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Non-residential construction investment edges down in third quarter

Despite drop, 2013 year to date spending still ahead of 2012

VANCOUVER, October 17, 2013 – Non-residential construction investment spending in Metro Vancouver was down slightly from the second quarter of 2013, due to moderate drops in public and industrial spending, according to Vancouver Regional Construction Association's analysis of Statistics Canada's *Investment in Non-Residential Building Construction* report.

"We are continuing to see further correction from the first quarter of 2013, when non-residential spending in the Metro Vancouver region hit record high values," says Fiona Famulak, president of the Vancouver Regional Construction Association (VRCA). "Total spending year to date continues to outpace last year, and we may still close out 2013 ahead of 2012 for non-residential spending."

Metro Vancouver saw a 2.2 per cent drop in total non-residential building construction investment in the third quarter of 2013 to \$872.2 million seasonally adjusted, from \$891.5 million in the second quarter of 2013. While commercial building construction was little changed at \$590.3 million from \$591.5 million, institutional-government dipped 5.5 per cent to \$235 million, and industrial building construction investment fell 8.4 per cent to \$46.9 million from the second quarter of 2013.

"Commercial building investment, the largest sector, stabilized this quarter after a dip in Q2, and market conditions for commercial real estate are improving, with several office projects in Vancouver in the early stages of construction," says Famulak. "This will likely provide some offset for lower predicted public and industrial investment spending in the fourth quarter, as non-residential building permit values, leading indicators of investment spending, are down year-to-date from last year."

The current economic slow growth period will likely extend into 2014 before growth picks up in 2015 and private sector investment prospects improve. VRCA's 2013 forecast calls for a moderate gain, with a lesser gain or possible decline in 2014, which would reflect the recent slowdown in building permits.

The second quarter building construction cost decline was reversed and revised to show an increase. Preliminary data occasionally undergoes substantial revision. Year-over-year building construction cost inflation edged up to 4.1 per cent in the third quarter of 2013 compared to a 3.9 per cent rise in the second quarter and a 3.3 per cent increase one year earlier in Metro Vancouver.

Highlights from the third quarter 2013 *Investment in Non-residential Building Construction* report: Vancouver Census Metropolitan Area (CMA)

Quarterly comparisons

- Non-residential building construction investment spending in Metro Vancouver decreased 2.2 per cent in the third quarter to \$872.2 million seasonally adjusted from \$891.5 million in the second quarter of 2013.
 - Commercial building construction was little changed, slipping 0.2 per cent to \$590.3 million.
 - Industrial building construction investment fell 8.4 per cent to \$46.9 million.
 - Institutional-government building investment was down 5.5 per cent to \$235 million.

Year to date 2013 compared to year to date 2012

- Total non-residential investment spending was up 16.9 per cent to \$2.643 billion in the first three quarters of 2013 compared to \$2.261 billion one year ago.
 - Commercial building investment spending was 16.8 per cent higher to \$1.763 billion from \$1.509 billion in 2012.
 - Industrial building investment spending was 4.2 per cent higher to \$160.8 million from \$154.3 million in 2012.
 - Institutional-government spending was up 20.4 per cent to \$719.1 million from \$597.1 million in 2012.



With close to 700 members, VRCA is British Columbia's largest and most inclusive regional construction association, representing union and non-union, general and trade contracting companies, manufacturers, suppliers and other professionals throughout the Lower Mainland from Hope to Whistler.

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Full regional data and graphs attached. For more information, please contact:
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