



Hanscomb

Escalation Watch - First Quarter 2009

The mid-February 2009 Non-residential Construction Price Indices were released by Statistics Canada on May 14th. The second quarter indices for 2009 will be available mid-August 2009.

Nationally, the composite has continued to fall, down 4.2% from the previous quarter and reducing the year over year increase to 1.0% over the same period in 2008. Of the seven cities surveyed only Montreal (0.4%) posted a quarterly rate increase. Halifax was down by 0.6%. In Ontario, Toronto (-1.6%) and Ottawa (-0.8%) both gave up more ground and in the west, Calgary (-4.6%), Edmonton (-7.9%) and Vancouver (-10.7%) were all down more than the quarterly national average.

In our last newsletter, we noted that this price correction is not unexpected given current conditions. We speculated that the drop might be at least partially offset by increased public sector infrastructure spending as all levels of government seek to stimulate the economy. It appears that these efforts have yet to take hold. The pace of decline in central Canada and the prairies is about the same as the last quarter while Vancouver has taken a very sharp dip, more than doubling the rate of retreat from the past quarter. There remains some hope that the index will begin to show at least moderate growth late this year.

It bears remembering that the indices prepared for Statistics Canada are intended only to track cost changes in a given city. The index *cannot* be used to compare costs between cities. Further, as noted in the last issue, Statistics Canada has rebased the indices from 1997 to 2002. Accordingly, care should be taken when comparing index values from previous newsletters. Year over year, quarterly and cumulative changes indicated in the following chart are expressed in percentage terms and are unaffected by the rebasing.

The source data used to prepare the charts in this newsletter is drawn from Statistics Canada's Capital Expenditures Price Statistics publication – catalogue 62-007-XWE. Specifically, we used the Non-residential Building Construction Price Indexes for the national composite and each surveyed city indicated on tables 7.2 through 7.9.

More information about this and other construction related indices published by Statistics Canada are available on line at www.statcan.gc.ca.

Paul Westbrook

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Cost Planning & Control	Litigation Support	Feasibility Studies	Project Loan Monitoring
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Canadian Offices and Service Contacts

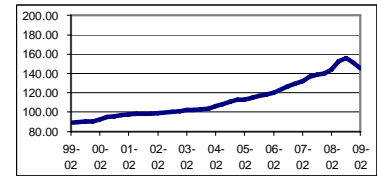
Vancouver	Peter Moore	604-685-1241	Value Management	Paul Westbrook	416-487-3811
Edmonton	Mike Swick	780-426-7980	Loan Monitoring	Raymond Murray	902-422-3620
Calgary	David Crane	403-234-9490		Grant Mercer	613-234-8089
Winnipeg	David Crane	204-775-3389		Dale Panday	416-487-3811
	Isaac Gwendo		Applied Research	Jason Gallant	416-487-3811
Hamilton	Susan Neil	905-525-5777			
	Craig Bye				
Ottawa	Art Maw	613-234-8089			
	Grant Mercer				
Toronto	Paul Westbrook	416-487-3811			
	Dale Panday				
Halifax	Raymond Murray	902-422-3620			
St. John's	Wayne Fitzpatrick	709-722-0505			

Orders for the 2009 Edition of Hanscomb Yardsticks for Costing are now shipping!

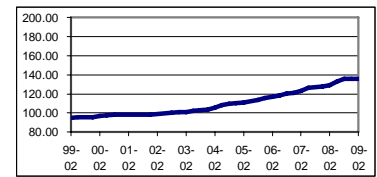
Orders can be placed by calling RSMean (1-800-334-3509) and requesting item number 62019, or by submitting the order form available at www.yardsticks.ca

STATISTICS CANADA NON-RESIDENTIAL CONSTRUCTION COST INDICES, IN EACH CITY 2002 = 100 (Cat. No. 62-007-XWE)

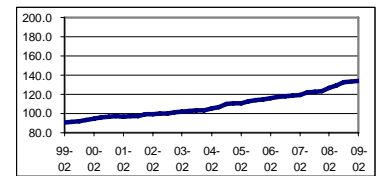
COMPOSITE 7 CITY	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	126.5	129.5	132.1	136.5	138.7	140.0	143.7	152.3	155.9	151.5	145.1
Year / Year					9.6%	8.1%	8.8%	11.6%	12.4%	8.2%	1.0%
Quarterly		2.4%	2.0%	3.3%	1.6%	0.9%	2.6%	6.0%	2.4%	(2.8%)	(4.2%)
Q. Cumulative	0.0%	2.4%	4.4%	7.9%	9.6%	10.7%	13.6%	20.4%	23.2%	19.8%	14.7%



