HOUSING MARKET INFORMATION

# Housing Supply Report

CANADIAN METROPOLITAN AREAS

Spring 2024

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Housing Supply Report in select Census Metropolitan Areas (CMAs)

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## What is the Housing Supply Report?

The *Housing Supply Report* provides regular insights on new housing supply in Canada's major cities and urban areas. These insights position supply as an important element in efforts to advance housing affordability.

## What you'll find in this report

In this edition, we examine new housing construction trends in Canada's 6 largest census metropolitan areas (CMAs) – Vancouver, Calgary, Edmonton, Toronto, Ottawa, and Montréal. We examine trends within and across markets using analysis themes such as:

- housing starts in 2023 by housing type;
- government programs aimed at increasing rental supply; and
- prolonged construction timelines caused by various supply-side challenges.

The primary data source for this work is CMHC's Starts and Completions Survey, which collects data on monthly residential construction activity. In this edition, we talk about housing supply in terms of new construction, as this is necessary to expand the housing stock.

## Understanding the gaps between housing supply trends and future needs

We believe this analysis will help identify the characteristics, approaches, and innovations in new housing supply that will best contribute to a diverse, abundant, and affordable supply of housing.

More homes and a diversity of housing options to meet current and future households' needs (size, amenities, style, etc.) are key elements for reducing the upward pressures on prices and rents.

These insights will allow industry participants to better understand the gaps between housing supply trends and future needs. This better understanding will help them make precise decisions to help improve housing affordability.

## Providing useful insights to the housing industry

The *Housing Supply Report* is designed to provide useful insights to various audiences:

- Policymakers at different levels of government will find the comparison across CMAs useful in enhancing their perspective on the different ways housing supply is delivered across Canada.
- Builders and developers will find these topics to be of interest as they seek to identify current housing needs and future opportunities.

## Link to ongoing work on housing supply

In June 2022, CMHC published its first report[1] on housing supply gaps. This report provided estimates of the additional supply required — beyond current trends — to restore housing affordability by 2030 in Canada and the provinces. An update to this work was released in September 2023[2], and further work on this topic is scheduled for release later this year.

Some of our other recent and upcoming releases touching on supply include:

- an article[3] exploring the impact of interest rate increases on rental housing construction; and
- our 2024 Housing Market Outlook, to be released in April, which will provide forecasts of housing starts in Canada and major urban centres from 2024 through 2026.

We'll continue to share new data, indicators and insights exploring different aspects of the delivery of housing supply in Canada. To stay current on our recent (and soon-to-be-released) work, please subscribe[4] to our housing newsletter.

## Your feedback

We want to make this report a critical tool in providing data and analysis to support a diverse and abundant supply of housing in Canada. But we can't do this without your feedback.

Let us know what you want to see.

## HIGHLIGHTS

In 2023, housing starts in the 6 largest CMAs combined remained stable. Notable increases in the apartment segment (purpose-built rental and condominium) were offset by declines in ground-oriented types (single-detached, semi-detached and row homes). Single-detached starts registered the most significant decline of 20%.

In Toronto, Vancouver, Calgary, and Ottawa, apartment construction (purpose-built rental and condominium) reached record levels. Conversely, apartment construction in Montréal hit an 8-year low. Purpose-built rental units accounted for a greater proportion of apartment starts compared to historical averages.

The high number of rental apartment starts in 2023 reflected an unprecedented level of rental demand. However, ongoing challenges on the supply side suggest that demand will continue to outpace supply.

Record condominium apartment starts reflected robust pre-sale activity and favourable borrowing rates secured before 2023. We expect condominium apartment starts to moderate in 2024 to reflect current demand conditions and financial challenges.

Ground-oriented homes, especially single-detached properties, have become increasingly unaffordable for homebuyers. The share of construction accounted for by single-detached homes reached a record low and is expected to remain low in the near term.

Supply barriers stemming from rising costs, growing project sizes, and labour shortages have resulted in extended construction timelines.

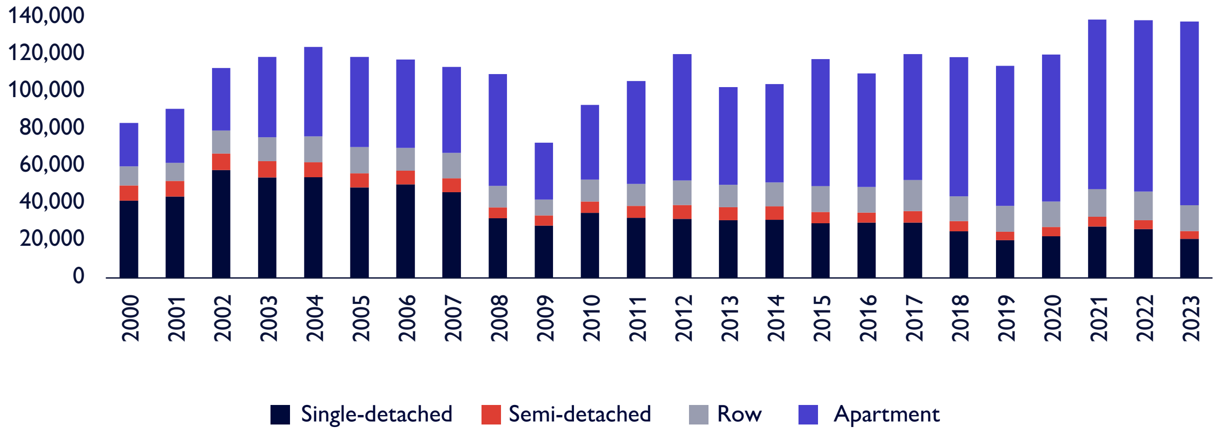
Various levels of government have implemented or announced new programs to stimulate the supply of new rental housing. There was a high take-up of these programs by developers.

# NATIONAL OVERVIEW

## Total housing starts in the 6 largest CMAs remained near an all-time high

Over the past 3 years, total new home construction in the 6 largest census metropolitan areas (CMAs), measured by housing starts, has stabilized around 140,000 units (Figure 1). Despite a relatively stable overall number in recent years, housing starts have shown different trends across markets and types of construction.

**Figure 1: In 2023, apartments were the only dwelling type to see an increase in starts**
The sum total of housing starts in Canada's 6 largest CMAs*




*Inclusive of all housing tenures (i.e., freehold, condominium, rental and co-op).
Source: CMHC

In 2023, housing starts in these 6 CMAs dipped by 0.5% compared to 2022, totaling 137,915 units (Table 1). Apartment starts surged by 7%, reaching a record high of 98,774 units. However, this increase was offset by a decline in the construction of ground-oriented homes. Single-detached starts dropped by 20%, the most significant decrease among all housing types.

Toronto, Vancouver, and Calgary saw growth in their total starts numbers, with new apartment construction reaching record highs in these CMAs. Conversely, in Ottawa, Edmonton, and Montréal, apartment starts in 2023 weren't high enough to cause increases in total starts. Montréal stood out as the only market that recorded a significant decline across all housing types.

