

# Canadian Housing: Supply, Meet Demand

Canadian housing starts rose a solid 5.4% to 157,300 annualized units in October. That more than offset the prior month's decline, and puts Canadian residential construction activity at the firmest level since the end of 2008—right before the housing market went into its (short) hibernation. A 13.8% rebound in multi-unit starts to 72,600 drove the increase in October, while single-unit starts pulled back 2.7% to 67,300 annualized units. The decline in singles is the first since activity bottomed in April, but starts in this sector are still a hefty 48% above those low levels. All told, Canadian residential construction activity has rebounded smartly from the depths of recession, pulled out by a massive bounce-back in demand (pushed, in turn, by low interest rates), but activity is still well below pre-recession levels of about 220,000 annualized units. And with annual household formation running in the 170,000 to 175,000 range, activity is unlikely to rebound to prior peak levels any time soon.

Regionally, the strongest gains continue to be in the Provinces that were hardest-hit during the downturn—British Columbia, Alberta and Ontario. Notably, starts in Alberta have now more than doubled from their winter low, while those in British Columbia have bounced 55%, largely a reflection of just how quiet things were earlier this year. Despite the improvement, activity in these two provinces is still running at less than half of peak (2007) levels. Meantime, Atlantic Canada continues to plod along at a steady pace, largely unaffected by the recession, and therefore, not seeing any significant bounce back.

(thousands of units : a.r.)	Oct	Sep	Aug	12-month average	year ago
<b>Housing Starts</b>	157.3	149.3	155.4	145.6	209.4
(month/month % change)	5.4	-3.9	12.8		
<b>Urban Singles</b>	67.3	69.2	59.0	56.0	72.0
<b>Multiples</b>	72.6	63.8	80.1	71.2	115.3
<b>Atlantic Canada</b>	11.7	10.9	11.3	10.8	13.1
<b>Québec</b>	37.2	41.3	48.9	42.4	49.6
<b>Ontario</b>	57.6	50.2	45.2	50.4	81.8
<b>Manitoba and Saskatchewan</b>	7.8	8.1	10.6	8.1	10.0
<b>Alberta</b>	25.0	22.6	20.1	18.0	25.2
<b>British Columbia</b>	18.1	16.2	19.3	16.0	29.7

**The Bottom Line:** Canadian residential construction activity has rebounded from the depths of recession seen earlier this year. While continued demand strength will likely pull starts higher still in the months ahead, a return to pre-recession levels is still a long way off.

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