



## Developers, builders beat record

**Statistics Canada reports permits topped \$61 billion by the end of November**

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Toronto Star

The great Canadian building boom continues as developers and contractors, with only 11 months tallied so far, hit a new annual record for building permits in 2006.

By the end of November last year, builders took out permits worth \$61.1 billion, up 0.5 per cent from the previous record of \$60.8 billion in 2005, Statistics Canada said in a report yesterday. In November alone, municipalities issued \$6.3 billion in permits, a record monthly high.

Both residential and non-residential building were doing very well, Stats Can's Etienne Saint-Pierre said in an interview.

Building permits, which give an indication of developers' construction intentions, are seen as an indicator of where the economy is going. Sometimes months go by between the time a permit is applied and a foundation is poured.

Doug Porter, deputy chief economist at BMO Nesbitt Burns, said the strong permit numbers were surprising.

"This is a far cry from the trauma in U.S. construction," Porter wrote in a note.

The permit numbers suggested the same trend as the strong housing-start figures that Canada Mortgage and Housing Corp. released Wednesday. Those starts came in at the highest figure in almost two decades.

The divide between east and west was evident, however, for both permits and housing starts.

All census metropolitan areas west of Ontario set new records for building permits, while starts hit records in provinces such as Alberta, but not in Ontario.

The biggest increase occurred in Alberta, where contractors took out \$12.6 billion in permits, 24 per cent more than the previous record for the entire year.

In Toronto, building permits were up 5.5 per cent in November, to slightly more than \$10 billion, compared with the same period in 2005.

With only one month still to be recorded, however, it's unlikely the city will turn out to have beaten the record set in 2004 of \$12.1 billion in permits.

In Toronto, residential permits were up 8.3 per cent compared with the same time last year.

Non-residential starts, however, were relatively flat at 0.8 per cent.

Non-residential permit figures would have been worse if ground had not been broken in 2006 for three new commercial towers.

The main drop in the Toronto-area market was found in the institutional segment, such as schools and hospitals, down 16.2 per cent from the same time last year.

Developers blamed higher home prices for taking some of the steam out of the Toronto-area residential real estate market in 2006, as housing starts declined 11 per cent.

The CMHC report said 37,080 new homes were started last year, compared with 41,596 in 2005.

In a separate release yesterday, Statistics Canada reported that new-housing prices nationally were up 0.5 per cent for November, resulting in an 11.4 per cent annual increase in the prices developers charge.

In the Toronto area, prices were up more moderately for new housing at 0.4 per cent for the month, or 3.4 per cent for the year.

StatsCan said higher costs for construction materials, labour rates and lot values were the major factors in increased prices.

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