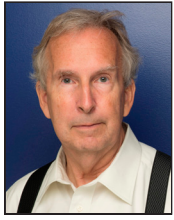


Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

U.S. home building up by one-fifth; Canadian up by two-fifths (Part I)



Alex Carrick

The 14 graphs in this article set out how housing starts have been performing so far this year (i.e., through July) in the U.S. and Canada, nationally and by regions, states/provinces and cities. There are also looks at the single-family homebuilding market versus the multi-unit segment.

The graphs, with accompanying text boxes, are meant to stand on their own, each with a story to tell. Many of the key takeaway points, however, are set out in the 'bullets' below.

The key observations concerning the U.S. homebuilding marketplace are as follows.

- U.S. nation-wide total housing starts have been ahead by one-fifth (+20.4%) as a monthly average of seasonally adjusted and annualized (SAAR) 'dwelling unit' figures year to date versus the same January-to-July time frame of 2020 (Graph 1).
- Groundbreakings on single-family starts (+27.0% ytd) have been considerably better than for multi-unit properties (+6.7%) (Graph 2 and 5).
- Total starts recovered nicely after a steep drop early in the pandemic, but their climb appears to have hit a ceiling around 1.6 million units (monthly annualized), where they've been hovering since the end of last year (Graph 3).
- Residential 'permits' (accepted as a leading indicator for groundbreakings) are still running a little faster (higher) than 'starts', but the gap has narrowed (Graph 4).

To be continued in *Economy at a Glance*, Vol. 17, Issue 124.

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The last data points are for July 2021.

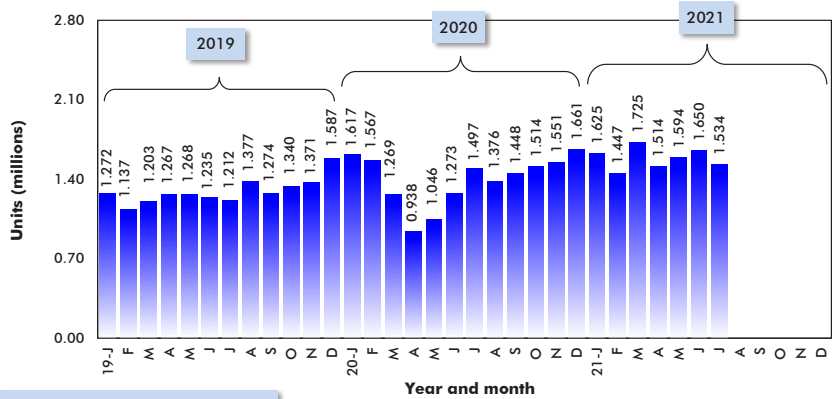
Data source: U.S. Census Bureau (Department of Commerce).
Chart: ConstructConnect — CanaData.

Graph 4: U.S. Monthly Residential Building Permits – Seasonally Adjusted at Annual Rates (SAAR)

The last data points are for July 2021.

Data source: U.S. Census Bureau (Department of Commerce).
Chart: ConstructConnect — CanaData.

Graph 1: U.S. Monthly Housing Starts – Seasonally Adjusted at Annual Rates (SAAR)

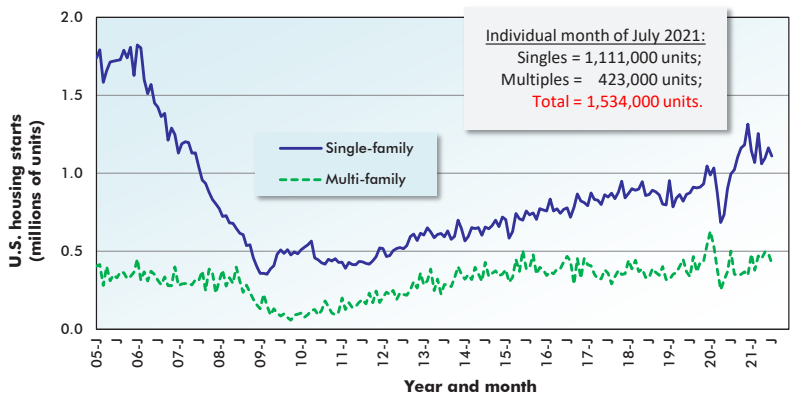


United States' annual starts:
2015 = 1.112 million units (+10.9%);
2016 = 1.174 million units (+5.6%);
2017 = 1.203 million units (+2.5%);
2018 = 1.250 million units (+3.9%);
2019 = 1.290 million units (+3.2%);
2020 = 1.380 million units (+7.0%);

Jan-Jul Avg. 2020 = 1.315 million units;
Jan-Jul Avg. 2021 = 1.584 million units (+20.4% ytd).
Mar 2021's 1.725 million units was the best since before the 2008-09 recession.

