

## Vancouver Island Construction Report for Q4 2020

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**Summary** Construction activity slowed somewhat during the fourth quarter of 2020 though remaining at a relatively high level. Total building permits issued during the fourth quarter of 2020 slipped four per cent to \$652.3 million following the strong rebound in the prior quarter coming off the pandemic shock-driven second quarter.

Residential permit activity advanced 20 per cent in the fourth quarter from the previous quarter. More permits were issued in the fourth quarter for all dwelling types led by rental apartments. A very active housing sales market is bolstering construction of single-detached and ground-oriented condominiums.

Non-residential permits fell 55 per cent in the quarter following the large surge in commercial permits in the third quarter. Commercial permits plunged 73 per cent. Institutional-government permits posted a 32 per cent increase to partially offset that drop.

Some of the more notable performances across regional districts during the fourth quarter of 2020 included a 60 per cent jump in residential permits issued in the Capital Regional District (RD) over the third quarter, a 20 per cent increase in total permits in the Strathcona RD, and a 14 per cent rise in the Alberni-Clayoquot RD. The Nanaimo RD saw a three per cent total gain.

Investment spending on non-residential building construction in the Victoria metropolitan area rose for the fourth consecutive month ending in November due to the rebound in commercial and public permits that occurred in the third quarter of 2020.

Victoria's residential building construction investment spending increased for the second month in a row ending in November on the strength of more multi-unit dwellings, particularly apartments.

Building construction cost increases slowed overall during the quarter with a slightly larger increaser in residential than in non-residential construction.

Construction industry employment in Vancouver Island-Coast region dropped rather sharply during the fourth quarter of 2020 and exclusively in the Victoria metro area. This result was not consistent with other indicators of construction activity at that time.

Total building permits issued in 2020 came in one per cent below 2019's level. The 2021 outlook will be impacted by the pandemic and its uncertain future. Residential construction activity is expected to increase due to record low mortgage rates driving more housing sales and higher prices as well as some rental construction. Non-residential permits are seen declining on fewer commercial and public permits. Overall, total building permits issued in 2021 are predicted to increase about five per cent over 2020.

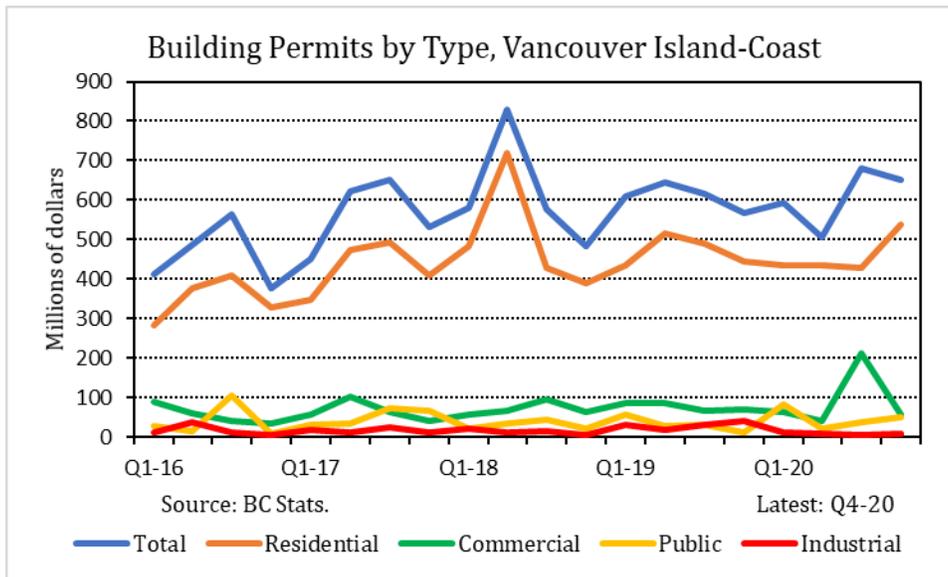
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## Building Permits