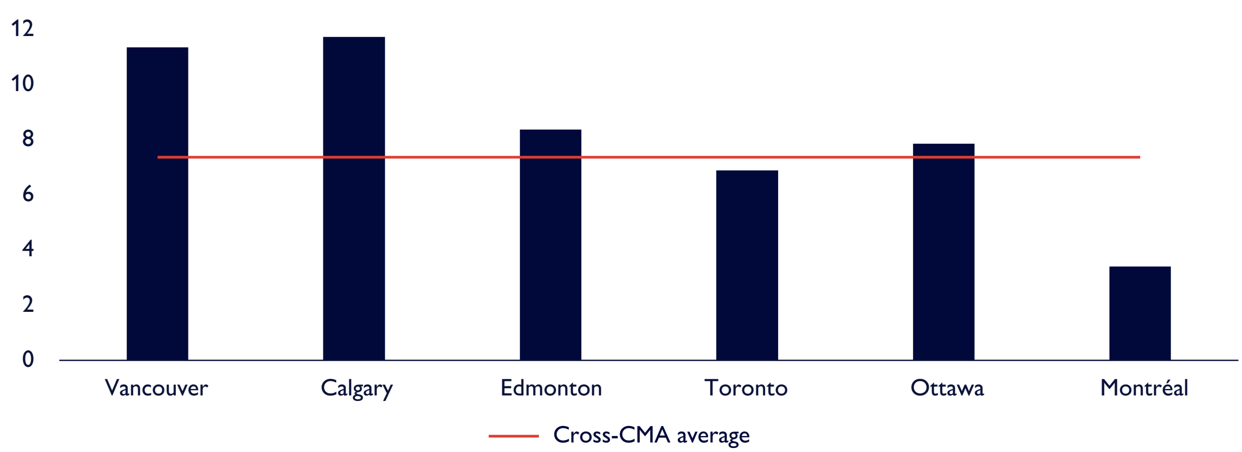
**Table 1: Housing starts by dwelling type, 2023 and percentage change from previous year, select CMAs***

| | Single-Detached | | Semi-Detached | | Row | | Apartment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Units | 2022–2023 % change | Units | 2022–2023 % change | Units | 2022–2023 % change | Units | 2022–2023 % change | Units | 2022–2023 % change |
| **Vancouver** | 2,832 | -16.5% | 914 | -11.9% | 1,922 | -15.1% | 27,576 | 43.0% | 33,244 | 27.9% |
| **Calgary** | 5,875 | 2.1% | 1,674 | 7.3% | 2,996 | 33.5% | 9,034 | 16.6% | 19,579 | 13.1% |
| **Edmonton** | 5,032 | -18.5% | 948 | -0.8% | 2,069 | 18.4% | 5,135 | -10.1% | 13,184 | -9.6% |
| **Toronto** | 4,721 | -25.4% | 328 | -36.2% | 4,860 | -14.0% | 37,519 | 15.0% | 47,428 | 5.1% |
| **Ottawa** | 1,535 | -44.9% | 186 | -33.6% | 1,678 | -37.6% | 5,846 | 2.1% | 9,245 | -19.5% |
| **Montréal** | 1,021 | -44.3% | 208 | -59.5% | 342 | -58.6% | 13,664 | -34.9% | 15,235 | -36.9% |
| **Total** | **21,016** | **-20.0%** | **4,258** | **-12.4%** | **13,867** | **-10.1%** | **98,774** | **7.3%** | **137,915** | **-0.5%** |

*The numbers appearing in this table are inclusive of all housing tenures (i.e., freehold, condominium, rental and co-op).
Source: CMHC

We used a measure that adjusts for population size to increase the depth of cross-market comparisons. Although housing starts in Calgary weren't the highest among the 6 CMAs, when adjusted for population size, they were the highest, at 11.7 units per 1,000 population (Figure 2). In Toronto, where the absolute number of starts was the highest among the 6 CMAs, starts per 1,000 population were the second lowest.

**Figure 2: Population-adjusted housing starts differed across Canada's largest urban centres in 2023**
Housing starts per 1,000 population*




*The 2023 population estimates for the census metropolitan areas were derived from the actual provincial population numbers for that year.
Source: CMHC, Statistics Canada

In most CMAs, construction levels per 1,000 population in 2023 were either in line with or exceeded their respective 10-year averages (Table 2). Vancouver stood out by significantly surpassing its historical norm. However, in Montréal, where construction per 1,000 population has historically lagged other CMAs, 2023 was a notably slow year, with housing starts well below the area's 10-year average.

**Table 2: Housing starts per 1,000 population in the last 10 years, select CMAs**

| | Vancouver | Calgary | Edmonton | Toronto | Ottawa | Montréal |
|---|---|---|---|---|---|---|
| **2014** | 7.7 | 12.4 | 10.6 | 4.8 | 5.9 | 4.7 |
| **2023E*** | 11.4 | 11.7 | 8.4 | 6.9 | 7.9 | 3.4 |
| **10-year average (2014–2023)** | **9.4** | **8.9** | **8.7** | **6.2** | **7.8** | **5.4** |

*The 2023 population estimates for CMAs were derived from the actual provincial population numbers for that year.
Source: CMHC, Statistics Canada

## Rental construction shares exceeded historical averages across all CMAs

While there have been significant shifts in the types of dwellings being built, the changes in tenure were equally important. Purpose-built rental construction in the 6 CMAs combined hit record levels in 2023, significantly boosting overall starts. Montréal and Edmonton experienced declines. Nonetheless, rental construction in Edmonton remained historically high in 2023.

In recent years, purpose-built rentals have constituted a larger share of apartments breaking ground, averaging 42% in 2023. In Edmonton, the share at 80% (Table 3), was the highest among the 6 CMAs, significantly exceeding the past 10-year average. In Toronto, where condominium apartments still dominate, the rental share increased to over a quarter.

**Table 3: Rentals' share of apartment starts in the last 10 years, select CMAs**

| | Vancouver | Calgary | Edmonton | Toronto | Ottawa | Montréal |
|---|---|---|---|---|---|---|
| **2014** | 24% | 10% | 48% | 12% | 28% | 26% |
| **2023** | 37% | 54% | 80% | 26% | 49% | 71% |
| **10-year average (2014–2023)** | **33%** | **29%** | **55%** | **16%** | **45%** | **59%** |

Source: CMHC

## Housing starts trends varied widely across the 6 largest CMAs in 2023

Below are the highlights of the changes recorded in the new construction markets in each CMA in 2023. For a more comprehensive local analysis, please see each CMA's dedicated report.

### Toronto

In 2023, total housing starts increased by 5% from the year before, reaching 47,428 units – the second-highest level since the 1960s. The increase was driven entirely by apartment construction. Rental apartment starts more than doubled from 2022, while condominium apartment starts were at their second-highest level on record.

Strong growth in apartment construction in 2023 was attributable to projects that were financed or launched for sale in the lower interest rate environments of 2021 and 2022. Because of the large size of these projects, it took longer for them to become starts.

Starts of ground-oriented housing types, meanwhile, declined. This was a common trend observed across most of Canada's large urban centres, reflecting weaker demand for higher-priced homes in a higher mortgage rate environment. Their shorter development timelines resulted in a quicker response to the deterioration of macroeconomic and financial conditions.

### Vancouver

In Vancouver, there were a record-high 33,244 new housing starts, marking a 28% increase from 2022. As in Toronto, the surge in new construction was entirely driven by the apartment sector, which accounted for 83% of the CMA's total starts. Both condominium and rental apartments reached record-high starts levels.

There were consistent declines across all ground-oriented types. In 2023, single-detached new-home starts accounted for less than 9% of the CMA's total starts, the lowest share on record.

### Montréal

Housing starts of all types in Montréal recorded a double-digit decline in 2023. Total housing starts dropped by 37% to 15,235 units – the lowest level in more than 20 years.

Apartment starts fell by 35%. As we noted in our Fall 2023 Housing Supply Report, Montréal tends to build small, low-rise apartment structures. Because of their smaller size, these projects take less time to plan and build. The decline in apartment starts in Montréal was, therefore, reflective of the current, more challenging context of higher financing and construction costs.

There was an even more pronounced slowdown in starts of ground-oriented home types, which reached an all-time low in 2023.

### Ottawa

Total housing starts in 2023 declined by 20% to 9,245 units but remained above the 10-year historical average. The slowdown was driven by ground-oriented housing starts. Apartment starts increased to reach their highest level since the 1970s; however, this was offset by sizeable declines in starts of ground-oriented housing types.

### Calgary

Calgary's total starts increased by 13% to 19,579 units – an all-time high, with growth across all housing types. This strength was supported by a steady economy and strong employment and population growth. Apartment starts were at a record high and were driven by rentals, which accounted for more than half of apartment starts. Ground-oriented starts also increased, led by record starts in the row-home segment.

