

Vancouver Island Construction Report for Q3 2020

Summary The region's construction sector began recovering from the initial impact of the COVID-19 pandemic earlier this year. Total building permits issued during the third quarter of 2020 rebounded to \$681.6 million, or 40 per cent above the second quarter of 2020.

This quarter's gain came mainly from non-residential permits led by commercial and public permit activity. Non-residential permits were 252 per cent higher with commercial permits jumping 416 per cent likely due to a backlog release.

Residential building permits edged higher during the third quarter though remained below year ago levels.

Investment spending on non-residential building construction in the Victoria metropolitan area rose in the three months ending in August due to a rebound in commercial and public permits.

Victoria's residential building construction investment spending held steady during the past three months.

Building construction cost increases remained higher in the residential sector than in non-residential, though modest overall.

Construction industry employment in Vancouver Island-Coast region increased slightly in the third quarter of 2020 and remained below year-ago levels.

The outlook depends on the pandemic's path and the next three to six months could potentially become more problematic putting a chill on the economy and construction.

If the second wave does not cause further movement restrictions, the 2021 outlook becomes brighter and construction would likely increase over this year. Overall, the pandemic will result in less construction activity on the island this compared to last year.

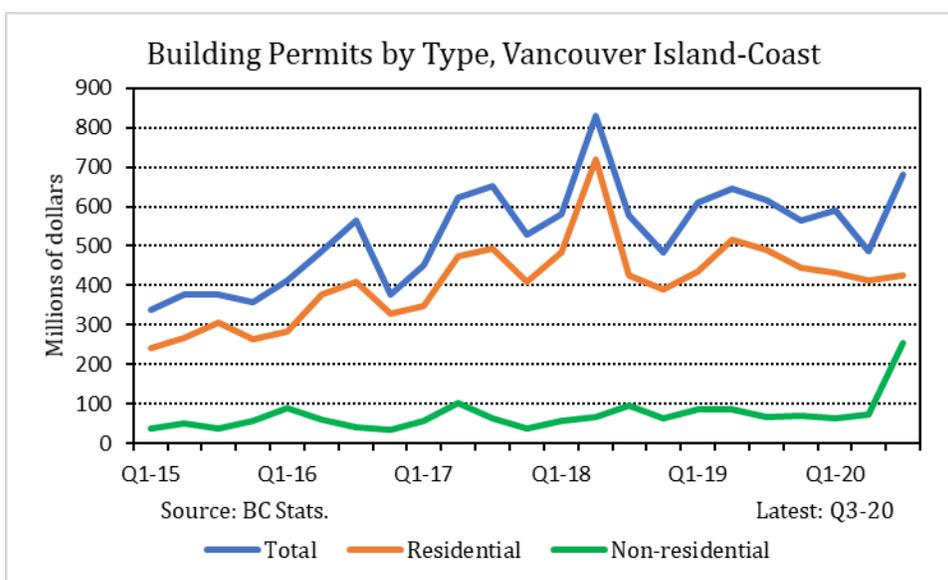
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Building Permits

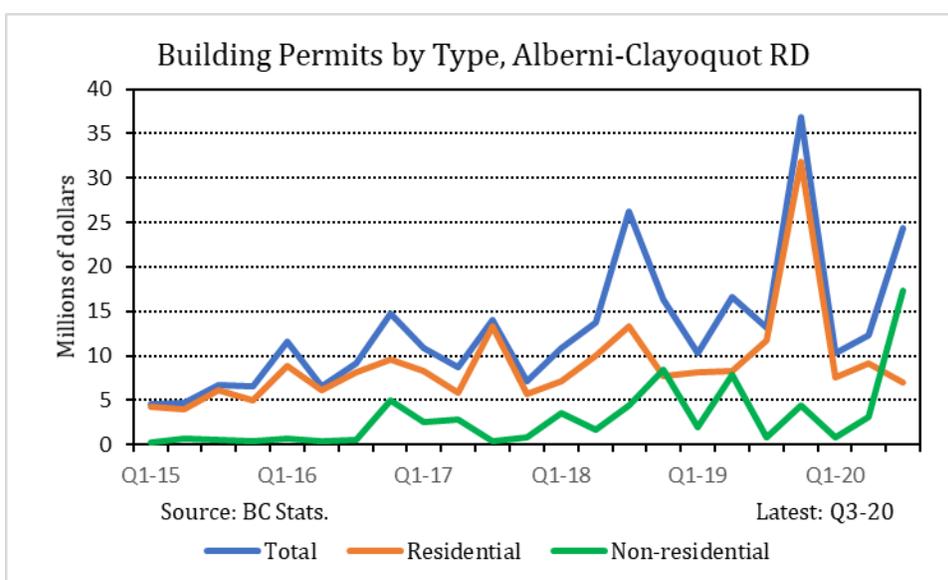
Vancouver Island - Coast

- A surge in commercial building permits during the third quarter of 2020 pushed total permits to \$681.6 million and 40 per cent higher than in the second quarter. Compared to one year ago, total permits were 10 per cent higher.
- Non-residential permits climbed 252 per cent over the second quarter with commercial permits accounting for most of the gain with a 416 per cent jump to \$210.5 million. Third quarter activity this year was nearly double the year ago level.
- Although the value of residential permits posted a modest three per cent gain in the third quarter over the second quarter, the number of units increased 16 per cent.
- Year-to-date total building permits were six per cent lower than last year with non-residential 11 per cent higher and residential 11 per cent lower.



