

Cdn. Housing Starts — January

Homebuilders Ignore Price Correction

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Canadian housing starts dipped slightly to 208k annualized units in January, down slightly from 214k in the prior month. That was roughly in-line with expectations and reinforces the solid level of homebuilding activity in Canada. Also, given that permit activity averaged around 240k in the final three months of 2018, activity should remain well supported through the spring.

Single-family starts fell again, and are now running close to levels seen at the depth of the 2009 recession. **Multi-unit** starts dipped as well, but remain near record highs. Not to repeat ourselves, but various factors such as urban job growth, intensification requirements, greenbelts, etc. continue to increase the relative scarcity of single-detached housing, especially in the bigger cities.

Regionally, it was mixed bag in January. **Ontario** starts rose after falling the final two months of 2018. The level of activity in the province continues to trend around the 80k per-year mark, which is very elevated historically. In other words, there *is* supply coming onto the market in Ontario. Maybe it's not exactly the right mix and location, but there is supply coming to meet robust demand. **B.C.** starts pulled back, but activity continues to hold at elevated levels (40k annualized over the past six months) despite much softer resale demand. Elsewhere, **Alberta** rose from very low levels, and activity remains consistent with an economy running much cooler than in the past, but still modestly expanding. Finally, **Quebec** and **Atlantic Canada** both dipped in the month, but continue to trend near multi-year highs alongside elevated population growth.

The Bottom Line: Residential construction activity remains rock solid, as strong demographic flows support unit demand, even while asset prices are correcting in some markets.



| Housing Starts | | | | | |
|------------------------------------|-------|-------|-------|--------------|--------------|
| Canada (thousands of units : a.r.) | | | | 12-month | |
| | Jan | Dec | Nov | average | year ago |
| Housing Starts | 208.0 | 213.6 | 224.7 | 213.3 | 217.3 |
| (month/month % change) | -2.7 | -4.9 | 5.4 | | |
| Urban Singles | 44.6 | 49.8 | 51.0 | 53.3 | 63.5 |
| Multiples | 146.4 | 145.3 | 156.0 | 143.5 | 136.3 |
| Atlantic Canada | 7.8 | 10.9 | 9.9 | 9.6 | 9.1 |
| Québec | 48.3 | 52.7 | 50.1 | 47.3 | 43.1 |
| Ontario | 75.2 | 70.8 | 86.1 | 78.6 | 84.8 |
| Manitoba & Saskatchewan | 9.2 | 9.2 | 12.5 | 10.8 | 10.6 |
| Alberta | 24.1 | 19.1 | 25.9 | 26.2 | 25.3 |
| British Columbia | 43.3 | 50.9 | 40.1 | 40.8 | 44.4 |

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