

## ECONOMIC NEWS

# Canada: Housing Starts Are Still High despite a Slight Drop in December

### HIGHLIGHTS

- ▶ As expected, the number of housing starts dipped slightly at the end of 2020, from 261,152 units in November (revised) to 228,279 units in December.
- ▶ Trend in housing starts (based on a six-month moving average) nevertheless remained on an upward trajectory, at 239,052 units.
- ▶ The overall number of housing starts for 2020 reached 217,802 units, a 4.4% increase over 2019.

### COMMENTS

After slowing down temporarily last spring, the number of housing starts sped up significantly in the second half of 2020. The trend based on a six-month moving average increased substantially, reaching a peak in December not seen since November 2007.

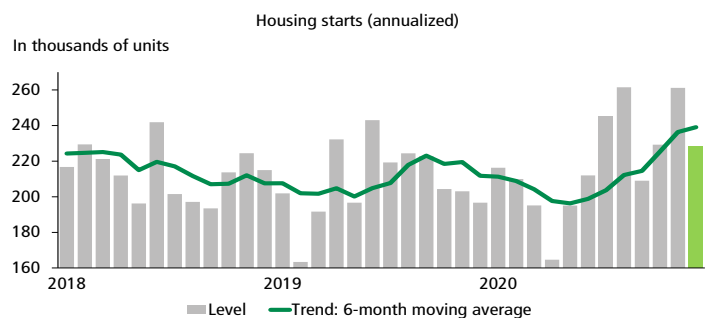
Part of this strong growth is obviously due to catch-up to meet the spring lockdown's pent-up demand. That said, the lively growth of the past few months also reflects relatively strong demand, boosted by a number of favourable factors. Interest rates are very low, savings and household income growth are quite high, and the low supply of existing homes on the market is inciting some buyers to turn to new construction.

### IMPLICATIONS

Even if the second wave of the COVID-19 pandemic could temporarily hamper residential construction in early 2021,

**GRAPH 1**

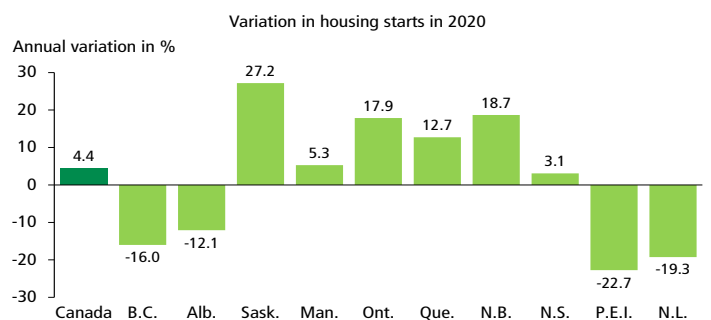
**Housing starts remain very high despite December's slight dip**



Sources: Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

**GRAPH 2**

**Central Canada enjoyed sustained growth in housing starts in 2020**



Sources: Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

housing starts are likely to remain quite high throughout the year.

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