

Increased non-residential building permits lift overall construction intentions in Q4 2017

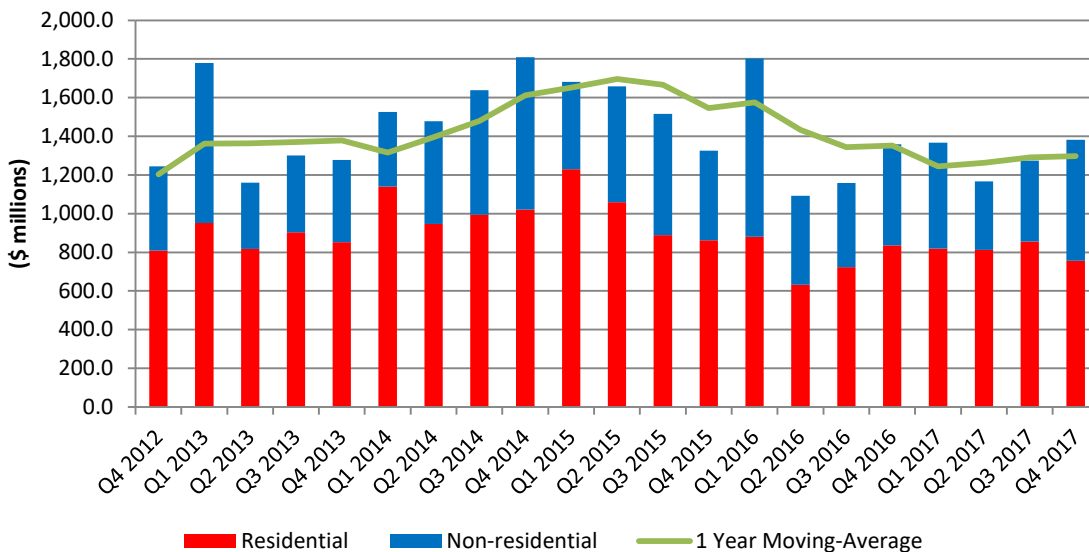
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Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) were higher in the fourth quarter of 2017 compared to both Q3 2017 and Q4 2016.

Residential and non-residential builders in the Edmonton CMA took out permits valued at almost \$1.4 billion combined in Q4 2017, which represents an 8% increase compared to Q3 2017 and a gain of about 2% on a year-over-year basis. Compared to the previous quarter, gains in the non-residential building permit values more than offset reductions in residential permits in Q4 2017.

The Q4 2017 year-over-year gain in total building permit values was driven by higher non-residential construction intentions in the Edmonton CMA as residential building permit values saw a 10% reduction. The year-over-year decline in residential building permits in Q4 2017 was solely driven by lower multi-family construction intentions, which were down almost 28%. The building permit values for single-family were up on a year-over-year basis in Q4 2017 by 6%.

Value of Building Permits - Edmonton CMA



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

In **Alberta**, overall construction intentions in Q4 2017 were lower by 3% compared to Q3 2017 and about 14% on a year-over-year basis. The reduction was due to lower building permit values in both the

residential and non-residential sectors. Residential building permit values were down 4% on a quarter-over-quarter basis in Q4 2017 while the reduction in non-residential permit values was almost 2%.

The total value of residential and non-residential building permits issued by municipalities across **Canada** in Q4 2017 was up by 2% quarter-over-quarter and by 5% compared to the previous year. Despite a quarter-over-quarter increase in residential permit values of 1% in Q4 2017, residential construction intentions were 4% lower on a year-over-year basis. Permit values in the non-residential sector rose by 4% quarter-over-quarter and by 25% year-over-year.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q4 2016 (Oct-Dec)	Q1 2017 (Jan-Mar)	Q2 2017 (Apr-Jun)	Q3 2017r (Jul-Sep)	Q4 2017p (Oct-Dec)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1358.5	1367.1	1166.8	1274.2	1381.7	8%	2%
Residential	836.3	820.0	812.3	855.0	756.5	-12%	-10%
Non-Residential	522.2	547.1	354.5	419.2	625.3	49%	20%
Alberta	3941.7	3450.3	3282.0	3509.3	3403.5	-3%	-14%
Residential	2431.6	1982.1	2121.7	2140.6	2057.3	-4%	-15%
Non-Residential	1510.1	1468.1	1160.3	1368.6	1346.2	-2%	-11%
Canada	22926.5	22142.0	23182.2	23495.4	24048.3	2%	5%
Residential	15613.1	14682.8	14744.8	14732.4	14927.5	1%	-4%
Non-Residential	7313.3	7459.3	8437.4	8763.0	9120.8	4%	25%
	Source: Statistics Canada, CANSIM Table No: 026-0006 P — preliminary; r — revised						

Significance

Higher quarter-over-quarter construction intentions in the Edmonton CMA in Q4 2017 were due to gains in the non-residential sector as lower multi-family building permit values held back the residential sector. Though remaining volatile, the non-residential sector is showing signs of improvement with quarter-over-quarter gains for industrial, commercial and institutional structures. For 2017 as a whole, total construction intentions were 2% higher than 2016, led by the non-residential sector. This modest year-over-year gain in building permit values suggests the level of construction activity in 2018 will be 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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