

Vancouver Island Construction Report for Q4 2016

SUMMARY Vancouver Island construction industry activity decreased in the fourth quarter largely due to seasonal influences and the third quarter spike in non-residential permits. But, for 2016, construction activity increased in all sectors and areas.

Total building permits issued during the fourth quarter of 2016 on Vancouver Island totaled \$373.2 million, down 34 per cent from the third quarter of 2016. All building types declined in the fourth quarter, and the turn down played out in most regional districts on the Island, as well.

During 2016, however, total permits were 28 per cent higher compared to 2015, with gains in all building types and in all regional districts.

The largest percentage gains in building permits during the year were in the regional districts of Alberni-Clayoquot at 86 per cent and Strathcona at 83 per cent. The Capital Regional District recorded a 33 per cent increase over 2015.

Total investment spending on non-residential building construction in the Victoria Census Metropolitan Area (CMA) increased in the fourth quarter and closed out 2016 up 25 per cent.

Non-residential building construction costs accelerated in the fourth quarter, resulting in the highest annual increase since 2008.

Construction industry employment on Vancouver Island rose by just over five per cent. Regional construction employment dipped 6.8 per cent in the fourth quarter of 2016 compared to the third quarter. Victoria CMA saw a large increase while the rest of the region fell back.

Economic and population growth will continue to support the Island's construction industry in 2017. Residential activity will see higher levels though probably less than the large percentage gain recorded in 2016. Non-residential activity will expand in response to rising demand.

Total building permits in 2017 are expected to increase about 20 per cent with construction employment up another three per cent or more. The acceleration in construction costs looks to continue and to exceed 2016's rise of slightly more than four per cent.

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Building Permits by Region/Municipality

VANCOUVER ISLAND

- Building permits fell 34 per cent in the fourth quarter compared to the third quarter of 2016. Compared to one year ago, permits were 6 per cent higher. For the year, permits were 28 per cent higher than 2015.
- Non-residential permits dropped 71 per cent over the previous quarter with declines in all three sectors.
- The dollar value of residential permits also declined from the third quarter.
- Less permit activity occurred in most regional districts with the exceptions of Alberni-Clayoquot and Strathcona.
- Fourth quarter building permits typically decline in the fourth quarter due to the seasonal influence and in this instance from a high level of non-residential permits in the third quarter.
- Total building permits are expected to increase modestly in the first quarter due to seasonal influences.

Building Permits Issued – Vancouver Island							
Period	Total	Non-Residential Permits			Residential Permits		
	Permits	Total	Industrial	Commercial	Inst.-Govt.	Value	Units
	(Dollars – Thousands)						
Jul-Sep-16	562,695	155,223	10,296	40,005	104,922	407,472	1,726
Oct-Dec-16	373,254	45,697	4,092	35,464	6,141	327,557	1,235
% change	-34	-71	-60	-11	-94	-20	-28
Oct-Dec-15	352,842	90,255	9,489	56,698	24,068	262,587	1,241
Oct-Dec-16	373,254	45,697	4,092	35,464	6,141	327,557	1,235
% change	6	-49	-57	-37	-74	25	0
Jan-Dec-15	1,442,767	367,994	38,340	179,735	149,919	1,074,773	4,700
Jan-Dec-16	1,850,220	437,891	62,608	225,146	150,137	1,412,329	5,544
% change	28	19	63	25	0	31	18

Source: Statistics Canada, VICA.

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CAPITAL REGIONAL DISTRICT

- Total permits declined in the fourth quarter by 35 per cent from the third quarter with declines across all categories, notably institutional-government.
- Permits finished the year 33 per cent higher than in 2015 with gains in all categories. The largest percentage gain was in industrial permits.
- The dollar value of residential permits increased 30 per cent, although the number of units increased only 6 per cent indicating a shift to higher quality units and higher construction costs.

Building Permits Issued – Capital Regional District								
Period	Total Permits	Non-Residential Permits				Residential Permits		
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units	
		(Dollars – Thousands)						
Jul-Sep-16	297,761	89,921	3,596	19,413	66,912	207,840	775	
Oct-Dec-16	193,852	22,152	3,020	16,528	2,604	171,700	620	
% change	-35	-75	-16	-15	-96	-17	-20	
Oct-Dec-15	195,609	46,308	1,706	33,713	10,889	149,301	759	
Oct-Dec-16	193,852	22,152	3,020	16,528	2,604	171,700	620	
% change	-1	-52	77	-51	-76	15	-18	
Jan-Dec-15	785,789	190,246	13,948	119,745	56,553	595,543	2,672	
Jan-Dec-16	1,048,353	273,424	43,050	146,530	83,844	774,929	2,844	
% change	33	44	209	22	48	30	6	

Source: Statistics Canada, VICA.



