

Hanscomb

NEWS UPDATE

Escalation Watch - Second Quarter 2006

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Statistics Canada
Non-Residential
Construction Cost
Indices for 7 Cities,
Second Quarter
2006

The mid-May 2006 Non-residential Construction Price Indices were released by Statistics Canada on August 11th. Indices for the third quarter of 2006 will be available in mid-November 2006.

Nationally, the composite continues to rise increasing to 142.3, up 2.7% over the previous quarter, and 7.3% over the same period in 2005.

The second quarter of 2006 results for each of the seven cities in the survey continue to be comparable to the national trend. Expressed on a year over year basis, the yearly rates of change for Halifax (5.8%), Montreal (4.0%), Ottawa (5.9%) and Toronto (7.0%) in the East continue to be below that of the national composite. In the west, Calgary (10.3%), Edmonton (9.8%) and Vancouver (9.5%) continue to post increases above the national composite rate. Of note the **quarterly** changes for Western Canada range from 3.9% to 4.6% - more than double the rate of increase for the remaining cities.

It bears remembering that the indices prepared for Statistics Canada are intended only to track cost changes in a given city. The index *cannot* be used to compare costs between cities.

The source data used to prepare the charts in this newsletter is drawn from Statistics Canada's Capital Expenditures Price Statistics publication – catalogue 62-007-XIE (previously catalogue 62-007-XPB). Specifically, we used the Non-residential Building Construction Price Indexes for the national composite and each surveyed city indicated on tables 7.2 through 7.9.

More information about this and other construction related indices published by Statistics Canada are also available on line at www.statcan.ca.

Services

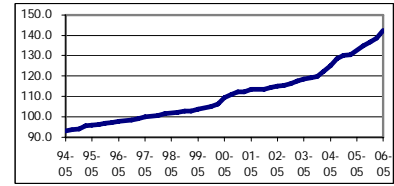
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| Cost Planning & Control | Litigation Support | Feasibility Studies | Project Loan Monitoring |
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World Wide Office and Service Contacts

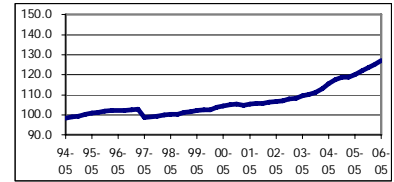
Vancouver	Peter Moore	(604) 685-1241	Abu Dhabi	Paul Bishop	971-26262461
Edmonton	Mike Swick	(780) 426-7980	Dubai	S. Keigwin/S. Bale	9714-3244557
Calgary	David Crane	(403) 234-9490	Muscat	Martin Redman	968-24481664
Winnipeg	David Crane	(204) 775-3389	Doha	H. Leatherbarrow	974-4673808
Hamilton	Susan Neil	(905) 525-5777			
Ottawa	Art Maw	(613) 234-8089			
	Grant Mercer		Value Management	Paul Westbrook	(416) 487-3811
Toronto	Paul Westbrook	(416) 487-3811	Loan Monitoring	Ray Murray	(902) 422-3620
	Dale Panday			Michael Shackell	(416) 487-3811
Halifax	Ray Murray	(902) 422-3620	Applied Research	Jason Gallant	(416) 487-3811
St. John's	Wayne Fitzpatrick	(709) 722-0505	Mech./Elec. Services	Al Wright	(416) 487-3811

STATISTICS CANADA NON-RESIDENTIAL CONSTRUCTION COST INDICES, IN EACH CITY 1997 = 100 (Cat. No. 62-007-XIE)

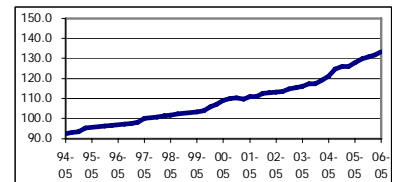
COMPOSITE	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
7 CITY										
Index	122.4	125.2	128.4	130.1	130.4	132.6	134.9	136.7	138.6	142.3
Year / Year					6.5%	5.9%	5.1%	5.1%	6.3%	7.3%
Quarterly		2.3%	2.6%	1.3%	0.2%	1.7%	1.7%	1.3%	1.4%	2.7%
Q. Cumulative	0.0%	2.3%	4.9%	6.3%	6.5%	8.3%	10.2%	11.7%	13.2%	16.3%



