

Hanscomb

Page 1:
Escalation Watch

Escalation Watch Second Quarter 2011

The mid-May 2011 Non-residential Construction Price Indices were released by Statistics Canada on August 16th. The third quarter indices for 2011 will be available mid-November 2011.

Similar to the trend that began last quarter, the national composite index has risen again this quarter by 1.2%, up 1.8 points from 144.4 to 146.2. Expressed year over year the national composite index is up 3.2% over the second quarter of 2010.

For the third consecutive quarter, the composite indices for all cities tracked by Statscan have reported healthy quarterly and year over year gains. This quarter, the largest increases have been recorded in central Ontario. Ottawa leads the nation (4.4% annually and 1.5% quarterly) followed by Toronto (3.9% annually and 1.4% quarterly).

As reported last quarter, the index has still not quite recovered all of the ground lost since mid-2008, but it now appears to be headed to a break-even point early next year if the current trend continues. In eastern Canada, Halifax, Montreal and Ottawa are now reporting indices above pre-recession levels and Toronto should be back in the black next quarter. In western Canada, the recovery continues, but with much more ground to cover, Calgary, Edmonton and Vancouver will not likely see mid-2008 values for another couple of years.

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.

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. Readers are cautioned that Statistics Canada does, on occasion, restate indices from previous quarters. Individual city and national composite indices reported in this newsletter reflect these changes. Indices restated from the previous report are highlighted for ease of reference where appropriate.

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

- Paul Westbrook

Page 2:
Statistics Canada
Non-Residential
Construction Cost
Indices for 7 Cities,
Second Quarter
2011

Services

Cost Planning & Control
Value Management

Litigation Support
Construction Monitoring

Feasibility Studies
Time Management

Project Loan Monitoring
Applied Research

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	Craig Bye				
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Halifax	Raymond Murray	902 - 422 - 3620			
	Renaud Francoeur				

Hanscomb Winnipeg has Moved!

As of September 15, 2011, our Winnipeg Office's **new address** is:

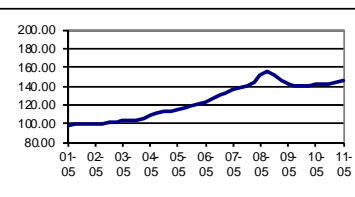
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E. winnipeg@hanscomb.com

Telephone and fax numbers, along with email addresses remain the same.

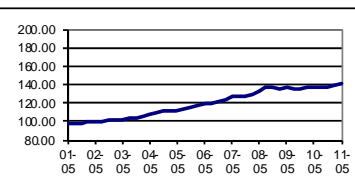


STATISTICS CANADA NON-RESIDENTIAL CONSTRUCTION COST INDICES, IN EACH CITY 2002 = 100 (Cat. No. 62-007-XWE)

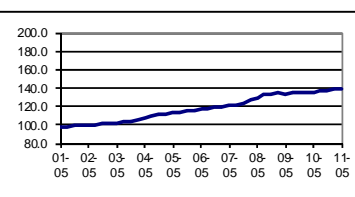
COMPOSITE 7 CITY	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	151.5	145.1	142.5	140.5	140.0	139.8	141.7	141.9	142.4	144.4	146.2
Year / Year					(7.6%)	(3.7%)	(0.6%)	1.0%	1.7%	3.3%	3.2%
Quarterly		(4.2%)	(1.8%)	(1.4%)	(0.4%)	(0.1%)	1.4%	0.1%	0.4%	1.4%	1.2%
Q. Cumulative	0.0%	(4.2%)	(5.9%)	(7.3%)	(7.6%)	(7.7%)	(6.5%)	(6.3%)	(6.0%)	(4.7%)	(3.5%)



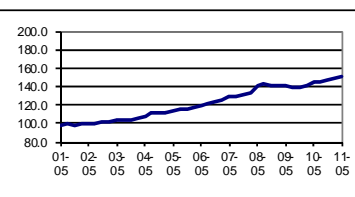
HALIFAX	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	136.3	135.5	136.1	135.6	135.7	136.3	137.4	137.5	137.9	139.4	140.7
Year / Year					(0.4%)	0.6%	1.0%	1.4%	1.6%	2.3%	2.4%
Quarterly		(0.6%)	0.4%	(0.4%)	0.1%	0.4%	0.8%	0.1%	0.3%	1.1%	0.9%
Q. Cumulative	0.0%	(0.6%)	(0.1%)	(0.5%)	(0.4%)	0.0%	0.8%	0.9%	1.2%	2.3%	3.2%



