

Housing starts up in Metro Vancouver over bleak 2009

BY BRIAN MORTON, VANCOUVER SUN NOVEMBER 8, 2010



Housing starts fell more than expected in October, Canada Mortgage and Housing Corp. said Monday.

Photograph by: Vancouver Sun files, .

VANCOUVER -- Metro Vancouver has seen a sharp increase in housing starts this year, but the numbers are deceiving because 2009 was particularly bleak, according to Canada Mortgage and Housing Corp.

“We’ve seen some improvement, but it’s a modest improvement,” CMHC senior market analyst Robyn Adamache said in an interview Monday of the latest housing starts figures.

“Although the numbers look strong, you’re comparing them to last year, which was an unusually low number [of housing starts] year.”

According to CMHC, there were 1,447 housing starts in October in the Vancouver

Census Metropolitan Area (CMA), a 62-per-cent increase compared to October 2009; and 12,584 starts year-to-date, a 93-per-cent increase over the same period in 2009.

Adamache said Metro Vancouver is on pace to have between 13,000 and 14,000 starts this year, far less than the 20,000 per year experienced in the three years leading up to the recession.

For the city of Vancouver, housing starts totalled 382 in October, up from 53 in October 2009; and 3,409 year to date, compared to 1,173 over the same period last year.

The pace of new home construction was also up in October in the Abbotsford CMA. There were 67 housing starts last month, compared to 52 starts during the same month last year. For the first 10 months of the year, total housing starts in Abbotsford reached 418, compared to 298 during the same period last year.

The seasonally adjusted annual rate of total housing starts in B.C. edged down to 24,000 units in October, from 26,400 units in September.

CMHC official Carol Frketich said in an interview that B.C.'s results were similar to the national trend. "It's in line with our forecast for 2010. We expected a bit of a moderation in housing construction by the end of the year."

Nationally, housing starts fell more than expected in October, with the federal housing agency saying there was an annualized rate of 167,900 starts last month, down 9.2 per cent from 185,000 in September. The September number was revised down from the previously reported 186,400.

"Housing starts moved lower in October due to a decrease in urban single starts in all regions, with the exception of Atlantic Canada," CMHC chief economist Bob Dugan said in a statement. "Both single-detached and multiple starts decreased last month."

Economists polled by Bloomberg expected a rate of home-building beginnings of 183,000 in October.

The rate of housing starts in Canada has generally been trending lower since reaching a level of 205,700 in April. But it has recovered significantly from the rate seen during the recession, bottoming out at an annualized rate of 112,000 in April 2009.

In October, housing starts in urban areas — those with populations of 10,000 or more — were down 12.3 per cent to an annualized rate of 142,400.

Pascal Gauthier, senior economist with TD Economics, noted that single-family starts have been markedly weaker since the spring, while gains in multiple-housing have made overall declines fairly modest.

He added that "we maintain our forecast for continued weakness in overall home building through mid-2011 before a pickup in activity in 2012."

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