

Construction intentions inch higher in Q1 2018

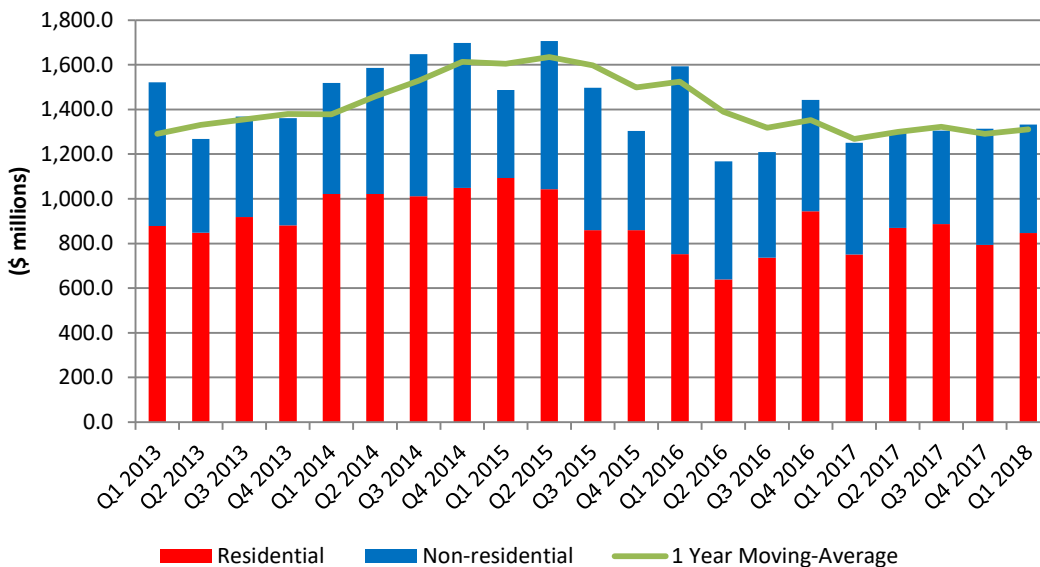
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Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) increased in the first quarter of 2018 compared to both Q1 2017 and Q4 2017.

Residential and non-residential builders in the Edmonton CMA took out permits valued at almost \$1.3 billion combined in Q1 2018, which represents a 1.4% increase compared to Q4 2017 and a gain of almost 7% on a year-over-year basis. The lift in construction intentions in Q1 2018 was attributed to higher residential building permits which more than offset a decline in non-residential permits.

Residential building permits were almost 7% higher in Q1 2018 on quarter-over-quarter basis. The gain was driven by higher construction intentions for single-family dwelling units. On the non-residential side, construction intentions fell by almost 7% quarter-over-quarter in Q1 2018. The decline was attributed to a 42% drop in industrial building permits, which more than offset gains in commercial and institutional and governmental construction intentions.

Value of Building Permits - Edmonton CMA



Source: Statistics Canada, CANSIM Table No: 026-0021

In **Alberta**, overall construction intentions in Q1 2018 rose 8% compared to Q4 2017 and about 3% on a year-over-year basis. The gain was largely driven by higher residential building permits. Both single-family and multi-family building permits rose on a quarter-over-quarter basis in Q1 2018. Similar to Edmonton, non-residential construction intentions in Alberta were lower in Q1 2018 compared to Q4 2017, largely due to a drop in industrial building permits as both the commercial and the institutional and governmental components saw some gains.

The total value of residential and non-residential building permits issued by municipalities across **Canada** in Q1 2018 was up by 3% quarter-over-quarter and by 9% compared to the previous year. Compared to the last quarter of 2017, residential construction intentions rose in Q1 2018, driven solely by multi-family building permits which were 18% higher on a quarter-over-quarter basis.

Value of Building Permits - Edmonton CMA, Alberta and Canada¹

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q1 2017r (Jan-Mar)	Q2 2017r (Apr-Jun)	Q3 2017r (Jul-Sep)	Q4 2017r (Oct-Dec)	Q1 2018p (Jan-Mar)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1,250.1	1,293.5	1,305.4	1,313.5	1,331.9	1%	7%
Residential	750.3	869.9	886.2	793.8	846.6	7%	13%
Non-Residential	499.8	423.6	419.3	519.7	485.4	-7%	-3%
Alberta	3,584.8	3,492.0	3,742.2	3,425.9	3,701.3	8%	3%
Residential	2,015.4	2,175.6	2,127.9	2,081.1	2,390.0	15%	19%
Non-Residential	1,569.4	1,316.5	1,614.3	1,344.7	1,311.3	-2%	-16%
Canada	22,842.3	24,183.4	24,085.8	24,146.2	24,932.5	3%	9%
Residential	14,826.2	15,066.2	14,889.7	14,910.0	15,934.9	7%	7%
Non-Residential	8,016.1	9,117.2	9,196.1	9,236.2	8,997.6	-3%	12%
Source: Statistics Canada, CANSIM Table No: 026-0021 p – preliminary; r - revised							

¹ Statistics Canada has adjusted their methodology to seasonally adjust the building permits data. As a result, historical data from 2011 onwards have been revised.



Significance

Higher quarter-over-quarter construction intentions in the Edmonton CMA in Q1 2018 were due to gains in the residential sector, specifically for single-family units, which could continue the recent upward trend in single-family housing starts. Though building intentions in the non-residential sector remain volatile, construction intentions for commercial units increased for the second consecutive quarter in Q1 2018, which may be a sign of improvement. On balance, the level of construction activity in 2018 is expected to remain little changed from 2017.

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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