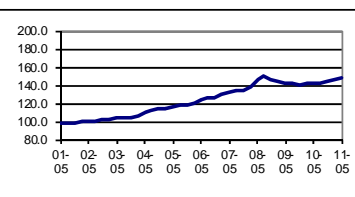
MONTREAL	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	133.6	134.1	134.0	134.9	135.1	134.6	135.9	136.2	137.5	139.0	139.9
Year / Year					1.1%	0.4%	1.4%	1.0%	1.8%	3.3%	2.9%
Quarterly		0.4%	(0.1%)	0.7%	0.1%	(0.4%)	1.0%	0.2%	1.0%	1.1%	0.6%
Q. Cumulative	0.0%	0.4%	0.3%	1.0%	1.1%	0.7%	1.7%	1.9%	2.9%	4.0%	4.7%



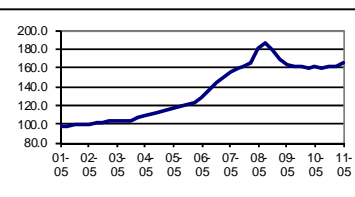
OTTAWA	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	141.8	140.7	140.2	139.6	139.6	141.9	144.6	145.3	146.2	148.8	151.0
Year / Year					(1.6%)	0.9%	3.1%	4.1%	4.7%	4.9%	4.4%
Quarterly		(0.8%)	(0.4%)	(0.4%)	0.0%	1.6%	1.9%	0.5%	0.6%	1.8%	1.5%
Q. Cumulative	0.0%	(0.8%)	(1.1%)	(1.6%)	(1.6%)	0.1%	2.0%	2.5%	3.1%	4.9%	6.5%



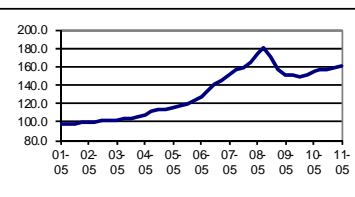
TORONTO	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	147.0	144.6	142.9	141.6	140.9	141.1	142.5	142.9	143.2	145.9	148.0
Year / Year					(4.1%)	(2.4%)	(0.3%)	0.9%	1.6%	3.4%	3.9%
Quarterly		(1.6%)	(1.2%)	(0.9%)	(0.5%)	0.1%	1.0%	0.3%	0.2%	1.9%	1.4%
Q. Cumulative	0.0%	(1.6%)	(2.8%)	(3.7%)	(4.1%)	(4.0%)	(3.1%)	(2.8%)	(2.6%)	(0.7%)	0.7%



CALGARY	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	178.1	169.9	163.7	161.2	160.9	159.5	161.1	160.2	160.4	162.1	164.2
Year / Year					(9.7%)	(6.1%)	(1.6%)	(0.6%)	(0.3%)	1.6%	1.9%
Quarterly		(4.6%)	(3.6%)	(1.5%)	(0.2%)	(0.9%)	1.0%	(0.6%)	0.1%	1.1%	1.3%
Q. Cumulative	0.0%	(4.6%)	(8.1%)	(9.5%)	(9.7%)	(10.4%)	(9.5%)	(10.1%)	(9.9%)	(9.0%)	(7.8%)



EDMONTON	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	170.2	156.7	151.4	150.8	148.4	150.6	155.6	156.8	157.0	158.9	160.7
Year / Year					(12.8%)	(3.9%)	2.8%	4.0%	5.8%	5.5%	3.3%
Quarterly		(7.9%)	(3.4%)	(0.4%)	(1.6%)	1.5%	3.3%	0.8%	0.1%	1.2%	1.1%
Q. Cumulative	0.0%	(7.9%)	(11.0%)	(11.4%)	(12.8%)	(11.5%)	(8.6%)	(7.9%)	(7.8%)	(6.6%)	(5.6%)



VANCOUVER	2008	2009				2010				2011	
	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	157.3	140.4	138.7	132.6	132.3	130.9	132.8	133.4	134.2	136.0	137.5
Year / Year					(15.9%)	(6.8%)	(4.3%)	0.6%	1.4%	3.9%	3.5%
Quarterly		(10.7%)	(1.2%)	(4.4%)	(0.2%)	(1.1%)	1.5%	0.5%	0.6%	1.3%	1.1%
Q. Cumulative	0.0%	(10.7%)	(11.8%)	(15.7%)	(15.9%)	(16.8%)	(15.6%)	(15.2%)	(14.7%)	(13.5%)	(12.6%)

