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Housing starts beat projection

CMHC MAY DATA 'Expected to improve throughout 2009'

OTTAWA • Housing starts rose more than expected in May, with increased construction seen in both single and multiple dwelling sectors, according to Canada Mortgage and Housing Corporation.

CMHC says credit conditions are improving and it is confident construction levels will return to normal and mirror the level of demographic demand — estimated at about 175,000 units per year — by 2011.

The seasonally adjusted annual rate of starts increased to 128,400 units during the month from 117,600 in April, CMHC said yesterday.

“Housing starts are expected to improve throughout 2009 and over the next several years to gradually become more closely aligned to demographic demand, which is currently estimated at about 175,000 units per year,” the Crown corporation said.

Economists expected housing starts to total 126,000 units in May.

The seasonally adjusted annual rate of urban starts was up 11.1% to 107,800 units in May, CMHC said. Multiple-unit urban starts rose to 60,900 units and single-unit starts increased to 46,900 units — with both categories rising by a similar 11.1% from the previous month.

“The increase in May is broadly based, encompassing both the singles and multiples segments,” said Bob Dugan, CMHC’s chief economist.

Overall, urban starts were up 22% in Ontario, 16.8% in the Prairies, 7.3% in Atlantic Canada and 3.3% in Quebec. Urban starts fell 5% in B.C.

Rural starts were little changed at 20,600 units in May.

Toronto's new-housing market looked like it was starting to rebound. Condo and apartment starts were up 44.4% in May over the previous month, while detached housing starts were up 16.4%.

"It's a safe bet to say that the worst is over," said Ted Tsiakopoulos of the CMHC. "We have seen credit conditions improve, which would suggest that the we should see new-home construction move back to trend level," he added.

CMHC is confident that construction levels will return to normal and mirror the level of demographic demand by 2011.

"We saw a lot of the weakness in the first quarter [of 2009], and I think a lot of that is behind us now," Mr. Tsiakopoulos said.

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