



The Daily

Statistics Canada

Tuesday, October 6, 1998

For release at 8:30 a.m.

MAJOR RELEASES

- **Building permits, August 1998** 2
Residential construction intentions gained steam in August for the first time in five months — offsetting a decline in proposals for non-residential construction. Municipalities issued \$1.5 billion in building permits for housing, a 6.4% gain compared with July, while non-residential permits fell 1.3% to \$1.4 billion.

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MAJOR RELEASES

Building permits

August 1998

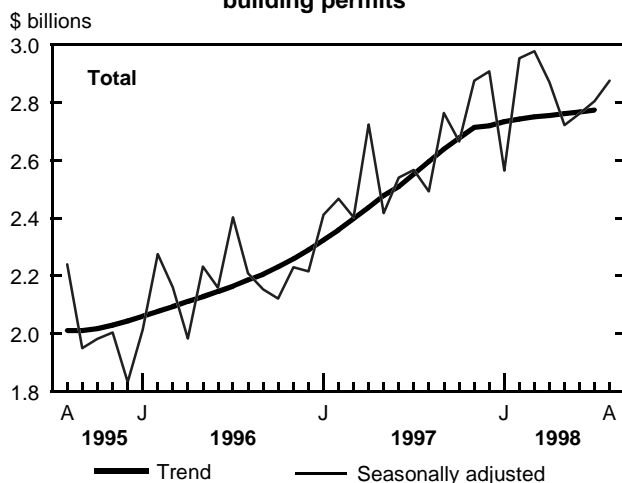
Residential building intentions gained steam in August for the first time in five months — offsetting a slight decline in proposed non-residential construction. Municipalities issued \$1.5 billion in building permits for housing, up 6.4% from July, while the value of non-residential permits fell 1.3% to \$1.4 billion.

It was a significant rebound for the housing sector which has recorded monthly declines since April — except for a slight increase during June. The rise in August was due mostly to an increase in the value of building permits for single-family dwellings, which represent about 70% of the residential sector. Prior to August, the single-family sector had been hit particularly hard this year, declining five times in seven months.

The value of building permits increased in August in all sectors except for industrial construction. Overall, municipalities issued \$2.9 billion in permits in August, up 2.5% from July and the third consecutive monthly increase.

The total value of permits so far in 1998 stands at \$22.5 billion, 12.5% ahead of the first eight months of 1997.

Third consecutive monthly increase in total value of building permits



Increase in both housing components

Construction intentions for both the single- and multi-family components rose in August. The single-

Note to readers

Unless otherwise stated, this release presents seasonally adjusted data, which ease comparisons by removing the effects of seasonal variations.

The Building and demolitions permits monthly survey covers 2,600 municipalities representing 94% of the population. It provides an early indication of building activity. The communities representing the other 6% of the population are very small, and their levels of building activity have little impact on the total.

The value of planned construction activities shown in this release excludes engineering projects (e.g. waterworks, sewers, culverts) and land. The annual rate is a monthly figure that has been seasonally adjusted and multiplied by 12 to reflect annual levels.

family component increased 7.8% to \$1.1 billion — the highest monthly increase of 1998. The multi-family component recorded a more modest 2.7% increase over July to \$394 million.

These increases brought the total value of housing permits since the start of 1998 to \$11.9 billion. This total was only 2.3% less than the cumulative total for the first eight months of 1997, which was the strongest year since 1990. The August increase represents a significant improvement over the dragging housing situation earlier in 1998.

The performance in the single-family component sagged earlier this year — in part because of labor strikes and high vacancy rates on the rental market. Other factors included uneven economic growth among the provinces, as well as weakening wages, salaries and disposable income which have dampened consumer spending.

However, there are encouraging market indicators that could lead to a rebound in housing. In Ontario, for example, the biggest housing market in Canada, a halt to strikes in the construction industry and low inventory of new houses should spark activity. Low interest rates, stable housing prices and an upturn in employment in July and August should also play a role.