WEST SHORE COMMUNITIES

- Building permits decreased 52 per cent in the fourth quarter led by a 81 per cent drop in non-residential with a contributing 42 per cent decline in residential permits.
- 2016 saw 41 per cent higher permit activity compared to 2015. Residential permits led the way with a 43 per cent increase while institutional-government permits had the largest percentage gain at 506 per cent.

Building Permits Issued – West Shore Communities							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-16	120,307	32,588	367	6,138	26,083	87,719	359
Oct-Dec-16	57,395	6,120	1,243	4,807	70	51,275	184
% change	-52	-81	239	-22	-100	-42	-49
Oct-Dec-15	49,659	5,837	26	3,796	2,015	43,822	251
Oct-Dec-16	373,254	6,120	1,243	4,807	70	51,275	184
% change	16	5	##	27	-97	17	-27
Jan-Dec-15	229,746	39,793	4,394	30,884	4,515	189,953	923
Jan-Dec-16	324,963	52,831	3,764	21,707	27,360	272,132	1,057
% change	41	33	-14	-30	506	43	15
Source: Statistics Canada, VICA. Note: Includes Colwood, Highlands, Langford, Metchosin, and View Royal. ## More than 1,000 per cent							



COWICHAN VALLEY REGIONAL DISTRICT

- Total building permits declined 32 per cent in the fourth quarter from the previous quarter.
- Non-residential permits were 75 per cent higher while residential permits dropped 25 per cent from the third quarter.
- Yearly permits were 14 per cent higher with residential accounting for this gain.

Building Permits Issued – Cowichan Valley Regional District							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-16	41,870	6,426	3,633	1,114	1,679	35,444	145
Oct-Dec-16	28,325	1,608	122	1,486	0	26,717	104
% change	-32	-75	-97	33	-100	-25	-28
Oct-Dec-15	27,223	4,932	3,699	1,106	127	22,291	115
Oct-Dec-16	28,325	1,608	122	1,486	0	26,717	104
% change	4	-67	-97	34	-100	20	-10
Jan-Dec-15	115,601	23,520	10,217	6,486	6,817	92,081	387
Jan-Dec-16	132,024	17,916	7,670	7,125	3,121	114,108	466
% change	14	-24	-25	10	-54	24	20

Source: Statistics Canada, VICA.



NANAIMO REGIONAL DISTRICT

- Total building permits fell 28 per cent from the third quarter. Residential permits declined 22 per cent while non-residential permits plummeted 63 per cent.
- Annual permits increased 18 per cent in 2016 compared to 2015, driven by a 26 per cent rise in residential. Non-residential declined 11 per cent on lower institutional-government permits.

Building Permits Issued – Nanaimo Regional District							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-16	119,653	17,278	916	10,362	6,000	102,375	550
Oct-Dec-16	85,867	6,382	518	2,987	2,877	79,485	332
% change	-28	-63	-43	-71	-52	-22	-40
Oct-Dec-15	92,154	28,031	784	14,894	12,353	64,123	271
Oct-Dec-16	85,867	6,382	518	2,987	2,877	79,485	332
% change	-7	-77	-34	-80	-77	24	23
Jan-Dec-15	326,621	75,969	6,013	33,316	36,640	250,652	1,092
Jan-Dec-16	384,296	67,468	6,102	37,141	24,225	316,828	1,456
% change	18	-11	1	11	-34	26	33

Source: Statistics Canada, VICA



ALBERNI-CLAYOQUOT - REGIONAL DISTRICT

- Total building permits jumped 61 per cent over the third quarter on a spike in commercial permits. Non-residential permits more than quadrupled.
- Permits were 86 per cent higher in 2016 than last year led by non-residential and aided by a 70 per cent increase in residential activity.

Building Permits Issued – Alberni-Clayoquot Regional District							
	Total	Non-Residential Permits				Residential Permits	
Period	Permits	Total	Industrial	Commercial	Inst.-Govt.	Value	Units
	(Dollars – Thousands)						
Jul-Sep-16	9,133	956	180	476	300	8,177	27
Oct-Dec-16	14,707	5,096	66	5,030	0	9,611	42
% change	61	433	-63	957	-100	18	56
Oct-Dec-15	6,538	1,579	1,000	462	117	4,959	22
Oct-Dec-16	14,707	5,096	66	5,030	0	9,611	42
% change	125	223	-93	989	-100	94	91
Jan-Dec-15	22,599	3,320	1,074	2,002	244	19,279	74
Jan-Dec-16	42,057	9,292	1,803	6,515	974	32,765	116
% change	86	180	68	225	299	70	57

Source: Statistics Canada, VICA.



