Edmonton building permit value totals decline in Q4 2019

February 10, 2020

Construction intentions in the Edmonton Census Metropolitan Area (CMA) for both residential and non-residential structures declined in Q4 2019, compared to both the previous quarter and Q4 2018. Reductions were concentrated in non-residential building permit values. Residential and non-residential builders in the Edmonton CMA took out permits valued at about $932 million in Q4 2019, representing a reduction of 13 per cent quarter-over-quarter and 16.2 per cent year-over-year.

Residential building permit values rose two per cent in Q4 2019 compared to Q3 2019. Though single dwelling permit values improved modestly quarter-over-quarter in Q4 2019, the gain was primarily reflective of higher multiple dwelling permit values. Non-residential building permit values dropped about 30 per cent in Q4 2019 compared to Q3, with double-digit declines across all segments.

On a year-over-year basis, residential building permit values in the Edmonton CMA were 4.3 per cent lower in Q4 2019. Both single and multiple dwelling permit values were lower, though the reduction was larger for multiple dwelling permit values. Non-residential building permit values were 30 per cent lower year-over-year, reflecting a significant decline in commercial building permit values. Commercial building permit values were 41.3 per cent lower year-over-year in Q4 2019. Building permit values in this segment have been lower year-over-year for the last four consecutive quarters.
In Alberta, total building permit values in Q4 2019 increased by 1.2 per cent quarter-over-quarter but were 3.5 per cent lower year-over-year. Residential building permit values recorded gains in Q4 2019 relative to both Q3 2019 and Q4 2018. Non-residential building permit values, however, were relatively stable in Q4 2019 compared to Q3, but were 16.7 per cent lower year-over-year.

The total value of residential and non-residential building permits issued by municipalities across Canada in Q4 2019 was 2.6 per cent lower on a quarter-over-quarter basis and almost one per cent lower year-over-year. Residential construction intentions in Q4 2019 saw declines of 7.5 per cent quarter-over-quarter and 5.5 per cent year-over-year. The largest driver in the decline was lower construction intentions for multiple dwelling buildings. On the non-residential side, building permit values in Q4 2019 saw a gain of 5.4 per cent quarter-over-quarter and 6.7 per cent year-over-year. Higher construction intentions for industrial as well as institutional and governmental buildings drove the gain in national building permit values.

### Value of Building Permits - Edmonton CMA, Alberta and Canada

<table>
<thead>
<tr>
<th></th>
<th>Seasonally Adjusted Value ($ millions)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4 2018 (Oct-Dec)</td>
<td>Q1 2019 (Jan-Mar)</td>
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<tr>
<td>Edmonton CMA</td>
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<tr>
<td>Residential</td>
<td>1,112.7</td>
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<tr>
<td>Non-Residential</td>
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<td>Non-Residential</td>
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<tr>
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<tr>
<td>Non-Residential</td>
<td>9,733.9</td>
<td>9,469.7</td>
</tr>
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</table>

Source: Statistics Canada, Table 34-10-0066-01; preliminary; revised
Significance
Construction intentions in 2019 were lower in the Edmonton CMA with an almost 22 per cent drop from 2018 levels. Both residential and non-residential building permit values saw double-digit declines on a year-over-year basis in 2019. Despite the significant drop in values on an annual basis, residential building permit values appear to be reaching some stable ground based on Q4 2019 figures. Considering recent data on housing starts activity, the level of construction activity in 2020 is expected to be slower in the Edmonton CMA compared to 2019.

Economics Made Simple: How are building permit values calculated?
Building permit data are used as a leading indicator of construction activity, as taking out a building permit is one of the first steps in the construction process. The value of a building permit is based on the value of construction, including labour and materials. Trends in building permit values in a given municipality can be used as an indicator to determine the strength of the local economy.

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.

Contact
John Rose
Chief Economist
Financial and Corporate Services
780-496-6070

Felicia Mutheardy
Senior Economist
Financial and Corporate Services
780-496-6144

For media inquiries:
Matt Pretty
Communications Advisor
Financial and Corporate Services
780-442-0970