Principal, Wilway Lumber Sales

**Stuart Gibb**

Owner and CEO, Stuart Gibb Consulting

**Alex Yakovysenko**

General Manager, Haney Building Supplies

**Michael McLarney**

President, Hardlines Inc.

**Dale MacPherson**

Senior Director, National Retail Operations, Home Hardware Stores Ltd.

**Michael Allen**

Owner and General Manager, 3 independently owned RONA stores

**Sharon Rothwell**

Manager, Tye Building Supplies Ltd.

**Majid Tasharofi**

Partner, Standard Building Supplies

**Erik Ostensen**

Director of Sales Canada, Simpson Strong-Tie

**Ryan Hare**

Human Resources Manager, Windsor Plywood

**Matthew Boddy, ex-officio member**

Senior Program Manager, Sector Partnerships, Ministry of Post-Secondary Education and Future Skills

#### **1.4.2 Specific Inputs and Activities of Governance Committee Members**

R.A. Malatest & Associates Ltd. was contracted to conduct all research and analysis activities required for this project, as well as preparing draft copies of all major deliverables for submission to the Ministry. These drafts were then submitted to the Governance Committee for review and comment; once



Malatest-provided deliverables were approved by the Governance Committee, these deliverables were submitted to the Ministry for review and comment.

The Governance Committee has reviewed and approved of the following elements of this Sector Engagement and Labour Market Research Project:

- Project methodology and work plan;
- Findings and Report for Phase I, Sector Engagement;
- Data collection instruments for Phase II;
- Literature review for Phase II;
- Data collection activities and summary for Phase II; and
- This Draft Final Report for Phase II.

In addition, several Governance Committee members provided informal and ad hoc support to this research project by promoting data collection activities and encouraging participation among their colleagues.



## 2 RESEARCH METHODS AND APPROACH

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### 2.1 Research Design

Malatest's research approach for Phase II was developed in collaboration with BSIA leadership and a representative from the Ministry of Post-Secondary Education and Future Skills. In addition, during Phase I of this research project, Malatest conducted in-depth interviews and focus groups with employers in the sector to better understand their labour information needs, including a discussion as to the key occupations of interest. Their needs for better understanding how to attract and retain labour were incorporated into the research; in particular, extensive data collection on compensation by role was included in data collection to respond to a desire from employers to understand the wage market in their sector.

### 2.2 Literature Review

In early 2022, following the conclusion of Phase I of this project, Malatest conducted an extensive secondary literature and data review to develop a contextual understanding of past research in this area, sector trends, and other factors influencing the labour market sector.

Data and literature we examined included:

- Relevant past labour market studies from other building supply and related sector organizations;
- Multiple data sources from Statistics Canada including *Business Register*, Gross Domestic Product at basic prices by industry, Census of Population, Investment in Building Construction;
- BC Stats data on employment figures by detailed industry;
- BC Ministry of Advanced Education and Skills Training's *British Columbia Labour Market Outlook 2022-32*;
- CMHC *Housing Market Outlooks* and other relevant construction market data;
- Statistics Canada 2021 Census data;
- Grey literature and sector papers on the building supply sector and construction industries; and
- Grey literature and government reports on trends in employment contracts and precarious work.

### 2.3 Labour Market Survey

Malatest designed a labour market survey to collect data from employers on a variety of factors relevant to understanding the sector labour market. Data points collected by the survey included:

- Numbers of operations / sites, by region;
- Numbers of employees (in full-time equivalencies, or FTEs), by key roles;
- Compensation data (starting, average, and maximum wages), by key roles;
- Average turnover rate, by role;
- Expected retirements over the next five years, by role;
- Expected total workforce needs over the next five years, by role;



- State of human resources strategies and approaches; and
- Employment equity information, including age and gender breakdowns of workforces by role.

Malatest designed the survey, which was then reviewed and approved by both BSIA and PSFS representatives. The survey went into field in mid-June 2022, and closed in September.

The original completion target for the survey was 200 completions, with 50 completions per region (Island and Coast, Lower Mainland, Interior, and North). We achieved 104 completions, and an additional 55 partial completes, for a total of 159 surveys. The regional breakdowns were as follows:

- Island and Coast: 11 completions, 9 partials
- Lower Mainland: 45 completions, 28 partials
- Interior: 20 completions, 8 partials
- North: 15 completions, 0 partials

Compared to the proportional breakdown of the population of B.C., the Northern and Interior regions were overrepresented (North: 3% of population, 11% of survey completions; Interior: 19% of population, 21% of survey completions), while the Lower Mainland and Island regions were underrepresented (Lower Mainland: 61% of population, 54% of survey completions; Island and Coast: 17% of population, 15% of survey completions) based on relative population shares.

## **2.4 Key Informant Interviews**

We aimed to collect information from two main groups through key informant interviews: employers, to collect more in-depth and qualitative data on hiring and retention challenges, as well as training needs; and post-secondary training institutions, to better understand current programs available that may be relevant to the building supply sector as well as opportunities for developing new programming in the future.

Malatest conducted 21 interviews in the Fall of 2022, achieving representation from all regions of B.C. Interviews used a semi-structured interview guide, which ensured that key topics were addressed in all interviews but also allowed employers the opportunity to share other information they felt was pertinent to the study. Interviews were conducted by phone and took between 15 and 30 minutes to complete.

We also conducted five interviews with post-secondary institutions. These institutions were located in the Lower Mainland, Vancouver Island & Coast, and Northern regions. Like with employer interviews, these discussions used a semi-structured interview guide. They were conducted either by phone or web conference, depending on interviewee preference, and took between 30 and 45 minutes to complete.

## **2.5 Focus Groups**

Two different focus groups were held with two different demographic groups: new entrants in the building supply sector, and youth graduating high school. Our approaches for hosting these focus groups are described below.



### ***New Entrants***

New entrants are defined as those with one year or less of experience in the building supply industry. Participants were recruited via posters that had been shared with employers. Participants were offered a \$200 gratuity to incentivize participation. The focus group was held virtually, using the platform Microsoft Teams.

While six people initially volunteered to participate, five participants attended the focus group session. The focus group was approximately 90 minutes in length, and explored topics related to personal experiences within the industry, perception of opportunities to advance or stay on in the building supply sector, participant's career goals, and how the industry fit with those goals.

### ***Youth***

Participants were recruited at a secondary school in the Vancouver Island region. Through collaboration with a career teacher at the school, six Grade 12 students volunteered to participate. Focus group participants were remunerated with refreshments and a \$10 gift card to incentivize participation. The focus group was held in person and was approximately 90 minutes in length.

Reviewed topics related to participant career goals (e.g., what students found desirable in a career), awareness of the building supply sector, how appealing students found the sector, and whether students would consider working in related workplaces.

## **2.6 Research Limitations**

Strong efforts were made to conduct robust, multi-method research and triangulate findings as much as possible among different methods. However, the research may still have limitations and should be interpreted with these in mind. Some limitations are discussed below.

### **2.6.1 Employer Survey Sampling Bias**

The employer survey conducted did not sample from a full list of businesses in the industry; our initial sample of employers to contact for this study was approximately 590 employers, well short of the full industry size of approximately 2,900 businesses (although as noted previously it is unlikely that there are 2,900 operating businesses in BC). Further, not all businesses had an equal chance of being sampled for the survey, as our sample list was largely drawn from current and past members' lists from BSIA and supplemented with available public listings of businesses. As a result, there may be systematic sampling error based on the frame developed, with those businesses previously involved with BSIA being more likely to be contacted and invited to participate.

### **2.6.2 Sampling Error**

In total, the survey achieved 104 full survey completions with employers from across the province. Due to the fact that a single survey respondent could report on multiple business operations, if they were owners of multiple business locations, these completions represent a total of 162 business operations from across the province. Analysis of data was based on respondents, not businesses, as multiple businesses owned by the same individual could not be assumed to be independent.

Based on business operations figures (to ensure comparability with the total business operations estimate from Statistics Canada, which is based on business sites rather than employers), our full sample of survey completions has a sample error of  $\pm 7.5\%$ . This sample error is higher for many individual items





within the survey, where not all respondents provided data for each item. In many cases, there were fewer than 50 respondents providing data for individual items (e.g., wage estimates, gender representation estimates within a role). For this reason, data presented for some of the questions from the employer survey should be interpreted with caution.

### **2.6.3 Self-Selection Bias**

For both the employer survey and interviews with employers, data are subject to self-selection bias on the part of participants. Those with a greater interest in the subject matter – due to facing hiring challenges themselves, for example – may have been more motivated to participate and share their experiences than other employers not experiencing these issues. This introduces a potential source of bias in our point estimates and summaries of data.

Further, self-selection bias in employer surveys typically results in businesses with expectations for decline in the near future not participating. Businesses that expect to see major declines in operations, or even shut down, in the near future are often disinterested in participating in these types of surveys, and therefore estimates of future sector expectations have an overly positive bias as these less positive expectations are not being reported or included in the data set at all.

### **2.6.4 Limited Accuracy of Employer Predictions**

Several elements of our employer survey asked for employers' estimates or expectations for the future, such as future workforce hiring needs and future retirements. In our experience, employers tend to overestimate their future business operations growth and hiring needs. Most businesses anticipate growing their operations and market share over the medium to long term; while most business owners would concede that not all businesses within a sector *can* achieve higher-than-average growth (i.e., grow their market share) within a given period, most also believe that *their* business will be successful in doing so. This optimism in estimates tends to result in sector-wide estimates that are overly optimistic.

To mitigate the challenges of these optimistic estimates, our researchers also examined and developed labour market forecasts based on broader all-industry and sector-wide labour forecasts from WorkBC and BC Stats.



### 3 FINDINGS: CURRENT LABOUR MARKET IN BUILDING SUPPLY

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This project has defined the “building supply sector” as including both wholesale and retail sales and distribution of building materials (whether for residential or commercial purposes). This definition roughly aligns with the North American Industrial Classification System (NAICS) codes 416 (building material and supplies merchant wholesalers) and 444 (building material and garden equipment supplies dealers).

Our research and sector engagement in Phase I of this project identified a number of key roles employed by businesses in the building supply sector. Our research in Phase II has targeted those key roles for further data collection and analysis, to develop a clear understanding of employment trends and issues within the industry.

The survey of employers in the industry asked a variety of questions about their workforce’s size and composition by role, vacancies and unmet labour need, workforce turnover rates, and other items. Key findings from this survey, related to current labour market conditions, are discussed below.

#### 3.1 Estimate of Workforce Size

An analysis of Canadian Business Counts from Statistics Canada’s June 2022 data release found that there are 2,938 establishments in B.C. that are part of the building supply sector, as defined above (NAICS codes 416 and 444). Of these, 1,689 establishments are in the building material and supplies wholesale subsector, and 1,249 are in the building material and garden equipment retail subsector.

Recently released data from the 2021 Census indicates that 13,145 people were employed in the Building Supply sector (NAICS 416) and 18,380 people were employed in the building material and garden equipment (NAICS 444) sectors, for a total of 31,525 people employed in the sector in 2021.<sup>2</sup>

Data from the Labour Force Survey suggests that the sector has seen marked swings in employment, as the sector has witnessed significant changes due to market consolidation, the impact of COVID-19 and other factors that have resulted in a wide variance in employment over the past ten years. As highlighted in Figure 3.1 below, total employment in the sector (expressed as an index with 2010=100) has experienced significant changes, with the sector witnessing a 20% decline in employment in 2011 (compared to 2010) with another decline in 2020 associated with the onset of COVID-19. In contrast, employment in 2021 and 2022 rebounded sharply concurrent with the significant investment in home renovation and COVID related protection supplies as well as a resurgence in shoppers returning to “bricks and mortar” stores rather than using online shopping. It should be noted that data for the Building Supply sub-sectors (NAICS 416 and 444) was not available for 2022, so the growth in the sector’s employment was estimated using Labour Force Survey data for all Wholesale and Retail trade industries (of which the building supply sector is a part of).

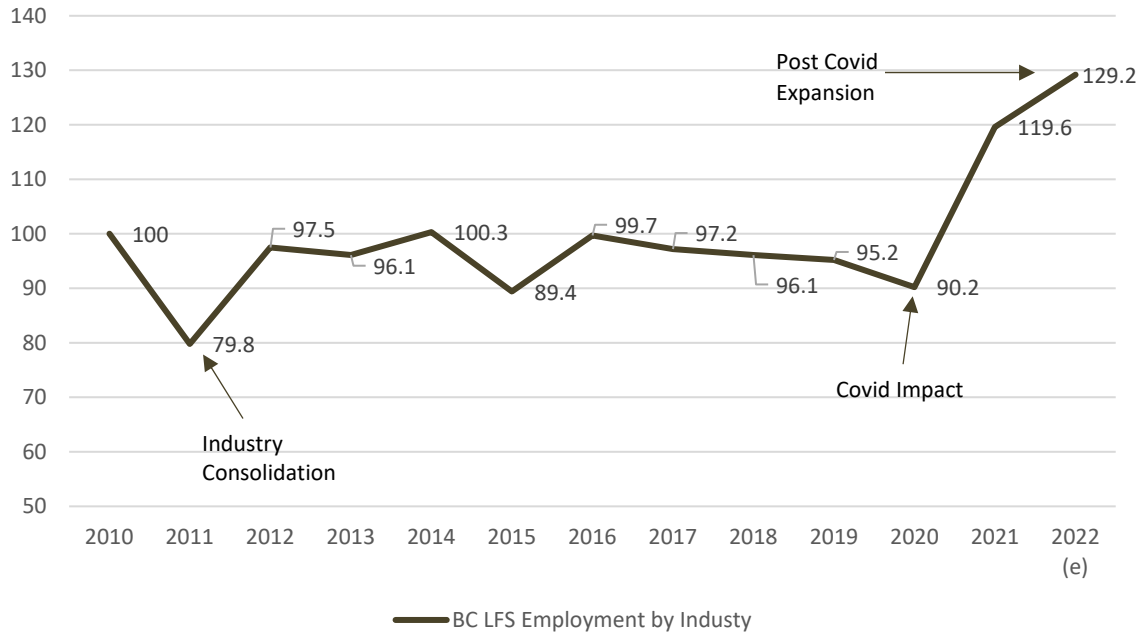
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<sup>2</sup> Statistics Canada. [Table 98-10-0448-01 Industry groups by class of worker including job permanency, labour force status, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts](#)



**Figure 3.1: Employment in the BC Building Supply Sector**

(Index 2010 = 100)



Source: BC Employment by Industry. 2022 change estimated from growth in Retail and Wholesale Trades Sector as reported by Statistics Canada Labour Force Survey

Detailed data is currently unavailable as to employment by occupation in the sector. However, using secondary data we can estimate the likely employment by key occupations in the sector. This includes examining the relative proportion of total employment in the wholesale and retail sectors that is accounted for by the Building Supply sector and proportionately allocating employment by occupation assuming that the proportional occupation breakdown found in the broader wholesale and retail trade sector is comparable in the building supply sector.

