



# The Daily

Statistics Canada

**Tuesday, April 13, 2004**

Released at 8:30 a.m. Eastern time

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## MAJOR RELEASES

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- **Investment in non-residential building construction, first quarter 2004** 2  
After six quarters of growth, investment in non-residential construction caught a chill in the first quarter this year, edging down slightly from a record high in the previous quarter. Investment slipped 0.3% to \$6.7 billion, which was still a record high for the first three months of any year.

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## OTHER RELEASES

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New housing price index, February 2004	5
Telecommunications statistics, 2003 and fourth quarter 2003	6
Steel pipe and tubing, February 2004	7
Steel primary forms, weekly data, week ending April 3, 2004	7

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## NEW PRODUCTS

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## MAJOR RELEASES

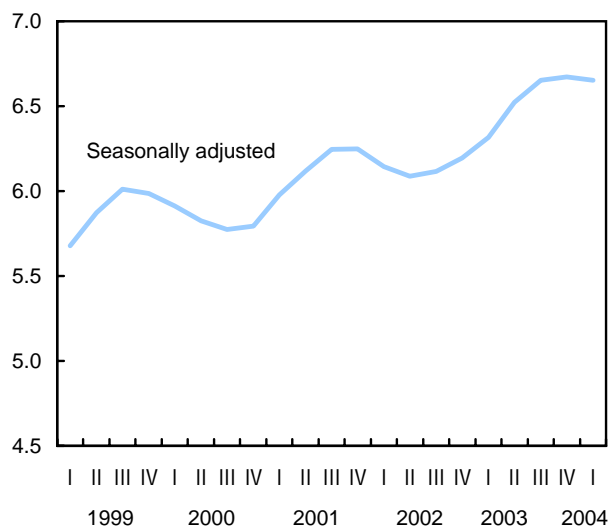
### Investment in non-residential building construction

First quarter 2004

After six quarters of growth, investment in non-residential building construction caught a chill in the first quarter this year, edging down slightly from a record high in the previous quarter.

#### Investments for non-residential construction caught a chill in the first quarter

\$ billions



Investment slipped 0.3% to \$6.7 billion, which was still a record high for the first three months of any year.

In the institutional sector, governments invested \$2.5 billion, the highest ever. The 1.0% gain over the fourth quarter was the eighth consecutive quarterly increase, much of which involved new buildings in the health care field.

Investment in industrial construction remained virtually unchanged at \$1.2 billion. In contrast, spending in the commercial sector fell 1.5% to \$3.0 billion, the third consecutive quarterly decline.

#### Note to readers

*This release presents seasonally adjusted data (unless otherwise stated), which ease comparisons by removing the effects of seasonal variations.*

*Investments in non-residential building construction exclude engineering construction. This series is based on the Building Permits Survey of municipalities, which collects information on construction intentions.*

*Work put in place patterns are assigned to each type of structure (industrial, commercial and institutional). These work patterns are used to distribute the value of building permits according to project length. Work put in place patterns differ according to the value of the construction project; a project worth several million dollars will usually take longer to complete than will a project of some hundred thousand dollars.*

*Additional data from the Survey of Private and Public Investment are used to create this investment series. Investment in non-residential building data is benchmarked to Statistics Canada's System of National Accounts of non-residential building investment series immediately after its release.*

Investment in non-residential building construction rose in six of the provinces and territories during the first quarter. The fastest growth in terms of dollars occurred in Ontario, where investment rose 1.3% to \$3.1 billion. Non-residential investment has increased for eight quarters in a row in Ontario, thanks largely to institutional construction.

In contrast, Quebec recorded a decline for the second consecutive quarter with a 3.3% decrease to \$1.4 billion. Gains in the industrial sector were more than offset by losses in the commercial and institutional sectors.

Investment in non-residential building construction fell in 17 of 28 census metropolitan areas. Montréal incurred the sharpest decline, a 5.1% drop to \$761 million, as a result of a marked reduction in the commercial sector. Toronto posted the strongest growth, a gain of 6.7% to \$1.4 billion, the result of growth in all three sectors.

