



# Tempered by Risks and Fueled by Demographics: Construction Investment in Canada in 2020:

Remarks for a CIPH and HRAI Member-Only Webinar

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Economic Intelligence

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## Today's Agenda




- 1** Economic Outlook  
Elevated Risks
- 2** Demographics  
Surging
- 3** Housing Markets  
Picking Up
- 4** Housing Outlook  
Balanced

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# The Latest OUTLOOK Newsletter

| Indicator | Direction | Implication |
| --- | --- | --- |
| Residential Permits | Increasing | Forecasting growth in the construction sector |
| Non-Residential Permits | Increasing | Forecasting growth in the construction sector |
| Building Starts | Increasing | Forecasting growth in the construction sector |
| Building Permits | Increasing | Forecasting growth in the construction sector |
| Building Starts | Increasing | Forecasting growth in the construction sector |

The Outlook Vol 7 NO. 2 October 2019

## What Would a Global Recession Mean for the Plumbing and Heating Industry in Canada?

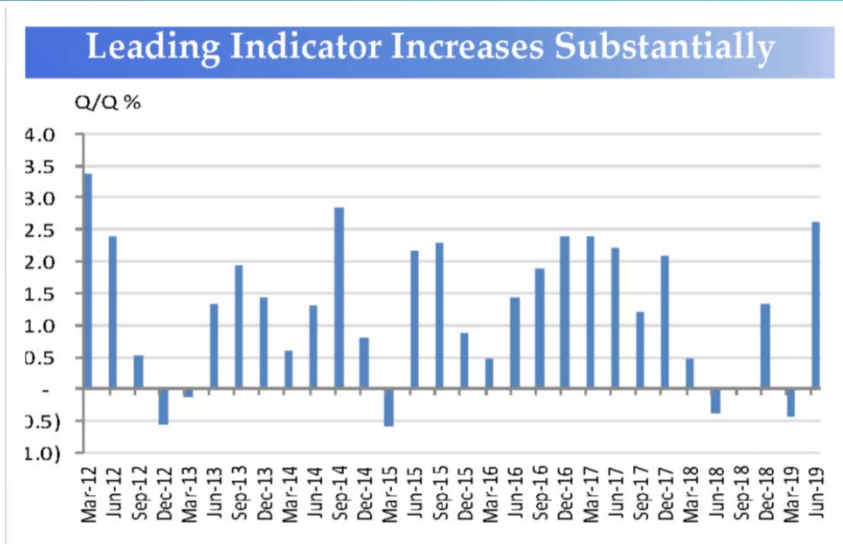
- Although Recession Risks are Rising, A Global Recession Still Remote
- Trade Tensions; Brexit; Gulf Skirmishes all Contributing to Risk
- A Global Recession Would Mean Falling Employment and Lower Incomes in Canada; Falling Consumer Confidence; A Slump in Housing Investment
- Canada Insulated from Last (08/09) Global Recession Thanks to Soaring Commodity Prices; This is Not the Case Today....

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# CIPH/HRAI Leading Economic Indicator



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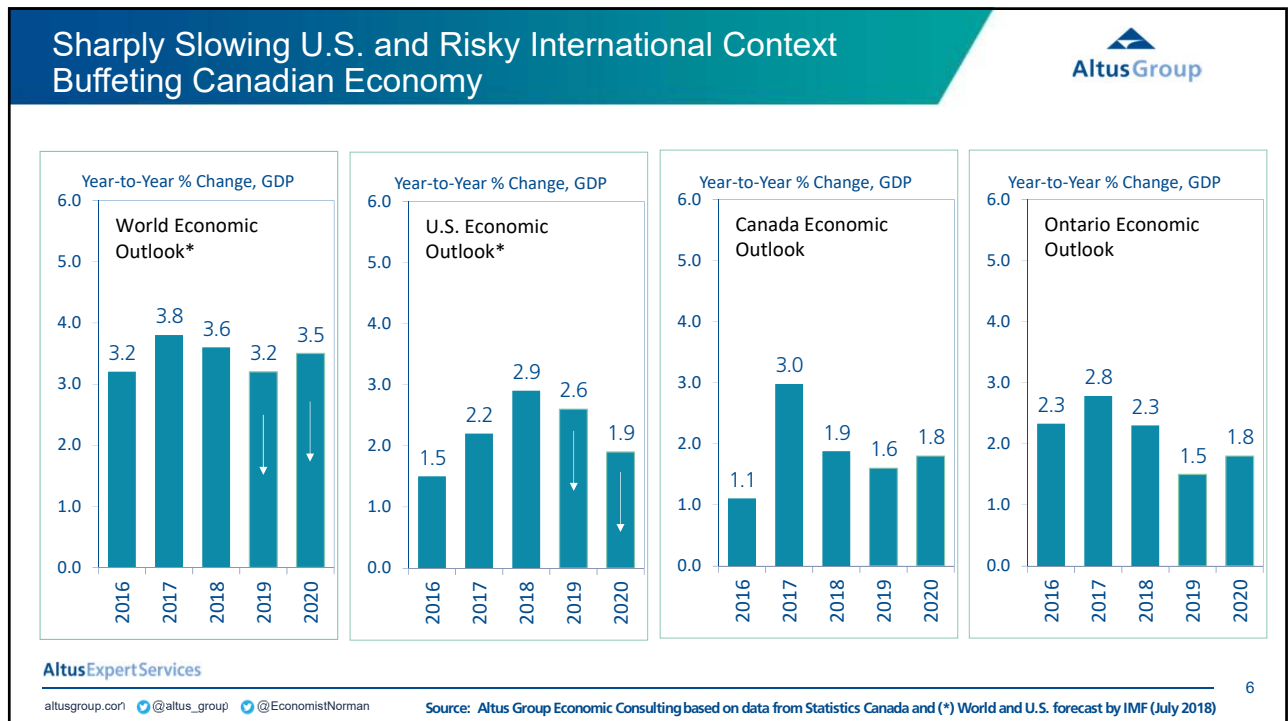
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**Leading Indicator** – A composition of several data series that are correlated with future construction spending; including: residential and non-residential building permits, housing starts, existing home sales, employment, NHPI, and the money supply.



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## Economic Outlook



	Average 2008-17*	2018	2019f	2020f	
<i>Year-to-Year Change</i>					
Real GDP (economic growth, %)	1.7	1.9	1.6	1.8	↔
Employment Growth (persons, 000s)	165	241	375	220	✓
CPI (inflation, %)	1.6	2.3	2.0	1.9	✓
Real Personal Disposable Income per Capita (%)	1.2	0.7	0.8	1.0	✓
1 Year Mortgage Rate (banks, posted %)	3.3	3.6	3.0	3.2	↔
5 Year Mortgage Rate (banks, posted %)	5.1	5.3	5.0	5.0	↔

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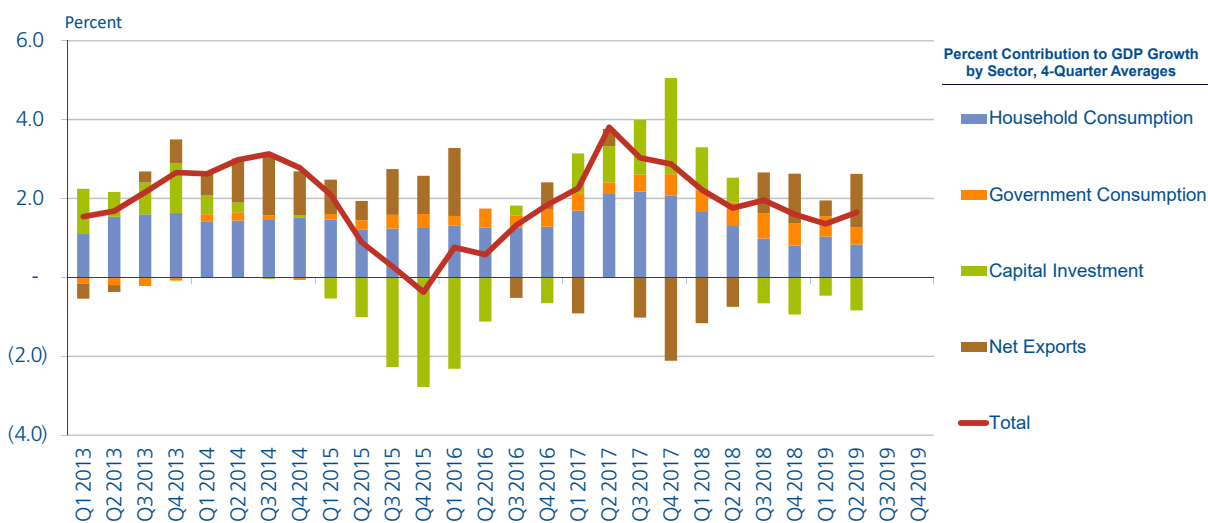
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Source: Historical - Statistics Canada and Bank of Canada Forecasts - Altus Group Economic Consulting

