

**DHI CANADA – ECONOMIC ANALYSIS & INFORMATION
 QUICK BRIEFING
 INVESTMENT IN NON-RESIDENTIAL BUILDING CONSTRUCTION, Q2 2017**

Statistics Canada reported on non-residential building construction for the second quarter (April 1 to June 30) of the year. This is an important metric for DHI Canada members. In the tables below, periods which saw an increase are highlighted in green; those with a decrease in red.

National

Across the country, total investment in non-residential building construction in Q2 totalled \$12.4 billion (current dollars), an increase of 0.3% from Q1 and the first increase after three consecutive quarterly declines. The increase was driven by industrial and commercial construction. Institutional construction declined for a second consecutive quarter, reflecting a decline in stimulus spending by the federal and provincial governments.

**Table 1 – National Non-residential Construction Investment
 Current Dollars (Dollars x 1,000)**

Type	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Total Non-residential	12,479,324	12,358,000	12,392,925	+0.3%	-0.7%
Industrial	1,774,257	1,718,472	1,748,212	+0.2%	-1.5%
Commercial	7,342,819	7,193,624	7,221,854	+0.4%	-1.7%
Institutional	3,362,248	3,445,904	3,422,859	-0.7%	+1.8%

In constant 2007 dollars (a measure that nets out the effects of inflation), however, investment continued to decline to just under \$10.0 billion, indicating that we aren't out of the woods yet. The Q2 result was approximately 0.4% lower than Q1, as a result of reduced spending on commercial and institutional construction. Industrial construction, the smallest component of this sector, showed a relatively strong increase of 1.2%. However, comparing Q2 2016 to Q2 2017, all sectors shrank.

**Table 2 – National Non-residential Construction Investment
 Constant (2007) Dollars (Dollars x 1,000)**

Type	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Total Non-residential	10,318,517	10,013,000	9,975,741	-0.4%	-3.3%
Industrial	1,436,592	1,359,383	1,375,353	+1.2%	-4.3%
Commercial	6,124,407	5,871,157	5,858,124	-0.2%	-4.4%
Institutional	2,757,518	2,782,460	2,742,264	-1.4%	-0.6%

Provincial

Measured in current dollars, six provinces showed an overall percentage increase – Newfoundland (6.6%), New Brunswick (6.6%), Nova Scotia (5.6%), Ontario (1.7%), BC (1.3%) and Quebec (0.5%). Comparing Q2 2016 to the same quarter in 2017, five provinces posted gains, some of them significant – New Brunswick (37.1%), PEI (21.4%), Manitoba (17.8%), Quebec (3.5%) and Ontario (0.6%). Newfoundland, which, along with New Brunswick, had the largest quarter-to-quarter gain, showed the largest year-over-year loss (-27.6%), showing that, although the picture is improving, it still has a long way to go.

**Table 3 – Provincial Non-residential Construction Investment
Current Dollars (Dollars x 1,000)**

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	88,401	59,994	63,963	+6.6%	-27.6%
PEI	26,336	34,000	31,998	-5.9%	+21.4%
Nova Scotia	164,368	135,771	143,321	+5.6%	-12.8%
New Brunswick	155,246	199,688	212,797	+6.6%	+37.1%
Quebec	2,129,345	2,192,944	2,204,462	+0.5%	+3.5%
Ontario	4,827,895	4,775,980	4,857,357	+1.7%	+0.6%
Manitoba	395,699	469,614	466,191	-0.7%	+17.8%
Saskatchewan	491,404	427,122	409,400	-4.2%	-16.7%
Alberta	2,614,296	2,530,627	2,461,776	-2.7%	-5.8%
BC	1,511,254	1,407,802	1,426,099	+1.3%	-5.6%

As the oil price shock has largely been absorbed, forecasts call for non-residential construction spending in the oil-producing provinces to increase.

Comparing Q1 to Q2 2017, both increases and decreases are less dramatic than year-over-year numbers (below). Newfoundland (6.4%), New Brunswick (6.3%), Nova Scotia (5.4%) and Ontario (1.0%) were the winners. However, none of the losers were in double-digit territory: PEI (-6.1%), Saskatchewan (-4.2%), Alberta (-2.7%), Manitoba (-0.6%), BC (-0.3%) and Quebec (-0.1%) all saw decreases.

