

Permit values drop at year's end

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The value of building permits issued in B.C. dropped dramatically in November from October, yet building intentions in the province for the year were still record-breaking.

Building permits worth \$806.6 million were issued in the province during November, a drop of 13 per cent from the \$928.7 million in permits issued in October. The decrease was caused almost exclusively by a stunning 35.5-per-cent drop in permits for residential multi-unit starts, to \$248.3 million from \$384.9 million a month earlier.

But the value of building permits in the first 11 months of 2005 exceeded the value of permits issued for the entire 12 months of 2004 in all sectors, said Etienne Saint-Pierre, an economist with Statistics Canada.

"With still December to compute, the total value of building permits [in B.C.] is already a record high," Saint-Pierre said in an interview.

The value of permits in the province was up 27.1 per cent during the first 11 months of 2005 over the same period a year earlier, to \$9.3 billion from \$7.3 billion. Residential permits were up 14.93 per cent -- from \$5.5 billion to \$6.3 billion -- with an increase of 24.2 per cent in multiple units outstripping the 7.24 per cent increase in single units. Yet it was the non-residential building permits that gained most, up a whopping 63.7 per cent -- from \$1.8 billion to \$3 billion. Institutional permits led with an increase of 125.9 per cent.

"So the strength is all across the board for the different types of buildings," Saint-Pierre said.

Much of the provincial drop in November was caused by a slowdown in Vancouver, which accounts for almost half of the building permits issued, Saint-Pierre said. In November, residential permits were down 25 per cent in Vancouver, from \$434.4 million to \$326.1 million, while non-residential permits increased 21 per cent, from \$89.1 million to \$108.2 million.

The November drop in values is not indicative of a trend but rather the volatility of the numbers, Saint-Pierre said. It is also a reflection of the strong October the province had, he said.

The huge volume of building permits bodes well for another good year for the construction industry, Saint-Pierre said.

"Those permits should generate active construction activity in the coming year," he said. "So it's very positive."

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Broken records, but a sudden decline

The value of November building permits declined substantially from October, led by a reduction in multiple-family dwellings. However, the first 11 months of 2005 shattered all previous records:

Single \$322 million +2.8%	Multiple \$248 million -35.5%	Total residential \$570 million -18.3%
Non-residential \$236 million +2.5%		All building total \$807 million -13.2%