

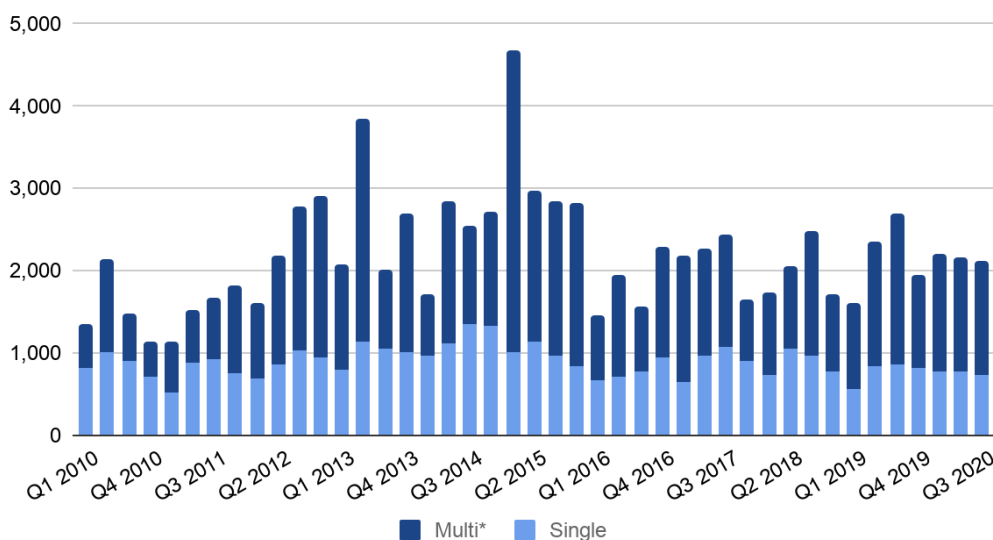
Housing starts decline in Q3 2020

October 9, 2020

Builders in the city of Edmonton broke ground on 2,121 housing units in Q3 2020, a decline of 21.5 per cent year-over-year. The 12-month moving average for total housing starts in Edmonton declined in Q3 2020 as starts production for both single- and multi-family housing units pulled back. 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 declined by 16.1 per cent year-over-year in Q3 2020, with 728 housing starts. Starts for single-family housing units posted double-digit year-over-year reductions in each month of the third quarter. A total of 1,393 multi-family starts broke ground in Q3 2020, down 24 per cent year-over-year. Multi-family starts include semi-detached, row and apartment units; all three types saw reduced housing starts on a year-over-year basis in Q3 2020.

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 4.2 per cent in Q3 2020 compared to the previous quarter. Every housing type recorded lower starts in Q3 2020 which brought the 12-month moving average lower. The number of housing starts in the Edmonton CMA was 25.5 per cent lower year-over-year in Q3 2020.

Q3 2020 Housing Starts – Edmonton City and Edmonton CMA

	City of Edmonton			Edmonton CMA		
	Single-Family	Multi-Family	Total	Single-Family	Multi-Family	Total
Q3 2020	728	1,393	2,121	1,037	1,596	2,633
Q3 2019	868	1,834	2,702	1,216	2,317	3,533
% change Y/Y	-16.1%	-24.0%	-21.5%	-14.7%	-31.1%	-25.5%
12-mma, Q3 2020	772	1,335	2,107	1,013	1,527	2,539
12-mma, Q2 2020	807	1,445	2,252	1,057	1,707	2,764
% change, Q/Q	-4.3%	-7.6%	-6.5%	-4.2%	-10.6%	-8.1%

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

Significance

Housing starts production continued to see reductions in Q3 2020 on a year-over-year basis, with all segments reporting declines in Edmonton. However, there appears to be some underlying improvements in the most recent housing starts figures. The seasonally adjusted annualised rate for total housing starts in the Edmonton CMA rose in Q3 2020 to average 10,118 units, an improvement from a quarterly average of 9,668 in Q2 2020. Though modest, the improvement in the pace of production is encouraging and one signal that an economic recovery, albeit gradual, is underway in the region. Looking ahead, risks remain weighted on the downside, particularly with rising active case counts in the Edmonton health zone which has the potential to drag housing activity in the final quarter of 2020 should any containment measures shut-in activity similar to what was experienced in Q2 2020.

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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