

## Flows and Stocks of Fixed Residential Capital – Data Sources

The flow data, namely gross residential capital formation, are divided into three components. The first is **new housing construction**, which includes single dwellings, semi-detached dwellings, row housing and apartments, cottages, mobile homes and additional housing units created from non-residential buildings or other types of residential structures (conversions). To calculate this component, the data are obtained from the monthly Building Permits Survey (**survey no. 2802**) and the Starts and Completions Survey of the Canada Mortgage and Housing Corporation (CMHC). The data on building permits are used to associate a value with the number of housing starts. Work-put-in-place coefficients are used to spread the value of housing starts over the construction period.

The second component of residential construction investment, **renovations**, includes alterations and improvements in existing dwellings. These data are calculated by the Statistics Canada's Income and Expenditure Accounts Division. To derive the national level, the provincial distribution and the growth rates, several data sources are used. Two surveys question respondents as to their expenditure on renovations on their home, the Survey of Household Spending – SHS (**survey no. 3508**) and the Homeowner Repair and Renovation Survey – HRRS (**survey no. 3886**). The SHS was chosen for the national level for homeowner renovations. The provincial distribution is mainly from the SHS while using the HRRS as additional indicator. The provincial distribution for Yukon, Northwest Territories and Nunavut are based on the SHS and Building Permits for renovations. Renovations done by tenants are derived with the SHS. The Annual Survey of Service Industries: Real Estate Rental and Leasing and Property Management (**survey no. 4705**) questions respondents on expenditure for alterations and improvements on rented or leased residential real estate. Renovations on secondary residences are derived from the SHS. The Survey of Household Spending questions respondents on expenditure for alterations & improvements on owned secondary residences.

The third component is **acquisition costs**, which refers to the value of services relating to the sale of new dwellings. These costs include sales tax, land development and service charges, as well as record-processing fees for mortgage insurance and the associated premiums. Sales tax is calculated on the basis of data on the absorption of newly completed dwelling units from the CMHC. The costs of developing land and services are obtained from Statistics Canada's Public Institutions Division. As regards data on record processing fees for purposes of mortgage insurance and the associated premium, these are estimated using CMHC data, current interest rates and data on building permits. These data are then assembled by Statistics Canada's Income and Expenditure Accounts Division to determine acquisition costs.

To obtain net fixed capital formation, it is essential to subtract from gross capital formation the value of depreciation and the value of **demolitions**. The Building Permits Survey and the annual report of the Council of Canadian Fire Marshals and Fire Commissioners are used to determine the value of demolitions.