In constant (2007) dollars, the year-over-year changes are even grimmer, with only four provinces eking out a gain – PEI (20.1%), Manitoba (17.4%), New Brunswick (3.6%) and Quebec (0.6%); the big losers, racking up double-digit decreases, are Newfoundland (-28.4%), Saskatchewan (-17.4%), Nova Scotia (-13.6%) and BC (-11.3%). Alberta (-6.5%) and Ontario (-2.0%) bring up the rear.

Quebec's Q2 2017 results were impacted by a strike that affected all construction workers during the last week of May.

**Table 4 – Provincial Non-residential Construction Investment
Constant (2007) Dollars (Dollars x 1,000)**

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	71,100	47,856	50,921	+6.4%	-27.6%
PEI	21,241	27,162	25,501	-6.1%	+20.1%
Nova Scotia	132,122	108,366	114,197	+5.4%	-12.8%
New Brunswick	124,924	159,456	169,533	+6.3%	+35.7%
Quebec	1,678,092	1,689,594	1,688,277	-0.1%	+0.6%
Ontario	3,760,290	3,647,686	3,684,478	+1.0%	-2.0%
Manitoba	350,644	414,275	411,693	-0.6%	+17.4%
Saskatchewan	491,404	427,122	409,400	-4.2%	-16.7%
Alberta	2,320,399	2,230,487	2,170,451	-2.7%	-6.5%
BC	2,362,916	1,212,359	1,208,613	-0.3%	-11.3%

Industrial Construction Investment

Nationally, the increase in the industrial construction component was driven by increased investment in manufacturing plants and, to a lesser extent, construction of farm and utilities buildings.

The big current dollar gainers in Q2 2017 versus Q1 2017 were Newfoundland (19.9%), Nova Scotia (13.9%), Alberta (8.3%), New Brunswick (5.1%), Ontario (2.9%) and Saskatchewan (2.6%). Comparing Q2 2017 to Q2 2016, both losses and gains were magnified – the big winners were New Brunswick (125.3%), Manitoba (34.2%), Nova Scotia (22.2%) and Quebec (11.9%). Five of the remaining provinces turned in double-digit losses, starting with Saskatchewan (-22.4%); only Ontario (-4.2%) stayed in single digits.

**Table 5 – Provincial Industrial Construction Investment
Current Dollars (Dollars x 1,000)**

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	10,397	6,728	8,067	+19.9%	-22.41%
PEI	6,497	7,240	5,711	-21.1%	-12.1%
Nova Scotia	23,184	24,867	28,334	+13.9%	+22.2%
New Brunswick	15,662	33,590	35,292	+5.1%	+125.3%
Quebec	342,339	294,526	383,134	-2.9%	+11.9%
Ontario	821,494	765,051	787,062	+2.9%	-4.2%
Manitoba	56,824	79,584	76,235	-4.2%	+34.2%
Saskatchewan	50,300	34,276	35,165	+2.6%	-30.1%
Alberta	275,054	225,664	244,289	+8.3%	-11.2%
BC	170,508	143,807	143,514	-0.2%	-15.8%

In constant (2007) dollars, the Q1/Q2 story was similar – six provinces showed gains, ranging from Ontario (2.0%) up to Newfoundland (19.7%). All of the losing provinces, except for PEI (-21.3%) managed to stay in single digits. Looking at Q2 2017 versus Q2 2016, four provinces posted increases – again, the best performer was New Brunswick (123.0%); the decreases in the remaining six provinces were heroic, with Saskatchewan (-30.1%) leading the pack.