Data source: U.S. Census Bureau (Department of Commerce).
Chart: ConstructConnect — CanaData.

Graph 2: U.S. Single-Family & Multi-Family Monthly Housing Starts – Seasonally Adjusted at Annual Rates (SAAR)

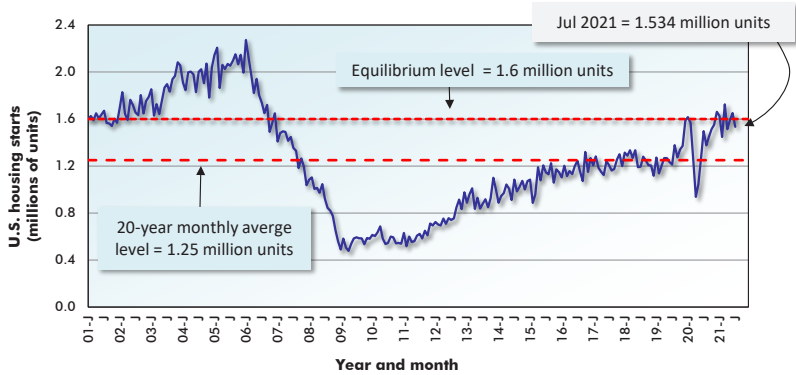


In the individual month of July 2021, single-family starts were -4.5% m/m but +11.7% y/y; multi-family starts were -13.1% m/m and -15.7% y/y. **It's clear from a comparison of the slopes in the graph that 'singles' have been the prime driver of the pickup in total starts.**

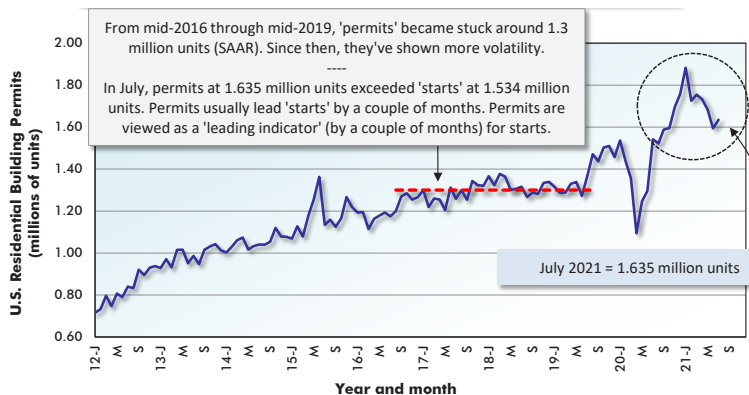
The last data points are for July 2021.

Data source: U.S. Census Bureau (Department of Commerce)/Chart: ConstructConnect — CanaData.

Graph 3 U.S. Total Monthly Housing Starts – Seasonally Adjusted at Annual Rates (SAAR)



To accommodate population growth & family formations, the equilibrium level for U.S. housing starts is thought to be 1.6 million units. The monthly average over the past 20 years, however, has been 1.25 million. **During the past several years, starts have been mostly fluctuating between those 2 levels.**



U.S. res bldg permits in July 2021 were +2.6% vs June 2021. Compared with July 2020, they were +6.0%. **On a ytd monthly-average basis, they've been +26.3%, beating the +20.4% figure for 'starts'.**

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

U.S. home building up by one-fifth; Canadian up by two-fifths (Part 2)

Continued from *Economy at a Glance*, Vol. 17, Issue 123.

