



Ottawa housing starts surge in February

Analyst credits 'stable economy'; national starts up 6.1 per cent in month

BY BERT HILL, THE OTTAWA CITIZEN; WITH FILES FROM FINANCIAL POST MARCH 9, 2010

Ottawa housing starts more than doubled in February as builders responded to strong market demand.

On Monday, Canada Mortgage and Housing Corporation (CMHC) said that work started on 304 units, up 122 per cent from 137 in February 2009 when builders and buyers were worried about the impact of the recession and financial crisis.

For the first two months of the year, construction started on 675 units, up 23 per cent from a year ago but trailing slightly behind 2008, which was a strong construction year.

"Ottawa's stable economy continues to support the housing market against a sluggish global economy," said Sanra Pérez Torres, senior analyst at CMHC.

"Although the 23-per-cent increase in housing construction is significant, the 675 year-to-date starts match the average since (2000)."

Construction of new single-family units drove the gains, rising 135 per cent to 148 units. Work started on 108 row housing units, up 58 per cent. There were smaller gains in apartment and semi-detached housing activity.

Builders were busiest in Cumberland and Gloucester where more than half the new construction took place.

"Even though prices are on the rise, homeownership in Ottawa remains within reach for many households as mortgage rates remain low," said Pérez Torres.

Meanwhile, Canadian home construction rose by a more-than-expected 6.1 per cent to 196,700 units in February, CMHC reported. That was up from 185,400 units in January and above economists' forecasts of 190,000 units for February.

"The gain in February housing starts was concentrated in the multiple starts segment, particularly in Toronto," said CMHC's chief economist Bob Dugan.

Urban housing starts were up nine per cent from January to 179,100 units on a seasonally adjusted basis, with multiple units rising 19.1 per cent to 89,900 and single starts increasing 0.5 per cent to 89,200 units.

Ontario recorded a 28.6 per cent gain in February, while Atlantic Canada rose 14.3 per cent, the Prairie region increased 10.8 per cent and British Columbia was up eight per cent. Meanwhile, Quebec saw housing starts decline 14.1 per cent.

Ian Pollick, economics strategist at TD Securities, said February's gain shows "the new homes market is slowly coming back to life...."

"However, we caution that the pace of advance will likely be hard pressed to eke out similar gains later in the year, mainly as a result of enthusiastic buyers attempting to close transactions ahead of the regulatory (new mortgage rules) and (harmonized sales) tax changes coming into effect mid-2010," he said.

© Copyright (c) The Ottawa Citizen