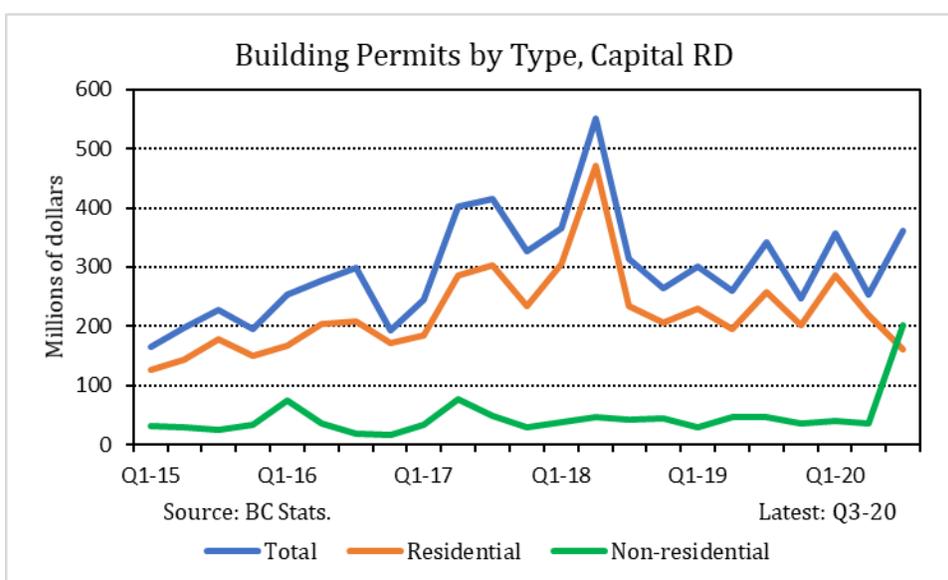
Alberni-Clayoquot Regional District

- Total building permits spiked up 97 per cent in the third quarter of 2020 over the second quarter. A permit for the Ucluelet Elementary and Secondary school was issued in August 2020 and drove non-residential permits 457 per cent above the prior quarter.
- Residential permits decreased 25 per cent during the third quarter over the prior quarter leaving year-to-date activity 16 per cent lower than last year.
- Total non-residential permits were 97 per cent higher so far this year compared to the same nine months last year on account of the school permit.



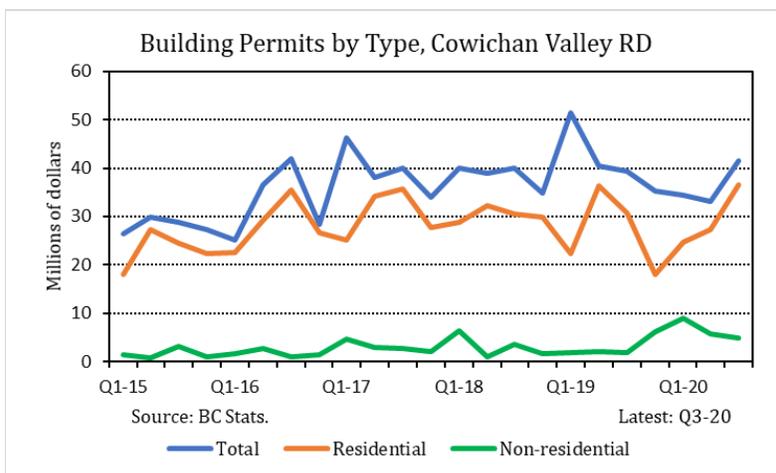
Capital Regional District

- Total building permits rose 42 per cent in the third quarter over the prior quarter on the strength of a surge in commercial permits issued in Saanich.
- Residential permit activity in the regional district declined 26 per cent from the second quarter.
- Regional commercial permits shot up more than 600 per cent with a 230 per cent jump in public permits in the quarter. This contributed to a 40 per cent increase in year-to-date total non-residential permits.



