

Building construction price indexes, fourth quarter 2023

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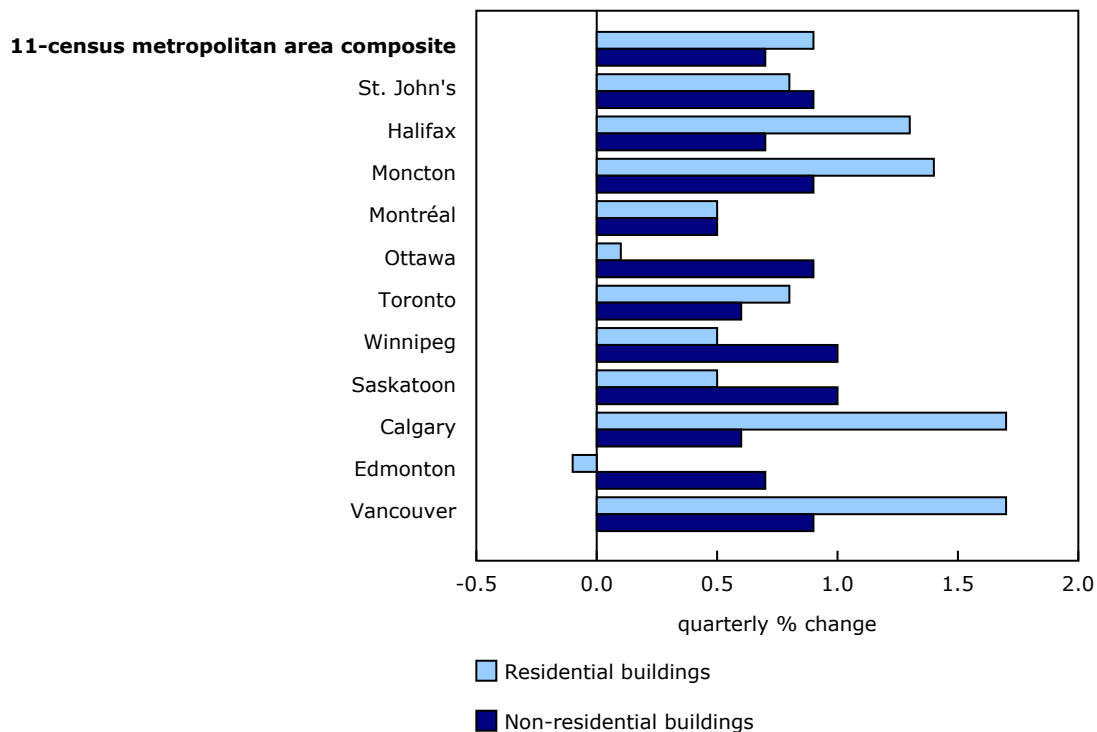
National overview

Residential building construction costs increased 0.9% in the fourth quarter, following a 1.2% increase in the previous quarter. Non-residential building construction costs rose 0.7% in the fourth quarter, following a 1.3% increase in the previous quarter.

The deceleration observed in the fourth quarter continued the 2023 trend of abating price pressure in both residential and non-residential building construction costs. The fourth quarter marked the slowest quarterly growth since the second quarter of 2020 for residential building construction costs, and the slowest quarterly growth since the fourth quarter of 2020 for non-residential building construction costs.

Year over year, construction costs for residential buildings in the 11-census metropolitan area (CMA) composite rose 6.0% in the fourth quarter of 2023, while non-residential building construction costs increased 5.4%.

Chart 1
Building construction price indexes, quarterly change, fourth quarter of 2023



Source(s): Table 18-10-0276-02.

Residential construction cost growth accelerates in Calgary but decelerates across the other Prairie cities measured

In the fourth quarter, residential building construction costs rose across 10 of the 11 CMAs measured. Calgary and Vancouver saw the largest quarterly increases (each up 1.7%). Edmonton (-0.1%) was the only CMA to record a decline in residential construction costs.

In the 11-CMA composite, the cost to build townhomes and low-rise apartment buildings (each up 1.0%) experienced the strongest increases of all residential buildings in scope for the survey.

Non-residential construction costs decelerate across 7 of 11 census metropolitan areas measured

Costs to construct non-residential buildings increased the most in Winnipeg and Saskatoon (each up 1.0%) in the fourth quarter.

Of all non-residential buildings surveyed, the cost to build shopping centres, warehouses, and schools all experienced the same cost pressure (+0.7% for each) in the fourth quarter.

The year 2023 in review

Skilled labour shortages, rising material prices, and the effects of high interest rates all noted as key drivers of 2023 building construction price increases

As construction activity remained strong through 2023, persistent labour shortages across several industries increased competition for labour, driving wages and, ultimately, construction prices higher.

