

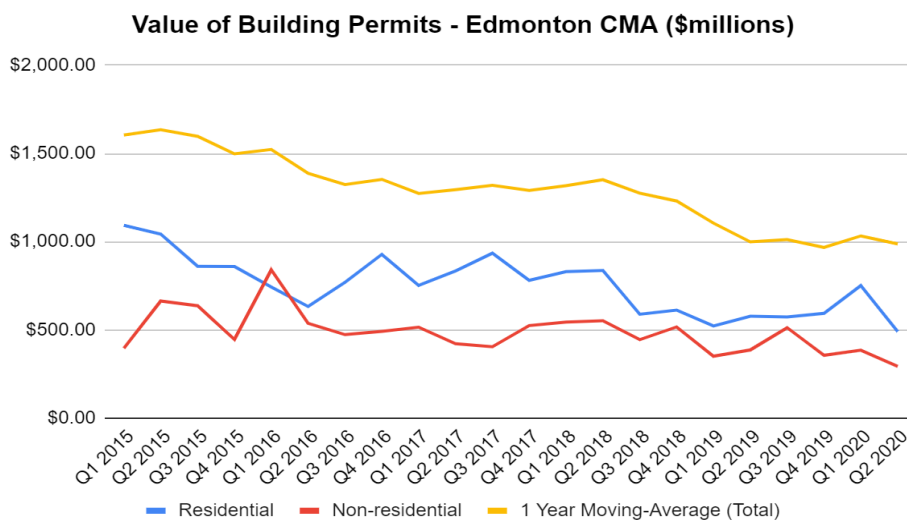
## Edmonton building intentions fall in Q2 2020

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Construction intentions in the **Edmonton** census metropolitan area (CMA) for both residential and non-residential structures dropped in value in Q2 2020, compared to both Q1 2020 and Q2 2019. Residential and non-residential builders in the Edmonton CMA took out permits valued at about \$782 million in Q2 2020, representing a decline of 31 per cent quarter-over-quarter and almost 19 per cent year-over-year.

Residential building permit values fell by almost 35 per cent quarter-over-quarter in Q2 2020. Though permit values for single dwellings dropped, the decline was more pronounced for multiple dwellings. Multiple dwelling permit values were 40.1 per cent lower quarter-over-quarter in Q2 2020. Non-residential building permit values also saw a reduction in Q2 2020 of about 24 per cent quarter-over-quarter. A 28 per cent quarter-over-quarter gain in building permit values for institutional and governmental structures was more than offset by double-digit losses in values for industrial and commercial structures.

On a year-over-year basis, residential permit values in the Edmonton CMA were 15 per cent lower in Q2 2020 with declines for both single and multiple dwellings. Non-residential building permit values saw a decline of 24 per cent year-over-year with double-digit reductions observed across all segments.



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

In **Alberta**, total building permit values in Q2 2020 were 28 per cent lower quarter-over-quarter and year-over-year with significant declines for residential and non-residential structures. Excluding institutional and governmental building permit values, all other segments (both residential and non-residential) posted double-digit declines in Q2 2020 on a quarter-over-quarter and year-over-year basis. Institutional and governmental building permit values bucked the quarter-over-quarter trend observed for all other segments by rising slightly more than 18 per cent in Q2 2020.

Like Alberta, the total value of residential and non-residential building permits issued by municipalities across **Canada** in Q2 2020 were lower compared to Q1 2020 and Q2 2019. Permit values for both residential and non-residential structures posted reductions by that same comparison.

**Value of Building Permits - Edmonton CMA, Alberta and Canada**

|                 | Seasonally Adjusted Value (\$ millions)  |                      |                      |                       |                       | % Change             |                |
|-----------------|--|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------|
|                 | Q2 2019<br>(Apr-Jun)   | Q3 2019<br>(Jul-Sep) | Q4 2019<br>(Oct-Dec) | Q1 2020r<br>(Jan-Mar) | Q2 2020p<br>(Apr-Jun) | Quarter-over-Quarter | Year-over-Year |
| Edmonton CMA    | 962.4  | 1,084.0              | 948.3                | 1,134.3               | 782.1                 | -31.1                | -18.7          |
| Residential     | 577.1  | 572.3                | 593.1                | 750.5                 | 489.7                 | -34.7                | -15.1          |
| Non-Residential | 385.3  | 511.6                | 355.2                | 383.8                 | 292.4                 | -23.8                | -24.1          |
| Alberta         | 2,944.5  | 2,981.7              | 2,995.8              | 2,942.9               | 2,115.9               | -28.1                | -28.1          |
| Residential     | 1,697.4  | 1,788.1              | 1,836.8              | 1,842.8               | 1,338.4               | -27.4                | -21.2          |
| Non-Residential | 1,247.2  | 1,193.5              | 1,159.0              | 1,100.0               | 777.5                 | -29.3                | -37.7          |
| Canada          | 26,417.9   | 26,236.0             | 25,491.8             | 25,008.0              | 21,882.7              | -12.5                | -17.2          |
| Residential     | 16,194.6   | 16,062.6             | 14,926.4             | 15,704.4              | 14,441.1              | -8.0                 | -10.8          |
| Non-Residential | 10,223.4   | 10,173.4             | 10,565.3             | 9,303.6               | 7,441.6               | -20.0                | -27.2          |
|                 | Source: Statistics Canada, Table 34-10-0066-01<br>p – preliminary; r - revised |                      |                      |                       |                       |                      |                |

### Significance

Construction intentions in the Edmonton CMA in Q2 2020 dropped considerably, in response to the COVID-19 pandemic and containment measures that came into effect in late-March. The Q2 2020 reduction largely reflects significant cuts in building permit values in April and May as June data suggest a bounce back, likely in response to the province’s phased re-launch plans that began in mid-May. Looking ahead, the outlook for construction activity in the Edmonton CMA is weaker than previously expected. Though the full impact of the pandemic is still unknown, economic data suggest that containment measures had a significant negative impact on construction activity in the Edmonton CMA.

### 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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