COMOX VALLEY REGIONAL DISTRICT

- Total permits fell 61 per cent in the fourth quarter compared to the previous quarter. Non-residential government permits plummeted 80 per cent following a large hospital permit issued in the third quarter.
- For the year, residential permits led with a 32 per cent increase while non-residential permits declined 20 per cent from last year.

Building Permits Issued - Comox Valley Regional District							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	80,303	38,069	1,750	6,948	29,371	42,234	192
Oct-Dec-16	31,707	7,786	363	7,163	260	23,921	90
% change	-61	-80	-79	3	-99	-43	-53
Oct-Dec-15	22,108	5,945	0	5,363	582	16,163	50
Oct-Dec-16	31,707	7,786	363	7,163	260	23,921	90
% change	43	31	n.a.	34	-55	48	80
Jan-Dec-15	147,338	61,453	4,478	13,905	43,070	85,885	370
Jan-Dec-16	162,826	49,426	3,329	15,096	31,001	113,400	439
% change	11	-20	-26	9	-28	32	19
Source: Statistics Canada, VICA.							



STRATHCONA REGIONAL DISTRICT

- Running counter to the region, total building permits rose in the fourth quarter mainly due to a 48 per cent jump in residential permits and a small rise of 6 per cent in non-residential permits.
- Permits issued in 2016 were up 83 per cent higher than last year from strong gains in residential and non-residential activity.

Building Permits Issued - Strathcona Regional District							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-16	13,289	2,415	188	1,567	660	10,874	36
Oct-Dec-16	18,676	2,588	3	2,185	400	16,088	47
% change	41	7	-98	39	-39	48	31
Oct-Dec-15	8,821	3,085	2,295	790	0	5,736	24
Oct-Dec-16	18,676	2,588	3	2,185	400	16,088	47
% change	112	-16	-100	177	n.a.	180	96
Jan-Dec-15	43,009	12,693	2,605	3,493	6,595	30,316	102
Jan-Dec-16	78,801	20,027	621	12,434	6,972	58,774	219
% change	83	58	-76	256	6	94	115

Source: Statistics Canada, VICA. ## More than 1,000 per cent.



MOUNT WADDINGTON REGIONAL DISTRICT

- Fourth quarter permits fell 83 per cent on low volume.
- Total permits were three per cent higher in 2016 compared to 2015 with residential 50 per cent higher.

Building Permits Issued – Mount Waddington Regional District								
Period	Total Permits	Non-Residential Permits				Residential Permits		
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units	
		(Dollars – Thousands)						
Jul-Sep-16	686	158	33	125	0	528	1	
Oct-Dec-16	120	85	0	85	0	35	0	
% change	-83	-46	-100	-32	n.a.	-93	-100	
Oct-Dec-15	389	375	5	370	0	14	0	
Oct-Dec-16	120	85	0	85	0	35	0	
% change	-69	-77	-100	-77	n.a.	150	n.a.	
Jan-Dec-15	1,810	793	5	788	0	1,017	3	
Jan-Dec-16	1,863	338	33	305	0	1,525	4	
% change	3	-57	560	-61	n.a.	50	33	

Source: Statistics Canada, VICA.



Outlook

The Island's construction sector enjoyed a busy 2016 responding to more demand for buildings and infrastructure from a growing economy and population base. Higher construction and land costs were a consequence of more construction activity.

The outlook for 2017 remains positive if there is no negative external development in the global economy. Population inflows to Vancouver Island from other parts of the province and from across Canada will increase as will international immigration. Economic growth will remain above trend supported by a low Canadian dollar, low interest rates, and faster growth in the U.S. economy. Domestically more fiscal stimulus is expected to materialize from prior spending commitments and potentially new commitments in a provincial election year.

Residential activity will see higher levels though probably less than the large percentage gain recorded in 2016. The housing market will face challenges from higher costs and reduced affordability for first-time buyers, which will be mitigated to some extent by the province's new program assisting with the down-payment, the BC Home Owner Mortgage and Equity Partnership program.

Non-residential activity can expand on a more market-wide fashion in 2017 with economic and population growth reducing excess space capacity. Project-specific investment will remain a factor but markets are set for a mild resurgence.

Total building permits in 2017 are expected to increase about 20 per cent with construction employment up another three per cent or more. The acceleration in construction costs looks to continue and to exceed 2016's rise of slightly more than four per cent.

