

Building construction price indexes, third quarter 2019

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, November 7, 2019

Prices for the construction of residential buildings increased 0.6% in the third quarter, while the cost of construction of non-residential buildings was up 0.5%.

Construction costs for residential buildings increase on a quarterly basis

At the national level, there was low variation across building types for the quarterly price increases in construction costs of residential and non-residential buildings. Amongst residential buildings, the largest quarterly price increase was in single homes and townhomes (both up 0.7%). A similar pattern was observed in non-residential buildings, where the largest quarterly price increase was for factories and offices (both up 0.6%).

Shortages of skilled trades caused contractors to charge higher prices for their services as they faced increasing demand from builders. Builders reported that increases in construction prices for residential buildings were due largely to labour shortages in the census metropolitan areas of Ottawa, Montréal, Edmonton and Calgary. For non-residential buildings, increases in material prices and labour shortages were reported by builders in Toronto, Montréal, and Ottawa.

In Ottawa, the construction costs for all residential building types rose on a quarterly basis. The price increase across residential building types was mostly uniform (from +1.3% to +1.7%), with the exception of high rise apartment buildings (+0.6%).

In Toronto, the construction costs for all non-residential building types increased on a quarterly basis, although some variation was observed across building types. The cost for the construction of warehouses (+1.0%) rose the most in the third quarter.

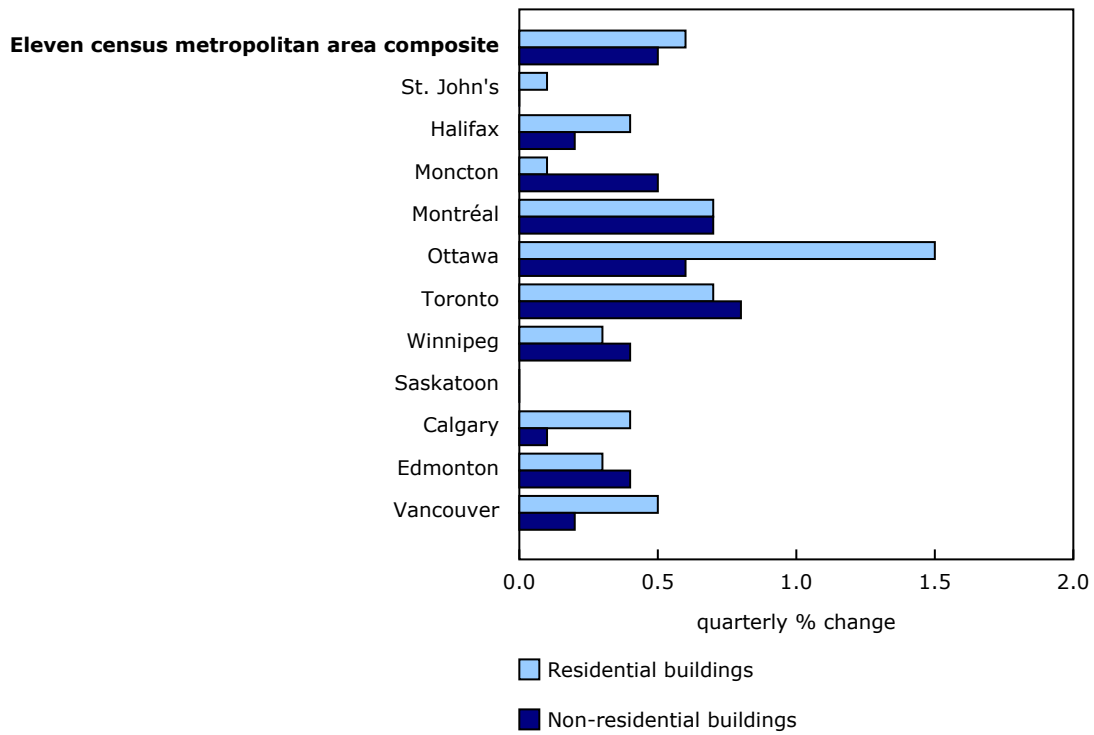
On a year-over-year basis, construction costs increased the most in Ottawa, Montréal and Vancouver

Costs for residential (+2.4%) and non-residential (+2.9%) building construction were up over the 12-month period ending in the third quarter. On an annual basis, construction costs for residential buildings rose the most in Ottawa (+5.1%) and Vancouver (+4.3%). For non-residential buildings, the largest year-over-year price increases were in Montréal (+4.0%) and Ottawa (+3.8%).

In Ottawa, since the first quarter of 2018, the construction costs of high rise apartment buildings have been mostly increasing, although at a slower pace than for other building types. The construction costs of factories in Montréal have been increasing more quickly than for other building types since the second quarter of 2018.



