

## 222.3K dwelling units started in July

### Annual rate

July: 222.3K (actual); 205.0K (expected)

June: 212.9K (revised up from 212.7K)

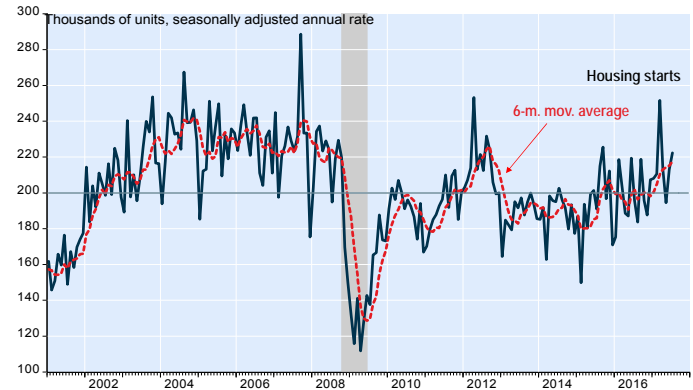
**FACTS:** Housing starts reached 222.3K units in July, rising 9.4K (+4.4%) from June. Multiple starts in urban areas increased 13.4K units (+10.4%) to 141.9K units. Single-detached starts in urban areas declined 2.6K units (-3.9%) to 64.2K units. Rural starts edged down 1.5K units (-8.3%) to 16.2K units. On a regional basis, starts were up in seven provinces: B.C. (+7.2K), Alberta (+2.5K), Nova Scotia (+1.8K), Ontario (+1.0K), Newfoundland & Labrador (+0.4K), Saskatchewan (+0.3K) and New Brunswick (+0.2K). Starts declined in Quebec (-1.8K), Manitoba (-1.8K) and PEI (-0.4K).

**OPINION:** July's improvement in housing starts reflects an unsustainable level of condo and rental units starts in Victoria as well as a resilient level of multiple starts in Toronto, Montreal and Vancouver (middle chart). Up to now, promoters in Toronto have not been discouraged by the deterioration of home resale market conditions that occurred over the past few months. It must be said however that the deterioration in that city's resale market conditions was mostly in high-priced detached homes. As in Vancouver, promoters in Toronto focused on starts of multiple dwellings (semi-detached, townhomes and apartments) where, given affordability concerns, demand is more resilient. In Montreal, starts of rental units have been trending up for several months, while the home resale market is hot. Based on labour market performance in these cities (they have created most of the new jobs in Canada recently) and on recent building permits issuance, we believe that housing starts will continue to be robust in Quebec, Ontario and BC. For the year, we expect more than 200,000 starts at the national level, a first since 2012. In the meantime, thanks to July's gain, housing starts are on track to contribute to economic growth in Q3 (bottom chart).

Marc Pinsonneault

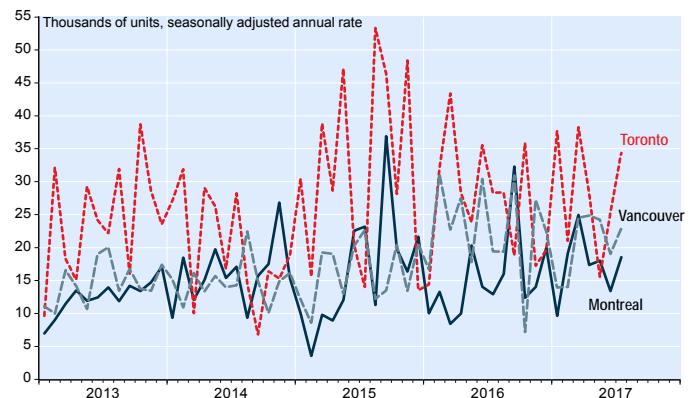
### Canada: 222.3K dwelling units started in July

Housing Starts



NBF Economics and Strategy (data via CMHC)

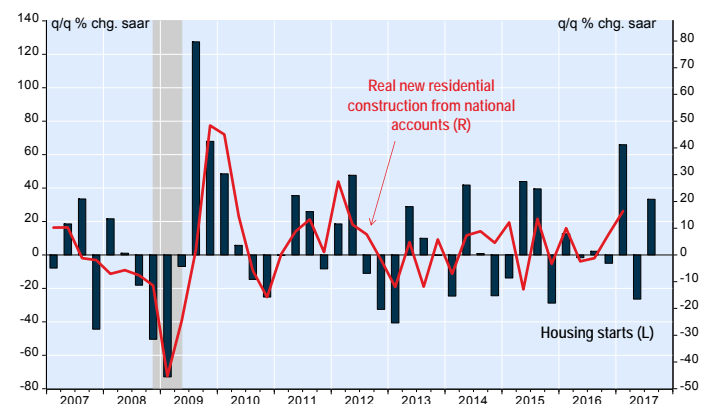
### Multiple starts in the three largest Canadian cities



NBF Economics and Strategy (data via CMHC)

### Canada: New residential construction

Real new residential construction expenses and housing starts



NBF Economics and Strategy (data via Statistics Canada and CMHC)

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