

Building construction price indexes, second quarter 2020

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Prices for residential building construction rose 0.5% in the second quarter, while the cost of non-residential building construction edged up 0.1%. Residential building construction prices rose in most of the census metropolitan areas (CMAs) covered by the survey in the second quarter, while non-residential prices edged up on low demand for commercial building construction and increased competition.

The impact of COVID-19 on building construction prices

New construction projects slowed considerably in the wake of COVID-19, with the value of building permits issued by Canadian municipalities falling 17.1% from March to April, including a record 14.2% decline for single-family dwellings. With fewer projects up for bid, there was increased competition among contractors.

Projects that were approved and begun during the first quarter may have also been delayed or paused due to provincially mandated shutdowns, supply chain disruptions and labour shortages. This may have impeded the ability of some contractors to allocate resources to bid for new projects, further delaying the price impact of COVID-19 on building construction prices.

Productivity was down at existing construction projects as physical distancing measures limited the number of workers at a site at a given time. Contractors also incurred higher costs providing personal protective equipment and installing wash stations.

Construction activity had resumed in every jurisdiction nationally by May 19. Labour and materials demand increased following the shutdown period. Market uncertainty, coupled with supply chain disruptions and the ongoing adjustment to the new normal way of working may continue to impact building construction prices in subsequent quarters.

Residential construction prices rise in most census metropolitan areas

Following a 0.6% increase in the first quarter, prices for residential building construction rose 0.5% in the second quarter on the resumption of building activity and the rebound in new residential building permits in May. Residential construction prices rose in every CMA surveyed except Calgary (-0.2%) and Saskatoon (-0.1%).

Residential construction costs rose the most in Ottawa (+1.7%), Moncton and Montréal (both up 0.7%).

Non-residential building construction prices edge up

Non-residential buildings construction costs edged up 0.1% in the second quarter, following a 0.6% increase in the first quarter. The value of new non-residential building permits was down sharply in April due to regional shut downs of non-essential construction activity and low demand for commercial building construction, which led to fewer opportunities to bid on projects and increased competition at the national level.

Non-residential building costs decreased the most in St. John's and Edmonton (both down by 0.5%), as well as in Calgary (-0.2%). Lower prices for building permits and concrete materials contributed to these declines.

Ottawa (+0.8%) and Montréal (+0.6%) reported the largest increases in construction costs.

Construction costs increase the most in Ottawa and Montréal year over year

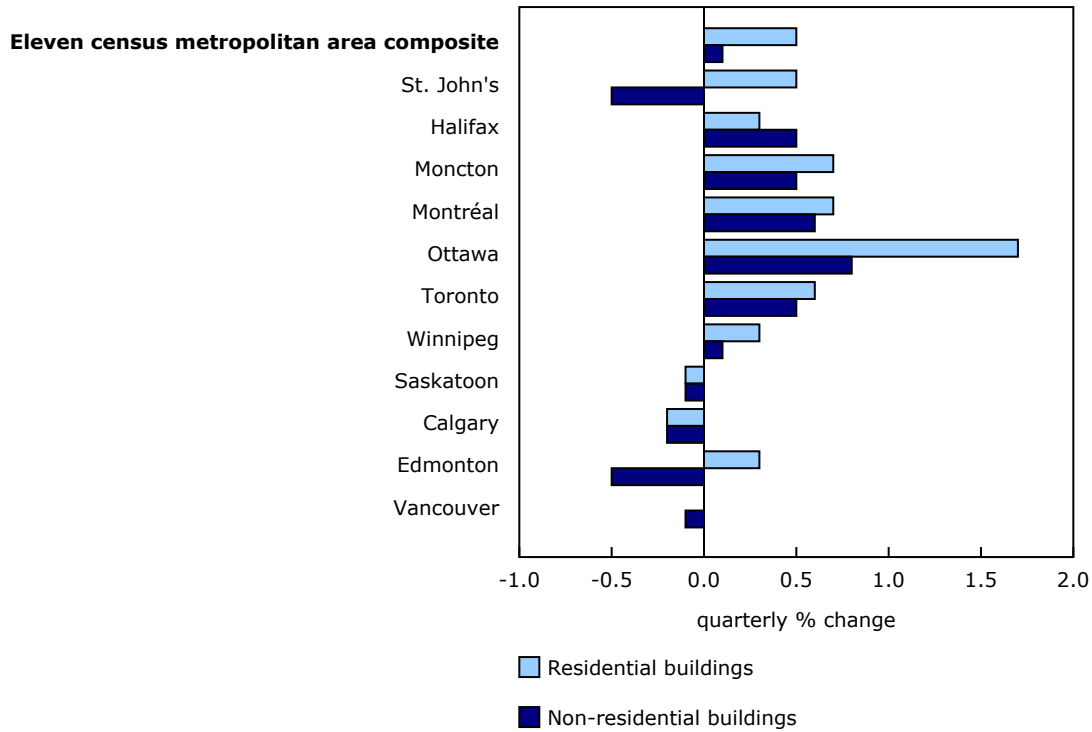
Residential building construction costs rose 2.1% year over year in the second quarter, following a 2.2% increase in the first quarter. Non-residential building construction costs rose at a slower pace, up 1.5% year over year following a 1.9% rise in the first quarter.