These positive market indicators are reflected in the resale of existing houses and in new housing starts. August's sales figures of existing houses (reported by the Canadian Real Estate Association) are 2.6% higher than in August of 1997 and the total for the year so far is the second highest in the last 10 years. On the new construction side, Canada Mortgage and Housing Corporation (CMHC) reported an 11.7% increase in new housing starts following four consecutive monthly

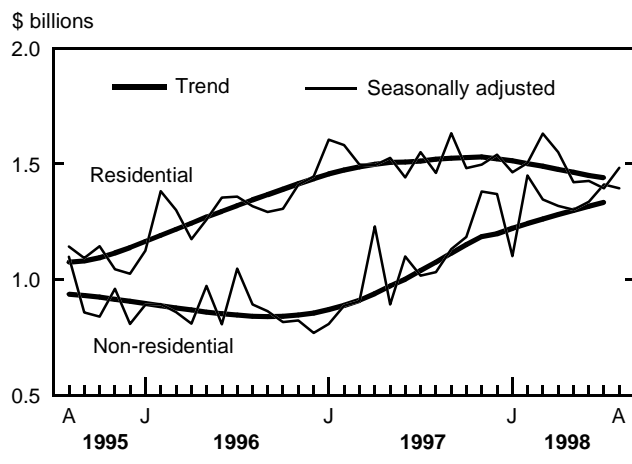
declines. The CMHC also expects housing starts to remain unchanged in 1998 compared with 1997 (the strongest year for housing starts in the last four years). The CMHC expects starts to be slightly higher in 1999.

On a provincial basis, British Columbia, Quebec and Nova Scotia were the largest contributors to August's increase. British Columbia posted its highest monthly increase since June 1996 (+38.2% to \$276 million) due mostly to major construction plans for condominiums and apartment buildings in metropolitan Vancouver.

Similarly, Nova Scotia recorded the best monthly increase in four months (+41.1% to \$37 million) due to apartment building projects in the Halifax area. Quebec's increase (+5.9% to \$229 million) resulted from construction intentions for single-family dwellings which more than offset a second monthly decline in the value of permits for multi-family dwellings.

The most significant declines were recorded in Alberta (-6.4% to \$236 million), Northwest Territories (-66.9% to \$4 million) and in Newfoundland (-36.2% to \$9 million). Alberta's decline resulted from a drop in multi-residential construction plans. In Newfoundland and the Northwest Territories, both components were responsible for the sharp drop. However, these declines in Newfoundland and the Northwest Territories followed strong activity in the multi-family component in July.

**First significant increase in five months
in the residential sector**



Picture still positive for non-residential sector

Despite the decline in the non-residential sector in August, the picture so far in 1998 remained positive.

During the first eight months of the year, the total value of non-residential building permits reached \$10.7 billion, 35.4% higher than for the same period in 1997.

The outlook for the rest of the year also remains positive in the non-residential sector. Statistics Canada's most recent Private and Public Investment Survey reported high levels of planned private and public investment for 1998.

The value of building permits for industrial construction, which reached their highest level of the year in July, tumbled 20.9% in August to \$317 million. Most of the drop came from a decline in construction plans for factories and plants, which more than offset an increase for utilities and transportation buildings. Nevertheless, the cumulative value for industrial building permits during the first eight months of 1998 reached \$2.8 billion, 31.2% ahead of the same period in 1997.

The industrial sector was the only one in which permits declined in August. The most significant increase was reported in the commercial component (+6.9% to \$796 million). It was the third consecutive monthly increase, and the third highest level of 1998. Most of the activity came from construction plans for office and recreational buildings. Cumulatively since the start of 1998, commercial intentions reached \$5.5 billion, 36.9% ahead of the same period in 1997.

Institutional construction plans increased 5.5% to \$280 million. Most of the activity in August came from projects for hospitals and institutions such as nursing homes and daycare centers. This brought the total value of institutional permits in 1998 to \$2.4 billion, 37.1% higher than the first eight months of 1997.

On a provincial basis, the largest increase was reported in Ontario, where the value of non-residential building permits increased 42.8% to \$576 million (due mostly to major projects in the industrial sector). This increase brought the total for the year to \$4.3 billion, 33.3% higher compared with the same period of 1997.

The most important decreases were reported in Alberta (-26.7% to \$229 million), British Columbia (-22.6% to \$199 million) and Quebec (-20.2% to \$226 million). The decrease in Alberta resulted from industrial intentions, whereas all three components were responsible for the decline in British Columbia and Quebec. It should be noted, however, that August's declines in those three provinces came after a relatively strong level of activity in July.