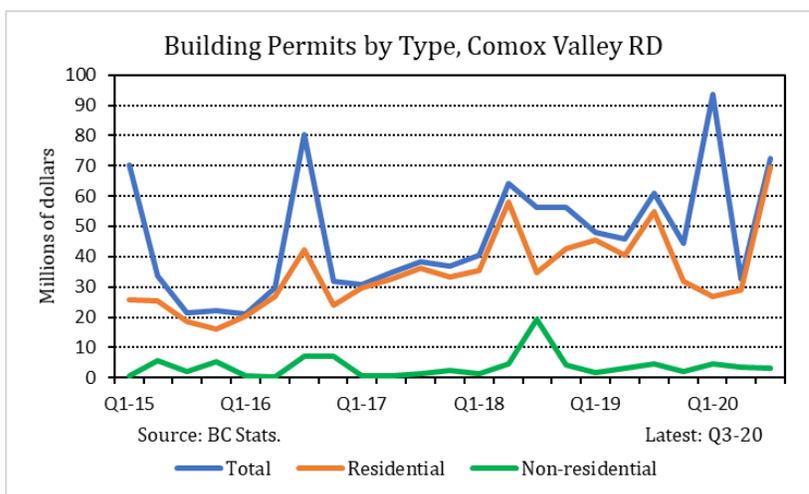
Cowichan Valley Regional District

- Residential permits increased 34 per cent in the third quarter over the second quarter. Total permits were 26 per cent higher as a result. Non-residential permits were down 14 per cent.
- Total permits in the first nine months of 2020 were 17 per cent lower than in the same period last year with non-residential down 51 per cent and residential about even.



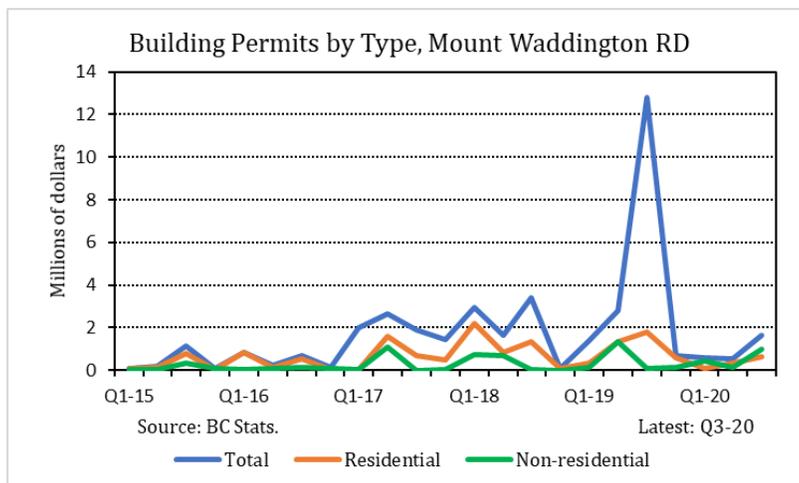
Comox Valley Regional District

- Residential building permits rose 138 per cent in the third quarter over the pandemic-depressed second quarter.
- Total building permits climbed 123 per cent on the heels of the residential surge while non-residential permits posted a small decline.
- Year-to-date total permits were 28 per cent higher than last year.



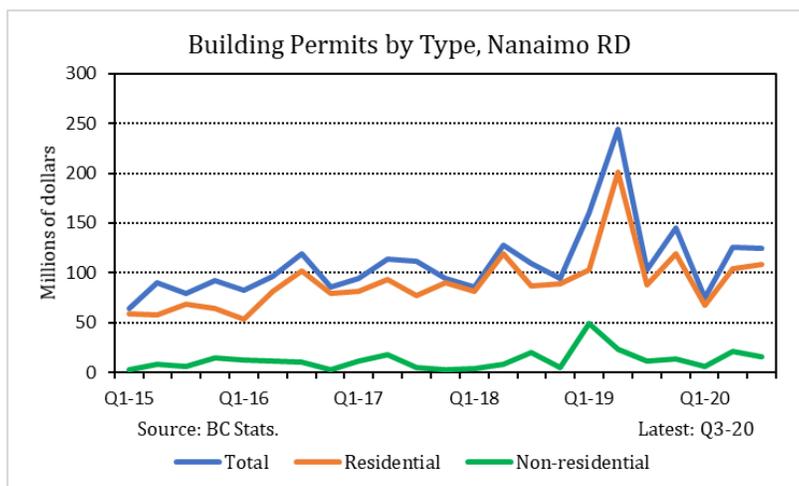
Mount Waddington Regional District

- Both residential and non-residential building permits rebounded from the second quarter's fall.
- Total permits more than doubled in the quarter but year-to-date activity remained well below 2019.



