

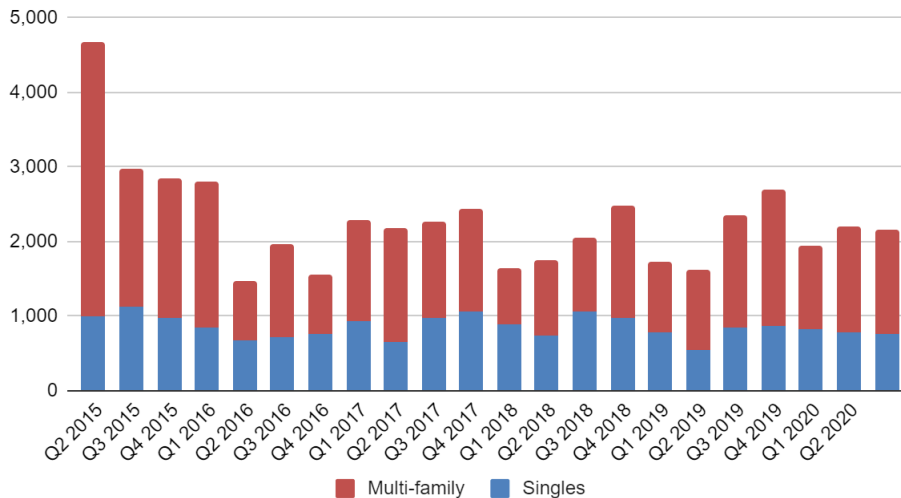
Housing starts pull back in Q2 2020

July 9, 2020

Builders in the city of Edmonton broke ground on 2,167 housing units in Q2 2020, a decline of 7.6 per cent year-over-year. The 12-month moving average for total housing starts in Edmonton declined in Q2 2020 as a result of lower starts production for both single-family and multi-family units. The one-year moving average is helpful to filter out quarter-over-quarter fluctuations which may be due to seasonal factors.

Single-family housing starts production slowed by 8.2 per cent year-over-year in Q2 2020 with double-digit year-over-year reductions in both May and June 2020. A total of 1,397 multi-family starts broke ground in Q2 2020, down 7.2 per cent year-over-year. Multi-family starts include semi-detached, row and apartment units. The decline in Q2 2020 multi-family starts was primarily due to lower production for semi-detached and row units.

Edmonton Housing Starts



Source: Canada Mortgage Housing Corporation

The 12-month moving average for total housing starts in the Edmonton census metropolitan area (CMA) decreased by 2.4 per cent in Q2 2020 compared to the previous quarter. Except for apartment units, all other housing types saw lower starts in Q2 2020, bringing the 12-month moving average lower. The number of housing starts in the Edmonton CMA was almost 10 per cent lower year-over-year in Q2 2020.



Q2 2020 Housing Starts – Edmonton City and Edmonton CMA

	City of Edmonton			Edmonton CMA		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
Q2 2020	770	1,397	2,167	932	1,564	2,496
Q2 2019	839	1,506	2,345	1,125	1,644	2,769
% change Y/Y	-8.2%	-7.2%	-7.6%	-17.2%	-4.9%	-9.9%
12-mma, Q2 2020	807	1,445	2,252	1,057	1,707	2,764
12-mma, Q1 2020	824	1,473	2,296	1,106	1,727	2,833
% change, Q/Q	-2.1%	-1.9%	-1.9%	-4.4%	-1.2%	-2.4%

Source: Canada Mortgage Housing Corporation; 12-month moving average (12-mma)

Significance

Excluding apartment units, starts production saw declines across all other housing types, with more notable declines in May and June 2020. The reduction in housing starts data in Q2 2020 indicate the response in construction activity to the COVID-19 pandemic, as well as the economic shut-in from late-March to mid-May 2020. Looking ahead, the outlook for new housing construction in the city of Edmonton has been reduced considering the COVID-19 pandemic. The economic shut-in limited activity for both households (i.e. through consumption), as well as for businesses, which resulted in significant employment losses in recent months. Though the full impact of the outbreak will take fuller shape as economic data are released in the coming months, key drivers of housing demand such as full-time employment and income growth have been negatively affected. Though facets of the economy are slowly opening, the economic outlook for Edmonton has been downgraded with a prolonged recovery expected through early 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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