

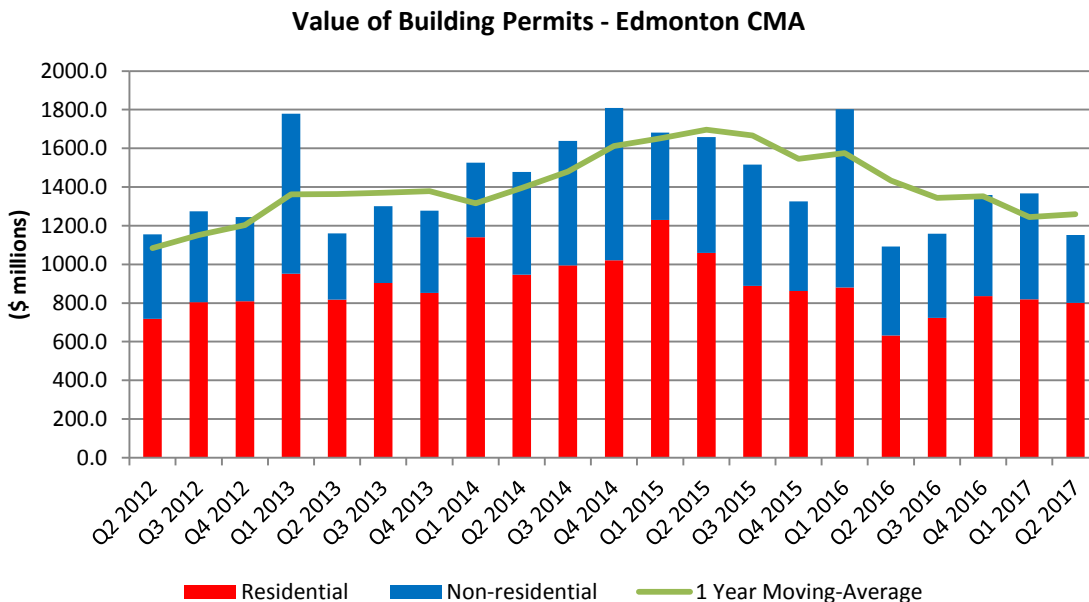
Fewer industrial permits in Q2 2017 bring overall construction intentions down

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Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) were down in the second quarter (Q2) of 2017, following three quarters of gains in the last half of 2016 and early 2017.

Overall, builders in the Edmonton CMA took out permits worth just under \$1.2 billion in Q2 2017, which is a 16% decline from the \$1.4 billion permit values seen in Q1 2017. This decline is attributed to the sharply decreased number of industrial permits—down by 36% on a quarterly basis.

On an annual basis, however, building permit values increased by 5% in Q2 2017 when compared to Q2 2016. This rise was largely due to improved numbers for residential permits, which were up by 27% on an annual basis.



Source: Statistics Canada, CANSIM Table No: 026-0006

In **Alberta**, overall construction intentions were down by 5% on a quarterly basis and by 1% on an annual basis. The quarterly decrease was driven by decreased intentions to construct in the non-residential sector. As was the case in Edmonton, Alberta’s decreased non-residential permit value reflected much lower permit values for the industrial segment.

The total value of residential and non-residential building permits issued by municipalities across **Canada** was up by 4% quarter over quarter and by 10% on an annual basis. Permit values were unchanged in the residential sector quarter over quarter and up by 11% year over year, while permit values in the non-residential sector were up by 12% quarter over quarter and by 9% year over year.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q2 2016r (Apr-Jun)	Q3 2016r (Jul-Sep)	Q4 2016r (Oct-Dec)	Q1 2017r (Oct-Dec)	Q2 2017p (Oct-Dec)	Quarter over Quarter	Year-over Year
Edmonton CMA	1092.8	1158.3	1358.5	1376.1	1151.8	-16%	5%
Residential	631.9	722.7	836.3	820	800.6	-2%	27%
Non-Residential	460.9	435.6	522.2	547.1	351.3	-36%	-24%
Alberta	3288.8	3404.6	3941.7	3450.3	3269.8	-5%	-1%
Residential	1806.0	1897.6	2431.6	1982.1	2113.6	7%	17%
Non-Residential	1482.8	1507.0	1510.1	1468.1	1156.1	-21%	-22%
Canada	20865.6	21545.7	22926.5	22142.0	23033.6	4%	10%
Residential	13217.0	13629.8	15613.1	14682.8	14672.4	0%	11%
Non-Residential	7648.5	7915.8	7313.3	7459.3	8361.2	12%	9%
	Source: Statistics Canada, CANSIM Table No: 026-0006 P – preliminary; r - revised						

Significance

Lower oil prices, and resulting reductions in the energy-related activity reflected in the year-over-year declines, continue to impact construction intentions in Edmonton's non-residential sectors. The improvement in results for Q3 and Q4 of 2016 and Q1 of 2017 needs to be interpreted with caution. While residential permit values appear to have stabilized, non-residential permits remain very volatile.

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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