



Construction activity slowing down: StatsCan

But spending on residential permits up over this time last year

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Construction intentions in British Columbia declined over the first-quarter of 2008 with builders taking out \$230 million less in building permits, a drop of more than 17 per cent, than they did in the same period last year, Statistics Canada reported Tuesday.

Permits taken out in March were slightly ahead of February, but total B.C. permits of \$2.7 billion over the first quarter represented an almost eight-per-cent drop from the first quarter of 2007.

Philip Hochstein, president of the Independent Contractors and Business Association, said there are definitely signs that the industry is slowing down. Contractors are seeing more bidders for each job and subcontractors are starting to hunt around for work.

"Those are early warning signs that something is changing," Hochstein added, though no one in the industry is sure if the decline being experienced is a gentle tail off from frantic activity to a more normal volume, or something steeper.

"Our crystal balls are still a little cloudy in that area," Hochstein said.

However, the drop off has not been unexpected, according to Keith Sashaw, president of the Vancouver Regional Construction Association.

"We have been expecting a cooling in construction activity from the record levels of last summer when the industry was operating at unprecedented highs," Sashaw said, but the underlying fundamentals for construction remain strong.

He added that relief from the "frenetic pace" has been welcome.

B.C.'s decline in permits was entirely on the non-residential side of construction, where the \$630.8 million in permits issued in the first quarter was 36 per cent lower than the first quarter of 2007.

Residential spending, on the other hand, was up almost seven per cent to almost \$2.1 billion compared with the same quarter a year ago.

Among metropolitan regions, Victoria experienced the biggest percentage drop with the near \$201 million in permits representing a 31-per-cent decline from the first quarter a year ago.

In Vancouver, permit activity dropped 17 per cent to \$1.34 billion.

Across Canada, the value of building permits in Canada fell unexpectedly in March -- led by a big decline in Alberta -- due to rising costs and weakening demand, Statistics Canada said.

And it was the fourth month in the last five that permit values decreased, with both residential and non-residential sectors declining in March.

Permit values dropped 4.5 per cent to \$5.6 billion in March, as a 32.9 per cent plunge in Alberta pulled the rest of the country into negative territory. Ontario, meanwhile, led all other provinces in building activity, posting a 7.3 per cent rise to \$2.1 billion.

Without Alberta in the mix, Statistics Canada said, the value of building permits would have increased by 5.1 per cent. In Alberta, March permits slipped below \$1 billion for the first time in the last 13 months.

Most economists had expected a 1.2 per cent rise in the value of building permits nationally in March.

In February, permits values rose by a revised 0.8 per cent.

"Overall, the performance in the Canadian major markets were mixed with Calgary, Montreal and Edmonton declining, while Vancouver and Toronto posted gains on the month," said Millan Mulraine, economics strategist at TD Securities.

"However, despite the overall softness in this report, the Canadian housing market remains in reasonable shape, though housing activity is expected to moderate in 2008."

Building permits

Value (in millions of dollars) of building permits in March

(% change from February):

Canada 5,595.2 -4.5

Newfoundland

and Labrador 54.2 -15.2

Prince Edward

Island 15 41.8

Nova Scotia 97.2 6.6

New Brunswick 58.3 -0.2

Quebec 999 2.7

Ontario 2,144.4 7.3

Manitoba 116.6 -5.8

Saskatchewan 145.6 29.7

Alberta 996.8 -32.9

British Columbia 946.9 0.8

Yukon 2.7 -22.6

Northwest

Territories 18.2 1,995.4

Nunavut 0.3 8,400

Source: Statistics Canada

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