- On a year-to-date percentage-change basis, the Northeast and West Regions have recorded stronger increases in starts (+25.5% and +25.0% respectively) than the Midwest and South (+19.2% and +17.8% respectively) (Graph 5).
- On a month-to-month basis in July, however, only the South Region recorded an increase (+2.1%). The Midwest retreated by -6.9%; the West by -11.3%; and the Northeast by a dismal



Alex Carrick

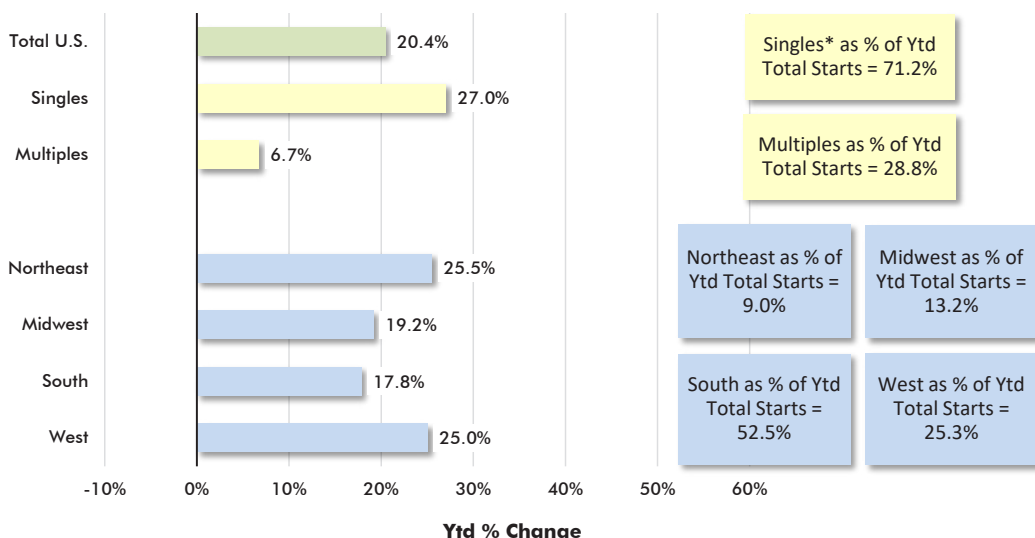
-49.3%. The Northeast in July 2021 also showed exceptionally badly compared with July 2020, -44.7% (Graph 6).

To be continued in *Economy at a Glance*, Vol. 17, Issue 125.

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Graph 5: U.S. Housing Starts Jan-Jul 2021 vs Jan-Jul 2020 % Changes



Single-family starts have been outperforming multis ytd, +27.0% to +6.7%. Regionally, on a %-change basis (ytd), the Northeast (+25.5%) & West (+25.0%) have been virtually tied for the lead with the Midwest (+19.2%) and South (+17.8%) almost tied for runner-up status. **It should be noted, though, that only the South managed a m/m gain in July, +2.1%.** The South accounts for half (52.5%) of all national starts; the West's share is 1/4 (25.3%).

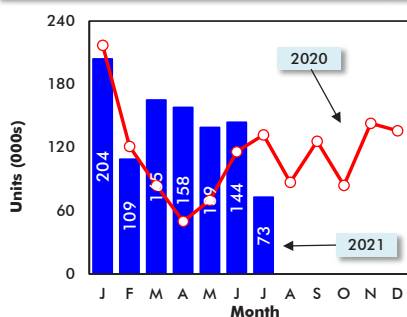
Based on averages of monthly seasonally adjusted and annualized (SAAR) unit starts. * 'Singles' includes townhouse complexes, except when multiple units have common heating & air conditioning.

Data source: U.S. Census Bureau/Chart: ConstructConnect — CanaData.

Graph 6: U.S. Regional Housing Starts (SAAR) – July 2021

U.S. Northeast Housing Starts

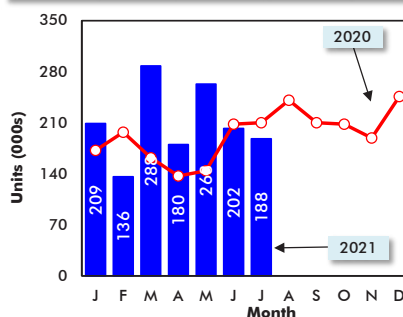
U.S. Northeast annual starts:
2019 = 114,800 units; 2020 = 111,500 units (-2.9%).