Drawing on employee counts by broad industry, we estimated the proportional size of the building supply sector relative to overall wholesale and retail sectors in B.C. Our secondary data analysis then estimated the workforce sizes for key occupations in the building supply sector. The table below outlines how estimates of workforce sizes were made.

**Table 3.1: Estimating Method for Building Supply Industry Employee Counts**

| Sector of Interest         | Broader Sector Employee Count (Census 2021 data) | Building Supply Sector Business Count | Proportion of Overall Sector Represented by Building Supply | Workforce Multiplier |
|----------------------------|--|---------------------------------------|---|----------------------|
| Wholesale trade            | 67,820<br>(NAICS 41)                             | 12,665<br>(NAICS 416)                 | 18.67%  | .1867                |
| Retail trade               | 252,150<br>(NAICS 44-45)                         | 17,490<br>(NAICS 444)                 | 6.94%   | .0694                |
| Overall Wholesale & Retail | 319,970<br>(NAICS 41 and 44-45)                  | 30,155<br>(NAICS 416 and 444)         | 9.42%   | .0942                |



For roles that applied only to the retail sector (e.g., retail salesperson), the workforce multiplier of .0694 was applied to Statistics Canada Census 2021 counts of persons working as retail salespersons in B.C. For roles that applied to only the wholesale sector (e.g., wholesale sales and account representatives), the same method was used but with the workforce multiplier of .1867. For roles that were applicable to both retail and wholesale businesses (e.g., retail and wholesale buyers), the combined multiplier of .0942 was used. For positions which are expected to be employed across a broad range of industries, and which are unlikely to be distributed evenly throughout those industries (e.g., transport truck drivers), employment figures specific to the building supply sector were not estimated.

The table below summarizes estimates of workforce size from the secondary data analysis and is used for future workforce projections based on survey data analysis (see **Section 4.3**).

**Table 3.2: Estimates of Key Occupation Workforce Sizes in B.C. Building Supply Operations**

| NOC Code & Description                                    | Estimated Workforce* |
|---|----------------------|
| Senior management roles (NOC 0015)                        | Not estimated        |
| Corporate sales managers (NOC 0601)                       | 1,010                |
| Retail and wholesale trade managers (NOC 0621)            | 6,453                |
| Retail and wholesale buyers (NOC 0622)                    | 485                  |
| Wholesale sales and account representatives (NOC 6411)    | 2,010                |
| Retail salespersons (NOC 6421)                            | 7,802                |
| Cashiers (NOC 6611)                                       | 3,843                |
| Store shelf stockers, clerks and order fillers (NOC 6622) | 3,244                |
| Transport truck drivers (NOC 7511)                        | Not estimated        |
| Heavy equipment operators (NOC 7521)                      | Not estimated        |
| Total Employment (all occupations)**                      | 31,525               |

\* Estimate of workforce size is based on reported occupations in the 2021 long-form Census, and proportional size of the building supply sector relative to overall retail and wholesale sectors.

\*\* Estimated workforce by role does not add to the total employment for the sector provided, as this table includes only estimates of select key occupations, not all roles employed in the sector.

Note: NOC codes are from 2020 and are used to ensure alignment with NOC codes provided in the BC Labour Market Outlook 2022-2032. These codes do not necessarily align with the new NOC codes introduced in 2021.

## 3.2 Workforce Demographics

### 3.2.1 Age of Workforce

The building supply sector in B.C., like most industries throughout the province and across Canada, is currently challenged by an aging workforce and high levels of retirements occurring currently, or expected within a short time frame. The building supply sector, however, is facing a workforce that is considerably older than the average for comparable wholesale and retail sectors. **Table 3.3** below provides a comparison of the workforce by key age groups.



**Table 3.3: Age Composition of Relevant Sector Workforces in BC, 2021**

| Sector  | 15 to 24 years | 25 to 44 years | 45 to 54 years | 55 to 64 years | 65 and over |
|---|----------------|----------------|----------------|----------------|-------------|
| 41 – Wholesale trade  | 8%             | 44%            | 23%            | 20%            | 5%          |
| 416 – Building material and supplies merchant wholesalers         | 8%             | 43%            | 25%            | 20%            | 5%          |
| 44-45 – Retail trade  | 27%            | 38%            | 15%            | 15%            | 5%          |
| 444 – Building material and garden equipment and supplies dealers | 21%            | 31%            | 15%            | 22%            | 10%         |

Source: Statistics Canada. [Table 98-10-0448-01 Industry groups by class of worker including job permanency, labour force status, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts](#)

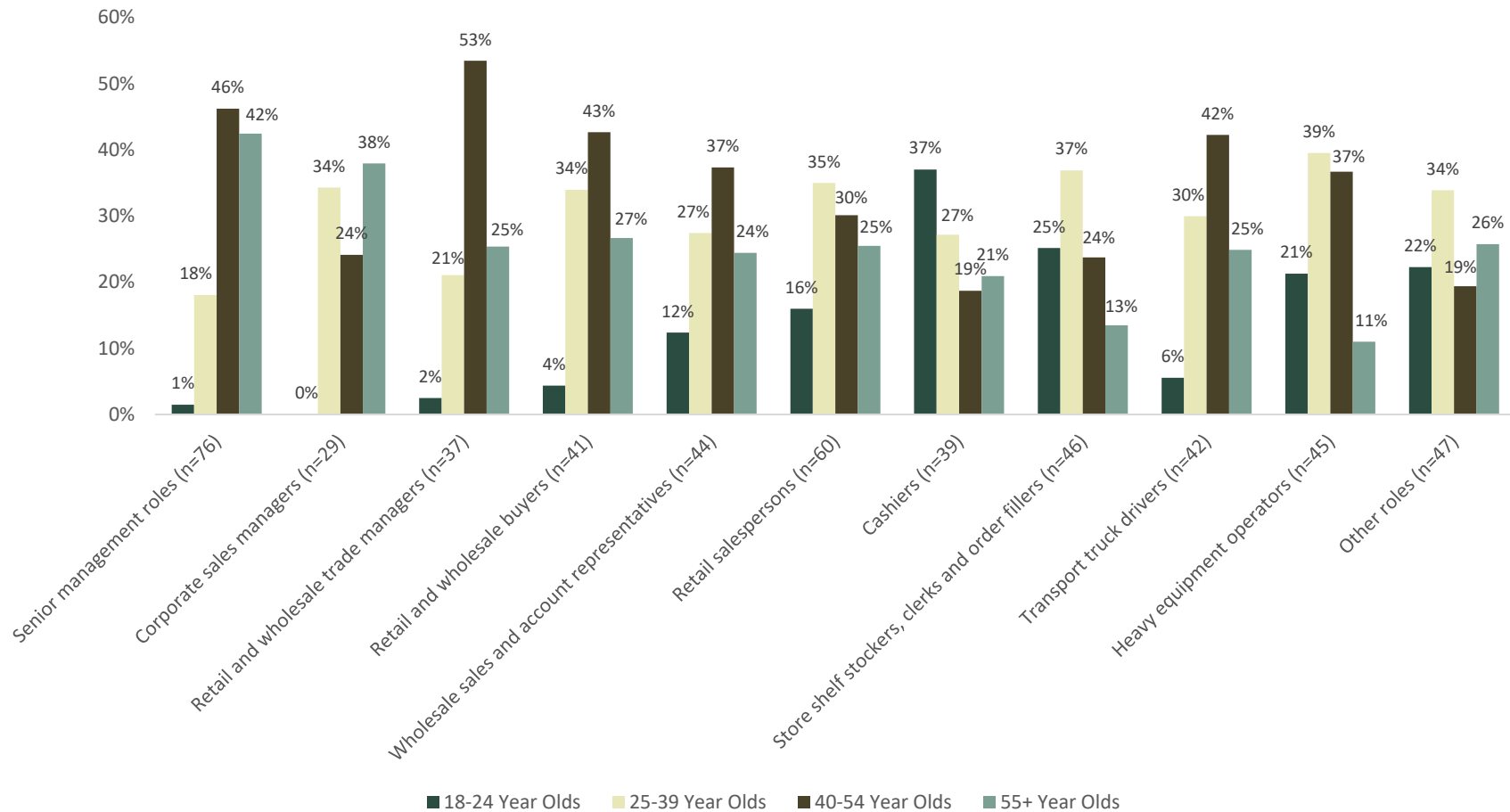
Within the wholesale side of the building supply sector, the age distribution for the sector aligns closely with the overall average for wholesale in general in B.C.; approximately one in five employees is of the age that they will be retiring within the next 10 years, and one in twenty are already of retirement age. Within the retail side of the building supply sector, however, the age distribution is revealed to be considerably older. While only 15% of retail employees overall are aged 55 to 64, within the building supplies retail subsector that proportion is 22%. Further, the proportion of employees aged 65 and over is twice as high in the retail side of the building supply sector when compared to retail trade overall in British Columbia (10% 65 years of age versus 5% for the retail trade sector as a whole).

These findings on age distribution of the workforce were corroborated by the employer survey. Employers provided estimates of the proportion of their workforce in each role by age and gender; of 104 survey completers, between 30 and 76 provided responses to these questions (ns varied by item / role, due to some firms not employing some roles).



Across nearly all key positions (with exceptions being cashiers, store shelf stockers, and heavy equipment operators), employees aged 40 and over made up the majority of the workforce. The “oldest” positions examined were senior management roles and corporate sales managers, with approximately two-fifths of the workforce in each of these positions being staffed by those aged 55 years and over. Young people (those aged 18 to 24) had the highest presence in cashier and shelf stocker / order filler roles, two positions with high turnover rates.

**Figure 3.2: Average Age Composition of Workforces, by Role**



Source: *BSIA Labour Market Information Employer Survey, 2022.*  
Valid n varies by role, please refer to figure for more details.





These findings highlight the need to increase the presence of young people in the sector on “career track” positions, to ensure that there is a reliable supply of experienced and trained workers available for promotion to more senior roles as the large cohort of workers aged 55 and older retire over the coming decade.

### 3.2.2 Gender Composition of Workforce

Overall, men and women make up nearly identical proportions of the employees in B.C.: men make up 50.2% of all employees in the province, while women make up 49.8% of all employees. However, gender distribution of employees is skewed differently within the wholesale and retail sectors overall, and even more so within building supply subsectors of these. **Table 3.4** below summarizes the gender distribution of employees in the wholesale and retail sectors overall, and the building supply subsectors of each.

**Table 3.4: Gender Composition of Relevant Sector Workforces in BC, 2021**

| Sector  | Men | Women |
|---|-----|-------|
| 41 – Wholesale trade  | 66% | 34%   |
| 416 – Building material and supplies merchant wholesalers         | 74% | 26%   |
| 44-45 – Retail trade  | 47% | 53%   |
| 444 – Building material and garden equipment and supplies dealers | 61% | 39%   |

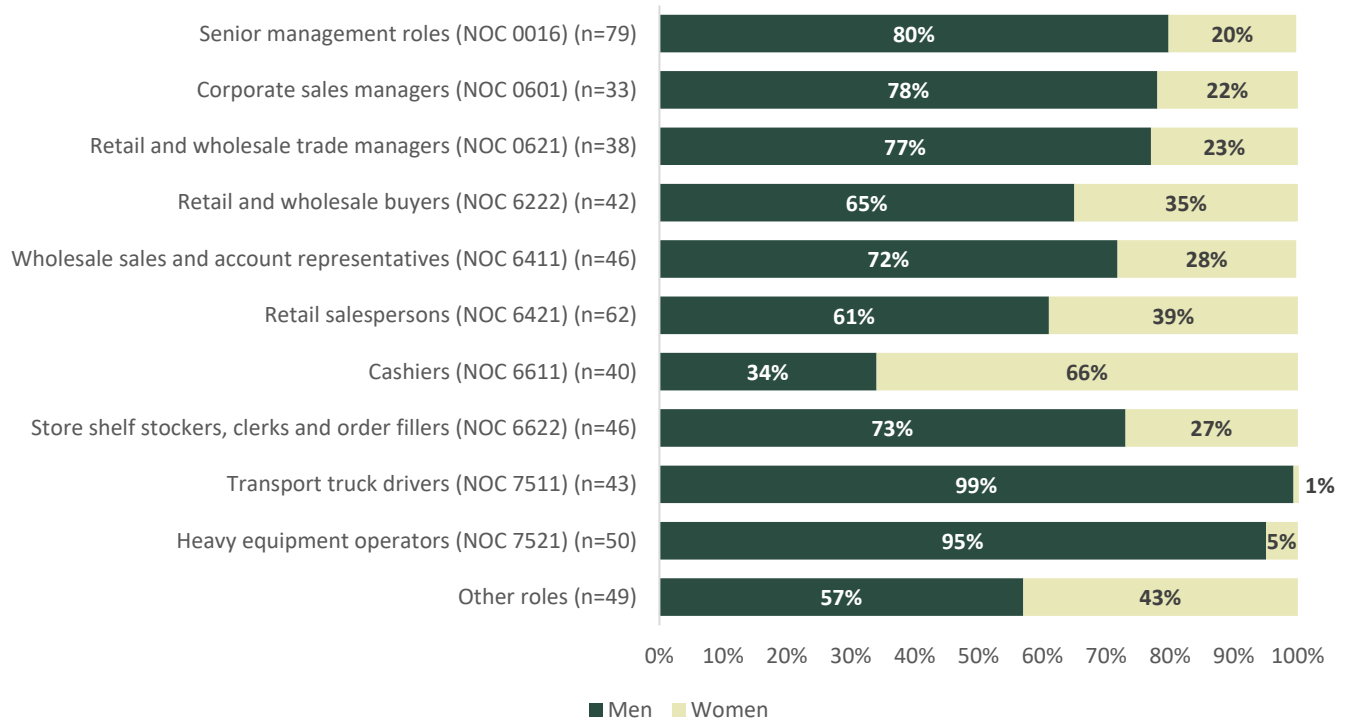
Source: Statistics Canada. [Table 98-10-0448-01 Industry groups by class of worker including job permanency, labour force status, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts](#)

Again, these findings were corroborated by employer survey data; men were heavily overrepresented in nearly every role in the industry. The only exception to this trend was the role of cashier, where women made up a majority of employed individuals (66%). It is notable, however, that this role is also the lowest paid role (based on wage and salary data from this survey sample cohort), suggesting that not only are women underrepresented in the industry overall, but they are underrepresented in career-level positions and instead tend to be hired for low-pay, entry-level work. Highlighted in **Figure 3.3** is the distribution by gender for the key occupations examined in the survey as reported by employers.

