



November 8, 2016

## TD Economics

### Data Release: Canadian housing starts still trending at 200k units

- New home starts pulled back to 193k annualized units in October, down from September's robust 219k unit pace. However, the 6-month moving average inched up slightly to 199.9k units.
- The bulk of the pullback stemmed from the multi-unit sector, which slid 15% during the month. Meanwhile, single-detached starts were down by 5%. Both came off strong double digit gains in the month prior.
- Regionally, new homebuilding activity was down nearly across the board, with Ontario (+20%) the only region to record an increase in October. This is the opposite of the regional performance in September, when Ontario was the only province in which starts fell.

### Key Implications

- On a trend basis, housing starts have been fairly steady over the last year at close to 200k units. While this pace has likely been appropriate given demographics, it is unlikely to be sustained for much longer.
- The new mortgage and tax regulations recently introduced by the federal government is expected to take some steam out of home sales, particularly in B.C. and Ontario which have accounted for the bulk of the gains so far this year. This should filter through to homebuilding activity as well. Indeed, following strong growth this year, we expect housing starts in B.C. and Ontario to record sizable declines next year.
- As such, we expect housing starts to slide to an average of roughly 180k units in 2017, from an estimated 194k units this year.

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