

Construction intentions tick higher despite a retreat in residential permits

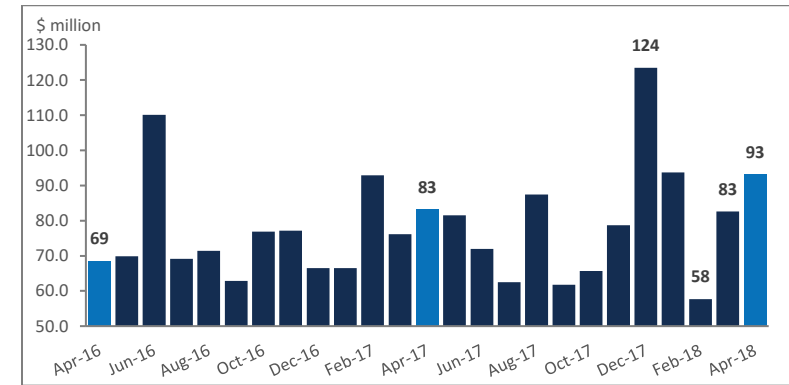
- **Construction permits pick up in April.** The total value of building permits issued by Saskatoon and surrounding municipalities¹ increased 12.8% m/m to \$93.1 million in April, following a 43.2% increase the prior month. Compared to April 2017, the value of building permits was up 11.9%.
- **Commercial building post the largest gains.** The value of non-residential building permits rose 42.0%, driven by significant gains in commercial (104.9%) and industrial (35.2%) permits. Institutional & governmental permits fell 81.4% to \$2.3 million.
- **Residential construction intentions, on the other hand, are moving in the opposite direction.** The total value of permits was down 19.9% reflecting declines in both multi-family (-32.4%) and single-family (-10.3%) permits.
- **Overall, building permits are on track to exceeding last year's total.** Over the first four months of 2018, the total value of permits improved 2.6% y/y, lifted by the non-residential sector (+39.0%).

“The retreat in residential construction intentions is not surprising, given the glut of inventory in the housing market. While stricter mortgage lending rules and rising interest rates may be having an impact, the commercial sector is stepping in to pick up the slack in an impressive way.”

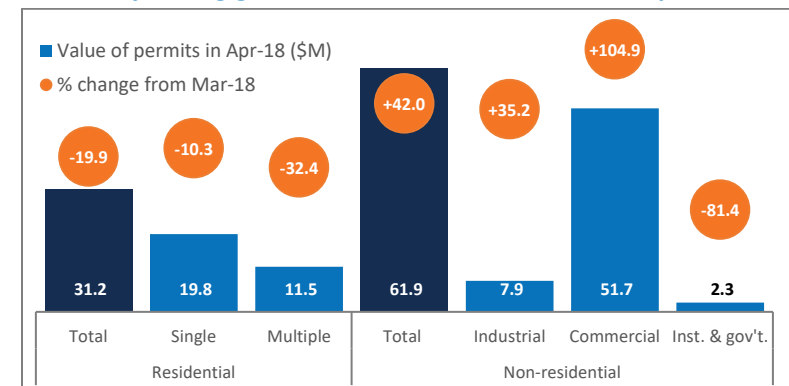
Gabriel Dzathor, Manager – Economic Forecasting and Analysis

¹ Building permits are for the Saskatoon CMA, which includes the City of Saskatoon, Rural Municipality of Corman Park No. 344, the cities of Martensville and Warman, and other smaller communities within the region.

Building permits up 12.8% in April...



...lifted by strong gains in commercial and industrial permits



Value of building permits – Saskatoon CMA

	2017	YTD-2018	Feb-2018	Mar-2018	Apr-2018
Building permits (\$m)	951.6	327.1	57.7	82.6	93.1
Y/Y % change	9.7%	2.6%	-37.9%	8.5%	11.9%
Residential (\$m)	587.7	142.2	34.7	39.0	31.2
Y/Y % change	27.0%	-23.4%	-27.4%	-10.2%	-34.8%
Non-residential (\$m)	363.9	184.9	22.9	43.6	61.9
Y/Y % change	-10.1%	39.0%	-49.1%	+33.3%	75.3%

Source: Statistics Canada Table 34-10-0066-01 (seasonally adjusted)