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## Contributions to Canadian Economic Growth



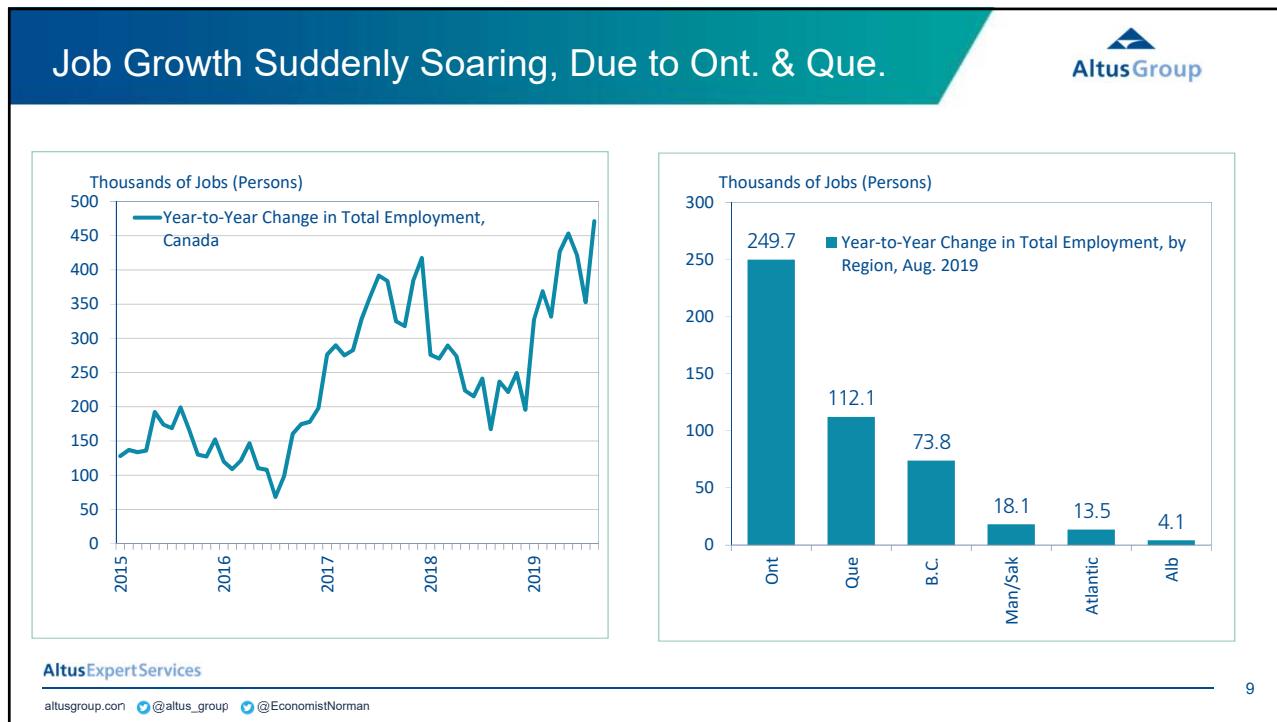
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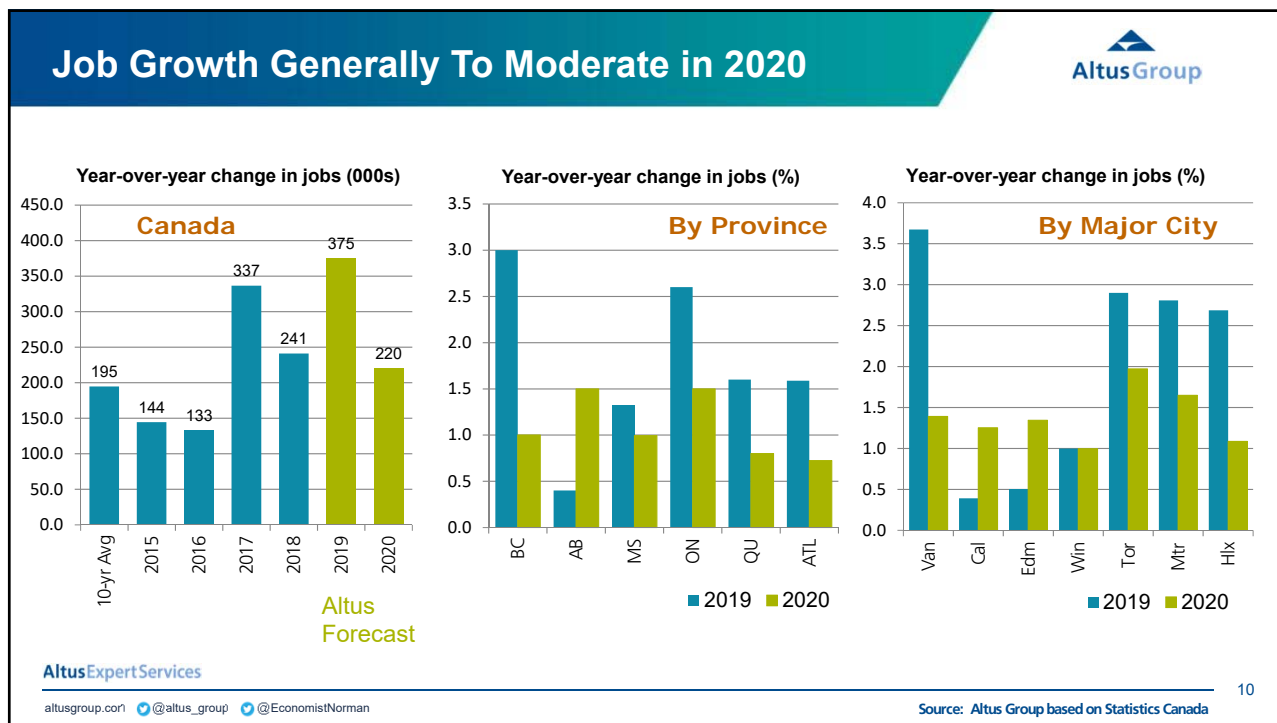
Source: Altus Group based on Statistics Canada

