



QUEBEC

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Non-residential construction: investments on the rise

HIGHLIGHTS

- Investments in non-residential buildings were up 3.6% in the last quarter of 2013 compared with the previous quarter.
- The advance stems from quarterly growth of 2.6% for businesses and 6.3% for the institutional and government sectors.
- The boom in the commercial sector (commercial space and office buildings) continued, reaching 3.4% in the final quarter of 2013 compared with the previous quarter.
- Investments in industrial buildings hit a ceiling after peaking in the third quarter of 2013.

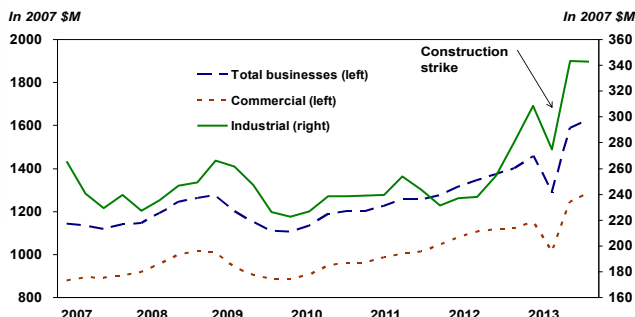
COMMENTS

After a strong third-quarter rebound attributable to the end of the construction strike, there were expectations of some pullback. The fact that investments in non-residential buildings continued to mount in the fourth quarter of 2013 is therefore excellent news.

The public sector's contribution is significant, as government investments are predominantly driven by hospital projects, especially in Montreal.

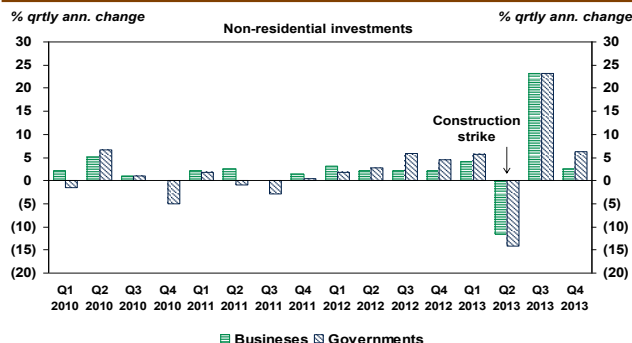
As for businesses, investments in building construction are still high. The shortage of industrial space in Quebec City and the recovery that is picking up in the Montreal market explain this strong performance. The extension of new transportation routes in the metropolitan area also encourages construction of new warehouses to improve the distribution network. The boom in the commercial sector has also continued due to the arrival of new players in retail trade and increasing points of sale for those already established in Quebec. A few office building projects are still underway in Montreal and Quebec City, driving investments in this type of construction.

High levels of investment in non-residential building construction



Sources: Statistics Canada and Desjardins, Economic Studies

Continued growth in non-residential building investments in the fourth quarter of 2013



Sources: Statistics Canada and Desjardins, Economic Studies

Implications: The rise in non-residential building investment bodes well for economic growth for the fourth quarter of 2013, whose results will be released in March 2014. The advance also indicates that investments are not running out of steam and will likely continue to fuel the Quebec economy in 2014.

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