

Canadian Housing: Cloudy With A Good Chance of Building

First, the bad news. Canadian housing starts fell a greater-than-expected 4.6% in September to 150,100 units annualized. That about covers the bad news. Let's move on to the good news. The monthly decline was generally modest and still leaves starts well above April's 13-year low. August housing starts were revised up 4.5% to 157,300 a.r. And, all of the headline decline was in the volatile multiple units category, which dropped 21.4% to 62,700 units, the lowest since May. The roof was raised on singles, though, as starts of single-family homes grew a lofty 16.8% last month, the most since March 2000 and to the highest level since the fall of 2008.

Regionally, the gains were neither broadly based nor concentrated in one region. Alberta, Ontario (don't point to the end of the Toronto civic workers' strike, as that occurred at the end of July) and Nova Scotia broke ground on more houses in September, while the rest of the country was either flat or down.

(thousands of units : a.r.)	Sep	Aug	Jul	12-month average	year ago
Housing Starts	150.1	157.3	139.7	150.4	213.5
(month/month % change)	-4.6	12.6	1.4		
Urban Singles	68.8	58.9	57.4	56.4	69.0
Multiples	62.7	79.8	63.7	74.6	118.2
Atlantic Canada	11.4	11.8	11.4	11.0	12.7
Québec	41.0	49.8	47.5	43.5	46.5
Ontario	50.5	45.4	40.0	52.5	81.5
Manitoba and Saskatchewan	8.6	11.1	8.0	8.4	12.5
Alberta	22.4	19.9	19.1	18.0	24.1
British Columbia	16.2	19.3	13.7	16.9	36.2

The Bottom Line: Overall, the September decline was just a blip and still leaves starts above expected levels. As home sales lead starts by a few months and are on a roll in most major centres across the nation, look for the housing starts recovery to continue steadily. But it won't be near the boom-boom-pow times of earlier this decade.

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