With interest rates remaining elevated through the year, [new housing starts](#) slowed (-8.2%) in 2023, as did [number of building permits and permit values](#) for both new residential and non-residential construction.

With activity slowing, the construction industry [job vacancy rate](#) ended November 2023 at 4.5%, its lowest level since February 2021. Despite the steadily declining vacancy rate, persistent skilled labour shortages put upward pressure on [wages in most industries](#) through 2023. As these pressures continued to abate, residential and non-residential construction costs continued to decelerate through 2023 from the double-digit increases seen in 2022.

Residential building construction costs decelerate as new construction slows

In 2023, the 11-CMA composite for residential building construction costs rose 7.6% on an annual average basis, a deceleration from the double-digit increases observed the year prior. Cost increases varied significantly across CMAs, with Toronto (+12.7%), Halifax (+8.2%) and Vancouver (+7.8%) experiencing the largest cost increases in 2023.

Non-residential construction costs decelerate following record increase in 2022

The 11-CMA composite for non-residential construction costs increased 7.1% on an annual average basis in 2023 following a record yearly increase (+12.5%) in 2022. Costs increased across all CMAs measured in 2023, with Moncton (+12.1%) experiencing the largest increase, followed by Ottawa and Vancouver (each up +8.4%).

Table 1
Building construction price indexes¹

	Relative importance ²	Fourth quarter 2022	Third quarter 2023	Fourth quarter 2023	Third quarter to fourth quarter 2023	Fourth quarter 2022 to fourth quarter 2023
	%	(2017=100)			% change	
Residential building construction price indexes						
Eleven census metropolitan area composite						
St. John's	0.4	165.3	173.6	175.2	0.9	6.0
Halifax	2.3	155.1	160.0	161.2	0.8	3.9
Moncton	0.6	146.6	157.8	159.8	1.3	9.0
Montréal	12.8	136.4	141.1	143.1	1.4	4.9
Ottawa	6.8	149.8	150.4	151.2	0.5	0.9
Toronto	37.3	172.7	175.9	176.0	0.1	1.9
Winnipeg	3.2	182.6	199.4	201.0	0.8	10.1
Saskatoon	1.1	151.5	154.1	154.9	0.5	2.2
Calgary	9.5	141.4	145.8	146.5	0.5	3.6
Edmonton	7.6	175.5	179.2	182.3	1.7	3.9
Vancouver	18.3	166.6	164.7	164.6	-0.1	-1.2
		149.0	157.3	159.9	1.7	7.3
Non-residential building construction price indexes						
Eleven census metropolitan area composite						
St. John's	0.3	135.4	141.7	142.7	0.7	5.4
Halifax	1.4	121.2	124.1	125.2	0.9	3.3
Moncton	0.8	129.6	134.5	135.4	0.7	4.5
Montréal	16.3	132.4	143.5	144.8	0.9	9.4
Ottawa	3.9	142.7	146.9	147.6	0.5	3.4
Toronto	34.9	148.1	158.1	159.6	0.9	7.8
Winnipeg	3.5	148.1	155.3	156.2	0.6	5.5
Saskatoon	0.9	124.8	127.9	129.2	1.0	3.5
Calgary	11.7	119.7	124.6	125.8	1.0	5.1
Edmonton	5.8	120.7	125.0	125.7	0.6	4.1
Vancouver	20.7	130.6	134.4	135.3	0.7	3.6
		129.3	138.0	139.3	0.9	7.7

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 [18-10-0276-01](#), [18-10-0276-02](#) and [18-10-0137-01](#).

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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 (CMAs): 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 four residential structures: a single-detached 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.

With the release of data from the fourth quarter of 2022, table 18-10-0135 has been archived and replaced by table 18-10-0276. The information that was in table 18-10-0135 is still in the new table. However, the new table also shows data by construction division. Data are now available for 23 divisions and for a composite of these divisions. Newly integrated divisional data are available starting from the first quarter of 2017.

Products

The [Building Construction Price Indexes Data Visualization Tool](#) is now available. It provides access to current and historical data from the Building Construction Price Index (BCPI) for four residential and six non-residential building types, for the CMAs of St. John's, Halifax, Moncton, Montréal, Ottawa–Gatineau (Ontario part), Toronto, Winnipeg, Saskatoon, Calgary, Edmonton, and Vancouver, as well as for a composite of these 11 CMAs, in a dynamic and customizable format.

The [Technical Guide for the Building Construction Price Index](#) is now available. This document provides details on the methodology used to calculate the BCPI.

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.

Available tables: table [18-10-0276-01](#).

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).