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Introduction

Building permit activity is a common measurement used to track the economic vitality and growth in communities. It is useful for communities to monitor trends in building permits to determine their economic health, as well as to examine the impact of external forces on growth and development.

Growth in Spruce Grove has generally been stronger than average for the Capital Region. During the last decade, this community experienced unprecedented growth and the trend toward urbanism shows no sign of slowing.

The following pages contain analysis of the growth trends for the past decade (2003-2012), focusing specifically on activity in 2012. This report provides an overview of building permit and development permit information. In addition, compliances and other permits are tracked in order to provide a more accurate picture of the total activity taking place in the Planning and Development Department of the City.

Building Permits

Spruce Grove issued 921 building permits in 2012, a 19% increase over permit activity in 2011. In fact, 2012 is the second busiest year in the City’s history in terms of building permits, indicating a new trend of higher activity levels in the three years following the brief, and relatively minor, downturn in 2008 and 2009. Activity levels were higher than anticipated, returning to levels only seen during the boom of 2006 and 2007.

Figure 1 illustrates the breakdown of building permits issued by type, and compares the volume for the past two years.

Overall, about 91.5% of the permits issued in 2012 were for residential construction, including new dwellings, improvements and garages, up from 89% from 2011. This percentage has been typical of Spruce Grove’s growth over the past decade.

Residential activity remained predictably strong, with increased...
activity in multifamily projects; a trend which started in 2011. The popularity of row housing, included in the multifamily counts, is apparent and may have tempered the number of semi-detached units which were at a high in 2011. The increase in new garages is also largely attributed to the row housing product, as most row houses have detached garages that are approved under a separate building permit. The number of residential improvements increased to more typical levels after a lull in permitting activity in 2011.

The total number of new dwelling units approved jumped from 478 in 2011 to 674 units in 2012. The difference is due in part to the approval of the second phase of Windsor Estates in the city centre (92 units) and the new apartment building in Lakewood on McLeod Avenue (143 units).

In the non-residential sector, new industrial buildings stayed the same year over year while industrial improvements increased by 36%. Further, the scope of some improvement projects was quite large, including a substantial four storey office addition.

Building permits issued for new commercial structures decreased in 2012, while commercial improvements increased, reflecting typical tenant improvements for occupancy of commercial retail unit (CRU) shells built the previous year. With most of the CRUs now occupied, staff anticipates commercial improvements to reduce over the next year unless additional CRU shell buildings are constructed.

**Figure 2** depicts the number of building permits issued per month for 2011 and 2012. In this region, permit activity is usually slowest during the winter months, increasing in the spring and remaining high until the ground freezes in the autumn months. In 2011, permit activity started in a typical fashion, with increased activity over the previous year. 2011 had a slow start due to record snow accumulation, which was not the case for the milder winter of 2012. Building permit activity for 2012 followed typical patterns as the year progressed, with the exception of stronger than usual permitting activity in October.

**Figure 3** illustrates the housing starts in Spruce Grove by subdivision. The percentages indicate single detached, semi-detached and multifamily dwellings. The highest percentage of new units occurred in Lakewood, at 167 units, reflecting the 143-unit apartment building discussed above, as well as an additional 24...
row house units. The second highest area of growth is the City Centre, with 92 units in the second phase of Windsor Estates, as well as eight row housing units built on Queen Street. Removing apartment structures from the mix, Greenbury saw the highest number of residential units, with 92 units representing nearly 14% of new units in the corporate limits.

Administration anticipates high activity levels to be sustained in Greenbury, Harvest Ridge, McLaughlin and Spruce Ridge in the coming years. In addition, new neighbourhoods will be opening up in 2013, such as Kenton and Prescott, while other neighbourhoods like Spruce Village and Heatherglen will be completing their last phases of development.