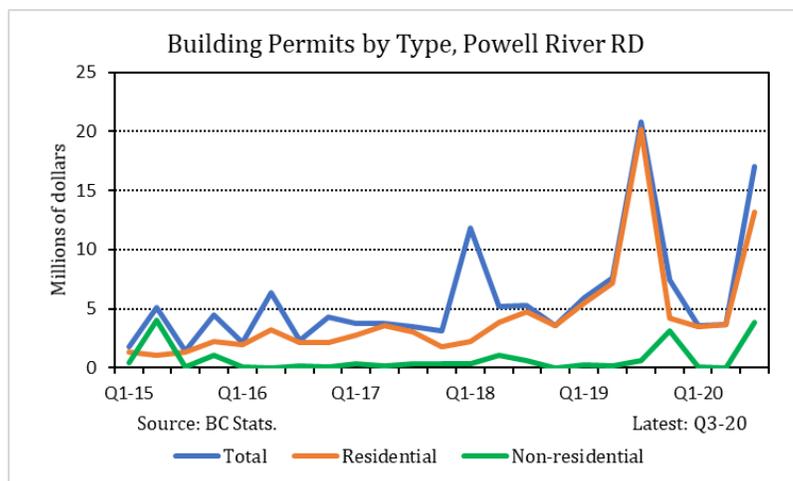
Nanaimo Regional District

- Residential permits inched ahead five per cent in the third quarter over the second quarter while non-residential permits saw a 29 per cent decline.
- Total permits were down one per cent in the quarter and down 36 per cent year-to-date.



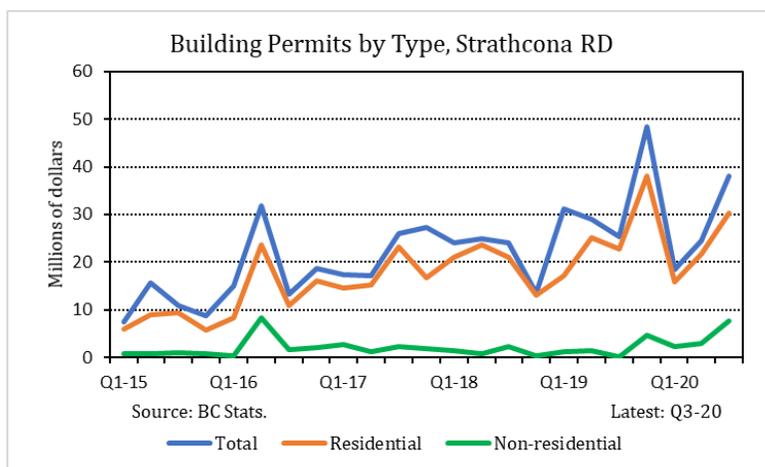
Powell River Regional District

- Total building permits rebounded in the third quarter with more non-residential and residential quarter activity following the very low second quarter.
- Nonetheless, year-to-date activity was lower across all categories, except commercial, compared to last year.



Strathcona Regional District

- Total building permits rose 56 per cent in the third quarter on gains in residential and commercial permits.
- In the first nine months of this year, total permits were five per cent lower than in the same period last year with residential up four per cent and non-residential down 35 per cent. Commercial permits were more than 200 per cent higher, though.



Non-residential Building Construction Investment-Victoria CMA

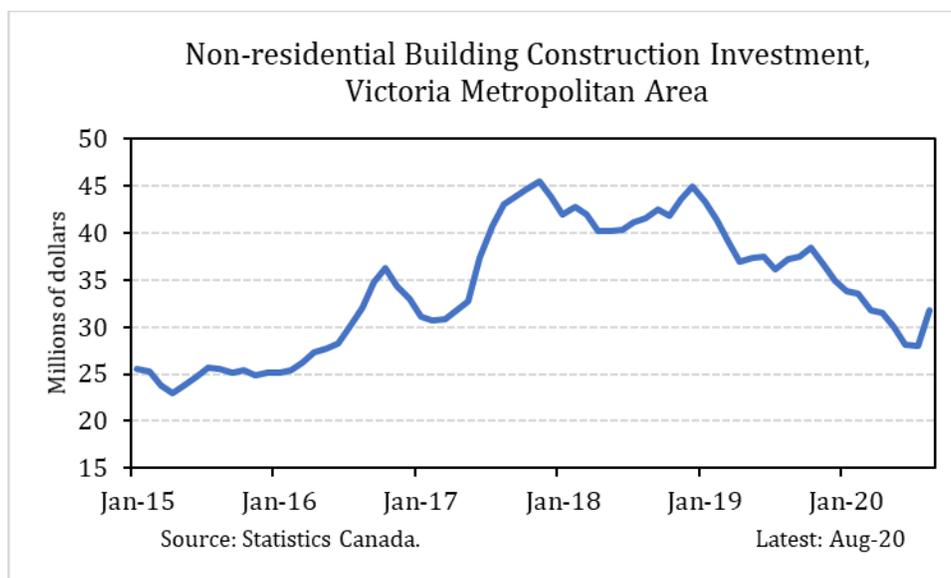
- Total investment spending increased 13.4 per cent in August 2020 from the prior month due to a 23.7 per cent increase in commercial buildings mainly stemming from the permits issued in Saanich.
- However, on a year-to-date basis, total spending was 19.5 per cent lower led by commercial and institutional and government activity. The small industrial sector was higher, though.

