BRANDON UNIVERSITY
Founded 1899

Intentions to Build in Non-Metro

July 2014

25 rdi 1989-2014 RURAL DEVELOPMENT INSTITUTE 25th Anniversary Brandon University

HIGHLIGHTS

- Since 2009, the intentions to invest in Manitoba's non-metro census divisions, as measured by the value of building permits, has been averaging about $40 million per month.
- There has been a slight decline in recent months (down 5%) as the growth in residential building permits was not enough to off-set the decline in investment in commercial, industrial or institutional buildings.
- At the Canada-level, there has been a recent decline of 6% and this non-metro decline is occurring in each province and territory (except Nunavut).
- Manitoba's metro areas have a growing level of intentions to invest, as measured by building permits, consistent with the metro experience in Ontario, Saskatchewan and Alberta (and the growth in metro Alberta is considerably more rapid than elsewhere).

WHY INTENTIONS TO INVEST?

The intention to invest in non-metro Manitoba, as indicated by the level of building permits, is one indicator of the trajectory of the non-metro economy.

The construction of a building provides jobs in the construction sector plus all the associated sectors (such as trucking materials to the jobsite and the purchasing of furniture and equipment (e.g. computer systems), etc.) to make the building functional.

Residential construction means that individuals have chosen to stay and build a new home or individuals are moving into the community to buy a new home.

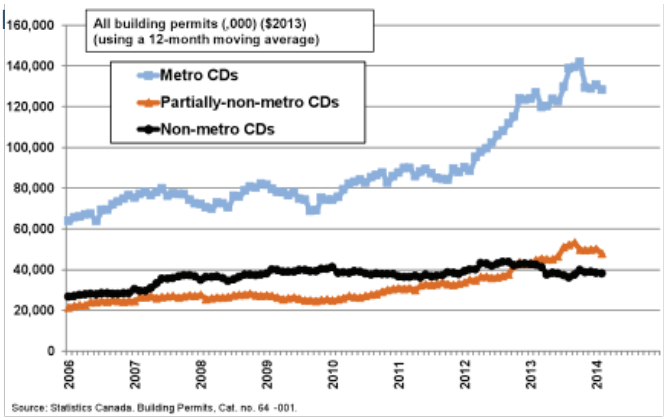
Commercial and industrial construction indicates the arrival of new economic activity (or the confidence that economic activity is growing if an enterprise is building a new facility to replace an older facility).

The objective of this Factsheet is to document the trends in the intentions to invest in rural Manitoba, as indicated by the trends in building permit applications.

FINDINGS

In Manitoba's non-metro census divisions[1] (CDs), the monthly average value of all building permits increased from $26 million in 2006 to about $40 million[2] in 2009 and has maintained this monthly average since 2009, when adjusted for inflation (Figure 1).

Figure 1. Trend in level of intentions to invest (all



Building permits are reported for residential buildings, commercial buildings, industrial buildings and for buildings built by institutions.

Within non-metro CDs as of February, 2014, the monthly average for the previous 12 months for all building permits was $36 million. Essentially, there has been a constant flow of investment of about $40 million per month within non-metro CDs since 2009.

Within partially-non-metro CDs, the February, 2014 value of all buildings permits was $48 million (averaged over the previous 12 months). The intentions to invest (i.e. the value of building permits)

1. In this Factsheet, data are shown for 3 geographic groups: a) metro census divisions (CDs) (in Manitoba, this is Census Division #11 which includes the City of Winnipeg and the R.M. of Headingly); b) partially-non-metro CDs (CDs around Winnipeg where some of the component municipalities are delineated as part of the Winnipeg Census Metropolitan Area (CMA) – for a list, see RDI Factsheet "A" -- "Rural population size and change"); and c) non-metro CDs (where no component municipalities are part of the Winnipeg CMA). This geographic delineation allows us to distinguish between the steady level of intentions to invest in non-metro CDs and the growing intentions to invest in the partially-non-metro CDs around Winnipeg. The exception is Table 1 where 2 geographic groups are used – the CMA of Winnipeg and non-CMA areas.

2. The data for each month is an average of the preceding 12 months. The raw data for some months can be quite large when the building permit is granted for a large project (or for a large number of projects).

in partially-non-metro CDs has grown from $25 million in late 2009 to about $50 million in mid-2013 and has been close to that level since that time.

However, the strongest growth has been within Manitoba's metro CD (i.e. the City of Winnipeg plus the R.M. of Headingly). In February, 2014, the 12-month moving average of the value of building permits was $128 million which is double the level in early 2006 ($64 million).