### Edmonton

Edmonton's total starts in 2023 declined by 10% to 13,184 units. This was only slightly below the 10-year historical average. In 2023, all dwelling types experienced decreases compared to 2022, except for row homes.

## Condominium apartment starts haven't fully reflected the impact of higher interest rates

Condominium apartment starts in the 6 CMAs collectively reached a record level of 57,121 units in 2023, outperforming ground-oriented homes due to several factors.

The development of condominium apartments typically involves multiple stages and is the lengthiest among all housing forms. Developers start by selling units in the pre-construction phase to secure financing. They usually need to sell at least 70% of the units to be approved. This percentage tends to be higher during periods of tight financial conditions, like in 2023. In Toronto, for example, where projects tend to be larger, it could take from 24 to 36 months before developers start construction.

The high level of condominium apartment starts in 2023 resulted from strong pre-construction sales in 2021 and 2022. During that period, pre-construction investors were particularly encouraged by rapidly increasing rents, price appreciation and the record-low interest rates on the market. Some buyers were able to secure these low rates, while others may have thought that low rates would prevail at the time of project completion.

Many developers that started condominium construction in 2023 secured development financing earlier, when interest rates were lower. There was also a greater share of larger developers in the market that were involved in multiple projects and had higher levels of up-front equity.

In 2023, borrowing costs increased significantly, with lenders tightening standards on loans. This made condominium construction less profitable. Slower demand made it harder for developers to reach their sales target thresholds for financing. This may lead to the delay or cancellation of projects.

We expect a slowdown in condominium apartment starts in 2024 due to reduced sales in 2023 and increased borrowing costs. Project sizes might be scaled back, with CMAs where condominium apartment projects are smaller doing relatively better.

## Record rental starts in 2023 may not carry on due to supply challenges

Rental apartment construction in the 6 largest CMAs surged to 41,460 units in 2023. In recent years, the demand for rental housing has reached unprecedented levels due to a rapidly growing population. The increase in rental construction can be attributed to significant tightening of rental market conditions, characterized by historically low vacancy rates and remarkable rent growth. (See our 2024 Rental Market Report[5] for comprehensive insights on rental market conditions in Canada's major cities.)

Similar to condominium apartments, many rental apartment projects started in 2023 had secured construction financing when interest rates were lower. The impact of the increases in financing and construction costs that were observed in 2023 have, therefore, yet to fully materialize.

Our latest **Canadian Rental Housing Construction Survey**[*] finds that supply-side challenges are increasingly weighing on developers. Most respondents indicated that purpose-built rental projects are no longer feasible with conventional debt financing. Rental developers, lacking pre-construction sales, will struggle more than condominium developers to secure construction financing. The Survey also found that small developers with more debt are likely to pause or reduce future projects.

[*] https://www.cmhc-schl.gc.ca/blog/2023/interest-rate-hikes-impact-rental-housing-construction-supply

## Housing unaffordability slowed ground-oriented construction

The decline in single-detached starts observed last year continued a downward trend that has been clear for more than 20 years. In 2023, the share of housing starts in the 6 largest CMAs accounted for by single-detached homes reached a record low of 15%. This was down from 30% a decade ago and 50% in the early 2000s. In more expensive areas such as Toronto and Vancouver, the share dropped even further to 10% and 8.5%, respectively.

During the COVID-19 pandemic, a preference for more living space in suburban communities, combined with the prevalence of remote work, disrupted this downward trend. Along with record-low interest rates, this resulted in a bit of a rebound in the share of single-detached housing starts.

Since early 2022, interest rates have risen considerably. The combination of strict mortgage qualification criteria and rising property prices has resulted in a restricted pool of eligible buyers. This is especially true for single-detached homes in the higher-priced markets. At the same time, resale market conditions softened, leading to reduced demand for pre-construction homes.

Typically, there's a 6- to 12-month interval between the pre-sale and construction start of ground-oriented homes. We expect that sluggish sales activity will continue, limiting the growth of single-detached housing starts and keeping their share at a record low.

## Persistent supply barriers: Rising costs, larger projects sizes, and labour shortages resulted in extended construction timelines

Construction time, from foundation to occupancy, varies by housing type and location. The overall development process is more extensive and includes planning, approval, and pre-sale stages. Factors like a project's size and complexity, as well as regulations and the cost and availability of labour and materials influence the length of construction time.

The average construction time in the 6 largest CMAs has been on the rise over the years, reaching 18.8 months in 2023. The average construction time for a single-detached home reached 10.7 months in 2023 (Table 4). In Toronto and Vancouver, this figure was 13.8 and 14.5 months, respectively.

For apartment projects, the average construction time was 22.7 months, with Toronto and Vancouver having the longest times, at 33.3 and 26.4 months, respectively.

**Table 4: Average construction time in months by dwelling type, select CMAs***

| | Single-Detached | | Semi-Detached | | Row | | Apartment | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 10-year average | 2023 | 10-year average | 2023 | 10-year average | 2023 | 10-year average |
| **Vancouver** | 14.5 | 12.7 | 13.6 | 12.2 | 15.4 | 12.2 | 26.4 | 22.3 |
| **Calgary** | 8.5 | 7.3 | 9.2 | 8.2 | 11.8 | 9.9 | 17.8 | 20.1 |
| **Edmonton** | 8.7 | 7.7 | 9.2 | 8.3 | 10.0 | 9.7 | 16.2 | 19.1 |
| **Toronto** | 13.8 | 11.6 | 13.3 | 12.4 | 15.5 | 13.1 | 33.3 | 29.4 |
| **Ottawa** | 11.2 | 7.8 | 12.3 | 8.1 | 13.2 | 10.0 | 23.1 | 20.7 |
| **Montréal** | 7.9 | 5.4 | 8.1 | 6.0 | 11.1 | 8.9 | 19.8 | 15.2 |
| **Total** | **10.7** | **8.9** | **10.7** | **9.4** | **12.8** | **10.8** | **22.7** | **21.2** |

*The numbers appearing in this table are inclusive of all housing tenures (i.e., freehold, condominium, rental and co-op).
Source: CMHC

The following are 3 factors that help explain rising construction times:

## 1. Larger project sizes

Larger project sizes and neighbourhood complexities have contributed to longer construction times for apartments in Toronto. Conversely, in Calgary and Edmonton, where smaller-sized stacked townhomes make up a large share of apartment construction, completion times were shorter.

## 2. Rising construction costs

Growth in construction costs in the 6 largest CMAs slowed significantly in 2023 compared to 2022. Statistics Canada's Building Construction Price Index[6] decelerated from 18.6% in 2022 to 5.4% in 2023. However, regional differences have gotten bigger, with cost increases remaining high in some areas.

