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New home construction in January was down 10% from December, says CMHC

Many economists had predicted rate would increase



Jenna Benchetrit | February 15, 2024



Mount Rundle rises behind homes being constructed in Canmore, Alta., on April 24, 2023. The Canada Mortgage and Housing Corp. says the annual pace of new home construction fell by 10 per cent in January compared to December, as fewer multi-unit urban homes were built. (Jeff McIntosh/The Canadian Press)

New home construction in Canada fell by 10 per cent in January compared to December, as fewer multi-unit urban homes, such as townhouses, were built, according to the country's national housing agency.

The Canada Mortgage and Housing Corporation said Thursday that housing starts came in at 223,589 units in January, down 25,379 from December. Many economists had predicted there would be an increase.

"It's no surprise that Canada needs to accelerate the pace of homebuilding to prevent a continual deterioration in housing affordability," TD economist Marc Ecolao wrote in a note, adding that the housing numbers aren't prompting TD to change what he called a "fairly muted forecast" for the future.

"The prospects for [Bank of Canada] policy rate cuts may add some fuel to existing home sales in the coming months, potentially propping up new home building as a result."

The decrease in housing starts also came as new housing construction slowed down in urban areas, falling by 11 per cent. The construction of urban homes with multiple units was down by 14 per cent, although new construction of single-detached urban homes went up very slightly, at 0.08 per cent.

Toronto saw a big boost, driven by increased construction of new multi-unit homes, with housing starts there up 179 per cent.

Elsewhere, there was a drop in multi-unit starts, with Montreal falling 28 per cent and Vancouver dropping 55 per cent.