

Building construction price indexes, first quarter 2022

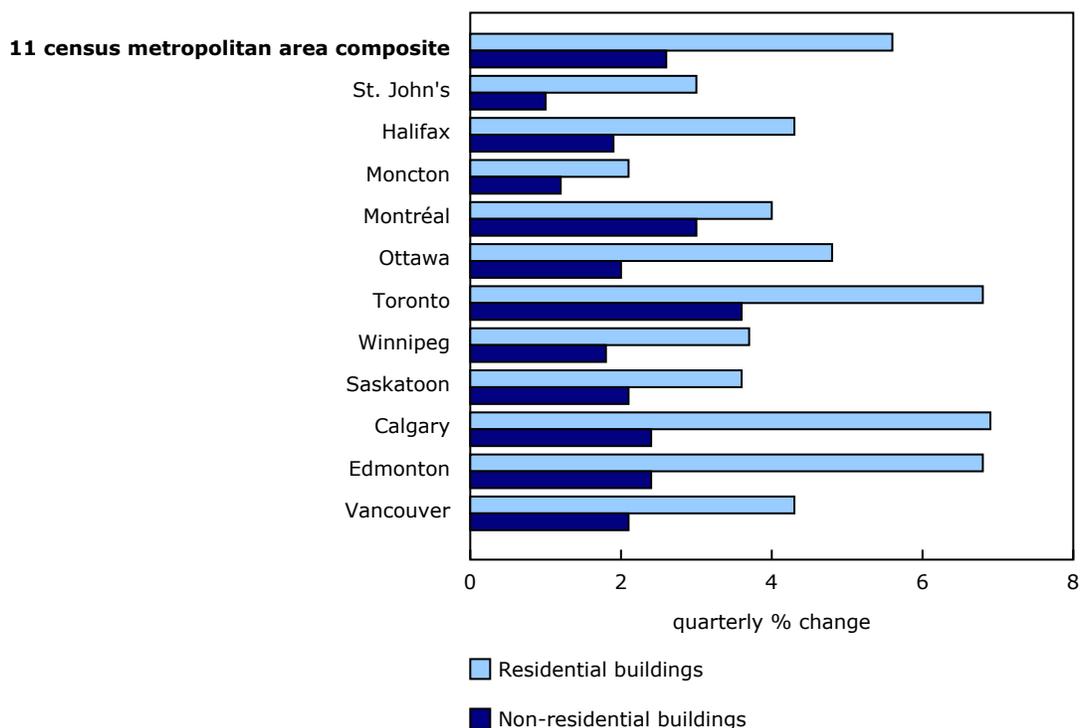
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National Overview

Residential building construction costs increased 5.6% in the first quarter of 2022, the highest increase since the second quarter of 2021. Non-residential building construction costs were up 2.6% in the first quarter.

Contractors surveyed attributed part of the growth in building construction costs to the [rise in labour costs](#), and a [surge in the number of vacancies](#) for construction trades has contributed to increased wages in these occupations. In addition, amid rising fuel prices, contractors cited that a larger share of their expenses were now allocated to the transportation of their building materials.

Chart 1
Building construction price indexes, quarterly change



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

Increase in price growth for residential building construction

Growth in residential building construction costs accelerated during the first quarter of 2022, after moderating in the previous two quarters. The majority of the 11 census metropolitan areas (CMAs) covered by the survey recorded larger quarterly increases than the previous two quarters. Rising residential construction costs were largely driven by [rebounding softwood lumber prices](#).



Costs to construct residential buildings increased the most in Calgary (+6.9%), followed by Edmonton and Toronto (both up 6.8%). While the construction costs to build a single-detached house in Toronto grew the most in the first quarter, the cost to build townhouses rose the most of all the buildings in scope for the survey in both Calgary and Edmonton. It is interesting to note that the rise in residential construction costs in Calgary and Edmonton coincided with the highest monthly increases recorded in new housing prices in over 15 years, with Calgary recording its recent high in March 2022 (+5.2%) and Edmonton reaching its recent high in February (+3.7%).

Moncton (+2.1%) and St. John's (+3.0%) experienced the lowest quarterly price increases in residential building construction in the first quarter of 2022. St. John's and Montréal both observed a deceleration in price growth compared with the previous quarter.

Growth in non-residential building construction costs moderates

Increases in non-residential building construction costs continued to slow or stabilize in most of the CMAs covered by the survey. Rising non-residential construction costs remained largely driven by continued price growth in structural metal products, which have been impacted by supply chain constraints.

Non-residential building construction costs rose the most in Toronto (+3.6%) and Montréal (+3.0%), with the cost to construct warehouses and factories increasing the most in these CMAs. Higher construction costs in Toronto may have been influenced by demand conditions, with [increased investment in warehouses and factories](#). Specifically, investment into warehouses in Toronto reached an all-time high in January, while investment into factories rebounded between November 2021 and February 2022 after declining over the previous year and a half.