**Table 6 – Provincial Industrial Construction Investment
Constant (2007) Dollars (Dollars x 1,000)**

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	8,435	5,415	6,480	+19.7%	-28.4%
PEI	5,271	5,829	4,588	-21.3%	-13.0%
Nova Scotia	18,815	20,020	22,759	+13.7%	+21.0%
New Brunswick	12,711	27,048	28,347	+4.8%	+123.0%
Quebec	267,964	301,995	291,502	-3.5%	+8.8%
Ontario	630,412	574,195	585,775	+2.0%	-7.1%
Manitoba	50,091	69,996	67,228	-4.0%	+34.2%
Saskatchewan	44,341	30,147	31,009	+2.9%	-30.1%
Alberta	242,439	192,476	215,423	+8.5%	-11.1%
BC	154,488	123,768	121,171	-2.1%	-21.6%

Commercial Construction Investment

Commercial construction is the largest component of the non-residential construction sector. The increase in spending on commercial properties was led by office building and retail building construction.

Six provinces posted gains in Q2 2017 over Q1, all of them except Nova Scotia (0.8%) turning in relatively strong performances. Comparing Q2 2017 with the same time in 2016, four provinces showed increases, led by New Brunswick (58.8%). The losers ranged from Quebec (-3.0%) down to Nova Scotia (-24.9%).

**Table 7 – Provincial Commercial Construction Investment
Current Dollars (Dollars x 1,000)**

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	57,916	40,690	46,804	+15.0%	-19.2%
PEI	12,415	18,298	16,704	-8.7%	+34.6%
Nova Scotia	120,936	90,080	90,831	+0.8%	-24.9%
New Brunswick	79,344	111,005	125,998	+13.5%	+58.8%
Quebec	1,152,563	1,180,489	1,117,857	-5.3%	-3.0%
Ontario	2,774,804	2,777,159	2,812,730	+1.3%	+1.4%
Manitoba	225,106	276,667	286,040	+3.4%	+27.1%
Saskatchewan	255,102	205,701	199,095	-3.2%	-22.0%
Alberta	1,671,175	1,551,556	1,516,364	-2.3%	-9.3%
BC	976,057	915,196	925,872	+1.2%	-5.1%

In constant (2007) dollar terms, Newfoundland had the largest quarter-over-quarter gain (14.9%) but has a long way to come back to match its Q2 2016 performance. The biggest gainer, both compared to the previous quarter and the same quarter 2016, is New Brunswick (13.3% and 57.4% respectively), although Manitoba (3.5% quarter-to-quarter and 26.5% year-over-year) is posting strong growth. PEI leads the pack in year-over-year growth (33.3%), but investment fell in terms of quarter-to-quarter performance (-8.9%).

Table 8 – Provincial Commercial Construction Investment
Constant 2007 Dollars (Dollars x 1,000)

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	46,449	32,382	37,191	+14.9%	-19.9%
PEI	9,954	14,564	13,273	-8.9%	+33.3%
Nova Scotia	96,966	71,690	72,179	+0.7%	-25.6%
New Brunswick	63,597	88,338	100,124	+13.3%	+57.4%
Quebec	905,611	905,789	898,150	-0.8%	-0.8%
Ontario	2,171,064	2,127,579	2,139,750	+0.6%	-1.4%
Manitoba	201,808	246,713	255,275	+3.5%	+26.5%
Saskatchewan	228,700	183,433	177,679	-3.1%	-22.3%
Alberta	1,498,162	1,383,589	1,353,269	-2.2%	-9.7%
BC	884,700	794,708	791,653	-0.4%	-10.5%

Institutional Construction Investment

Although institutional construction investment in educational buildings actually increased in Q1 over Q2, this was more than offset by a decline in construction of other institutional building types. Five provinces saw increases in current dollar terms for Q2 over Q1, led by Nova Scotia (16.0%) and PEI (13.5%); Quebec (4.2%), BC (2.2%) and Ontario (1.9%) rounded out this group. Newfoundland (-27.7%) saw the largest decrease, far outdistancing Manitoba (-8.3%), Alberta (-6.9%), New Brunswick (-6.5%) and Saskatchewan (-6.4%). Year-over-year, Newfoundland experienced the steepest drop by far (-54.7%) of the five provinces that saw decreases, followed by New Brunswick (-14.5%), Manitoba (-8.7%), Saskatchewan (-5.8%) and BC (-3.0%). PEI (28.6%) and Nova Scotia (19.3%) saw the largest year-over-year increases, trailed distantly by Alberta (4.6%), Ontario (2.1%) and Quebec (1.4%).