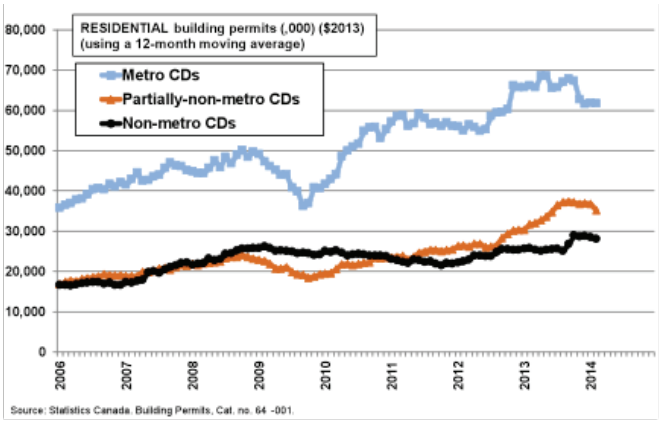
Thus, in recent years, the overall level of investment in non-metro CDs has been quite steady. In contrast, the growth in investment in Manitoba has occurred in Winnipeg and in the CDs surrounding Winnipeg (i.e. the partially-non-metro CDs).

Residential building construction contributes more than one-half of the total value of building permits in each type of area.

In non-metro CDs, the intentions to invest (i.e. the value of building permits) in residential buildings reached $26 million in late 2008, declined somewhat to $21 million in October, 2011 and was up to $28 million in February, 2014 (Figure 2).

Note the growth in partially-non-metro CDs from $18 million in October, 2009 to $35 million in February, 2014. Also, in Manitoba's metro CD, residential building permits declined to $36 million in September, 2009 but has since grown to $62 million in February, 2014.

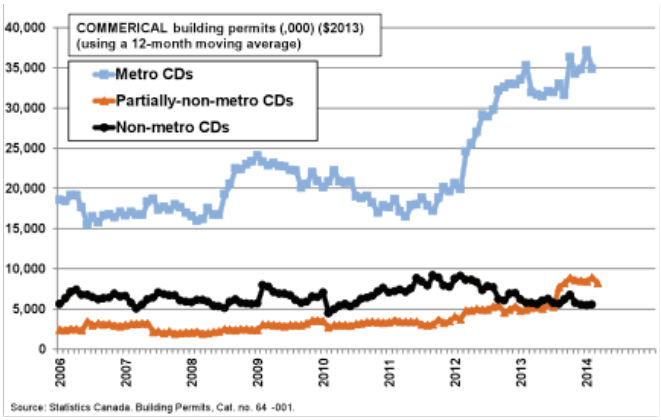
Figure 2. Trend in level of RESIDENTIAL building permits, Manitoba



Overall, the intentions to invest in residential buildings (i.e. the value of building permits) has increased in each type of area since mid-2011.

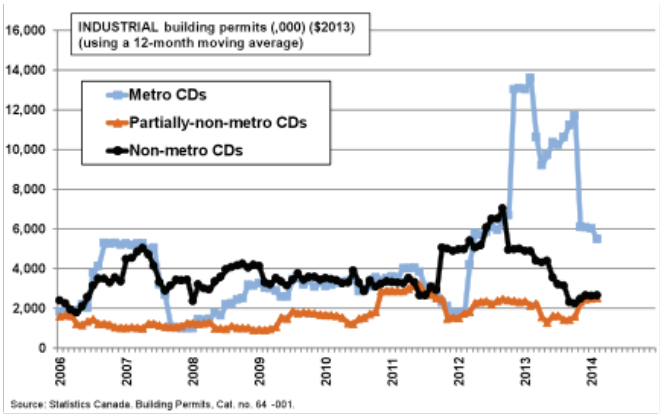
In February, 2014, the intentions to invest in commercial[3] buildings in non-metro CDs was $5 million, a decline from about $9 million in February, 2012 (Figure 3). In the same period, there was an increase in the intentions to invest in commercial buildings in partially-non-metro CDs and in Manitoba's metro CD.

Figure 3. Trend in level of COMMERCIAL building permits, Manitoba



In February, 2014, the level of the intentions to construct industrial[4] buildings in non-metro CDs was $2.6 million – less than half the higher levels reported in 2012 and somewhat lower than the level in 2009 to 2011 (about $3.5 million) (Figure 4). Within the partially-non-metro CDs, the level has fluctuated around $2 million per month since 2009.