After two years of growth in construction employment, the March Labour Force Survey reported a weakening in the first three months of 2004. These data corroborate in part with the dip in construction investment in the first quarter.

## Investment in non-residential building construction, by census metropolitan area<sup>1</sup>

	First quarter 2003	Fourth quarter 2003	First quarter 2004	Fourth quarter 2003 to first quarter 2004
seasonally adjusted				
	\$ millions		% change	
<b>Total</b>	<b>4,512</b>	<b>4,838</b>	<b>4,807</b>	<b>-0.6</b>
Abbotsford	25	16	16	0.2
Calgary	217	281	300	6.6
Edmonton	190	162	159	-2.1
Greater Sudbury	51	37	28	-22.7
Halifax	31	71	61	-13.6
Hamilton	146	186	198	6.3
Kingston	43	41	38	-7.5
Kitchener	158	113	107	-4.8
London	166	168	141	-15.9
Montréal	793	802	761	-5.1
Oshawa	83	123	127	3.8
Ottawa-Gatineau (Ontario part)	273	281	264	-6.1
Ottawa-Gatineau (Quebec part)	72	64	51	-19.7
Québec	142	126	114	-9.8
Regina	49	75	79	4.4
Saguenay	34	28	24	-13.6
Saint John	13	15	15	0.1
Saskatoon	69	58	71	21.7
Sherbrooke	29	32	33	2.9
St. Catharines-Niagara	117	86	79	-7.7
St. John's	39	55	50	-9.4
Thunder Bay	55	26	27	3.6
Toronto	1,063	1,323	1,411	6.7
Trois-Rivières	34	45	40	-12.6
Vancouver	359	312	302	-3.2
Victoria	53	61	68	12.0
Windsor	104	103	95	-7.6
Winnipeg	105	147	147	-0.1

<sup>1</sup> Definitions of census metropolitan areas can be viewed online.

## Health care field biggest winner in institutional construction

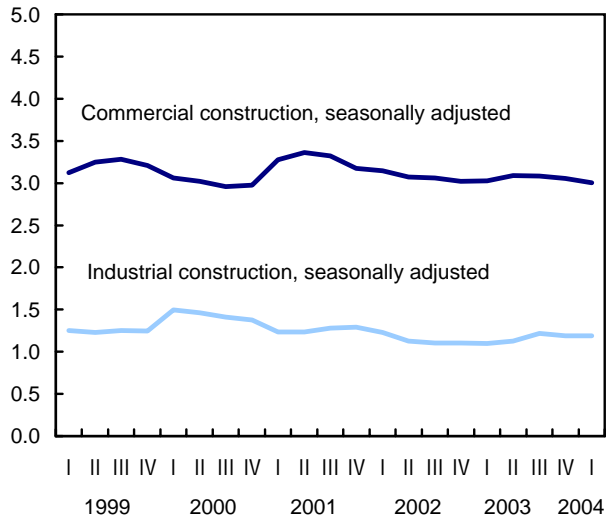
Governments and their partners continued pumping money into new buildings during the first quarter, largely in the health care field. Investment grew in six of the provinces and territories.

Alberta experienced the greatest growth, with a 5.6% increase to \$261 million, while Ontario was close behind with a gain of 0.9% to \$1.4 billion. Most of the investment in both provinces involved buildings in educational and health care field. Manitoba, Nova Scotia and Prince Edward Island recorded the sharpest declines in investment.

Thirteen census metropolitan areas recorded gains. Investment in Calgary rose 26.4%, while in Toronto, it went up 3.5%. In contrast, Kitchener experienced a 22.8% decline, followed closely by the Windsor area.

## Investments from businesses remained weak in the first quarter

\$ billions



Governments appear to be responding to pressure for new infrastructure to meet growing health care needs. First-quarter growth corresponds to the 2004 forecasts from Statistics Canada's Survey of Private and Public Investment, which predicted increased investment in construction by the health care and social assistance sectors.