Table 9 – Provincial Institutional Construction Investment
Current Dollars (Dollars x 1,000)

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	20,008	12,576	9,092	-27.7%	-54.7%
PEI	7,454	8,462	9,583	+13.5%	+28.6%
Nova Scotia	20,248	20,824	24,156	+16.0%	+19.3%
New Brunswick	60,240	55,093	51,507	-6.5%	-14.5%
Quebec	634,443	617,929	643,601	+4.2%	+1.4%
Ontario	1,231,597	1,233,770	1,257,565	+1.9%	+2.1%
Manitoba	113,769	113,363	103,915	-8.3%	-8.7%
Saskatchewan	186,002	187,145	175,140	-6.4%	-5.8%
Alberta	668,067	753,407	701,123	-6.9%	+4.6%
BC	367,689	348,799	356,613	+2.2%	-3.0%

In constant 2007 dollars, the big Q2 over Q1 winners were again New Brunswick (15.6%) and PEI (12.9%), followed by Quebec (3.5%), Ontario (1.4%) and BC (0.7%); Newfoundland saw the largest decrease (27.9%). Showing the impact of inflation on year-over-year performance, the five “current dollar” increase provinces fell to only three – Nova Scotia (27.0%), New Brunswick (17.9%) and Ontario (0.1%). Provinces seeing year-over-year decreases were led by Newfoundland (-55.3%) and New Brunswick (-15.5%); of the remaining four losing provinces, Quebec (-1.2%) and Alberta (-3.8%) felt the least pain.

**Table 10 – Provincial Institutional Construction Investment
Constant 2007 Dollars (Dollars x 1,000)**

Province	Q2 2016	Q1 2017	Q2 2017	% Change Q1 to Q2 2017	% Change Q2 2016 to Q2 2017
Newfoundland	16,216	10,059	7,250	-27.9%	-55.3%
PEI	6,016	6,769	7,640	+12.9%	+27.0%
Nova Scotia	16,341	16,656	19,259	+15.6%	+17.9%
New Brunswick	48,616	44,070	41,062	-6.8%	-15.5%
Quebec	504,517	481,810	498,625	+3.5%	-1.2%
Ontario	958,814	945,912	958,953	+1.4%	+0.1%
Manitoba	98,745	97,566	89,190	-8.6%	-9.7%
Saskatchewan	161,406	161,069	150,319	-6.7%	-6.9%
Alberta	579,799	648,422	601,759	-7.2%	-3.8%
BC	323,728	298,883	295,789	+0.7%	-8.6%

Census Metropolitan Areas

Statistics Canada defines a census metropolitan area (CMA) as “an area consisting of one or more neighbouring municipalities situated around a major urban core. A CMA must have a total population of at least 100,000 of which 50,000 or more live in the urban core.” There are 35 CMAs in Canada, when Ottawa, ON and Gatineau, QC are combined; in constant (2007) dollar terms, CMAs account for about 77% of national investment in non-residential construction. The top five CMAs for total non-residential construction, commercial construction and institutional construction are Toronto, Montreal, Calgary, Edmonton and Vancouver; the top five for industrial construction are Toronto, Montreal, Edmonton, St. Catharines-Niagara and Vancouver. Not surprisingly, Toronto leads in all four categories. Of the 35 CMAs, 21 saw increased non-residential construction activity in Q2 2017 when compared with Q1; Toronto, Montreal and Vancouver posted the largest overall increases.

**Table 11 – CMA Non-residential Construction Investment – Top 5 CMAs
By Category in Constant 2007 Dollars (Dollars x 1,000)**

	Total	Industrial	Commercial	Institutional
Toronto, ON	1,890,495	181,165	1,289,270	420,060
Montreal, QC	940,780	79,039	554,546	307,195
Calgary, AB	797,951	44,297	558,275	195,379
Edmonton, AB	775,702	75,703	541,997	158,002
Vancouver, BC	755,326	45,206	551,521	158,599
St. Catharines, ON	Not in top 5	49,927	Not in top 5	Not in top 5

Note: in the above table, the top five cities are listed in terms of overall non-residential construction spending. St. Catharines is not among the top five in any category except industrial construction.