St. John's (+1.0%) experienced the smallest quarterly price increase, followed closely by Moncton (+1.2%). St. John's recorded its smallest increase since the fourth quarter of 2020.

Plumbing and electrical cost growth trending higher

Plumbing and electrical product prices continued to climb in the first quarter of 2022, with electrical safety and security systems recording historically strong quarterly price growth. These higher prices have had a particular impact on the construction costs of schools and factories.

Contractors surveyed attributed increased plumbing prices to both rising labour costs and the higher price of material. [Costs of plastic and rubber products](#) hit a record-high year-over-year growth (+19.0%) in February 2022. Prior to September 2021, double digit year-over-year growth for plastic and rubber products was last seen in 1995.

Prices for electrical, electronic, audiovisual and telecommunication products also reached a year-over-year peak (+20.9%) in February 2022, which continued the upward trend observed in the previous year.

Year-over-year growth in construction costs surpasses previous highs

Building construction costs for residential construction in the 11-CMA composite rose 22.6% year over year in the first quarter of 2022, surpassing the high (+21.9%) registered in the previous quarter. The largest increases were in Calgary (+31.4%), Edmonton (+26.6%) and Toronto (+26.5%).

Non-residential construction building costs rose 12.8% year over year in the first quarter, also surpassing the previous high (+11.4%) of the last quarter. Construction cost increases were the largest in Toronto (+17.3%), Ottawa (+17.2%) and Edmonton (+13.9%).

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 launched the [Producer Price Indexes Portal](#) as part of a suite of portals for 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 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 | First quarter 2021 | Fourth quarter 2021 | First quarter 2022 | Fourth quarter 2021 to first quarter 2022 | First quarter 2021 to first quarter 2022 |
|--|----------------------------------|--------------------|---------------------|--------------------|---|--|
| | % | (2017=100) | | | % change | |
| Residential building construction price indexes | | | | | | |
| Eleven census metropolitan area composite | | | | | | |
| | 100.0 | 123.3 | 143.2 | 151.2 | 5.6 | 22.6 |
| St. John's | 0.4 | 119.1 | 139.4 | 143.6 | 3.0 | 20.6 |
| Halifax | 2.2 | 117.5 | 133.8 | 139.5 | 4.3 | 18.7 |
| Moncton | 0.5 | 119.5 | 126.9 | 129.6 | 2.1 | 8.5 |
| Montréal | 9.4 | 119.4 | 135.9 | 141.4 | 4.0 | 18.4 |
| Ottawa | 7.5 | 130.5 | 155.0 | 162.4 | 4.8 | 24.4 |
| Toronto | 34.7 | 126.4 | 149.7 | 159.9 | 6.8 | 26.5 |
| Winnipeg | 3.5 | 122.7 | 138.9 | 144.1 | 3.7 | 17.4 |
| Saskatoon | 1.1 | 117.4 | 131.4 | 136.1 | 3.6 | 15.9 |
| Calgary | 8.7 | 125.1 | 153.8 | 164.4 | 6.9 | 31.4 |
| Edmonton | 7.3 | 121.1 | 143.6 | 153.3 | 6.8 | 26.6 |
| Vancouver | 24.8 | 121.1 | 133.9 | 139.7 | 4.3 | 15.4 |
| Non-residential building construction price indexes | | | | | | |
| Eleven census metropolitan area composite | | | | | | |
| | 100.0 | 110.9 | 121.9 | 125.1 | 2.6 | 12.8 |
| St. John's | 1.2 | 104.5 | 114.6 | 115.7 | 1.0 | 10.7 |
| Halifax | 1.1 | 110.1 | 120.4 | 122.7 | 1.9 | 11.4 |
| Moncton | 0.7 | 108.0 | 116.8 | 118.2 | 1.2 | 9.4 |
| Montréal | 11.6 | 116.5 | 128.2 | 132.1 | 3.0 | 13.4 |
| Ottawa | 2.8 | 117.2 | 134.7 | 137.4 | 2.0 | 17.2 |
| Toronto | 31.0 | 114.2 | 129.3 | 133.9 | 3.6 | 17.3 |
| Winnipeg | 2.9 | 107.4 | 116.6 | 118.7 | 1.8 | 10.5 |
| Saskatoon | 1.9 | 104.3 | 112.0 | 114.3 | 2.1 | 9.6 |
| Calgary | 9.4 | 105.3 | 112.4 | 115.1 | 2.4 | 9.3 |
| Edmonton | 8.8 | 107.0 | 119.1 | 121.9 | 2.4 | 13.9 |
| Vancouver | 28.5 | 111.3 | 118.6 | 121.1 | 2.1 | 8.8 |

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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).