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Higher interest rates resulted in 30,000 fewer housing starts last year: CMHC

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OTTAWA — A report by Canada Mortgage and Housing Corp. says higher interest rates decreased housing starts by about 30,000 units last year.

The slowdown in new construction amounted to a 10 to 15 per cent reduction in the number of new starts for the year, the national housing agency said.

CMHC deputy chief economist Aled ab Iorwerth says higher rates affected new construction of condo buildings across most of the country.

CMHC added that the effect of higher rates was offset by other economic factors and government policies to support construction of rental buildings.

Fixed-rate mortgage rates rose in 2022 and 2023 as the Bank of Canada hiked its key interest rate target in its fight to bring inflation under control.

However, mortgage rates have since come off their recent highs as the central bank started cutting rates earlier this year and is forecast to continue doing so.