Non-Residential Building Construction Investment, Victoria Metropolitan Area – Millions of Dollars				
Period	Total	Industrial	Commercial	Institutional- Government
Mar-20	31.81	3.66	20.62	7.54
Apr-20	31.53	3.77	19.96	7.80
May-20	30.02	3.84	18.33	7.85
Jun-20	28.19	3.99	16.68	7.53
Jul-20	28.02	3.92	16.82	7.28
Aug-20	31.79	3.56	20.80	7.43
% change Jul-20/ Aug-20	13.4	-9.4	23.7	2.0

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

Non-Residential Building Construction Investment, Victoria Metropolitan Area, Millions of Dollars				
Period	Total	Industrial	Commercial	Institutional- Government
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-Aug -19	38.62	3.08	21.56	13.97
Jan-Aug -20	31.09	3.83	19.37	7.89
% change	-19.5	24.2	-10.2	-43.5

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



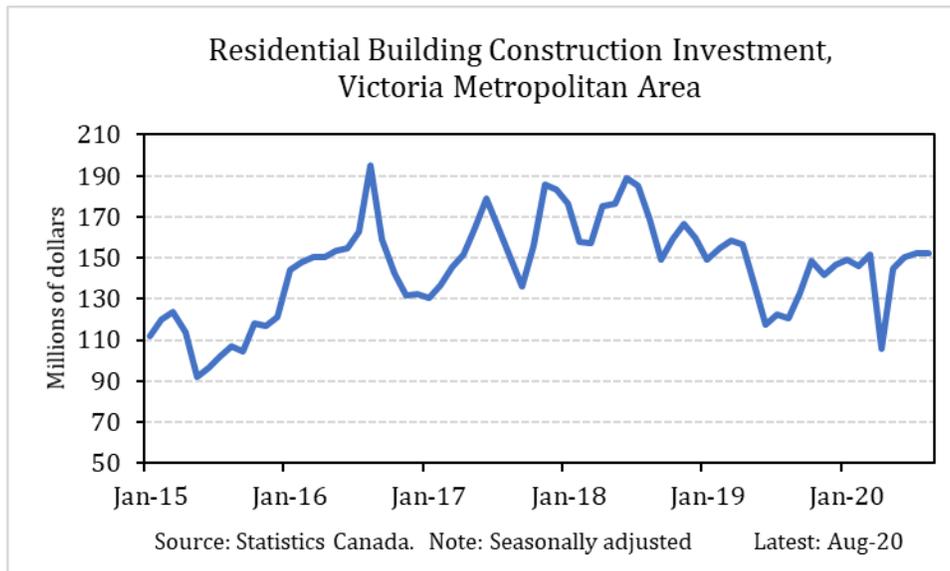
Residential Building Construction Investment-Victoria CMA

- Total residential investment spending held steady in August and in the most recent months following the rebound from the April 2020 COVID-19 low.
- Spending on single family detached dwellings saw gains in each month since last April while multiple dwellings have slid lower.
- In the first eight months of this year, total spending was up 4.4 per cent on a 16.6 per cent rise in multi-unit dwellings while spending on single dwellings was down 8.1 per cent.

Residential Building Construction Investment, Victoria Metropolitan Area, Millions of Dollars			
Period	Total residential	Single dwellings	Multiple dwellings
Mar-20	151.70	56.75	94.95
Apr-20	105.83	25.39	80.44
May-20	144.96	60.51	84.44
Jun-20	150.44	66.38	84.05
Jul-20	152.40	74.41	77.99
Aug-20	151.99	77.41	74.58
% change Jul-20/ Aug-20	-0.3	4.0	-4.4
Source: Statistics Canada, VICA. Note: Actual not 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-Aug -19	139.34	68.69	70.65
Jan-Aug -20	145.52	63.13	82.39
% change	4.4	-8.1	16.6

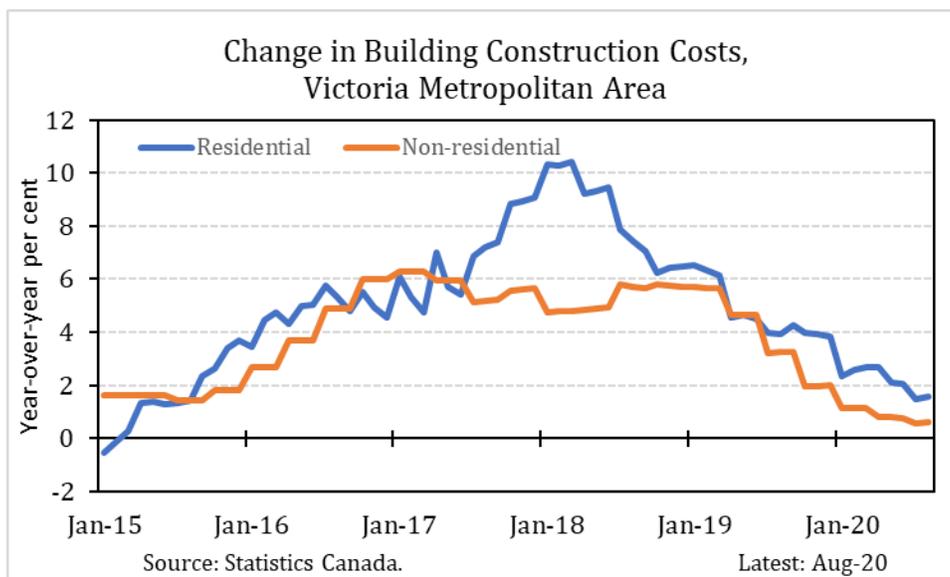
Source: Statistics Canada, VICA. Note: Actual not seasonally adjusted.



