

## Construction intentions see strong growth in Q2 2021

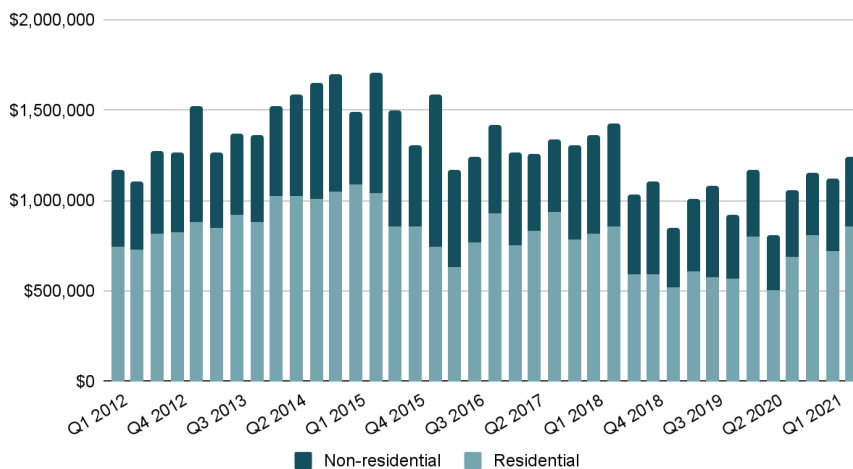
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Construction intentions in the **Edmonton** census metropolitan area (CMA) for both residential and non-residential structures saw an impressive gain of 10.6 per cent in the second quarter (Q2) of 2021 and almost 53 per cent from Q2 2020. Residential and non-residential permits totaled \$1.24 billion in value after adjusting for seasonal factors, with support largely coming from residential construction intentions.

Residential building permit values gained 18 per cent in Q2 2021 from Q1. The gain mostly came from construction intentions to build multiple dwellings, which include doubles, rows, and apartments. The value of single dwelling construction intentions in Q2 was relatively unchanged from Q1. Non-residential building permit values saw a 3 per cent reduction in Q2 from Q1 as lower permit values for institutional and governmental structures more than offset higher permit values for industrial and commercial structures.

On a year-over-year basis, residential permit values were almost 71 per cent higher year-over-year in Q2, with double-digit increases for both single and multiple dwellings. On the non-residential side, permit values were 24 per cent higher year-over-year in Q2, largely supported by greater construction intentions for industrial and commercial structures.

Edmonton CMA Building Permit Values (\$000s)



Source: Statistics Canada, Table 34-10-0066-01; seasonally adjusted; series ending Q2 2021

## **Significance**

The economic impacts of the COVID-19 pandemic and public health restrictions were evident in Q2 2020, with seasonally adjusted permit values dropping by almost 31 per cent compared to Q1 2020 and 20 per cent year-over-year. This significant drop means year-over-year comparisons from Q2 2021 to Q2 2020 could overstate the strength in construction intentions for some structures, particularly for single and multiple dwellings. However, a comparison against Q2 2019 figures confirms significant gains in single and multiple permit values, which suggests support for residential construction activity in the Edmonton CMA, at least in the near term. Unadjusted permit values indicate that the support will likely come from land-oriented units, particularly singles, doubles, and rows with year-to-date values posting double-digit growth on a year-over-year basis.

Strong growth in permit values for industrial and commercial structures will also support construction activity in the region. Year-to-date unadjusted permit values for most structure types within these two categories are higher on a year-over-year basis.

## **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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