

Hanscomb

Page 1:
Escalation Watch

Escalation Watch Third Quarter 2012

The mid-August 2012 Non-residential Construction Price Indices were released by Statistics Canada on November 13th. The fourth quarter indices for 2012 will be available mid-February 2013.

The national composite index continues to show growth, rising again this quarter by 0.2%, up 0.3 points from 150.7 to 151.0. Expressed year over year the national composite index is up 2.4% over the same period in 2011. The national composite year over year pace of increase has been steadily slowing over the past four quarters from 4.1% reported in the fourth quarter of 2011 to the current rate of 2.4%. It appears that the national trend toward slower growth noted in our last newsletter is continuing.

Although the composite indices for all cities tracked by Stascan continue quarterly and year over year gains, the rate of growth has slowed markedly in each city except Halifax which is reporting a moderate year over year increase of 2.3%, up from 1.9% the previous survey.

The composite indices for all cities tracked by Statscan continue to report quarterly and year over year gains although the growth rate in each city has slowed somewhat from the previous report.

As noted in previous issues, the trend toward recovering all the ground lost since mid-2008 is continuing, even if at a slower pace. In eastern Canada, Halifax, Montreal, Ottawa and Toronto are all back in the black. In western Canada, the recovery continues, but with much more ground to cover, we still believe that Calgary, Edmonton and Vancouver will not likely see mid-2008 values for at least another year.

In this regard, it is worth noting that Calgary (+3.5% year over year), Edmonton (+3.6%) and Vancouver (+3.1%) are all experiencing growth rates significantly above the national average – and about double the rates reported for Toronto (1.8%) and Ottawa (1.7%).

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,
Third Quarter 2012

Services

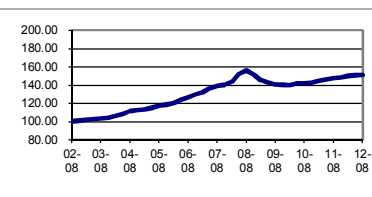
Cost Planning & Control Value Management	Litigation Support Construction Monitoring	Feasibility Studies Time Management	Project Loan Monitoring Applied Research
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Canadian Offices and Service Contacts

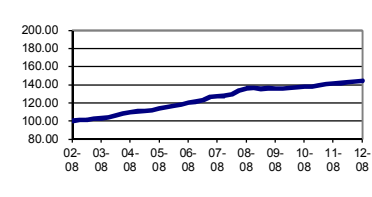
Vancouver	Thilak Bandara Ken King	604 - 685 - 1241	Halifax	Raymond Murray Renaud Francoeur	902 - 422 - 3620
Edmonton	Mike Swick	780 - 426 - 7980			
Calgary	David Crane Paul Weatherby	403 - 234 - 9490	Value Management	Paul Westbrook	416 - 487 - 3811
Winnipeg	Isaac Gwendo	204 - 775 - 3389	Loan Monitoring	Raymond Murray	902 - 422 - 3620
Hamilton	Susan Neil Craig Bye	905 - 525 - 5777		Grant Mercer Dale Panday	613 - 234 - 8089 416 - 487 - 3811
Ottawa	Art Maw Grant Mercer	613 - 234 - 8089	Applied Research	Jason Gallant	416 - 487 - 3811
Toronto	Paul Westbrook Dale Panday	416 - 487 - 3811			

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

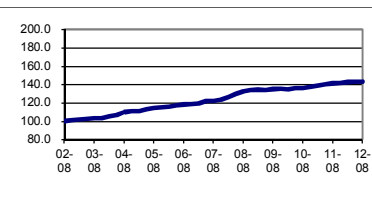
COMPOSITE 7 CITY	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	139.8	141.7	141.9	142.4	144.4	146.2	147.4	148.3	149.8	150.7	151.0
Year / Year					3.3%	3.2%	3.9%	4.1%	3.7%	3.1%	2.4%
Quarterly		1.4%	0.1%	0.4%	1.4%	1.2%	0.8%	0.6%	1.0%	0.6%	0.2%
Q. Cumulative	0.0%	1.4%	1.5%	1.9%	3.3%	4.6%	5.4%	6.1%	7.2%	7.8%	8.0%