Building Construction Costs- Victoria CMA

- Residential building construction costs continue to increase at a slightly faster pace than in non-residential. The year-to-date increase over last year was 2.2 per cent in residential and 0.9 per cent in non-residential.

Building Construction Cost Index, Victoria Metropolitan Area		
Period	Non-residential	Residential
2018	123.1	122.1
2019	127.8	127.8
% change	3.9	4.7
Jan-Aug -19	127.6	127.3
Jan-Aug -20	128.7	130.1
% change	0.9	2.2
Source: Statistics Canada, VICA. Note: 2012 = 100		



- Data for the last three months is unavailable from Statistics Canada and consequently the table below ends in May 2020.

Construction Union Wage Rate Index, Victoria Metropolitan Area					
Period	Composite	Structural trades	Architectural and finishing trades	Mechanical and electrical trades	Engineering and equipment trades
2018	110.6	108.3	116.8	111.4	108.4
2019	110.6	108.3	116.8	111.4	108.4
% change	0.7	0.7	0.5	0.4	1.4
Jan-May -19	110.7	108.5	116.8	111.4	108.4
Jan-May -20	111.0	108.9	117.0	111.5	110.3
% change	0.3	0.3	0.2	0.1	1.7

Source: Statistics Canada, VICA. Note: Includes selected pay supplements, 2015 = 100.

Major Projects Inventory

- The dollar value of major projects edged higher in the latest quarter compared to the prior quarter.
- No significant changes in the proposed and on hold categories occurred in the first quarter of 2020.

Major Projects Summary (Millions of dollars) - Vancouver Island and Coast					
Period	Proposed	Started	Completed	On Hold	Total
Q1-2019	16,152	11,923	985	2,073	31,133
Q2-2019	16,449	11,838	100	2,153	30,540
Q3-2019	13,665	11,693	337	5,453	31,148
Q4-2019	13,733	11,807	75	5,453	31,068
Q1-2020	13,559	11,878	214	5,493	31,144
% change Q1-2020-Q4-2019	-1.3	0.6	185.3	0.7	0.2
% change Q1-2020-Q1-2019	-16.1	-0.4	-78.3	165.0	0.0

Source: Major Project Inventory, various issues.

Major Project Status Changes, Vancouver Island and Coast, First Quarter 2020			
Status	Municipality	Project	Est. Cost (\$ mil)
Proposed	Langford	Pacific Maritime Museum and Conference Centre	87
Started	Nanaimo	Riverstone Place	20
	Victoria	Student Housing	232
Completed	Colwood	West Shore Village	20
	Nanaimo	Nanaimo Sewage Plant Upgrades	86
	Victoria	Pacific Landing at Havenwood	108

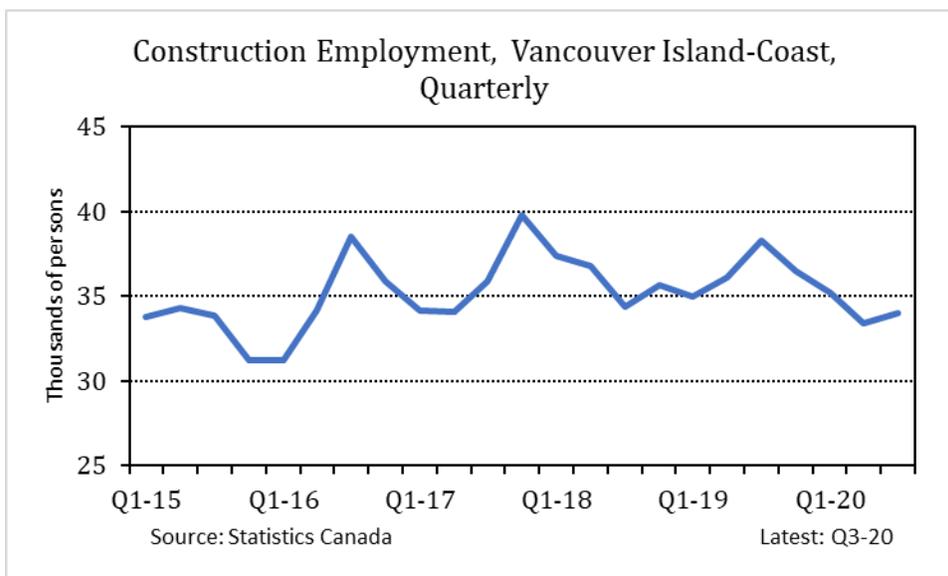
Source: Major Projects Inventory, Q1 2020

Construction Employment

- Construction employment increased slightly in the third quarter compared to the prior quarter. The Victoria metro area posted a decline while the rest of the island saw a material gain.
- Year-to-date construction employment was down 6.2 per cent in the region though up in the Victoria area by 8.1 per cent.