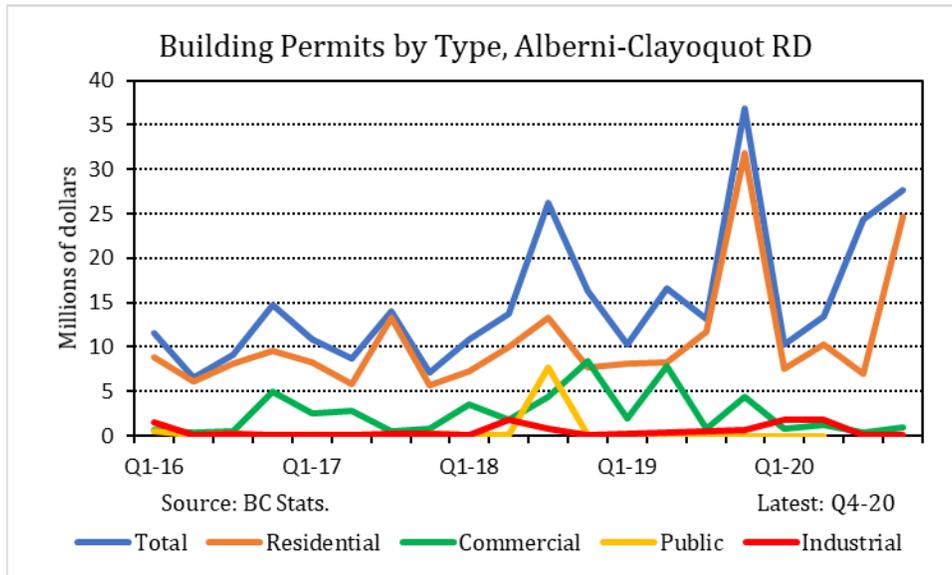
### Vancouver Island – Coast

- Residential building permits climbed 26 per cent during the fourth quarter of 2020 over the prior quarter, mostly offsetting a larger 55 per cent drop in non-residential permits. As a result, total permits slipped four per cent lower to \$652.3 million. Compared to one year ago, total permits were higher by 15 per cent. A fallback in non-residential permits following a spike, as in the third quarter, is a typical pattern. Total permit activity remains well above most quarterly levels in the past few years.
- The decline in non-residential permits was centred in commercial permits, which fell 73 per cent from the third quarter's spike of \$210.5 million. Institutional-government permits increased 32 per cent in the quarter over the third quarter.
- For the year, total building permits came in slightly below 2019 by one per cent. Non-residential permits were eight per cent higher than last year led by a 50 per cent increase in public permits and a 21 per cent increase in commercial permits. Industrial permits were down 71 per cent for the year. Residential permits were down four per cent.



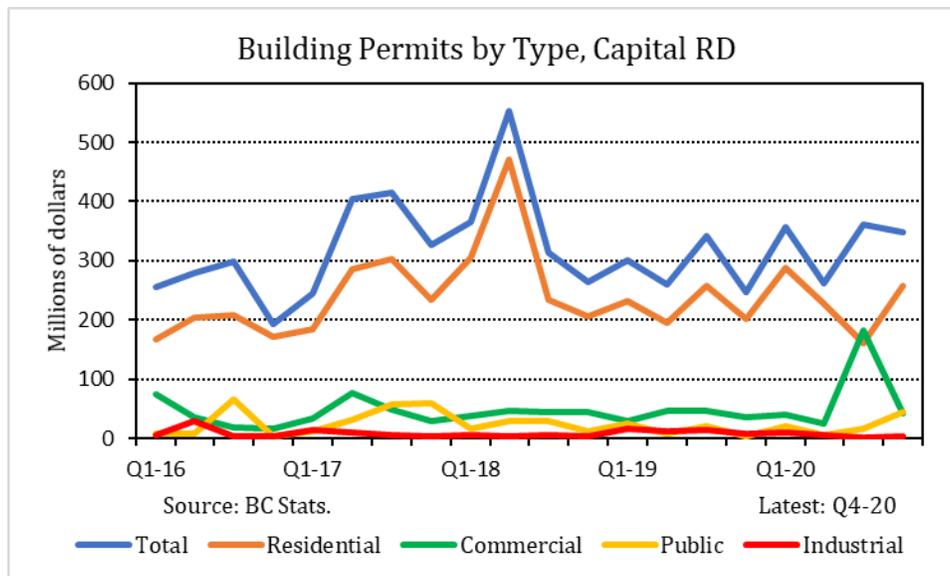
## Alberni-Clayoquot Regional District

- Total building permits advanced 14 per cent in the fourth quarter of 2020 over the previous quarter. This put 2020 total permits only three per cent below 2019's level.
- Residential permits surged 254 per cent during the fourth quarter over the prior quarter. Nonetheless, this left 2020 activity 19 per cent lower than last year.
- Non-residential permits fell back following the third quarter's spike. For the year, though, permits were 58 per cent higher than in 2019.



