

## ECONOMIC NEWS

# Canada: Housing Starts Move Higher in April

By Randall Bartlett, Senior Director of Canadian Economics

### HIGHLIGHTS

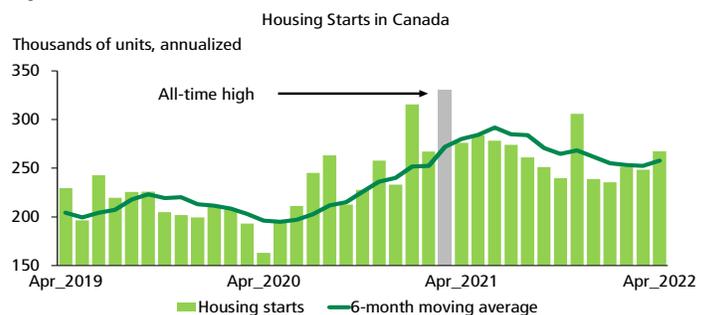
- ▶ Housing starts increased to an annualized level of 267,330 in April 2022, up 8% from March. This pushed the 6-month moving average higher to 257,846 units.
- ▶ Urban single-detached starts increased a modest 1% to 67,232 units in April, while urban multi-unit starts surged by 14% to 178,092 units in the month.
- ▶ Looking to the provinces, the April advance in housing starts was concentrated in British Columbia and the Prairie Provinces, as Ontario, Quebec and the Atlantic provinces all saw housing starts retreat in the month.
- ▶ Among the big Canadian cities of Montreal, Toronto and Vancouver, only Toronto saw housing starts slow in April, driven by lower multi-unit and single-detached starts.

### COMMENTS

Housing starts bested our expectations and the consensus in April, shifting higher on a big move in urban multi-unit starts. However, the gain housing starts was concentrated in multi-unit structures and Western Canada. This raises the question as to whether or not some of the weakness we've seen playing out in other housing market indicators may soon show up in housing starts as it tends to be a lagging indicator of housing market momentum. That said, sustained high commodity prices may provide a tailwind to housing market activity generally in energy-producing province, which didn't see the same housing market excesses during the pandemic.

### GRAPH

#### Multi-family units push Canadian housing starts higher in April 2022



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

### IMPLICATIONS

While today's release doesn't meaningfully move the needle on our tracking for Q1 and Q2 reach GDP growth (at around 5.5% and 4% (q/q, saar), respectively), it does help to remove some of the downside risk from our forecast. However, given that the sharp deceleration in existing home sales in April could be a harbinger for a further decline in housing starts to come, we may see the trend toward less new building activity continue. This is particularly the case as borrowing costs are expected to rise further as the Bank of Canada continues to raise interest rates at its June meeting and beyond.