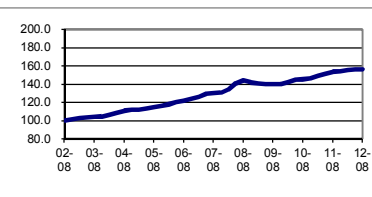
HALIFAX	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	136.3	137.4	137.5	137.9	139.4	140.7	141.1	141.7	142.6	143.4	144.4
Year / Year					2.3%	2.4%	2.6%	2.8%	2.3%	1.9%	2.3%
Quarterly		0.8%	0.1%	0.3%	1.1%	0.9%	0.3%	0.4%	0.6%	0.6%	0.7%
Q. Cumulative	0.0%	0.8%	0.9%	1.2%	2.3%	3.2%	3.5%	4.0%	4.6%	5.2%	5.9%



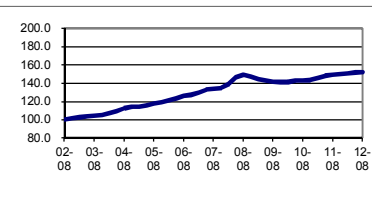
MONTREAL	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	134.6	135.9	136.2	137.5	139.0	139.9	141.2	141.6	142.5	142.9	143.0
Year / Year					3.3%	2.9%	3.7%	3.0%	2.5%	2.1%	1.3%
Quarterly		1.0%	0.2%	1.0%	1.1%	0.6%	0.9%	0.3%	0.6%	0.3%	0.1%
Q. Cumulative	0.0%	1.0%	1.2%	2.2%	3.3%	3.9%	4.9%	5.2%	5.9%	6.2%	6.2%



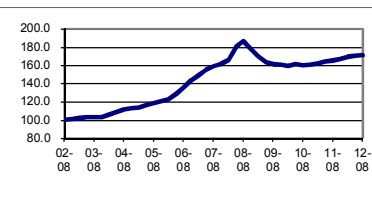
OTTAWA	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	141.9	144.6	145.3	146.2	148.8	151.0	153.4	154.1	154.9	155.9	156.0
Year / Year					4.9%	4.4%	5.6%	5.4%	4.1%	3.2%	1.7%
Quarterly		1.9%	0.5%	0.6%	1.8%	1.5%	1.6%	0.5%	0.5%	0.6%	0.1%
Q. Cumulative	0.0%	1.9%	2.4%	3.0%	4.9%	6.4%	8.1%	8.6%	9.2%	9.9%	9.9%



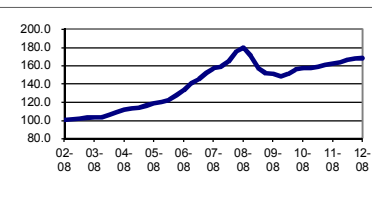
TORONTO	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	141.1	142.5	142.9	143.2	145.9	148.0	149.0	150.0	150.7	151.5	151.7
Year / Year					3.4%	3.9%	4.3%	4.7%	3.3%	2.4%	1.8%
Quarterly		1.0%	0.3%	0.2%	1.9%	1.4%	0.7%	0.7%	0.5%	0.5%	0.1%
Q. Cumulative	0.0%	1.0%	1.3%	1.5%	3.4%	4.9%	5.6%	6.3%	6.8%	7.4%	7.5%



CALGARY	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	159.5	161.1	160.2	160.4	162.1	164.2	165.3	166.7	169.4	170.8	171.1
Year / Year					1.6%	1.9%	3.2%	3.9%	4.5%	4.0%	3.5%
Quarterly		1.0%	(0.6%)	0.1%	1.1%	1.3%	0.7%	0.8%	1.6%	0.8%	0.2%
Q. Cumulative	0.0%	1.0%	0.4%	0.6%	1.6%	2.9%	3.6%	4.5%	6.2%	7.1%	7.3%



EDMONTON	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	150.6	155.6	156.8	157.0	158.9	160.7	162.2	163.5	166.2	167.5	168.0
Year / Year					5.5%	3.3%	3.4%	4.1%	4.6%	4.2%	3.6%
Quarterly		3.3%	0.8%	0.1%	1.2%	1.1%	0.9%	0.8%	1.7%	0.8%	0.3%
Q. Cumulative	0.0%	3.3%	4.1%	4.2%	5.5%	6.7%	7.7%	8.6%	10.4%	11.2%	11.6%



VANCOUVER	2010				2011				2012		
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	130.9	132.8	133.4	134.2	136.0	137.5	138.6	139.5	141.7	142.7	142.9
Year / Year					3.9%	3.5%	3.9%	3.9%	4.2%	3.8%	3.1%
Quarterly		1.5%	0.5%	0.6%	1.3%	1.1%	0.8%	0.6%	1.6%	0.7%	0.1%
Q. Cumulative	0.0%	1.5%	1.9%	2.5%	3.9%	5.0%	5.9%	6.6%	8.3%	9.0%	9.2%

