



Daily Economic Update

December 10, 2018

Canadian housing starts rose to 216k in November

The increase was the second in as many months with the 211k average starts over October and November up from the 197k average in the third quarter. That in itself is not all that surprising. New residential permit issuance outpaced starts by a wide margin in the third quarter (permits averaged 226k per month), suggesting that there was more new building activity in the pipeline. Indeed, in a separate release this morning, new building permits in October jumped to 240k at an annualized rate, leaving room potentially for further strong near-term starts. Both single and multi-unit starts posted increases in November with gains concentrated in the Prairies and British Columbia.

Looking beyond near-term swings in the data, we continue to think interest rates will continue to rise gradually going forward — and that will weigh particularly heavily on interest-rate sensitive purchases like houses. Higher rates plus regulatory measures have already slowed the home resale market significantly. We expect those trends will ultimately result in slower home building activity next year as well.

Highlights:

- Housing starts rose to 216k in November. The 6-month trend rate inched up to 210k — the first increase in five months.
- In separately-released data, new building permit issuance increased to 240k. That is well above the recent pace of starts and suggests there could be more new building activity in the pipeline.

Canada Housing Starts Summary

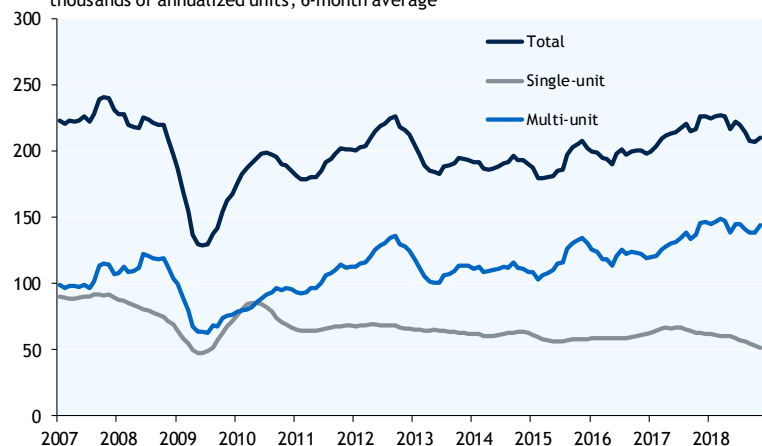
seasonally adjusted annualized rate, thousands

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
Canada total	202	198	191	207	216
Single-unit	54	52	52	47	50
Multiple-unit	136	134	126	146	152
Rural	12	12	13	14	14
Provincial Urban Starts					
Atlantic Canada	9	7	9	5	8
Quebec	34	28	35	43	43
Ontario	67	62	75	86	79
Prairies	39	43	32	28	35
British Columbia	41	45	26	30	37

Source: CMHC, RBC Economics Research

Canadian housing starts trend

thousands of annualized units, 6-month average



Source: CMHC, RBC Economics Research

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