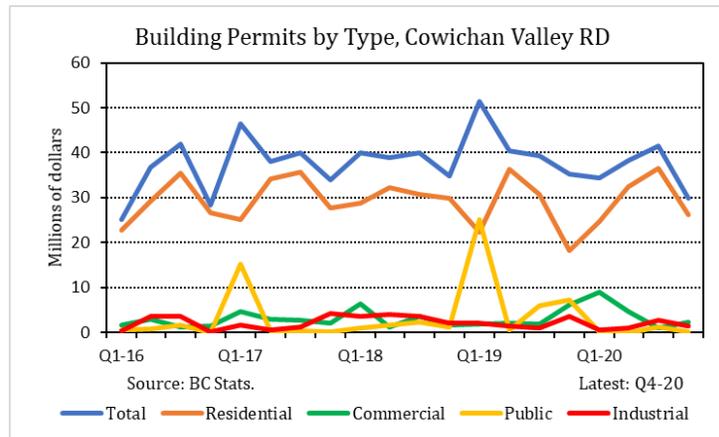
## Capital Regional District

- Total building permits edged lower by four per cent in the fourth quarter compared to the third quarter. For the year, total permits were 15 per cent higher than in 2019.
- Residential permits jumped 60 per cent in the fourth quarter mainly on multi-unit building permits, primarily for apartments. The year closed out with permits four per cent higher than in 2019.
- Non-residential permits dropped 55 per cent in the fourth quarter following the spike in commercial permits in the prior quarter. However, publicly-initiated permits rebounded in the fourth quarter.
- The region's non-residential sector saw a 50 per cent jump in permits issued during 2020 compared to 2019. Commercial permits were 83 per cent higher and public permits were up 54 per cent.



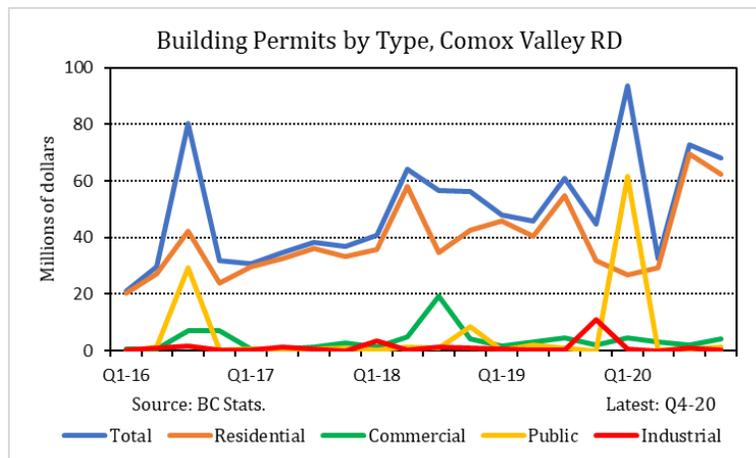
## Cowichan Valley Regional District

- Residential permits declined 28 per cent in the fourth quarter over the third quarter. The quarterly decline was broadly-based across most permit categories.
- For the year, total permits were 16 per cent lower than in 2019. Non-residential permits were down 59 per cent while residential permits posted a seven per cent gain.



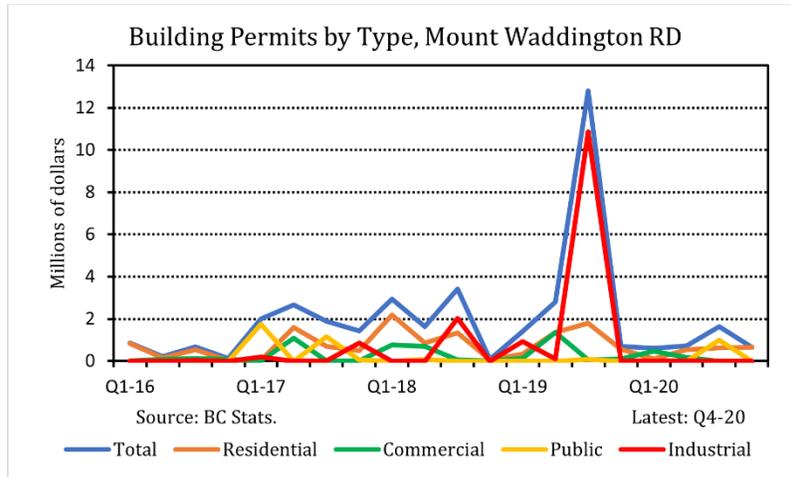
## Comox Valley Regional District

- Building permits were six per cent lower in the fourth quarter over the previous quarter due to a ten per cent decline in residential permits issued. Non-residential permits jumped higher on more commercial and government permits.
- Total building permits in 2020 came in 34 per cent above 2019 on the strength of non-residential permits and on institutional-government permits in particular.
- Residential activity was nine per cent higher in dollar terms and 27 per cent higher in dwelling units than in 2019.



