Focus on Rural Ontario

RURAL ONTARIO INSTITUTE
Vision, Voice and Leadership

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Level of building permits to October 2014

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Highlights

- ***The value of building permits issued in non-metro Ontario ($258 million per month) remains nearly as low as in the depth of the 2009 downturn ($252 million per month).***
- ***Both residential and non-residential building permits in non-metro census divisions (CDs) are close to the low levels reported in mid-2009.***

Why look at building permits?

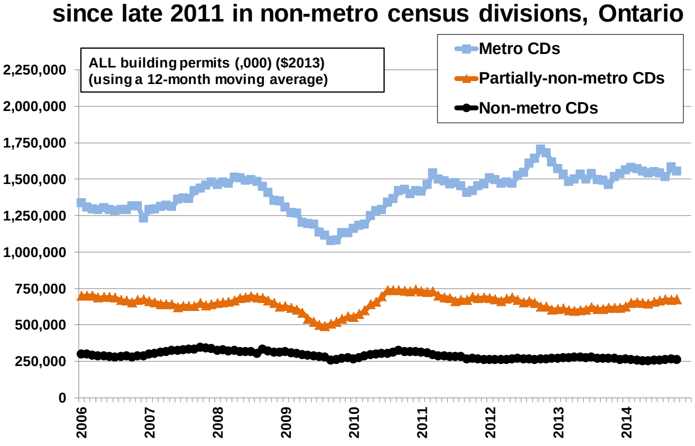
A building permit represents an intention to make an investment. It is one indicator of the economic trajectory of non-metro Ontario and has a direct influence on levels of material purchases and employment in the construction trades. Also, new households typically make purchases such as carpets and appliances so residential construction can also spark retail purchases.

Findings

In October 2014, the value of all building permits in Ontario's non-metro CDs was $258 million per month[1], nearly as low as the trough of the economic downturn ($252 million in September 2009) (Figure 1). The pattern for non-metro CDs is compared to other types of CDs in Figure 1 and the non-metro pattern for residential and non-residential building permits is presented in Figure 2.

Figure 1

The rate of investment in ALL BUILDINGS has been level since late 2011 in non-metro census divisions, Ontario



Source: Statistics Canada. Building Permits, Cat. no. 64-001.

Since January 2011, the intentions to invest in buildings, as measured by building permits, has varied:

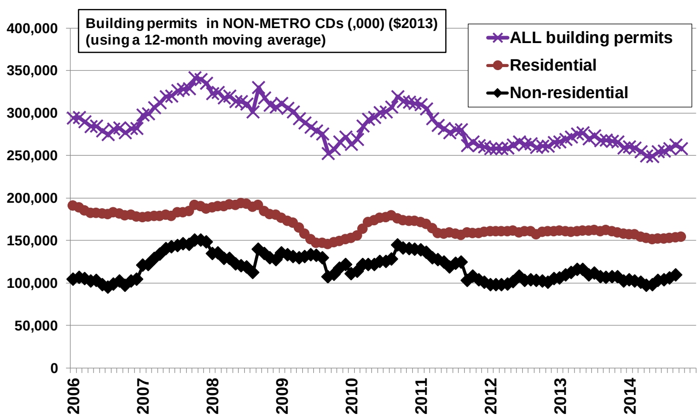
- Between $1.4 and $1.7 billion in metro CDs[2] (was $1.6 billion in October 2014) (Figure 1).
- Between $595 and $728 million in partially-non-metro CDs (was $670 million in October 2014).
- Between $249 and $310 million in non-metro CDs (was $258 million in October 2014).

As of October 2014, building permits in metro CDs are above the level of 2011 but the building permits in partially-non-metro CDs and metro CDs are below the level of 2011.

Since 2012 in non-metro CDs, building permits for residential buildings have been just above $150 million and permits for non-residential building have been about $100 million (Figure 2).
In each case, this is similar to the level at the bottom of the 2009 downturn.

Figure 2

The value of non-metro building permits (for all buildings) was $258 million in October, 2014



Source: Statistics Canada. Building Permits, Cat. no. 64-001.