Jan-Jul Avg. 2020 = 112,900 units;
Jan-Jul Avg. 2021 = 141,700 units (+25.5%);
July 2021 m/m = -49.3%; y/y = -44.7%.

U.S. Midwest Housing Starts:

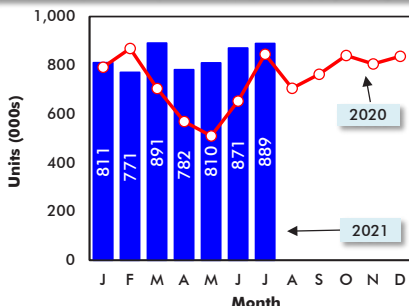
U.S. Midwest annual starts:
2019 = 169,400 units; 2020 = 191,600 units (+13.1%).



Jan-Jul Avg. 2020 = 175,700 units;
Jan-Jul Avg. 2021 = 209,400 units (+19.2%);
July 2021 m/m = -6.9%; y/y = -10.5%.

U.S. South Housing Starts

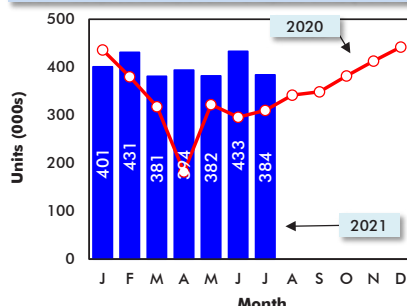
U.S. South annual starts:
2019 = 684,800 units; 2020 = 735,500 units (+7.4%).



Jan-Jul Avg. 2020 = 706,100 units;
Jan-Jul Avg. 2021 = 832,100 units (+17.8%);
July 2021 m/m = +2.1%; y/y = +5.2%.

U.S. West Housing Starts:

U.S. West annual starts:
2019 = 321,000 units; 2020 = 341,000 units (+6.2%).



Jan-Jul Avg. 2020 = 320,600 units;
Jan-Jul Avg. 2021 = 400,900 units (+25.0%);
July 2021 m/m = -11.3%; y/y = +23.9%.

The last data points are for July 2021.

Data source: U.S. Census Bureau (Department of Commerce).
Charts: ConstructConnect — CanaData.

Economy at a Glance

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U.S. home building up by one-fifth; Canadian up by two-fifths (Part 3)

Continued from *Economy at a Glance*, Vol. 17, Issue 124.

- Three of the four major cities in Texas continue to be dominant among all U.S. cities in a ranking of the level (in units) of year-to-date starts. Dallas-Ft Worth is number one; Houston, number two; and Austin, in fourth position (Graph 7).
- Philadelphia leads America's 36 most populous cities in terms of year-to-date percentage change in housing permits/starts (Graph 8).



Alex Carrick

To be continued in *Economy at a Glance*, Vol. 17, Issue 126.

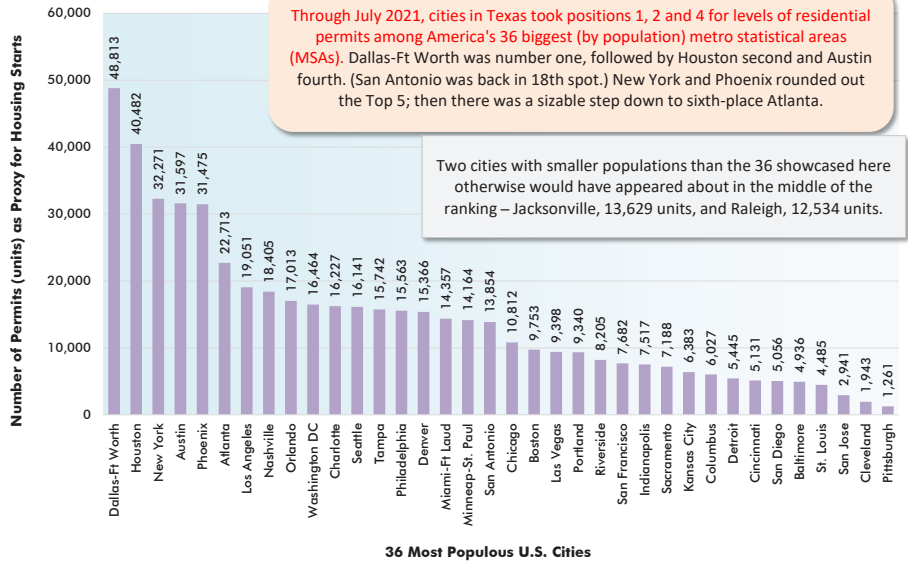
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Graph 7: Year to Date Residential Permits Issued (Units) in the 36 Most Populous U.S. Metro Statistical Areas (MSAs) (Jan-Jul 2021)

At the city level, the number of residential building permits issued serves as a proxy for housing starts.