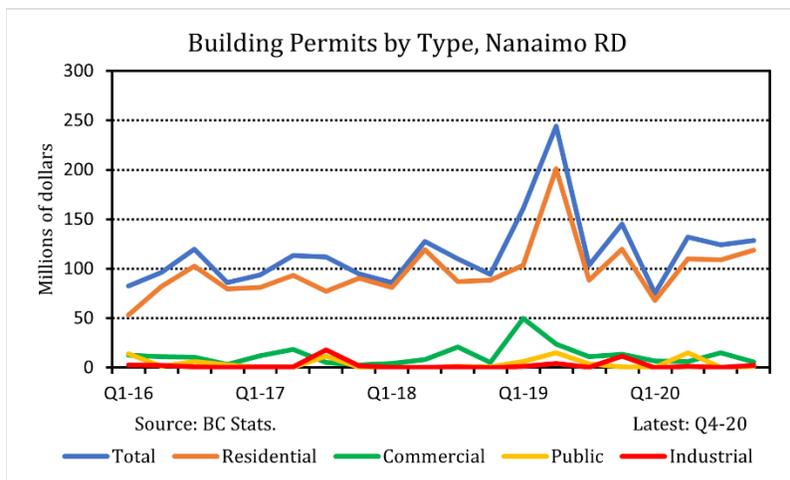
## Mount Waddington Regional District

- There was minimal building permit activity during the fourth quarter.
- Total permits in 2020 fell by a large amount across most permit categories. This came off a decade-high level in 2019.



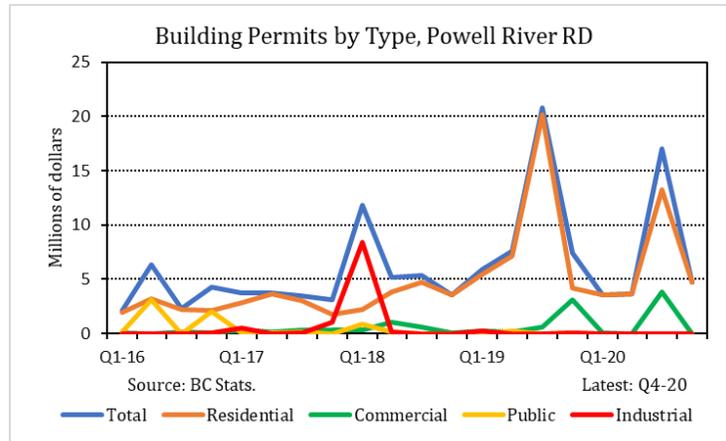
## Nanaimo Regional District

- Total permits inched three per cent higher in the fourth quarter over the third quarter led by a nine per cent rise in residential permits. Non-residential permits dropped 38 per cent.
- Nanaimo saw a broad-based decline across all categories in 2020. Total permits were down 31 per cent with non-residential down by 62 per cent and residential 22 per cent lower than in 2019. Nonetheless, 2020's activity ranked among the highest in the past ten years.



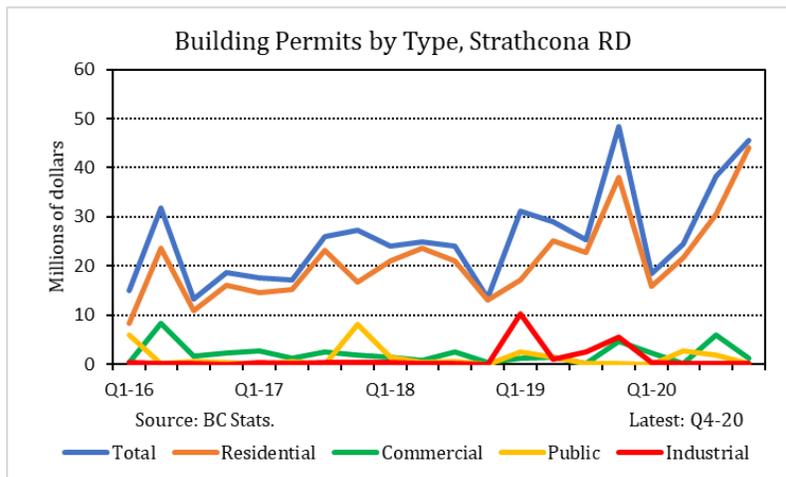
## Powell River Regional District

- Total building permits fell back in the fourth quarter after a large spike in the third quarter. All permit categories were lower or had no activity in the fourth quarter.
- For the year, permit activity was down 30 per cent in total with all categories down compared to last year.



## Strathcona Regional District

- Total building permits rose 20 per cent in the fourth quarter on a 45 per cent jump in residential permits while non-residential plummeted 79 per cent.
- In 2020, total permits were five per cent lower than in 2019 with residential up nine per cent and non-residential down 52 per cent, mainly on a very large drop in industrial permits. Other non-residential categories were higher in 2020.