Gender diverse individuals were not found to be represented in the workforces of survey respondents.



Figure 3.3: Gender Composition of Workforces, by Role



Source: BSIA Labour Market Information Employer Survey, 2022.  
Valid n varies by role, please refer to figure for more details.

### 3.2.3 Hiring from Equity Groups

A further survey item on hiring equity asked employers whether they had hired any employees from several given equity groups within the past year. Most firms (83%) had made at least one hire, from at least one equity group, within the past year, however rates of hiring for each individual group were low among employers.

Less than two in five businesses (39%) reported hiring a woman in the past year, and only 30% of businesses reported hiring a youth in the past year. Other equity groups included:

- New Canadians – approximately one in five businesses (22%) had hired at least one recent immigrant in the past year;
- Indigenous persons – fewer than one in five businesses (16%) had hired at least one Indigenous person in the past year; and
- Persons with disabilities – only 14% of businesses had hired a person with a disability in the past year.



## 4 FINDINGS: SECTOR TRENDS AND FORECASTS

### 4.1 Economic and Environmental Influences

As an industry that primarily serves the needs of the construction and renovation sectors, building supply is highly dependent on trends in construction and real estate. In addition, changing technologies and approaches to the workplace in retail spaces may have profound impacts on the demand for labour in the retail side of the building supply industry over the next decade.

#### 4.1.1 New Construction in B.C.

Investment in B.C. building construction has had seasonal peaks and valleys over the past six years, although there remains an overall trend towards upwards growth over this period. Between January 2017 and January 2022, there was an overall increase in new build investment (all buildings, residential and non-residential) of 33%; investment in residential new construction saw a somewhat smaller increase over this same time frame, of 28%.<sup>3,4</sup> **Figure 4.1** below illustrates trends in construction investment over this time period.

**Figure 4.1: Construction Investment in New Builds in B.C., January 2017 to January 2022, in 2002 Constant Dollars (millions)**



Source: Statistics Canada. Table 34-10-0175-01 Investment in Building Construction.

As can be seen in the figure above, residential construction consistently accounted for about three-quarters of all construction investment in B.C. over this time period, with overall higher investments in

<sup>3</sup> All figures accounting for inflation, using Statistics Canada’s Consumer Price Index for All Items within B.C.; dollar values are referenced to 2002. Source: Statistics Canada. Table 18-10-0004-02 Consumer Price Index by geography, all-items, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit. Data accessed March 24, 2022, from <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000402>.

<sup>4</sup> Statistics Canada. Table 34-10-0175-01 Investment in Building Construction. Data accessed March 17, 2022, from <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410017501>.



multi dwelling residential construction consistent throughout the period. After hitting a record high investment amount for the period in July 2019, investment has dropped slightly although still remains high.

Since the COVID-19 pandemic reached Canada in March of 2020, the housing market has defied expectations by continuing to reach record highs on multiple metrics, including average home prices in markets across Canada and numbers of homes being bought and sold. This high demand for housing has had an impact on the housing construction industry, with a record high annual increase in the number of new housing starts being reached in March 2021.

Between 2021 and 2022, B.C. saw a 2% decrease in housing starts across the province (from 47,607 in 2021 to 46,721 in 2022). This was slightly higher than the national change in housing starts, -3%, over the same time period.<sup>5</sup> Of these, in B.C. the largest proportion of starts were for apartment units (66%), followed by single detached homes (21%), row homes (9%), and semi-detached homes (4%).<sup>6</sup>

It is expected that the national housing market will cool over the coming couple of years, as the Bank of Canada has been aggressively raising its overnight lending rate in 2022 and into 2023, which is impacting the ability of Canadian households to borrow and carry mortgages. While in the long term this may have some slowing impact on new construction, there is currently strong political will – particularly in large urban centres like Vancouver – to address housing supply shortages through construction of new units. Strong initiatives to make up for years of underbuilding the housing supply in these regions will likely result in sustained high levels of housing construction.<sup>7</sup> However, an overall decline in residential construction projects has been noted among Canadian homebuilders, with 59% of surveyed Canadian Homebuilders' Association members reporting a reduction in units built, and 30% reporting project cancelations, in 2022.<sup>8</sup> Labour shortages are a concern for the construction industry as well, with lack of available labour resulting in high prices for prospective home buyers and developers, and delays in construction – all of which impact demand for supplies from the building supply sector.

Similarly, CMHC's Spring 2022 *Housing Market Outlook* forecasted reductions in housing starts, of all types, in the Victoria census metropolitan area for 2023 and a stabilization moving into 2024. For Vancouver, the *Outlook* expected housing starts will remain in line with five-year averages for 2023 due to the increased prices of homes in the region still creating opportunity for profit for developers.<sup>9</sup>

Overall, expectations for new construction in B.C. vary from “falling” to “maintaining,” depending on region. However, given that real estate and housing construction have been major economic drivers and experienced high year-over-year growth in B.C. for over a decade, even a “status quo” experience of

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<sup>5</sup> Canada Mortgage and Housing Corporation. CMHC Starts and Completions Survey and Market Absorption Survey. Data accessed February 25, 2022, from <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>.

<sup>6</sup> *Ibid.*

<sup>7</sup> Sightline Institute. *The Vancouver Region is Leading the Way in Housing*. Report accessed March 15, 2022, from <https://www.sightline.org/2022/03/04/the-vancouver-region-is-leading-the-way-in-housing/>.

<sup>8</sup> Canadian Home Builders' Association. *Housing Market Index 2021 Q4 Update*. Accessed March 17, 2022, from <https://www.chba.ca/hmi>.

<sup>9</sup> Canada Mortgage and Housing Corporation. *Housing Market Outlook – Spring 2022*. Report accessed February 3, 2023, from <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/housing-market-outlook/2022/housing-market-outlook-spring-2022-en.pdf?rev=d5920118-d09c-40f7-8cc4-0fd1efd6483f>.

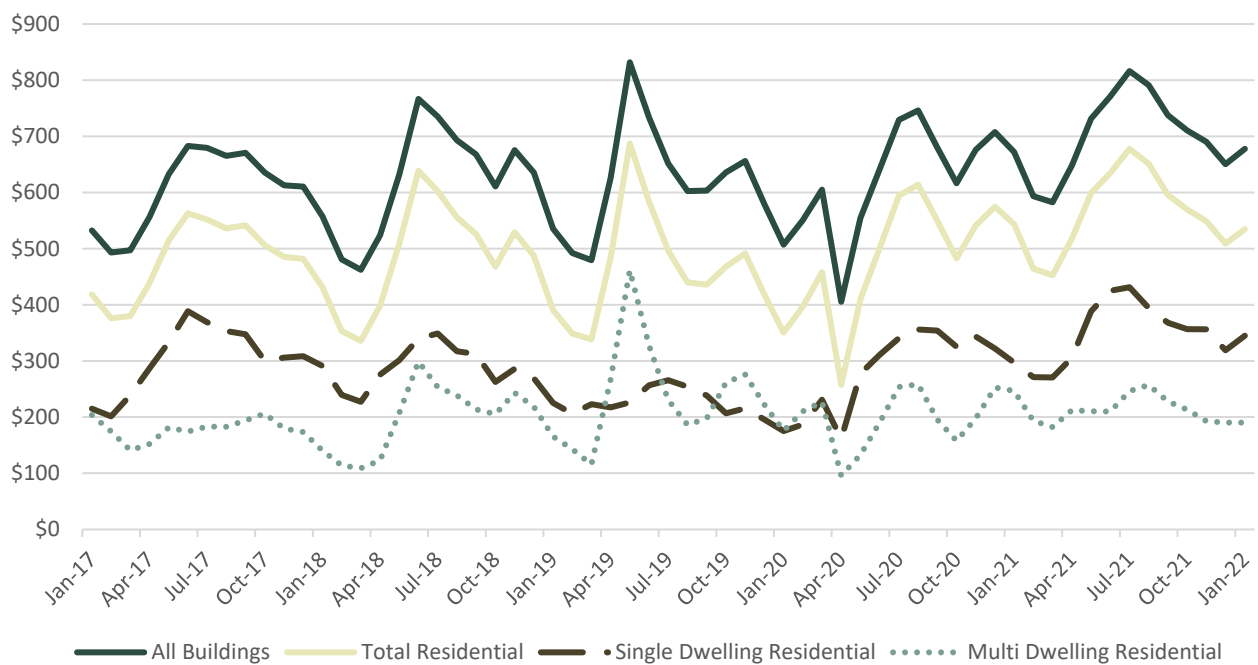


stabilization in construction may be felt very strongly in this sector, as well as supporting sectors like building supply.

#### 4.1.2 Renovation in B.C.

Between January 2017 and January 2022, investment in building renovations in B.C. saw similar increases as those in new building construction. Investment in renovation for all building types increased by 27%, while investment in residential renovation increased by 28%. As with new build investment data, considerable seasonal swings were seen in the data over time. **Figure 4.2** illustrates trends in renovation investment over this time frame.

**Figure 4.2: Construction Investment in Renovation in B.C., January 2017 to January 2022, in 2002 Constant Dollars (millions)**



Source: Statistics Canada. Table 34-10-0175-01 Investment in Building Construction.

Throughout this time period, residential renovations accounted for between 70% and 80% of all renovation investment in the province. Despite a surprising surge in Spring 2019 in investment in multi dwelling residential structures, overall single dwelling residences saw a higher proportion of renovation investment.

Other construction investment, in the form of conversions and other work, has seen the most striking increase over the past five years. **Figure 4.3** below illustrates these trends.



Figure 4.3: Construction Investment in Conversion and Other Work in B.C., January 2017 to January 2022, in 2002 Constant Dollars (millions)



Source: Statistics Canada. Table 34-10-0175-01 Investment in Building Construction.

Between January 2017 and January 2022, investment in conversions and other work for all building types increased 48%; for this type of work in residential units, investment increased 33%. These investments saw a peak in May 2021, with approximately \$120M invested in such work in B.C.

## 4.2 Current Workforce Trends

Our employer survey examined trends in workforce vacancies, employee turnover, and sector turnover, to collect a high-level overview of labour force dynamics in the sector. We also examined future expectations for hiring needs, including expectations for retirements and sector growth or decline in the next five years, to estimate future workforce needs.

### 4.2.1 Current Workforce Vacancies and Unmet Labour Need

Nearly two in five employers (39%) from the employer survey reported that they currently had long-term vacancies (lasting four months or longer) in their workplaces. These long-term vacancies were reported across all roles examined, with the largest need being in entry-level roles such as shelf stockers and retail salespersons. **Table 4.1** below summarizes the state of vacancies by key occupations as reported by employers in the survey.





**Table 4.1: State of Vacancies among Employer Respondents to Labour Market Survey**

| Role & National Occupational Classification Code (NOC)    | Number of Firms with Vacancies in this Role | Proportion of Firms with Vacancies* | Mean Number of FTE Vacancies** | Global Vacancy Rate for Position in Sector* |
|---|---|-------------------------------------|--------------------------------|---|
| Senior management roles (NOC 0015)                        | 4   | 3%                                  | 2.25                           | 3%  |
| Corporate sales managers (NOC 0601)                       | 3   | 2%                                  | 1.00                           | 2%  |
| Retail and wholesale trade managers (NOC 0621)            | 4   | 3%                                  | 4.50                           | 2%  |
| Retail and wholesale buyers (NOC 0622)                    | 3   | 2%                                  | 1.00                           | 2%  |
| Wholesale sales and account representatives (NOC 6411)    | 11  | 8%                                  | 2.18                           | 6%  |
| Retail salespersons (NOC 6421)                            | 17  | 13%                                 | 2.94                           | 6%  |
| Cashiers (NOC 6611)                                       | 10  | 7%                                  | 3.40                           | 9%  |
| Store shelf stockers, clerks and order fillers (NOC 6622) | 15  | 11%                                 | 4.27                           | 7%  |
| Transport truck drivers (NOC 7511)                        | 10  | 7%                                  | 2.20                           | 9%  |
| Heavy equipment operators (NOC 7521)                      | 17  | 13%                                 | 2.35                           | 7%  |

\* Proportion of all employers reporting about vacancies (n=135).

\*\* Mean calculated including only those firms reporting vacancy in this role; n varies by role, see table for details.

More than 10% of all firms surveyed reported long-term vacancies in retail salesperson roles, heavy equipment operator roles, and store shelf stocker roles. As proportions of the overall workforce, vacancies accounted for between 2% and 9% of employers' current workforces, with higher vacancy rates being reported in lower-level roles (e.g., cashier, shelf stocker).

#### 4.2.2 Annual Employee Turnover

Unsurprisingly, turnover rates were highest among entry-level roles among respondents to the employer survey. **Table 4.2** below summarizes the average annual turnover rates among employers from survey data.

**Table 4.2: Average Annual Turnover Rates among Employers**

| Role   | n  | Mean Turnover Rate |
|--|----|--------------------|
| Senior management roles (NOC 0016)                         | 65 | 3%                 |
| Corporate sales managers (NOC 0601)                        | 21 | 5%                 |
| Retail and wholesale trade manager (NOC 0621)              | 36 | 5%                 |
| Retail and wholesale buyers (NOC 6222)                     | 38 | 7%                 |
| Wholesale sales and account representatives (NOC 6411)     | 37 | 8%                 |
| Retail salespersons (NOC 6421)                             | 58 | 19%                |
| Cashiers (NOC 6611)  | 38 | 26%                |
| Store shelf stockers, clerks, and order fillers (NOC 6622) | 44 | 23%                |
| Transport truck drivers (NOC 7511)                         | 41 | 18%                |
| Heavy equipment operators (NOC 7521)                       | 46 | 23%                |

Source: Building Supply Sector Employer Survey (2022).

