

Cdn. Housing Starts — July

Cdn Building Boom Continues

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Canadian housing starts fell sharply to 206,300 annualized units in July, but that was entirely expected after a massive 246k units broke ground in the prior month (one of the highest single-month readings of the past decade). Condo starts fell sharply, while single-family stats pulled back modestly. Smoothing out the swings, the 3-month average is running at 216k, and the 12-month average is at 222k, both very strong by historical standards. In fact, the latter is now rivalling the 2003-to-2008 period, which was the most recent 'boom' in Canadian residential construction.

Regionally, **Ontario** saw the biggest pullback in July, with starts cooling to 66k after jumping above 100k in the prior month—a wave of Toronto condos broke ground in June. To get a sense of how much new supply is being pushed into the Ontario (and mainly Toronto) market, the 12-month average is now running at around 80k, up from a low of 56k as recently as mid-2015. This comes in response to ramped up population inflows, and most is concentrated in condos as dictated by development policy.

B.C. starts rose in July, but still appear to be off the raging boil seen through 2016 and 2017.

Alberta is still bouncing around in the 25k-to-30k range, or about 10k below the run rate seen through mid-2014—that's consistent with a stabilized economy, though with more subdued population flows that before the oil shock.

Quebec activity pulled back in July, but the 12-month average (just under 50k) is the strongest in 7 years, consistent with a buoyant resale market.

Finally, **Atlantic Canada** is quietly experiencing a mini population boom of its own (largely international immigration), and starts are now responding—the 12-month average, while hardly strong by historical standards, is the highest since early-2014.

In a separate release, **new house prices rose** 0.1% in June, the first monthly increase since February—StatsCan cites rising building costs a reason for the bump. That leaves prices up a modest 0.8% y/y, with Montreal (+1.1% y/y) leading the pack. Most cities are packed in a tight little-changed range.

The Bottom Line: Very robust levels of residential construction continue in Canada, with a 27-year high for population growth behind the strength. While Vancouver and Toronto rightfully get much of the attention, many markets have seen construction activity ramp up as a result.



Housing Starts

Canada (thousands of units : a.r.)	Jul	Jun	May	12-month average	year ago
Housing Starts	206.3	246.2	195.1	222.5	225.1
(month/month % change)	-16.2	26.2	-9.3		
Urban Singles	53.9	55.9	57.9	59.8	64.2
Multiples	136.2	170.8	119.6	144.8	144.1
Atlantic Canada	10.4	11.2	7.4	9.5	9.1
Québec	39.7	58.1	42.9	49.6	43.1
Ontario	69.1	104.3	55.0	80.3	80.3
Manitoba & Saskatchewan	12.1	9.6	10.7	10.8	10.6
Alberta	30.1	26.2	35.8	28.3	33.9
British Columbia	44.9	36.9	43.4	43.9	48.1

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