

Construction poised to rebound as building permits spike

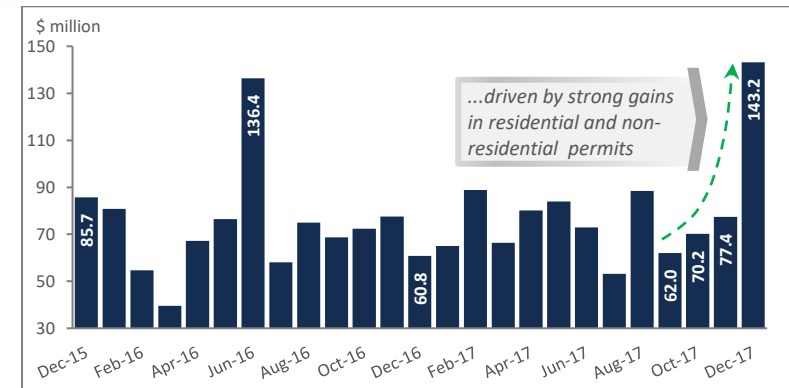
- **Construction permits ended 2017 on a strong note.** The total value of building permits issued by Saskatoon and surrounding municipalities¹ jumped 85.0% m/m to \$143.2 million in December, lifted by strong gains in residential and non-residential permits (Chart 1). This marked the third consecutive monthly increase and the strongest gain since October 2009. Compared to December 2016, building permits were up 135.4%.
- **Residential permits jumped 72.3% m/m**, reflecting a 140.5% increase in the value of multi-family dwelling permits and 16.1% gains in single-family permits. 1,120 dwelling units were approved in December 2017, up 28.2% from November and 269.3% from December 2016.
- **Non-residential permits surged 106.6% m/m**, driven by significant gains in industrial (1,029.1%) and institutional & government (83.9%) permits. Commercial permits edged down (-1.1%) after a big leap in November.
- **Overall, 2017 saw a rebound in construction intentions.** The total value of permits issued in the Saskatoon CMA rose 9.7% from its lowest level in six years to \$951.8 million. The annual increase was driven by strong gains in residential (+26.3%) and industrial (+117.9%) permits, partially offset by declines in institutional & government (-53.4%) permits.

“One of the best leading indicators available to economists is building permits issued by municipalities. At the time that Calgary, Edmonton and Regina continue to see declines in permits, Saskatoon has made a strong comeback, signaling a potential rebound in construction activity six to 12 months ahead. This bodes well for the local economy. Heading into the construction season, we expect to see more jobs, contracts, materials and spending.”

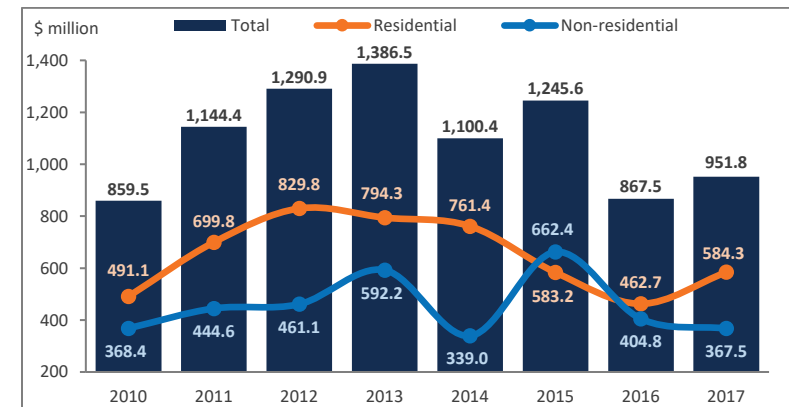
Gabriel Dzathor, Manager – Economic Forecasting and Analysis

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.

Saskatoon CMA building permits surged in December 2017...



...adding up to a rebound of 9.7% in 2017



Value of building permits – Saskatoon CMA

| | 2016 | 2017 | Sept-2017 | Oct-2017 | Nov-2017 |
|-------------------------------|--------|-------|-----------|----------|----------|
| Building permits (\$m) | 867.5 | 951.8 | 70.2 | 77.4 | 143.2 |
| Y/Y % change | -30.4% | 9.7% | -3.0% | -1.8% | 135.4% |
| Residential (\$m) | 462.7 | 584.3 | 35.3 | 48.8 | 84.1 |
| Y/Y % change | -20.7% | 26.3% | -0.9% | 20.2% | 229.6% |
| Non-residential (\$m) | 404.8 | 367.5 | 34.9 | 28.6 | 59.0 |
| Y/Y % change | -38.9% | -9.2% | -5.0% | -30.0% | 67.2% |

Source: Statistics Canada Table 282-0135 (seasonally adjusted)