

You get a house, I get a house, we all get a house

Seasonally-adjusted annual rate

November: 252.2K (actual); 213.0K (expected)

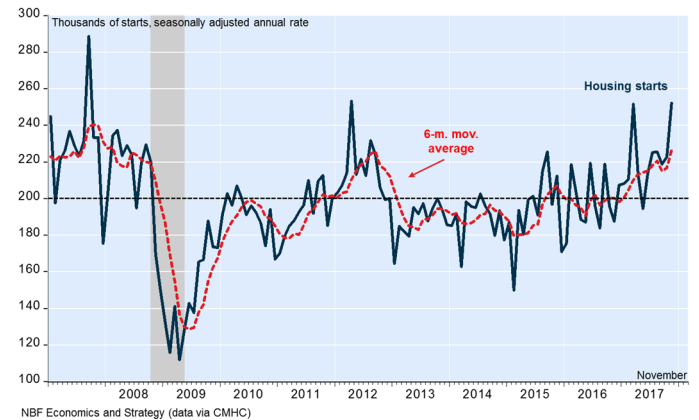
October: 222.7K

FACTS: Housing starts reached 252.2K units in November, rising 29.5K (13.2%) from the level in October (top chart). The monthly increase can be explained by a 25.3K (16.9%) advance for multiple starts in urban areas, which complemented the smaller rise for singles - the latter grew 4.2K (7.5%) to 60.4K. Rural starts, for their part, edged slightly down 0.1K (-0.4%) to 16.8K. Starts declined in British Columbia (-8.5K), Quebec (-5.4K), Saskatchewan (-1.3K) and New Brunswick (-0.9K) but those were more than offset by gains in Ontario (+37.9K), Alberta (+4.8K), Manitoba (+1.5K), Nova Scotia (+1.2K).

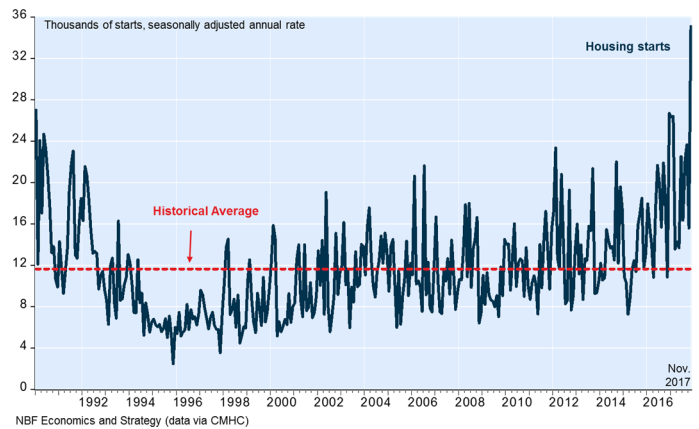
OPINION: Housing starts were much better than consensus expectations in November. Following what was already a strong October, Canadian residential construction increased at its fastest pace in 8 months and continued to perpetuate a level that is higher than demographic needs (estimated to be around 190K). Builders in the country remain motivated by a strong labour market, indeed more than 390K jobs have been created in the twelve months to November, the best showing in 10 years. Furthermore, interest rates remain relatively low. The standout in November's report was Ontario which showed a monthly increase of 38K units, the third largest increase on record. Starts for multiples in the province surged no less than 35K, reaching an all-time high of 71.3K. Excluding Toronto, multiple starts in urban areas for Ontario hit an all-time high of 35K, swelling 20K month over month and a full 23K over the historical average (middle chart). This was mostly due to a large number of starts in the cities of Guelph, Hamilton, Kitchener and London. However, given the observed moderation in permit applications for housing starts, such a pace of growth is unlikely to persist. With November's print and assuming all else stays the same for the next month, housing starts are on track to rise 28% annualized in the fourth quarter (bottom chart).

Kyle Dahms

Canada: 252.2K dwelling units started in November
Housing starts

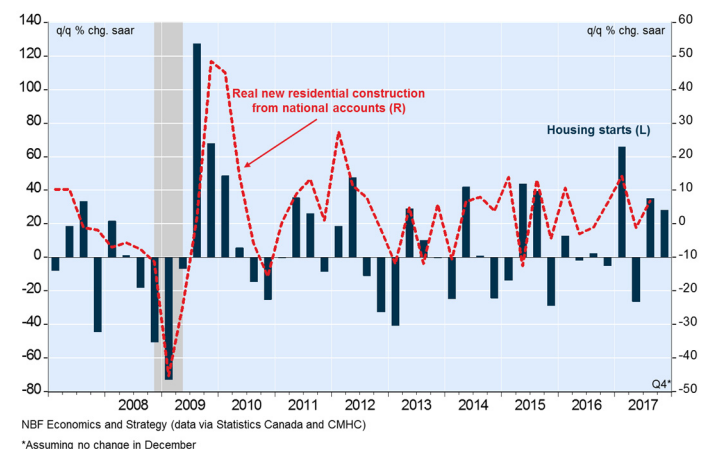


Ontario: Multiples outside of Toronto hit an all time high
Ontario urban multiple starts less Toronto urban multiple starts



Canada: New residential construction

Real new residential construction expenses and housing starts



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