

# ECONOMIC NEWS

## Canada: Housing Starts Continue to Climb

### HIGHLIGHTS

- ▶ Housing starts continued to climb in July in Canada, reaching 245,604 units for the month. This marks the highest level since November 2017.
- ▶ All provinces, excluding Prince Edward Island and Manitoba, saw housing starts rise in July.
- ▶ In Quebec, the number of housing starts increased from 61,220 units in June to 63,762 in July.
- ▶ In Ontario, housing starts in July hit 84,677 units, up from 78,421 units in June.

### COMMENTS

Residential construction nationwide is clearly still feeling the aftereffects of the spring lockdown. Although the number of housing starts fell dramatically in April, the gradual easing since May has led to a strong rebound, surpassing all expectations.

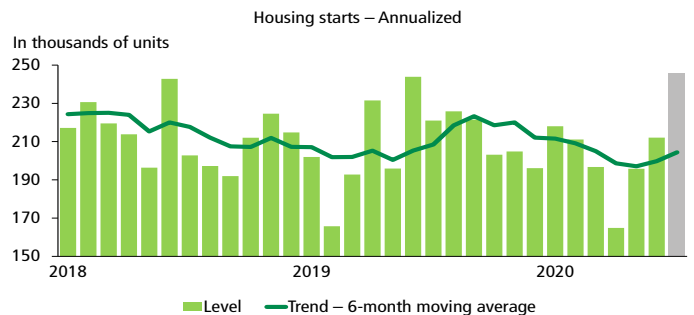
With 245,604 units in July, housing starts hit a high-water mark. Without a doubt, this major gain is due to the market filling the demand that had built up during the spring lockdown. However, the change in the number of housing starts in the first seven months of 2020 compared with the same period last year indicates that most of the provinces have practically returned to the same levels. This suggests that pent-up demand may now be almost completely met across the country. Under these circumstances, housing starts could slow in the coming months and, as a result, return to trend.

### IMPLICATIONS

In addition to the absorption of pent-up demand, some factors could cause the number of housing starts to fall over the next few quarters. Moreover, it will take some time before the unemployment rate drops back to levels last seen before the crisis. Meanwhile, population growth has slowed, with

### GRAPH 1

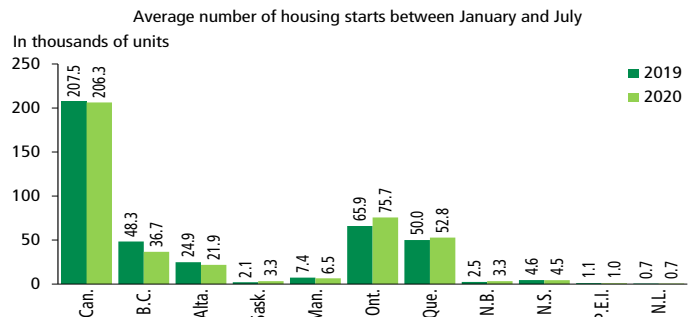
The rebound in housing starts continued in July



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

### GRAPH 2

Most provinces appear to have caught up



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

international immigration down because of the temporary border closures.

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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