



The Daily

Statistics Canada

Tuesday, November 3, 1998

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MAJOR RELEASES

- **Building permits, third quarter and September 1998** 2
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MAJOR RELEASES

Building permits

Third quarter and September 1998

The value of residential building permits issued by municipalities declined for a second consecutive quarter, falling to the lowest level since the fourth quarter of 1996. An increase in the value of non-residential permits, especially for commercial projects, was enough to offset the drop in residential permits by a slight margin.

In total, municipalities issued building permits worth \$8.4 billion during the third quarter of 1998, up 0.9% from the second quarter.

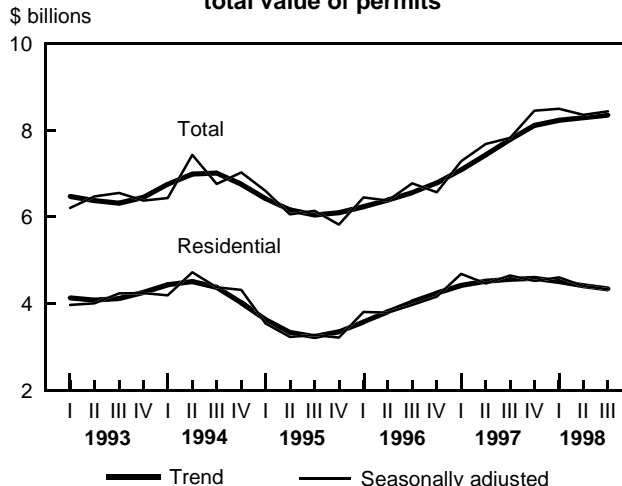
Permits for new housing projects decreased 1.6% to \$4.3 billion, while planned construction for institutional, commercial and industrial projects increased 3.7% to \$4.1 billion. This was the first time since the first quarter of 1990 that the value of non-residential permits exceeded \$4.0 billion.

The total value of residential permits for the first nine months of 1998 was 3.3% lower than the same period last year. The housing sector has shown signs of slowing down since the beginning of 1998. This decline was the result of lagging single-family dwelling construction intentions (-4.9% to \$9.5 billion), which more than offset a small increase in multi-family housing permits (+0.7% to \$3.8 billion).

On the other hand, the non-residential sector has remained active since the beginning of 1998. Non-residential construction intentions for the first three quarters of 1998 were 32.8% above the same period of 1997.

On a monthly basis, municipalities issued \$2.8 billion in permits in September, down 4.0% from August after three consecutive monthly increases. Housing construction intentions fell 2.9% to \$1.4 billion. The value of non-residential permits also declined in September, falling 5.2% to \$1.3 billion.

Low residential intentions take their toll on total value of permits



Housing sector edges down for a second straight quarter

The value of residential permits edged down in the third quarter 1.6% to \$4.3 billion. This was the second consecutive quarterly decline and the lowest figure since the fourth quarter of 1996.

A second quarterly decline in the multi-residential component of the sector (-8.7% to \$1.2 billion) more than offset an increase in plans for single-family dwellings (+1.4% to \$3.1 billion). As a result, the cumulative value of residential permits since January 1998 is now lagging 3.3% behind the same period in 1997. This lag has doubled since the end of the preceding quarter.

There are a number of factors that explain part of this slow quarterly performance of residential permits. The Canadian Real Estate Association reported that based on the January to September period, 1998 is the second most active year on the resale market in the last decade. Also, the Canada Mortgage and Housing Corporation reported high vacancy rates on the rental market in most urban centres. High resale activity and high vacancy rates tend to compete against new housing construction. These factors, combined with a number of labour strikes (G.M., construction workers, teachers), all contributed to reduce demand for new houses. This is reflected in the lower value of building permits issued and in turn, in housing starts. In September, housing starts reported by the Canada Mortgage and Housing Corporation revealed a 5.1%