Valid n varies by item, please see table for details.



Highest turnover rates among sales-specific roles were found among cashiers (26% annual turnover), store shelf stockers (23% annual turnover), and retail salespersons (19% annual turnover). There was also high turnover among transport truck drivers (18%), possibly due to the transferability of the skill to other jobs and high competitions for these workers, and among heavy equipment operators (23%).

The employer survey asked respondents to estimate what proportion of their turnover employees each year leave to work at another business in the sector, and what proportion leave the sector entirely. Eighty-three employers provided responses to this question; overall, employers estimated that slightly more than one-third (36%) of their lost workforce each year remains within the sector, while just under two thirds (63%) leave the sector entirely.

### 4.2.3 Anticipated Retirements

Respondents to the employer survey were asked to estimate the number of retirements, in full-time equivalencies, they expected to see between 2023 and 2027. For most of the occupations considered, it appears that retirements are expected to accelerate throughout the forecast period. As highlighted in Table 4.3, for several positions (senior managers, retail and wholesale managers, truck drivers) it appears that at least one-fifth of the existing workforce will be retiring in the next five years. Overall, employers indicated that they expect to see approximately 15% of their workforce retire by 2027. **Table 4.3** below summarizes expected retirement trends by key occupation among employers over the next five years.

**Table 4.3: Expected Retirements, by Role, among Employer Respondents**

| Role  | Current Total Workforce | 2023 Retirements | 2024-25 Retirements | 2026-27 Retirements | Total Retirements 2023-27 | Total Retirement Rate 2023-27 |
|---|-------------------------|------------------|---------------------|---------------------|---------------------------|-------------------------------|
| Senior management roles (0015)                        | 305.0                   | 13.0             | 26.0                | 34.0                | <b>73.0</b>               | <b>24%</b>                    |
| Corporate sales managers (0601)                       | 153.0                   | 3.0              | 8.0                 | 7.0                 | <b>18.0</b>               | <b>12%</b>                    |
| Retail and wholesale trade managers (0621)            | 192.0                   | 6.0              | 14.0                | 19.0                | <b>39.0</b>               | <b>20%</b>                    |
| Retail and wholesale buyers (0622)                    | 169.0                   | 4.0              | 11.0                | 17.0                | <b>32.0</b>               | <b>19%</b>                    |
| Retail salespersons (6421)                            | 880.6                   | 39.0             | 50.0                | 65.0                | <b>154.0</b>              | <b>17%</b>                    |
| Wholesale sales and account representatives (6411)    | 392.0                   | 8.0              | 16.0                | 27.0                | <b>51.0</b>               | <b>13%</b>                    |
| Cashiers (6611)                                       | 388.5                   | 15.5             | 23.0                | 20.0                | <b>58.5</b>               | <b>15%</b>                    |
| Store shelf stockers, clerks and order fillers (6622) | 933.6                   | 18.0             | 30.0                | 35.0                | <b>83.0</b>               | <b>9%</b>                     |
| Transport truck drivers (7511)                        | 244.5                   | 7.0              | 22.0                | 21.0                | <b>50.0</b>               | <b>20%</b>                    |
| Heavy equipment operators (7521)                      | 541.0                   | 18.0             | 27.0                | 32.0                | <b>77.0</b>               | <b>14%</b>                    |



These findings are roughly in line with, although slightly higher than, the current distribution of working-age adults in B.C. As of the 2021 Census of Population, approximately 11% of B.C.'s working-aged population (those between 15 and 64) were between 60 and 64.<sup>10</sup>

### 4.3 **Future Workforce Forecasts**

When developing forecasts for future hiring needs within a sector, two main contributing factors are considered: *demand expansion*, and *replacement hiring*. Each of these elements are explained below.

#### ***Demand Expansion***

Demand expansion refers to the increase in demand for workers that arises from sector growth. When a business expects that it will increase its operations or sales volume, typically there are accompanying expectations that more employees will be needed to support that increased operations capacity.

Typically, this growth in the total workforce would be similar to that of the overall provincial workforce or growth in the provincial economy as a whole. However, there are factors that can affect these patterns, such as the sector growing more quickly than that of the provincial economy as a whole, or when the sector realizes significant productivity gains that reduce the need for labour.

It should be noted that employer surveys that focus on employment growth will often result in higher than expected expectations with respect to total employment growth. This is not surprising since employers who are experiencing workforce contraction, or going out of business, are not likely to participate in such labour market surveys. In this context, a positive employment bias often exists with these surveys. Notwithstanding these challenges, it is useful to collect such data to identify differences across industry sub-sectors or regions with respect to expected labour force expansion, bearing in mind that there likely exists a similar bias across all responses to the survey and accordingly interpreting the data with caution.

#### ***Replacement Hiring***

Replacement hiring refers to hiring that employers need to do to meet and maintain their current workforce requirements. This includes hiring to: fill existing vacancies; replace retiring workers; and replace workers who are leaving the sector to pursue work elsewhere (e.g., a post-secondary student graduates and moves from working part-time in a retail position to employment in their area of study in a completely different sector). It is important to note that, when calculating overall sector-wide replacement hiring, we do not include replacements for workers who leave employment at one business to work for another business in the same sector; while the first employer in that scenario has now lost an employee, the second employer has gained one, resulting in a net change of zero for the sector as a whole. To support estimating these sector separations, we asked employers in the survey to estimate what proportion of their departing workers leave for another job within the same sector, and what proportion leave the sector entirely. These estimates have been incorporated into our estimates of replacement hiring requirements in **Section 4.3.2**.

In general, the number of hires required to replace exiting workers is much higher than those needed due to demand expansion. Replacement hiring is influenced by the age of the workforce (i.e., an older

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<sup>10</sup> Statistics Canada. 2022. (table). *Census Profile*. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released December 15, 2022. Retrieved from <https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E>



workforce will have a higher retirement rate than would a younger workforce) and the turnover rate experienced by employers. In the employer survey, we asked employers to estimate the number of workers needed to fill existing vacancies, retirements and other separations. It should be noted that replacement hiring used in this context differs slightly from the data reported in the BC Labour Market Outlook (BCLMO) as in the BCLMO, there is no measure of how many workers are needed to replace those who leave one industry to work in another as across all industries there would be no net loss. However, for employers in the building supply sector, they are faced with having to replace a number of such workers as many of the employees who separate from their employer in the building supply sector were thought to find work in another industry altogether (i.e., construction, oil & gas, trucking). In this context, given that this sector experiences a net loss of workers to other sectors, it is important to include this measure when estimating the number of replacement positions needed to be filled in the sector.

#### **4.3.1 Demand Expansion Hiring Requirements**

Highlighted below are estimates of the number of workers required to work in the sector due to growth in the sector. As noted previously, due to the tendency for employer surveys to “overestimate” demand related growth, there are two scenarios presented: the Employer Survey scenario and the BC Labour Market Outlook Scenario.

##### ***Employer Survey Scenario***

In the survey, employers were asked to provide estimates of FTEs, both total and by key role, for the following time periods:

- Current FTEs employed at their company;
- Expected FTEs to be employed in 2023;
- Expected FTEs to be employed in 2025; and
- Expected FTEs to be employed in 2027.

For each respondent, growth rates (both by FTE count and percentage) were calculated for each time point. These figures were then used to identify trends in workforce growth expectations, which are discussed below.

Approximately one-half (52%) of employers surveyed reported that they expected to see an increase in the overall size of their workforce (measured in FTEs) over the next five years, while 41% expected their staffing needs to remain constant, and only 8% anticipated a decrease in their workforces.

Among respondents who expected an overall increase in FTEs by 2027, there was a mean expectation of a roughly 21% increase in workforce size. Estimates ranged from +1% to +100%, with a modal response of +10%.<sup>11</sup> When asked what would drive this increase in workforce size, the most common themes from survey respondents’ comments included overall growth in building construction and/or renovation sectors and increased sales, and expansion of the operation’s market share.

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<sup>11</sup> Figures exclude from calculation one outlier estimate that anticipated a +500% increase in workforce size, due to planned development of a second branch of their operation.



Among respondents who expected an overall decrease in FTEs by 2027, there was a mean expectation of a roughly 23% decrease in the overall size of their workforce. Estimates ranged from -10% to -30%, with a modal response of -25%. Reasons for these expected declines tended to include an anticipated recession, and the overall challenges with finding young people to work given the high costs of living and housing in B.C.

Analysis of anticipated workforce growth, overall and by role, is summarized in **Table 4.4** below. It should be noted that there were significant discrepancies within employer-reported expectations for growth. When asked for overall workforce growth expectations (in terms of FTEs), employers typically provided figures in the range of 10%; however, when asked to provide estimates of workforce growth by role, average anticipated increases in hiring far outstripped this 10% estimate. For this reason, we recommend using caution when interpreting the numbers below, and this scenario should not be considered a reliable forecast of future demand expansion hiring needs for the sector.

**Table 4.4: Employer Growth Scenario Forecast for the Building Supply Sector Workforce**

| Industry or Position  | Estimate of Workforce Size, 2021 | Anticipated Workforce Need by 2025 | Anticipated New Positions Needed by 2025 | Anticipated Workforce Need by 2027 | Anticipated New Positions Needed by 2027 |
|---|----------------------------------|------------------------------------|--|------------------------------------|--|
| <b>Industry Workforce Estimates<sup>1</sup></b>   |                                  |                                    |  |                                    |  |
| 416 – Building material and supplies merchant wholesalers   | 13,145                           | Not estimated <sup>1</sup>         |  |                                    |  |
| 444 – Building material and garden equipment and supplies dealers                                 | 18,380                           | Not estimated                      |  | 20,310 <sup>2</sup>                | 1,930 <sup>2</sup>                       |
| <b>Total Building Supply Sector, by Industry<sup>3</sup></b>                                      | <b>31,525</b>                    | <b>Not estimated</b>               |  | <b>34,678</b>                      | <b>3,153</b>                             |
| <b>Workforce Estimates by Key Occupation<sup>4</sup></b>  |                                  |                                    |  |                                    |  |
| Corporate sales managers in retail and wholesale trade and customer services (NOC 0601)           | 1,010                            | 1,111                              | 101                                      | 1,194                              | 184                                      |
| Retail and wholesale trade managers in retail and wholesale trade and customer service (NOC 0621) | 6,453                            | 12,446                             | 5,992                                    | 15,212                             | 8,758                                    |
| Retail and wholesale buyers (NOC 0622)  | 485                              | 607                                | 4,737                                    | 13,097                             | 5,295                                    |
| Sales and account representatives – wholesale trade (non-technical) (NOC 6411)                    | 2,010                            | 12,540                             | 121                                      | 647                                | 162                                      |
| Retail salespersons (NOC 6421)  | 7,802                            | 2,074                              | 64                                       | 2,552                              | 542                                      |
| Cashiers (NOC 6611)   | 3,843                            | 6,863                              | 3,020                                    | 7,138                              | 3,294                                    |
| Store shelf stockers, clerks and order fillers (NOC 6622)   | 3,244                            | 2,615                              | -630                                     | 4,891                              | 1,646                                    |
| <b>Total Building Supply Sector, by Key Role<sup>5</sup></b>                                      | <b>24,849</b>                    | <b>38,255</b>                      | <b>13,406</b>                            | <b>44,730</b>                      | <b>19,881</b>                            |

<sup>1</sup> Within the employer survey data set, only 22 respondents who provided estimates of workforce increases or decreases over the next five years represented manufacturing and/or wholesale distribution businesses. Due to this small sample size, we did not use these data points to estimate overall sector growth over the next ten years.

<sup>2</sup> Although, as described earlier in this section, there was an overall growth estimate of approximately 10% among all employer survey respondents, retail sector employers were on the whole more positive or optimistic about their workforce growth over



the next five years, with an average estimate of increasing by about 10.5%. This high estimate is reflected in the workforce numbers in this row. Valid  $n$  for this estimate of growth was 69.

<sup>3</sup> Although, due to small sample size, our analysis did not break out growth estimates specifically for the wholesale side of the sector, these data points were pooled with those from retail employers to create a global estimate of growth for the overall building supply sector. These data were used to generate workforce forecasts for this row; valid  $n$  for this estimate of growth was 91.

<sup>4</sup> Estimates for future workforce growth utilized 2021 workforce data taken from BC Stats' *Employment by Detailed Industry* to estimate current workforce size, given that estimates drawn from employer survey data would be subject to high error estimates stemming from a relatively small sample size.

<sup>5</sup> The total number estimated for workforce growth by key role is considerably larger than the estimates of overall industry growth, despite both sets of numbers being drawn from employer estimates. Examination of data indicate that employers tended to estimate change in workforces by specific role at much higher rates than their own estimates of overall workforce change.

The results of the employer survey suggests that many employers anticipate that they will see modest growth over the next five years. The 10% increase in total employment anticipated by employers during the period from 2022 to 2027 is not unreasonable, as it has been shown previously (**Figure 3.1**) that the industry has witnessed considerable growth in the past two years as the sector benefitted from the massive investment in residential renovations which greatly impacted the sector and the general increase in retail sales.

It should be noted that the expansion hiring demands for the sector were developed from data collected through the Employer Survey, which was in field in the Summer of 2022. Subsequently, Malatest conducted key informant interviews with employers in the sector in the Fall of 2022, at a time when the Bank of Canada interest rate hikes were starting to be felt in the real estate and construction industries. Most comments regarding expected hiring demand for the future indicated that they had tempered expectations for business and hiring demands over the coming few years. While those who were currently experiencing vacancies still felt a need to fill them, there were lowered expectations for continued growth of their workforce due to growing demand for their products or services.

### ***BC Labour Market Outlook Scenario***

As noted previously, employer estimates for future employment growth tend to be highly optimistic although data presented for 2020-2022 does show that the sector has experienced robust employment growth (see Figure 3.1, p.10). To supplement these data, Malatest researchers have examined the *British Columbia Labour Market Outlook 2022-32* to identify alternative, and more conservative, estimates of expansion demand hiring over the next five years. The *BC Labour Market Outlook* does not however provide data at the three-digit industry level, and for the purposes of estimating the number of workers needed, we used the estimates for the broader industry groups in which the building supply sector is a part of. The two sectors that were used to provide a likely estimate of the hiring needs for the building supply sector was the *other retail trade sector (excluding cars, online shopping and personal care)* and the *wholesale trade sector*. Using these sectors as a proxy for the building supply sector suggests that the demand expansion associated with these sectors would be more modest than the employment growth projected by BC BSIA employers. For example, in the BCLMO, it is estimated that the workforces of the other retail trade subsector in the province would grow by about 1.1% per year (or by 5.5% by 2027), and wholesale trade would grow at about 0.9% per year (or about 4.4% by 2027).

