

Building permit values improve in Q2 2019

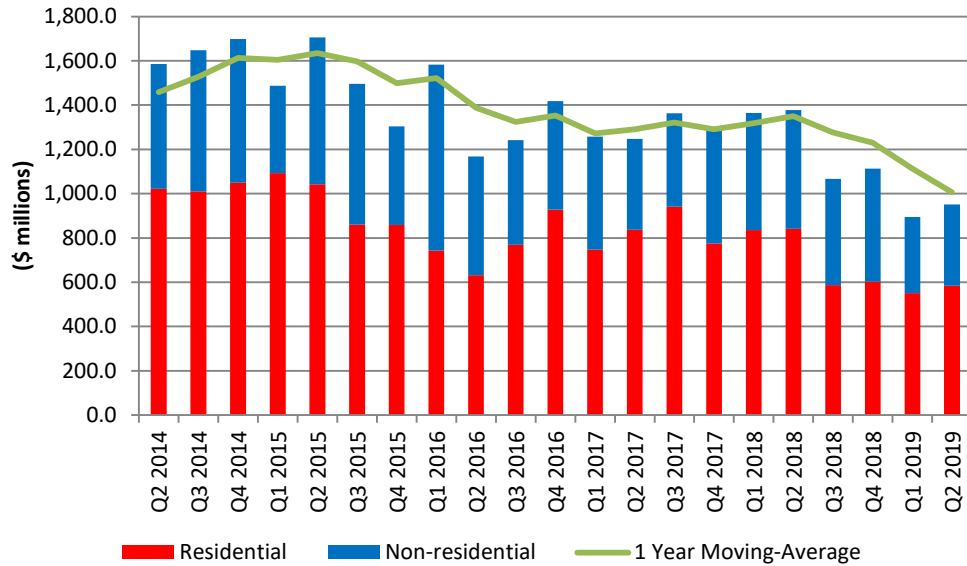
August 9, 2019

Construction intentions in the **Edmonton** Census Metropolitan Area (CMA) saw some improvement in the second quarter of 2019 compared to Q1 but were still lower year-over-year. Residential and non-residential builders in the Edmonton CMA took out permits valued at \$951 million in Q2 2019, representing a gain of 6.4 per cent quarter-over-quarter and a reduction of almost 31 per cent year-over-year.

Residential building permit values were six per cent higher in Q2 2019 over Q1. Quarter-over-quarter, single dwelling building permit values saw an increase of almost eight per cent in Q2 2019 while multiple dwelling construction intentions rose 4.1 per cent in value. Non-residential building permit values were almost seven per cent higher in Q2 2019 compared to Q1. Both industrial, institutional and governmental building permit values rose quarter-over-quarter in Q2 2019, more than offsetting a reduction in commercial building permit values.

Permit values for residential buildings in the Edmonton CMA continued to slip on a year-over-year basis in Q2 2019 with a 30 per cent reduction. Single and multiple dwelling permit values were both lower year-over-year in Q2 2019, though the reduction in single dwelling construction intentions was more pronounced, with a reduction of about 43 per cent in value. Non-residential building permit values declined almost 32 per cent in Q2 2019 year-over-year. With the exception of the industrial segment, which gained almost 35 per cent in value year-over-year in Q2 2019, all other components were lower year-over-year.

Value of Building Permits - Edmonton CMA



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

In **Alberta**, total building permit values in Q2 2019 were almost six per cent higher quarter-over-quarter and 15.2 per cent lower year-over-year. Residential permit values ticked down in Q2 2019 relative to Q1 as increased construction intentions for single dwellings were more than offset by a reduction in multiple building permit values. On a year-over-year basis, both single and multiple dwelling permit values were lower with the reduction in values more concentrated for single dwelling permits. On the non-residential side, building permit values in Q2 2019 recorded a gain of almost 17 per cent quarter-over-quarter and decline of 11 per cent year-over-year. The quarter-over-quarter gain in non-residential construction intentions largely reflect improvements in the Calgary CMA as non-residential building permit values recorded an almost 30 per cent gain in Q2 2019.

The total value of residential and non-residential building permits issued by municipalities across **Canada** in Q2 2019 rose almost six per cent on a quarter-over-quarter basis and 4.1 per cent year-over-year. Residential construction intentions in Q2 2019 were 6.8 per cent higher quarter-over-quarter with construction intentions for both single and multiple dwellings gaining in value. On a year-over-year basis, an almost three per cent gain in multiple dwelling permit values in Q2 2019 was more than offset by a reduction in value for single dwellings. On the non-residential side, building permit values in Q2 2019 rose by 4.3 per cent quarter-over-quarter and 13.6 per cent year-over-year.

Value of Building Permits - Edmonton CMA, Alberta and Canada¹

	Seasonally Adjusted Value (\$ millions)					% Change	
	Q2 2018 (Apr-Jun)	Q3 2018 (Jul-Sep)	Q4 2018 (Oct-Dec)	Q1 2019r (Jan-Mar)	Q2 2019p (Apr-Jun)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1,377.2	1,066.4	1,112.7	894.5	951.3	6%	-31%
Residential	840.8	586.8	603.3	551.4	584.6	6%	-30%
Non-Residential	536.5	479.6	509.3	343.1	366.7	7%	-32%
Alberta	3,461.0	3,105.4	3,098.0	2,769.9	2,934.9	6%	-15%
Residential	2,058.8	1,691.6	1,704.8	1,701.1	1,687.4	-1%	-18%
Non-Residential	1,402.1	1,413.7	1,393.2	1,068.8	1,247.4	17%	-11%
Canada	24,782.1	24,523.9	25,313.7	24,387.0	25,808.7	6%	4%
Residential	16,092.5	15,241.3	15,579.8	14,917.3	15,934.2	7%	-1%
Non-Residential	8,689.6	9,282.6	9,733.9	9,469.7	9,874.6	4%	14%
Source: Statistics Canada, Table 34-10-0066-01 p – preliminary; r - revised							

Significance

Construction intentions are improving in the Edmonton CMA even though building permit values remain significantly below levels recorded in 2018. The incentive for new residential construction is being held back by well-supplied existing and new home markets; however, the most recent reports indicate some improvement in the existing home market. Nonetheless, the level of construction activity in 2019 will remain below the previous year.

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

