

ECONOMIC NEWS

Canada: Housing Starts Trend Back Down

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HIGHLIGHTS

- ▶ After rising unexpectedly in November, housing starts fell to 236,106 units in December, continuing their recent downward trend.
- ▶ Urban single-detached starts were down from 58,243 units in November to 55,231 in December. Urban multi-family starts plunged from 221,153 to 157,687 units. Rural starts edged down slightly.
- ▶ Canada averaged 271,198 starts per month in 2021, up 25.2% from 2020. This increase was largely due to a strong start to the year, which saw record housing starts in March.

COMMENTS

Housing starts were red-hot at the beginning of the year, but that break-neck pace wasn't sustainable. Starts slowed over the summer as builders struggled to find materials and skilled labour, which drove up new construction costs. According to today's report, housing starts trended back down again in December after rebounding in November.

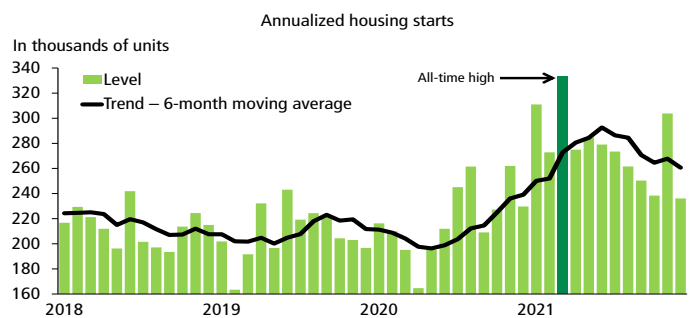
But even with the recent backslide, housing starts are still at historically high levels, reflecting a strong housing market.

IMPLICATIONS

Despite some encouraging signs, the housing market could still overheat. With prices for new and existing homes continuing to soar, the upcoming rise in key interest rates would be welcome news.

GRAPH 1

Housing starts continued to trend downward overall



GRAPH 2

Most provinces saw strong growth in housing starts in 2021

