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Lower Mainland housing starts set record for July

New construction up 32% over 2005, beats previous high set in '96

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Homebuyers scorched by boiling Lower Mainland prices may hunt in vain for a silver lining in the latest month of record housing starts.

Canada Mortgage and Housing Corp. said yesterday July's starts of 2,168 were a 32-per-cent rise from a year ago and bested the previous high of 2,151 starts set in 1996.

But it is debatable whether the surge will help buyers.

"July's figures are good news for homebuyers beleaguered by a lack of homes available for supply," said Cameron Muir, CMHC senior analyst in Vancouver.

"A few more months like July will help offset the imbalance between sales and listings and curb further erosion of affordability."

However, Peter Simpson, CEO of the Greater Vancouver Home Builders Association, is not so sure that will happen.

"Costs are going up all across the board from land, to labour, to materials to development-cost charges and that always impacts on prices," Simpson said.

Development-cost charges for a lot in Surrey or Langley Township are more than \$20,000, he said, which helps explain why single-family housing is no longer the dominating force in the marketplace.

"Two decades ago, multifamily was roughly 40 to 45 per cent of the market. Today, it is two-thirds, or 80 per cent and is the result of the industry trying to address affordability."

While Simpson doesn't see the single-family house on the endangered-species list, he said they are becoming less and less affordable for the majority of homebuyers.

"Ninety-four per cent of all new single-family houses now start at \$350,000-plus and I believe that is now over \$400,000," he said.

"What we will see in this sector is more imaginative thinking with smaller lots, legal secondary suites over garages and rear-lane-entry homes," Simpson said.

Still, single-family starts were up in July and also ahead for the year so far.

Last month saw 534 single starts, up 17 per cent from July 2005. On the year to date, there have been 3,514 starts, a 28-per-cent rise.

However, multiple starts climbed 38 per cent last month to 1,634 units. For the year to date, multiple starts stand 15 per cent higher at 8,615 units.

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