

## Cdn. Housing Starts — December

# Sturdy Homebuilding Despite Crosscurrents

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Canadian housing starts slipped to 213,400 annualized units in December, down slightly from an upwardly-revised 224k in the prior month. That was roughly in-line with expectations and finishes the year on a still-solid note. That leaves the full 2018 average at 214k, down slightly from a heated 220k for all of 2017. Keep in mind that 2017 was the strongest year in a decade so, despite somewhat softer momentum to close out the year, the pace of residential construction activity was still very solid heading into 2019—though we do suspect that the high watermark for this cycle is indeed behind us.

Single-family starts dipped in December and averaged just 54.9k for all of 2018, the lowest annual total for detached-home construction since the depth of the mid-1990s downturn. On the flip side, **multis** rose in December and averaged a record high 138.8k for the year. The **difference in new supply between these two segments couldn't be starker**, and various factors (urban job growth, intensification requirements, greenbelts, etc.) will likely keep this theme in play.

Regionally, it was mixed bag in December, while **most provinces saw starts edge slightly lower in 2018**. B.C. and Ontario both saw activity cool slightly, albeit from very elevated levels. B.C.'s full-year total came in at 40.1k, down from 43.5k in 2017 (which was a record high). Ontario dipped to 79.3k from just over 80k in 2017 (the latter was a cycle high). Job market and demographic fundamentals should keep the construction side of these markets pretty well supported, even as asset prices (especially at the high end of the spectrum) are currently correcting. Elsewhere, Alberta finished the year on a weak note, but starts averaged a decent 26.2k for all of 2018—that's consistent with an economy running much cooler than in the past, but still modestly expanding. Finally, Quebec and Atlantic Canada bucked the trend and saw starts increase in 2018. Quebec builders piggybacked a strong resale market, especially in Montreal (which flew in contrast to Toronto and Vancouver). In Atlantic Canada, a wave of international immigration has boosted population growth, and starts rose for a second consecutive year after declining steadily since 2010.

**The Bottom Line:** It was another solid year for Canadian residential construction. While we suspect that we've probably seen cycle highs for activity, job market and demographic fundamentals should still lend support this year—we're currently calling for 205k starts in 2019.



### Housing Starts

Canada (thousands of units : a.r.)				12-month	
	Dec	Nov	Oct	average	year ago
Housing Starts	213.4	224.3	212.5	<b>214.0</b>	<b>212.7</b>
(month/month % change)	-4.9	5.6	11.2		
Urban Singles	49.9	51.2	46.8	<b>54.9</b>	<b>62.6</b>
Multiples	144.7	155.3	148.2	<b>142.5</b>	<b>132.3</b>
Atlantic Canada	11.1	10.1	7.5	<b>9.7</b>	<b>9.5</b>
Québec	52.7	50.0	50.4	<b>46.9</b>	<b>51.0</b>
Ontario	70.5	85.6	91.1	<b>79.3</b>	<b>64.5</b>
Manitoba & Saskatchewan	9.2	12.5	13.3	<b>11.0</b>	<b>12.9</b>
Alberta	19.0	25.8	17.6	<b>26.2</b>	<b>23.3</b>
British Columbia	50.9	40.3	32.7	<b>40.9</b>	<b>51.5</b>

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