

Lower housing starts for second consecutive quarter

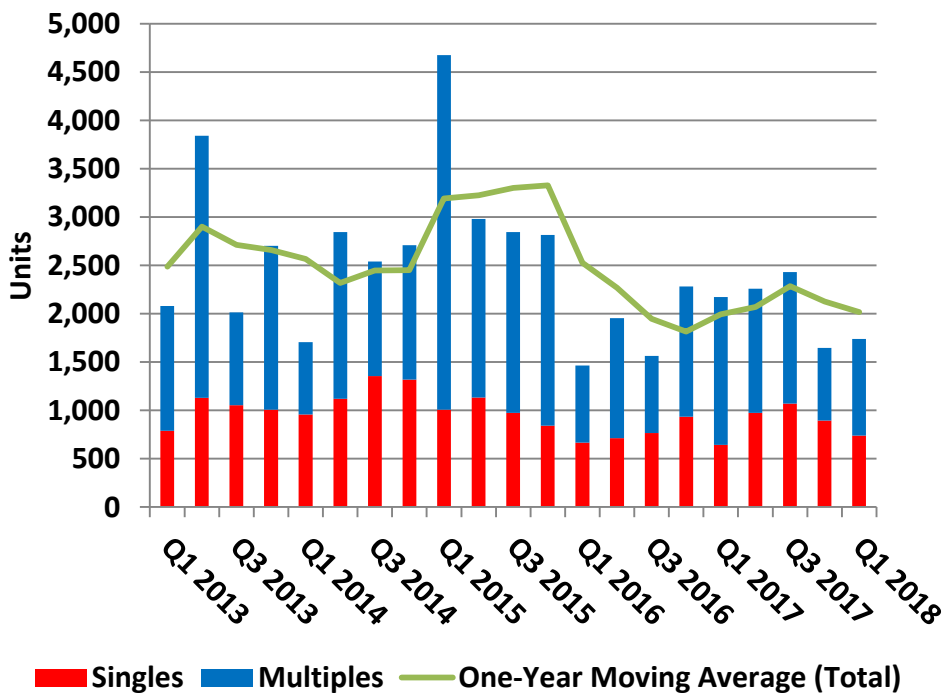
April 10, 2018

Builders in the city of Edmonton initiated construction on a total of 1,739 housing units in Q1 2018, which represents a decline of 19.9% year-over-year when compared to the 2,172 units that broke ground in Q1 2017.

In Edmonton, total housing starts increased by 33.2% in Q1 2018 on a quarter-over-quarter basis, primarily driven by higher multi-family starts. The gain in the multi-family segment was driven by higher apartment starts that more than offset a 17.4% quarter-over-quarter decline in single-family starts in Q1 2018.

Despite a quarter-over-quarter gain, total housing starts in the city were 19.9% lower in Q1 2018 on a year-over-year basis. Single-family housing starts in Q1 2018 rose 14.9% on a year-over-year basis to 739 units. In the multi-family segment, starts were 34.6% lower in Q1 2018 year-over-year at 1,000 units. The decline was largely attributed to reduced apartment starts.

City of Edmonton Housing Starts



Source: Canada Mortgage Housing Corporation

Quarter-over-quarter, the number of housing starts was lower at the Edmonton Census Metropolitan Area (CMA) level with a 10.3% reduction from Q4 2017 to Q1 2018. The quarter-over-quarter decline was attributed to pullbacks in both single-detached and multi-family housing starts of 17.4% and 3.3%, respectively.

On a year-over-year basis, the number of new housing starts in the Edmonton CMA was 18.9% lower at 2,200 units. The year-over-year decline was largely due to reduced starts for multi-family homes which totaled 1,188 units, a 35.5% year-over-year decline.

Q1 2018 Housing Starts – Edmonton City and Edmonton CMA

	City of Edmonton			Edmonton CMA		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
Q1 2018	739	1,000	1,739	1,012	1,188	2,200
Q4 2017	895	751	1,646	1,225	1,228	2,453
Q1 2017	643	1,529	2,172	872	1,842	2,714
% Change Q4 2017 to Q1 2018	-17.4%	33.2%	5.7%	-17.4%	-3.3%	-10.3%
% Change Year-over-Year	14.9%	-34.6%	-19.9%	16.1%	-35.5%	-18.9%

Source: Canada Mortgage Housing Corporation

Significance

Housing starts are expected to improve throughout 2018 in response to an economic recovery already underway. However, with a well-supplied resale market, as well as elevated rental vacancy rates, the rate of improvement likely will be more moderate than in previous years so that builders can manage their inventory levels.

Limitations

While the number of single- and multi-family housing starts does offer an indication of the construction building sector's performance, housing starts are not distributed evenly across quarters and figures often can fluctuate dramatically. Therefore, the figures should be interpreted in the context of other economic indicators.

Contact

John Rose
Chief Economist
Financial and Corporate Services
780-496-6070

Felicia Mutheardy
Senior Economist
Financial and Corporate Services
780-496-6144