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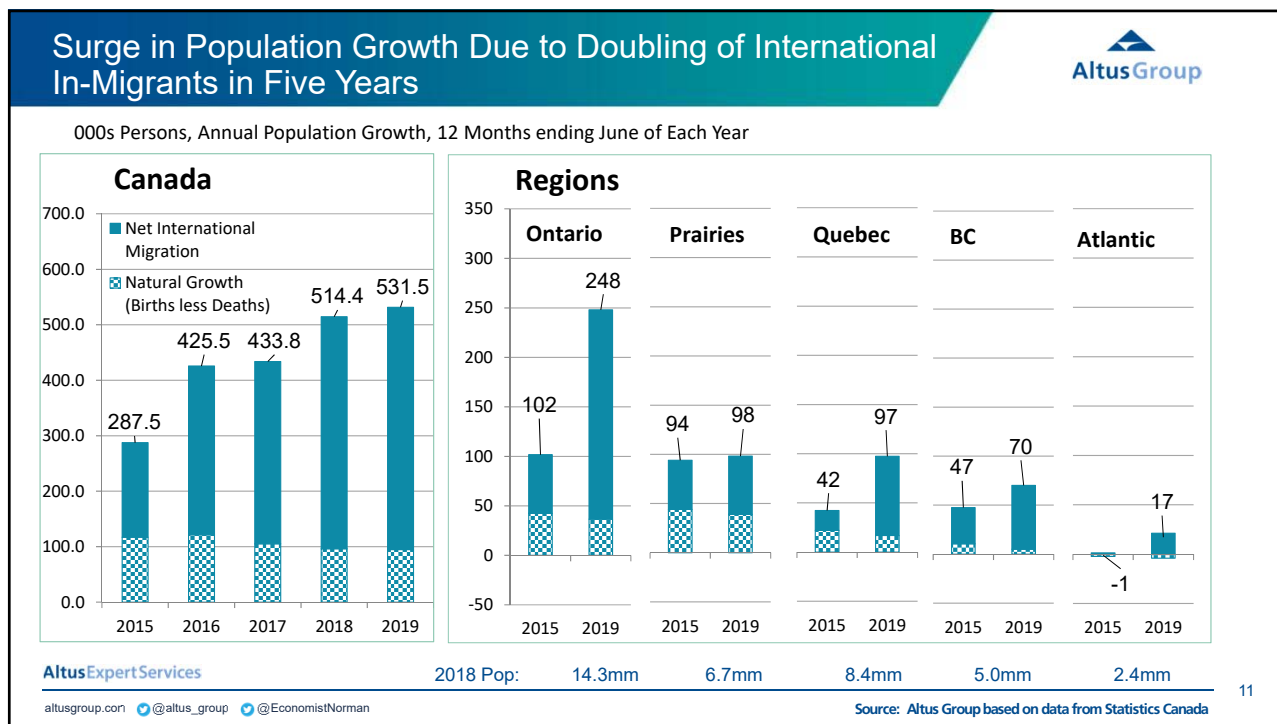
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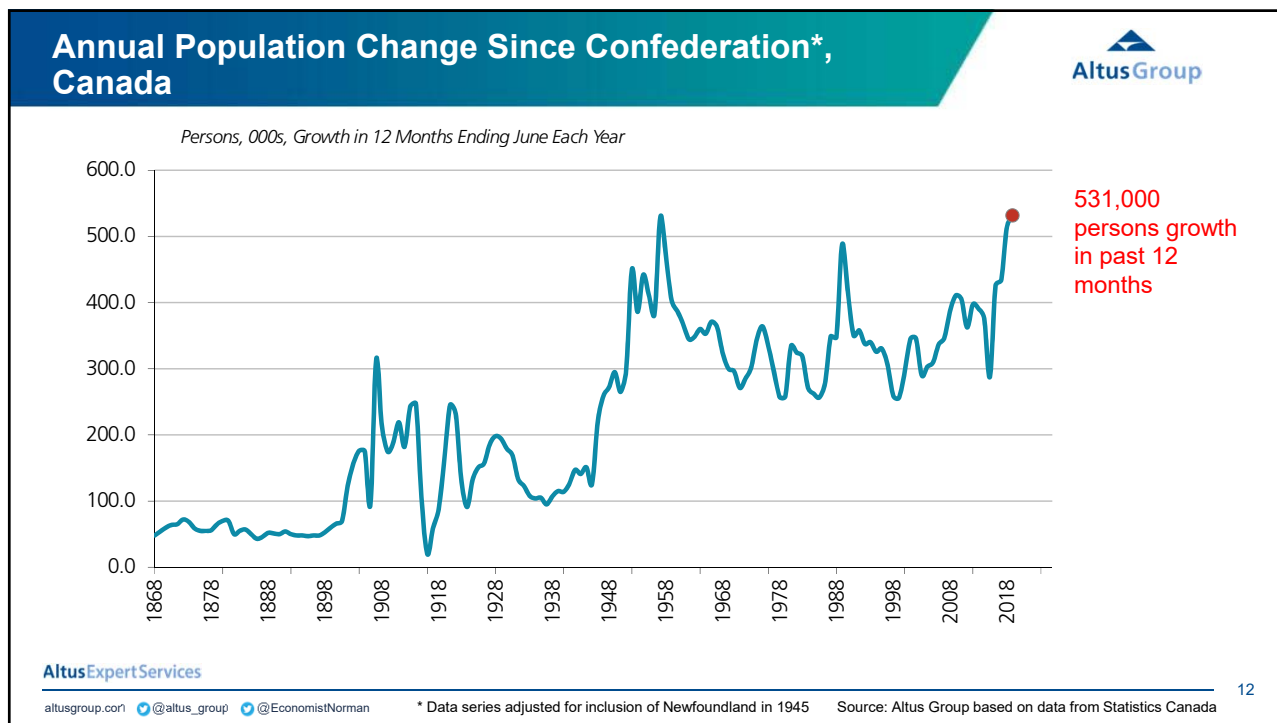
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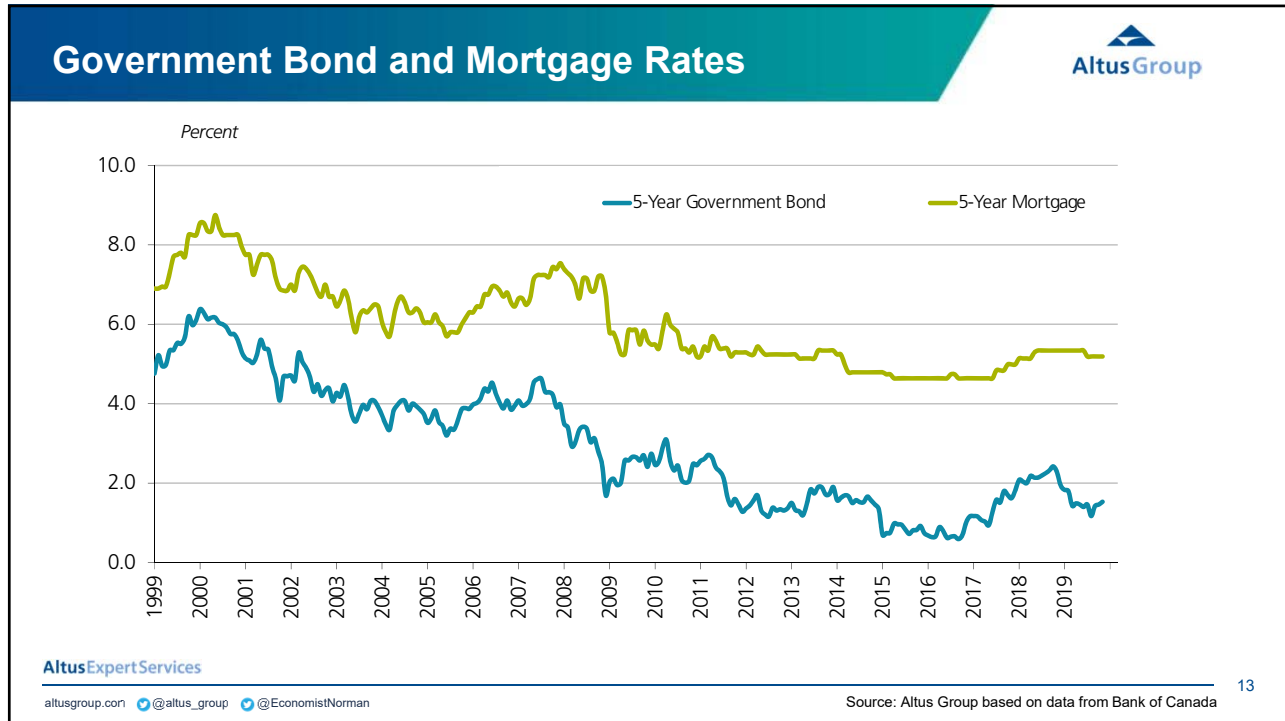
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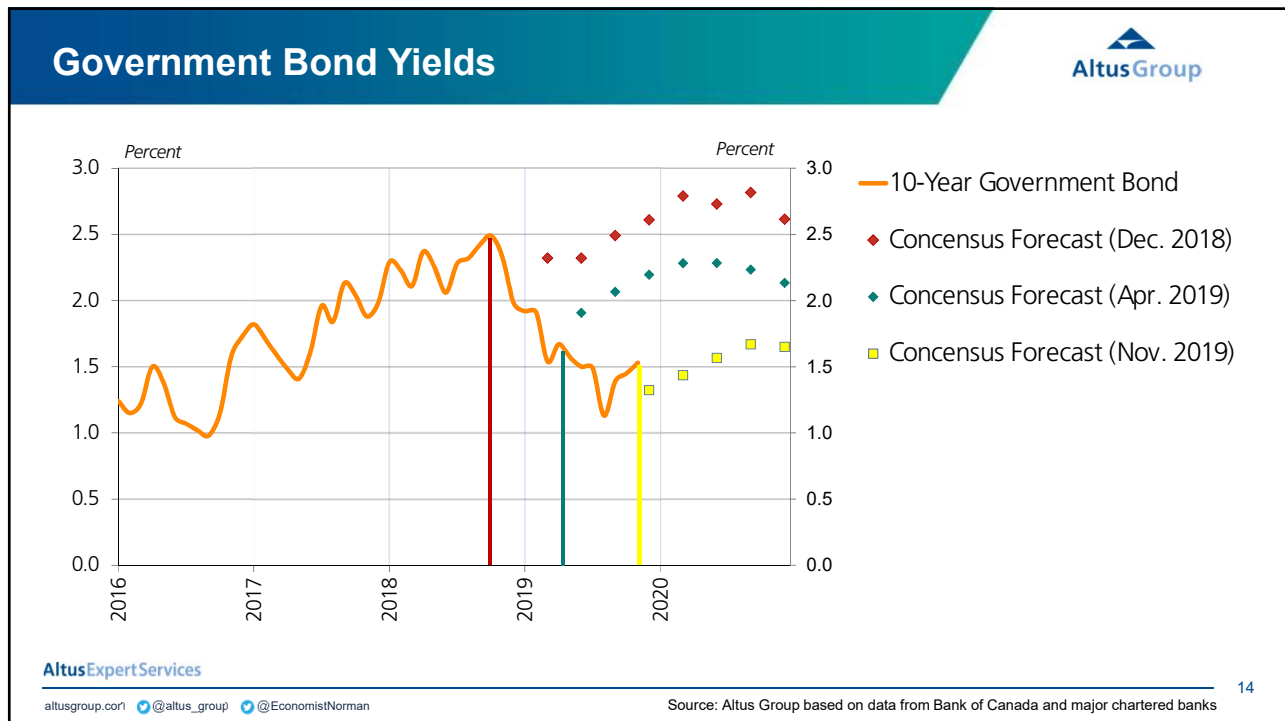