Construction Industry Employment			
Period	Vancouver Island and Coast	Victoria Metropolitan Area	Vancouver Island excluding Victoria
(Persons – thousands)			
Q2-2020	33.4	17.8	15.6
Q3-2020	34.0	16.6	17.4
% change	1.8	-6.7	11.5
Q3-2019	38.3	16.0	22.3
Q3-2020	34.0	16.6	17.4
% change	-11.2	3.8	-22.0
Q1-Q3 2019	36.5	16.1	20.3
Q1-Q3 2020	34.2	17.4	16.8
% change	-6.2	8.1	-17.5

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 continued to rebound from the COVID-19 pandemic's negative impact and the very low activity levels seen earlier this year. The next few months could become more problematic if the pandemic resurges and restrictions are tightened. However, when the pandemic is no longer a problem, the economy and construction will recover robustly.

Record low mortgage rates are generating more housing sales and higher prices. Residential construction will respond with more supply in the coming quarters.

Some of the gains in non-residential permits during the third quarter of this year is likely due to the backlog from the initial months of the pandemic shock. If this is the case, then activity in the fourth quarter will drop off.

The longer-term outlook for commercial buildings remains uncertain due to the upshift in work from home and online retailing. It is not clear to what extent these developments are temporary or permanent, which will cause investors to pause.

A step-up in government spending on buildings is possible under these pandemic conditions.

Construction activity this year, while recovering, will likely not exceed last year due to the pandemic's impact. Looking ahead to 2021, construction will depend on how the pandemic evolves and how large the second wave becomes. If the pandemic does not resurge, the economy and construction will post gains next year, but a second wave could result in a weak beginning to 2021 and pull down the entire the year.

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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)							
Apr-Jun-20	\$486,621	\$72,389	\$8,739	\$40,817	\$22,833	\$414,233	1,338
Jul-Sep-20	\$681,564	\$254,533	\$6,044	\$210,480	\$38,009	\$427,031	1,690
% change	40	252	-31	416	66	3	26
Jul-Sep-19	\$617,162	\$128,542	\$30,064	\$66,194	\$32,284	\$488,620	2,094
Jul-Sep-20	\$681,564	\$254,533	\$6,044	\$210,480	\$38,009	\$427,031	1,690
% change	10	98	-80	218	18	-13	-19
Jan-Sep-19	\$1,873,582	\$436,415	\$80,586	\$238,821	\$117,008	\$1,437,167	5,733
Jan-Sep-20	\$1,760,007	\$485,379	\$26,787	\$315,763	\$142,829	\$1,274,628	4,742
% change	-6	11	-67	32	22	-11	-17

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)							
Apr-Jun-20	\$12,330	\$3,124	\$1,869	\$1,254	\$1	\$9,206	26
Jul-Sep-20	\$24,344	\$17,404	\$140	\$314	\$16,950	\$6,940	26
% change	97	457	-93	-75	##	-25	0
Jul-Sep-19	\$13,180	\$1,462	\$560	\$752	\$150	\$11,718	35
Jul-Sep-20	\$24,344	\$17,404	\$140	\$314	\$16,950	\$6,940	26
% change	85	##	-75	-58	##	-41	-26
Jan-Sep-19	\$39,992	\$11,817	\$1,060	\$10,457	\$300	\$28,175	95
Jan-Sep-20	\$46,928	\$23,226	\$3,823	\$2,443	\$16,960	\$23,702	74
% change	17	97	261	-77	##	-16	-22

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)							
Apr-Jun-20	\$254,217	\$35,509	\$4,523	\$26,001	\$4,985	\$218,708	645
Jul-Sep-20	\$361,943	\$201,056	\$2,165	\$182,418	\$16,473	\$160,887	507
% change	42	466	-52	602	230	-26	-21
Jul-Sep-19	\$341,551	\$83,022	\$14,901	\$47,053	\$21,068	\$258,529	1,139
Jul-Sep-20	\$361,943	\$201,056	\$2,165	\$182,418	\$16,473	\$160,887	507
% change	6	142	-85	288	-22	-38	-55
Jan-Sep-19	\$902,996	\$218,437	\$42,777	\$123,200	\$52,460	\$684,559	2,621
Jan-Sep-20	\$972,241	\$305,800	\$15,528	\$248,958	\$41,314	\$666,441	2,392
% change	8	40	-64	102	-21	-3	-9