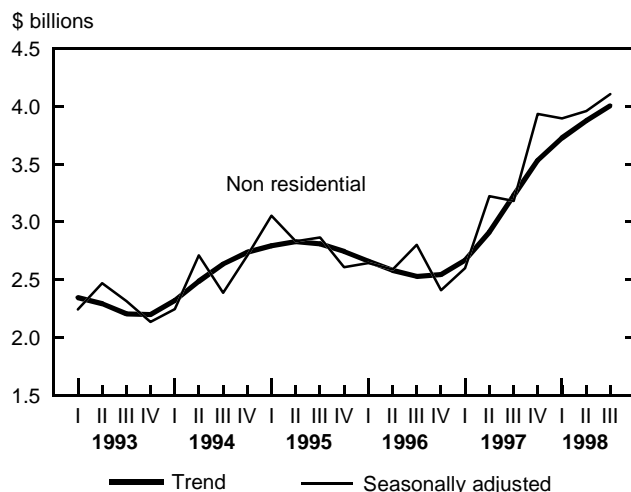
decline in new housing starts in the third quarter at 131,900 units (annualized).

Also, according to the Conference Board of Canada, the levelling of employment is the main reason for a 2.2% decrease of its most recent Index of Consumer Attitudes. Hence, decreasing consumer confidence combined with slower than expected economic growth, slowdowns in wages and salaries (as reported by Statistics Canada's Survey of Employment, Payroll and Hours) may have contributed to the slowdown.

However, some market indicators remain encouraging. Steady new house prices and continuing low mortgage rates should have a positive impact on new construction activity.

On a provincial basis, Alberta issued more housing building permits in the third quarter than in the second (+6.8% to \$751 million), followed by Quebec (+4.8% to \$669 million) and Nova Scotia (+11.3% to \$89 million). In contrast, residential construction dropped most in Ontario (-5.6% to \$1.8 billion) where the majority of the strikes occurred. Ontario was followed by British Columbia (-8.3% to \$673 million) and Manitoba (-3.4% to \$86 million).

The non-residential sector maintains its upward trend



The non-residential sector maintained its momentum

The non-residential sector has been very active since the beginning of 1998 and the third quarter turned out to be the strongest this year. This is in line with Statistics Canada's most recent Private and

Public Investment Survey, which reported high levels of planned private and public investment for 1998.

The value of non-residential building permits reached \$4.1 billion in the third quarter (the highest figure since the first quarter of 1990), an increase of 3.7% over second quarter results. The commercial component moved forward while the industrial and institutional components stepped back.

The commercial component was the only one to increase in the third quarter. The value of permits for commercial buildings jumped 13.5% to \$2.2 billion. This is the highest quarterly level achieved since the first quarter of 1990. Most of the activity came from the hotel, recreation and warehouses sub-components.

The industrial component registered the largest drop, falling 8.7% over the second quarter to \$1.0 billion. However, this decline came after the second quarter hit the highest quarterly figure (\$1.1 billion) since the last quarter of 1989. Most of the decline in industrial intentions came from a decrease in projects for factories and plants, which were very active in the preceding quarter.

The institutional component also fell in the third quarter posting a 2.7% decline over the preceding quarter to \$838 million. However, this quarterly level compares favorably with most of 1997. The decline of institutional intentions in the third quarter of 1998 was due to slowdowns in educational building projects, which have eliminated almost all the gains registered in the medical, welfare and public administration sub-components.

On a provincial basis, quarterly increases were noted in British Columbia (+31.4% to \$623 million), Quebec (+20.4% to \$800 million) and Ontario (+6.4% to \$1.5 billion). In all three provinces, the commercial component led the increase.

On the other hand, Alberta (-15.9% to \$695 million), Manitoba (-34.2% to \$171 million) and Saskatchewan (-31.5% to \$85 million) all registered declines in the non-residential sector compared with the second quarter. It should be noted that these falls came after a very active second quarter in all three provinces.

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

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

The October 1998 building permits estimate will be released on December 4, 1998. For further information, contact Joanne Bureau (613-951-9689; bureauj@statcan.ca). For analytical information, or to

enquire about the concepts, methods and data quality of this release, contact Michel Labonté (613-951-9690;

labomic@ statcan.ca), Current Investment Indicators Section, Investment and Capital Stock Division. □