## Non-residential Building Construction Investment-Victoria CMA

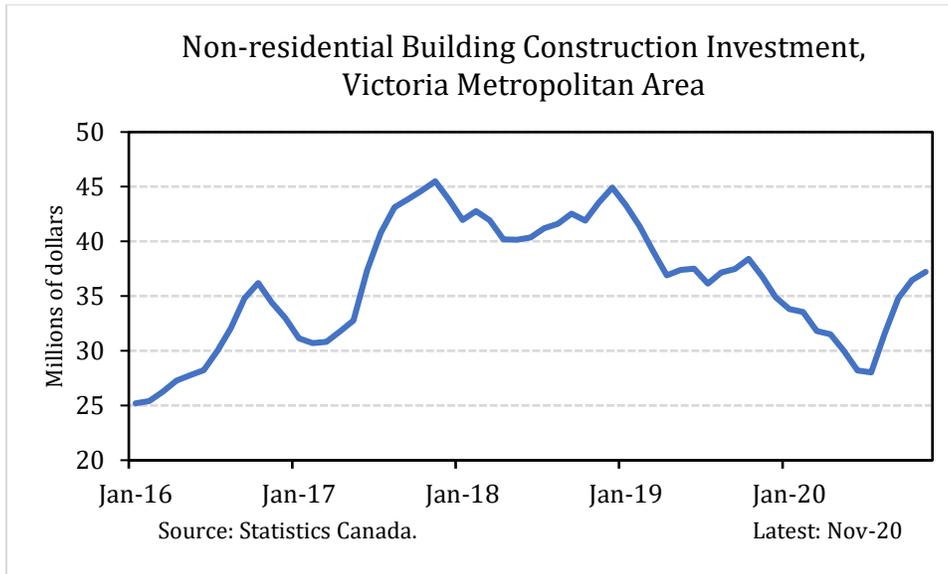
- Total investment spending increased 2.1 per cent in November 2020 from the prior month. More spending on commercial and public buildings occurred while spending on industrial buildings slipped lower.
- On a year-to-date basis, total spending was down 15.3 per cent from the same period last year. Less spending on institutional-government buildings accounted for most of the decline.

<b>Non-Residential Building Construction Investment, Victoria Metropolitan Area - Millions of Dollars</b>				
<b>Period</b>	<b>Total</b>	<b>Industrial</b>	<b>Commercial</b>	<b>Institutional-Government</b>
Jun-20	28.19	3.99	16.68	7.53
Jul-20	28.02	3.92	16.82	7.28
Aug-20	31.63	3.54	20.69	7.40
Sep-20	34.80	3.10	24.46	7.24
Oct-20	36.48	2.69	26.57	7.22
Nov-20	37.22	2.52	27.20	7.51
% change Oct-20/Nov-20	2.1	-6.4	2.4	4.0

Source: Statistics Canada, VICA. Note: Actual, all types of work.

<b>Non-Residential Building Construction Investment, Victoria Metropolitan Area, Millions of Dollars</b>				
<b>Period</b>	<b>Total</b>	<b>Industrial</b>	<b>Commercial</b>	<b>Institutional-Government</b>
2018	41.92	2.45	21.19	18.29
2019	38.04	3.43	21.59	13.03
% change	-9.3	40.0	1.9	-28.8
Jan-Nov -19	38.33	3.38	21.68	13.27
Jan-Nov -20	32.46	3.54	21.19	7.73
% change	-15.3	4.7	-2.3	-41.7

Source: Statistics Canada, VICA. Note: Actual, all types of work.



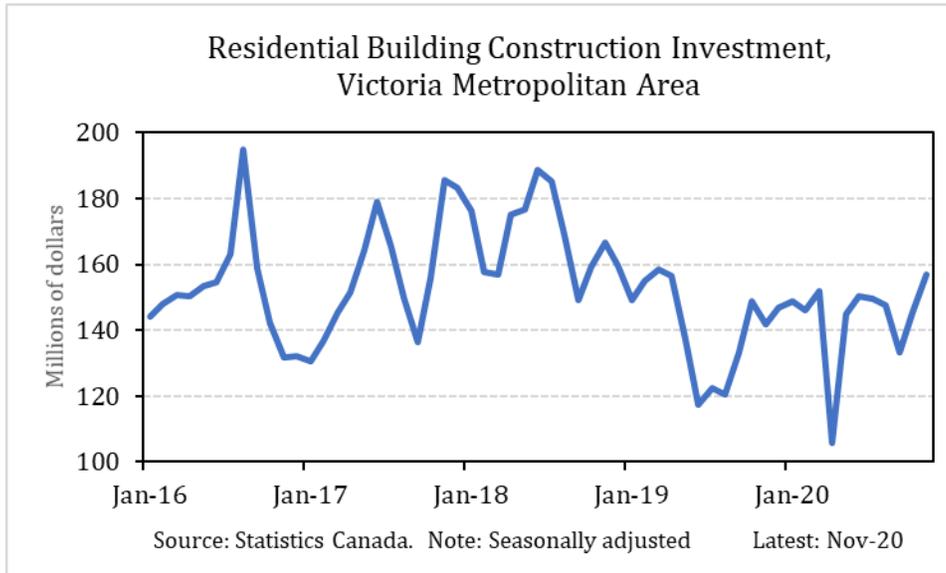
## Residential Building Construction Investment-Victoria CMA

