

COSTS EXPECTED TO RISE ON CONSTRUCTION PROJECTS IN 2015



BUILDING LINKS

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Recently I attended a Vancouver Island Construction Association meeting in Courtenay and participated in a round table discussion with businesses from the construction industry and with representatives from municipalities, colleges and other types of related agencies.

One of the topics of discussion at our table was the cost of tendering a project during 2014 and the question that came up was: What is the cost of projects going to look like in 2015? From my perspective, I can see that the bidding process for almost all projects, including commercial, residential, municipal and federal projects is extremely competitive. Construction companies have shared with me that they are willing to make slimmer margins to keep their crews employed. Herein lies the next challenge for the industry in the upcoming two to three years.



New building at Crown Isle shopping centre in Courtenay

These same construction companies, which include residential builders, have told me they are increasing the hourly rate they pay their employees by 20-30% to retain them. Employers are also looking at other perks to retain employees. Ideas vary from business to business as to what is needed to retain employees, so they do not leave their community to work in other parts of BC, Alberta or Saskatchewan, where the promise of high pay is luring some to leave Vancouver Island.

The increase in labour rates is expected to increase the overall cost of construction projects by 8-10% during 2015. This increase will likely be seen across residential, commercial and government projects. The bottom line is building is going to be more expensive.

If you are one of those

companies that want to retain employees, remember that we live on Vancouver Island, and therefore, we like the lifestyle. Talk to your employees to see what incentives they might be interested in, in order to stay with your company. It could be something as simple as changing their work schedule, providing more training, or having more social time with their colleagues. A raise is always going to help, and combined with a few other things, you could ensure a loyal, solid team moving forward. You'd be surprised at their answers. I know I was when I asked the question!

Clarice Coty is the editor and publisher of Building Links, a North Island Construction Report. Go to www.buildinglinks.ca to receive four FREE issues.