



February 8, 2017

TD Economics

Data Release: Housing starts kick off the year on strong footing

- Canadian housing starts kicked off the year on a strong note, with homebuilders breaking ground on 207k units (annualized) in January. This extends December's sharp gain, and pushes the 6-month moving average up just shy of the 200k unit mark.
- The strength in January stemmed from the multi-family sector, which was up 4.2% following a 14% gain in December. Meanwhile, single family construction was down 4.6% on the month, reversing some of December's gains.
- Regionally, Ontario remained the key driver of growth, with starts up by a whopping 25% in January. Homebuilding in the Atlantic Provinces was also up during the month while the remaining regions recorded declines. B.C. experienced the largest pullback, as home starts slid 33% from the month prior.

Key Implications

- Overall, housing starts have been hovering around the 200k mark annualized (on a trend basis) for the last six quarters, or just slightly above the current rate of household formation. However, homebuilding construction should begin to slow over the course of the year, consistent with a cooling in overall housing market activity.
- Still, the recent strength in multi-unit projects could have further room to run given the surge in building permit approvals seen over the second half of last year. This could be partly offset by single-family construction, which is already at relatively lofty levels.
- The regional story will continue to reverberate across the housing markets, with central Canada leading the way, while B.C. and the oil-rich provinces lagging behind.

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