- Total residential investment spending increased 8.1 per cent in November on the strength of a 22.3 per cent jump in multi-unit dwellings. For the first time, residential investment spending is above pre-COVID levels.
- Spending on single family dwellings came off in November and remained range-bound.
- Most new multi-unit dwellings constructed in 2020 were intended for the rental market.
- So far this year, total spending was 2.7 per cent higher than last year led by a 10.1 per cent increase in multi-unit dwellings. Spending on single dwellings was 5.6 per cent lower than in the same period last year.

<b>Residential Building Construction Investment, Victoria Metropolitan Area, Millions of Dollars</b>			
<b>Period</b>	<b>Total residential</b>	<b>Single dwellings</b>	<b>Multiple dwellings</b>
Jun-20	150.44	66.38	84.05
Jul-20	149.67	73.10	76.58
Aug-20	147.58	74.72	72.86
Sep-20	133.27	66.91	66.36
Oct-20	145.34	73.31	72.03
Nov-20	157.07	68.99	88.08
% change Oct-20/ Nov-20	8.1	-5.9	22.3
Source: Statistics Canada, VICA. Note: Seasonally adjusted.			

Residential Building Construction Investment, Victoria Metropolitan Area, Millions of Dollars			
Period	Total residential	Single dwellings	Multiple dwellings
2018	172.27	76.18	96.10
2019	150.30	73.53	76.77
% change	-12.8	-3.5	-20.1
Jan-Nov -19	139.97	66.44	73.53
Jan-Nov -20	143.71	62.74	80.98
% change	2.7	-5.6	10.1

Source: Statistics Canada, VICA. Note: Actual not seasonally adjusted.

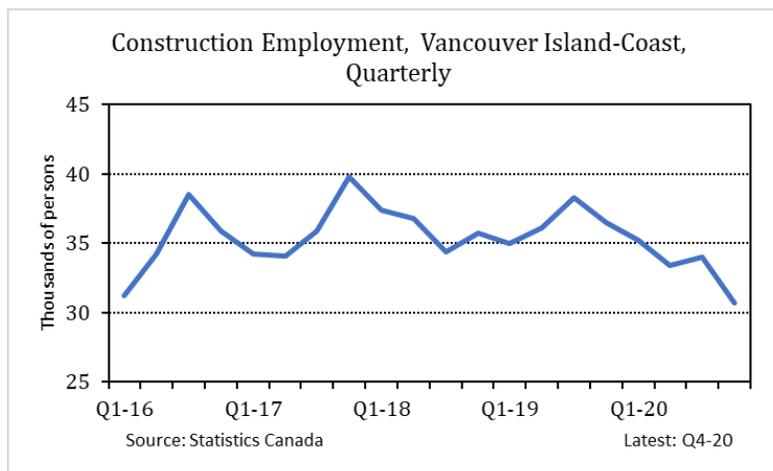


## Construction Employment

- Construction employment decreased considerably in the fourth quarter compared to the prior quarter. The Victoria metro area posted a larger than usual seasonal decline while the rest of the island posted a notable gain. Victoria's large drop does not appear consistent with other construction indicators in the fourth quarter. It could be due to the composition of the Labour Force Survey sample in the fourth quarter was heavily influenced by the construction workforce engaged in home renovations, for example. Sample volatility could be another explanation.
- For the year, construction employment was 8.6 per cent lower in the region led by the 14.4 per cent drop outside the Victoria metro area.

Construction Industry Employment			
Period	Vancouver Island and Coast	Victoria Metropolitan Area	Vancouver Island excluding Victoria
(Persons – thousands)			
Q3-2020	34.0	16.6	17.4
Q4-2020	30.7	11.6	19.1
% change	-9.7	-30.1	9.8
Q4-2019	36.5	16.4	20.1
Q4-2020	30.7	11.6	19.1
% change	-15.9	-29.3	-5.0
Q1-Q4 2019	36.5	16.2	20.3
Q1-Q4 2020	33.3	16.0	17.4
% change	-8.6	-1.4	-14.4

Source: Statistics Canada, VICA. Note: 3-month average at end of quarter. Averages for year-to-date. Components may not add due to rounding.



