

October 8, 2020

Canadian housing starts slowed in September

- Housing starts fell from a 14-year-high to 209k in September
- Ontario and BC starts drove the decline
- Broader demand trends remain resilient in the near-term

After a string of upside surprises over the previous months, Canadian housing starts moderated to an annualized 209k in September, a level still strong by historical standards. The volatility in the national series was once again an Ontario story, as starts in the province fell 37k, all the while starts in BC fell 11k as well. Average starts from January to September were 1% above the same period in 2019 - despite COVID-19 containment measures that shut down wide swaths of the economy in the spring. And in Quebec and Ontario, average starts continued to outpace the national comparable while the others, most notably BC, lagged. Permits issuance has remained strong, suggesting still-solid momentum for housing starts in the near-term.

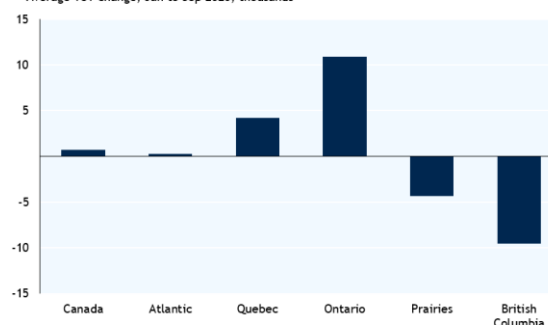
Broader home demand trends remained elevated in September, buoyed by low interest rates and resilient household incomes. Local real estate boards were again reporting double-digit gains in home resales, with buyers showing a clear COVID-related shift in preference for single-detached and other low-rise segments. By contrast much of the strength in new building activity to-date is concentrated in multi-unit dwellings. The slowing demand for condos could yet spill into slower new building activity in the longer-run. But for the near-term we still expect both new building and resale markets to remain resilient from a combination of ample fiscal and monetary support.

Canadian Housing Starts Summary					
SAAR, <i>Thous.</i>	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Canada total	195	212	246	262	209
Single-unit	44	43	49	48	50
Multiple-unit	137	155	183	200	146
Rural Areas	14	14	13	13	13
Provincial urban starts					
Atlantic Canada	9	8	17	11	11
Quebec	64	60	63	61	54
Ontario	58	79	87	117	80
Prairies	26	26	39	29	32
British Columbia	39	39	40	43	32

Source: CMHC, RBC Economics

Canada Housing Starts 2020 to-date

Average YoY change, Jan to Sep 2020, thousands



Source: CMHC, RBC Economics Research

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