Economic Indicators

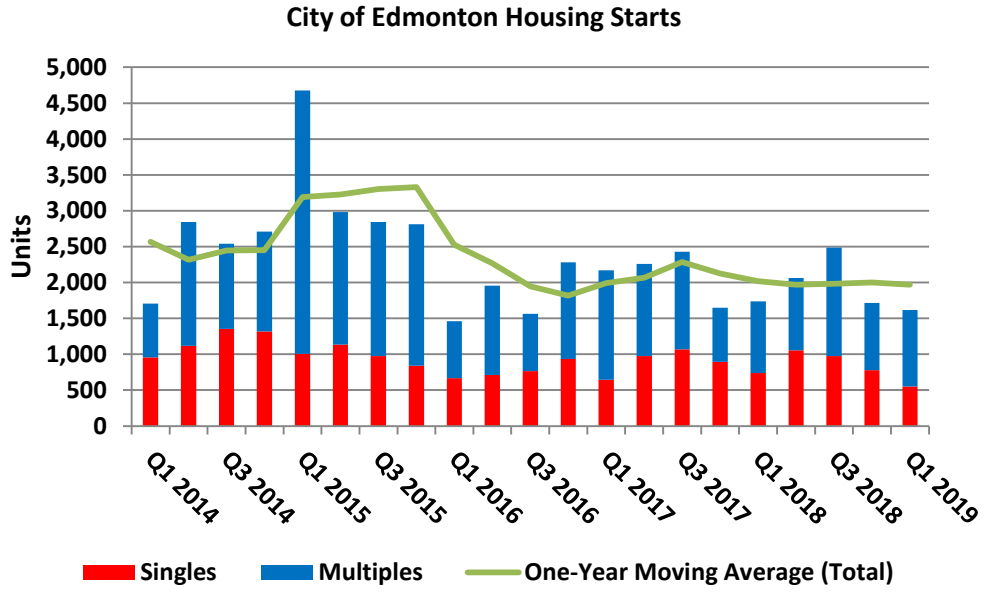
Single-family housing starts drop in Q1 2019

April 8, 2019

Builders in the city of Edmonton broke ground on a total of 1,616 housing units in Q1 2019, representing a decline of 7.1 per cent year-over-year from 1,739 units in Q1 2018.

The one-year moving average for total housing starts in Edmonton saw a marginal reduction in Q1 2019 from the previous quarter, solely driven by the single-family segment. The one-year moving average is helpful to filter out quarter-over-quarter fluctuations which may be due to seasonal factors.

On a year-over-year basis, total housing starts were 7.1 per cent lower in Q1 2019. The reduction was due to single-family starts which saw a significant decline of 25.2 per cent year-over-year in Q1 2019. The decline in the single-family segment more than offset a 6.3 per cent year-over-year gain in multi-family starts, which include semi-detached, row and apartment starts. The gain in multi-family starts was solely driven by higher apartment starts which more than doubled the number of starts recorded in Q1 2018.



Source: Canada Mortgage Housing Corporation

The one-year moving average for total housing starts in the Edmonton Census Metropolitan Area (CMA) was almost three per cent lower in Q1 2019 from the previous quarter. The reduction was due to lower single-family housing production in Q1 2019.

On a year-over-year basis, the number of housing starts in the Edmonton CMA was 13 per cent lower at 1,914 units. Similar to housing starts activity at the city level, single-family housing starts saw a significant reduction in Q1 2019, more than offsetting a year-over-year gain in multi-family starts.

Q1 2019 Housing Starts – Edmonton City and Edmonton CMA

	City of Edmonton			Edmonton CMA		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
Q1 2019	553	1,063	1,616	692	1,222	1,914
Q1 2018	739	1,000	1,739	1,012	1,188	2,200
% Change Year-over-Year	-25.2%	6.3%	-7.1%	-31.6%	2.9%	-13.0%
One-year moving average, Q1 2019	841	1,129	1,970	1,124	1,315	2,438
One-year moving average, Q4 2018	887	1,114	2,001	1,204	1,306	2,510
% Change, Quarter-over-Quarter	-5.2%	1.3%	-1.5%	-6.6%	0.7%	-2.9%

Source: Canada Mortgage Housing Corporation

Significance

Total housing starts within the city of Edmonton saw a reduction due to significantly lower single-family housing production. Even though apartment starts within city limits were higher year-over-year in Q1 2019, the pace of construction activity for new housing units will likely be slower in 2019, particularly for single-family product, as both the existing and new home markets remain well-supplied. However, housing demand is expected to start firming up in the second half of 2019 which should help absorb both existing and new home supply.

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.

Contact

John Rose
Chief Economist
Financial and Corporate Services
780-496-6070

Felicia Mutheardy
Senior Economist
Financial and Corporate Services
780-496-6144