## Outlook

The region's construction industry remained very active in the fourth quarter on further gains in the residential sector. The COVID-19 pandemic restrictions continue to hold down economic activity. These restrictions will likely extend into the near term and possibly beyond. The region's economy and construction activity will recover robustly when the pandemic is contained and no longer a threat to society.

The residential sector is on a roll due to record low mortgage rates generating more housing sales and higher prices in the midst of declining listings on the market. Residential construction is responding with more new supply, notably rental construction for the market and non-market segments. Single detached and condominiums, particularly ground-oriented, face positive market prospects.

Non-residential construction activity faces a more uncertain future due to the pandemic's uncertain impact from the rise in work-from-home and online retailing developments on commercial buildings in the longer term.

Government funding on a variety of public buildings will continue to bolster non-residential construction. Some examples of proposed buildings include the Cowichan Hospital Replacement, Nanaimo Correctional Centre, and West Langford Elementary and Middle School.

Construction activity in 2021 will likely be driven by residential activity with non-residential held back by less commercial and public construction. Overall, total building permits issued are predicted to post a modest five per cent gain. Brighter prospects for 2022 and 2023 are expected.

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## Statistical Appendix

Building Permits Issued – Vancouver Island -Coast							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-20	\$681,564	\$254,533	\$6,044	\$210,480	\$38,009	\$427,031	1,690
Oct-Dec-20	\$652,292	\$114,116	\$7,588	\$56,279	\$50,249	\$538,176	2,148
% change	-4	-55	26	-73	32	26	27
Oct-Dec-19	\$565,861	\$120,652	\$39,398	\$69,425	\$11,829	\$445,209	2,158
Oct-Dec-20	\$652,292	\$114,116	\$7,588	\$56,279	\$50,249	\$538,176	2,148
% change	15	-5	-81	-19	325	21	0
Jan-Dec-19	\$2,439,443	\$557,067	\$119,984	\$308,246	\$128,837	\$1,882,376	7,891
Jan-Dec-20	\$2,412,300	\$599,495	\$34,375	\$372,042	\$193,078	\$1,812,804	6,890
% change	-1	8	-71	21	50	-4	-13

Source: Statistics Canada, VICA.

Building Permits Issued – Alberni-Clayoquot Regional District							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-20	\$24,344	\$17,404	\$140	\$314	\$16,950	\$6,940	26
Oct-Dec-20	\$27,671	\$3,070	\$111	\$944	\$2,015	\$24,601	89
% change	14	-82	-21	201	-88	254	242
Oct-Dec-19	\$36,849	\$5,024	\$617	\$4,404	\$3	\$31,825	337
Oct-Dec-20	\$27,671	\$3,070	\$111	\$944	\$2,015	\$24,601	89
% change	-25	-39	-82	-79	##	-23	-74
Jan-Dec-19	\$76,841	\$16,841	\$1,677	\$14,861	\$303	\$60,000	432
Jan-Dec-20	\$74,599	\$26,296	\$3,934	\$3,387	\$18,975	\$48,303	163
% change	-3	56	135	-77	##	-19	-62

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

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-20	\$361,943	\$201,056	\$2,165	\$182,418	\$16,473	\$160,887	507
Oct-Dec-20	\$347,250	\$90,259	\$3,419	\$41,835	\$45,005	\$256,991	893
% change	-4	-55	58	-77	173	60	76
Oct-Dec-19	\$247,444	\$46,400	\$7,231	\$35,650	\$3,519	\$201,044	883
Oct-Dec-20	\$347,250	\$90,259	\$3,419	\$41,835	\$45,005	\$256,991	893
% change	40	95	-53	17	##	28	1
Jan-Dec-19	\$1,150,440	\$264,837	\$50,008	\$158,850	\$55,979	\$885,603	3,504
Jan-Dec-20	\$1,319,491	\$396,059	\$18,947	\$290,793	\$86,319	\$923,432	3,285
% change	15	50	-62	83	54	4	-6

Source: Statistics Canada, VICA.

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-20	\$41,538	\$4,951	\$2,778	\$995	\$1,178	\$36,587	137
Oct-Dec-20	\$29,899	\$3,688	\$1,349	\$2,186	\$153	\$26,211	95
% change	-28	-26	-51	120	-87	-28	-31
Oct-Dec-19	\$35,194	\$17,063	\$3,545	\$6,209	\$7,309	\$18,131	76
Oct-Dec-20	\$29,899	\$3,688	\$1,349	\$2,186	\$153	\$26,211	95
% change	-15	-78	-62	-65	-98	45	25
Jan-Dec-19	\$166,226	\$58,761	\$7,901	\$11,964	\$38,896	\$107,465	399
Jan-Dec-20	\$138,862	\$24,066	\$5,702	\$16,923	\$1,442	\$114,796	438
% change	-16	-59	-28	41	-96	7	10

Source: Statistics Canada, VICA.