Available on CANSIM: matrices 80 (levels 3-7 and 33-48), 129, 137, 443, 989-992, 994, 995 and 4073.

The August 1998 issue of *Building permits* will be available shortly via the Internet (64-001-XIB, \$19/\$186). See *How to order publications*.

The September 1998 building permits estimate will be released on November 3, 1998. For further information, contact Joanne Bureau (613-951-9689;

burejoa@statcan.ca). For analytical information, or to enquire about the concepts, methods and data quality of this release, contact Alain Paquet (613-951-2025; *paquala@statcan.ca*), Current Investment Indicators Section, Investment and Capital Stock Division. □

Value of building permits

	July 1998 ^r	Aug. 1998 ^p	July to Aug. 1998	Aug. 1997 to Aug. 1998
	seasonally adjusted			
	\$ millions		% change	
Canada	2,805.0	2,876.2	2.5	15.4
Residential	1,393.8	1,482.7	6.4	1.5
Non-residential	1,411.2	1,393.5	-1.3	35.0
Newfoundland	22.0	18.6	-15.5	42.7
Residential	14.2	9.0	-36.2	-0.7
Non-residential	7.8	9.6	22.2	143.2
Prince Edward Island	12.1	10.7	-11.3	55.6
Residential	4.4	5.8	32.1	104.3
Non-residential	7.7	4.9	-36.2	21.3
Nova Scotia	58.4	58.8	0.7	22.5
Residential	26.4	37.2	41.1	29.1
Non-residential	32.0	21.5	-32.7	12.7
New Brunswick	53.9	58.0	7.7	54.6
Residential	22.6	21.7	-3.9	12.8
Non-residential	31.3	36.3	16.1	98.6
Quebec	500.2	455.6	-8.9	11.4
Residential	216.6	229.4	5.9	4.4
Non-residential	283.6	226.2	-20.2	19.4
Ontario	1,000.8	1,182.9	18.2	11.0
Residential	597.2	606.8	1.6	-7.6
Non-residential	403.6	576.2	42.8	40.6
Manitoba	72.3	78.9	9.1	43.5
Residential	27.5	27.6	0.6	5.3
Non-residential	44.8	51.3	14.3	78.4
Saskatchewan	42.6	59.9	40.6	29.6
Residential	17.5	26.8	53.1	28.6
Non-residential	25.1	33.1	31.9	30.4
Alberta	564.2	465.0	-17.6	24.8
Residential	252.5	236.5	-6.4	18.9
Non-residential	311.7	228.5	-26.7	31.6
British Columbia	456.6	474.7	4.0	10.0
Residential	199.3	275.6	38.2	0.0
Non-residential	257.3	199.2	-22.6	27.7
Yukon	4.7	3.6	-23.1	-16.6
Residential	2.2	1.8	-17.0	-18.6
Non-residential	2.5	1.8	-28.4	-14.4
Northwest Territories	17.2	9.4	-45.4	373.7
Residential	13.4	4.4	-66.9	976.2
Non-residential	3.9	5.0	28.7	216.3

^r Revised data.

^p Preliminary data.

Note: Data may not add to totals due to rounding.

■

OTHER RELEASES

Monthly Survey of Large Retailers

July 1998

Sales for a group of large retailers reached \$5.6 billion in July, up 9.6% compared with July 1997. This compares with a 5.8% year-over-year increase for total retail trade excluding motor and recreational vehicle dealers. (All data in this report are unadjusted for seasonality).

Health and personal care products (+18.9%) along with housewares (+16.8%) recorded the largest year-over-year increases of all major product lines sold by the group. Sales of these two product lines accounted for 11.7% of total sales.

Sales of home furnishings and electronics (+11.5%) and footwear, clothing and accessories (+11.3%) also advanced compared with July 1997. Home furnishings and electronic products accounted for the third largest share of total sales (13.1% in July 1998). Footwear, clothing and accessories make up the second largest share (18.0%).

Sales of food and beverage products, accounting for 37.5% of total sales, increased 7.9% overall. Broken down by industry, sales of food and beverages at the major supermarkets were up 8.6% over last year. This compared with an increase of 3.5% at the other retailers.

