

ESCALATION WATCH THIRD QUARTER 2023

Statistics Canada's 2023 Third Quarter, Non-residential Building Construction Price Indices were released on November 1st. Fourth Quarter indices for 2023 will be available in February 2024.

Non-residential building construction costs grew 0.9% in the third quarter, following a 1.6% increase in the previous quarter. This represents the slowest quarterly growth in the sector since the fourth quarter of 2020.

Year-over-year data, construction costs in the 11-census metropolitan area (CMA) composite increased 5.9% in the third quarter of 2023. Moncton, with a noteworthy increase of 12.3%, continued to lead the way in year-over-year growth for construction costs in non-residential buildings for the third consecutive quarter. Vancouver (8.1%), Ottawa (7.2%) and Toronto (6.6%) were the only other cities surveyed to outpace the CMA composite for the second quarter in a row.

The construction sector reported several significant factors impacting these trends, including shortages in skilled labour, resulting in wage rate increases, challenges in material availability, and pressures from interest rates.

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
President

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

COMPOSITE 11 CITY	2021		2022				2023			Toronto	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Index	118.5	121.9	125.6	130.6	133.3	135.4	137.7	139.9	141.2	Index	125.0	129.3	134.2	140.9	144.5	148.1	150.6	152.3	154.0
Year / Year					12.5%	11.1%	9.6%	7.1%	5.9%	Year / Year					15.6%	14.5%	12.2%	8.1%	6.6%
Quarterly		2.9%	3.0%	4.0%	2.1%	1.6%	1.7%	1.6%	0.9%	Quarterly		3.4%	3.8%	5.0%	2.6%	2.5%	1.7%	1.1%	1.1%
Q. Cumulative	0.0%	2.9%	6.0%	10.2%	12.5%	14.3%	16.2%	18.1%	19.2%	Q. Cumulative	0.0%	3.4%	7.4%	12.7%	15.6%	18.5%	20.5%	21.8%	23.2%
St. John's	2021		2022				2023			Winnipeg	2021		2022				2023		
Index	111.8	114.6	116.0	118.2	120.9	121.1	121.8	123.4	124.1	Index	114.8	116.6	119.0	121.7	123.7	124.8	125.8	127.7	128.6
Year / Year					8.1%	5.7%	5.0%	4.4%	2.6%	Year / Year					7.8%	7.0%	5.7%	4.9%	4.0%
Quarterly		2.5%	1.2%	1.9%	2.3%	0.2%	0.6%	1.3%	0.6%	Quarterly		1.6%	2.1%	2.3%	1.6%	0.9%	0.8%	1.5%	0.7%
Q. Cumulative	0.0%	2.5%	3.8%	5.7%	8.1%	8.3%	8.9%	10.4%	11.0%	Q. Cumulative	0.0%	1.6%	3.7%	6.0%	7.8%	8.7%	9.6%	11.2%	12.0%
Halifax	2021		2022				2023			Saskatoon	2021		2022				2023		
Index	117.5	120.4	123.2	126.4	128.1	129.6	131.5	134.1	134.4	Index	108.7	112.0	114.6	117.6	118.8	119.7	120.5	122.4	124.5
Year / Year					9.0%	7.6%	6.7%	6.1%	4.9%	Year / Year					9.3%	6.9%	5.1%	4.1%	4.8%