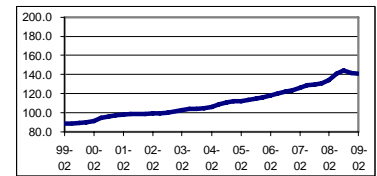
HALIFAX	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	120.2	121.1	123.0	126.3	127.3	127.7	129.3	133.6	136.1	136.3	135.5
Year / Year					5.9%	5.5%	5.1%	5.8%	6.9%	6.7%	4.8%
Quarterly		0.7%	1.6%	2.7%	0.8%	0.3%	1.3%	3.3%	1.9%	0.1%	(0.6%)
Q. Cumulative	0.0%	0.7%	2.3%	5.1%	5.9%	6.2%	7.6%	11.1%	13.2%	13.4%	12.7%



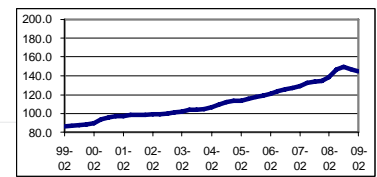
MONTREAL	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	118.2	118.6	118.9	122.0	122.2	123.4	126.3	129.3	132.2	133.6	134.1
Year / Year					3.4%	4.0%	6.2%	6.0%	8.2%	8.3%	6.2%
Quarterly		0.3%	0.3%	2.6%	0.2%	1.0%	2.4%	2.4%	2.2%	1.1%	0.4%
Q. Cumulative	0.0%	0.3%	0.6%	3.2%	3.4%	4.4%	6.9%	9.4%	11.8%	13.0%	13.5%



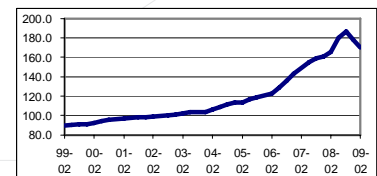
OTTAWA	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	121.9	123.5	125.7	129.1	129.8	130.4	134.0	140.6	143.8	141.8	140.7
Year / Year					6.5%	5.6%	6.6%	8.9%	10.8%	8.7%	5.0%
Quarterly		1.3%	1.8%	2.7%	0.5%	0.5%	2.8%	4.9%	2.3%	(1.4%)	(0.8%)
Q. Cumulative	0.0%	1.3%	3.1%	5.9%	6.5%	7.0%	9.9%	15.3%	18.0%	16.3%	15.4%



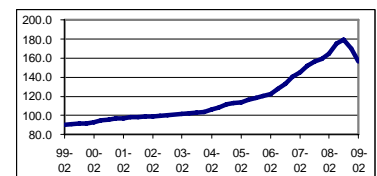
TORONTO	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	125.6	127.0	129.1	132.7	133.7	134.7	138.4	146.5	149.2	147.0	144.6
Year / Year					6.4%	6.1%	7.2%	10.4%	11.6%	9.1%	4.5%
Quarterly		1.1%	1.7%	2.8%	0.8%	0.7%	2.7%	5.9%	1.8%	(1.5%)	(1.6%)
Q. Cumulative	0.0%	1.1%	2.8%	5.7%	6.4%	7.2%	10.2%	16.6%	18.8%	17.0%	15.1%



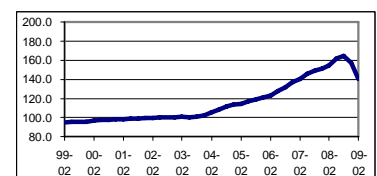
CALGARY	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	135.5	143.6	149.2	155.0	158.8	161.3	165.5	179.9	186.6	178.1	169.9
Year / Year					17.2%	12.3%	10.9%	16.1%	17.5%	10.4%	2.7%
Quarterly		6.0%	3.9%	3.9%	2.5%	1.6%	2.6%	8.7%	3.7%	(4.6%)	(4.6%)
Q. Cumulative	0.0%	6.0%	10.1%	14.4%	17.2%	19.0%	22.1%	32.8%	37.7%	31.4%	25.4%



EDMONTON	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	132.9	140.3	144.9	151.8	156.8	158.9	164.4	175.1	179.7	170.2	156.7
Year / Year					18.0%	13.3%	13.5%	15.3%	14.6%	7.1%	(4.7%)
Quarterly		5.6%	3.3%	4.8%	3.3%	1.3%	3.5%	6.5%	2.6%	(5.3%)	(7.9%)
Q. Cumulative	0.0%	5.6%	9.0%	14.2%	18.0%	19.6%	23.7%	31.8%	35.2%	28.1%	17.9%



VANCOUVER	2006		2007				2008				2009
	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb
Index	132.0	137.3	140.3	145.6	149.6	151.3	154.4	161.9	164.6	157.3	140.4
Year / Year					13.3%	10.2%	10.0%	11.2%	10.0%	4.0%	(9.1%)
Quarterly		4.0%	2.2%	3.8%	2.7%	1.1%	2.0%	4.9%	1.7%	(4.4%)	(10.7%)
Q. Cumulative	0.0%	4.0%	6.3%	10.3%	13.3%	14.6%	17.0%	22.7%	24.7%	19.2%	6.4%



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