

# ESCALATION WATCH THIRD QUARTER 2020

Statistics Canada's 2020, Third Quarter, Non-residential Building Construction Price Indices were released November 3<sup>rd</sup>. Fourth Quarter indices for 2020 will be available mid-February.

General contractors across Canada continued to face higher lumber prices, insurance rates and lower productivity due to COVID-19 physical distancing and hygiene requirements. As market uncertainty continues, general contractors reporting data for the Construction Contractors Survey indicated that they are bidding on fewer projects, reducing margins and constraining price increases.

Non-residential building construction costs rose 0.4% in the third quarter.

Montréal (+1.2%) and Ottawa (+0.9%) reported the largest increases resulting from increased overhead costs due to COVID-19, scheduled union wage increases and rising raw material costs. Costs remained flat in Vancouver, Edmonton and Calgary.

Year over year, non-residential building costs rose +1.4%. The cost of factory buildings in Montréal (+3.4%) and school buildings in both Montréal and Ottawa (+2.9%) contributed the most to the increase.

Readers are cautioned that Indices track growth from a given city's initial base price. They cannot be used to compare relative costs between cities. In addition, readers are warned about comparing Indices released prior to Q1 2017 with those issued after as the use of new models and cities are not the same.

More information about this and other construction related indices published by Statistics Canada are available on line at [www.statcan.gc.ca](http://www.statcan.gc.ca).

### COVID-19 and Construction Costs

As the effects of COVID-19 continue to make themselves known, Hanscomb is taking steps to stay abreast of the potential impacts to the Canadian construction industry. We remain in close contact with building trade and material supplier contacts in effort to better understand the impacts to the Canadian construction market in terms of pricing, labour, material, capacity and risk to our local markets.

If you have questions or would like to speak someone, please contact us.

- Susan Neil, PQS(F), MRICS  
Executive Vice President

## STATISTICS CANADA NON-RESIDENTIAL CONSTRUCTION COST INDICES, IN EACH CITY 2017 = 100 (TABLE 18-10-0137-01)

COMPOSITE 11 CITY	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	104.7	105.8	106.6	107.2	107.7	108.1	108.7	108.8	109.2
Year / Year			2.9%		2.2%		2.0%		1.5%
Quarterly			1.1%	0.8%	0.6%	0.5%	0.4%	0.6%	0.1%
Q. Cumulative	0.0%	1.1%	1.8%	2.4%	2.9%	3.2%	3.8%	3.9%	4.3%

St. John's	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	101.8	101.9	101.9	102.0	102.2	102.5	102.8	102.3	102.6
Year / Year			0.4%		0.6%		0.9%		0.3%
Quarterly			0.1%	0.0%	0.1%	0.2%	0.3%	(0.5%)	0.3%
Q. Cumulative	0.0%	0.1%	0.1%	0.2%	0.4%	0.7%	1.0%	0.5%	0.8%

Halifax	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	104.1	105.0	105.4	105.7	105.9	106.2	106.8	107.2	107.9
Year / Year			1.7%		1.1%		1.3%		1.4%
Quarterly			0.9%	0.4%	0.3%	0.2%	0.3%	0.6%	0.4%
Q. Cumulative	0.0%	0.9%	1.2%	1.5%	1.7%	2.0%	2.6%	3.0%	3.7%

Moncton	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	103.3	105.6	105.8	106.2	106.7	106.9	107.3	107.8	108.3
Year / Year			3.3%		1.2%		1.4%		1.5%
Quarterly			2.2%	0.2%	0.4%	0.5%	0.2%	0.4%	0.5%
Q. Cumulative	0.0%	2.2%	2.4%	2.8%	3.3%	3.5%	3.9%	4.4%	4.8%

Montreal	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	105.6	106.9	107.8	109.0	109.8	110.8	111.6	112.2	113.5
Year / Year			4.0%		3.6%		3.5%		2.9%
Quarterly			1.2%	0.8%	1.1%	0.7%	0.9%	0.7%	0.5%
Q. Cumulative	0.0%	1.2%	2.1%	3.2%	4.0%	4.9%	5.7%	6.2%	7.5%

