

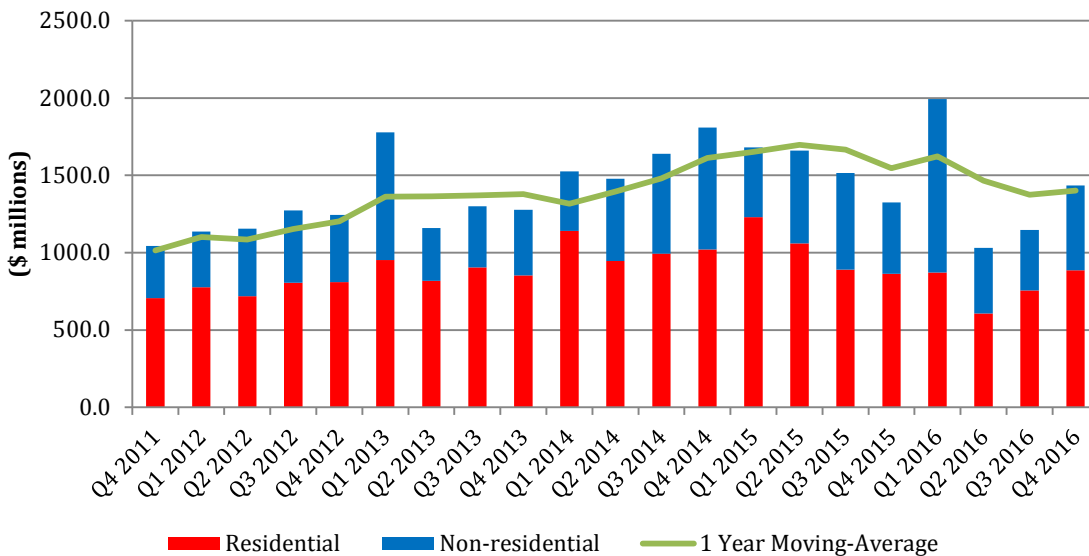
Construction intentions rise in Q4 2016

February 7, 2017

Construction intentions in the Edmonton Census Metropolitan Area (CMA) increased in the fourth quarter (Q4) of 2016, following a similar rise in the third quarter (Q3) of 2016.

Builders in the Edmonton CMA took out permits worth \$1.4 billion in Q4 2016. This was a 25% increase from the \$1.1 billion permit values seen in Q3 2016. Year-over-year, the value of building permits was also up by 8% in Q4 2016 when compared to Q4 2015. Construction intentions rose on a quarterly basis due to increased building permit values taken out in both the residential and non-residential sectors. The value of non-residential permits was up - driven by very strong growth in permits for institutions and government. An upward trend in building permit values was also observed on a year-over-year basis with construction intentions rising in both the residential and non-residential sectors.

Value of Building Permits - Edmonton CMA



In Alberta, overall construction intentions were up 14% on a quarterly basis. The Year-over-year value of building permits issued in the province was down 11%. The quarterly increase was driven by higher intentions to construct in both residential and non-residential sectors. Quarterly, higher construction intentions in the commercial sector offset the drop in construction intentions in the industrial, institutional and governmental sectors. Overall, \$3.7 billion in permit values was taken out in the province in Q4 2016.

The value of residential and non-residential building permits issued by municipalities across Canada was up by 7% quarter-over-quarter. On a yearly basis, permit values were also up 7%. Permit values were up in

the residential sector by 14% quarter-over-quarter and by 13% year-over-year, while permit values in the non-residential sector were down by 3% quarter-over-quarter and down by 3% year-over-year.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q4 2015r (Oct-Dec)	Q1 2016r (Jan-Mar)	Q2 2016r (Apr-Jun)	Q3 2016r (Jul-Sep)	Q4 2016p (Oct-Dec)	Quarter over Quarter	Year-over Year
Edmonton CMA	1325.6	1992.7	1030.4	1146	1434.5	25%	8%
Residential	863	871.7	607	755.2	886.7	17%	3%
Non-Residential	462.7	1121.0	423.3	390.8	547.8	40%	18%
Alberta	4222.3	3624.4	2971.3	3269.8	3741.9	14%	-11%
Residential	2482.1	1639.8	1624.1	1621.6	2170.8	34%	-13%
Non-Residential	1740.3	1984.6	1337.3	1341.6	1571.1	17%	-10%
Canada	21097.7	20682.9	20119.8	21047.3	22613.1	7%	7%
Residential	13496.5	12649.9	12821.7	13391.2	15207.1	14%	13%
Non-Residential	7601.2	8033.0	7298.1	7656.1	7406.0	-3%	-3%
	Source: Statistics Canada, CANSIM Table No: 026-0006 P – preliminary; r - revised						

Significance

Lower oil prices continue to affect construction intentions in Edmonton’s residential and non-residential sectors reflected in marked year over year declines. The improvement apparent in the third and fourth quarter results needs to be interpreted with caution as it may reflect a temporary up tick reflecting builder’s response to changes in the building code. This may lead to a pullback in permit values in the first quarter of 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.

Contact

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