Chart 1
Building construction price indexes, quarterly change



Source(s): Table 18-10-0135-02.

Note to readers

The building construction price indexes (BCPI) are quarterly series that measure change over time in the prices that contractors charge to construct a range of new commercial, institutional, industrial and residential buildings in 11 census metropolitan areas: St. John's, Halifax, Moncton, Montréal, Ottawa–Gatineau (Ontario part), Toronto, Winnipeg, Saskatoon, Calgary, Edmonton and Vancouver.

These buildings include six non-residential structures: an office building; a warehouse; a shopping centre; a factory; a school; and a bus depot with maintenance and repair facilities. In addition, indexes are produced for five residential structures: a bungalow, a two-storey house, a townhouse, a high rise apartment building (five storeys or more), and a low-rise apartment building (fewer than five storeys).

The contractor's price reflects the value of all materials, labour, equipment, overhead and profit to construct a new building. It excludes value added taxes and any costs for land, land assembly, building design, land development and real estate fees.

With each release, data for the previous quarter may have been revised. The index is not seasonally adjusted.

Products

Statistics Canada has launched the [Producer Price Indexes Portal](#) as a part of a suite of portals for the prices and price indexes. This webpage provides Canadians with a single point of access to a wide variety of statistics and measures related to producer prices. The portal offers an array of information on topics such as manufacturing, construction, professional services, distributive trades and financial services. The portal will be continually updated as new information becomes available.

The video "[Producer Price Indexes](#)" is available on the Statistics Canada Training Institute webpage. It provides an introduction to Statistics Canada's Producer Price Indexes — what they are, how they are made and what they are used for.

A Historical Timeline of Canadian Producer Price Statistics

The publication "[A Historical Timeline of Canadian Producer Price Statistics](#)," part of the Prices Analytical Series ([62F0014M](#)), was created to showcase the key milestones in the history of Canadian producer price statistics. This historical timeline contains answers to questions such as: "Who collected Canada's first statistics?" and "What do Canadian producer price indexes measure?"

Infographic: Producer Price Indexes at a Glance

The infographic "[Producer Price Indexes at a Glance](#)," part of the series Statistics Canada — Infographics ([11-627-M](#)), demonstrates how producer price indexes for goods and services are calculated and why they are important for the Canadian economy.

Table 1
Building construction price indexes¹

	Relative importance ²	Third quarter 2018	Second quarter 2019	Third quarter 2019	Second quarter to third quarter 2019	Third quarter 2018 to third quarter 2019
	%	(2017=100)			% change	
Residential buildings construction price indexes						
Eleven census metropolitan area composite						
St. John's	0.6	104.4	105.1	105.2	0.1	0.8
Halifax	1.7	106.2	107.7	108.1	0.4	1.8
Moncton	0.3	104.2	106.7	106.8	0.1	2.5
Montréal	11.7	103.7	107.1	107.9	0.7	4.1
Ottawa	5.9	107.5	111.3	113.0	1.5	5.1
Toronto	34.1	109.2	109.7	110.5	0.7	1.2
Winnipeg	3.3	111.7	113.3	113.6	0.3	1.7
Saskatoon	1.4	103.8	104.4	104.4	0.0	0.6
Calgary	9.7	105.4	106.4	106.8	0.4	1.3
Edmonton	8.8	105.1	105.7	106.0	0.3	0.9
Vancouver	22.6	108.4	112.5	113.1	0.5	4.3
Non-residential buildings construction price indexes						
Eleven census metropolitan area composite						
St. John's	1.3	101.8	102.0	102.0	0.0	0.2
Halifax	1.3	104.1	105.7	105.9	0.2	1.7
Moncton	0.7	103.3	106.2	106.7	0.5	3.3
Montréal	12.7	105.6	109.0	109.8	0.7	4.0
Ottawa	2.6	106.6	110.0	110.7	0.6	3.8
Toronto	28.3	105.7	108.3	109.2	0.8	3.3
Winnipeg	3.5	103.4	105.0	105.4	0.4	1.9
Saskatoon	2.3	102.9	104.0	104.0	0.0	1.1
Calgary	10.1	102.6	104.1	104.2	0.1	1.6
Edmonton	15.1	103.2	104.9	105.3	0.4	2.0
Vancouver	22.1	106.5	109.6	109.8	0.2	3.1

1. All geographic regions are based on the 2016 Census boundaries.

2. The relative importance is calculated using a price adjusted three-year moving average of the value of building permits issued for each class of building within each census metropolitan area.

Source(s): Tables [18-10-0135-01](#), [18-10-0135-02](#) and [18-10-0137-01](#).

Available tables: table [18-10-0135-01](#).

Definitions, data sources and methods: survey number [2317](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).