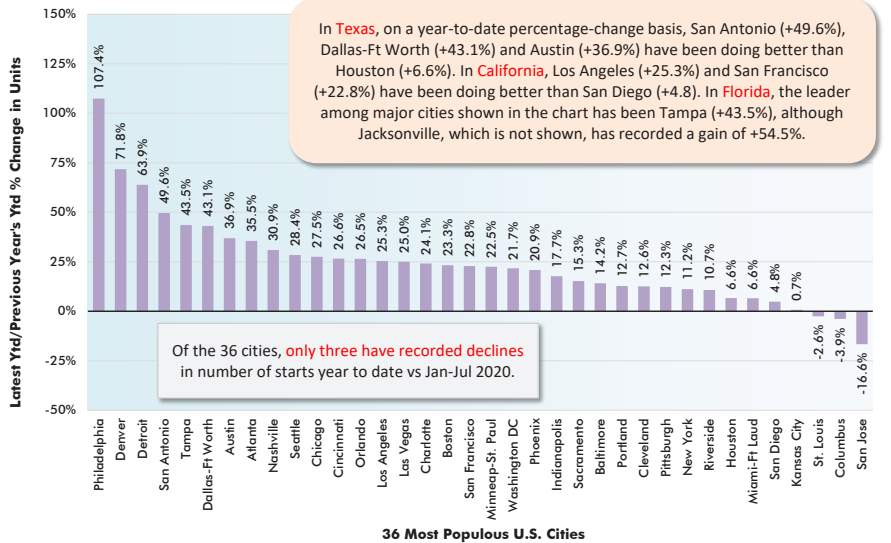
Data source: U.S. Census Bureau.
Chart: ConstructConnect — CanaData.



Graph 8: Percent Change in Year-to-Date Housing Permits Issued (Units) in the 36 Most Populous U.S. Metro Statistical Areas (MSAs) (Jan-Jul 2021 vs Jan-Jul 2020)

At the city level, the number of residential building permits issued serves as a proxy for housing starts.

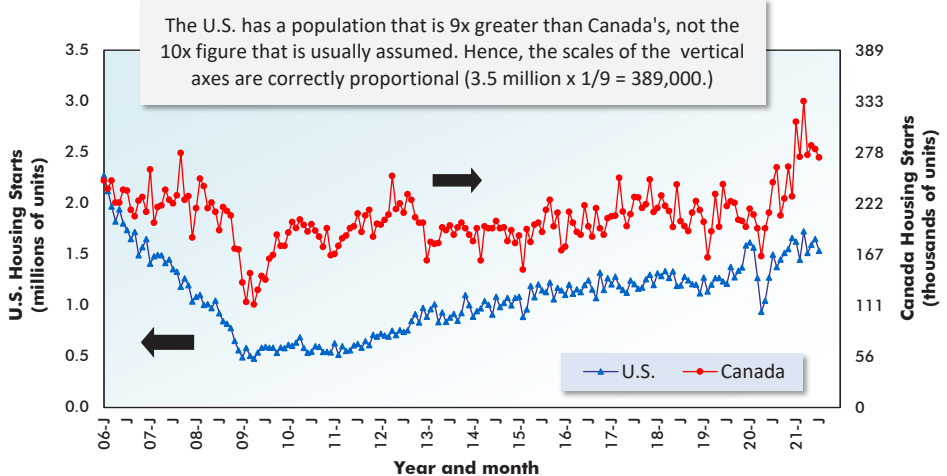
Data source: U.S. Census Bureau.
Chart: ConstructConnect — CanaData.



