

Cdn. Housing Starts — June

Sky-High Condo Starts in June

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Canadian housing starts jumped 28.0% to 248,100 annualized units in June, much stronger than expected and snapping three straight months of decline. This was enough to push the 12-month average to 224,200, the highest since August 2008. The volatile urban multifamily starts drove the increase, up a whopping 46%. Demand for condos remains strong with millennials, international migrants, downsizing baby boomers and speculators all clamoring for a little slice of the sky. But condos, seemingly the last affordable housing option, may not remain that way much longer, given ratcheting price gains and soaring material costs thanks to tariffs.

On a regional basis, **Ontario** led the upswing, surging 93% to 100.8k annualized units—much of it concentrated in condo starts. Meantime, new home construction in **B.C.** dropped 16%. **Quebec** starts rose again as activity continued to reflect elevated housing demand in that province. Ground-breaking in the **Prairies** stayed sluggish, counter to the nationwide trend, with oversupplied markets and subdued population flows. Starts in **Atlantic Canada** were sturdy, supported by a healthy pace of immigration.

In a separate release, the value of **building permits climbed 4.7% in May**, with the residential sector surging 7.7% after a 4.4% sag the prior month.

Bottom Line: The housing market continues to show signs of stabilization. Residential construction activity remains solid, supported by the fastest population growth in almost three decades, solid job gains and still-strong wage growth. And, given that the BoC remains data dependent, today's pair of reports don't argue against the Bank raising rates on Wednesday.



Housing Starts					
Canada (thousands of units : a.r.)				12-month	
	Jun	May	Apr	average	year ago
Housing Starts	248.1	193.9	216.2	224.2	213.3
(month/month % change)	28.0	-10.3	-4.3		
Urban Singles	56.0	58.0	57.1	60.7	66.5
Multiples	172.8	118.1	141.6	145.6	129.1
Atlantic Canada	11.3	7.5	7.9	9.4	7.4
Québec	59.9	41.3	59.6	50.0	43.8
Ontario	104.4	55.4	69.8	81.3	78.3
Manitoba & Saskatchewan	9.6	10.7	8.0	10.7	12.1
Alberta	26.1	35.7	29.4	28.6	31.1
British Columbia	36.9	43.4	41.5	44.2	40.6

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