

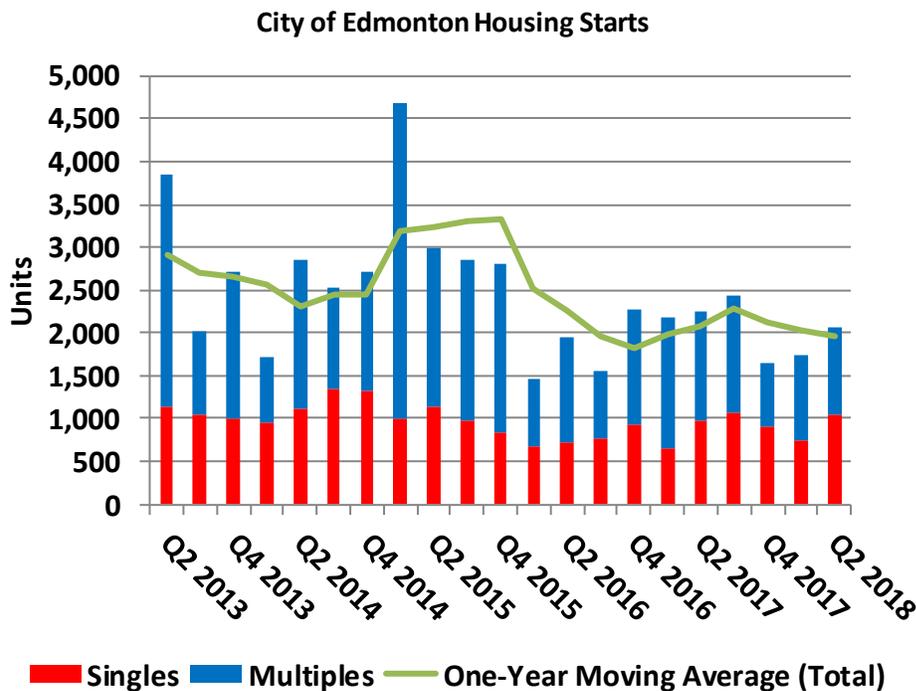
Housing starts move lower year-over-year

July 10, 2018

Builders in the city of Edmonton broke ground on a total of 2,061 housing units in Q2 2018, representing a decline of 8.7% compared to 2,258 housing starts recorded in Q2 2017.

In Edmonton, total housing starts were 18.5% higher on a quarter-over-quarter basis, largely due to higher single-family starts. Single-family housing starts were 42.8% higher in Q2 2018 compared to Q1 2018. The multi-family segment saw marginally higher starts in Q2 2018 compared to Q1 2018 due to gains in semi-detached and apartment starts.

On a year-over-year basis, total housing starts were 8.7% lower in Q2 2018. Though single-family housing starts were 8.4% higher on a year-over-year basis in Q2 2018, multi-family housing starts were 21.7% lower which more than offset this gain. On the multi-family side, the year-over-year decline was largely attributed to reduced apartment starts which were down almost 44% compared to Q2 2017.



Source: Canada Mortgage Housing Corporation

Quarter-over-quarter, the number of housing starts was 20.3% higher in Q2 2018 than in Q1 2018 at the Edmonton Census Metropolitan Area (CMA) level. Though multi-family housing starts were almost 2% higher on a quarter-over-quarter basis in Q2 2018, the primary contributor to the gain in total housing starts was a 42.2% increase in single-family starts.

On a year-over-year basis, the number of new housing starts in the Edmonton CMA was 12.2% lower at 2,647 units. The year-over-year decline was largely attributed to multi-family starts which totaled 1,208 units in Q2 2018, representing a 24.5% year-over-year decline.

Q2 2018 Housing Starts – Edmonton City and Edmonton CMA

	City of Edmonton			Edmonton CMA		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
Q2 2018	1,055	1,006	2,061	1,439	1,208	2,647
Q1 2018	739	1,000	1,739	1,012	1,188	2,200
Q2 2017	973	1,285	2,258	1,414	1,601	3,015
% Change Q1 2018 to Q2 2018	42.8%	0.6%	18.5%	42.2%	1.7%	20.3%
% Change Year-over-Year	8.4%	-21.7%	-8.7%	1.8%	-24.5%	-12.2%

Source: Canada Mortgage Housing Corporation

Significance

Single-family housing starts have improved since the start of 2018 with two consecutive quarters of year-over-year gains. Looking ahead, elevated new home inventory along with a well-supplied existing housing market are expected to slow the pace of construction for single-family homes for the balance of 2018 and into early 2019. In the multi-family segment, apartment starts have been consistently lower on a year-over-year basis for the past three quarters, reflective of elevated rental vacancy rates and builders pulling back on construction in order to manage their inventory levels. On balance, the level of construction activity for multi-family homes is expected to remain unchanged for the remainder of 2018.

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 can fluctuate dramatically. Therefore, the figures should be interpreted in the context of other economic indicators.

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