Graph 9: U.S. and Canada Monthly Housing Starts Seasonally Adjusted at Annual Rates (SAAR)

The last data points are for July 2021. ARROWS: U.S. numbers to be read from left axis; Canadian from right axis.

Data sources: U.S. Census Bureau & Canada Mortgage and Housing Corp. (CMHC).
Chart: ConstructConnect — CanaData.



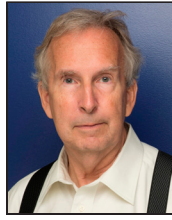
Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

U.S. home building up by one-fifth; Canadian up by two-fifths (Part 4)

Continued from Economy at a Glance, Vol. 17, Issue 125.

Studying the Canadian charts reveals the following: Canadian housing starts, as an average of monthly seasonally adjusted and annualized (SAAR) 'dwelling unit' figures are currently ahead by two-fifths (+41.2%) compared with January-July 2020 (Graph 10).



Alex Carrick

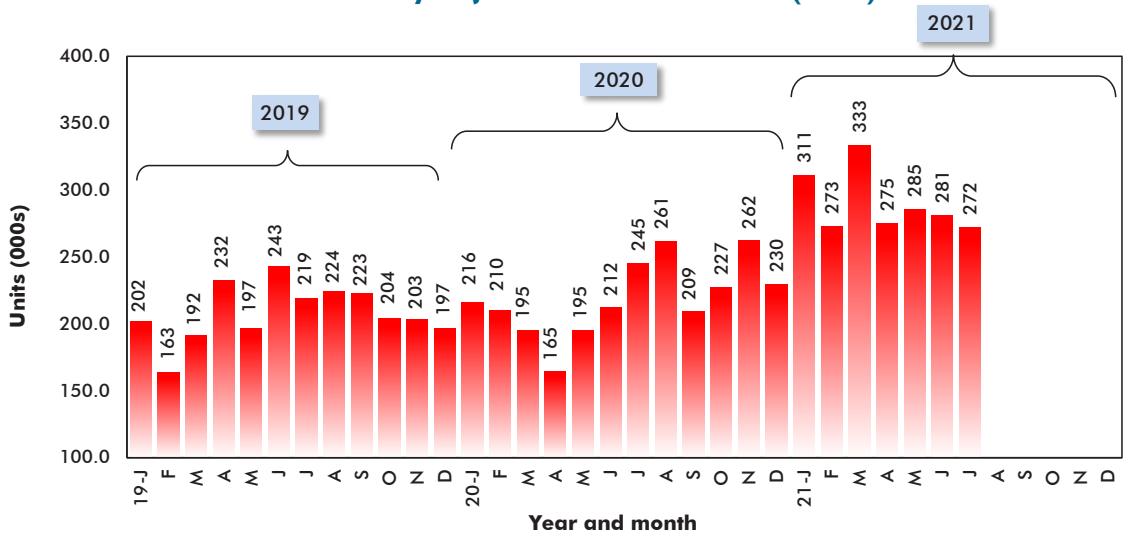
- The extraordinary buoyancy of Canadian starts is being achieved without help from the usual mainstay of the nation's housing sector growth, Toronto (only +1% year to date). Several cities on the outskirts of Toronto, however, have been recording big percentage increases in starts: Oshawa, +198% ytd; Guelph, +130%; Barrie, +91%; Kitchener, +63%; and a little further afield, London, +114% (Graph 12).
- Calgary is leading Canada's six most populous cities in percentage-change of year-to-date starts according to all three designations, singles (+63%), multiples (+86%) and total (+77%).

Vancouver (+47%) and Montreal (+39%), though, have also wrung up sizable percentage gains in total starts (Graph 14 - <https://bit.ly/3kyVadu>).

- British Columbia is the province hitting most above its weight in starts, with an increase of +19.1% year to date compared with a population share (of Canada's total resident count) that is considerably lower, at 13.5% (bottom text box in Graph 12).
- If, perchance, one is thinking that Toronto's role in the Canadian housing scene has faded into irrelevance, there's one final statistic that jolts us back to reality. Toronto is still leading all Canadian cities in level of housing starts year to date (22,268 units), with a not exceptional, but still comfortable, lead over Montreal (19,900 units) (Graph 13 - <https://bit.ly/3kyVadu>).

