



# Daily Economic Update

September 11, 2017

## Canadian homebuilding activity remained strong in August

Canada’s homebuilding sector continued to defy the trend in resales with housing starts remaining elevated in August. On a trend basis, starts are running at their fastest pace since September 2012 even as changes in housing policy are slowing sales of existing homes. Recent strength in permit issuance argues for that divergence to continue in the near-term. However, as starts do tend to follow resales with a lag, we think some slowing in the former is in order toward the end of the year. The fact that housing starts continue to strongly outpace the estimated underlying rate of household formation also argues for some slowing going forward. But for now, it looks like Q2’s decline in residential investment won’t be repeated in the current quarter.

### Highlights:

- Housing starts were little changed at 223k annualized units in August. Market expectations were for a slight moderation to 215k from July’s 222k pace.
- On a trend basis, starts averaged 220k over the past six months, the strongest pace in nearly five years.
- Single-unit starts edged lower after having picked up strongly earlier this year. Multi-unit starts rose in August and the six-month trend was the strongest on record.
- On a regional basis, a jump in Ontario starts was partly offset by a decline in BC. Year-to-date, starts remain elevated in both provinces. Quebec and the Prairies have also seen an improvement in homebuilding activity this year.

### Canada Housing Starts Summary

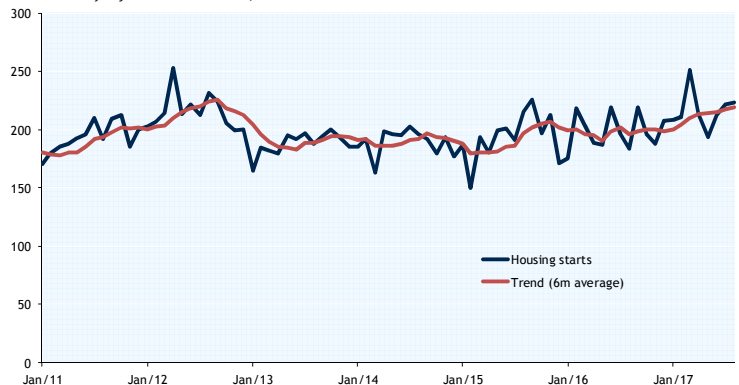
seasonally adjusted annualized rate, thousands

	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>Canada total</b>	<b>213</b>	<b>194</b>	<b>213</b>	<b>222</b>	<b>223</b>
Single-unit	66	60	67	64	62
Multiple-unit	132	117	128	142	146
Rural	15	17	18	16	16
<b>Provincial Urban Starts</b>					
Atlantic Canada	8	7	6	8	6
Quebec	37	28	36	36	36
Ontario	72	52	76	76	92
Prairies	38	45	40	41	37
British Columbia	44	46	38	45	36

Source: CMHC, RBC Economics Research

### Canadian housing starts

seasonally adjusted annualized rate, thousands



Source: Canada Mortgage and Housing Corporation, RBC Economics Research

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