Using data from the BCLMO we can see that for the sectors that would include establishments in the BC Building Supply industry, the employment forecast provided through the BCLMO is more conservative than data provided by employers. For example, as highlighted in Table 4.5, the BCLMO projects that employment in wholesale trade is projected to increase by only 4.4% over the next five years while





employment in Other Retail Trade is projected to increase by 5.5%. Both sectors combined are forecast to see a modest growth of 5.2% over the next five years. However, as pointed out earlier, the BCLMO does not publish data at the exact industry level for the BC Building Supply sector, so the employment forecast provided by employers in the survey (approx. 10% growth over the next five years) is not necessarily out of line with the BCLMO projection (5.2%). It is interesting to note that the BCLMO projects that the major sectors in which the BC Building Supply industry is a part of is expected to grow at a rate slightly below that of the all industry average, yet recent data for the BC Building Supply sector (for 2020-2022) suggests that the sector has grown at a pace much faster than most other industries. This again highlights that challenge of trying to fit the BC Building Supply sector into these larger industry sectors given the unique employment pattern of the sector.

**Table 4.5: Employment Growth by Sector – BC LMO 2022-2032 (Note that data is unavailable for NAICS 416 and 444)**

| Sector   | Current Total Workforce (2022 – 000's) | 2025   | 2027   | Total Employment Growth 2022-27 | % Change in Total Employment (2022-2027) | Compound Annual Growth Rate (CAGR) 2022-27 |
|--|--|--------|--------|---------------------------------|--|--|
| Wholesale Trade  | 89.7                                   | 92.0   | 93.6   | 3.9                             | 4.4%                                     | 0.9%                                       |
| Other retail trade (excluding cars, online shopping and personal care) | 245.2                                  | 253.1  | 258.6  | 13.4                            | 5.5%                                     | 1.1%                                       |
| Combined wholesale trade and Other Retail Trade                        | 334.9                                  | 345.1  | 352.2  | 17.3                            | 5.2%                                     | 1.0%                                       |
| All Industry Average   | 2728.9                                 | 2841.9 | 2908.1 | 179.2                           | 6.6%                                     | 1.3%                                       |

Source: BC LMO 2022-2032. Employment by Industry. Accessed at <https://catalogue.data.gov.bc.ca/dataset/labour-market-outlook> March 15, 2023.

Using data from the BC LMO 2022-2032 we have estimated the employment growth for the BC Building Supply sector using the combined average employment growth rates for the Wholesale trade and Other Retail Trade sectors. As can be seen from Table 4.5 above, using BCLMO data we have an average annual growth rate of 1.0% for the sector. Applying this to both of the BC Building Supply sub-sectors we can estimate the employment growth associated with using data from the BCLMO. As highlighted in **Table 4.6**, based on the BCLMO, it is estimated that demand expansion will require an additional 2,027 workers for the sector over the next five years. This compares to the employer views that they will need 3,153 workers over the same period to meet demand expansion requirements.

Highlighted in **Table 4.6** is the occupational forecast for demand expansion associated with the BC Building Supply sector at the sub-industry and occupational level. Overall, by 2027, it is projected that there will be a total workforce in the building supply industry of 33,552 – an increase of 2,027 positions from 2021. Within this increase, just under one half will be in the wholesale side of the industry (845 new positions) with the majority of positions being created in the retail side of the industry (1,182 new positions). In terms of occupational requirements, it appears that the highest overall number of new positions will be in the retail salespersons occupations (518 new positions created by 2027) and in the retail trade manager positions (483 new positions created by 2027).



**Table 4.6: Labour Market Outlook Growth Scenario Forecast for the Building Supply Sector Workforce**

| Industry or Position  | Estimate of Workforce Size, 2021 | Anticipated Workforce Need by 2025 | Anticipated New Positions Needed by 2025 | Anticipated Workforce Need by 2027 | Anticipated New Positions Needed by 2027 |
|---|----------------------------------|------------------------------------|--|------------------------------------|--|
| <b>Industry Workforce Estimates<sup>1</sup></b>   |                                  |                                    |  |                                    |  |
| 416 – Building material and supplies merchant wholesalers   | 13,145                           | 13,707                             | 562                                      | 13,990                             | 845                                      |
| 444 – Building material and garden equipment and supplies dealers                                 | 18,380                           | 19,166                             | 786                                      | 19,562                             | 1,182                                    |
| <b>Total Building Supply Sector, by Industry</b>  | <b>31,525</b>                    | <b>32,873</b>                      | <b>1,348</b>                             | <b>33,552</b>                      | <b>2,027</b>                             |
| <b>Workforce Estimates by Key Occupation<sup>2</sup></b>  |                                  |                                    |  |                                    |  |
| Corporate sales managers in retail and wholesale trade and customer services (NOC 0601)           | 1,010                            | 1,048                              | 38                                       | 1,069                              | 59                                       |
| Retail and wholesale trade managers in retail and wholesale trade and customer service (NOC 0621) | 6,453                            | 6,716                              | 263                                      | 6,854                              | 401                                      |
| Retail and wholesale buyers (NOC 0622)  | 485                              | 504                                | 19                                       | 515                                | 30                                       |
| Sales and account representatives – wholesale trade (non-technical) (NOC 6411)                    | 2,010                            | 2,083                              | 73                                       | 2,122                              | 112                                      |
| Retail salespersons (NOC 64216411)  | 7,802                            | 8,143                              | 341                                      | 8,320                              | 518                                      |
| Cashiers (NOC 6611)   | 3,843                            | 4,007                              | 164                                      | 4,093                              | 250                                      |
| Store shelf stockers, clerks and order fillers (NOC 6622)   | 3,244                            | 3,379                              | 135                                      | 3,451                              | 207                                      |
| Other Non-Specified Occupations   | 6,678                            | 6,993                              | 315                                      | 7,127                              | 207                                      |
| <b>Total Building Supply Sector, by Key Role</b>  | <b>31,525</b>                    | <b>32,873</b>                      | <b>1,348</b>                             | <b>33,552</b>                      | <b>2,027</b>                             |

<sup>1</sup> Estimates by detailed industry (i.e., three-digit NAICS code) were gathered from Statistics Canada. [Table 98-10-0448-01 Industry groups by class of worker including job permanency, labour force status, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts](#)

<sup>2</sup> Estimates by key occupation were derived from the proportion of overall employment in the retail and wholesale sectors represented by building supply industry employment, from Statistics Canada. [Table 98-10-0448-01 Industry groups by class of worker including job permanency, labour force status, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts](#). These proportions were then used to multiply out from Statistics Canada's *Occupation unit group by highest level of education, major field of study, age, and gender: Canada, provinces and territories* data tables, retrieved from <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=9810044701>. Certain occupations previously identified as relevant to the industry (e.g., senior management roles, transport truck drivers) were not estimated in



these calculations due to their employment in a broad range of industries and challenges associated with estimating the proportion employed specifically within building supply operations but are included in other non-specified occupations.

### 4.3.2 Replacement Hiring Requirements

As noted previously in this section, replacement hiring requirements include hiring needed to fill vacant positions, to replace retiring workers, and to replace non-retiring workers leaving the sector for other reasons. This subsection summarizes our estimates of replacement hiring requirements, again based on two scenarios: one drawn from employer survey data, and one based on the *British Columbia Labour Market Outlook 2022-32*.

#### ***Employer Survey Scenario***

**Section 4.2** provided a summary of current trends in vacancies, turnover, and anticipated retirements. For developing a forecast for the building supply sector in B.C. based on these data, proportional expectations for each of these elements of replacement hiring were used. For example, the current vacancies in retail salesperson roles reported by employers in the survey was equivalent to 6% of their current workforce; this proportional estimate was then applied to the overall estimate of retail salespersons working in the building supply sector (based on Census 2021 data).

**Table 4.7** below summarizes the total number of replacement hires that will be needed in B.C. over the next five years to meet demand, based on employers' reported estimates of vacancies, turnover, and retirements. Please note that for turnover rates, the rates reported in **Table 4.2** have been multiplied by 63%, to reflect the approximate proportion of workforce turnover that leaves the sector entirely (as estimated by employers in our survey). It should be noted that this number is likely a "best guess" estimate provided by employers, as many employees who leave their current employment may not divulge where they found new employment (could be within or outside of the sector). Despite the challenge of trying to assess the true proportion of workers who leave the sector and need to be replaced, it is clear that employers will be challenged to find the number of workers needed to fill current vacancies, separations and retirements.



**Table 4.7: Employers' Forecast Replacement Hiring Requirements for the Building Supply Sector Workforce**

|   | Workforce (2021) | Current Vacancies | Annual Sector Exit Rate (Non-Retirement) | Total Sector Exits, excluding retirements - 2023-27 | Overall Retirement Rate, 2023-27 | Total Retirements, 2023-27 | Total Replacement Hiring Need, 2023-27 (incl. vacancies) |
|---|------------------|-------------------|--|---|----------------------------------|----------------------------|--|
| Industry Overall <sup>1</sup>                         | 31,525           | 1,899             | 10%                                      | 15,695  | 15%                              | 4,771                      | 22,365   |
| Corporate sales managers (0601)                       | 1,010            | 20                | 2%                                       | 159   | 12%                              | 119                        | 298  |
| Retail and wholesale trade managers (0621)            | 6,453            | 134               | 3%                                       | 1,016   | 20%                              | 1,311                      | 2,461  |
| Retail and wholesale buyers (0622)                    | 485              | 9                 | 3%                                       | 107   | 19%                              | 92                         | 208  |
| Retail salespersons (6421)                            | 7,802            | 443               | 4%                                       | 1,966   | 17%                              | 1,365                      | 3,774  |
| Wholesale sales and account representatives (6411)    | 2,010            | 123               | 5%                                       | 1,203   | 13%                              | 261                        | 1,587  |
| Cashiers (6611)                                       | 3,843            | 336               | 12%                                      | 3,148   | 15%                              | 579                        | 4,063  |
| Store shelf stockers, clerks and order fillers (6622) | 3,244            | 222               | 16%                                      | 2,351   | 9%                               | 288                        | 2,861  |

<sup>1</sup> Industry overall replacement hiring need sums to more than the individual occupation replacement hiring due to the fact that employers were asked to provide estimates of overall workforce trends (turnover, retirements, sector exit), *and* these same trends by occupation. Our survey did not ask for all occupations in the workforce (e.g., administrative support staff, general labour, other) therefore the overall estimates will be higher than the sum of estimates for key occupations.



Overall, based on employers' estimates of current vacancies, retirement rates, and turnover rates, there will be a total replacement hiring need in the industry of 22,365. Averaged over five years, that amounts to approximately 4,473 FTE positions, or 14% of the total workforce, per year.

The greatest hiring need for replacement hires over the next five years will be in cashiers and retail salespersons, driven by both the overall size of the current workforce (retail salespersons are the largest group of employees within those examined for this research) and high retirement rates in these groups. Cashiers also have a high turnover or non-retirement sector exit rate, contributing to this large hiring need. It is important to note, however, that these estimates do not account for potential improvements or investments in technology to reduce hiring needs, such as broader implementation of self-checkout options at retail stores, which may reduce demand for labour among employers for some occupational groups.



### **BC Labour Market Outlook Scenario**

The *BC Labour Market Outlook 2022-32* reports hiring needs slightly differently as compared to data collected from employers. As noted previously, the BC LMO does not measure job separations as a “replacement hiring need” in that workers who leave one sector to work in another are still considered eligible to work. Across all industries, these separations should sum to zero on a net basis (i.e., some industries will gain employees, others will lose, but the gains/losses will balance out across all industries). In the BCLMO, replacement hiring is defined as job positions that need to be filled to replace workers who permanently leave the workforce (retirements and deaths) and does not consider workers leaving one sector to work in another as a replacement hire. Notwithstanding the neutral impact at the economy level, such separations are valid for employers as they still must find workers to replace those who have left their employment. In the case of the Building Supply Sector, employers felt a considerable portion of workers who left their jobs did so to find employment in other non-related industries which would suggest that replacement hiring for the industry would need to find workers who left for retirement reasons, as well as to replace those workers who left the sector to work in other industries outside of the Building Supply industry.

From the BCLMO, it is possible to examine replacement hiring (defined as hires to replace workers who have retired or may have died) for the sectors of interest to the BC Building Supply sector. As highlighted in Table 4.8 below, the Wholesale Trade and Other Retail Trade sectors are expected to see replacement rates that represent nearly 10% of their workforces over the next five years. These replacement rates are similar to the BC all industry average of 11.5% for the same five-year period.

**Table 4.8: BC Labour Market Outlook Replacement Hires Forecast – Selected Sectors**

|   | Workforce - 2022(e) | Total Replacement Hires (2022-2027) | Total Replacement Hires Rate (%) |
|---|---------------------|-------------------------------------|----------------------------------|
| Wholesale Trade   | 89,680              | 10,733                              | 12.0%                            |
| Other Retail Trade (excluding cars, online shopping, personal care) | 245,160             | 23,930                              | 9.8%                             |
| All Industry Average - BC   | 2,728,931           | 313,982                             | 11.5%                            |

Source: *BC Labour Market Outlook 2022-2032. Job Openings by Industry and Type for BC*

As with the demand expansion estimate, we examined the replacement requirements for the two associated industries (Wholesale Trade and Other Retail Trade (excluding cars, online shopping and personal care) and applied the proportion of the workforce that needed to be replaced to the corresponding BC Building Supply sub-sectors. As highlighted in Table 4.9, using the BCLMO proxy industries, we would see that the BC Building Supply sector would need to find approximately 3,411 workers to fill positions vacated due to retirements or deaths.

