

Canadian Housing Starts Hit 10 Year High

Canada, Housing Starts, 000s SAAR, March:

Actual: 253.72

Consensus: 214.5

Scotia: 200

Prior: 214.3 (revised up from 210.2)

- Multiple housing units drove the biggest housing starts tally since September 2007 while construction of new single detached homes advanced at a much milder pace. Strength has returned to western Canada and also Quebec, while Ontario was relatively soft overall. The data leans heavily in favour of viewing a foreign buyers tax as a temporary influence at best and with the effects now being shaken off in BC, while the acceleration in housing supply across a number of major markets is a positive influence against strained affordability including in Toronto. **There is a solid case to be made in these numbers for how the supply side may be responding to affordability challenges and that the market left to its own is finding solutions.** At this point in the cycle, policy should be careful about adding downside risks to demand if the supply side is accelerating.
- Multiple housing units drove almost all of the 18.4% m/m headline gain and were up by 29.6% m/m. Singles were up only 2.2% m/m. Seasonally adjusted and annualized single starts in urban centers are at their highest since June 2010 and multiple housing units are at their highest since September 2007 (same as total starts).
- By province, total nationwide housing starts were up 60% m/m in British Columbia at a seasonally adjusted and annualized rate while Alberta was up 35% m/m and Quebec was up 31%. The two western provinces accounted for about two-thirds of the nationwide rise while adding in Quebec accounted for 96% of the nationwide rise. Ontario was up 6% m/m which masked a 10% rise in multis and a mild 1% rise in singles and as a whole Ontario only contributed just over 10% over the incremental monthly gain in nationwide housing starts. There were large percentage gains (NB, PEI) and large percentage declines (NS, NL) in some other provinces that carry low weights and hence did not materially affect the national totals.
- By city and in seasonally adjusted and annualized terms, Vancouver's starts were up 68% m/m led by a 75% rise in multis and a 44% gain in singles. **So much for the foreign buyers tax as a sustainable influence and as a lesson to all jurisdictions.** Toronto's starts were up 46% m/m all because of an 82% rise in multis in turn driven heavily by apartments which helps the affordability and rental market challenges while singles fell 4%. Calgary witnessed a rise of 138% m/m driven by a 307% gain in multies and a 15% rise in singles. Montreal's starts were up 27% driven by a 33% gain in multies and a 12% drop in singles.
- Kudos to the CMHC for its improved release details by the way. [This](#) link has a good summary of provincial and city-level starts by type. Just be careful to scroll down to the seasonally adjusted and annualized numbers in the lower half of the tables given the focus of most of our clients on seasonally adjusted data.

CONTACTS

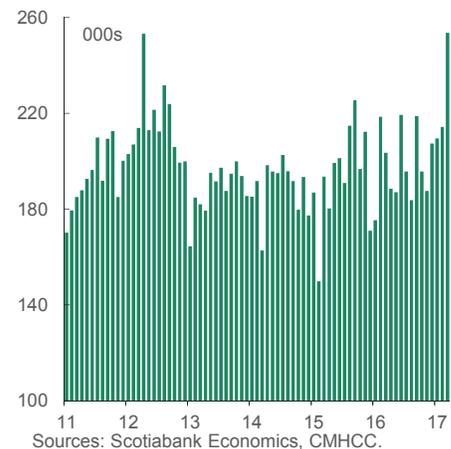
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Sources: Scotiabank Economics, CMHCC.

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