Figure 4. Trend in level of INDUSTRIAL building permits, Manitoba



Within Manitoba's metro CD, the 12-month moving average for industrial building permits in February, 2014 was $5.5 million – higher than the period from 2006 to 2011 – and much lower than the spike in late 2012 and early 2013. The value of industrial building permits granted in the month of March, 2012 was $37 million which boosted the 12-month moving average

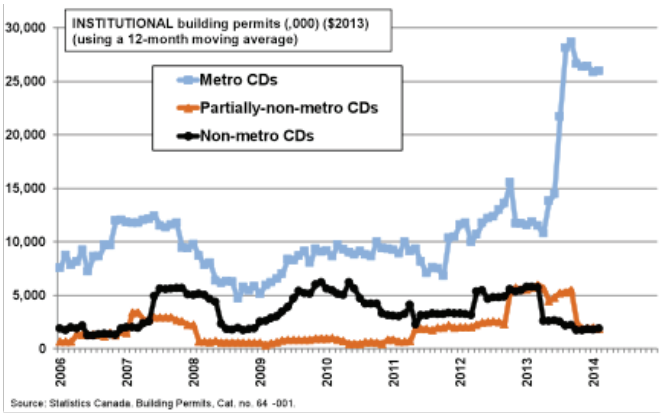
3. "Commercial" includes buildings such as retail stores, wholesale warehouses, service stations, office buildings, recreation facilities, hotels and restaurants.

4. "Industrial" includes buildings such as factories, transportation facilities and mining facilities.

to $6 million and then the value of industrial building permits granted in the month of November, 2012 was $77 million, which again boosted our calculated 12-month moving average to over $12 million. Obviously, these monthly spikes stay in our calculated 12-month moving average for 12 months and thus only in November, 2013, did we see the level revert to 'more normal' levels.

The value of institutional[5] building permits also fluctuated considerably when the building permit to construct a larger building is granted (Figure 5). Within non-metro CDs, the calculated 12-month average for the value of institutional building permits for February, 2014 was $2 million and the level has fluctuated between $2 million and $6 million since 2006.

Figure 5. Trend in level of INSTITUTIONAL building permits, Manitoba



For partially-non-metro CDs, the level of institutional building permits in February, 2014 was also $2 million and the fluctuation since 2006 has been wider – from $0.5 million to $6 million.

Within Manitoba's metro CD, there have been four months where a large value of institutional building permits were granted and which caused a spike in the reported levels:

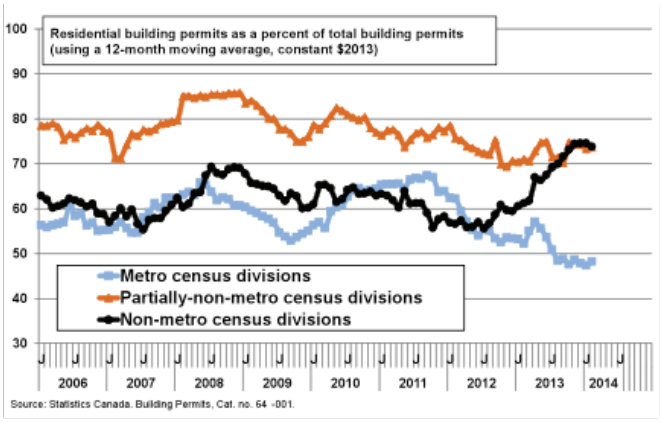
- $52 million in November, 2011;
- $33 million in October, 2012;
- $91 million in July, 2013; and
- $95 million in August, 2013.

Consequently, the calculated 12-month moving average is now much higher than in recent years and our calculated 12-month moving average will not be expected to revert to a 'more normal' level until August, 2014.

Overall, in recent months, the trend in the intention to invest in non-metro CDs shows an overall slight decline, with declines in commercial, industrial and institutional investment that is somewhat offset by an increase in residential construction. As a result, within non-metro CDs, the share of building permits contributed by residential construction has increased from 55% in July, 2012 to 74% in February, 2014 (Figure 6).

In metro and partially-non-metro CDs, the overall growth in commercial, industrial and institutional building permits has been somewhat larger than the growth in residential building permits and thus the share attributable to residential building permits has generally been declining in recent years.

Figure 6. In February, 2014, residential building permits contributed 74% of the total value of building permits in non-metro Manitoba



As we saw in Figure 1, the overall intentions to invest (i.e. the value of all building permits) in non-metro CDs in February, 2014 is lower than in February, 2013. In fact, in February, 2014, the level of investment intentions are lower than in February, 2013 in the non-metro areas[6] in each province and territory in Canada (except Nunavut) (Table 1). Manitoba's decline is 5%, slightly less than the decline (6%) in non-metro areas at the Canada level. Six jurisdictions reported a non-metro decline of 13% or more (Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Quebec, Yukon and Northwest Territories).

