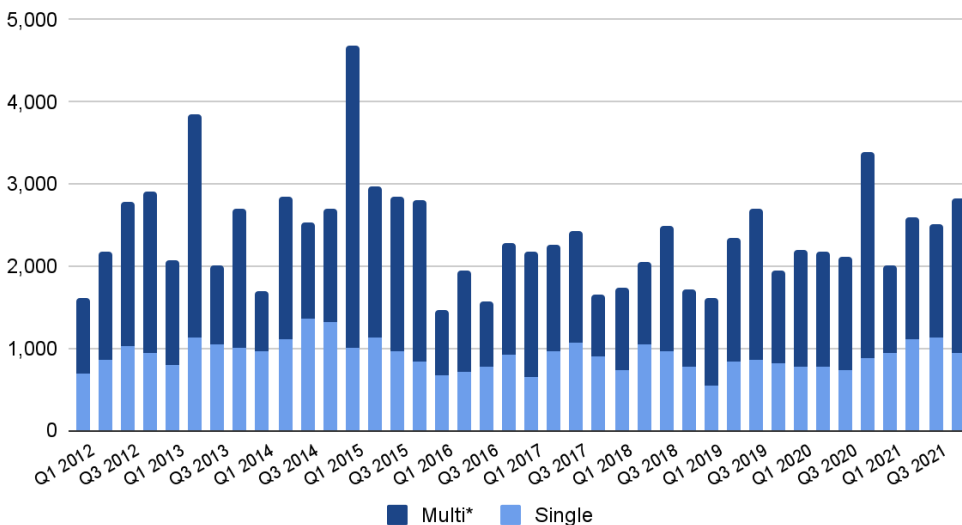


## Strong single detached production continues into Q4 2021

January 24, 2022

Between October and December 2021, a total of 2,816 residential housing units broke ground in Edmonton, representing a pullback of about 17 per cent year-over-year. New construction of multi-family units, which include semi-detached, row, and apartments, cooled in Q4 2021 with double-digit reductions on a year-over-year basis for both semi-detached and apartment units. Conversely, single detached housing starts continued to perform strongly, with a 9.1 per cent increase in Q4 2021 compared to Q4 2020. The four-quarter moving average for total housing starts in Edmonton moved lower in Q4 2021 from Q3 due to the slowdown in multi-family production. This moving average is helpful to filter out quarter-over-quarter fluctuations which may be due to seasonal factors.

Edmonton housing starts



Source: Canada Mortgage Housing Corporation, series ending in Q4 2021  
 \*Multi includes semi-detached, row, and apartment units.

### Significance

In 2021, total housing starts eked ahead of 2020 by slightly less than one per cent. New construction of single detached and row units brought starts for these segments ahead of 2020, with the most noticeable gain for single detached. Semi-detached housing starts in 2021 were relatively similar to 2020. This annual performance represents a shift from 2020, when total housing starts were strongly influenced by the construction of new apartment units. In 2021,

apartment starts were 23 per cent lower than in 2020. The demand for single detached, semi-detached, and row units is likely being supported by a shift in buyer preference, e.g., growing preference for space. Market developments, like new listings on the existing home market not keeping pace with demand for some housing types in many months since the start of the pandemic, have only bolstered the demand for new housing. Inventory levels for all three segments have seen consistent reductions in monthly levels throughout 2021, which could allay any concerns of inventory building up provided there are no other shocks to demand.

Housing demand in Edmonton has been much stronger than initially anticipated at the start of the pandemic. Housing starts activity is becoming harder to predict based on fundamentals like full-time employment and population growth. There is still reason to believe that housing starts activity will moderate in 2022 but the extent and unit types impacted will be more challenging to predict. Factors that may hold back the pace of production include supply chain disruptions and emerging evidence of labour shortages. On the demand side, higher mortgage rates are expected to have a dampening effect. While it is difficult to quantify how these factors will impact overall production this year, they represent downside risks to housing starts activity in 2022.

### **Limitations**

While the number of single and multi-family housing starts 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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