

Multi-family housing starts continue to rise in Q3 2019

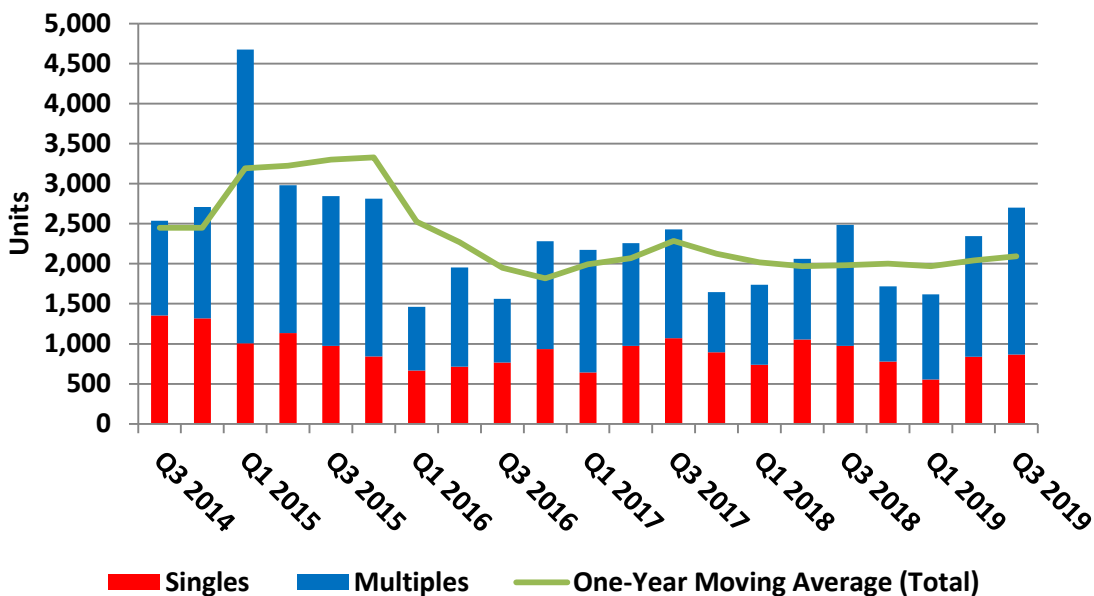
October 8, 2019

Builders in the city of Edmonton broke ground on a total of 2,702 housing units in Q3 2019, representing an increase of 8.7 per cent year-over-year from 2,486 units in Q3 2018.

The one-year moving average for total housing starts in Edmonton increased in Q3 2019 from the previous quarter, driven by gains in the multi-family segment. The one-year moving average is helpful to filter out quarter-over-quarter fluctuations which may be due to seasonal factors.

On a year-over-year basis, total housing starts were 8.7 per cent higher in Q3 2019. An increase in multi-family starts, which include semi-detached, row and apartment starts, more than offset an 11 per cent year-over-year reduction in single-family starts in Q3 2019. The gain in multi-family starts was largely driven by higher condominium apartment starts, with Q3 2019 production almost doubling starts recorded in Q3 2018.

City of Edmonton Housing Starts



Source: Canada Mortgage Housing Corporation

The one-year moving average for total housing starts in the Edmonton Census Metropolitan Area (CMA) rose 4.7 per cent in Q3 2019 from the previous quarter. The gain was due to higher multi-family housing starts which have been higher year-over-year for each quarter of 2019 thus far.

The number of housing starts in the Edmonton CMA was 15.3 per cent higher year-over-year at 3,533 units in Q3 2019. Similar to housing starts activity at the city level, a gain in multi-family starts, particularly for condominium apartment units, more than offset a reduction in the single-family segment.

Q3 2019 Housing Starts – Edmonton City and Edmonton CMA

	City of Edmonton			Edmonton CMA		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
Q3 2019	868	1,834	2,702	1,216	2,317	3,533
Q3 2018	975	1,511	2,486	1,349	1,716	3,065
% Change Year-over-Year	-11.0%	21.4%	8.7%	-9.9%	35.0%	15.3%
One-year moving average, Q3 2019	760	1,335	2,095	1,012	1,574	2,586
One-year moving average, Q2 2019	787	1,254	2,041	1,045	1,424	2,469
% Change, Quarter-over-Quarter	-3.4%	6.5%	2.6%	-3.2%	10.5%	4.7%

Source: Canada Mortgage Housing Corporation

Significance

Single-family housing starts continued to decline in Q3 2019 in response to both the existing and new home markets remaining well-supplied. However, the level of new single-family supply has been adjusting downward as starts activity has pulled back on a year-over-year basis for the last five quarters. Despite consistent year-over-year gains in quarterly multi-family housing starts this year, the pace of construction activity for total new housing units will likely be relatively similar in 2019 compared to the previous year as gains in multi-family production are expected to offset reductions in single-family housing starts. Fundamentals supporting housing demand continue to be positive, including population growth, gains in full-time employment and wage growth. These should help to firm up housing demand later on in the year, and consequently lead to the absorption of existing and new home supply.

Limitations

While the number of single- and multi-family housing starts does offer an indication of the construction building sector's performance, housing starts are not distributed evenly across quarters and figures can fluctuate dramatically. Therefore, the figures should be interpreted in the context of other economic indicators.

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