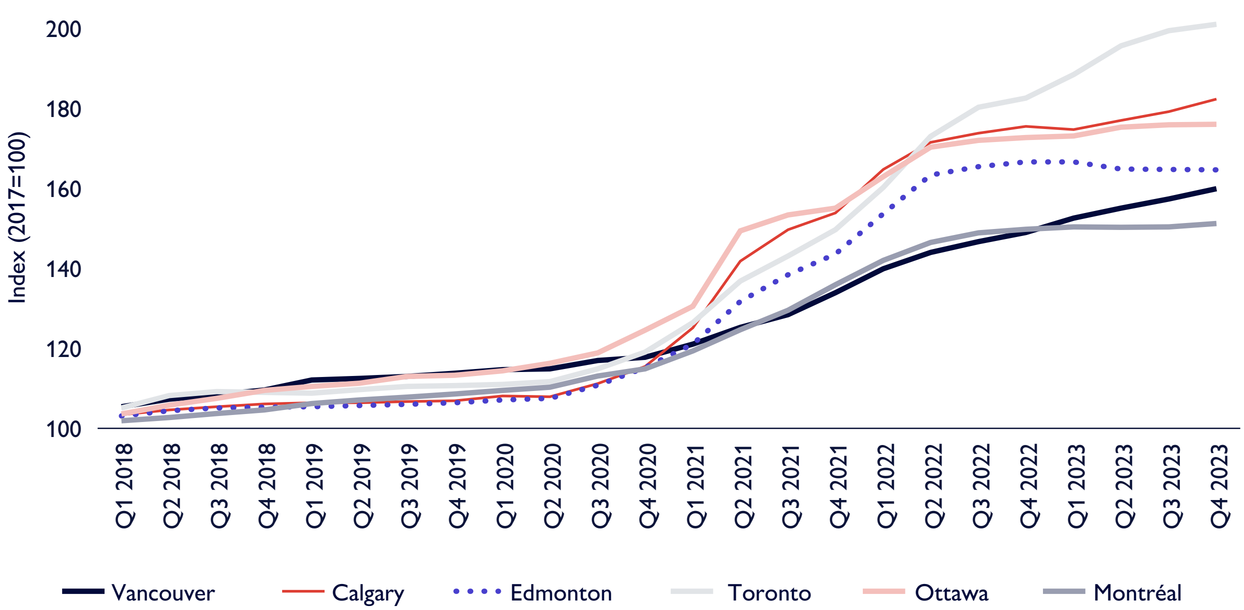
In Ottawa, Montréal, Calgary and Edmonton, the Building Construction Price Index increased by 2% to 4% (Figure 3). Meanwhile, in Toronto and Vancouver, the Index in 2023 was still rising strongly by 13% and 8%, respectively.

Since 2022, and into 2023, higher costs have made some projects economically unfeasible. Consequently, delays have happened at all stages of construction, including project launches, starts and completions.

## 3. Worker shortage amid rising construction volumes

The construction industry has been struggling with a growing labour shortage in recent years. There's been a faster increase in workers reaching retirement age than younger workers joining the labour force. The challenge was worsened by the pandemic when some construction professionals changed careers or retired prematurely.

**Figure 3: Growth in construction costs remained strong in 2023**
Residential* building construction price index in select CMAs




*Single-detached houses, row houses and apartment buildings.
Source: Statistics Canada

Work done by CMHC in 2022 (**Canada's housing supply shortage: skilled labour capacity**[*]) has shown that:

- under a baseline demographic scenario and considering historical employment practices in the construction sector, there isn't enough labour capacity to address significant housing supply gaps, especially in Ontario and B.C.;
- under a best-case scenario (without any productivity growth), there isn't enough labour capacity to reach housing affordability supply targets by 2030; and
- while the pandemic proved that workplaces can adapt and manage greater construction volumes with fewer workers, this may still cause construction backlogs. These backlogs will create delays in new units coming to markets in need of more supply.

[*] https://www.cmhc-schl.gc.ca/media-newsroom/news-releases/2022/canada-housing-supply-shortage-skilled-labour-capacity

In 2022, there was a significant increase in construction-sector companies in Canada trying to rehire workers lost during the pandemic. This led to a peak in the job opening rate. However, many vacant positions remained unfilled.

In 2023, hiring in Ontario and B.C. slowed and the number of vacant positions decreased, as developers tried to save money in response to slower demand and greater uncertainty. Conversely, Alberta continued strong hiring, and job vacancies rose.

At the CMA level, in 2023, Toronto, Vancouver, Ottawa and Calgary reached record levels of units in development. Without improvements in construction productivity, the slowdown in employment growth may, in 2024, prolong construction times and decrease new project starts.

## Policy responses aimed at stimulating rental construction

In response to this increasingly restrictive financial context, various levels of government have implemented or announced programs to stimulate the supply of new rental housing. There's been a strong uptake of these programs by developers, which will likely help to offset increasing supply challenges.

This is consistent with the finding that over half of the respondents to the Canadian Rental Housing Construction Survey[7] made use of CMHC's Mortgage Loan Insurance (MLI) Select product. MLI Select provides eligible multi-unit developers with access to preferred interest rates and longer amortization periods, lowering their borrowing costs for construction.

The following text box provides an overview of the major federal programs. The CMA sections of this report provide additional details on these and other programs at the provincial and city levels.

- **Seed Funding:** Interest-free loans and non-repayable contributions to develop and preserve housing projects that contain a minimum of 5 affordable units.
- **Rental Construction Financing Initiative (RCFi):** The largest program in the government's National Housing Strategy (NHS), the RCFi was introduced in 2016. It provides low-cost loans to eligible purpose-built rental developers. As of March 2023, the program had committed $14.77 billion, for a total of 41,501 units. In November 2023, the initiative was renamed the Apartment Construction Loan Program. The Program will receive an additional $15 billion in new loan funding, starting in 2025–2026, to build more rental apartments faster.
- **MLI Select:** The new multi-unit mortgage loan insurance product from CMHC was introduced in March 2022. It uses a points system to offer insurance incentives based on affordability, energy efficiency, and accessibility. The incentives are available for new rental construction.
- **GST exemption:** In September 2023, the federal government committed to removing the Goods and Services Tax (GST) on all new qualifying rental housing construction.
- **Canada Mortgage Bonds (CMB):** CMHC-guaranteed bonds are sold to investors to generate funds for residential mortgage financing. In September 2023, the annual limit for CMBs was increased from $40 billion to $60 billion. This new measure is expected to get up to 30,000 more rental apartments built per year.

## Future implications

As discussed in this report, the construction industry continues to face great challenges. Despite needing more supply, housing starts are projected to decrease in 2024. Given strong population growth, this wouldn't bode well for addressing existing supply gaps.

Based on our recent baseline projection (shared in our Housing shortages in Canada: Updating how much housing we need by 2030[8] report), Canada will require an additional 3.5 million units (on top of what is currently projected to be built) by 2030 to restore affordability to levels seen around 2004. Under our high-population-growth scenario, which assumes current immigration trends continue until 2030, the need for additional housing units would increase to 4 million.

Collaboration between all levels of governments, the private sector and academia will be essential in finding innovative solutions to meet the affordability target.

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# VANCOUVER

## HIGHLIGHTS

- Apartment construction led the way in the region, making up 83% of total starts, a record-high proportion.
- New condominium apartment projects were located at greater distances from the city centre.
- Rental apartment construction made up a third of the 60,000 homes under construction at the end of 2023, the highest proportion in recent history.
- High financing and land costs slowed construction of lower-density housing types.

## Record-high housing starts in 2023 driven by a shift to rental apartments

Housing starts in the Vancouver census metropolitan area (CMA) rebounded in 2023 (+28%), reaching a record-high (33,244 units). The increase was driven by apartment construction, which was at especially high levels in the first half of the year. On a population-adjusted basis, 113 housing starts were recorded per 10,000 population in the region, the highest rate since 1994.

In 1994, only half of the units started were apartments. In 2023, however, 83% of units that broke ground were apartments. This was the highest proportion on record. This share first broke the 70% threshold in 2019, as multi-unit construction became increasingly attractive to developers.

Both condominium and rental construction growth contributed to multi-unit starts in 2023. The level of starts for both tenures was comparable in 2022; however, in 2023, condominium construction greatly outpaced rental apartment construction:

- Rental apartment starts grew by 10%
- Condominium apartment starts grew by 74%

While condominium apartment construction was high in 2023, it was only 13% higher than the previous high set in 2019. Historically, developers in Vancouver have tended to focus on condominium units. However, rental construction has gained favour since the Great Financial Crisis of 2008. Since then, rental starts have remained well above their trailing 10-year average. In 2023, for instance:

- rental apartment starts were 84% above their 10-year average; and
- condominium apartment starts were 45% above their 10-year average.