**Table 4.9: BC Labour Market Outlook Replacement Hires Forecast – Applied to BC Building Supply Sectors**

|   | Workforce - 2021(e) | Replacement Hiring Rate (%) | Total Replacement Hires Needed – 2021-2027 |
|---|---------------------|-----------------------------|--|
| 416 – Building material and supplies merchant wholesalers Wholesale Trade | 13,145              | 12.0%                       | 1,610                                      |
| 444 – Building material and garden equipment and supplies dealers         | 18,380              | 9.8%                        | 1,801                                      |
| <b>Total Building Supply Sector</b>                                       | <b>31,525</b>       | <b>10.8%</b>                | <b>3,411</b>                               |



Consistent with the process used to examine occupational requirements due to demand expansion, a similar exercise was undertaken to assess replacement hiring needs at the occupational level. Using data for the two BC LMO proxy industries, (Wholesale Trade and Other Retail Trade), we examined the proportion of the current workforce that would need to be replaced for selected occupations within these industries. We then applied these estimates (i.e., proportion of the workforce within each occupation) to the occupations of interest to the BC Building Supply sector. Highlighted in Table 4.10 is the estimated number of workers needed in the sector to replace workers who have retired, died and/or permanently left the sector. At the occupational level, we see the replacement rates highest in occupations such as retail and wholesale trade managers (1,081 positions will needed to be filled) and retail salespersons (636 positions will needed to be filled). As the BCLMO replacement demand is primarily retirement driven, it differs from employer estimates of replacement where they consider retirements plus other job separations (adjusted for the proportion who find work within the industry). For example, based on employer estimates, the BC Building Supply sector will need to hire more than 4,000 cashiers over the next five years. In contrast, because the BCLMO replacement estimates are primarily retirement driven and does not take into account “job switching” (i.e., when an employee leaves one industry to work in another), the estimate of the number of cashier positions that will be needed to be filled over the same time period is much lower (242 positions). Highlighted in Table 4.10 below is the replacement hiring requirements based on the BC Labour Market Outlook (2022-2032).

**Table 4.10: BC Labour Market Outlook Replacement Hires Forecast**

|   | Workforce (2021) | Total Replacement Rate (2022-2027) | Total Replacement Hires - 2022-2027 |
|---|------------------|------------------------------------|-------------------------------------|
| Industry Overall                                      | 31,525           | 10.8%                              | 3,411                               |
| Corporate sales managers (0601)                       | 1,010            | 21.7%                              | 219                                 |
| Retail and wholesale trade managers (0621)            | 6,453            | 16.8%                              | 1,081                               |
| Retail and wholesale buyers (0622)                    | 485              | 16.8%                              | 81                                  |
| Retail salespersons (6421)                            | 7,802            | 8.2%                               | 636                                 |
| Wholesale sales and account representatives (6411)    | 2,010            | 12.3%                              | 247                                 |
| Cashiers (6611)                                       | 3,843            | 6.3%                               | 242                                 |
| Store shelf stockers, clerks and order fillers (6622) | 3,244            | 7.5%                               | 243                                 |
| Sum – Listed Occupations                              | 24,847           | 11.1%                              | 2,750                               |
| Other Non-listed Occupations                          | 6,678            | 9.9%                               | 661                                 |

Source: BC Labour Market Outlook 2022-2032. Job Openings by Occupation, Industry and Type. Note that data is not available for NOC 0622 (Retail and Wholesale Buyers), so the retirement rate was estimated using NOC 0621 (Retail and Wholesale trade managers).

### 4.3.3 Overall Hiring Demand Forecasts

Finally, we combined the projected expansion and replacement demand forecasts to develop a total overall hiring need over the next five years. **Table 4.11** below summarizes the overall hiring demands estimated by both models – the employer-reported data model, and the *BC Labour Market Outlook* model. Please note that this table reports only on overall industry estimates, not by individual role.

**Table 4.11: Total Hiring Demand Forecasts, 2023-27**

| Model           | Current Vacancies | Replacement Demand | Expansion Demand | Total Hiring Demand |
|-----------------|-------------------|--------------------|------------------|---------------------|
| Employer Survey | 1,899             | 20,466             | 3,153            | 25,518              |





|                       |               |       |       |       |
|-----------------------|---------------|-------|-------|-------|
| Labour Market Outlook | Not estimated | 3,411 | 2,027 | 5,438 |
|-----------------------|---------------|-------|-------|-------|

Note: Replacement Demand for the Employer Survey includes workers needed to fill retirements and those workers who leave their jobs and find employment in other industries. Replacement Demand for the Labour Market Outlook includes only those positions that need to be filled due to workers permanently leaving the workforce (retirements and deaths).

These two models developed extremely divergent estimates of total hiring demand over the next five years. The main contributor to this difference was much larger estimates of total replacement demand. As noted previously, employers are challenged to find workers who exit their establishment for a number of reasons, of which retirements/permanent exits (which is the primary driver for replacement demand for the BCLMO) comprise only a portion of such job losses. From an employer standpoint, there is a need to understand how many workers the sector will need to attract as it would appear that employer estimates of hiring needs are much higher than that suggested by the BC LMO. For example, as noted previously, the BCLMO has a much lower replacement hiring rate relative to what employers reported. The BCLMO model assumed a replacement rate of approximately 10.8%, while the Employer Survey model which has incorporated an overall industry retirement rate of 15%, plus an overall annual industry exit rate of 10%. Based on employer estimates, they indicated that they have experienced an annual industry exit rate of slightly more than 3,500 workers per year, when multiplied over the five-year forecast period this totals more than 15,000 replacement hires in total.

These high exit rates, combined with concern over an older-than-average workforce for the retail sector, emphasizes the strong need for the building supply industry to create more career-track positions for young people entering the workforce. Such a strategy would both improve sector retention rates and decrease the need for replacement hiring annually, and prepare the industry for a large number of retirements anticipated to occur over the next five years.



## 5 FINDINGS: TRAINING, ATTRACTION, AND RETENTION ISSUES

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### 5.1 Current Trends and Gaps in Attraction, Hiring, and Retention

#### 5.1.1 Employer Perspectives

Nearly all employers described their hiring processes and experiences in depth during qualitative one-on-one interviews. There was also information shared by a representative from a training institution that provided additional context on this specific topic and is included in this section.

Most employers interviewed in Phase II of this research reported being chronically short-staffed and struggling to find and/or retain workers. These challenges were reported to have existed prior to COVID-19, although many did note that they believed the pandemic and associated measures (e.g., CERB payments) have exacerbated their challenges with hiring workers. Among those employers who reported hiring challenges, all reported that these challenges were largely concentrated in entry-level positions such as yard workers, cashiers and sales floor staff, and shelf stockers. Many employers in these interviews shared their perceptions of why these hiring challenges exist: more than one-half of employers interviewed made comments along the lines of “nobody wants to work anymore,” or blamed generational differences in work ethic such as “young people just don’t want to work hard these days.”

Among a few employers who had found success in meeting their workforce needs, most noted that their best hires were people slightly older than the 18-24 year old demographic, and tended to include people who had worked in the trades and construction sectors. These hires tended to be either semi-retired persons looking to work part time, or people who had worked in trades but were no longer able to do the work for various reasons, such as injury or a desire to remain closer to home for work. A couple of employers also noted that they had had success with hiring immigrants for yard and warehouse jobs, including recent Ukrainian refugees seeking work in Canada.

All employers interviewed for this portion of the project reported that they rely heavily on promoting from within and retaining employees for long periods of time (i.e., more than five years) to fill more senior roles. As such, labour shortages in entry-level positions currently may pose challenges to filling more senior roles at these businesses in five to ten years’ time.

Despite the fact that all employers reported promoting from entry-level positions and making these opportunities available to their employees, few (less than one-quarter of interviewees) reported having any formalized system for retaining, training, and promoting employees to these higher level positions. Most employers did not have clear systems for preparing employees for more senior roles, nor did they have clear criteria for when an employee was deemed prepared for such positions. Many comments from employers mentioned more subjective factors when discussing promotion decisions: “attitude,” “a good work ethic,” and “being the right fit” were common themes and phrases heard in these discussions. While these approaches to retention and promotion may be effective in terms of employers’ efforts – it does not require formal processes or investment therein – it may leave employees unsure of how to demonstrate interest in advancing at work, or even give the perception of unfairness in the workplace as such “gut instinct” decisions may be vulnerable to unconscious biases. Concerns related to bias in hiring were noted by a training institution interviewee, who had experience working with the building supply industry in the past; it was noted by this individual that, despite having received job-ready training for entry-level positions, employers in the industry often declined to hire



individuals who did not speak English as a first language, who were neurodivergent, or who needed some accommodations at work (e.g., scheduling to consider childcare obligations).

### **5.1.2 Youth and Employee Perspectives**

#### ***New Entrants***

A small virtual focus group was conducted with new entrants in the sector – those who had been working for a year or less in the building supply industry. Six individuals were recruited, and five participated in this session. Due to this small sample size, findings should be interpreted with caution and not assumed to be representative of new workers in the sector.

Topics discussed in the focus group centered on experiences in the industry to date, and future job or career expectations inside and outside of the sector. Two of the five participants indicated that they anticipated a long-term career in the sector, while the remaining three did not. All participants had completed, or were currently pursuing, some form of post-secondary education or training; areas of focus ranged from baccalaureate degrees in academic subjects, to accounting certifications, to business management courses.

Some of the benefits of work in the building supply sector, as noted by these participants, included a more relaxed work environment compared to other part-time, entry level work (e.g., food service, other retail), and the opportunities to build long-term working relationships with clients and coworkers. For those who did anticipate a long-term career in the sector, there was also a genuine interest in the subject matter of the work itself – lumber products, home renovation and maintenance, and related topics.

Most participants did also note that the rate of pay in the industry is higher than that for many other jobs with similarly low barriers to entry. Despite this, a few participants noted that in the long term these were not sustainable salaries. As the three individuals who did not foresee a long-term career in the sector were either pursuing, or had recently completed, post-secondary education or training, all of these individuals perceived there to be better opportunities in other sectors that they wished to pursue. Those who did plan on careers in the field were in more senior positions already, with clear paths for promotion and advancement within the workforce.

Among the three individuals who anticipated leaving the sector within a few years, one indicated that he could perhaps see himself working in the industry for longer; this job was seen as a reasonable stop-gap measure or backup plan should his long-term career plans not work as smoothly as hoped. For the other two respondents, however, they did not see themselves continuing in the industry any longer than absolutely necessary. Both individuals – both women – noted that they felt their contributions to the workplace were overlooked and unappreciated (e.g., taking on work outside of their job description to manage the business's social media pages) and did not expect that their workplaces would fairly promote or compensate them for their work. Notably, one of these participants had education in supply chain management and logistics, a field highly applicable to the sector, yet did not feel she had many opportunities for advancement in the sector.



## **Youth**

Some of the biggest trends or themes that emerged from our focus group with youth (students in Grade 12) included:

- Jobs and careers do not have to be forever – it’s normal and acceptable to retrain or change careers at any point in your working life;
- It is important that employment be able to support the lifestyle that you want, especially the expenses and challenges of raising a family for those that want one; and
- Specializing and “niching down” in work is a strong expectation among youth when thinking about their careers, and is seen as a path towards increasing their skills and income (i.e., little ambition to be generalists or a “jack of all trades”).

When asked what elements of a job are most important to them in finding fulfilling careers, youth tended to rate benefits intrinsic to the work as highly important to them – things such as being able to do things they are best at, doing work that is worthwhile to society, and allows them to see the results of their work (nearly all students rated these as “5 – Very Important”). In contrast, youth did not care as much about elements of jobs relating to a steady, relaxed work environment: the lowest rated items in the list provided included being able to establish roots in a community, offering a slow or easy pace of work, leaving one mostly free of supervision, and having contact with lots of people. Unfortunately, the priorities identified by youth are generally out of step with the working environments in many building supply workplaces, while the elements that building supply work does offer are not important to youth.

When asked specifically about how appealing various elements of building supply sector work are, most were rated poorly by youth. There was particularly low interest in working in warehouse environments, and in learning about and providing advice on home renovation and maintenance. The most appealing aspects of building supply work, as rated by youth participants, were traveling around the province for work (nearly all rated this a 4 out of 5), and having opportunities to grow into more senior positions in a single workplace (most rated this a 4 out of 5 or higher).

About half of the youth participants in the focus group were planning on a non-academic path after high school – they did not intend to attend university – and there was one who was undecided about what they wanted to do after graduating. However, all of these students expressed interest in construction and/or trades work, but did not express openness to any long-term work in the building supply sector. There was a general consensus among all youth participants that retail and sales work – including work in the building supply sector – did not pay well or offer working conditions that would support a good lifestyle (e.g., retail shifts instead of a regular schedule, poor benefits options). It’s important to note that even among some students who would be excellent candidates for work in the building supply sector (e.g., those who had participated in the school’s trades programs and classes), they did not express interest but had expectations of entering construction and trades. The building supply sector is, essentially, competing with the construction industry for youth talent and cannot compete with the compensation packages offered by this sector.

## **5.2 Training and Skills Needs in the Building Supply Sector**

### **5.2.1 Employer Needs**

Employers were asked what types of skills, training, and education they required from their staff and what training opportunities would be helpful to them in preparing their staff for roles in their workforce.



While there were a variety of answers provided, they tended to be very consistent by role. The table below summarizes the role type, and training needs for each role, as described by employers.

**Table 5.1: Skills and Training Needed, by Role Type**

| Role Type                                | Training Needed  |
|--|--|
| Wholesale and contractor sales positions | <ul style="list-style-type: none"> <li>• Basic office administration software (e.g., word processing, spreadsheets)</li> <li>• Reading blueprints / architectural drawings and developing estimates</li> </ul>                                     |
| Warehouse and logistics positions        | <ul style="list-style-type: none"> <li>• Forklift operator tickets</li> <li>• Workplace safety and first aid training</li> <li>• Crane operator certifications</li> <li>• Upgraded truck and driver’s licenses (for delivery positions)</li> </ul> |
| Retail sales positions                   | <ul style="list-style-type: none"> <li>• Product knowledge</li> </ul>  |

Notably, there was no specialized training or education noted by employers as necessary for working in supervisory or management positions in their workforces; nearly all employers emphasized that they strongly preferred to promote these positions from within, and expected that the skills they learned in lower-level positions (e.g., extensive product knowledge for retail sales associates being promoted to a department supervisor or management position) would be sufficient to effectively do their new job. No employers indicated that training in workplace management or labour law was necessary for supervisory or management positions.