Value of building permits

	Aug. 1998 ^r	Sept. 1998 ^p	Aug. to Sept. 1998	Second quarter 1998	Third quarter 1998	Second to third quarter 1998
seasonally adjusted						
	\$ millions	% change		\$ millions		% change
Canada	2,871.2	2,756.0	-4.0	8,353.2	8,432.2	0.9
Residential	1,489.5	1,445.8	-2.9	4,397.6	4,329.1	-1.6
Non-residential	1,381.7	1,310.2	-5.2	3,955.6	4,103.1	3.7
Newfoundland	18.6	16.7	-10.4	43.6	57.4	31.6
Residential	9.1	9.7	7.2	27.9	33.0	18.4
Non-residential	9.6	7.0	-27.1	15.7	24.4	55.1
Prince Edward Island	10.7	12.6	18.6	27.3	35.4	29.8
Residential	5.7	3.6	-36.7	14.1	13.8	-2.2
Non-residential	4.9	9.0	83.2	13.2	21.6	64.0
Nova Scotia	58.0	39.1	-32.5	152.8	155.5	1.8
Residential	36.7	26.0	-29.2	80.0	89.0	11.3
Non-residential	21.4	13.2	-38.2	72.9	66.5	-8.7
New Brunswick	58.3	41.1	-29.5	115.4	153.2	32.8
Residential	21.5	20.9	-2.9	59.5	65.0	9.3
Non-residential	36.8	20.2	-45.1	55.9	88.2	57.8
Quebec	454.2	514.9	13.4	1,302.9	1,469.3	12.8
Residential	228.2	224.2	-1.8	638.3	669.1	4.8
Non-residential	226.0	290.6	28.6	664.6	800.2	20.4
Ontario	1,186.2	1,176.0	-0.9	3,382.5	3,363.0	-0.6
Residential	618.1	634.3	2.6	1,959.9	1,849.7	-5.6
Non-residential	568.1	541.7	-4.6	1,422.6	1,513.3	6.4
Manitoba	78.0	106.9	37.1	349.1	257.2	-26.3
Residential	27.8	31.1	11.9	89.3	86.3	-3.4
Non-residential	50.2	75.8	51.0	259.8	170.8	-34.2
Saskatchewan	59.4	57.3	-3.5	196.0	159.3	-18.7
Residential	26.8	29.7	10.8	71.5	74.1	3.6
Non-residential	32.6	27.6	-15.3	124.5	85.2	-31.5
Alberta	464.0	417.3	-10.1	1,528.7	1,445.5	-5.4
Residential	237.9	260.6	9.5	703.3	751.0	6.8
Non-residential	226.1	156.7	-30.7	825.4	694.5	-15.9
British Columbia	470.8	368.4	-21.8	1,208.3	1,295.8	7.2
Residential	271.4	202.2	-25.5	734.1	672.9	-8.3
Non-residential	199.5	166.2	-16.6	474.2	623.0	31.4
Yukon	3.7	2.9	-20.7	9.8	11.3	15.4
Residential	1.8	1.9	2.8	4.0	5.9	46.1
Non-residential	1.8	1.0	-44.6	5.7	5.3	-6.3
Northwest Territories	9.4	2.7	-70.8	36.8	29.4	-20.3
Residential	4.4	1.6	-64.2	15.6	19.4	23.8
Non-residential	5.0	1.2	-76.7	21.2	10.0	-52.8

^r Revised data

^p Preliminary data

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

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PUBLICATIONS RELEASED

Cereals and oilseeds review, August 1998

Catalogue number 22-007-XPB

(Canada: \$15/\$149; outside Canada: US\$15/US\$149).

Livestock statistics update, third quarter 1998

Catalogue number 23-603-UPE

(Canada: \$45/\$149; outside Canada: US\$45/US\$149).

Construction type plywood, July 1998

Catalogue number 35-001-XPB

(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

Construction type plywood, August 1998

Catalogue number 35-001-XPB

(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

Sawmills and planning mills, August 1998

Catalogue number 35-003-XPB

(Canada: \$12/\$114; outside Canada: US\$12/US\$114).

Aviation: Service bulletin, Vol. 30, no 10,
October 1998

Catalogue number 51-004-XIB

(Canada: \$8/\$82; outside Canada: US\$8/US\$82).

All prices exclude sales tax.

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


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 The Daily	
Statistics Canada	
Thursday, June 3, 1997	
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MAJOR RELEASES	
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• Productivity, hourly compensation and unit labour cost, 1995	4
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