5. "Institutional" includes buildings such as schools, hospitals, government buildings and churches.

6. Note that the charts have assigned census divisions to three types of areas: metro, partially-non-metro and non-metro. The data for Table 1 are tabulated for two types of areas: metro (CMA) areas and non-metro (non-CMA) areas. The data in Table 1 have split the partially-non-metro census division data and assigned the municipalities delineated as part of a CMA as metro and the municipalities outside a CMA are assigned as non-metro.

Note that in metro areas, the intentions to invest in buildings are growing at the Canada level – driven by the strong growth in metro Alberta and, to a lesser extent, by growth in the metro areas of Ontario, Manitoba and Saskatchewan.

Table 1.

Total value of building permits (residential, commercial, industrial and institutional) by type of geographic area, Canada and Provinces, February, 2013 to February, 2014

		Value of building permits ($,000) (constant $2013) (residential, commercial, industrial and institutional)		
		February, 2013 (12-month moving average)	February, 2014 (12-month moving average)	Percent change (difference of logarithms)
Newfoundland and Labrador	Metro (CMA) areas	63,790	49,043	-26
	Non-metro (non-CMA)	35,617	29,992	-17
	All areas	99,406	79,036	-23
Prince Edward Island	Metro (CMA) areas	0	0	..
	Non-metro (non-CMA)	23,046	19,950	-14
	All areas	23,046	19,950	-14
Nova Scotia	Metro (CMA) areas	75,890	50,085	-42
	Non-metro (non-CMA)	51,929	44,005	-17
	All areas	127,819	94,090	-31
New Brunswick	Metro (CMA) areas	40,466	39,132	-3
	Non-metro (non-CMA)	44,223	42,602	-4
	All areas	84,689	81,734	-4
Quebec	Metro (CMA) areas	954,749	923,739	-3
	Non-metro (non-CMA)	389,760	343,432	-13
	All areas	1,344,509	1,267,171	-6
Ontario	Metro (CMA) areas	2,037,764	2,123,588	4
	Non-metro (non-CMA)	370,864	361,188	-3
	All areas	2,408,628	2,484,776	3
Manitoba	Metro (CMA) areas	144,617	148,208	2
	Non-metro (non-CMA)	68,911	65,488	-5
	All areas	213,529	213,697	0
Saskatchewan	Metro (CMA) areas	184,234	186,921	1
	Non-metro (non-CMA)	78,323	75,321	-4
	All areas	262,557	262,242	0
Alberta	Metro (CMA) areas	870,317	1,062,315	20
	Non-metro (non-CMA)	395,912	393,444	-1
	All areas	1,266,229	1,455,759	14
British Columbia	Metro (CMA) areas	687,702	662,989	-4
	Non-metro (non-CMA)	190,123	182,830	-4
	All areas	877,825	845,819	-4
Yukon	Metro (CMA) areas	0	0	..
	Non-metro (non-CMA)	8,094	5,656	-36
	All areas	8,094	5,656	-36
Northwest Territories	Metro (CMA) areas	0	0	..
	Non-metro (non-CMA)	7,804	5,666	-32
	All areas	7,804	5,666	-32
Nunavut	Metro (CMA) areas	0	0	..
	Non-metro (non-CMA)	8,468	12,816	41
	All areas	8,468	12,816	41
CANADA	Metro (CMA) areas	5,059,529	5,246,021	4
	Non-metro (non-CMA)	1,673,074	1,582,391	-6
	All areas	6,732,602	6,828,412	1

Source: Statistics Canada. Building Permits. CANSIM Table 026-0003.

SUMMARY

The intentions to invest (i.e. the value of building permits) in Manitoba's non-metro census divisions have maintained a level of about $40 million per month since 2009.

In recent months within non-metro areas, growing residential construction has partially off-set the recent declines in investment in commercial, industrial and institutional buildings.

Manitoba's slight slowdown in non-metro investment is much less than the double-digit slowdown in the non-metro areas of 6 other provinces and territories.

Metro growth in Manitoba is consistent with metro growth at the Canada level, along with metro growth in Ontario and Saskatchewan but all are dwarfed by the strong growth in building permits in metro Alberta.

FURTHER RESEARCH QUESTIONS

- What are the intentions to invest in land drainage, tile drainage, irrigation or other land improvements?

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Funding for this project was provided by the Manitoba Government.

Manitoba