## Spending on industrial construction holds steady

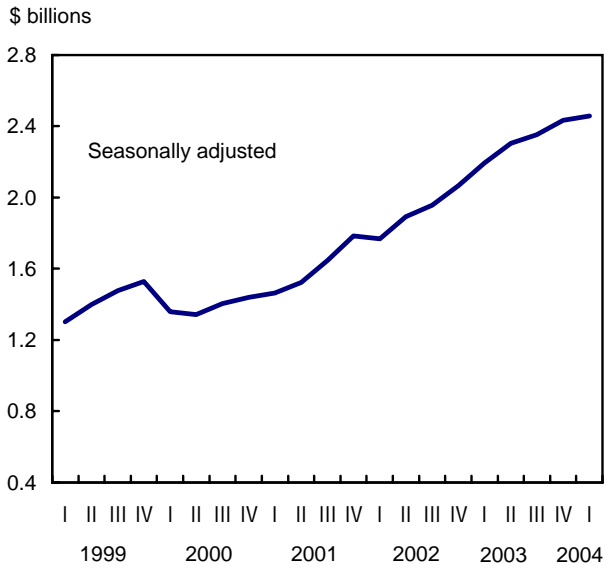
The \$1.2 billion in industrial investment represented a strong start to 2004, as it is 8.3% higher than the \$1.1 billion for the same quarter last year.

The small increase in industrial construction reflects the cautious optimism of manufacturers as reported in the January 2004 Business Conditions Survey. It appears that until confidence levels among manufacturers are back on track, firms will not commit additional funds to construction.

Quebec experienced the largest increase, with investment growing 5.9% to \$307 million. After recording the sharpest gain in the fourth quarter of 2003, Nova Scotia experienced the greatest decline in the first three months of the year (-53.1%).

Of 28 census metropolitan areas, 10 recorded growth. Toronto led the way with growth for a fifth consecutive quarter, as investment surged 16.9% to \$260 million.

### Growth of investments in institutional construction has continued



### Stagnation of investment in commercial construction

Investment in commercial construction slowed for a third quarter. Declining investment in the past three months was partly the result of a drop in investment allocated to transportation facilities, and partly to stores and shopping centres. After a dismal period, spending on office construction appears to be recovering slightly.

A sharp climb in the vacancy rate of office buildings experienced by major urban centres during the past several quarters appeared to stabilize in the fourth quarter of 2003. Some areas even saw higher occupancy rates, which may explain small gains in office construction in the first quarter.

At the provincial level, investment in commercial construction rose 2.4% in Ontario to \$1.1 billion. In contrast, Quebec experienced an 8.0% reduction after two quarters of growth.

Among metropolitan centres, Toronto remained the primary location for investment in commercial construction for a second quarter. Investment in Toronto rose 5.7% to \$565 million.

In contrast, Montréal posted the sharpest decline, a 9.9% drop to \$450 million.

### Investment in non-residential building construction, by province or territory

	First quarter 2003	Fourth quarter 2003	First quarter 2004	Fourth quarter 2003 to first quarter 2004
seasonally adjusted				
	\$ millions			% change
<b>Canada</b>	<b>6,317</b>	<b>6,674</b>	<b>6,652</b>	<b>-0.3</b>
Newfoundland and Labrador	83	108	107	-0.8
Prince Edward Island	34	26	21	-17.9
Nova Scotia	112	148	127	-14.2
New Brunswick	98	114	107	-5.5
Quebec	1,405	1,433	1,385	-3.3
Ontario	2,856	3,053	3,093	1.3
Manitoba	220	241	230	-4.4
Saskatchewan	187	216	221	2.4
Alberta	692	722	723	0.1
British Columbia	593	553	571	3.1
Yukon	5	10	7	-33.2
Northwest Territories	18	18	21	16.4
Nunavut	14	31	38	22.9

Available on CANSIM: table 026-0016.

### Definitions, data sources and methods: survey number 5014.

More detailed data on investment in non-residential building construction are also available in free tables online. From the *Canadian statistics* page, choose *Latest indicators*, then *Construction*.

Data on investment in non-residential building construction for the second quarter of 2004 will be released on July 12.