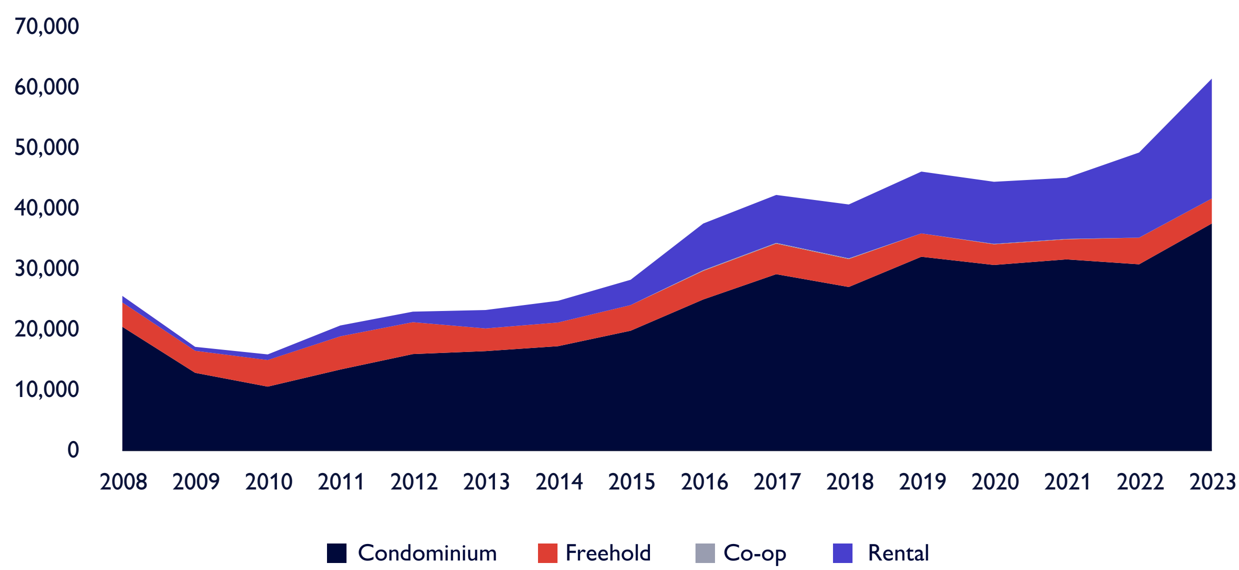
High financing costs throughout the year were a challenge to construction in the rental sector, but existing federal supply programs helped with the feasibility of some projects. These programs mainly target rental projects and allow for high land and capital costs to be offset.

For condominium projects, pre-sales help support feasibility by bringing revenues forward and reducing project risk. Despite higher mortgage rates, sales of condominiums in 2023 declined only slightly and remained at a similar level to 2022. Continued demand for these units indicates robust demand.

## A high number of purpose-built rentals are under construction

High rental and condominium apartment starts led to a record level of units under construction. One third of the 60,000 units underway at the end of 2023 were purpose-built rentals (Figure 1). This was the highest proportion of rental units under construction in the past 30 years.

**Figure 1: A third of all homes under construction in 2023 were purpose-built rentals**
Number of units under construction, by housing tenure (Vancouver CMA)

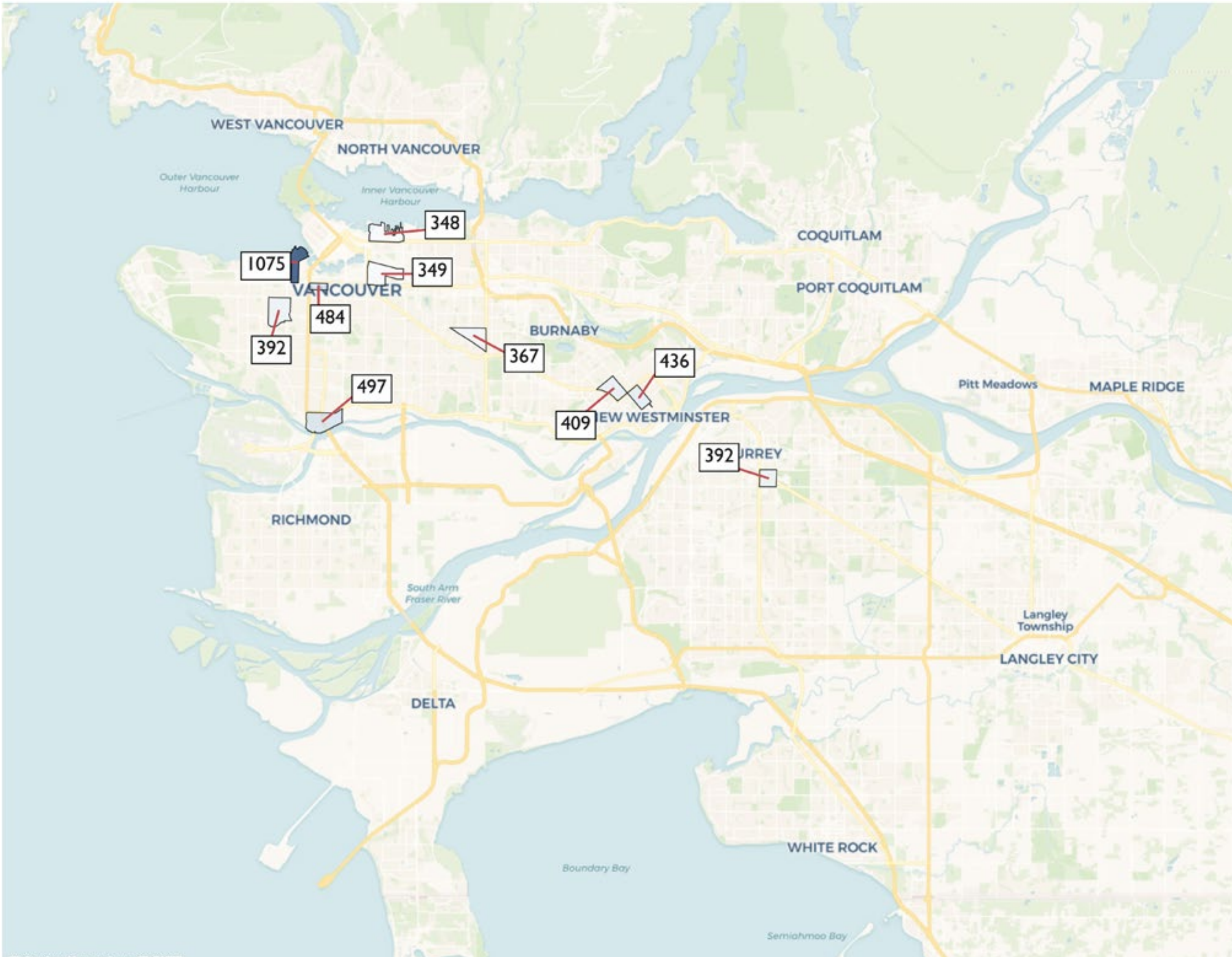



Source: CMHC

Increasing rents in the City of Vancouver, as described in our 2024 Rental Market Report, indicated persistent demand for rental housing. This supported new rental construction in the City. Policies that waived or lowered community amenity contributions may have helped to support rental starts in the City. Government financing programs that target rental units also likely helped offset high land costs.

Rental apartment starts in Metro Vancouver were concentrated in the City of Vancouver. Seven of the top 10 census tracts where new rental apartment units were initiated were in the City (Figure 2). The top census tract contains the Seṅáḵw Development, a leading rental project on Squamish Nation land.