Construction costs for residential buildings rose the most in Ottawa (+4.5%) and Montréal (+3.0%) year over year.

Montréal (+3.0%) and Ottawa (+2.6%) also had the largest year-over-year price increases for non-residential building construction.

Chart 1
Building construction price indexes, quarterly change



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

Note to readers

The building construction price indexes are quarterly series that measure the change over time in the prices that contractors charge to construct a range of 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 (less 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 part of a suite of portals for prices and price indexes. This web page provides Canadians with a single point of access to a wide variety of statistics and measures related to producer prices.

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

Table 1
Building construction price indexes¹

	Relative importance ²	Second quarter 2019	First quarter 2020	Second quarter 2020	First quarter to second quarter 2020	Second quarter 2019 to second quarter 2020
	%	(2017=100)			% change	
Residential building construction price indexes						
Eleven census metropolitan area composite						
	100.0	109.3	111.1	111.6	0.5	2.1
St. John's	0.5	105.1	106.4	106.9	0.5	1.7
Halifax	2.2	107.7	110.4	110.7	0.3	2.8
Moncton	0.3	106.7	108.0	108.8	0.7	2.0
Montréal	8.9	107.1	109.5	110.3	0.7	3.0
Ottawa	6.8	111.3	114.4	116.3	1.7	4.5
Toronto	33.7	109.7	111.0	111.7	0.6	1.8
Winnipeg	3.8	113.3	114.4	114.8	0.3	1.3
Saskatoon	1.3	104.4	104.8	104.7	-0.1	0.3
Calgary	9.6	106.4	108.1	107.9	-0.2	1.4
Edmonton	8.1	105.7	107.1	107.4	0.3	1.6
Vancouver	24.9	112.5	114.7	114.7	0.0	2.0
Non-residential building construction price indexes						
Eleven census metropolitan area composite						
	100.0	107.2	108.7	108.8	0.1	1.5
St. John's	1.7	102.0	102.8	102.3	-0.5	0.3
Halifax	1.3	105.7	106.8	107.3	0.5	1.5
Moncton	0.6	106.2	107.3	107.8	0.5	1.5
Montréal	12.1	109.0	111.6	112.3	0.6	3.0
Ottawa	2.3	110.0	112.0	112.9	0.8	2.6
Toronto	28.2	108.3	110.6	111.1	0.5	2.6
Winnipeg	3.9	105.0	106.0	106.1	0.1	1.0
Saskatoon	2.1	104.0	104.1	104.0	-0.1	0.0
Calgary	9.1	104.1	104.8	104.6	-0.2	0.5
Edmonton	11.6	104.9	105.9	105.4	-0.5	0.5
Vancouver	27.0	109.6	110.5	110.4	-0.1	0.7

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: [18-10-0135-01](#) to [18-10-0137-01](#) .

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).