To order data, contact Patrick Lemire (613-951-6321; [bdp\\_information@statcan.ca](mailto:bdp_information@statcan.ca)), Investment and Capital Stock Division. For more information, or to enquire about the concepts, methods or data quality of this release, contact Michel Labonté (613-951-9690), Investment and Capital Stock Division. ■

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## OTHER RELEASES

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### New housing price index

February 2004

The New Housing Price Index (1997=100) rose 0.4% in February, up slightly from January's monthly increase of 0.3%. On a 12-month basis, this index of contractors' selling prices rose 4.9%, down from January's increase of 5.1%.

Monthly advances occurred in 15 of the 21 metropolitan areas surveyed. London (+1.8%), Greater Sudbury–Thunder Bay (+1.3) and Regina (+1.0%) led the way, mostly as the result of higher prices for labour and building materials such as drywall and lumber. Higher land values contributed to the increases in London and Greater Sudbury–Thunder Bay.

Significant increases were observed in Hamilton (+0.9%), Ottawa–Gatineau (+0.8%), Charlottetown (+0.7%), Montréal (+0.6%), St. John's (+0.5%) and Toronto and Oshawa (+0.5%). For the most part, increases in these metropolitan areas were because of higher prices for labour and building materials. Builders in Hamilton, Montréal and St. John's also noted higher land values.

Elsewhere, new home prices rose in Saint John, Fredericton and Moncton (+0.3%),

St. Catharines–Niagara (+0.3%), Calgary (+0.3%), Québec (+0.2%) and Vancouver (+0.2%). A slight increase of 0.1% was registered in Victoria.

Five metropolitan areas registered no change and the only monthly decrease was registered in Edmonton (-0.2%) due, in part, to competitive factors.

For the fifth month in a row, Victoria (+10.1%) posted the largest 12-month increase for new homes, followed by Québec (+6.8%), St. Catharines–Niagara (+6.1%) and London (+6.1%).

**Available on CANSIM: table 327-0005.**

**Definitions, data sources and methods: survey number 2310.**

The first quarter 2004 issue of *Capital Expenditure Price Statistics* (62-007-XPB, \$26/\$85) will be available in July 2004. See *How to order products*.

The New Housing Price Index for March 2004 will be released on May 11.

For more information, or to enquire about the concepts, methods or data quality of this release, contact our Client Services (613-951-9606, fax: 613-951-1539; [infounit@statcan.ca](mailto:infounit@statcan.ca)) or Susan Morris (613-951-2035; [morrissus@statcan.ca](mailto:morrissus@statcan.ca)), Prices Division. □

## New housing price indexes, by metropolitan area<sup>1</sup> (1997=100)

	February 2004	February 2003 to February 2004 % change	January to February 2004
<b>Canada total</b>	<b>120.4</b>	<b>4.9</b>	<b>0.4</b>
House only	127.8	6.0	0.6
Land only	106.2	1.8	0.2
St. John's	115.1	3.8	0.5
Halifax	121.1	3.5	0.0
Charlottetown	108.3	3.0	0.7
Saint John, Fredericton and Moncton	103.9	2.0	0.3
Québec	127.2	6.8	0.2
Montréal	131.6	4.7	0.6
Ottawa-Gatineau	142.9	4.2	0.8
Toronto and Oshawa	123.4	5.4	0.5
Hamilton	124.4	5.2	0.9
St. Catharines-Niagara	124.8	6.1	0.3
Kitchener	122.4	2.8	0.0
London	119.6	6.1	1.8
Windsor	102.1	0.0	0.0
Greater Sudbury-Thunder Bay	98.0	1.4	1.3
Winnipeg	116.4	3.5	0.0
Regina	129.8	5.7	1.0
Saskatoon	115.9	4.7	0.0
Calgary	135.7	5.7	0.3
Edmonton	126.8	3.3	-0.2
Vancouver	99.2	4.4	0.2
Victoria	101.5	10.1	0.1

<sup>1</sup> Definitions of metropolitan areas can be viewed online.

## Telecommunications statistics 2003 and fourth quarter 2003

Despite a slowdown in revenues, operating profits surged in the telecommunications services industry last year as a result of sustained growth in the wireless segment and cost containment in the wireline segment.

In total, the industry generated revenues of \$32.6 billion in 2003, essentially unchanged from 2002. Even so, operating profits rose a robust 23.0% to \$5.7 billion.

