



## “Building Boom Just Keeps Booming”

*Applications for non-residential construction surge*

Summer, 2005

New indications of British Columbia's robust economy emerged Monday with Statistics Canada announcing that non-residential construction continues to charge along at an "unbelievable" pace.

The value of permits issued for non-residential construction projects actually dipped 29 percent in April, compared to March -- but an economist with Stats Can advised that the B.C. numbers are nonetheless outstanding.

The permits reflect municipal approvals for new projects that are likely to get underway in the near future.

The non-residential sector is the harbinger of new employment opportunities because it encompasses everything from construction of public institutions and office towers to sawmills, mines, warehouses and retail stores.

Permits issued in April were valued at \$273 million across B.C., compared to a record \$382 million in March. The former record was set in January of 2000 -- \$370 million.

"The decline in value in April is important, but it's a step down from a record high. And despite the decline, the [value] remained very high," said Statistics Canada economist Etienne Saint-Pierre.

The cumulative value of non-residential building permits issued through the first four months of the year is the highest on record for the January-April period, \$1.085 billion. That's 34.4 per cent higher than any similar period on record, and nearly double the value of activity in the same four months in 2004.

The previous record for the first four months of the year was \$807 million in 2001.

Abigail Fulton, vice-president of the B.C. Construction Association, in a meeting recently stated that she believes the non-residential sector is just warming up, and is expected to overtake B.C.'s red-hot residential construction sector in the coming years.

According to "The Cindy Russell Team" and [www.BCHomeHunters.com](http://www.BCHomeHunters.com) - Calgary, Alberta is and has been the number one per capita commercial real estate market in North America with Edmonton, Alberta in second place, Manhattan, New York in third place and Washington, D.C. rounding out fourth place. They claim that commercial real estate growth and development year after year is a much better indicator of the underlying health in an economy and its future rather than residential real estate growth and its much more temporary growth patterns that we have seen in the past with their inherent boom/bust history.

"Up until now there has been a big boom in residential, but we think this is going to shift and over the next 10 years you are going to see a real boom in non-residential," Cindy Russell said. "The Olympics will fuel some of it, but really a small proportion in what's happening to the economy."

Stats Can reported that the value of residential construction permits issued by British Columbia municipalities rose 13 per cent in April, compared to March, and permit values are up 14.9 per cent for the year to date at \$2.138 billion.

"The data for both residential and non-residential construction, on an historical basis, are at record highs in 2005," Saint-Pierre said.

"The figures are very strong for B.C. -- it's a pillar of strength in Canada for construction, especially this year when I look at the non-residential figure it's quite unbelievable."

Helmut Pastrick, chief economist for Credit Union Central of B.C. noted that 2004 "was not a banner year" for non-residential construction.

"Now we're seeing in the last six months or so, commercial permits are up, we even had a bit of a spike in institutional-government construction," Pastrick said.

He noted that some of the value of the permits reflects higher costs for construction materials, energy and labour -- on the other hand, project costs may be higher than the permits estimate.

In Greater Vancouver, non-residential permits were up 87 per cent in the first four months, with the Vancouver Regional Construction Association attributing the activity to "a strong domestic economy."

"All of these projects translate into jobs," said association president Keith Sashaw in an interview.

"Things like the Trade and Convention Centre are going to require hundreds, if not thousands, of people to work the conventions. A lot of the non-residential investment is in commercial activities, warehouses, commercial expansions, all of those things which generally mean a pretty optimistic and buoyant environment."

B.C. and Alberta are leading the country in building-permit growth rates so far this year, Statistics Canada reported Monday.

*THE BIG BUILD-UP:*

Value of building permits % change

Jan.-April 2004 vs. Jan.-April 2005

B.C.: +32.7

Alberta: +48.2

Saskatchewan: +15.1

Manitoba: -0.2

Ontario: +8.3

Quebec: -5.3

Nova Scotia: +2.7

New Brunswick: +2.9

P.E.I.: +10.7

Newfoundland: +25.8

Source: Statistics Canada

UP IN THE VALLEY:

Of B.C.'s three biggest census metropolitan areas, Abbotsford in the Fraser Valley showed the fastest building-permit growth rate so far this year.

Value of building permits % change

Jan.-April 2004 vs. Jan.-April 2005

Abbotsford: +144% (\$130.8 million)

Victoria: +39% (\$220.5 million)

Vancouver: +15.7% (\$1.682 billion)

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