

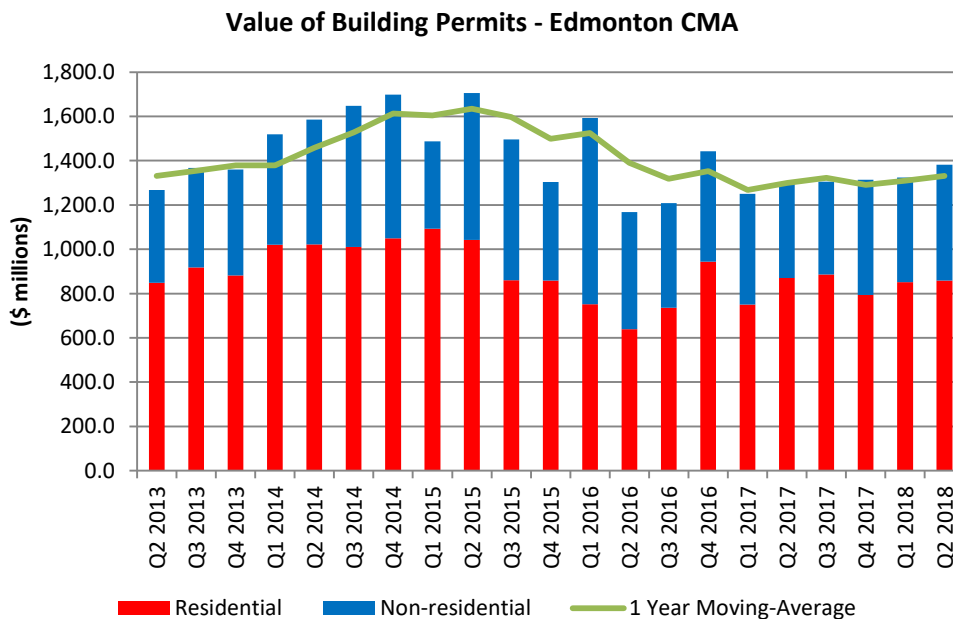
## Building permits rise in Q2 2018

August 8, 2018

Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) increased in the second quarter of 2018 compared to both Q2 2017 and Q1 2018.

Residential and non-residential builders in the Edmonton CMA took out permits valued at almost \$1.4 billion combined in Q2 2018, representing a gain of 6.8% on a year-over-year basis and a 4.4% increase compared to Q1 2018. The quarter-over-quarter lift in construction intentions in Q2 2018 was attributed to a marginal gain in residential building permits and higher non-residential building permits, specifically for commercial buildings.

Residential building permit values were almost 1% higher in Q2 2018 on a quarter-over-quarter basis. The gain was driven by higher construction intentions for multi-family dwelling units. On the non-residential side, the value of building permits rose almost 11% quarter-over-quarter in Q2 2018. The gain was attributed to an almost 37% increase in commercial building permit values, which more than offset declines in the industrial and governmental components.



Source: Statistics Canada, Table 34-10-0066-01

In **Alberta**, overall building permits in Q2 2018 were almost 1% lower in value compared to Q1 2018 but about 4% higher on a year-over-year basis. On a quarter-over-quarter basis, residential construction permit values were about 9% lower in Q2 2018 with reductions in both single-family and multi-family building permits. Similar to Edmonton, non-residential construction intentions in Alberta were higher in Q2 2018 compared to Q1 2018, with gains recorded in all three components (i.e. industrial, commercial, and institutions and governmental).

The total value of residential and non-residential building permits issued by municipalities across **Canada** in Q2 2018 was almost 2% lower on a quarter-over-quarter basis and relatively unchanged when compared to Q2 2017. Compared to the first quarter of 2018, residential construction intentions in Q2 2018 were relatively similar as higher multi-family building permits offset reductions in single-family building permits. On the non-residential side, reductions in industrial and governmental building permits more than offset a gain in commercial construction intentions.

**Value of Building Permits - Edmonton CMA, Alberta and Canada<sup>1</sup>**

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q2 2017 (Apr-Jun)	Q3 2017 (Jul-Sep)	Q4 2017 (Oct-Dec)	Q1 2018r (Jan-Mar)	Q2 2018p (Apr-Jun)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1,293.5	1,305.4	1,313.5	1,323.3	1,381.6	4%	7%
Residential	869.9	886.2	793.8	851.8	859.3	1%	-1%
Non-Residential	423.6	419.3	519.7	471.5	522.3	11%	23%
Alberta	3,492.0	3,742.2	3,425.9	3,644.8	3,618.6	-1%	4%
Residential	2,175.6	2,127.9	2,081.1	2,363.9	2,158.7	-9%	-1%
Non-Residential	1,316.5	1,614.3	1,344.7	1,280.9	1,459.8	14%	11%
Canada	24,183.4	24,085.8	24,146.2	24,725.3	24,272.2	-2%	0%
Residential	15,066.2	14,889.7	14,910.0	15,875.8	15,832.0	0%	5%
Non-Residential	9,117.2	9,196.1	9,236.2	8,849.9	8,440.3	-5%	-7%
	Source: Statistics Canada, Table 34-10-0066-01 p – preliminary; r - revised						

<sup>1</sup> Statistics Canada has adjusted their methodology to seasonally adjust the building permits data. As a result, historical data from 2011 onwards have been revised.



## Significance

Higher quarter-over-quarter construction intentions in the Edmonton CMA in Q2 2018 were due to gains in multi-family building permits as well as for commercial buildings. Though building intentions in the non-residential sector remain volatile, the commercial component is showing signs of improvement with an almost 37% quarter-over-quarter gain in value in Q2 2018. On balance, the level of construction activity in 2018 is expected to remain 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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