Revenues in the wireless segment increased 13.6% to \$8.2 billion, fuelled by an 11.5% gain in subscribers and a 3.0% increase in revenue per subscriber. The industry also improved its operating margin to 17.3% from 14.0% in 2002.

The rate at which the wireless segment has been adding new customers has steadily decelerated in the last three years. But it has been able to generate strong revenue growth by selling new and higher value services. The year-over-over increase in revenues exceeded 12.5% every quarter in 2002 and 2003. In the fourth quarter of 2003 alone, revenues jumped 14.9%, the fastest gain of the year.

In contrast, revenues in the wireline segment fell 4.6% to \$23.0 billion, following a 3.1% decline

in 2002. This segment experienced year-over-year declines in its operating revenues in every quarter but one in 2002 and 2003. The 9.3% year-over-year drop in the fourth quarter of 2003 was the largest of that period.

The downward trend in revenues results from a combination of fundamental changes affecting the industry. A small but growing proportion of Canadians are switching to mobile telecommunications. In addition, the increased penetration of high-speed Internet has reduced the need for additional telephone lines, and strong competition in some markets has resulted in lower prices.

Despite the downward pressure on its revenues, the wireline industry improved its operating margin to 17.6% from 15.0% in 2002 by exercising tight control over operating costs.

Capital expenditures by the telecommunications services industry fell 14.9% to \$4.8 billion in 2003, following a drop of 26.2% in 2002. However, in the fourth quarter of 2003, spending jumped 16.3% on a year-over-year basis, the first gain since the fourth quarter of 2001.

Both wireline and wireless segments contributed to this increase. However, spending in the wireline segment grew 19.7%, more than twice the rate of

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growth of 9.0% in the wireless segment. This was partly because of the gradual migration of the industry to IP-based communications.

**Definitions, data sources and methods: survey number 2721.**

The fourth quarter 2003 issue of *Quarterly Telecommunications Statistics* (56-002-XIE, \$23/\$43) will soon be available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Daniel April (613-951-3177) or Jo Anne Lambert (613-951-6673), Science, Innovation and Electronic Information Division. ■

**Steel pipe and tubing**

February 2004

Data on production and shipments of steel pipe and tubing for February are now available.

**Available on CANSIM: table 303-0003.**

**Definitions, data sources and methods: survey number 2105.**

The February 2004 issue of *Production and Shipments of Steel Pipe and Tubing*, Vol. 28,

no. 2 (41-011-XIB, \$6/\$51) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; [manufact@statcan.ca](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

**Steel primary forms, weekly data**

Week ending April 3, 2004 (preliminary)

Steel primary forms production for the week ending April 3 totalled 319 806 metric tonnes, down 1.9% from 325 944 tonnes a week earlier, but up 3.3% from 309 443 tonnes in the same week of 2003.

The year-to-date total as of April 3 was 4 126 613 tonnes, up 1.0% from 4 087 369 tonnes in the same period of 2003.

**Definitions, data sources and methods: survey number 2131.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; [manufact@statcan.ca](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## NEW PRODUCTS

**Production of Eggs, February 2004**  
**Catalogue number 23-003-XIB**  
(free).

**All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.**

**Production and Shipments of Steel Pipe and Tubing, February 2004, Vol. 28, no. 2**  
**Catalogue number 41-011-XIB (\$6/\$51).**

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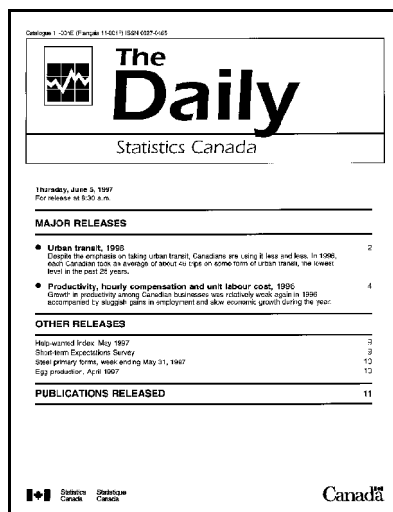
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Catalogue 11-001-XIE.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

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