This low priority on formal workplace management and employee-employer relationships when hiring and promoting managers may contribute to the lack of formal systems for future internal training and promotions. Only a few employers interviewed indicated they had any formal systems for review, training, and promotion of their employees; most indicated that they had ad hoc approaches to promoting and filling more senior positions within their workforces, and did not identify or require specific training, knowledge, skill, or job performance to be demonstrated to be eligible for promotion. Employers instead emphasized more subjective approaches to assessing employees for promotion, using words like “fit,” “attitude,” and “ambition.” This would suggest that there is an opportunity to better define the occupations and their requirements in the building supply industry. This could include, for example, establishing a framework of occupational standards that could lead to certification or credentialing for key occupations in the sector. This would help promote the sector as providing defined career paths and progression criteria for workers and managers alike.

### 5.2.2 Training Opportunities and Programs

A high-level jurisdictional scan for relevant training programs in B.C., as well as in-depth interviews with representatives from training institutions, identified some existing training programs that may be relevant to the building supply industry, as well as some opportunities for new or expanded programs.

#### **Existing Programs**

For certain skills and training needs (identified in **Table 5.1** above), there were many training and upgrading courses available at institutions throughout B.C. In particular, skills and certifications that are applicable across a range of industries were found in many programs across the province, including:

- Forklift and crane operator tickets or licenses;



- Truck driver and upgraded driver's licenses;
- First aid training for the workplace; and
- Use of various business administration and other software, such as Microsoft Access suites and basic bookkeeping or accounting software.

In addition to the above, there were a few targeted courses and programs that served the building supply industry that we identified. Both of these had been developed either by, or in collaboration with, BSIA:

1. A work skills preparedness program, which provided basic workplace skills and training to individuals facing multiple barriers to employment and connected program graduates with building supply sector employers for job placement. This program was developed and offered by Northwest Skills Institute in collaboration with BSIA and the Ministry of Post-Secondary Education and Future Skills. While it has seen some success, with more than 60% of graduates being hired and retained by workplaces in the past six months, the program remains offered at a small scale with only a couple of sessions running per year, each with between 8 and 12 participants.
2. A professional skill upgrading course on reading blueprints and developing material estimates for contractor sales work. This program was offered and managed privately by BSIA and made available in an online webinar format.

Finally, during a validation session with members of this project's Governance Committee, the North American Hardware and Paint Association (NHPA) was noted as a major provider of sector- and product-specific training programs. These programs and training options range from those geared to entry-level employees (e.g., basic sales skills, paint sales), to those that support employees moving into management roles (e.g., team leadership) and training for general managers or owners (e.g., business strategy).

### ***Gaps in Training Programs***

There were some gaps noted by employers in the study regarding training, and which were borne out by further investigation into available training programs. One major concern was related to awareness and access; while some of the programs listed above are relevant and needed by employers, not all were aware that they existed or how they could get their employees access to these programs. Some businesses operated in small communities where these programs were not easily reached by their staff (e.g., forklift and/or crane operator tickets); others indicated uncertainty or lack of knowledge about where they could find training programs for their staff. As mentioned above, some of these targeted programs (e.g., work skills preparedness, estimating) operate on too small a scale to be accessible or useful to the sector; expansion of these programs may be needed to meet workforce needs.

There was a distinct lack of training programs accessible for many employers related to product knowledge. Employers tended to report that this knowledge was something that nearly all employees learn on the job, with some supplemental proprietary materials (e.g., product demonstrations from manufacturers) being part of their on-the-job training. While some employers may have access to extensive in-house training materials to share with employees, others may not. As noted above, the North American Hardware and Paint Association offers a substantial catalogue of training materials, ranging from product knowledge to office skills and business management courses for hardware retailers. These programs may be ideal for meeting this current gap in training programs, however



accessibility for businesses in the sector may need to be addressed through BSIA leadership (e.g., negotiating access for BSIA members at a reduced cost, or other support to improve access to the training materials).

### ***Opportunities in Training Programs***

Our research and discussions with training institutions did identify opportunities for developing new training programs, or tailoring existing training programs, to support workforce strategies for the building supply sector.

All institutions that we spoke to offered contract training services, with a couple of institutions having experience in developing training programs focused on product knowledge. These institutions did note, however, that product knowledge programs tended to be sponsored and used by a single corporation, due to the proprietary nature of most product lines and the tendency for items to differ slightly across different brands. This type of training option may be most appropriate for mid-sized corporations that do not have capacity to develop in-house training and educational materials for their retail sales representatives but do have enough funds and capacity to make such an investment in creating these materials and providing training to their staff.

One program was identified in our research that may be highly relevant to the building supply sector, operated by North Island College (NIC). NIC offered a building and facilities maintenance program in partnership with local First Nations communities. This was a short-term (approximately eight weeks) program that provided basic training in building maintenance and renovation. While the goal of the program was to prepare graduates either for work in building maintenance, or to continue on to other programs in the trades, the course did introduce a variety of building materials and techniques to students; a program like this could potentially be modified and used to provide building supply workers with a broad base of entry-level knowledge about products and how to use them, to better inform and advise customers of building supply stores.

### ***Other Training and Skills Issues***

While employers and institutions did not speak extensively on concerns regarding future technology and its impact on employment, automation of sales services remains a high risk to employees in retail sales, and an opportunity for employers who wish to pursue more automated systems. Self-checkouts, for example, reduce the need for cashiers, and online purchasing can reduce the need for sales staff to provide one-on-one advice and support in store.

While investing in this type of automation may not be the right or preferred choice for every business in the building supply sector, it will likely have major influences on strategizing for the sector workforce overall. Many businesses and training institutions may be hesitant to invest in developing programs that support skills likely to be made obsolete by automation (e.g., basic numeracy skills for cashiers). Further, there will likely be an ongoing decline in young people considering working in these types of jobs, as there is an understanding that this work is highly insecure and subject to downsizing or elimination as greater adoption of these technologies unfolds.





## 6 FINDINGS: ANALYSIS OF ECONOMIC IMPACTS OF BUILDING SUPPLY SECTOR

### 6.1 Wage and Salary Estimates

The employer survey undertaken for this study asked employers to provide detailed estimates of the wages paid to their employees in a number of key roles. These data were initially intended to be broken down by region, to acknowledge differences in cost of living and competitive wages in different areas of the province. However, due to lower response rates than anticipated, it was not possible to provide such finely detailed breakdowns; findings in this section represent averages of wage and compensation data from all employer respondents across B.C.

#### 6.1.1 Wage and Salary Findings

Employers were asked in the survey to estimate the typical starting, average, and top pay rates for a variety of key positions. Responses to these survey items were then weighted by workforce size in each role, to ensure that provincial averages were reflective of the overall wages paid to employees, not just reflective of the average rates paid by employers. For all columns unless otherwise specified, pay rates are reported in per hour units.

**Table 6.1: Building Supply Sector Compensation Rates, by Key Position**

| Role   | Sample <i>n</i> | Mean Starting Pay | Mean Top Pay | Mean Average Pay | Mean Average Pay (Annually)* |
|--|-----------------|-------------------|--------------|------------------|------------------------------|
| Senior management roles                        | 28              | \$46.38           | \$51.32      | \$47.80          | \$87,000                     |
| Corporate sales managers                       | 20              | \$36.55           | \$39.05      | \$43.43          | \$79,000                     |
| Retail and wholesale trade managers            | 37              | \$29.68           | \$37.91      | \$35.02          | \$63,700                     |
| Retail and wholesale buyers                    | 33              | \$29.37           | \$35.05      | \$30.42          | \$55,400                     |
| Wholesale sales and account representatives    | 34              | \$32.48           | \$55.24      | \$39.71          | \$72,300                     |
| Retail salespersons                            | 60              | \$21.65           | \$23.23      | \$25.94          | \$42,300                     |
| Cashiers                                       | 38              | \$19.11           | \$20.61      | \$19.00          | \$34,600                     |
| Store shelf stockers, clerks and order fillers | 43              | \$23.98           | \$25.16      | \$24.25          | \$44,100                     |
| Transport truck drivers                        | 36              | \$26.04           | \$29.76      | \$27.98          | \$50,900                     |
| Heavy equipment operators                      | 44              | \$24.60           | \$27.03      | \$24.91          | \$45,300                     |

\*Annual salaries estimated assuming 35-hour work weeks over 52 weeks, rounded to the nearest \$100.

Overall, the highest-paid roles were those in more senior management positions (senior management, corporate sales management), and wholesale and account sales.

Hourly wage data by NOC code, across all industries, was examined to be used as a comparison point for these findings. Within British Columbia, only data at the 2-digit NOC level was available for 2021 from Statistics Canada. **Table 6.2** below compares the Statistics Canada data with the findings from the employer survey on wage levels.



**Table 6.2: Comparison of All-Industry Occupational Wages to Survey Wage Data, 2021 in B.C.**

| 2-digit NOCS Code and Description  | Average Hourly Wage | Comparable Positions from Employer Survey      | Average Hourly Wages |
|--|---------------------|--|----------------------|
| 00 – Senior management occupations   | \$49.00             | Senior management roles                        | \$47.80              |
| 06 – Middle management in retail and wholesale trade and customer services       | \$39.28             | Corporate sales managers                       | \$43.43              |
|  |                     | Retail and wholesale trade managers            | \$35.02              |
| 62 – Retail sales supervisors and specialized sales occupations                  | \$25.49             | Retail and wholesale buyers                    | \$30.42              |
| 64 – Sales representatives and salespersons, wholesale and retail trade          | \$20.44             | Wholesale sales and account representatives    | \$39.71              |
|  |                     | Retail salespersons                            | \$25.94              |
| 66 – Sales support occupations   | \$15.45             | Cashiers                                       | \$19.00              |
|  |                     | Store shelf stockers, clerks and order fillers | \$24.25              |
| 75 – Transport and heavy equipment operation and related maintenance occupations | \$24.95             | Transport truck drivers                        | \$27.98              |
|  |                     | Heavy equipment operators                      | \$24.91              |

Source: BC Stats and BSIA Employer Survey

For higher-level positions such as senior and middle management, wages paid in the building supply sector are roughly on par, or slightly lower, than those paid across all industries in B.C. However, lower and entry-level positions tend to be paid wages much higher than the all-industry average in B.C. The industry also tends to pay higher-than-average wages for transport and heavy equipment operators, another area where hiring (particularly for transport truck drivers) is reported to be challenging.

## 6.2 Estimated Current Economic Impact of Building Supply Sector Employment

In addition to developing an understanding of the overall state of the building supply sector in B.C. and developing employment forecasts, Malatest’s research included developing an estimate of the economic impacts of the building supply sector on the B.C. economy. These economic impact analyses attempted to estimate the direct, indirect, and induced impacts of employment in this sector, using multipliers developed by Statistics Canada.<sup>12</sup> Findings from these analyses are outlined in this section.

### 6.2.1 Limitations of Input-Output Analyses

The findings reported in this section are heavily reliant on economic models developed by Statistics Canada, as well as survey findings regarding average wage and salary data for various roles. There are a number of limitations to the analyses presented here and should be considered when reviewing this section.

#### ***Incomplete Salary and Employment Estimates***

The survey data did not include wage and salary data points for *all* positions in the building supply sector – only those key roles that were identified as priorities for consideration in Phase I. As such, we cannot estimate the economic impacts of jobs for the entire building supply sector, only those positions that we

<sup>12</sup> Statistics Canada. [Table 36-10-0595-01 Input-output multipliers, provincial and territorial, detail level](#)



collected data on in the survey. Further, there were some key positions for which we did not estimate the total number of jobs in the building supply sector, due to their employment in a wide range of industries and challenges estimating a proportion of the total employment taken by the building supply sector.

For these reasons, the total wage and salary sector estimates, as well as the economic impacts of these estimates, should be considered partial of the industry as a whole.

***Model Assumptions Overestimate Economic Impact***

Input-output models attempt to estimate the direct, indirect, and induced economic activities caused or created by employment activity (e.g., filling a job or filling a number of jobs). However, the models assume that this employment activity is in comparison to no employment activity at all – in other words, if that job did not exist and were not filled by a person, there would be no economic activity happening for that person at all. This assumption does not take into account situations where workers in the workforce are redeployed, rather than hired – for example, a new business creating five jobs and hiring for all of them does not necessarily mean that five previously unemployed people now have jobs, they may have been hired away from other employment. This assumption leads to input-output models tending to overestimate the economic impact of workforce activity and employment, and this tendency should be kept in mind when reviewing the findings below.

***Multipliers are from Previous Years***

Finally, the most recent input-output model multipliers available from Statistics Canada were from 2019 (updated January 2023). These multiplier estimates may not reflect major shifts in economic activity that occurred during the COVID-19 pandemic (e.g., consumers spending more on home renovation rather than vacations) and may still be influencing overall patterns of economic activity in B.C. Findings should be interpreted with caution.

**6.2.2 Total Industry Employment, Wage and Salary Data**

To estimate the overall size of wages and salaries paid to employees in the building supply sector in B.C., our analysis utilized workforce size estimates from BC Stats’ *Employment by Detailed Industry* data (discussed in **Section 4.2**), and wage and salary data from the employer survey conducted by Malatest (discussed in **Section 6.1**). These data points were multiplied to estimate the total of wages and salaries paid based on the employment in these positions in B.C. in 2021.

The table below summarizes the data used in these calculations, and the total wage and salary estimate of employment in the building supply sector. Overall, we estimate that employment in the building supply sector in B.C. generated in excess of **\$1.2 billion** in personal income to employees in 2021.

**Table 6.3: Estimate of Total Wages Paid to Building Supply Workforce in B.C., 2021**

| Position or Role                    | Estimate of Building Supply Workforce Size | Estimate of Average Annual Income for Role | Estimate of Total Wages Paid to Employees in this Role in B.C. |
|-------------------------------------|--|--|--|
| Corporate Sales Managers            | 1,010                                      | \$79,000                                   | \$79,790,000   |
| Retail and Wholesale Trade Managers | 6,453                                      | \$63,700                                   | \$411,056,100  |
| Retail and Wholesale Buyers         | 485  | \$55,400                                   | \$26,869,000   |



|   |       |          |                        |
|---|-------|----------|------------------------|
| Wholesale Sales and Account Representatives                             | 2,010 | \$72,300 | \$145,323,000          |
| Retail Salespersons   | 7,802 | \$42,300 | \$330,024,600          |
| Cashiers  | 3,843 | \$34,600 | \$132,967,800          |
| Store Shelf Stockers, Clerks, Order Fillers                             | 3,244 | \$44,100 | \$143,060,400          |
| <b>Total Employment Income Generated by B.C. Building Supply Sector</b> |       |          | <b>\$1,269,090,900</b> |

In addition, our previous estimates of total workforce size by industry (which included all roles, not just those key positions identified in **Table 6.3** above) suggested that the building supply industry in B.C. includes approximately **31,525 jobs**, of which 13,145 are in the wholesale side of the sector, and 18,380 are in the retail side.

