

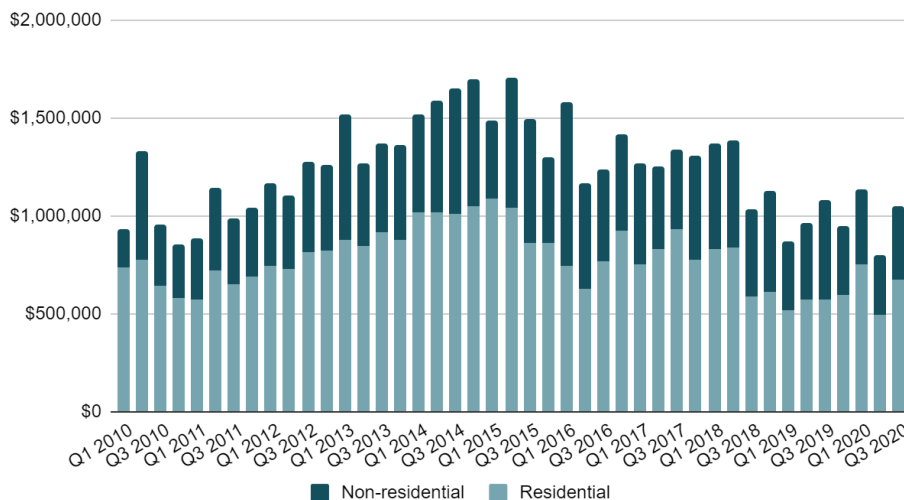
Edmonton building intentions surge in Q3 2020 from Q2

October 30, 2020

Total building permits in the **Edmonton** census metropolitan area (CMA) (including residential and non-residential structures) jumped in value in Q3 2020 compared to Q2. Residential and non-residential builders in the Edmonton CMA took out permits valued at slightly over \$1 billion in Q3 2020, representing a gain of 31.3 per cent quarter-over-quarter. Residential building permit values gained almost 22 per cent quarter-over-quarter in Q3, with double-digit increases in values for both single and multiple dwellings. Non-residential building permit values rose 22.7 per cent in Q3 compared to Q2. Excluding commercial structures, building permits for all other structure types increased in value.

On a year-over-year basis, total building permit values in the Edmonton CMA were 3.3 per cent lower, due to the non-residential segment. Residential permit values were 17.7 per cent higher in Q3 2020, with a strong gain for multiple dwellings which more than offset a reduction for single dwellings. On the other hand, non-residential building permit values saw a decline of almost 27 per cent year-over-year with sizable reductions observed across all segments, excluding institutional and governmental structures.

Edmonton CMA Building Permit Values (x\$1,000)



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

In **Alberta**, total building permit values in Q3 2020 were almost 22 per cent higher quarter-over-quarter but remained lower on a year-over-year basis. Compared to Q2, all structure types (both residential and non-residential) saw strong gains in building permit values. On a year-over-year basis, it was the opposite case across all types except for institutional and governmental structures. The year-over-year decline in values was most pronounced for commercial and industrial structures.

The total value of residential and non-residential building permits issued by municipalities across **Canada** in Q3 2020 rose 16.5 per cent compared to Q2 but was 2.8 per cent lower year-over-year. Like Alberta, all residential and non-residential structure types saw higher permit values in Q3 on a quarter-over-quarter basis. However, compared to Q3 2019, non-residential building permit values across all structure types were lower, more than offsetting a gain for residential structures.

Value of Building Permits - Edmonton CMA, Alberta and Canada

	Seasonally Adjusted Value (\$ millions)			% Change	
	Q3 2019 (Jul-Sep)	Q2 2020r (Apr-Jun)	Q3 2020p (Jul-Sep)	Quarter-over- Quarter	Year-over- Year
Edmonton CMA	1,084.0	798.4	1,048.4	31.1	-3.3
Residential	572.3	492.8	673.4	36.7	17.7
Non-Residential	511.6	305.6	375.0	22.7	-26.7
Alberta	2,981.7	2,164.4	2,639.7	22.0	-11.5
Residential	1,788.1	1,350.8	1,639.9	21.4	-8.3
Non-Residential	1,193.5	813.6	999.8	22.9	-16.2
Canada	26,236.0	21,888.7	25,489.6	16.5	-2.8
Residential	16,062.6	14,507.1	16,942.6	16.8	5.5
Non-Residential	10,173.4	7,381.7	8,547.0	15.8	-16.0
	Source: Statistics Canada, Table 34-10-0066-01 p – preliminary; r - revised				

Significance

Building permit values appear to be recovering in the Edmonton region with quarterly preliminary figures indicating a bounce back from a considerable drop in value in Q2. Monthly permit values throughout the third quarter suggest a more sustained return in activity for residential structures. On the non-residential side, the third quarter building permit value was bolstered by a surge in building permits for institutional and governmental structures in July, which rose threefold in value on a year-over-year basis. Looking ahead, the outlook for building activity in the Edmonton CMA remains weaker than expected as a whole, though expectations have improved somewhat for residential structures based on a stronger recovery than previously expected.

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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