**Figure 2: Rental apartment construction was concentrated in the City of Vancouver**
Purpose-built rental apartment housing starts by census tract, 2023 (Vancouver CMA)

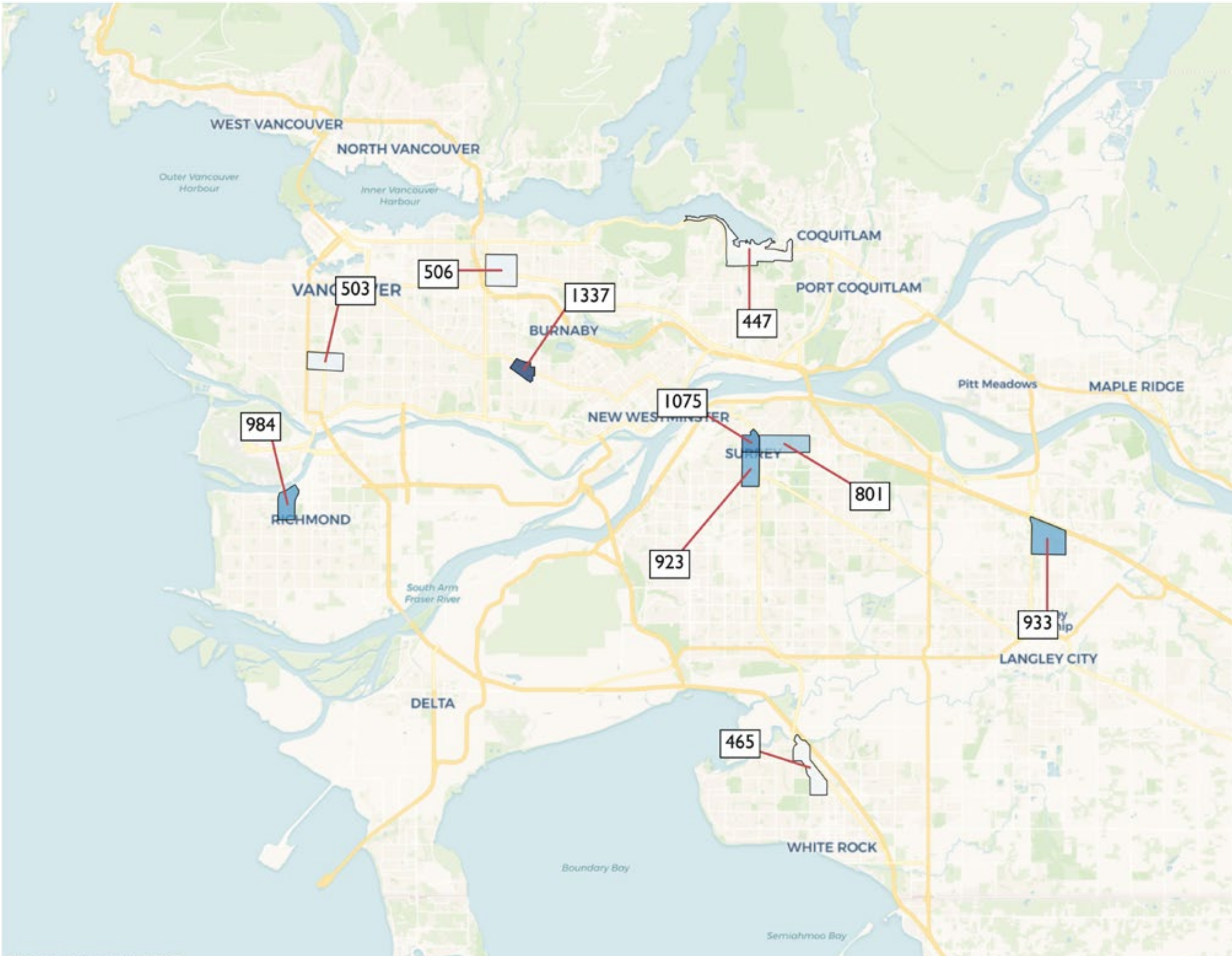



Source: CMHC

Recent reports suggested that high land costs affected development decisions in the region, as land sales for residential development have fallen. Indeed, among the top 10 census tracts that observed condominium apartment starts in Metro Vancouver, only 1 was in the City of Vancouver (Figure 3). Just over half of total condominium starts were located south of the Fraser River. Construction of these apartments doubled in Surrey and Burnaby, 2 leading cities for condominium construction in Metro Vancouver.

The viability of condominium projects was better in areas outside the City of Vancouver, where land costs are lower. Lower land costs allow for completed units to be priced lower, resulting in a higher likelihood of units being absorbed through pre-sales, which reduces risk for developers. These projects are also subject to conventional financing, where capital costs may be higher than those of a similar rental development.

**Figure 3: Condominium apartments were started mostly outside of the City of Vancouver**
Condominium apartment housing starts by census tract, 2023 (Vancouver CMA)




Source: CMHC

## Low-rise construction was impacted by higher financing costs

Construction of new single-detached homes fell by 16% in 2023, to a level last seen in 2009. This was the continuation of a trend that began in 2016, the last peak for single-detached construction in the region. As greenfield land becomes scarce and opportunity costs for redeveloping existing single-detached homes rise, construction of more of these units will likely be limited.

New construction of denser housing types will likely be more profitable and easier to sell. High financing costs in 2023 also weighed on the development of new single-detached homes, as they're likely funded by smaller operators.

Other low-rise homes, like semi-detached and row homes, also saw a fall in new construction activity:

- Row starts fell by 15%
- Semi-detached starts fell by 11%

These projects are likely to be more feasible in areas with lower land costs, like Langley, Surrey, and Coquitlam, municipalities that are further away from the city centre. This allows for lower pricing compared to similar homes built closer to the city centre, where prices can be too high for many buyers.

# EDMONTON

## HIGHLIGHTS

- Housing starts declined by 10% in 2023 as the continued high interest rates and substantial inventories of single-detached homes resulted in the start of fewer construction projects.
- An increase in migration to the region has led to a tight rental market. There were, however, fewer purpose-built rental apartment starts in 2023.
- New housing supply in Edmonton could be negatively impacted by lower starts and under-construction projects.
- The inventory of completed and unsold units increased, driven by a growing stock of single-detached homes and row homes. Meanwhile, apartment inventories reached a 16-year low.

## Total housing starts declined in 2023 due to a high inventory of single-detached homes and high borrowing rates

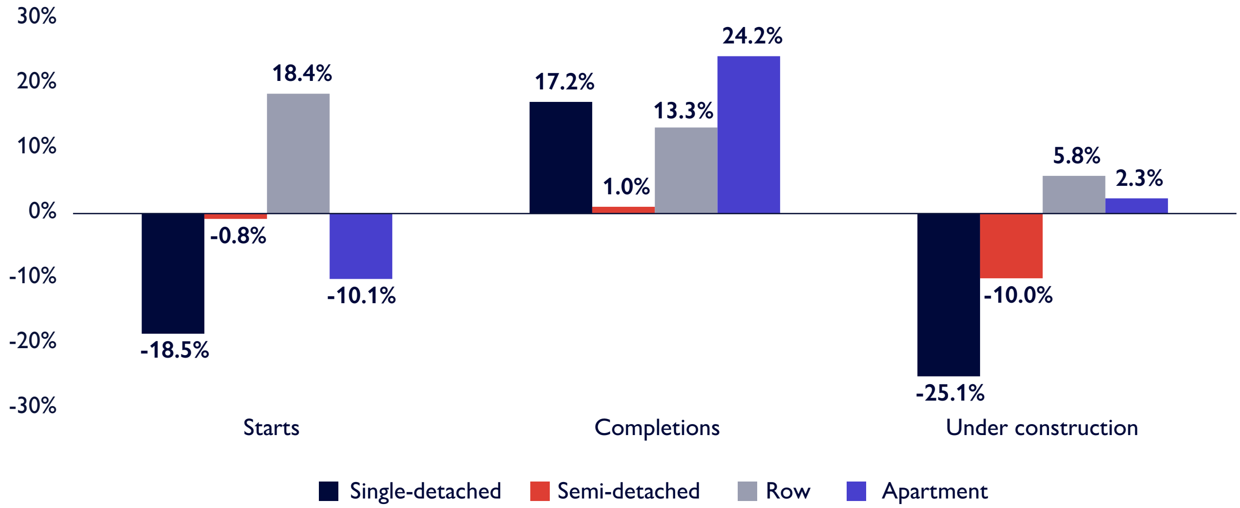
In 2023, total housing starts in the Edmonton census metropolitan area (CMA) (13,184 units) declined by about 10% relative to the previous year. The decline was most pronounced in the single-detached housing segment, with 18% fewer units started during the year (Figure 1). Higher inventory levels attributable to a decline in qualified prospective homebuyers and stringent financing conditions likely resulted in developers building fewer of these units.