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Statistical Appendix on Western Communities

Building Permits Issued - Colwood City							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	25,083	413	0	393	20	24,670	82
Oct-Dec-16	5,511	140	0	70	70	5,371	17
% change	-78	-66	n.a.	-82	250	-78	-79
Oct-Dec-15	7,730	290	0	165	125	7,440	23
Oct-Dec-16	5,511	140	0	70	70	5,371	17
% change	-29	-52	n.a.	-58	-44	-28	-26
Jan-Dec-15	32,477	8,978	0	7,403	1,575	23,499	86
Jan-Dec-16	46,179	2,410	0	1,393	1,017	43,769	137
% change	42	-73	n.a.	-81	-35	86	59

Source: BC Stats, VICA.

* Colwood permits were up 42 per cent in 2016 due to an 86 per cent jump in residential activity.

Building Permits Issued - Highlands							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	2,010	0	0	0	0	2,010	15
Oct-Dec-16	467	0	0	0	0	467	3
% change	-77	n.a.	n.a.	n.a.	n.a.	-77	-80
Oct-Dec-15	98	0	0	0	0	98	0
Oct-Dec-16	467	0	0	0	0	467	3
% change	377	n.a.	n.a.	n.a.	n.a.	377	n.a.
Jan-Dec-15	2,181	129	96	33	0	2,052	9
Jan-Dec-16	6,100	22	0	22	0	6,078	41
% change	180	-83	-100	-33	n.a.	196	356

Source: BC Stats, VICA.

* Total permits were up 180 per cent in 2016 with residential permits accounting for all the gain.



Building Permits Issued - Langford							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	76,538	26,373	320	4,705	21,348	50,165	188
Oct-Dec-16	40,307	5,285	1,243	4,042	0	35,022	114
% change	-47	-80	288	-14	-100	-30	-39
Oct-Dec-15	33,825	2,231	1	2,230	0	31,594	216
Oct-Dec-16	40,307	5,285	1,243	4,042	0	35,022	114
% change	19	137	##	81	n.a.	11	-47
Jan-Dec-15	145,123	14,799	4,161	9,607	1,031	130,324	648
Jan-Dec-16	222,063	41,798	3,617	16,833	21,348	180,265	655
% change	53	182	-13	75	##	38	1

Source: BC Stats, VICA. ## More than 1,000 per cent.

* Total permits jumped 53 per cent in Langford during the year from a spike in institutional-government activity and a solid gain in residential permits.

Building Permits Issued - Metchosin							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	588	43	0	43	0	545	1
Oct-Dec-16	1,062	0	0	0	0	1,062	3
% change	81	-100	n.a.	-100	n.a.	95	200
Oct-Dec-15	284	10	0	10	0	274	0
Oct-Dec-16	0	0	0	0	0	0	0
% change	-100	-100	n.a.	-100	n.a.	-100	n.a.
Jan-Dec-15	4,260	86	76	10	0	4,174	9
Jan-Dec-16	3,143	43	0	43	0	3,100	6
% change	-26	-50	-100	330	n.a.	-26	-33

Source: BC Stats, VICA.

* Permit activity rose in the fourth quarter but did not manage a gain for the year.



Building Permits Issued - Sooke							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	7,613	245	47	197	1	7,368	56
Oct-Dec-16	7,701	545	0	545	0	7,156	41
% change	1	122	-100	177	-100	-3	-27
Oct-Dec-15	3,809	46	25	1	20	3,763	10
Oct-Dec-16	0	0	0	0	0	0	0
% change	-100	-100	-100	-100	-100	-100	-100
Jan-Dec-15	16,637	62	36	5	21	16,575	85
Jan-Dec-16	29,012	892	147	744	1	28,120	174
% change	74	##	308	##	-95	70	105

Source: BC Stats, VICA. ## More than 1,000 per cent

* Total permits were 74 per cent higher in 2016 compared to last year. Residential activity drove construction higher.

Building Permits Issued - View Royal							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars - Thousands)							
Jul-Sep-16	8,475	5,514	0	800	4,714	2,961	17
Oct-Dec-16	2,347	150	0	150	0	2,197	6
% change	-72	-97	n.a.	-81	-100	-26	-65
Oct-Dec-15	3,913	3,260	0	1,390	1,870	653	2
Oct-Dec-16	2,347	150	0	150	0	2,197	6
% change	-40	-95	n.a.	-89	-100	236	200
Jan-Dec-15	29,068	15,739	25	13,826	1,888	13,329	86
Jan-Dec-16	18,466	7,666	0	2,672	4,994	10,800	44
% change	-36	-51	-100	-81	165	-19	-49

Source: BC Stats, VICA.

* View Royal total permits fell in the fourth quarter and for the year. The declines were in both non-residential and residential.