A summary of permit activity over the past decade is displayed in **Figure 4**, separating new construction from improvements across all categories. The numbers displayed include residential, commercial, industrial and institutional permits. We can see that both new construction and improvements are both high in 2012; however,
improvements were especially high, representing the highest activity level in Spruce Grove’s history. As discussed above, residential improvements returned to typical levels after a short downturn the previous year. This activity was complemented by high improvement activity in the industrial and commercial sectors spurred on by tenant improvements for CRUs and industrial bays built the previous year.

The graph in Figure 5 is a reflection on building permit values for new residential construction over the past six years. This chart shows the yearly permit values after being adjusted for inflation. Please note that the index used for the adjustment cites 2007 as the base year. Inflation was kept in check until 2008 following the economic boom years of 2006 and 2007; however, inflation has been very slowly creeping up since that year.

The City saw a decline in commercial and industrial permit valuations for 2012, after record non-residential growth in 2011. In reviewing the trend over the past few years, the average value of new commercial buildings has been generally increasing, as shown in Figure 6. This reflects the development of larger, higher quality structures. The only anomaly is in 2006, which saw only six new buildings, but two had high valuations (the medical centre and the cinema).

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1 Inflation rates are from the New Housing Price Index through Statistics Canada. The index is broken down regionally by major city. For this report, the Edmonton rates were used. Source: www.statcan.gc.ca on February 8, 2013.
In order to provide some regional context for the city’s growth, housing data released by the Canada Mortgage and Housing Corporation was consulted. Figure 7 shows the number of new housing starts in a number of communities in the Capital Region. For the first time in the past few years, Spruce Grove leads in housing starts in the region in similar sized municipalities. In fact, Spruce Grove was the third fastest growing municipality in the Edmonton region, behind only the City of Edmonton (9,488 starts) and Strathcona County (668 starts). From the following graph, Figure 8, one can see that the number of housing starts in Spruce Grove is partially influenced by the popularity of apartment and row house units. Spruce Grove also shows the greatest balance in diversity of new housing stock of the five municipalities shown, with multifamily unit types keeping up with the number of semi-detached or single detached units.

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2 Regional housing data is from the Housing Now publication. Note that their method includes site visits based on building permit data and a start is noted by a foundation being poured or equivalent. For this reason the numbers in this report do not match Spruce Grove’s building permit data exactly.
Development Permits

**Figure 9** shows the trends in the volume of development permit activity over the last ten years. Development permit activity in 2012 was up 27% over 2011, which is much higher than the increase of 18% seen for building permit activity. This may indicate that building permit levels will be even higher in 2012, as Development Permits are valid for a one year period.

The next factor under examination is the volume of development permits on a monthly basis. **Figure 10** shows the number of permits issued by month for 2011 and 2012. The pattern shown is typical of development activity for the region, where more activity tends to take place during the warmer months. The pattern for 2012 is somewhat atypical, with higher winter month activity, due to unseasonably warm, dry weather. What has been different the past two years, however, is development permits dropping off substantially in July, vs. August or September. This could be due to many home builders getting permitting earlier to avoid delays during construction season.

**Figure 11** shows the breakdown of residential development permits issued by type. The graph is dominated by new single detached dwellings and improvements made to existing residences, which is typical of Spruce Grove. That being said, percentages for these two development permit types are generally lower than in previous years, resulting in more balance between the types of development permits issued. Generally, the permit numbers echo what we have already seen with the building permits. It should be explained that once again, multifamily dwellings tend to show a discrepancy because for certain building types, such as row house projects or apartments, a
A separate building permit is required for each dwelling unit, but only one development permit is required for the entire project regardless of the number of units contained within. Similarly, any type of dwelling unit that includes a detached garage requires a separate building permit for the garage structure, but may require only one development permit for all structures on the property.

The breakdown of non-residential permits issued in 2012 by type is examined in Figure 12. Again, the trends seen earlier with building permits are evident here with the number and type of development permits with commercial improvements comprising the largest percentage of permits, which is largely due to tenant improvements and approvals required for new uses in CRUs built the previous year.