Construction activity was sluggish at the beginning of 2023, but gained momentum in the later months of the year, as demand prompted builders to start multi-unit housing projects. Despite this uptick, the overall number of starts declined. Declines were particularly notable in the University, Southwest, Millwoods and West Jasper Place sub-regions.

Purpose-built rental apartment starts (4,106 units) decreased by 14%, while condominium apartment starts (1,029 units) increased by 11%. This shift may be in response to the high demand for, and low inventories of, condominium apartments in the CMA. Condominium apartments remained accessible to potential homeowners unable to afford a single-detached home due to challenging financing conditions. As well, a growing number of condominium units were being offered as long-term rentals to meet strong rental demand.[9]

Of all the apartments started in 2023, about 80% of them were purpose-built rentals. The rental market in Edmonton faced shortages due to a surge in migrants settling in the CMA. These migrants were attracted by its relative affordability and steady economic and employment growth.

**Figure 1: Considerably fewer single-detached homes broke ground in 2023**
Growth rate of housing starts, completions and under construction units, 2023 vs. 2022 (Edmonton CMA)




Source: CMHC

Looking ahead, Edmonton's new zoning bylaw and city-wide rezoning, effective January 1, 2024, could significantly impact the types of dwelling started in the CMA. The bylaw allows for 3-storey townhouses, row houses, duplexes and, in some cases, small apartments, in any residential area city-wide. These changes follow earlier changes allowing the construction of secondary and backyard suites.

## New housing supply in Edmonton could be impacted by fewer starts and projects under construction

In 2023, completions in Edmonton grew by 18%, driven by apartments and single-detached housing units started earlier in the year or in the previous year. About 95% of these completed apartments were purpose-built rentals. Despite this, rental supply was still outpaced by demand, which led to a decline in vacancy rates and an increase in average rents (as described in our latest Rental Market Report).

In contrast, projects under construction fell by 7% to 13,196 units, primarily due to fewer starts and increased completions through 2023. Purpose-built rental apartments accounted for over 50% of all under-construction units. According to housing industry sources, continued high construction costs, difficult funding conditions, and a shortage in trades may pose challenges to the completion of these units. The inability of builders to keep up with project timelines was evident in extended construction durations.

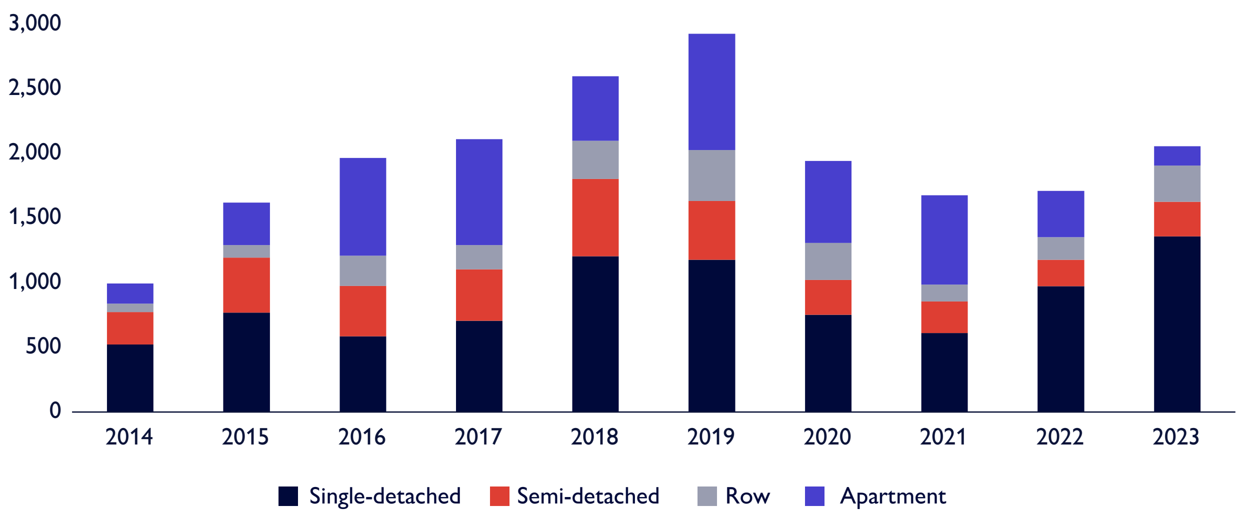
The average time between obtaining a building permit and project start time in Edmonton increased to 3.8 months in 2023. Similarly, the average months of construction rose to 9.2 months, reflecting builders' struggles to secure trades for their building projects. Labour and trade shortages, coupled with supply issues were a concern for developers throughout the year. Apartment units had the longest construction time, increasing from 8.5 months in 2022 to 10.2 months.

## The inventory of completed and unsold units increased and was mostly made up of single-detached homes

Edmonton continues to have the highest stock of completed and unsold housing units among the largest CMAs in Canada. This may be an obstacle to housing starts in 2024, as builders look to sell off inventory before engaging in new projects.

In 2023, the inventory of completed and unsold units grew by 20% to 2,058 units (Figure 2). Notably, the highest year-over-year growth was observed in single-detached and row homes. Conversely, the inventory of condominium apartment units declined by 58%, marking a 16-year low. Demand for apartment units has risen as single-detached homes, which are typically the preferred dwelling type in the CMA, have become increasingly inaccessible due to higher mortgage rates and strict funding requirements.

**Figure 2: Single-detached homes made up a growing share of completed and unsold inventory in 2023**
Inventory of completed and unsold units (Edmonton CMA)




Source: CMHC

# CALGARY

## HIGHLIGHTS

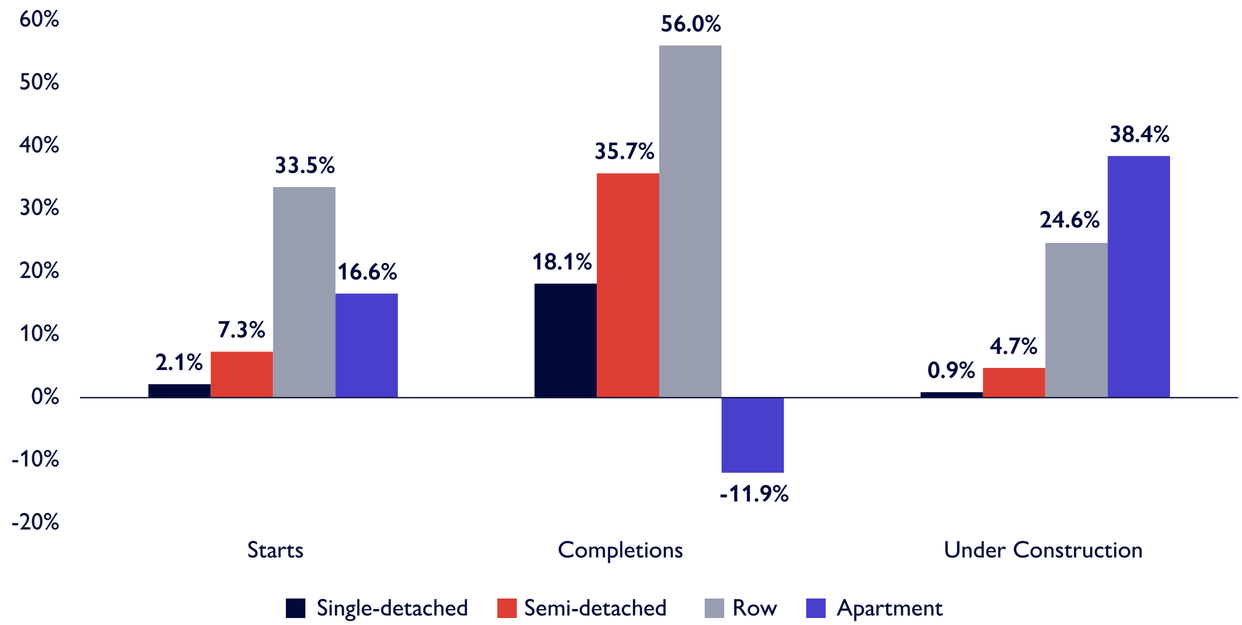
- Housing starts grew in 2023, driven mostly by increased construction of row homes and apartment units. Strong demand for these dwelling types prompted builders to begin construction on a larger scale.
- Rental apartment starts reached an all-time high in 2023 as developers responded to the ongoing shortage in the rental market.
- The inventory of completed and unsold units were at low levels at the end of 2023. This was due to demand outpacing supply, especially given strong population growth in the region.
- The number of secondary suites started and completed reached an all-time high.

