

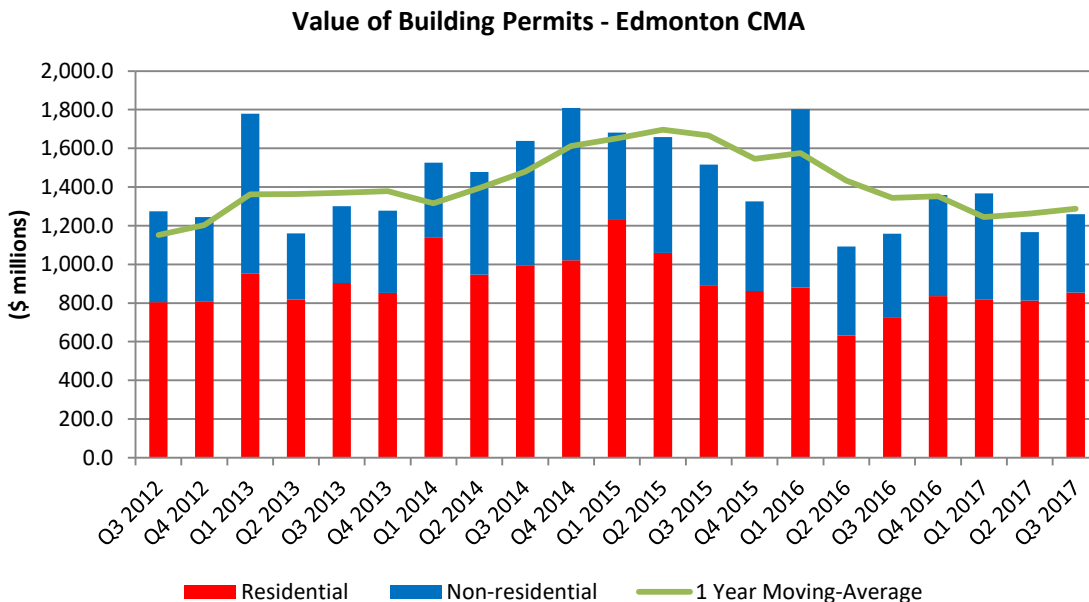
Increased residential building permits lift overall construction intentions in Q3 2017

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Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) rose in the third quarter (Q3) of 2017 compared to both Q2 2017 and Q3 2016.

Residential and non-residential builders in the Edmonton CMA took out permits valued at almost \$1.3 billion combined in Q3 2017, which represents an 8% increase compared to Q2 2017 and a gain of about 9% on a year-over-year basis. Both residential and non-residential building permit values were up in Q3 2017 compared to the previous quarter.

The year-over-year gain in building permit values seen in Q3 2017 was driven by increased residential construction intentions as non-residential building permit values dropped by 7%. Building permit values for single- and multi-family were up on a year-over-year basis in Q3 2017 by about 15% and 24%, respectively.



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

In **Alberta**, overall construction intentions in Q3 2017 rose by 7% from Q2 2017 and by 3% on a year-over-year basis. The quarter-over-quarter gain was driven by higher intentions to construct in both the residential and non-residential sectors. Despite gains on a quarterly basis, non-residential building permits

in Q3 2017 were down 10% compared to the previous year, much like in Edmonton. This decline was attributed to decreased intentions seen in industrial and commercial construction.

The total value of residential and non-residential building permits issued by municipalities across **Canada** was up by 1% quarter over quarter and by 9% compared to the previous year. Permit values in Q3 2017 were unchanged in the residential sector from the previous quarter but were up by 8% year over year. Permit values in the non-residential sector rose by 3% quarter over quarter and by 10% year over year.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q3 2016 (Jul-Sep)	Q4 2016 (Oct-Dec)	Q1 2017 (Jan-Mar)	Q2 2017r (Apr-Jun)	Q3 2017p (Jul-Sep)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1158.3	1358.5	1367.1	1166.8	1259.5	8%	9%
Residential	722.7	836.3	820.0	812.3	854.6	5%	18%
Non-Residential	435.6	522.2	547.1	354.5	405.0	14%	-7%
Alberta	3404.6	3941.7	3450.3	3282.0	3511.4	7%	3%
Residential	1987.6	2431.6	1982.1	2121.7	2149.5	1%	8%
Non-Residential	1507.0	1510.1	1468.1	1160.3	1361.9	17%	-10%
Canada	21545.7	22926.5	22142.0	23182.2	23412.9	1%	9%
Residential	13629.8	15613.1	14682.8	14744.8	14706.1	0%	8%
Non-Residential	7915.8	7313.3	7459.3	8437.4	8706.9	3%	10%
	Source: Statistics Canada, CANSIM Table No: 026-0006 P – preliminary; r - revised						

Significance

Despite higher construction intentions in the Edmonton CMA in Q3 2017 compared to the previous quarter, non-residential building permit values remain lower than the activity seen in Q3 2016. Residential building permits have found stability; however, a low oil price environment continues to impact construction intentions on the non-residential side. Though improving on a quarter-over-quarter basis, non-residential building permit values remain 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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