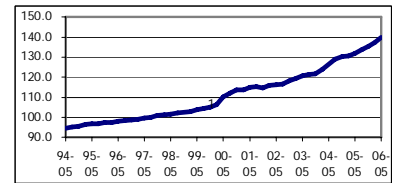
HALIFAX	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	113.2	115.6	117.6	118.6	118.7	120.0	122.1	123.6	125.1	126.9
Year / Year					4.9%	3.8%	3.8%	4.2%	5.4%	5.8%
Quarterly		2.1%	1.7%	0.9%	0.1%	1.1%	1.7%	1.2%	1.2%	1.4%
Q. Cumulative	0.0%	2.1%	3.9%	4.8%	4.9%	6.0%	7.9%	9.2%	10.5%	12.1%



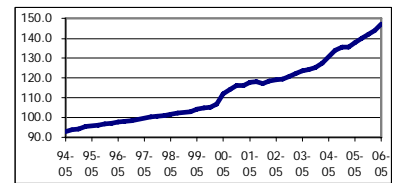
MONTREAL	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	119.4	121.3	124.7	126.0	126.0	128.0	129.8	130.7	131.8	133.1
Year / Year					5.5%	5.5%	4.1%	3.7%	4.6%	4.0%
Quarterly		1.6%	2.8%	1.0%	0.0%	1.6%	1.4%	0.7%	0.8%	1.0%
Q. Cumulative	0.0%	1.6%	4.4%	5.5%	5.5%	7.2%	8.7%	9.5%	10.4%	11.5%



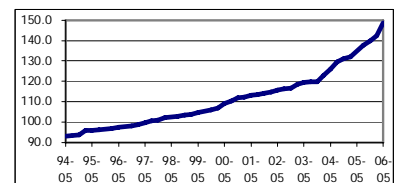
OTTAWA	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	124.0	126.3	129.0	130.4	130.5	131.9	133.8	135.4	137.3	139.7
Year / Year					5.2%	4.4%	3.7%	3.8%	5.2%	5.9%
Quarterly		1.9%	2.1%	1.1%	0.1%	1.1%	1.4%	1.2%	1.4%	1.7%
Q. Cumulative	0.0%	1.9%	4.0%	5.2%	5.2%	6.4%	7.9%	9.2%	10.7%	12.7%



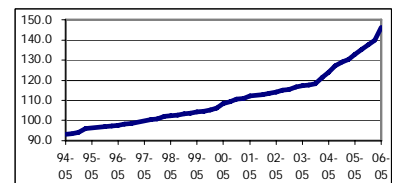
TORONTO	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	127.6	130.7	133.9	135.7	135.8	137.7	140.3	142.0	144.2	147.3
Year / Year					6.4%	5.4%	4.8%	4.6%	6.2%	7.0%
Quarterly		2.4%	2.4%	1.3%	0.1%	1.4%	1.9%	1.2%	1.5%	2.1%
Q. Cumulative	0.0%	2.4%	4.9%	6.3%	6.4%	7.9%	10.0%	11.3%	13.0%	15.4%



CALGARY	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	123.0	126.1	129.4	131.1	131.9	135.0	137.6	140.0	142.4	148.9
Year / Year					7.2%	7.1%	6.3%	6.8%	8.0%	10.3%
Quarterly		2.5%	2.6%	1.3%	0.6%	2.4%	1.9%	1.7%	1.7%	4.6%
Q. Cumulative	0.0%	2.5%	5.2%	6.6%	7.2%	9.8%	11.9%	13.8%	15.8%	21.1%



EDMONTON	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	121.3	124.2	127.2	129.2	130.3	133.0	135.4	137.6	139.9	146.1
Year / Year					7.4%	7.1%	6.4%	6.5%	7.4%	9.8%
Quarterly		2.4%	2.4%	1.6%	0.9%	2.1%	1.8%	1.6%	1.7%	4.4%
Q. Cumulative	0.0%	2.4%	4.9%	6.5%	7.4%	9.6%	11.6%	13.4%	15.3%	20.4%



VANCOUVER	2004				2005				2006	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	113.5	116.8	120.2	122.2	123.1	125.8	127.9	130.6	132.5	137.7
Year / Year					8.5%	7.7%	6.4%	6.9%	7.6%	9.5%
Quarterly		2.9%	2.9%	1.7%	0.7%	2.2%	1.7%	2.1%	1.5%	3.9%
Q. Cumulative	0.0%	2.9%	5.9%	7.7%	8.5%	10.8%	12.7%	15.1%	16.7%	21.3%