Quarterly		2.5%	2.3%	2.6%	1.3%	1.2%	1.5%	2.0%	0.2%	Quarterly		3.0%	2.3%	2.6%	1.0%	0.8%	0.7%	1.6%	1.7%
Q. Cumulative	0.0%	2.5%	4.9%	7.6%	9.0%	10.3%	11.9%	14.1%	14.4%	Q. Cumulative	0.0%	3.0%	5.4%	8.2%	9.3%	10.1%	10.9%	12.6%	14.5%
Moncton	2021		2022				2023			Calgary	2021		2022				2023		
Index	114.0	116.8	118.6	125.3	127.7	132.4	135.6	141.0	143.4	Index	109.7	112.4	115.4	118.3	120.0	120.7	122.1	123.9	124.9
Year / Year					12.0%	13.4%	14.3%	12.5%	12.3%	Year / Year					9.4%	7.4%	5.8%	4.7%	4.1%
Quarterly		2.5%	1.5%	5.6%	1.9%	3.7%	2.4%	4.0%	1.7%	Quarterly		2.5%	2.7%	2.5%	1.4%	0.6%	1.2%	1.5%	0.8%
Q. Cumulative	0.0%	2.5%	4.0%	9.9%	12.0%	16.1%	18.9%	23.7%	25.8%	Q. Cumulative	0.0%	2.5%	5.2%	7.8%	9.4%	10.0%	11.3%	12.9%	13.9%
Montreal	2021		2022				2023			Edmonton	2021		2022				2023		
Index	124.8	128.2	132.8	138.4	141.0	142.7	144.6	146.3	146.8	Index	115.2	119.1	122.1	127.1	129.3	130.6	132.0	133.0	134.3
Year / Year					13.0%	11.3%	8.9%	5.7%	4.1%	Year / Year					12.2%	9.7%	8.1%	4.6%	3.9%
Quarterly		2.7%	3.6%	4.2%	1.9%	1.2%	1.3%	1.2%	0.3%	Quarterly		3.4%	2.5%	4.1%	1.7%	1.0%	1.1%	0.8%	1.0%
Q. Cumulative	0.0%	2.7%	6.4%	10.9%	13.0%	14.3%	15.9%	17.2%	17.6%	Q. Cumulative	0.0%	3.4%	6.0%	10.3%	12.2%	13.4%	14.6%	15.5%	16.6%
Ottawa	2021		2022				2023			Vancouver	2021		2022				2023		
Index	129.8	134.7	137.8	143.1	146.1	148.1	151.0	154.9	156.6	Index	116.2	118.6	121.3	125.4	127.6	129.3	132.6	136.2	137.9
Year / Year					12.6%	9.9%	9.6%	8.2%	7.2%	Year / Year					9.8%	9.0%	9.3%	8.6%	8.1%
Quarterly		3.8%	2.3%	3.8%	2.1%	1.4%	2.0%	2.6%	1.1%	Quarterly		2.1%	2.3%	3.4%	1.8%	1.3%	2.6%	2.7%	1.2%
Q. Cumulative	0.0%	3.8%	6.2%	10.2%	12.6%	14.1%	16.3%	19.3%	20.6%	Q. Cumulative	0.0%	2.1%	4.4%	7.9%	9.8%	11.3%	14.1%	17.2%	18.7%

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		CANADIAN OFFICES AND SERVICE CONTACTS		
CITY	CHANGE	Office	Contact	
Composite	0.9%	Vancouver, BC	Indu Elapatha	604-685-1241
St. John's, NL	0.6%		Ken King	
Halifax, NS	0.2%	Edmonton, AB	Mike Swick	780-426-7980
Moncton, NB	1.7%		Dominic Kiema	
Montreal, QC	0.3%	Winnipeg, MB	Isaac Gwendo	204-775-3389
Ottawa, ON	1.1%		Irene Malang	
Toronto, ON	1.1%	London, ON	Bob Picken	226-378-4920
Winnipeg, MB	0.7%	Hamilton, ON	Craig Bye	905-525-5777
Saskatoon, SK	1.7%		Melissa Trautmann	
Calgary, AB	0.8%	Ottawa, ON	Arthur Maw	613-234-8089
Edmonton, AB	1.0%		Nicolas Serge	
Vancouver, BC	1.2%	Toronto, ON	Susan Neil	416-487-3811
			Dale Panday	
			Nathan Thinagaripillai	
		Halifax, NS	Raymond Murray	902-422-3620
			Erin Brownlow	

