

Building permit values drop in Q1 2019

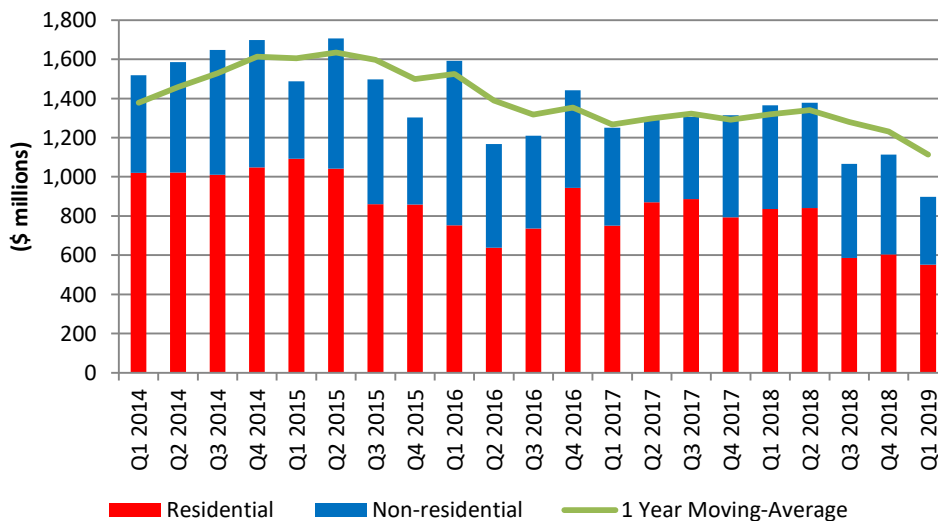
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Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) saw a reduction in the first quarter of 2019 compared to both Q4 2018 and Q1 2018. Residential and non-residential builders in the Edmonton CMA took out permits valued at \$897 million in Q1 2019, representing a decline of 19.3 per cent quarter-over-quarter and 34.3 per cent year-over-year.

Residential building permit values declined almost nine per cent quarter-over-quarter in Q1 2019. The quarter-over-quarter reduction was primarily due to a 17.2 per cent decline in single dwelling building permit values whereas multiple dwelling permit values saw a modest gain of 1.7 per cent in Q1 2019. Non-residential building permit values were 32.1 per cent lower quarter-over-quarter in Q1 2019 with all three segments (i.e. industrial, commercial, and institutional and governmental) recording double-digit declines.

Permit values for residential buildings in the Edmonton CMA continued to slip in Q1 2019 with a 34 per cent year-over-year reduction. Both single and multiple dwelling permit values were lower year-over-year in Q1 2019 though the reduction in single dwelling permit values was more pronounced at 50.6 per cent. On the non-residential side, the value of building permits saw an almost 35 per cent year-over-year decline in Q1 2019. Building permit values were lower year-over-year in all three segments.

Value of Building Permits - Edmonton CMA



Source: Statistics Canada, Table 34-10-0066-01; seasonally adjusted

In **Alberta**, total building permit values in Q1 2019 were 10.5 per cent lower quarter-over-quarter and almost 27 per cent lower year-over-year. Residential permit values were relatively unchanged in the first quarter of 2019 compared to Q4 2018 as a gain in multiple permit values offset a decline in the single dwelling segment. On a year-over-year basis, both single and multiple dwelling permit values were lower, though the decline was more concentrated in single dwelling permit values which saw a 38.6 per cent reduction. On the non-residential side, building permit values in Q1 2019 recorded an almost 24 per cent reduction compared to Q4 2018 and 28 per cent decline year-over-year. It is worth noting that the double-digit quarter-over-quarter declines in the industrial and commercial segments were largely reflective of weakness in Edmonton as permit values in those segments have started to improve in the Calgary CMA.

The total value of residential and non-residential building permits issued by municipalities across **Canada** in Q1 2019 was down four per cent on a quarter-over-quarter basis and 3.5 per cent year-over-year. Compared to the last quarter of 2018, residential construction intentions in Q1 2019 were almost four per cent lower as permit values declined for both single and multiple dwellings. On a year-over-year basis, a gain in multiple dwelling permit values was more than offset by a 17.4 per cent decline in permit values for single dwellings. On the non-residential side, building permit values declined almost five per cent quarter-over-quarter but were relatively unchanged on a year-over-year basis.

Value of Building Permits - Edmonton CMA, Alberta and Canada¹

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q1 2018r (Jan-Mar)	Q2 2018r (Apr-Jun)	Q3 2018r (Jul-Sep)	Q4 2018r (Oct-Dec)	Q1 2019p (Jan-Mar)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1,365.0	1,377.2	1,066.4	1,112.7	897.5	-19%	-34%
Residential	835.4	840.8	586.8	603.3	551.4	-9%	-34%
Non-Residential	529.6	536.5	479.6	509.3	346.1	-32%	-35%
Alberta	3,795.0	3,461.0	3,105.4	3,098.0	2,772.9	-10%	-27%
Residential	2,320.8	2,058.8	1,691.6	1,704.8	1,707.4	0%	-26%
Non-Residential	1,474.2	1,402.1	1,413.7	1,393.2	1,065.5	-24%	-28%
Canada	25,153.1	24,782.1	24,523.9	25,313.7	24,275.8	-4%	-3%
Residential	15,929.8	16,092.5	15,241.3	15,579.8	15,000.5	-4%	-6%
Non-Residential	9,223.3	8,689.6	9,282.6	9,733.9	9,275.4	-5%	1%
Source: Statistics Canada, Table 34-10-0066-01 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

At the start of 2019, a slowdown in the level of construction activity was anticipated, particularly on the residential side. The residential existing and new home markets in the Edmonton CMA remain well-supplied which has undercut the incentive for new construction. However, the most recent data indicate that the pullback in activity levels may be more pronounced than expected. This may be a further drag on economic growth prospects for 2019.

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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