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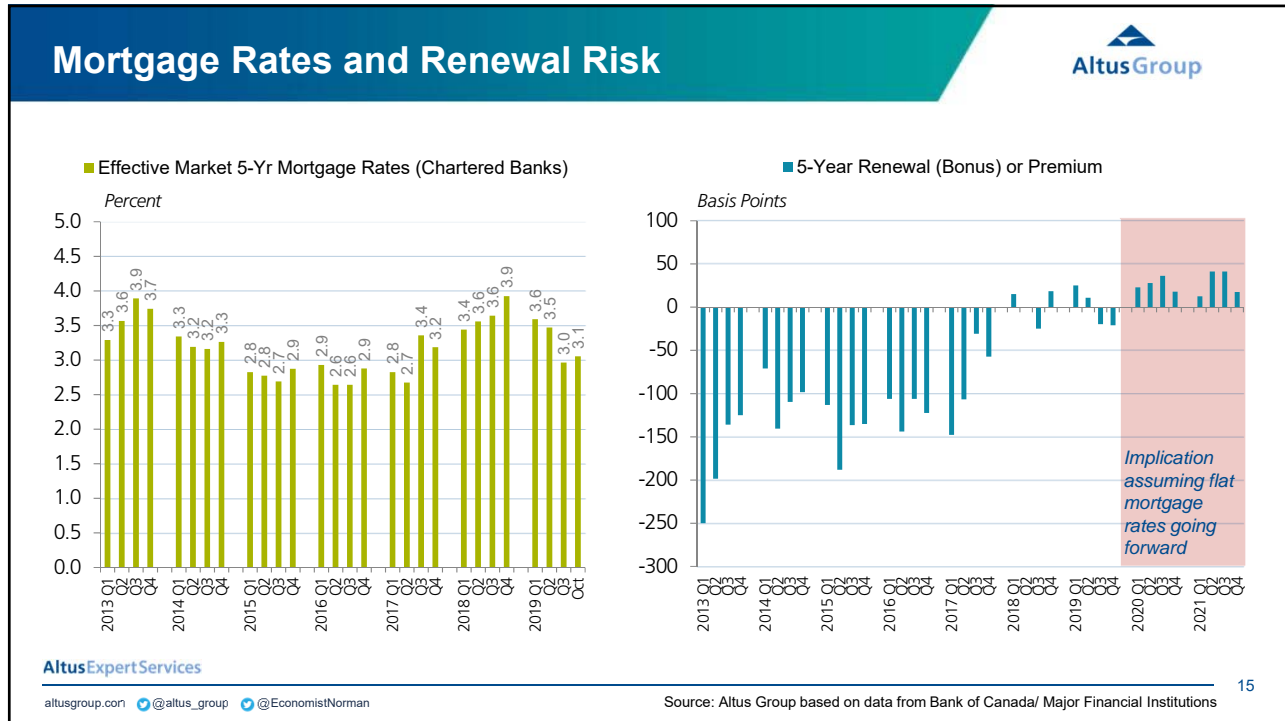
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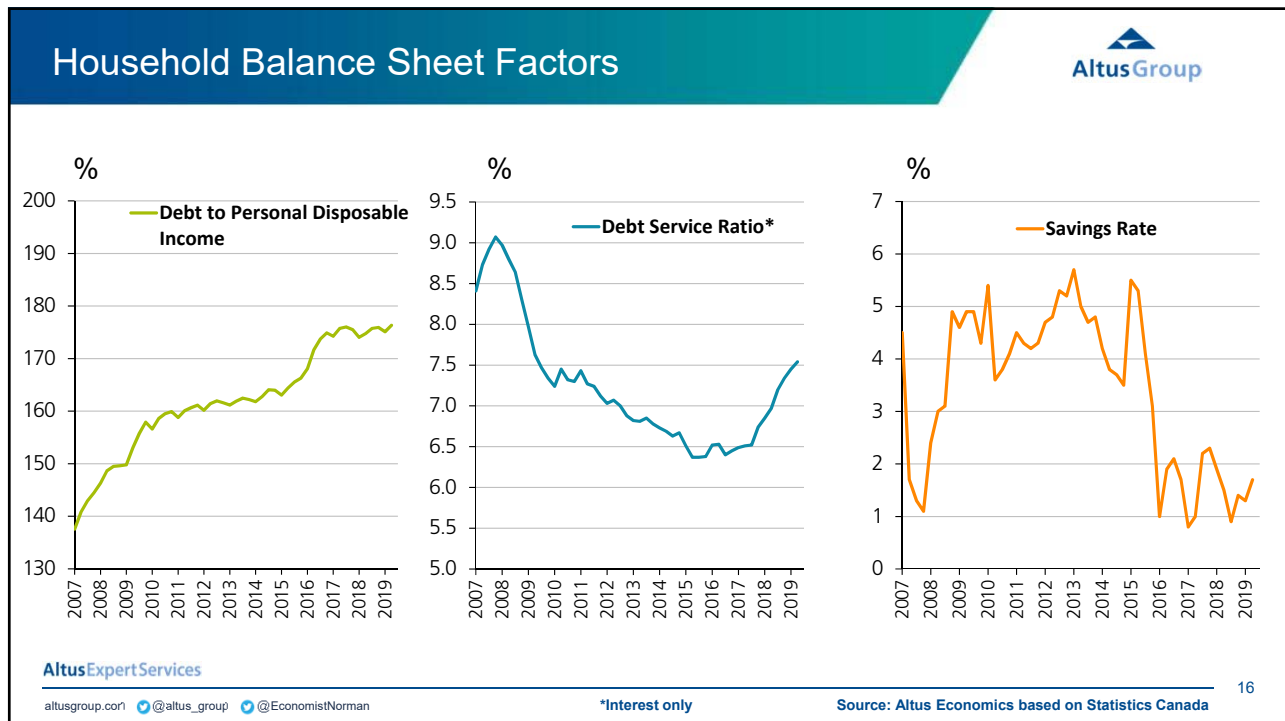
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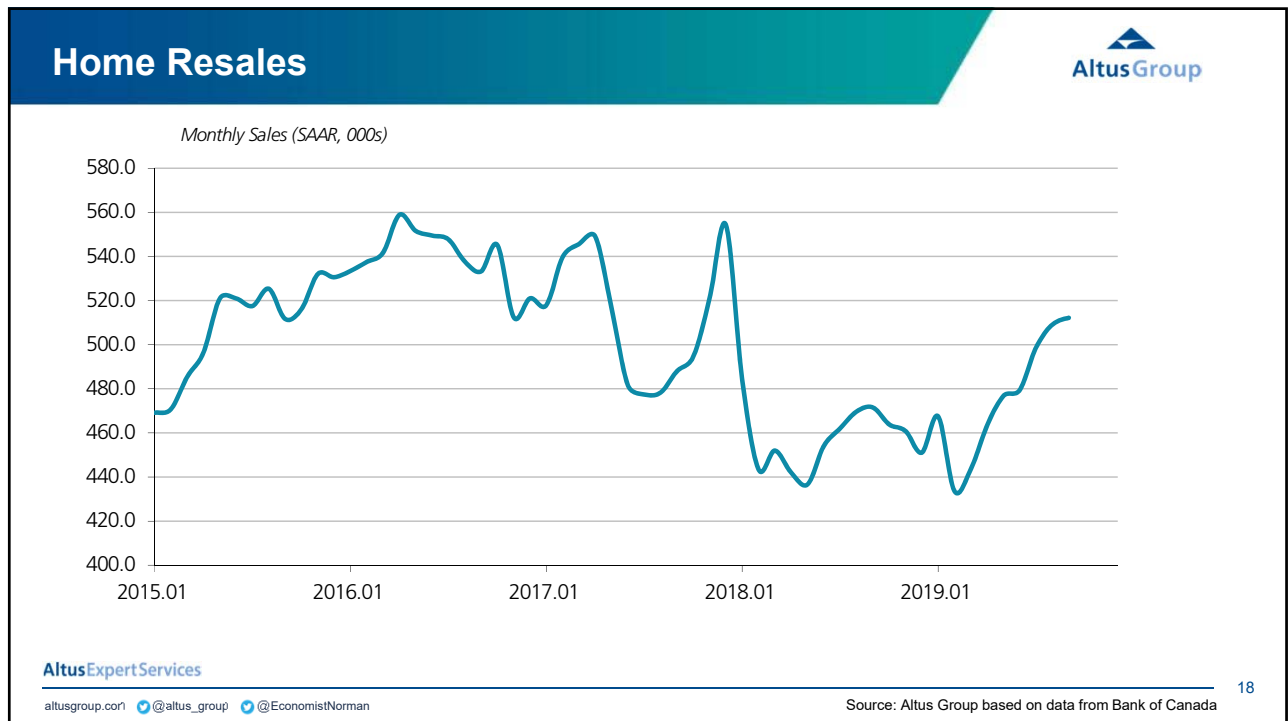


