

Metro Vancouver records \$7 billion in building permits in 2007

Record amount driven partly by new activity and partly by rising costs to build

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Metro Vancouver set a record in 2007 for the value of new construction started in the region, driven partly by new activity and partly by costs to build new buildings that simply kept rising, according to Statistics Canada's latest report on building permits.

The agency reported Wednesday that builders took out permits worth just over \$7 billion in 2007, six per cent more than the previous year.

"Obviously, there is an inflation component built into [the numbers]," said Keith Sashaw, president of the Vancouver Regional Construction Association. "But I can tell you our guys are busy. Their order books continue to be full, and there's still strong optimism in the Metro Vancouver area."

Sashaw said builders started work on a higher number of housing units in 2007 than during the previous year, and 2007 was the fifth year in a row that the amount of commercial construction increased.

The Vancouver Regional Construction Association compiles its own report on building activity using the Statistics Canada figures that encompass a wider area than Metro Vancouver. Within that wider region, the association counted permits issued worth \$7.8 billion. Within that, institutional and industrial construction dipped a bit, but was more than made up for by substantial increases in commercial construction and residential permit values.

Peter Simpson, CEO of the Greater Vancouver Home Builders' Association, said that the cost to build new housing increased in 2007 on continually inflating prices for land and labour. However, he said builders are trying to control unit costs by designing smaller housing units.

"Maybe more homes are at the lower end [of the price scale]," he added.

The City of Vancouver issued 5,087 permits in 2007, which is almost 1,000 fewer than those issued in 2006. However, the 2007 permits still added up to a record \$2.6 billion, despite a three-month municipal strike.

David McLellan, Vancouver's deputy general manager of community services, said the development of southeast False Creek was the biggest generator of permits, and that some 5,400 dwelling units were covered by the permits issued in 2007.

In 2006, McLellan said, the higher number of permits covered only 3,600 new dwelling units.

Provincewide, municipalities issued \$12.5 billion worth of building permits, a 13-per-cent increase from 2006 and a new record for B.C.

Residential permits worth \$8.6 billion, up 13 per cent from the previous year, accounted for most of the activity.

And nationally, permit values were up 12 per cent to a record \$74.3 billion, Statistics Canada said in its report, with the gain spread more or less evenly across the country.

In 2006, the report said, the increase in permits was fuelled mostly by "the tremendous demand in Western Canada."

Records were set for both the value of residential and non-residential construction.

New homes, with permits valued at \$45.6 billion, accounted for most of the building activity, Statistics Canada said.

"Higher construction prices for new dwellings contributed significantly to the gain," the report added, as permit values in 2007 increased by 11 per cent while the number of dwelling units increased by only two per cent.

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TOTAL VALUE OF BUILDING PERMITS BY CENSUS METROPOLITAN AREAS:

Area / 2006 / 2007 / %change

Kelowna / \$618 million / \$900.1 million / +45.6%

Abbotsford / \$354 million / \$306.5 million / -13.5%

Vancouver / \$6.6 billion / \$7.0 billion / +6%

Victoria / \$776 million / \$914 million / +17.8%

All B.C. / \$11.5 billion / \$12.5 billion / +8.7%

Residential / \$7.6 billion / \$8.6 billion / +13%

Non-residential / \$3.9 billion / \$3.9 billion / 0%

Source: Statistics Canada

TOTAL VALUE OF BUILDING PERMITS IN THE CITY OF VANCOUVER:

2002 \$1.31 billion

2003 \$1.06 billion

2004 \$1.73 billion

2005 \$1.6 billion

2006 \$2.04 billion

2007 \$2.57 billion

Source: City of Vancouver

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