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Graph 10: Canada Monthly Housing Starts – Seasonally Adjusted at Annual Rates (SAAR)



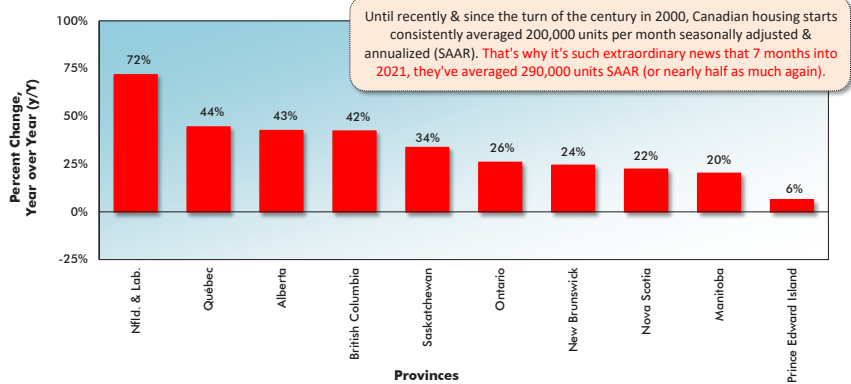
Canada's Annual Starts:
 2015 = 195,535 units (+3.3%);
 2016 = 197,915 units (+1.2%);
 2017 = 219,763 units (+11.0%);
 2018 = 212,843 units (-3.1%);
 2019 = 208,685 units (-2.0%);
 2020 = 217,802 units (+4.4%).

Jan-Jul Avg. 2020 = 205,500 units;
 Jan-Jul Avg. 2021 = 290,100 units (+41.2% ytd).
333,000 units SAAR in Mar 2021 soared well past previous record high levels.

Data source: Canada Mortgage and Housing Corporation (CMHC).
 Chart: ConstructConnect — CanaData.

Graph 11: Percent Change in Year-to-Date Housing Starts – Ranking Of Canada's Provinces (Jan-Jul 2021 vs Jan-Jul 2020)

Data source: Canada Mortgage & Housing Corporation (CMHC) based on actuals rather than seasonally adjusted data.
 Chart: ConstructConnect — CanaData.

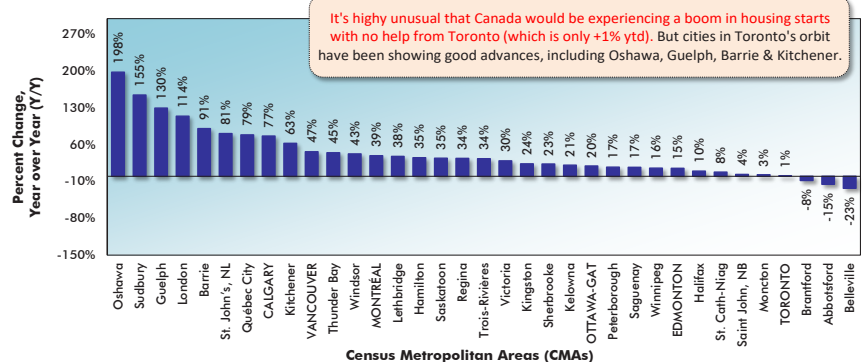


The prior cyclical peak for Canadian housing starts was 277,000 units SAAR in February, 2007, shortly before the sub-prime mortgage collapse in the U.S. and a global financial crisis brought on a recession. The most recent bottom was 112,000 units in April, 2009.

Graph 12: Percent Change in Year-To-Date Housing Starts – Ranking of Canada's Major Cities (Jan-Jul 2021 vs Jan-Jul 2020)

Canada's Census Metropolitan Areas (CMAs) have core populations of 50,000 plus. Canada's 6 CMAs with populations in excess of 1 million are in capital letters.

Data source: Canada Mortgage & Housing Corporation (CMHC) based on actuals rather than seasonally adjusted data.
 Chart: ConstructConnect — CanaData.



Among Canada's six most populous cities, Calgary (+77%) is the leader in ytd percentage-change. Also noteworthy for their increases, however, have been Vancouver (+47%) and Montreal (+39%). ... B.C. is the one province where its share of 'starts' (19.1%) is much higher than its share of Canada's population, 13.5%.