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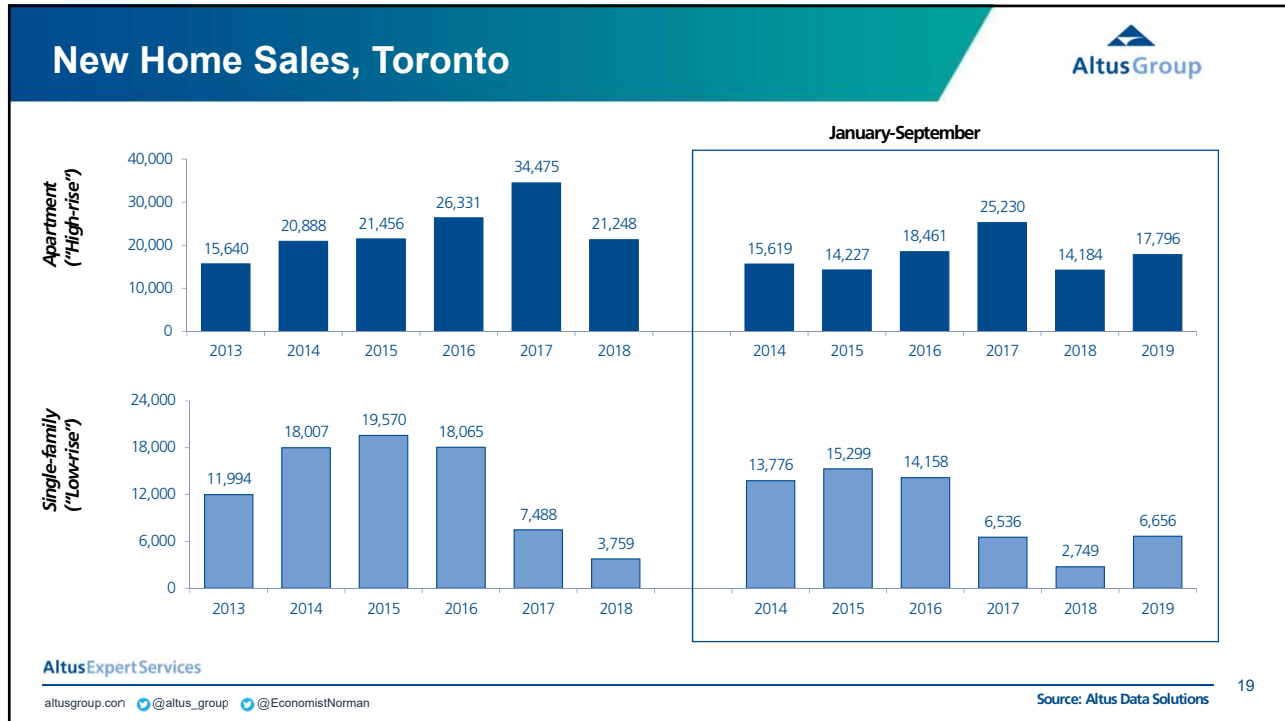