Ottawa	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	106.6	108.0	109.1	110.0	110.7	111.1	112.0	112.9	113.9
Year / Year			3.8%		2.9%		2.7%		2.6%
Quarterly			1.3%	1.0%	0.8%	0.6%	0.4%	0.8%	0.8%
Q. Cumulative	0.0%	1.3%	2.3%	3.2%	3.8%	4.2%	5.1%	5.9%	6.8%

Toronto	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	105.7	106.6	107.4	108.3	109.2	109.7	110.6	111.1	111.7
Year / Year			3.3%		2.9%		3.0%		2.6%
Quarterly			0.9%	0.8%	0.8%	0.8%	0.5%	0.8%	0.5%
Q. Cumulative	0.0%	0.9%	1.6%	2.5%	3.3%	3.8%	4.6%	5.1%	5.7%

Winnipeg	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	103.4	104.4	104.9	105.0	105.4	105.8	106.0	106.0	106.3
Year / Year			1.9%		1.3%		1.0%		1.0%
Quarterly			1.0%	0.5%	0.1%	0.4%	0.4%	0.2%	0.0%
Q. Cumulative	0.0%	1.0%	1.5%	1.5%	1.9%	2.3%	2.5%	2.5%	2.8%

Saskatoon	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	102.9	103.7	104.1	104.0	104.0	104.0	104.1	103.9	104.0
Year / Year			1.1%		0.3%		0.0%		(0.1%)
Quarterly			0.8%	0.4%	(0.1%)	0.0%	0.0%	0.1%	(0.2%)
Q. Cumulative	0.0%	0.8%	1.2%	1.1%	1.1%	1.1%	1.2%	1.0%	1.1%

Calgary	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	102.6	103.4	103.9	104.1	104.2	104.2	104.8	104.5	104.5
Year / Year			1.6%		0.8%		0.9%		0.4%
Quarterly			0.8%	0.5%	0.2%	0.1%	0.0%	0.6%	(0.3%)
Q. Cumulative	0.0%	0.8%	1.3%	1.5%	1.6%	1.6%	2.1%	1.9%	1.9%

Edmonton	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	103.2	104.0	104.8	104.9	105.3	105.6	105.9	105.4	105.4
Year / Year			2.0%		1.5%		1.0%		0.5%
Quarterly			0.8%	0.8%	0.1%	0.4%	0.3%	0.3%	(0.5%)
Q. Cumulative	0.0%	0.8%	1.6%	1.6%	2.0%	2.3%	2.6%	2.1%	2.1%

Vancouver	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	106.5	107.9	109.1	109.6	109.8	110.1	110.5	110.4	110.4
Year / Year			3.1%		2.0%		1.3%		0.7%
Quarterly			1.3%	1.1%	0.5%	0.2%	0.3%	0.4%	(0.1%)
Q. Cumulative	0.0%	1.3%	2.4%	2.9%	3.1%	3.4%	3.8%	3.7%	3.7%

Indices track growth from a given city's initial base price. They cannot be used to compare relative costs between cities. Statistics Canada has restated selected values subsequent to their original publication.

### QUARTERS AT GLANCE

CITY	CHANGE
Composite	0.4%
St. John's, NL	0.3%
Halifax, NS	0.7%
Moncton, NB	0.5%
Montreal, QC	1.2%
Ottawa, ON	0.9%
Toronto, ON	0.5%
Winnipeg, MB	0.3%
Saskatoon, SK	0.1%
Calgary, AB	0.0%
Edmonton, AB	0.0%
Vancouver, BC	0.0%

### CANADIAN OFFICES AND SERVICE CONTACTS

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### SERVICES

Cost Planning + Control	Scheduling
Value Management	Financial Analysis
Applied Research	Project Loan Monitoring

