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Residential construction gaining; Total value in Canada increases 8.5% in 2007

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OTTAWA -- The total value of residential construction investment in Canada for 2007 reached \$88.7 billion, an increase of 8.5 per cent compared with 2006.

Monday's report from Statistics Canada showed that there were gains across all types of residential construction --new housing, renovation and acquisition costs.

All provinces and territories saw an increase in residential construction investment year-on-year from 2006 to 2007. Statistics for the fourth quarter of 2007 showed a marginal fall in Quebec and Yukon when compared to the same quarter in 2006.

In dollars the largest yearly increases were in Alberta rising 18.9 per cent to \$14.8 billion and Quebec where investment stood at \$19.1 billion an increase of eight per cent. The greatest percentage climb was 37.4 per cent in Saskatchewan.

Investment in new housing made up the largest dollar contribution, according to Statistics Canada, with an increase of 8.5 per cent to \$44.2 billion. The report said the main driver behind this increase was investment in single-family homes, which rose 7.2 per cent to \$27.4 billion, and in apartment and condominium construction, which increased 9.7 per cent to \$10.3 billion.

Strong economic indicators in Western Canada -- favourable job situation, growth in disposable income, attractive financing options and the strength of the economy -- continued to support the demand for housing.

The Statistics Canada report said the increase in the price of houses also contributed to the rise in investments. The New Housing Price Index (house-only component) increased by 7.4 per cent in 2007 compared with the previous year.

In 2007, renovations rose 9.5 per cent to \$36.8 billion, which made up 41.5 per cent of all residential construction investments. The Statistics Canada report showed that acquisition

costs were 8.6 per cent of total investments, or \$7.7 billion, a rise of 4.1 per cent compared with 2006.

Figures for the fourth quarter of 2007, indicated that construction investment rose 10.6 per cent to \$23.1 billion compared with the same quarter in 2006. The report said that the increase came from new housing, renovations and acquisition costs.

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