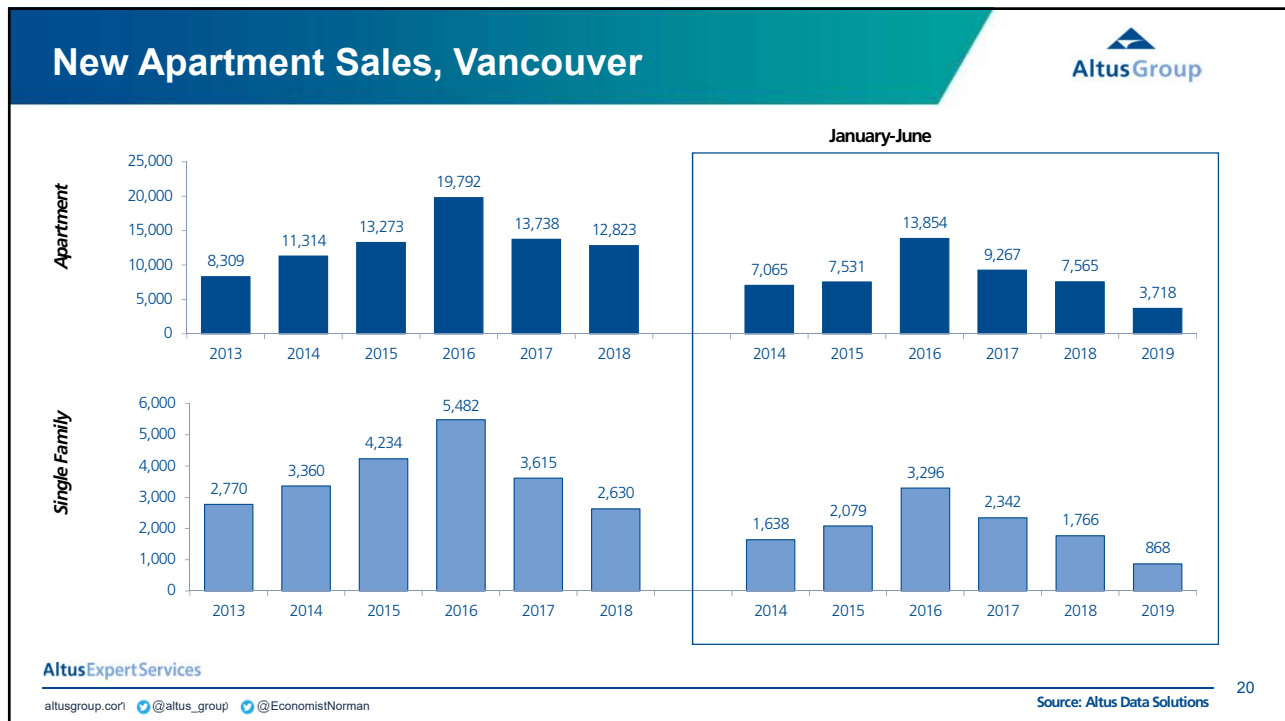
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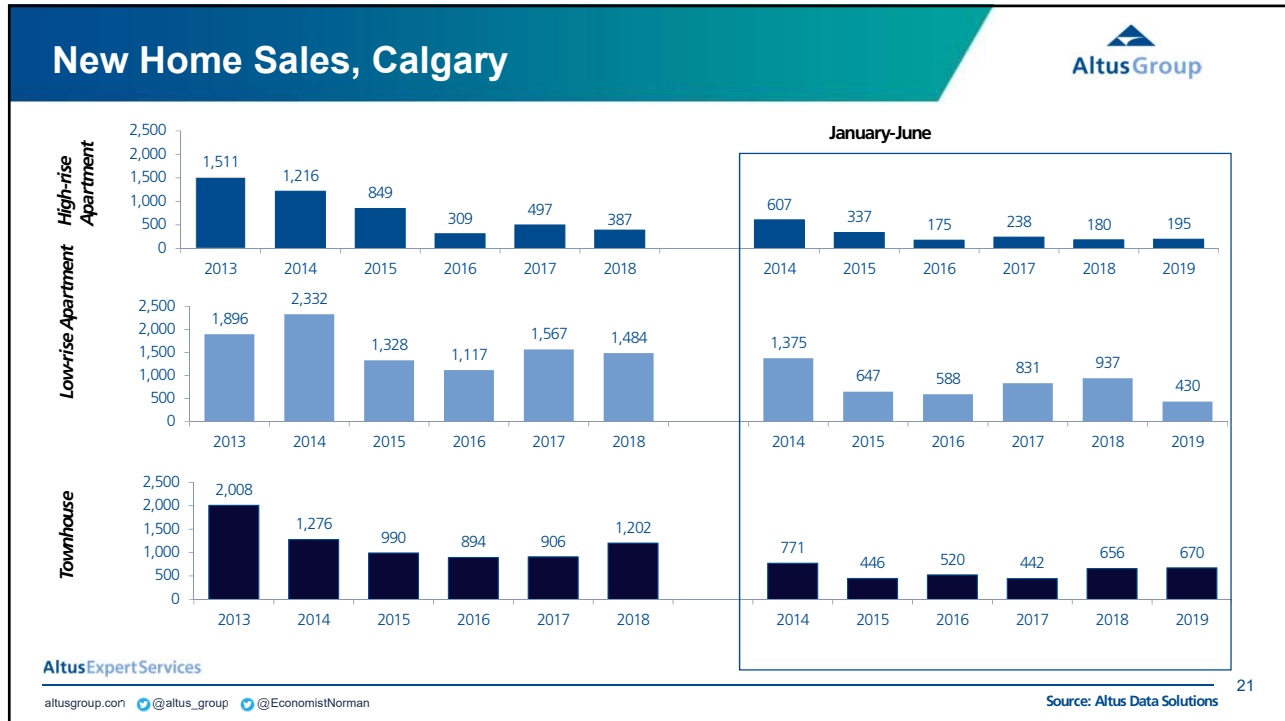
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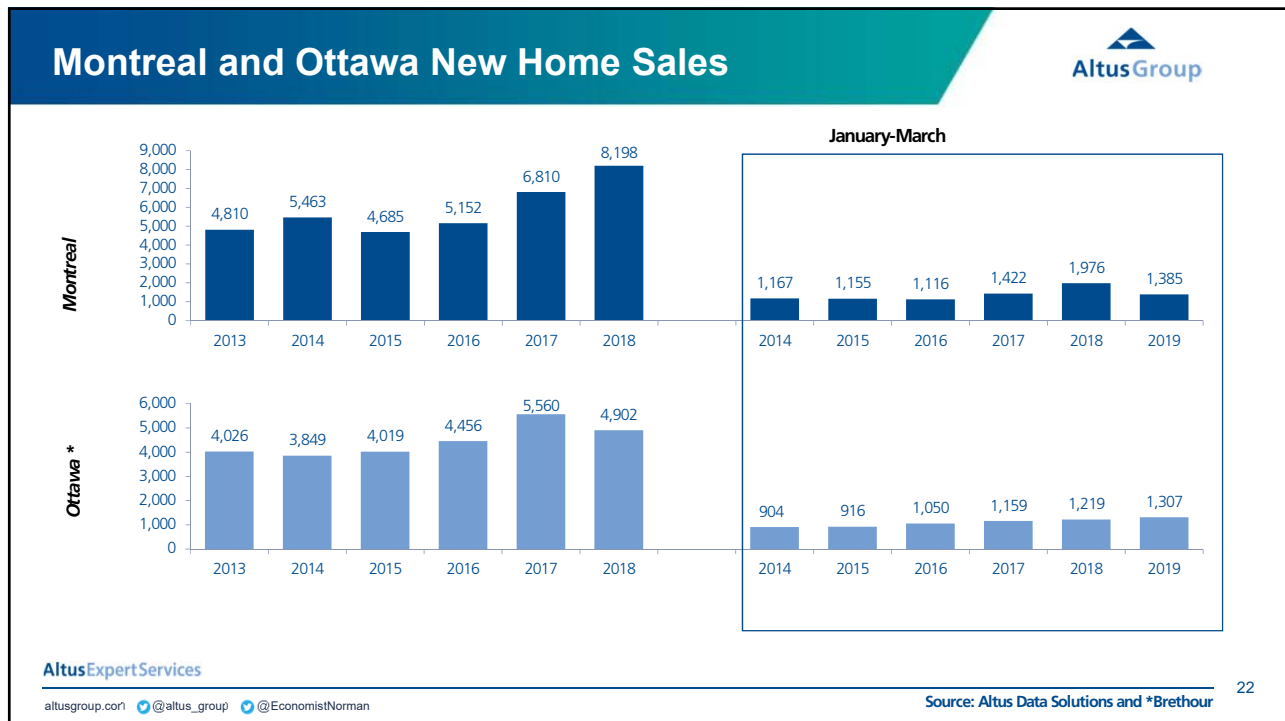
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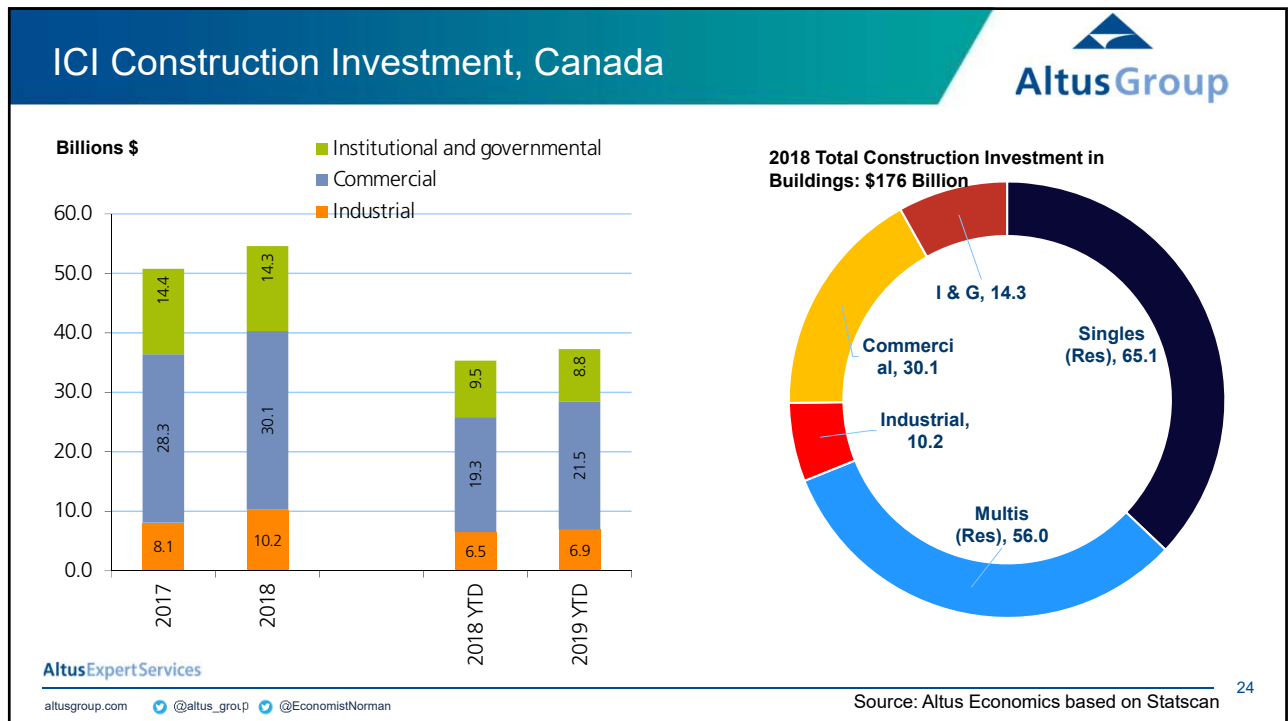
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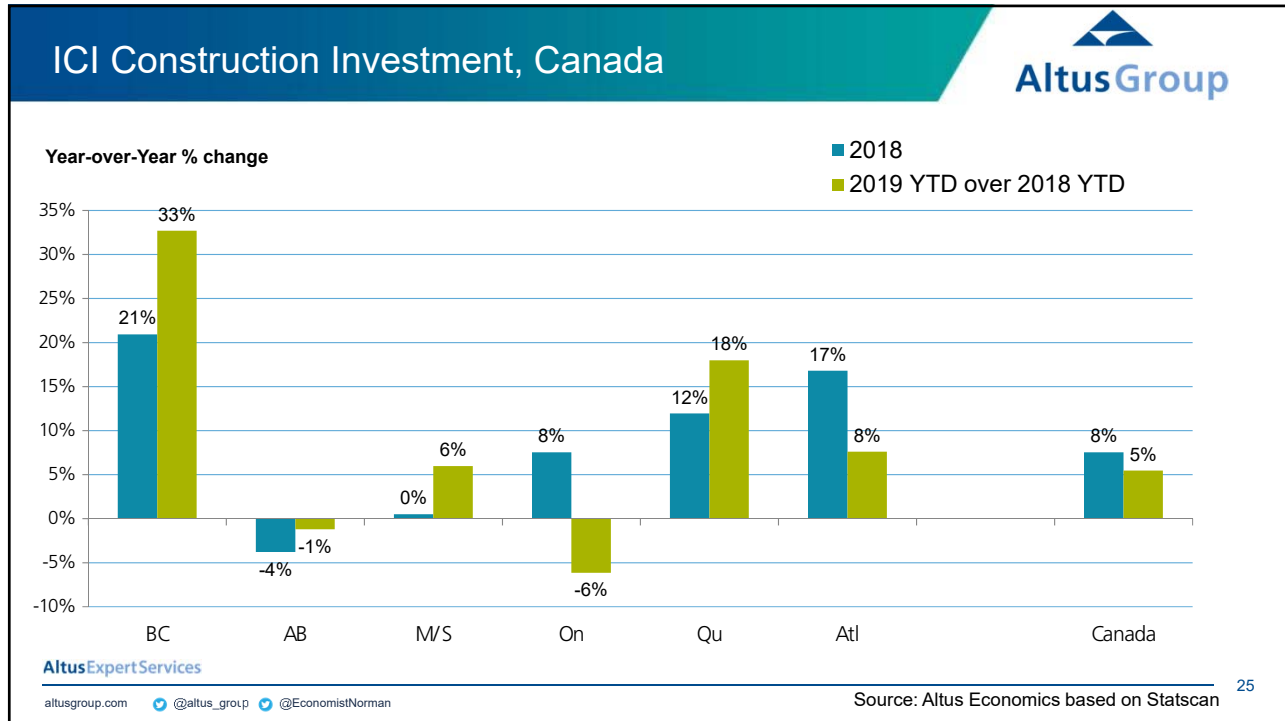