The Monthly Survey of Large Retailers provides a breakdown of sales on the basis of commodities at the national level for a group of about 80 large retailers, who were included in the survey based on their sales and retail sector.

The survey includes large retailers mainly in the food, clothing, home furnishings, electronics, sporting goods, and general merchandise sectors. Sales data for more than 100 commodities are available, on a monthly basis, split wherever possible, by three types of retailer (food stores, department stores and other).

Data are available from January 1997 from the Distributive Trades Division. A list of those retail companies involved in the survey is also available.

Data have not been adjusted for seasonality, or changes due to differences in the number or significance of shopping days contained in the various months of the year. For example, the number of Saturdays (normally a heavy shopping day) may differ from month-to-month or year-over-year.

Sales by commodity for the group of large retailers July 1998

	July 1997	July 1998	July 1997 to July 1998
	unadjusted		
	\$ 000,000		% change
Commodities			
Food and beverages	1,945	2,099	7.9
Health and personal care products	326	388	18.9
Housewares	230	269	16.8
Footwear, clothing and accessories	906	1,009	11.3
Home furnishings and electronics	659	734	11.5
Hardware and lawn and garden products	233	238	2.2
Sporting and leisure goods	247	261	5.9
All other goods and services	562	603	7.3
Total	5,108	5,601	9.6

Monthly retail trade data will continue to be released in *The Daily* as scheduled. In addition, *The Daily* will still contain a monthly release on department store sales, but will provide only provincial sales data and seasonally adjusted Canada sales.

For the list of retailers included in the survey, or to enquire about the concepts, methods and data quality of this release, contact Veronica Utovac, (613-951-0669), Retail Commodity Section, Distributive Trades Division. ■

Production and disposition of tobacco products

August 1998

Tobacco product manufacturers experienced a drop in cigarette sales during August. Although production increased again after a strong decline in July, it was lower than sales and inventories were reduced.

Although shipments declined 9% to 4.0 billion cigarettes in August compared with July, they remain 2% higher than in August 1997. Year-to-date shipments totalled 32 billion cigarettes, 1% above last year.

Production picked up again, growing 24% to 3.4 billion cigarettes in August after dropping 35% in July. Year-to-date production reached 32 billion cigarettes, the same level as last year.

Inventories fell to 4.1 billion cigarettes in July after remaining at slightly over 6 billion for three consecutive months. With shipments ahead of production, the August closing inventory was further reduced to 3.6 billion, 12% fewer than July and 21% less than August 1997.

Available on CANSIM: matrix 46.

The August 1998 issue of *Production and disposition of tobacco products* (32-022-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For further information, contact: Peter Zylstra (613-951-3511; zylspet@statcan.ca), Manufacturing, Construction and Energy Division. ■

Industrial chemicals and synthetic resins

August 1998

Chemical firms produced 172 934 metric tonnes of polyethylene synthetic resins in August, down 9.9% from 191 874 tonnes in August 1997.

Year-to-date production totalled 1 527 916 tonnes, up 4.9% from 1 457 074 tonnes a year earlier.

Data are also available on production of 3 other types of synthetic resins and 24 industrial chemicals.

Available on CANSIM: matrix 951.

The August 1998 issue of *Industrial chemicals and synthetic resins* (46-002-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For further information, or to enquire about the concepts, methods and data quality of this release, contact Randall Sheldrick (613-951-7199; shelran@statcan.ca), Manufacturing, Construction and Energy Division. ■

PUBLICATIONS RELEASED

Gas utilities, June 1998
Catalogue number 55-002-XPB
(Canada: \$17; outside Canada: US\$17).

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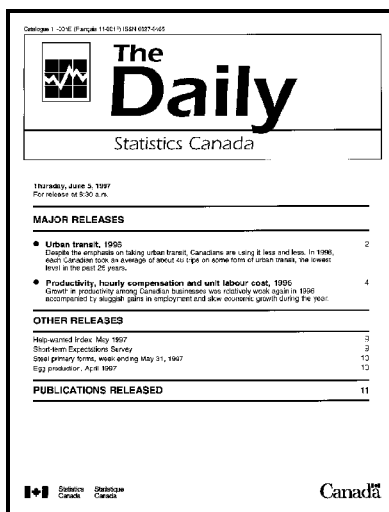
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