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Mixed Signals on the Horizon

With the recent strength in Alberta housing markets, the outlook for construction in the province is looking increasingly mixed; residential contractors seem to be steadily gearing back up for more work ahead, while plans for new commercial projects are getting harder to come across.

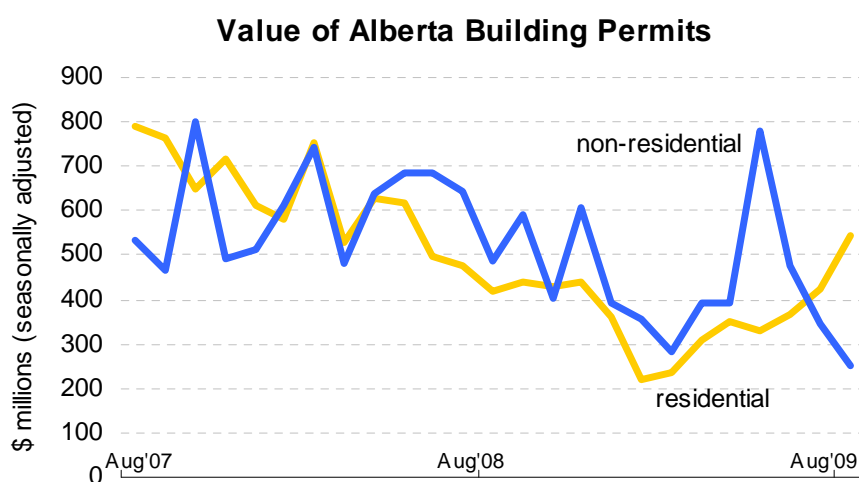
The total value of building permits issued in August rose 3.2% from July to \$796 million. The overall numbers, however, mask the wide divergence between residential permit issuance (\$542 million), which was up 27% in August and non-residential permit issuance (\$254 million), down 27% in August.

Statistics Canada noted in its press release that building permits issued for both the single and multi-family residential

dwelling climbed in August. This bucks the recent trend, which has seen multi-family construction intentions down.

August's level of non-residential permit issuance was the lowest since January 2006. This was probably attributable to weakness in the commercial sub-category, considering industrial permit issuance rose. The non-residential sector consists of commercial, industrial and institutional buildings.

The most recent ATB Financial Business Sentiments Index™ survey continued to place construction as the most pessimistic of all of Alberta's principle sectors. So, while the news is clearly not all bad for all contractors, the general mood seems to be more pessimistic relative to the last few years.



Source: Statistics Canada, The Daily, Oct. 6, 2009

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Where there's a way