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-20	\$72,559	\$3,131	\$774	\$1,897	\$460	\$69,428	373
Oct-Dec-20	\$68,073	\$5,839	\$270	\$4,148	\$1,421	\$62,234	292
% change	-6	86	-65	119	209	-10	-22
Oct-Dec-19	\$44,587	\$12,894	\$11,007	\$1,887	\$0	\$31,693	124
Oct-Dec-20	\$68,073	\$5,839	\$270	\$4,148	\$1,421	\$62,234	292
% change	53	-55	-98	120	-	96	135
Jan-Dec-19	\$199,199	\$26,755	\$12,186	\$11,281	\$3,288	\$172,444	664
Jan-Dec-20	\$266,548	\$78,908	\$1,552	\$13,663	\$63,693	\$187,640	841
% change	34	195	-87	21	##	9	27

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

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-20	\$1,630	\$1,000	\$0	\$0	\$1,000	\$630	1
Oct-Dec-20	\$659	\$0	\$0	\$0	\$0	\$659	3
% change	-60	-100	-	-	-100	5	200
Oct-Dec-19	\$699	\$129	\$13	\$116	\$0	\$570	1
Oct-Dec-20	\$659	\$0	\$0	\$0	\$0	\$659	3
% change	-6	-100	-100	-100	-	16	200
Jan-Dec-19	\$17,718	\$13,652	\$11,909	\$1,669	\$74	\$4,066	8
Jan-Dec-20	\$3,411	\$1,664	\$26	\$613	\$1,025	\$1,746	5
% change	-81	-88	-100	-63	##	-57	-38

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

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-20	\$124,377	\$15,422	\$150	\$15,209	\$63	\$108,955	496
Oct-Dec-20	\$128,365	\$9,620	\$2,216	\$5,899	\$1,505	\$118,745	604
% change	3	-38	##	-61	##	9	22
Oct-Dec-19	\$145,307	\$25,623	\$11,413	\$13,331	\$879	\$119,684	526
Oct-Dec-20	\$128,365	\$9,620	\$2,216	\$5,899	\$1,505	\$118,745	604
% change	-12	-62	-81	-56	71	-1	15
Jan-Dec-19	\$653,497	\$140,799	\$16,915	\$98,164	\$25,720	\$512,698	2,260
Jan-Dec-20	\$453,631	\$53,777	\$3,569	\$33,370	\$16,838	\$399,854	1,725
% change	-31	-62	-79	-66	-35	-22	-24

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

Building Permits Issued – Powell River Regional District							
Period	Total Permits	Non-Residential Permits				Residential Permits	
		Total	Industrial	Commercial	Inst.-Govt.	Value	Units
(Dollars – Thousands)							
Jul-Sep-20	\$17,010	\$3,807	\$0	\$3,807	\$0	\$13,203	52
Oct-Dec-20	\$4,747	\$8	\$0	\$8	\$0	\$4,739	29
% change	-72	-100	-	-100	-	-64	-44
Oct-Dec-19	\$7,396	\$3,217	\$35	\$3,133	\$49	\$4,179	11
Oct-Dec-20	\$4,747	\$8	\$0	\$8	\$0	\$4,739	29
% change	-36	-100	-100	-100	-100	13	164
Jan-Dec-19	\$41,656	\$4,668	\$255	\$4,109	\$304	\$36,988	200
Jan-Dec-20	\$29,002	\$3,882	\$0	\$3,882	\$0	\$25,120	101
% change	-30	-17	-100	-6	-100	-32	-50

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

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-20	\$38,163	\$7,762	\$37	\$5,840	\$1,885	\$30,401	98
Oct-Dec-20	\$45,629	\$1,632	\$223	\$1,259	\$150	\$43,997	143
% change	20	-79	503	-78	-92	45	46
Oct-Dec-19	\$48,385	\$10,302	\$5,537	\$4,695	\$70	\$38,083	200
Oct-Dec-20	\$45,629	\$1,632	\$223	\$1,259	\$150	\$43,997	143
% change	-6	-84	-96	-73	114	16	-29
Jan-Dec-19	\$133,866	\$30,754	\$19,133	\$7,348	\$4,273	\$103,112	424
Jan-Dec-20	\$126,756	\$14,843	\$645	\$9,412	\$4,786	\$111,913	332
% change	-5	-52	-97	28	12	9	-22
Source: Statistics Canada, VICA. ## greater than 1,000 per cent							