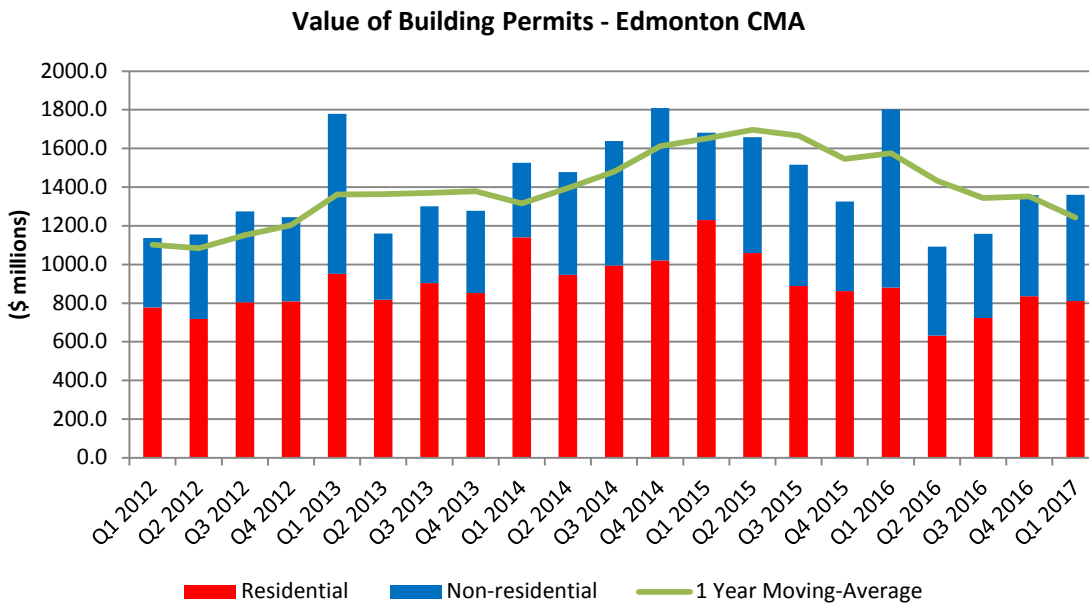


Construction intentions unchanged in Q1 2017

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Construction intentions in the Edmonton Census Metropolitan Area (CMA) were essentially unchanged in the first quarter (Q1) of 2017, following two quarters of gains in the last half of 2016.

Builders in the Edmonton CMA took out permits worth just under \$1.4 billion in Q1 2017, which is a marginal decline from the \$1.4 billion permit values seen in Q4 2016. Building permit values decreased by 25% in Q1 2017 when compared to Q1 2016. This decline was impacted by a large permit related to Roger's Place Arena issued in February 2016, which raised Q1 2016 permit values significantly. Construction intentions fell slightly on a quarterly basis due to lower residential building permit values. The value of non-residential permits was up, driven by very strong growth in permits for institutions and government.



In Alberta, overall construction intentions were down 13% on a quarterly basis. Year-over-year, the value of building permits issued in the province was down by 3%. The quarterly decrease was driven by lower intentions to construct in both the residential and non-residential sectors. However, lower construction intentions for multi-family residential buildings were the primary factor in Q1 2017's negative trend for building intentions.

The value of residential and non-residential building permits issued by municipalities across Canada was down by 4%, quarter-over-quarter. However, on a yearly basis, permit values were up 7%. Permit values were down in the residential sector by 6% quarter-over-quarter and up by 16% year-over-year, while

permit values in the non-residential sector were up by 1% quarter over quarter and down by 5% year over year.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q1 2016r (Jan-Mar)	Q2 2016r (Apr-Jun)	Q3 2016r (Jul-Sep)	Q4 2016r (Oct-Dec)	Q1 2017p (Oct-Dec)	Quarter over Quarter	Year-over Year
Edmonton CMA	1801.6	1092.8	1158.3	1358.5	1360.1	0%	-25%
Residential	870	631.9	722.7	836.3	811	-3%	-7%
Non-Residential	921.6	460.9	435.6	522.2	549.1	5%	-40%
Alberta	3565.0	3288.8	3404.6	3941.7	3448.5	-13%	-3%
Residential	1794.7	1806.0	1897.6	2431.6	1976.3	-19%	10%
Non-Residential	1770.3	1482.8	1507.0	1510.1	1472.2	-3%	-17%
Canada	20564.0	20865.6	21545.7	22926.5	22075.0	-4%	7%
Residential	12679.6	13217.0	13629.8	15613.1	14679.1	-6%	16%
Non-Residential	7804.5	7648.5	7915.8	7313.3	7395.9	1%	-5%
Source: Statistics Canada, CANSIM Table No: 026-0006 P – preliminary; r - revised							

Significance

Lower oil prices, reflected in the year-over-year declines, continue to impact construction intentions in Edmonton's residential and non-residential sectors. The improvement apparent in results for the third and fourth quarter of 2016 results will need to be interpreted with caution, as this may reflect a temporary increase from builders' response to changes in the building code. This may lead to a pullback in permit values in late 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