

ECONOMIC NEWS

Quebec: Housing starts accelerate in March

HIGHLIGHTS

- ▶ There was a total of 253,720 new housing starts in Canada, a monthly jump of close to 20%. This is the highest number in 10 years.
- ▶ Residential construction experienced an impressive boom in most of the country's major regions in March.
- ▶ In Quebec, there were 58,624 housing starts in March, compared with 45,393 in February. This represents the highest level in five years.
- ▶ The first quarter is ending with an increase in housing starts for single-family dwellings, condos and rental apartments in the province's main urban centres.

COMMENTS

Residential construction surprised with its strength in March. Even though housing starts have been posting an uptrend for several months, the level reached last month attests to strong acceleration in demand for new housing. More intense activity in the resale market in Quebec, which involves single-family dwellings and condos, is impacting new construction.

TABLE

Housing starts in Quebec's major centres

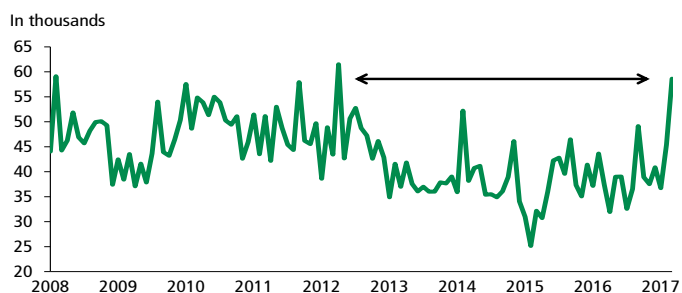
ANNUAL CHANGE IN % JANUARY TO MARCH 2017	SINGLE-FAMILY DWELLINGS	MULTI-UNIT HOUSING	TOTAL
CMA			
Gatineau	46.4	40.7	41.2
Montreal	14.3	73.8	67.3
Quebec	0.9	0.9	0.9
Saguenay	22.2	25.9	25.0
Sherbrooke	30.0	-17.0	-13.1
Trois-Rivières	50.0	70.6	64.0
Quebec (10,000 and +)	15.4	53.4	48.9

CMA: Census Metropolitan Area

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

QUEBEC

Housing starts at their highest in five years



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

The recovery of housing starts for single-family homes that began last year continued in the first quarter. Compared with last year, the first quarter was up 15.4% in all of Quebec's urban areas (CMAs). Housing starts for condos more than doubled in this period, compared with the first quarter of last year. Lastly, there was a nearly 30% increase for rental apartments in the six CMAs.

IMPLICATIONS

The strength of housing starts in March confirms that the residential sector has shifted into second gear in Quebec. The recovery that started last year has given way to a growing phase that is based on very solid fundamentals. The improvement in the labour market, with an unemployment rate below 6.5%, strong income growth and high consumer confidence contribute to stimulating housing demand. Our forecast of 40,000 housing starts for 2017 will no doubt be raised if new construction maintains this pace in the coming months.

Hélène Bégin, Senior Economist

François Dupuis, Vice-President and Chief Economist

Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist • Joëlle Noreau, Senior Economist

Desjardins, Economic Studies: 418-835-2450 or 1 866-835-8444, ext. 5562450 • desjardins.economics@desjardins.com • desjardins.com/economics

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