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)							
Apr-Jun-20	\$33,067	\$5,724	\$996	\$4,723	\$6	\$27,343	97
Jul-Sep-20	\$41,538	\$4,951	\$2,778	\$995	\$1,178	\$36,587	137
% change	26	-14	179	-79	##	34	41
Jul-Sep-19	\$39,344	\$8,678	\$935	\$1,772	\$5,971	\$30,666	105
Jul-Sep-20	\$41,538	\$4,951	\$2,778	\$995	\$1,178	\$36,587	137
% change	6	-43	197	-44	-80	19	30
Jan-Sep-19	\$131,032	\$41,698	\$4,356	\$5,755	\$31,587	\$89,334	323
Jan-Sep-20	\$108,963	\$20,378	\$4,353	\$14,737	\$1,289	\$88,585	343
% change	-17	-51	0	156	-96	-1	6

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)							
Apr-Jun-20	\$32,487	\$3,340	\$30	\$2,998	\$312	\$29,147	82
Jul-Sep-20	\$72,559	\$3,131	\$774	\$1,897	\$460	\$69,428	373
% change	123	-6	##	-37	47	138	355
Jul-Sep-19	\$60,767	\$6,049	\$353	\$4,587	\$1,109	\$54,718	206
Jul-Sep-20	\$72,559	\$3,131	\$774	\$1,897	\$460	\$69,428	373
% change	19	-48	119	-59	-59	27	81
Jan-Sep-19	\$154,612	\$13,861	\$1,179	\$9,394	\$3,288	\$140,751	540
Jan-Sep-20	\$198,475	\$73,069	\$1,282	\$9,515	\$62,272	\$125,406	549
% change	28	427	9	1	##	-11	2

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)							
Apr-Jun-20	\$515	\$159	\$6	\$153	\$0	\$356	1
Jul-Sep-20	\$1,630	\$1,000	\$0	\$0	\$1,000	\$630	1
% change	216	528	-100	-100	-	77	0
Jul-Sep-19	\$12,814	\$11,012	\$10,870	\$68	\$74	\$1,802	1
Jul-Sep-20	\$1,630	\$1,000	\$0	\$0	\$1,000	\$630	1
% change	-87	-91	-100	-100	##	-65	0
Jan-Sep-19	\$17,019	\$13,523	\$11,896	\$1,553	\$74	\$3,496	7
Jan-Sep-20	\$2,752	\$1,664	\$26	\$613	\$1,025	\$1,088	2
% change	-84	-88	-100	-61	##	-69	-71

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)							
Apr-Jun-20	\$125,813	\$21,599	\$1,183	\$5,638	\$14,778	\$104,214	427
Jul-Sep-20	\$124,377	\$15,422	\$150	\$15,209	\$63	\$108,955	496
% change	-1	-29	-87	170	-100	5	16
Jul-Sep-19	\$103,376	\$15,110	\$50	\$11,298	\$3,762	\$88,266	438
Jul-Sep-20	\$124,377	\$15,422	\$150	\$15,209	\$63	\$108,955	496
% change	20	2	200	35	-98	23	13
Jan-Sep-19	\$508,190	\$115,176	\$5,502	\$84,833	\$24,841	\$393,014	1,734
Jan-Sep-20	\$325,266	\$44,157	\$1,353	\$27,471	\$15,333	\$281,109	1,121
% change	-36	-62	-75	-68	-38	-28	-35

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)							
Apr-Jun-20	\$3,676	\$7	\$0	\$7	\$0	\$3,669	8
Jul-Sep-20	\$17,010	\$3,807	\$0	\$3,807	\$0	\$13,203	52
% change	363	##	-	##	-	260	550
Jul-Sep-19	\$20,802	\$606	\$0	\$606	\$0	\$20,196	86
Jul-Sep-20	\$17,010	\$3,807	\$0	\$3,807	\$0	\$13,203	52
% change	-18	528	-	528	-	-35	-40
Jan-Sep-19	\$34,260	\$1,451	\$220	\$976	\$255	\$32,809	189
Jan-Sep-20	\$24,255	\$3,874	\$0	\$3,874	\$0	\$20,381	72
% change	-29	167	-100	297	-100	-38	-62

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)							
Apr-Jun-20	\$24,516	\$2,926	\$132	\$43	\$2,751	\$21,590	52
Jul-Sep-20	\$38,163	\$7,762	\$37	\$5,840	\$1,885	\$30,401	98
% change	56	165	-72	##	-31	41	88
Jul-Sep-19	\$25,328	\$2,603	\$2,395	\$58	\$150	\$22,725	84
Jul-Sep-20	\$38,163	\$7,762	\$37	\$5,840	\$1,885	\$30,401	98
% change	51	198	-98	##	##	34	17
Jan-Sep-19	\$85,481	\$20,452	\$13,596	\$2,653	\$4,203	\$65,029	224
Jan-Sep-20	\$81,127	\$13,211	\$422	\$8,153	\$4,636	\$67,916	189
% change	-5	-35	-97	207	10	4	-16

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