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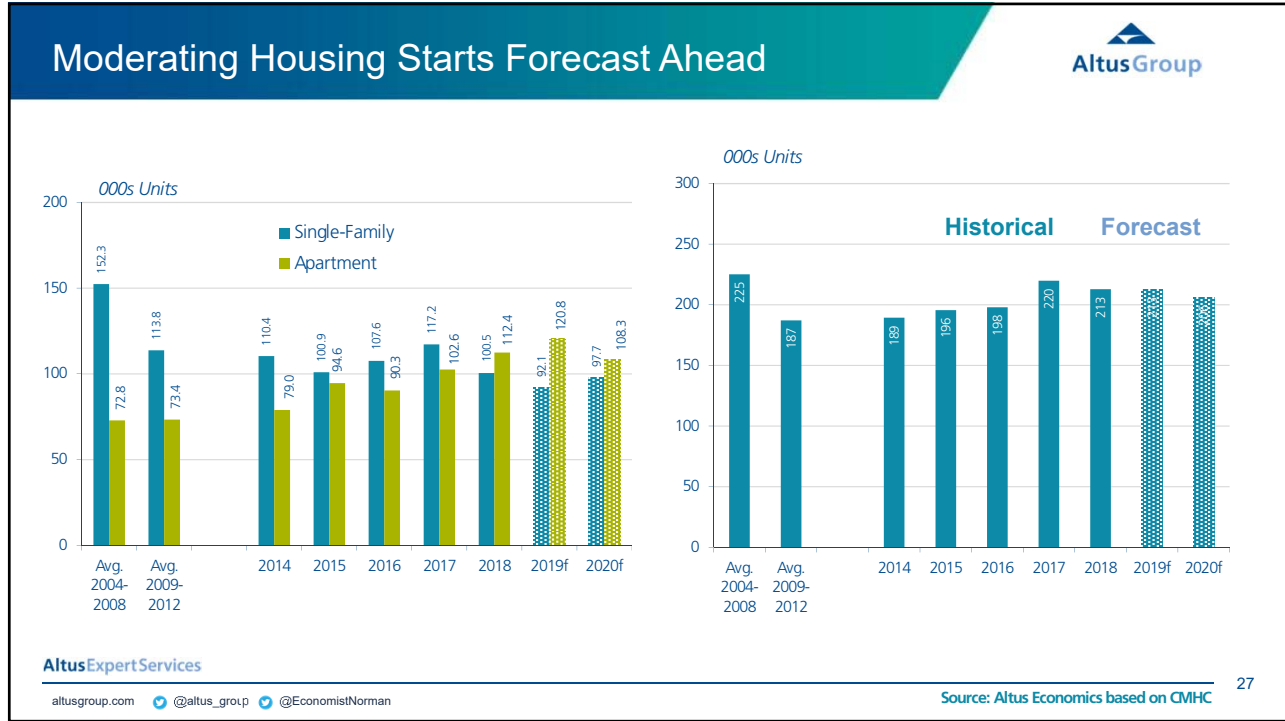
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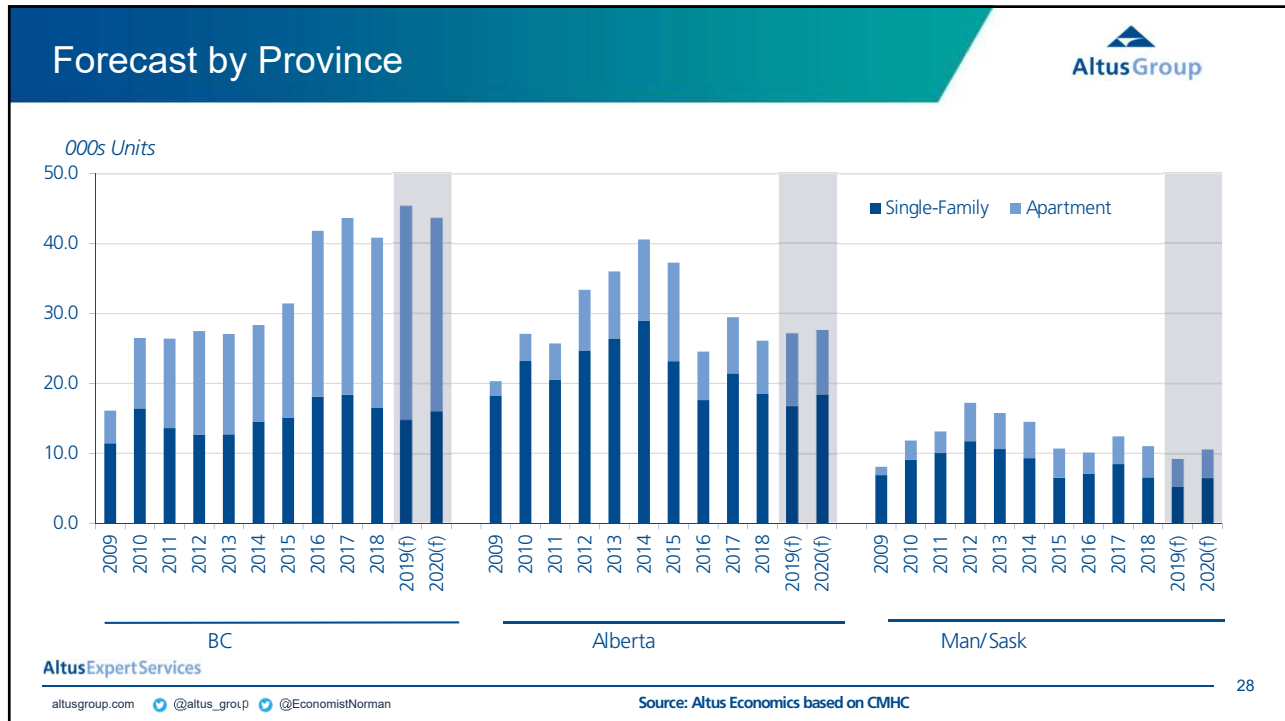
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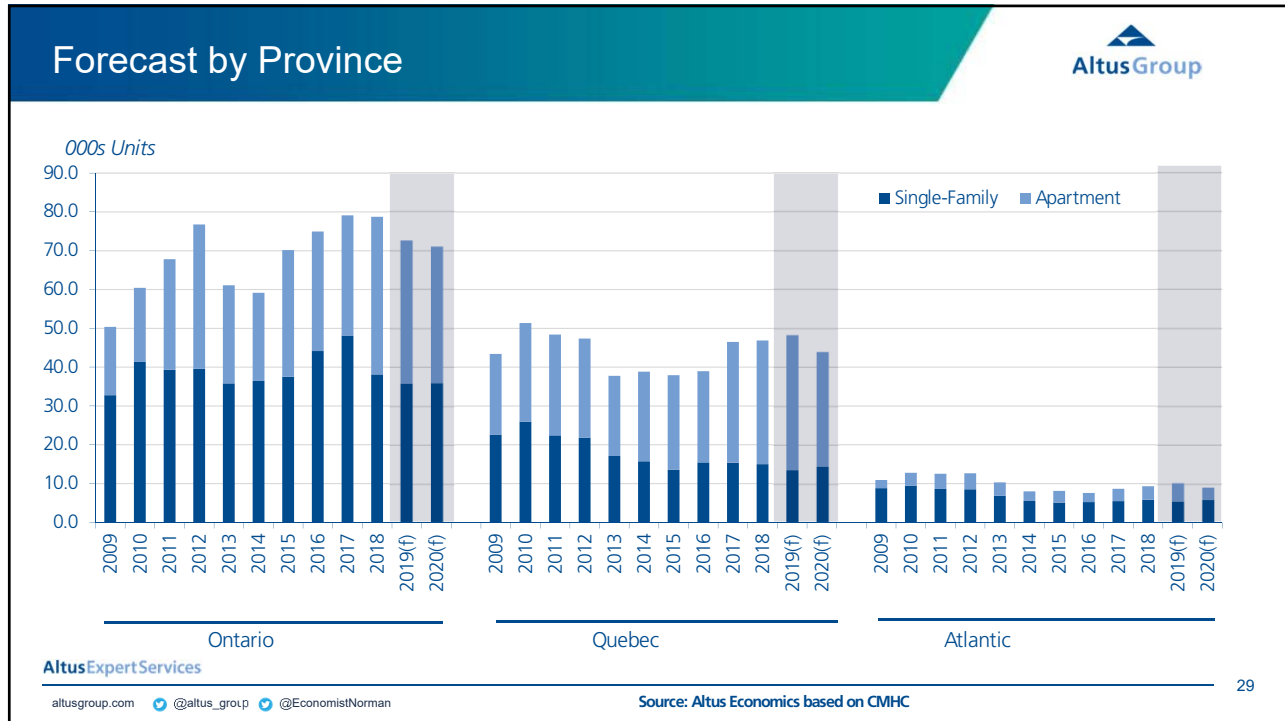
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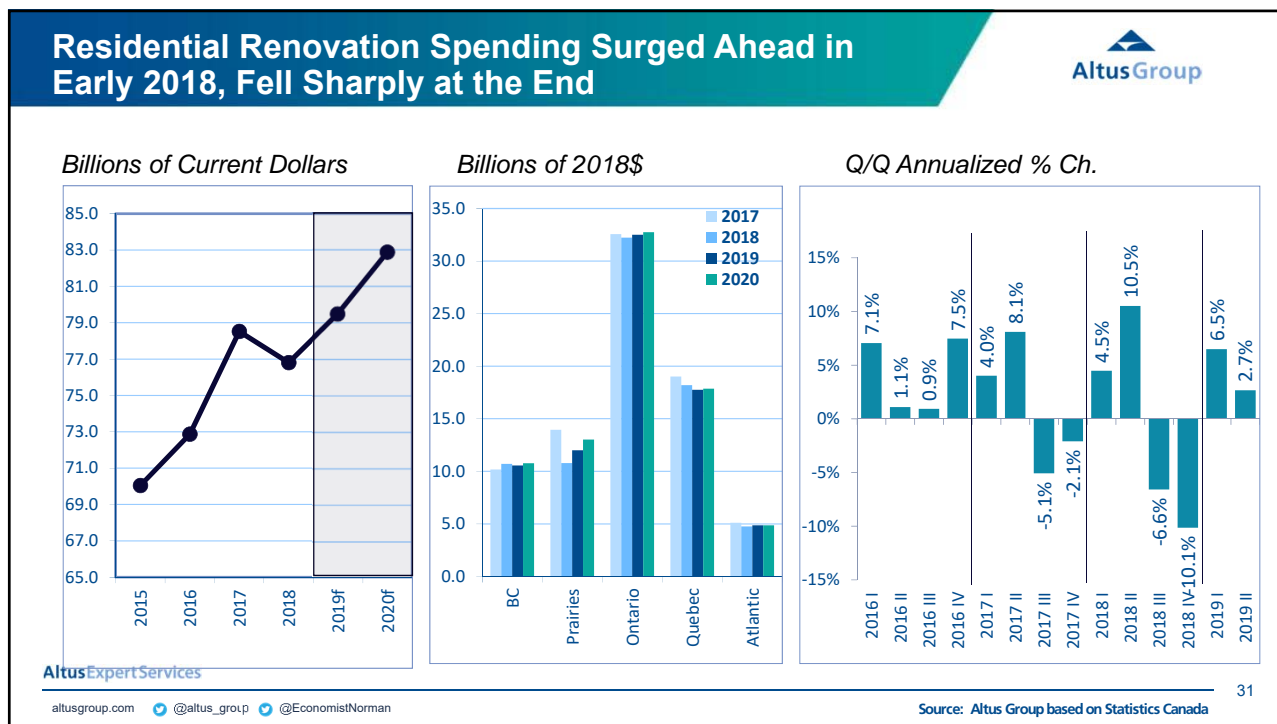
