

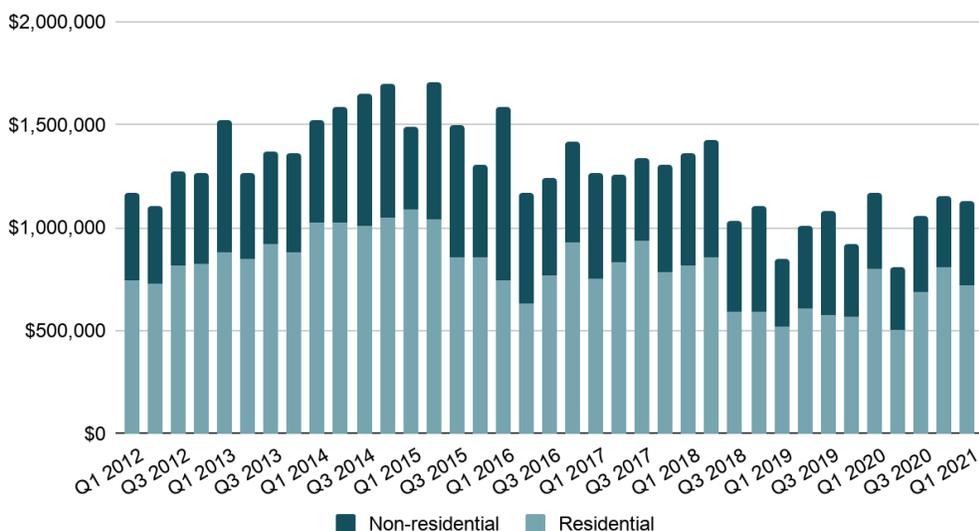
Construction intentions slow down in Q1 2021

May 5, 2021

Construction intentions in the **Edmonton** census metropolitan area (CMA) (including residential and non-residential structures) pulled back in the first quarter of 2021 (Q1) on a seasonally adjusted basis. Residential and non-residential builders in the Edmonton CMA took out permits valued at \$1.1 billion in Q1, down 2.6 per cent compared to Q4 2020. Residential building permit values declined by 10.8 per cent in Q1 from Q4 2020, driven by a 34 per cent reduction for multiple dwellings. Except for institutional and governmental structures, building permit values for all other non-residential building structure types saw gains in Q1 from Q4 2020, resulting in a 16.7 per cent increase in total non-residential permit values.

Total residential and non-residential permit values in the Edmonton CMA were 3.9 per cent lower in Q1 compared to the same quarter in 2020. Residential permit values were almost 10 per cent lower year-over-year in Q1, solely due to lower construction intentions for multiple dwellings. Permit values for total non-residential buildings, however, were higher year-over-year in Q1, due to greater construction intentions for commercial and institutional and governmental structures. It is important to note that permit values for institutional and governmental structures were higher year-over-year in Q1 despite a decrease in value from Q4 2020.

Edmonton CMA Building Permit Values (\$000s)



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

In **Alberta**, building permit values for both residential and non-residential structures in Q1 were higher compared to both Q4 2020 (+16.6 per cent) and Q1 2020 (+17.8 per cent). Construction intentions for residential single dwellings, as well as across all non-residential structure types gained in Q1 compared to Q4 2020. On a year-over-year basis, construction intentions for residential multiple dwellings, as well as industrial and commercial buildings were lower in Q1.

The total value of residential and non-residential building permits across **Canada** in Q1 was \$31.2 billion, up 12.7 per cent compared to Q4 2020. Construction intentions in Q1 set a record for first quarter performance with all components (residential and non-residential) reporting gains.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)			% Change	
	Q1 2020	Q4 2020r	Q1 2021p	Q/Q	Y/Y
	(Jan-Mar)	(Oct-Dec)	(Jan-Mar)		
Edmonton CMA	1,172.2	1,156.4	1,126.9	-2.6	-3.9
Residential	798.2	809.4	722.0	-10.8	-9.6
Non-Residential	374.0	347.0	404.9	16.7	8.2
Alberta	2,892.8	2,921.9	3,407.9	16.6	17.8
Residential	1,833.7	1,963.6	2,258.4	15.0	23.2
Non-Residential	1,059.1	958.3	1,149.5	20.0	8.5
Canada	24,893.8	27,719.5	31,235.3	12.7	25.5
Residential	15,760.3	19,262.6	22,145.8	15.0	40.5
Non-Residential	9,133.5	8,456.9	9,089.5	7.5	-0.5
	Source: Statistics Canada, Table 34-10-0066-01 p – preliminary; r - revised				

Significance

The performance of quarterly building permit values in the Edmonton region suggests unevenness in construction activity this year across components, with more support for residential construction. Residential activity will likely see support through the construction of single dwellings, which have seen consistent quarter-over-quarter gains since Q3 2020. On the non-residential side, it appears as though construction intentions are recovering for commercial structures, whereas for the other two components, permit values have been more 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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