

Highlights:

- Strong growth in industrial and institutional building intentions lifted non-residential building permit volumes in October
- New housing starts fell 13.1 per cent in November

Non-residential building intentions in Ontario remained 12.8 per cent above last year's pace

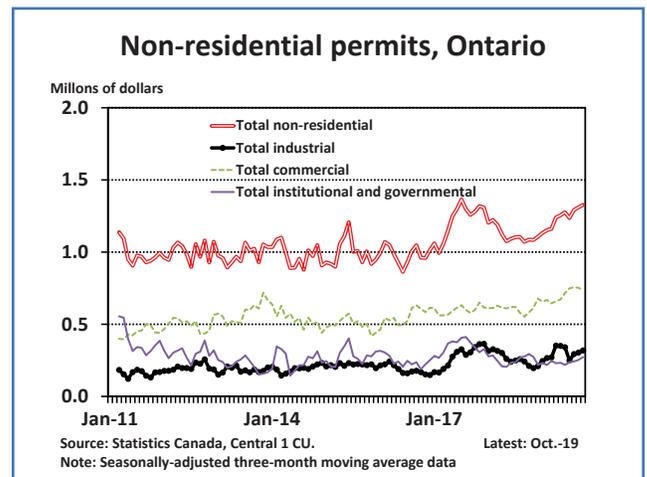
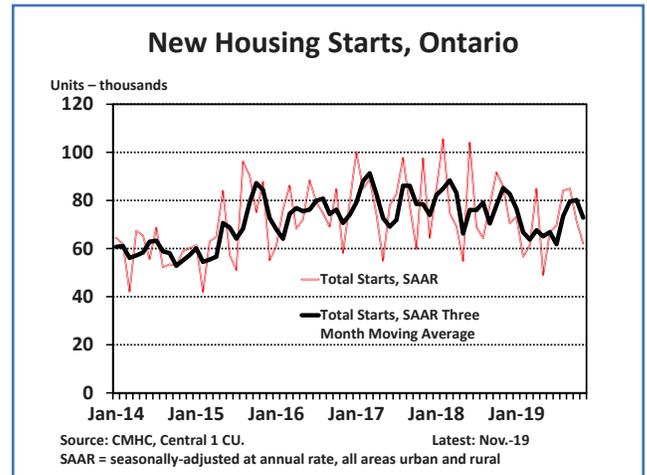
Non-residential permit volumes increased in October over September by 3.4 per cent, more than offsetting the decline of 2.6 per cent in the previous month. This jump in permit volumes came from very strong growth in building intentions for industrial (up 7.0 per cent) and institutional/governmental (up 29.4 per cent). Meanwhile, commercial building intentions recoiled in October, falling 6.1 per cent.

Year-to-date, non-residential building intentions were up 12.8 per cent from last year due to strong growth from industrial (up 18.6 per cent) and commercial (up 15.8 per cent). Institutional/governmental building intentions remained nearly unchanged (down 0.6 per cent).

Non-metro areas saw slightly more non-residential building construction than metro areas in October, with 85.9 per cent of non-residential building intentions occurring in non-metro areas, down from the typical high nineties. In metro areas, non-residential building intentions increased 4.5 per cent, lifted by growth in large markets like Toronto (up 16.4 per cent), London (up 89.3 per cent), Hamilton (up 32.0 per cent), St. Catharines-Niagara (up 69.8 per cent) and Windsor (up 180.1 per cent). Such was the growth in these markets that it offset a drop to building intentions in nine of the 16 metro areas surveyed.

Large backlog of units under construction is keeping other projects from breaking ground

Ontario new home construction declined again in November, falling by 13.1 per cent to 62,101 units



at seasonally adjusted at annual rate (SAAR). This adds to the 15.9 per cent month-over-month drop the previous month. Moreover, year-over-year, housing starts have lagged last year's total seven of the first 11 months of 2019. At this current pace, year-to-date housing starts are 13.4 per cent below last year's total at 69,467 units.

In urban areas (with 10,000 or more residents) total starts dropped 13.2 per cent in November over October to 60,960 units SAAR. In urban areas the drop in total starts came largely from fewer condo apartment starts (down 25.4 per cent) and single-detached housing starts (down 6.9 per cent). Semi-detached homes and townhome starts both increased by 49.1 per cent and 13.4 per cent respectively. Year-to-date starts in urban centres are 11.9 per cent off the pace set last year. Townhome construction remains up from last year by 18.9 per cent while all other types of housing starts are down by the range of 14.7 per cent to 28.9 per cent.

Fewer starts in the large markets of Toronto (down 26.1 per cent), London (down 16.9 per cent), Kitchener-Cambridge-Waterloo (down 11.9 per cent), Hamilton (down 46.9 per cent), and Guelph (down 6.1 per cent) really dragged down new housing starts activity in Ontario in November. A few markets posted some very strong starts numbers, among them Ottawa-Gatineau (up 51.5 per cent), Barrie (up 425.2 per cent), and Oshawa (up 106.1 per cent) but this was not enough to offset the drop to housing starts in those other markets.

The average and median contract prices for a new single-detached home in Ontario diverged in November with the average price moving up 0.4 per cent to \$870,728, while the median price fell 1.5 per cent to \$680,040. The median price in Ontario has now fallen for six consecutive months and nine of the first 11 months of 2019. A falling median price may be indicative of buyers negotiating lower prices on those single-detached homes or driving a bit farther and purchasing new homes in relatively more affordable areas.

The average length of time to complete a new home fell in November from 6.0 years to 5.8 years. Despite the drop month-over-month the current average is above the long-term average of 5.4 years. A large backlog of units still under construction is likely putting downward force on new housing start projects breaking ground as resources are currently tied up finishing up other projects and is not indicative of weak demand for new housing.

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