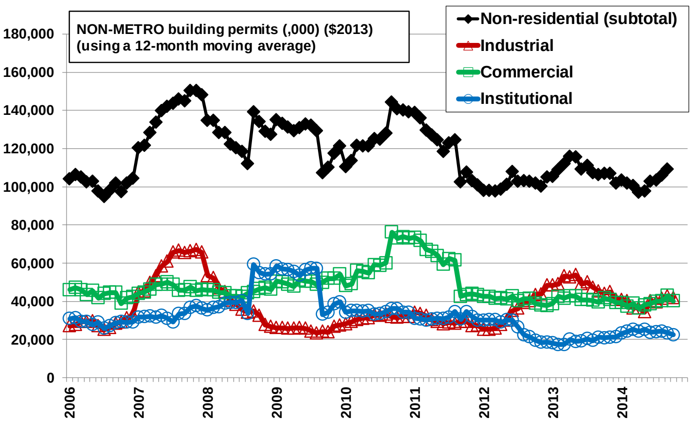
[1] All monthly data are calculated as the average for the 12 months up to and including the given month.

[2] For a list of the census divisions (CDs) in each of metro, partially-non-metro and non-metro areas, see **Focus on Rural Ontario** "Overview of Ontario's rural geography."

The three components of non-residential buildings in non-metro areas have shown a varied pattern since 2006 (Figure 3).

Figure 3

Non-residential building permits were $109 million in October, 2014, Ontario non-metro CDs



Source: Statistics Canada. Building Permits, Cat. no. 64-001.

In October 2014 in non-metro Ontario:

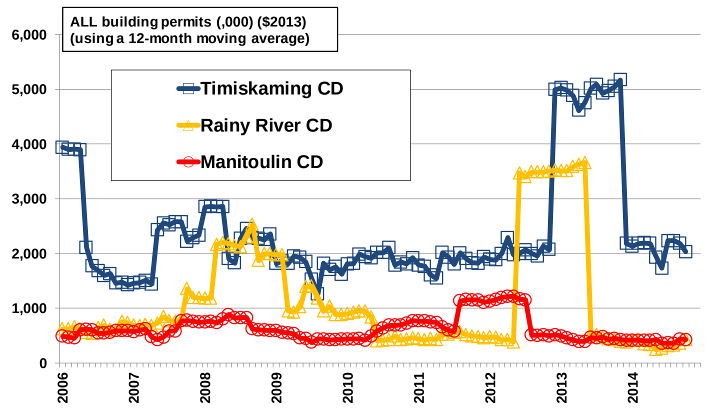
- Industrial[3] building permits were valued at $42 million (down from $54 million in May 2013 but higher than the level in 2009 to 2011).
- Commercial[4] building permits were valued at $40 million (similar to recent years, but down from the peak of $76 million in September 2010).
- Institutional[5] building permits were valued at $22 million (higher than the $18 million level in January 2013, but lower than the $59 million beginning of the infrastructure program in September 2008).

There is tremendous variability in the trajectory of building permits in each CD over time, even when the data is calculated using a 12-month moving average (Figure 4). Three examples are:

- Timiskaming CD had building permits (for all types of buildings) of about $2 million in October 2014 which was a typical level throughout 2009 to 2012 but one large project entered the calculation for the 12-month moving average in December 2012 and the calculated monthly average jumped to $5 million per month for the 12 months when this month was included in the average.
- Rainy River CD had building permits of $416 thousand in October 2014, which was a typical level from mid-2010 to early 2012 but a significant project in June 2012 increased the 12-month moving average to $3.5 million for the 12 months the project was included in the calculated 12-month moving average.
- Manitoulin CD had building permits valued at $421 thousand in October 2014 but one project in August 2011 caused the 12-month moving average to double to $1.1 million.

Figure 4

Tremendous variability over time in value of building permits in selected census divisions, Ontario



Source: Statistics Canada. Building Permits, Cat. no. 64-001.

Summary

The intentions to invest in Ontario's non-metro census divisions have been essentially flat since late 2011.

The present levels of building permits, both for residential and non-residential buildings, are about at the levels reported at the trough of the 2009 economic downturn.

In some CDs, one big project can double or triple the value of building permits – even with the 12-month moving average intended to remove the impact of such fluctuations.

Rural Ontario Institute gratefully acknowledges financial support of **Focus on Rural Ontario** from the County of Wellington and the Ontario Ministry of Agriculture, Food and Rural Affairs. Questions on data sources can be directed to RayD.Bollman@sasktel.net. Any comments or discussions can be directed to NRagetlie@RuralOntarioInstitute.ca

[3] "Industrial" includes buildings such as factories, transportation facilities and mining facilities.
[4] "Commercial" includes buildings such as retail stores, wholesale warehouses, service stations, office buildings, recreation facilities, hotels and restaurants.
[5] "Institutional" includes buildings such as schools, hospitals, government buildings and churches.