

Building construction price indexes, second quarter 2021

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Residential building construction prices rose 7.5% in the second quarter, the largest increase since the series began in 2017, accelerating from a 4.9% increase in the first quarter. Non-residential building construction prices (+3.7%) grew at their fastest pace since the second quarter of 2008.

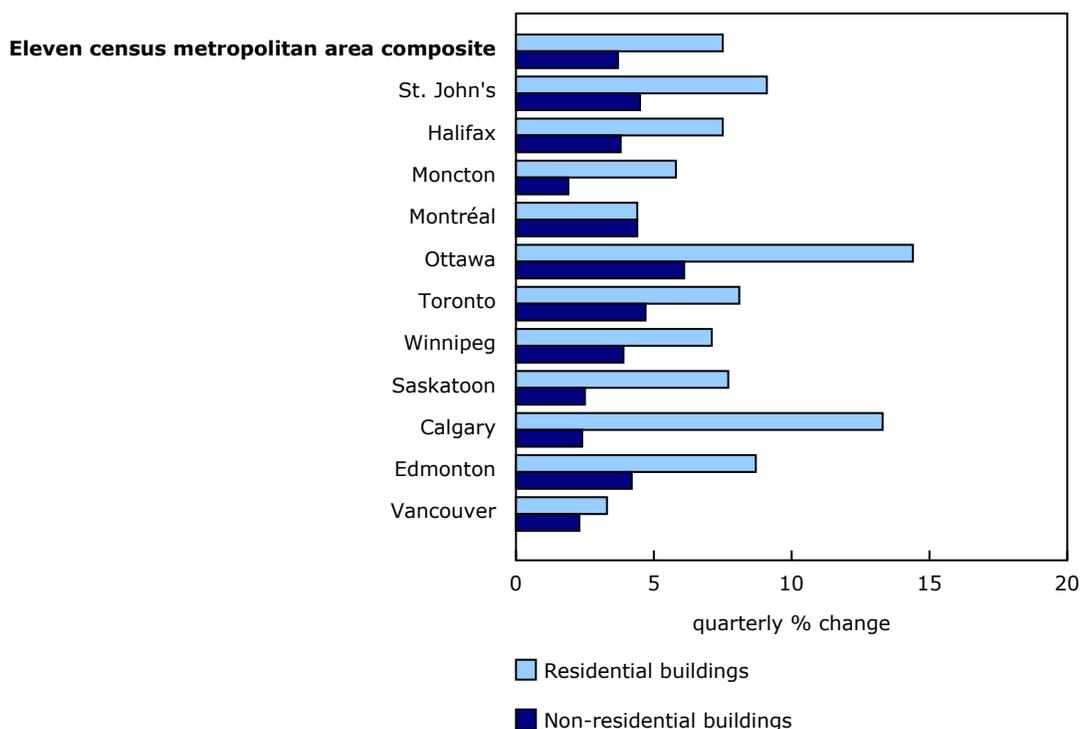
Construction costs continue to rise in the second quarter

Construction costs for single-detached houses and apartment buildings contributed the most to the residential building construction price growth in the second quarter. The price increase for non-residential construction was mostly attributable to office buildings, warehouses and shopping centres.

Higher residential building construction prices in the second quarter were largely due to record high lumber and wood product prices. [Prices for lumber and other wood products](#) increased by 27.9% from the first to the second quarter of 2021. This price surge was due to ongoing supply chain constraints, combined with high demand for new houses and renovations in the wake of changing preferences for more space during the pandemic, as well as low interest rates. The supply chain constraints included ongoing operational delays at sawmills, as well as transportation difficulties.

Additional demand from across the border—reflected by higher values of [exports of forestry products and building and packaging materials \(+8.9%\)](#) in May—further added to building material shortages domestically.

Chart 1
Building construction price indexes, quarterly change



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

Pandemic-related demand puts upward pressure on construction prices

In the second quarter, residential building construction prices rose in every census metropolitan area (CMA) covered by the survey, mainly driven by higher costs to build single-detached houses in Toronto, Calgary and Ottawa.

Higher prices for single-detached houses were partly related to the [demand for more living space during the lockdowns](#) for a home office or remote learning, and because of the increased need for lumber in building a single-detached house, relative to a multi-family dwelling.

Non-residential building construction price increases were driven by higher construction costs in Toronto, Vancouver and Montréal.

Demand for warehouse space continued to climb with [retail e-commerce sales increasing by 4.8%](#) from February to May. This increased demand, combined with supply shortages, particularly of concrete and structural steel, raised costs for non-residential construction in the second quarter.

Record year-over-year construction price growth led by Calgary, Ottawa and Toronto

Nationally, residential construction building prices increased 18.8% year over year in the second quarter—the largest increase since the data series began in 2017—led by higher construction costs for single-detached houses (+23.9%). Construction costs for residential buildings rose at the fastest pace in Calgary (+31.4%), Ottawa (+28.4%), as well as in Toronto and Edmonton (both up 22.4%) in the second quarter.

Non-residential construction building prices rose 5.7% year over year—the largest increase since the fourth quarter of 2008, led by Ottawa (+10.1%), Montréal (+8.4%) and Toronto (+7.7%).

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 (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 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 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.

Table 1
Building construction price indexes¹

	Relative importance ²	Second quarter 2020	First quarter 2021	Second quarter 2021	First quarter to second quarter 2021	Second quarter 2020 to second quarter 2021
	%	(2017=100)			% change	
Residential building construction price indexes						
Eleven census metropolitan area composite						
	100.0	111.6	123.3	132.6	7.5	18.8
St. John's	0.4	106.9	119.1	129.9	9.1	21.5
Halifax	2.2	110.7	117.5	126.3	7.5	14.1
Moncton	0.5	108.8	119.5	126.4	5.8	16.2
Montréal	9.4	110.3	119.4	124.6	4.4	13.0
Ottawa	7.5	116.3	130.5	149.3	14.4	28.4
Toronto	34.7	111.7	126.4	136.7	8.1	22.4
Winnipeg	3.5	114.8	122.7	131.4	7.1	14.5
Saskatoon	1.1	104.7	117.4	126.4	7.7	20.7
Calgary	8.7	107.9	125.1	141.8	13.3	31.4
Edmonton	7.3	107.5	121.1	131.6	8.7	22.4
Vancouver	24.8	114.9	121.1	125.1	3.3	8.9
Non-residential building construction price indexes						
Eleven census metropolitan area composite						
	100.0	108.8	110.9	115.0	3.7	5.7
St. John's	1.2	102.3	104.5	109.2	4.5	6.7
Halifax	1.1	107.2	110.1	114.3	3.8	6.6
Moncton	0.7	107.8	108.0	110.0	1.9	2.0
Montréal	11.6	112.2	116.5	121.6	4.4	8.4
Ottawa	2.8	112.9	117.2	124.3	6.1	10.1
Toronto	31.0	111.1	114.2	119.6	4.7	7.7
Winnipeg	2.9	106.0	107.4	111.6	3.9	5.3
Saskatoon	1.9	103.9	104.3	106.9	2.5	2.9
Calgary	9.4	104.5	105.3	107.8	2.4	3.2
Edmonton	8.8	105.4	107.0	111.5	4.2	5.8
Vancouver	28.5	110.4	111.3	113.9	2.3	3.2

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).