### 6.2.3 Economic Impacts of Employment

Our economic analysis of the impacts of building sector employment looked at both support for employment outside of the building supply sector, and economic activity (i.e., employee spending resulting in business revenues across multiple sectors). Findings from these analyses are summarized in **Tables 6.4** and **6.5** below.

**Table 6.4: Direct and Indirect Job Support due to Building Supply Sector Employment in B.C., 2021**

| Industry                                  | 2021 Industry Output (in millions of dollars) | Direct Job Multiplier | Direct Jobs Supported | Indirect Jobs Multiplier | Indirect Jobs Supported | Total Jobs Supported |
|---|---|-----------------------|-----------------------|--------------------------|-------------------------|----------------------|
| Building Supply Sector Wages Paid (Input) | \$1,269                                       | 5.149                 | 6,534                 | 2.128                    | 2,700                   | <b>9,235</b>         |

In total, our analysis estimates that outputs from employment in the building supply sector (i.e., the total wages paid to all employees in the sector) **supports a total of 9,235 jobs** across the province. The purpose of this data point is to provide an estimate of how many jobs in B.C. would be subject to major shifts in employment in the building supply sector. The jobs estimate in the table above represents jobs in a variety of industries (e.g., real estate, other retail, utilities, and others) that building supply workers are spending their income in for both necessities (e.g., mortgages or rent, groceries) and luxuries (e.g., entertainment).

**Table 6.5: Direct and Indirect Gross Domestic Product (in constant dollars) Due to Building Supply Sector Employment, 2021**

| Industry                                  | 2021 Industry Output (in dollars) | Direct GDP Multiplier | Direct GDP Generated | Indirect GDP Multiplier | Indirect GDP Generated | Total GDP Generated |
|---|-----------------------------------|-----------------------|----------------------|-------------------------|------------------------|---------------------|
| Building Supply Sector Wages Paid (Input) | \$1,269M                          | .573                  | \$727.2M             | .213                    | \$270.3M               | <b>\$997.5M</b>     |

Our estimates suggest that wages paid by the building supply sector industry in 2021 supported the generation of more than **\$997 million** in GDP. This figure estimates the economic activity and GDP generated by employees in the sector spending their earnings on necessities and luxuries in B.C.



### 6.3 Summary

Overall, the building supply sector in B.C. employs an estimated 31,525 people and provides over \$1.2 billion in compensation to these employees. This employment income then has its own impacts throughout the B.C. economy. Our analysis estimated both job support and GDP generation impacts from building sector employment in 2021; estimates suggest that employment in the building supply sector supports a further 9,235 jobs in the province, and the generation of approximately \$1 billion in GDP.



## 7 SUMMARY

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### 7.1 **SWOT Summary**

Drawing on the findings described in Sections 3 through 6 of this report, an analysis of the industry's strengths, weaknesses, opportunities and threats related to workforce hiring and planning has been completed. Each element of this analysis is summarized in the subsections below.

#### 7.1.1 **Strengths**

##### ***Accessibility of Careers in Building Supply***

Throughout both surveys and interviews, employers emphasized that industry knowledge and experience were the most important qualifications for higher-level positions, including high-volume sales roles and supervisory or managerial positions. It is relatively common in this industry for individuals to build careers based almost entirely on previous experience in more junior roles. Further, junior and entry-level roles in this industry require relatively little education or formal training, particularly within the retail side of the industry; for sales associate, cashier, and warehouse or yard positions, there are no, or very low (i.e., high school diploma) educational requirements.

Overall, this sector offers a highly accessible career path with low barriers to entry for workers and the opportunity to progress into senior roles based on on-the-job training and work experience. This may be highly attractive to individuals who are not interested in education or training programs beyond secondary school, but are also considering the long-term opportunities of their career options.

##### ***Relatively High Wages for Retail Work***

Compared to other retail positions, the building supply sector offers high wages for entry-level and lower-skilled work (e.g., cashier, shelf stocker, salesperson positions). As noted above, these are highly accessible jobs that do not require much formal education, making the sector attractive to people entering the work force with relatively little in terms of certifications or qualifications. This provides the industry an advantage in hiring and recruiting compared to other retail subsectors.

#### 7.1.2 **Weaknesses**

##### ***Lower Wages Over the Long Term***

While the wages offered for entry-level positions are higher than comparable positions elsewhere in retail work, overall wages for higher-level positions in the industry are comparable or even slightly lower than similar positions in other subsectors (e.g., senior managers, corporate sales managers). Youth participants in this research project were clear that, when thinking about their career options and what paths they would like to pursue, they were considering the ability of jobs to support their lifestyle preferences and goals (e.g., ability to raise a family, ability to take time off to travel). Wages paid in this sector, as well as potentially other lifestyle concerns such as availability of paid leave and/or scheduling considerations, suggest that work in the building supply sector does not hold much appeal as a long-term career for youth. While it may be possible to recruit young people into entry-level positions in the short term, based on those higher wages for entry-level roles, it is more challenging to convince them to stay in the sector long term; many will prefer to move to other industries, sectors, and roles as they complete any further education or training in their early twenties.



### ***Recruitment Competition with Trades***

The building supply sector offers a career opportunity for individuals who may not be interested in pursuing a highly “academic” career field; work in this sector requires a considerable amount of specialized and “hands-on” knowledge accrued over time, particularly related to things like home repairs, maintenance, and construction.

While work that uses these skills and aptitudes may appeal to many young people considering their career options, most trades also require these same or similar skill sets. Trades work, however, offers the opportunity to earn much higher wages than are available in the building supply sector. This makes the building supply sector considerably less appealing to youth with the skills, aptitudes, and interests that are most appealing to employers in the building supply sector.

### ***Low Appeal of Building Supply Work***

Focus groups with youth and new entrants indicated that the building supply sector does not have a “brand” that is recognizable or appealing to potential workers. Participants in the youth focus group had low understanding of the sector, and once it was described to them, they indicated little interest in key aspects of the work (e.g., working with the public, building knowledge of home maintenance). Similarly, about half of the participants in the new entrants focus group indicated that they hadn’t had much awareness of the sector prior to getting a job in the industry, and they had pursued a job in the sector mainly because of the relatively high wages offered for entry-level work.

## **7.1.3 Opportunities**

### ***Promote Career-Track Positions with Few Prerequisites***

As noted above as a strength of the industry with regards to recruitment, the building supply sector is highly accessible; there are few or no prerequisites for entry-level positions, and the industry relies heavily on relevant work experience and on-the-job training when hiring for more advanced positions. While the sector may not be appealing as a long-term career option to highly ambitious youth with plans to pursue advanced post-secondary degrees or ticketed trades, the sector does offer relative stability and security for individuals seeking a long-term career, but with little interest to invest deeply in training or education.

### ***Cross-Over Skills with Trades***

Although the competition with trades sectors for recruiting youth is identified as a weakness above, we also believe there is an opportunity for recruitment as well. While the building supply sector may not be able to “compete” with trades careers for youth who are just starting to consider career options, and are highly motivated by potential earnings, we did hear from employers in interviews that hiring individuals who used to work in trades was a relatively common, and highly successful, practice.

For individuals who have previously trained or worked in trades, but are no longer pursuing work in the sector – perhaps due to an injury or illness that makes the work unsuitable for them, or a desire for a more stable employment opportunity that does not involve travel – the building supply sector can be a natural fit that does not require much retraining or additional education. In fact, their experience in relevant work – plumbing, electrical, construction, and others – often makes them suitable for hire at a more advanced level than candidates with no experience in the sector.





### ***Untapped Talent in Diversity Groups***

Our research suggests that the building supply sector generally under-employs people in minority or diversity groups, particularly women and gender diverse individuals. While our research suggests there are challenges within the sector in hiring and retaining women in career-track positions, this also represents an opportunity to reach out to an under-utilized labour pool in building supply. Similarly, efforts to hire from other diversity groups such as recent immigrants or new Canadians, persons with disabilities, and Indigenous persons may expand the size of the labour pool for the building supply sector and ease some hiring pressures.

#### **7.1.4 Threats**

##### ***Impacts of Automation***

The retail sector in B.C. is highly vulnerable to disruption from increasing automation and technological disruption. In particular, there are opportunities for increased adoption of self-checkout kiosks in retail operations, and online or hybrid (i.e., purchase online and pick up in store) sales models. Both of these technologies have the potential for employers to reduce their labour demand for roles such as cashier and salesperson, if they are able to make the investments. However, many workers are attuned to the potential for layoffs and displacement in these types of roles due to technological advancements, making this type of work less secure and less appealing to them.

Further, while there may be a reduction in the need for entry-level work such as cashier and salesperson due to the effects of increased automation, employers would also need to plan for other skills and services needed to support increased technological adoption. Examples might include software programming, online marketing, and inventory management positions; while some or all of these positions might be able to be contracted out to specialized firms, rather than brought in-house (depending on the needs of the business and the feasibility of managing those positions internally), these are considerations that employers should be considering when planning their workforces over the next five to ten years.

##### ***Ongoing Worker Shortage***

As noted several times throughout this report, all sectors in B.C. are facing an unprecedented wave of retirements over the next five to ten years as the largest cohorts of Baby Boomers reach retirement age. Consistent with near-record lows in unemployment rates in B.C. in 2022, employers consulted for this research reported major hiring challenges and ongoing vacancies in their workforces. Based on employer data, it is estimated that the sector will need to find almost 4,400 workers per year to fill new and existing job vacancies. These challenges are unlikely to abate in the near future; the *British Columbia Labour Market Outlook 2022-2032* projected that job openings in the province will continue to outpace worker supply over the next ten years, with a supply gap (i.e., more jobs than workers) of 82,000 over the next decade.

As labour supply will continue to be tight for all industries throughout B.C., the building supply sector will be competing not just with other retail sectors, but all sectors in B.C. that rely heavily on entry-level and low-skill work (e.g., restaurant service, hospitality).

## **7.2 Recommendations and Next Steps**

From findings from Phase I and Phase II, Malatest has developed, in collaboration with the Advisory Committee at BSIA, a series of recommendations for next steps to best take advantage of opportunities and mitigate threats. These recommendations are outlined below.



### 7.2.1 Develop a Labour Market Strategy

The building supply sector needs to develop a broad labour market strategy to address major ongoing and projected hiring challenges in the sector. This strategy should include the following elements:

- An understanding of projected hiring need over the next five to ten years;
- A clear vision for the sector’s “brand” or public image to build recruitment efforts on;
- A set of occupational standards and credential requirements for the most in-demand positions; and
- A plan for retaining workers in the sector through progression and promotion pathways in the industry.

These elements may draw on some of the further recommendations included in subsections below. However, we recommend that the development of a labour market strategy be undertaken as a “Phase III” follow-up to this research, and should be its own standalone project.

### 7.2.2 Develop Retention and Promotion Strategies

Most employers who participated in this research indicated that they did not have established human resource or workforce management policies in place. There were few workplaces that had defined standards or expectations for when an employee was ready for promotion to a higher-level position within the workforce, and decisions tend to be made in rather ad hoc or subjective manners. This lack of formalized practice can result in negative outcomes for employee retention, such as:

- Employees feeling unsure about how to pursue training and promotion, resulting in disengagement and ultimately workplace exit;
- The potential for unconscious biases to be at play in hiring decisions, particularly when primary consideration is given to things like “culture fit” and “attitude,” which can also result in employee dissatisfaction and disengagement; and
- Inconsistency in knowledge and skills among employees at the same or similar positions, which can overburden more highly skilled workers (e.g., they take on informal training or mentoring of other employees, they take on more challenging work which their colleagues are not able to do) and result in burnout.

We recommend that the sector develop titles and definitions for key roles in the sector (e.g., “Buyers,” “Retail supervisors,” “Retail managers,” etc.) and develop clear sets of credential and work experience qualifications needed for each role. This would support workplaces in developing clear training requirements for individuals they are considering for career-track positions, and also offer transparency and empowerment to employees on how to pursue various careers in the building supply sector.

### 7.2.3 Develop Targeted Recruitment Approaches

As discussed elsewhere in this report, there is overall low interest in the sector from youth in the building supply sector. There are, however, specific groups of individuals for whom long-term employment in the sector may be appealing; we recommend developing recruitment strategies that specifically target these populations. Some examples of populations that may be appropriate for targeting include:



- Trades workers leaving their sector before retirement (due to lifestyle preferences, illness, or injury) and seeking work in another sector;
- Recent immigrants and new Canadians who may face barriers to credential recognition or have limited ability to pursue training and upgrading courses in Canada, but who are seeking long-term stable employment opportunities; and
- Individuals facing multiple barriers to employment may be appropriate for receiving workplace preparedness training and job placement in entry-level roles, and may in future be appropriate for on-the-job training and upskilling for more senior positions.

#### **7.2.4 Promote Access to Relevant Training and Education**

In general, the types of skills and education that employers are looking for in their workforce are largely available through a variety of colleges and training institutes. Further, BSIA has already developed targeted training and professional development classes to meet some specific needs within the industry which have been successful and should continue to be offered.

Our research suggests that the larger concern with training and education programs in the industry is not the availability of them, but their accessibility. Forklift and crane operator tickets may only be offered on college and trades training campuses, or employers may not be aware of what educational courses are available for learning how to use various office software programs.

To support the training and education needs of employers in the sector, we recommend that BSIA work collaboratively with employers in the sector to:

- Develop a directory of appropriate skills and education courses, for each region in B.C., to support employers seeking out appropriate training courses for their employees;
- Consider partnering with educational institutes to develop and deliver contract training programs that meet the unique needs of industry (e.g., general classes of product knowledge and use, software use in building supply retail environments);
- Consider developing funds or bursaries to support travel to, or remote delivery of, needed training programs (e.g., hire a training institute to deliver forklift certification in a community without easy access to such programs); and
- Explore further opportunities for workplace readiness training and job placement programs that target individuals with multiple barriers to employment.