Economics | Current Economic Trends

Ontario Economic Briefing

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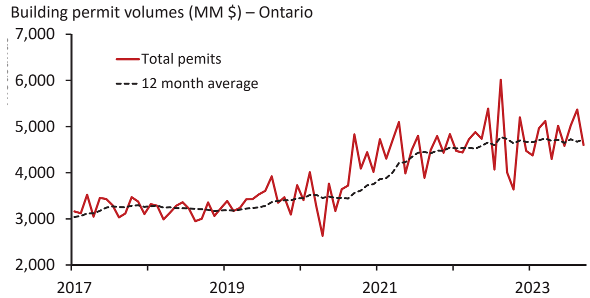
central 1 Economics

Highlights

- Residential permits decrease 5.7 per cent in September; non-residential permits down 25.1 per cent
- Motor vehicles and parts' trade volumes continued to lead the exports and imports in Ontario

Ontario's building permit volumes fall in September



Source: Statistics Canada, Central 1 latest: Sep/23

Ontario permits slump in September

Eloho Ennah, Economic Analyst

Ontario building permits receded in September, following August's gain. The total dollar-volume of permits experienced a notable decline of 14.3 per cent, reaching a seasonally-adjusted $4.6 billion. This decrease offset the 6.9 per cent increase observed in August but surpassed September's figure from the previous year by was 14.9 per cent. Non-residential permit volumes led the way in declines, decreasing 25.1 per cent to $1.8 billion while residential building permits were down by 5.7 per cent to $2.8 billion during the month. As of September, the year-to-date permit volumes have seen a slight increase of 1.8 per cent compared to same period last year. While the monthly data can exhibit fluctuations, the overall trend suggests a leveling in permit issuances in 2023 as a slowing economy on housing and future building activity.

The residential sector experienced a decline, primarily driven by a 9.3 per cent decrease in single-family residential permits, amounting to $1.2 billion. Multi-family residential permits also declined by 3.0 per cent in September. Within the non-residential sector, commercial permits increased 16.0 per cent while industrial permits grew by 13.3 per cent. In contrast, government building permits fell 68.4 per cent in September.

Reductions were reported among most of the province's census metropolitan areas. Toronto's building permits fell 10.2 per cent in September as the non-residential sector experienced a 23.9 per cent decrease. Residential permit volumes rose 1.7 per cent. September's value was 14.1 per cent higher than that of one year ago. Monthly permit volumes receded sharply in Guelph and Hamilton, declining 39.2 per cent and 53.7 per cent, respectively. Similarly, Windsor and Ottawa-Gatineau regions reported 43.8 per cent and 7.5 per cent reduction in monthly permit volumes respectively. On the other hand, permit volumes surged significantly, with Kingston experiencing an impressive 211.0 per cent increase, and the Kitchener-Cambridge-Waterloo region also saw a notable uptick of 30.7 per cent.

Both exports and imports were above last year's levels in Ontario

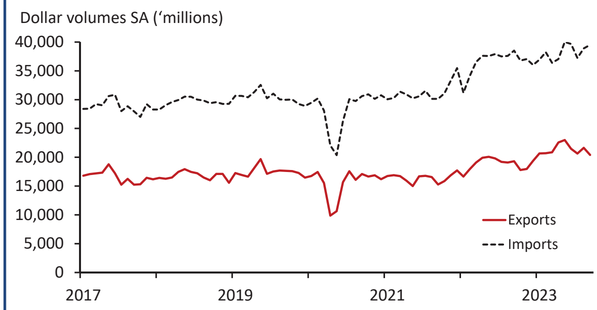
Ivy Ruan, Economic Analyst

The value of Ontario exports in September rose by 7.3 per cent to $20.9 billion on a year-over-year basis. Imports were up 2.3 per cent to $39.8 billion compared to same month in 2022. While a recent set of import categories has exhibited fluctuations in the past months, export figures continue to demonstrate a consistent positive trend compared to last year. According to Central 1's seasonally adjusted numbers, exports saw a 5.7 per cent decline on a monthly basis, while imports recorded a 1.5 per cent gain in September.

Within the exports category, a lower volume of energy products (-47.6 per cent y/y) and basic/industrial chemical/plastic/rubber product (-19.1 per cent y/y) was reported in September. Forestry product category also saw lower exports value, down 1.5 per cent to $1.03 billion. However, declines in these sectors were offset by the growth in exports of motor vehicles and parts, which had 33.5 per cent more dollar-volume than a year ago. Industrial machinery, equipment and parts volume also contributed to the provincial growth, reporting a gain of 10.6 per cent to $1.89 billion from last year.

On the imports side, half of the categories reported declines in September compared to a year ago. Consumer goods were 12.5 per cent lower than last year's value while basic/industrial chemical/plastic/rubber product values dipped 11.1 per cent to $2.43 billion in September on trend with earlier declines. Electronic and electrical equipment and parts' imports value also dropped 7.1 per cent to $5.16 billion in the same period. On the other hand, import values of motor vehicles and parts continued to grow, up 31.8 per cent from a year earlier to $10.5 billion. This followed a 19.1 per cent yearly gain last month. Metallic and non-metallic mineral products' value also saw 3.1 per cent increase in September compared to last September.

Ontario exports and imports both above last year's level



Source: Statistics Canada, Central 1 latest: Sep/23

For more information, contact economics@central1.com.