

## NEW RESIDENTIAL ACTIVITY INCREASE TO CONTINUE



### BUILDING LINKS

#### CLARICE COTY

We have seen a slight increase in both single family and multi-family housing starts on Vancouver Island over the past year. This is a trend that we have seen all over BC. Canadian Mortgage and Housing has reported a 12 per cent growth in new residential activity from January to August, 2015 for the province.

This trend is poised to continue through the end of 2015.

During the first seven months of 2015, there were 1,170 housing starts in the Victoria region, an increase of 76 per cent over the 663 total starts in the same period in 2014. Total multiple-family housing starts so far this year were more than double the level recorded in the same period in 2014. Higher rental apartment construction contributed to the increase, with 319 units getting underway so far in 2015. The number of single-detached starts moved higher as well, with 360 starts so far in 2015 compared with 310 starts in the same period a year earlier.

According to a recent report by **Central1 Credit Union**, construction is one of the leading sectors for the BC economy. The following information is an excerpt from an August economic briefing report from

Central1.

June was another strong month for BC building intentions and aligns with the view that construction, led by residential activity, will be a growth leader for the provincial economy this year. Municipalities issued permits valued at \$1.12 billion during the month, up 16 per cent from May and 35 per cent above the same month in 2014. This was the third time this year that total permit volume breached the billion-dollar mark. The monthly gain was led by a 75 per cent rebound in non-residential permits after two months of decline, while residential volume held steady from May.

Looking past month-to-month volatility, which is the rule rather than the exception for permits owing to the influence of large apartment projects and non-residential buildings, intentions are

trending well ahead of a year ago and are up 24 per cent year-to-date. Through the first half, residential permit volume is up 32 per cent and trending at the strongest pace since the mid-2000s, as low interest rates and modest economic growth drive new home construction and renovation investment.

In contrast, non-residential permits are up a mild eight per cent, with businesses still cautious given a weak national economic picture. Regionally, year-to-date growth is being led by housing market demand in Metro Vancouver (32 per cent) and Kelowna (40 per cent), with Victoria also exhibiting a robust gain of 18 per cent. Outside the four largest markets, total permit volume is up by four per cent. Central1 expects to see an easing in monthly permit volume to a range of \$900 million to \$950 million, but construction

will remain a growth sector for the economy with residential strength offsetting weakness in the non-residential sector.

To see the complete report, go to [www.central1.com](http://www.central1.com) and search for BC Economic Briefing, Aug. 3, 2015

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