

Construction in Edmonton continues to grow steady

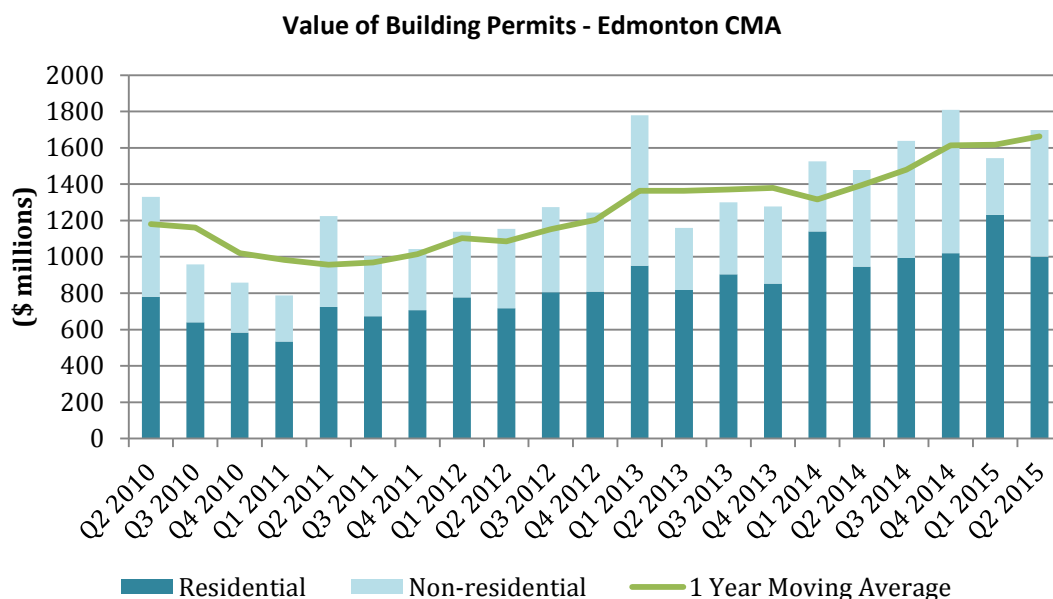
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Construction intentions in the **Edmonton Census Metropolitan Area (CMA)** grew at a strong pace in the second quarter (Q2) of 2015 following somewhat weaker activity levels seen in the first quarter (Q1) of 2015.

Builders in the Edmonton CMA took out permits worth **\$1.7 billion in Q2 2015, an increase of 9%** from the \$1.5 billion level seen in Q1 2015. This level of activity was 15% higher than the \$1.4 billion level reached in Q2 2014. As a result, the long-term growth in Edmonton CMA's building permit values continued to trend upward in Q2 2015.

Edmonton's residential building sector contracted slightly in Q2 2015 relative to Q1 2015. The value of residential permits issued in the Edmonton CMA totalled \$1 billion in Q2 2015—down 19% on a quarterly basis and up 6% on an annual basis. The number of single-family units covered by new permits was down while multi-family units experienced an increase on a quarterly basis as well as an increased in activity on a yearly basis.

The value of non-residential building permits in the Edmonton CMA jumped by 124% and 32% on a quarterly and annual basis, respectively, reaching \$698 million in Q2 2015. The large gain experienced in the non-residential sector was supported by a significant increase in commercial as well as institutional and governmental permit values.



Source: Statistics Canada, CANSIM Table No: 260006

Construction intentions in the residential sector in **Alberta** declined in Q2 2015 while non-residential permits were up sharply. Permit values in Q2 totalled \$4.5 billion, a 17% gain when compared to Q1 2015. This gain in permit values was mainly driven by higher construction intentions in the industrial, commercial, institutional and governmental sectors. Despite this quarter-over-quarter gain in permit values, Alberta's building permit values were down by 2% year over year, driven primarily by industrial and governmental construction intentions.

The value of building permits issued by municipalities across **Canada** increased on a quarterly basis by 16%, reaching \$22.3 billion in Q2 2015. At the national level, there was a slight increase in residential growth while the growth in the non-residential sector was more pronounced. On an annual basis, both the residential and non-residential sectors posted modest gains.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q2 2014 (Apr-Jun)	Q3 2014 (July-Aug)	Q4 2014 (Oct-Dec)	Q1 2015 (Jan-Mar)	Q2 2015 ^P (Apr-Jun)	Quarter over Quarter	Year over Year
Edmonton CMA	1,477.2	1,638.7	1,808.9	1,551.5	1,698.9	9%	15%
Residential	947.1	994.4	1,021.0	1,240.0	1,000.4	-19%	6%
Non-Residential	530.1	644.3	787.9	311.5	698.5	124%	32%
Alberta	4,529.0	4,783.6	4,625.3	3,796.6	4,438.0	17%	-2%
Residential	2,493.0	2,763.5	2,758.8	2,642.4	2,293.4	-13%	-8%
Non-Residential	2,036.1	2,020.1	1,866.5	1,154.2	2,144.5	86%	5%
Canada	21,186.5	23,012.5	21,125.4	19,306.4	22,318.0	16%	5%
Residential	12,097.6	13,469.4	13,200.6	12,685.2	13,049.2	3%	8%
Non-Residential	9,088.9	9,543.1	7,924.8	6,621.3	9,268.8	40%	2%
Source: Statistics Canada, CANSIM Table No: 026-0006							
P - preliminary							

Significance

The recent decline in oil prices and lower net migration into the Edmonton CMA region has resulted in an easing of demand for single-family and multi-family housing units. Building intentions at the residential level are expected to slow until oil prices start trending upward and net migration increases.

Edmonton's construction sector is expected to hold up well in 2015. However, activity will slow in 2016 reflecting changing macroeconomic conditions such as slower economic growth in the region, slower population growth due to fewer job opportunities and more stable income levels. This anticipated decline will be primarily driven by single-family residential construction.

Limitations

The value of building permits provides a glimpse into the performance of the building construction sectors. Building permits indicate an intent to build but do not always result in immediate construction. The value of building permits issued by municipalities also tends to spike periodically. The significance of these trends should be interpreted in the context of other economic indicators.

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