

ESCALATION WATCH THIRD QUARTER 2021

Statistics Canada's 2021, Third Quarter, Non-residential Building Construction Price Indices were released October 28th. Fourth Quarter indices for 2021 will be available in February.

Non-residential building construction price growth slowed to 2.9% after reaching 3.9% last quarter, the highest level in 13 years. Toronto (+4.3%) led with the largest increase, followed closely by Ottawa (+4.2%), Moncton (+3.3%), and Edmonton (+4.4%).

Concrete and metal fabrication products contributed the most to the change in the construction cost of non-residential buildings in the 11-city composite. Those surveyed indicated recent increases in raw steel prices were caused by supply constraints that include longer delivery times and shorter price guarantees for both types of products. Due to skilled trade shortages across the sector, increases in labor costs were also noted.

Year-over-year construction costs surpassed previous highs. Non-residential construction building prices rose 8.4%. Led by Ottawa (+13.7%) and Toronto (+11.7%), St. John's (+9.0%), Halifax (+8.9%), Montreal (+9.7%), and Edmonton (+9.2%) all reported increases greater than the 11-city composite (+8.4%).

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.

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	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	107.7	108.1	108.7	108.8	109.3	109.4	110.9	115.2	118.5
Year / Year					1.5%	1.2%	2.0%	5.9%	8.4%
Quarterly		0.4%	0.6%	0.1%	0.5%	0.1%	1.4%	3.9%	2.9%
Q. Cumulative	0.0%	0.4%	0.9%	1.0%	1.5%	1.6%	3.0%	7.0%	10.0%

St. John's	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	102.2	102.5	102.8	102.3	102.6	102.8	104.5	109.4	111.8
Year / Year					0.4%	0.3%	1.7%	6.9%	9.0%
Quarterly		0.3%	0.3%	(0.5%)	0.3%	0.2%	1.7%	4.7%	2.2%
Q. Cumulative	0.0%	0.3%	0.6%	0.1%	0.4%	0.6%	2.3%	7.0%	9.4%

Halifax	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	105.9	106.2	106.8	107.2	107.9	108.7	110.1	114.5	117.5
Year / Year					1.9%	2.4%	3.1%	6.8%	8.9%
Quarterly		0.3%	0.6%	0.4%	0.7%	0.7%	1.3%	4.0%	2.6%
Q. Cumulative	0.0%	0.3%	0.8%	1.2%	1.9%	2.6%	4.0%	8.1%	11.0%

Moncton	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	106.7	106.9	107.3	107.8	108.3	107.9	108.0	110.2	113.8
Year / Year					1.5%	0.9%	0.7%	2.2%	5.1%
Quarterly		0.2%	0.4%	0.5%	0.5%	(0.4%)	0.1%	2.0%	3.3%
Q. Cumulative	0.0%	0.2%	0.6%	1.0%	1.5%	1.1%	1.2%	3.3%	6.7%

Montreal	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	109.8	110.8	111.6	112.2	113.8	114.2	116.5	121.8	124.8
Year / Year					3.6%	3.1%	4.4%	8.6%	9.7%
Quarterly		0.9%	0.7%	0.5%	1.4%	0.4%	2.0%	4.5%	2.5%
Q. Cumulative	0.0%	0.9%	1.6%	2.2%	3.6%	4.0%	6.1%	10.9%	13.7%

Ottawa	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	110.7	111.1	112.0	112.9	114.2	114.8	117.2	124.6	129.8
Year / Year					3.2%	3.3%	4.6%	10.4%	13.7%
Quarterly		0.4%	0.8%	0.8%	1.2%	0.5%	2.1%	6.3%	4.2%
Q. Cumulative	0.0%	0.4%	1.2%	2.0%	3.2%	3.7%	5.9%	12.6%	17.3%

Toronto	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	109.2	109.7	110.6	111.1	111.9	112.1	114.2	119.9	125.0
Year / Year					2.5%	2.2%	3.3%	7.9%	11.7%
Quarterly		0.5%	0.8%	0.5%	0.7%	0.2%	1.9%	5.0%	4.3%
Q. Cumulative	0.0%	0.5%	1.3%	1.7%	2.5%	2.7%	4.6%	9.8%	14.5%

Winnipeg	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	105.4	105.8	106.0	106.0	106.3	106.1	107.4	111.8	114.8
Year / Year					0.9%	0.3%	1.3%	5.5%	8.0%
Quarterly		0.4%	0.2%	0.0%	0.3%	(0.2%)	1.2%	4.1%	2.7%
Q. Cumulative	0.0%	0.4%	0.6%	0.6%	0.9%	0.7%	1.9%	6.1%	8.9%

Saskatoon	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	104.0	104.0	104.1	103.9	104.0	103.7	104.3	107.1	108.7
Year / Year					0.0%	(0.3%)	0.2%	3.1%	4.5%
Quarterly		0.0%	0.1%	(0.2%)	0.1%	(0.3%)	0.6%	2.7%	1.5%
Q. Cumulative	0.0%	0.0%	0.1%	(0.1%)	0.0%	(0.3%)	0.3%	3.0%	4.5%

Calgary	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	104.2	104.2	104.8	104.5	104.5	104.6	105.3	107.9	109.7
Year / Year					0.3%	0.4%	0.5%	3.3%	5.0%
Quarterly		0.0%	0.6%	(0.3%)	0.0%	0.1%	0.7%	2.5%	1.7%
Q. Cumulative	0.0%	0.0%	0.6%	0.3%	0.3%	0.4%	1.1%	3.6%	5.3%

Edmonton	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	105.3	105.6	105.9	105.4	105.5	105.5	107.0	111.7	115.2
Year / Year					0.2%	(0.1%)	1.0%	6.0%	9.2%
Quarterly		0.3%	0.3%	(0.5%)	0.1%	0.0%	1.4%	4.4%	3.1%
Q. Cumulative	0.0%	0.3%	0.6%	0.1%	0.2%	0.2%	1.6%	6.1%	9.4%

Vancouver	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	109.8	110.1	110.5	110.4	110.5	110.3	111.3	114.1	116.2
Year / Year					0.6%	0.2%	0.7%	3.4%	5.2%
Quarterly		0.3%	0.4%	(0.1%)	0.1%	(0.2%)	0.9%	2.5%	1.8%
Q. Cumulative	0.0%	0.3%	0.6%	0.5%	0.6%	0.5%	1.4%	3.9%	5.8%

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	2.9%
St. John's, NL	2.2%
Halifax, NS	2.6%
Moncton, NB	3.3%
Montreal, QC	2.5%
Ottawa, ON	4.2%
Toronto, ON	4.3%
Winnipeg, MB	2.7%
Saskatoon, SK	1.5%
Calgary, AB	1.7%
Edmonton, AB	3.1%
Vancouver, BC	1.8%

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SERVICES

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Value Management	Applied Research

