

Canadian New Home Construction Remains Strong

Housing starts, seasonally adjusted at an annualized rate 000s, October:

Actual: 222.8

Scotia: 205

Consensus: 211

Prior: 219.3 (revised from 217.1)

- Canada’s new home construction market remains strong but a rotation toward multiple housing units continues.** New home construction activity exceeded expectations for the fifth month in a row as the pace of new home construction exceeded 200k at an annualized rate for the ninth month in ten so far this year.
- Aggregate housing starts held in due to the strength of multiple housing units. Single detached starts fell 17% m/m in October while multiples climbed by 12%.
- For the quarter as a whole, starts were up by 34% q/q at a seasonally adjusted and annualized rate. That reverses a 26% q/q slide in Q2. Q3 urban singles were up 3.5% q/q while urban multiples were up 56.5%. That’s a positive for residential construction in the GDP accounts.
- By province, gains in BC and Quebec offset a large decline in Ontario as the dominant drivers of the headline change while Alberta was flat. The biggest monthly gain was in Saskatchewan (+64% m/m) followed by BC (+44%) and then Quebec (+20%). The weakest markets were in Nova Scotia (-49% m/m), Ontario and PEI (each -24%) and Manitoba (-21%). In Ontario, both singles and multis stumbled versus Quebec, BC and Alberta where softer singles were offset by a rise in multiple units.
- Toronto was the weaker of the two cities getting the most attention. Toronto’s single units fell 44% m/m while multis were down 8%. In Vancouver, singles fell 15% m/m while multis were up 136%. Yes 136%.
- All that said, the volume of permits issued for new housing has decreased over the past three months. Permit volumes are still over 200k, but had reached about 240k in June at a seasonally adjusted and annualized rate. That says that starts are likely to remain elevated over 200k in the near-term, but below the 220-225k run rate of the past four months.

CONTACTS

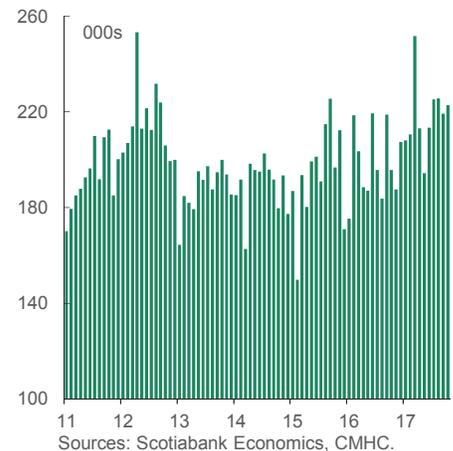
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Canadian Housing Starts



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