

Friday » September
8 » 2006

Home building declines the most in B.C. Stats for June-July see third drop in permit values in 4 months

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B.C. saw the biggest decline in the value of residential building permits of any province in Canada from June to July, Statistics Canada reported Thursday.

The 9.6-per-cent drop, to \$579 million from June's \$640.5 million, was the third decline over the past four months, the federal numbers cruncher said.

But the value of home-building permits issued from January to July is up 14.4 per cent compared to the same period last year, from \$3.7 billion to \$4.2 billion.

And the value of non-residential permits continued to climb, increasing by 11 per cent in B.C. from June (\$283.9 million) to July (\$315.1 million) and by 11.1 per cent in the January-to-July period compared to the first seven months of 2005.

Commercial building investment in the Lower Mainland-Southwest region of the province led a 25.2-per-cent overall increase in non-residential permits for July compared to the same month last year, reflecting what Keith Sashaw, president of the Vancouver Regional Construction Association, referred to as "the fundamentals of strong economic growth."

And July residential permit values were down just 3.2 per cent in the Lower Mainland-Southwest region compared to the same month last year.

"The large increase in commercial permits indicates an underlying confidence of private investors who continue to invest and build in the region," Sashaw said in a press release issued Thursday. "Despite a slight dip in residential building permits, the fundamentals of strong economic growth continue to be reflected in the construction sector."

The number of residential building permits issued across Canada so far this year remains 0.4 per cent above last year's pace, with more than half of those for single-family homes, Statistics Canada said.

The numbers reinforce concerns expressed by the Bank of Canada earlier this week that the hot housing market, particularly rising house prices, along with strong consumer spending, pose the greatest risks that the economy could still overheat.

That's in direct contrast to the U.S., where the sharper-than-expected cooling of the housing market is threatening to sink the rest of that giant economy, possibly into a recession.

In Canada, however, home prices, sales and construction have held up well, although there have been signs of weakness in the central and eastern provinces.

Nationally, residential permits totalled \$3.4 billion in July, up 4.6 per cent from June as

demand for new housing increased for both single- and multi-family dwellings, Statistics Canada said.

"The housing sector continued to be sustained by the strong economy in western Canada as well as by the high level of employment and solid consumer confidence," Statistics Canada said.

This stronger-than-expected rise led J.P. Morgan to hike its forecast for August housing starts to 240,000 from 228,200, which would be up 1.5 per cent from 236,500 in July. J.P. Morgan economist Ted Carmichael noted a report on housing construction next week will provide a better reading on the housing market.

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