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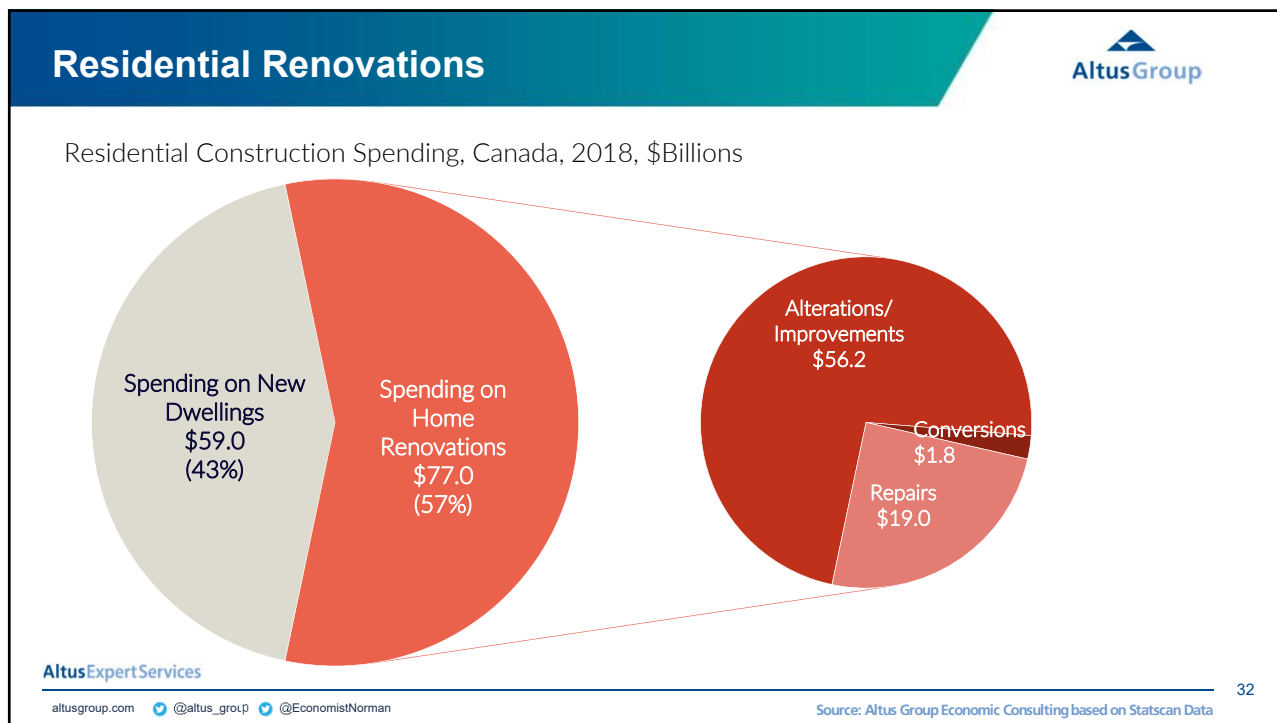
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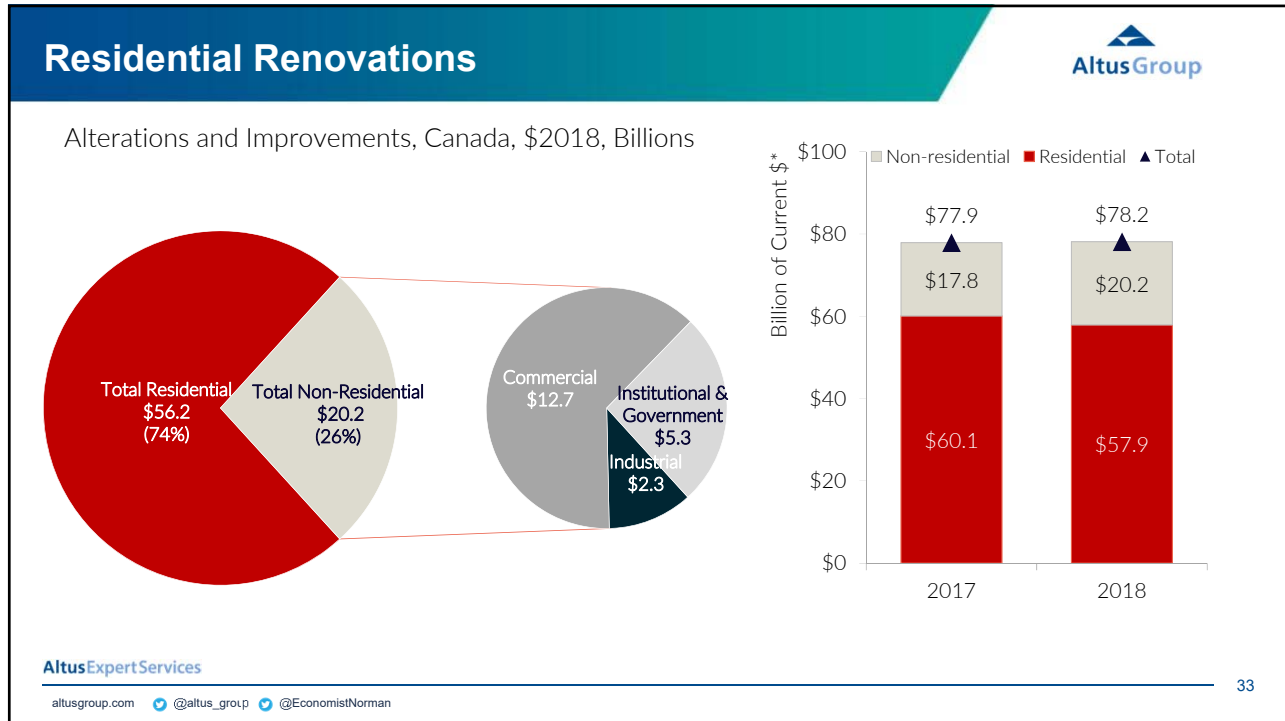


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## Thank You





If you have any questions, please reach out.

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