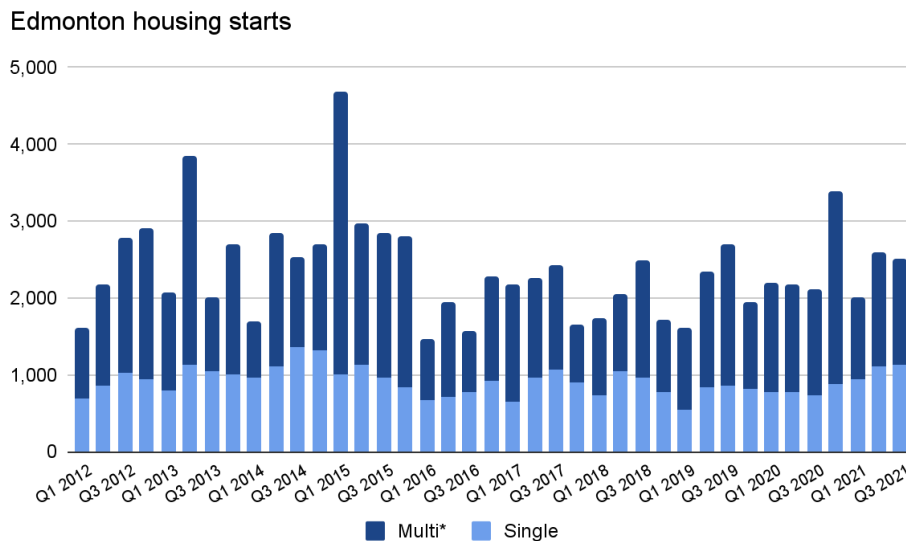


Strong performance for single dwelling starts in Q3

October 18, 2021

In Q3 2021, a total of 2,508 residential homes broke ground in Edmonton. This represents a year-over-year increase of 18 per cent but a reduction of seven per cent compared to Q3 2019¹. The four-quarter moving average for total housing starts in Edmonton moved up in Q3 2021 from Q2 due to higher production for single dwellings. This moving average is helpful to filter out quarter-over-quarter fluctuations which may be due to seasonal factors.

Single dwelling production picked up its pace in Q3, with a year-over-year gain of 56 per cent and a gain of 31 per cent over Q3 2019. Quarterly single starts have been consistently higher year-over-year since Q4 2020. On the other hand, production for multi-family dwellings, which include semi-detached, row, and apartment units, declined by almost two per cent year-over-year in Q3. The pullback largely reflects reduced apartment starts, which saw a 15 per cent year-over-year reduction in Q3.



Source: Canada Mortgage Housing Corporation, series ending in Q3 2021

*Multi includes semi-detached, row, and apartment units.

¹ Housing starts production in Edmonton experienced significant year-over-year pullbacks in the second and third quarters of 2020, likely reflective of the impact that the pandemic and public health restrictions had on activity levels. Relying solely on year-over-year growth rates, particularly in Q3 2021 when total housing starts in Q3 2020 saw an almost 22 per cent year-over-year reduction, could overstate the strength of new home production, which is why a comparison is made against Q3 2019.



Significance

The strong performance of new single dwelling construction has been a significant support to overall residential construction in Edmonton for the year thus far. The share of single dwelling starts relative to total starts has been on the rise, reaching almost 45 per cent between January and September 2021, compared to 35 per cent over the same period in 2020, and 34 per cent in 2019. The pick-up in single dwelling starts is largely reflective of much stronger demand for this type of home, supported by low interest rates and growing homebuyer preference for more space. An additional support to the pick-up in new single home production has been that new listings on the existing home market for single family homes had not kept pace with growing demand throughout many months of the pandemic. New home inventory building up for single dwellings as a result of higher production is less of a concern at this point due to consistent monthly inventory drawdowns on a year-over-year basis since December 2019. Looking ahead, the pace of new home production may slow, even for single dwellings, due to supply chain disruptions affecting the availability and pricing of some input materials.

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.

Contact

Felicia Mutheardy
Corporate Economist (acting)
Financial and Corporate Services
780-496-6144

Contact for media inquiries

Matt Pretty
Communication Advisor
780-442-0970