



## Construction expected to continue its boom in B.C. Housing starts up for first quarter despite decline in permits

**Derrick Penner**

Vancouver Sun

*Friday, May 09, 2008*

Signs of an extension to B.C.'s construction boom continue to mount, even though first-quarter building permits have waned.

Canada Mortgage and Housing Corp. reported a gain in housing starts across the province during the first four months of the year compared with the same period a year ago.

In addition, the province reported that work began on 26 major projects worth some \$3.4 billion in the first quarter of 2008, pushing the overall number of large construction projects underway in B.C. to 399, worth almost \$61 billion, up from the \$57.4 billion in work underway during the fourth quarter of 2007.

Developers also piled an additional 61 projects, worth \$10.6 billion, on to its Major Projects Inventory, bringing the total number of large projects in planning or under construction to 858, worth \$163.2 billion.

Earlier this week, Statistics Canada reported a slowing in the number of building permits issued, with \$2.7 billion worth of permits handed out in B.C. during the first quarter of 2008, down eight per cent from the same period in 2007.

However, watching the number of projects build is encouraging to Philip Hochstein, president of the Independent Contractors and Business Association of B.C.

"The major projects inventory figures are important because they show there is confidence in B.C. long after the Olympics," Hochstein said in a news release.

And housing starts across B.C., while down in April in communities such as Nanaimo, Kamloops, Kelowna and Prince George, remain just over 13-per-cent ahead of 2007 levels at 11,391 units after the first four months of the year.

Big chunks of that gain came from the Vancouver and Abbotsford metropolitan regions, which witnessed housing starts 16 per cent and 33 per cent, respectively, higher than 2007 after the first four months.

"If we look at last year, 2007 was the strongest year [for housing starts] since 1993, and this year we're on pace to exceed that," Peter Simpson, CEO of the Greater Vancouver Home Builders' Association said.

Even if starts fall off over the remaining eight months of the year, the beginning is "still a very good sign [that] construction is still going very strong."

New developments are also showing strong sales. The development firm Adera, this week, reported the sell out of 104 units in the first phase of its spa-centred Salus development at Scott Road and 66th Avenue in Surrey to early registrants before the project's official public opening Saturday.

The developer has decided to release an additional phase early, and Simpson added that such pre-sales bode well for future starts.

However, there are still indicators that the overall housing market is slowing, Tsur Somerville, director of urban economics and real estate at the Sauder School of Business at the University of B.C.

Metro Vancouver saw 1,560 new-home starts in April, bringing the total to 6,691 at the end of April. Some 5,552 of those were multi-family starts -- either condominiums or townhouses -- and Somerville added that if it weren't for a big increase in the City of Vancouver's multi-family starts the overall number would be down from the same period in 2007.

And while starts were higher in Vancouver, Surrey, North Vancouver City, Coquitlam, Burnaby and Delta, they were down in Langley, Maple Ridge, Pitt Meadows and all the other Metro Vancouver communities.

Somerville added that sales across the region have slowed, as have the gains in price increases.

"The fact that [housing starts] are up so far to date, I'm not reading too much into that," he said.

Canada's housing market showed further signs of slipping as the pace of new-home construction eased last month, dropping by a greater-than-expected 12 per cent to a seasonally adjusted rate of 213,900, the federal housing agency reported Thursday.

The data follows two other reports this week showing a softening in Canada's housing boom, with building permits falling 4.5 per cent in March, according to Statistics Canada, and existing home sales expected to slow by 11.5 per cent this year, as reported by the Canadian Real Estate Association.

depenner@png.canwest.com

with file from Canwest News Service

© The Vancouver Sun 2008

CLOSE WINDOW

---

Copyright © 2008 CanWest Interactive, a division of CanWest MediaWorks Publications, Inc. All rights reserved.  
CanWest Interactive, a division of CanWest MediaWorks Publications, Inc. All rights reserved.