New commercial permits were down from being 20% of the total non-residential permits to 15.7%. Despite being a lower figure, the percentage is still higher than trends in the last decade where new commercial buildings typically represented less than 10% of non-residential development permits.

Development permits for permanent signs was up from 18 in 2011 to 33 in 2012. Temporary sign permits also increased from 25 in 2011 to 62 in 2012, reflecting proactive bylaw enforcement over Summer 2012. Development permits for signs should continue to increase in 2013, due to continued enforcement and more signage requiring development permit approval under the City’s new Land Use Bylaw.

Other Activity

The City of Spruce Grove provides compliances as a service to residents during real estate transactions, as a safeguard for purchasers who want confirmation that the residence conforms to City bylaws and Safety Codes. Compliance requests can be used to gauge residential transaction activity in the community. In 2012 there were 780 compliance decisions.
issued, up 22% from 640 in 2010. We can see in Figure 13 that compliances were at a high during the “boom” years of 2006-2007, and have since gone through a correction.

In Figure 14, we examine the compliance activity for 2012 on a monthly basis. We can see that overall, the trend in real estate transactions follows the building trend where activity is lowest in the cold months and steady for the warmer months. The anomaly in 2012 occurred in February and March, where compliance requests were higher and then lower than typical. This trend is similar to building permit issuance, and likely is weather-related.

The Planning and Development Department tracked the amount of activity taking place in the Safety Codes disciplines (other than building) for the first time in 2010. Therefore, the City will collect data for another year before analyzing trends and providing forecasts.

We can see in Figure 15 that the number of electrical permits is much higher than plumbing and gas. This makes sense since generally for new construction two electrical permits are required, where only one is required in the other two disciplines. In addition, ATCO construction has been using the City’s contracted inspection services for plumbing and gas permits for trailers built in
Spruce Grove but ultimately delivered to other geographical areas. This has resulted in a narrowing in the gap between plumbing and gas permits compared to electrical permits during the past three years as trailer construction activity has increased. Overall, the City of Spruce Grove issued 2,965 Safety Codes permits in 2012, a 28% increase over 2011 activity.

Figure 16 depicts the total number of businesses in Spruce Grove at year end over the past 10 years. The City crossed the milestone of 1500 businesses in 2011 on the heels of two years of nearly 5% business growth. Business growth in 2012 was approximately 4% over 2011.

Conclusions and 2013 Outlook

Overall, building permit activity had significant increases over the previous year, with an even greater increase in development permit activity. Based upon subdivision activity in 2012, which can help predict residential product types, it is anticipated that growth patterns seen in 2012 will continue into 2013. Similarly, development permits issued for multifamily projects in 2012 will likely result in over 500 housing starts for the second year in a row.

As noted in previous reports, a primary reason for continued high permit levels is that Spruce Grove remains an attractive community for new residents. This is evidenced by our continued population growth, shown in Figure 17. As there was no census taken in 2012, the City does not have an accurate population figure for this year and therefore the population chart below has not been changed from 2011. Based upon CMHC reported absorption rates for single family housing and population trends, Administration is
anticipating the 2012 population to be around 27,800, with the trend continuing into 2013 with population anticipated to be over 29,000.

The development outlook for the region is generally positive, with Canadian Housing and Mortgage Corporation anticipating growth levels in the region about 10% lower than in 2012, while employment is likely to increase slightly. Experience teaches us that Spruce Grove’s numbers have tended to be higher than what we might expect from broad forecasts, and therefore we are anticipating similar activity levels as the previous year.

In terms of spatial location of new development, new neighbourhoods of Kenton and Prescott will see activity, as well as commercial activity starting up in Westwind Village. Industrial activity is seen as strengthening modestly in 2013. Building permit valuations will be bolstered by development starting in the TriVillage project, as well as construction beginning on the City’s Public Works facility.