

## ECONOMIC NEWS

# Canada: June Housing Starts Are Back to Pre-COVID-19 Levels

### HIGHLIGHTS

- ▶ There was a total of 211,681 housing starts in Canada in June, a monthly increase of 8.3%.
- ▶ June's level is higher than the 211,116 units reached in February 2020, before lockdown measures were implemented.
- ▶ Housing starts increased in many parts of the country in June, particularly in Ontario (+35.8%), some Prairie provinces and British Columbia (+0.3%).
- ▶ The Atlantic region (-6.6%), Alberta (-22.6%) and Quebec (-5.6%) posted drops with respect to the previous month.
- ▶ The level of Quebec housing starts is nevertheless high. It stayed above the bar of 60,000 new units on an annualized basis in June for the second month in a row.

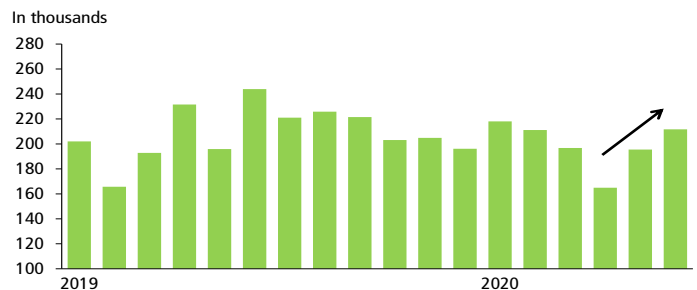
### COMMENTS

Residential construction in Canada was surprisingly strong in June. Some catching up was expected following the lockdown measures that shut down residential construction sites in some provinces in the spring. The speed of the recovery is nevertheless greater than expected.

In some places, like Vancouver and Toronto, the construction industry often uses foreign labour and the closing of borders risked curbing the recovery. In Vancouver, residential construction, which had been running at full throttle before the crisis, quickly picked up. Housing starts in Toronto are also clipping along. In Montreal and Quebec overall, residential construction sites were shut down on March 25 and reopened on April 20. No housing starts were recorded in April, but bounced back quickly thereafter.

### GRAPH

Housing starts in Canada are recovering quickly



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

### IMPLICATIONS

Despite the upheavals caused by the pandemic and the measures taken to contain it, residential construction is enjoying a good recovery in Canada and many regions across the country. The rebound was especially strong in Quebec and Ontario, which were severely affected by the social distancing measures. Note that the recent housing starts are likely linked to pre-COVID-19 demand, i.e., before the economic outlook deteriorated. It is therefore not certain that residential construction will maintain its current rate much longer. The economy's recovery is not over and the housing market is likely to be affected.

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