## Housing starts increased in 2023 driven by demand for multi-unit housing and low inventory

In 2023, total housing starts in the Calgary census metropolitan area (CMA) increased by 13%, reaching 19,579 units. They increased for all dwelling types, with row homes (+34%) and apartments (+17%) leading the growth. Meanwhile, the number of single-detached homes breaking ground was only slightly higher (+2%) (Figure 1). This was indicative of softer demand for this dwelling type.

The increase in housing starts was supported by a steady economy and strong employment and population growth. The absence of provincial sales tax (PST) on purpose-built rental construction in Alberta, coupled with the removal of the federal goods and services tax (GST) also likely contributed to increased construction activity.

**Figure 1: Construction activity in 2023 was primarily concentrated in the multi-unit* segment**
Growth rate of housing starts, completions and under construction units, 2023 vs. 2022 (Calgary CMA)




*Multi-unit is in reference to semi-detached homes, row homes, and apartments.
Source: CMHC

Apartments made up almost half of the region's housing starts in 2023. A total of 9,034 apartment units were started in 2023, compared to 7,750 units in the previous year. Construction was concentrated primarily in the North-West, Fish Creek, South-East and South-West sub-regions of the CMA.

Of all apartments started, about 54% were purpose-built rentals. This differs from traditional building patterns in Calgary, where condominium units have historically been the predominant focus. Rental apartment starts reached an all-time high in 2023 as developers responded to the ongoing shortage in the rental market.

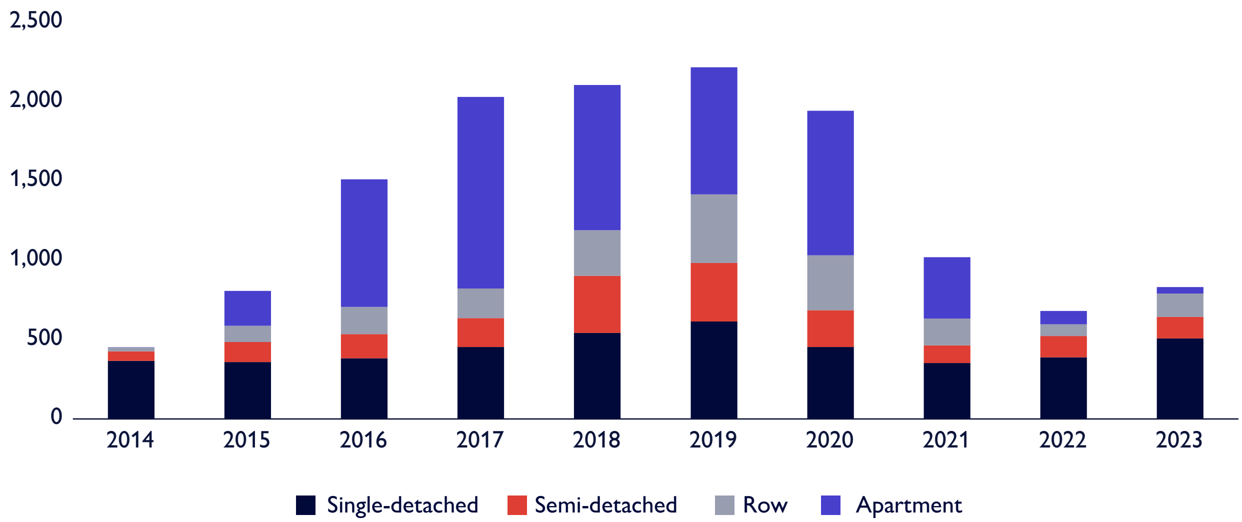
## Inventories of completed and unsold units remain low amid growing affordability concerns

Housing completions increased by 11% in 2023, resulting in the addition of 1,470 new units to the region's housing stock. These units were predominantly single-detached homes and apartments. The increase in supply, however, only led to marginal growth in inventory, as demand consistently outpaced supply throughout the year.

The inventory of units that remained unsold after completion totalled 831 units at the end of 2023 (Figure 2). It was made up of mostly single-detached homes (61%), which tend to be more expensive.

The composition of unsold inventory is evolving, reflecting a trend where more households are choosing smaller units due to challenges in qualifying for mortgages on higher-priced housing units. Indeed, the stock of unsold condominium apartment units reached its lowest point in almost a decade at the end of 2023, driven by a surge in demand for this housing type.

**Figure 2: In 2023, the inventory of completed and unsold apartments was at its lowest level in almost a decade**
Inventory of completed and unsold units (Calgary CMA)



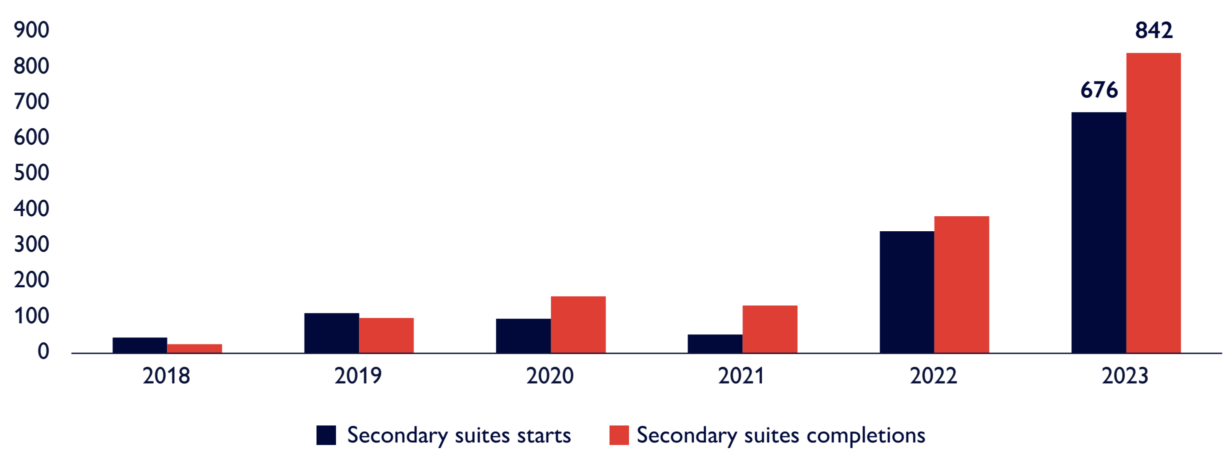

Source: CMHC

## Secondary suites are playing a larger role in Calgary's housing supply

As demand continues to outpace supply in Calgary, secondary suites have become an important source for rental housing in the CMA. They've gained popularity, whether in the form of accessory dwelling units or new units created within existing homes. In 2023, 676 secondary suites were started and 842 were completed (Figure 3).

This growth may be linked to the City's secondary suites amnesty program. The initiative waives development permit and registration fees, enabling homeowners to build legal secondary suites at a reduced cost. This program, which has been extended until December 2026, could further increase the supply of such suites in the CMA.

**Figure 3: The role of secondary suites in Calgary's rental market continues to grow**
Starts and completions of secondary suites (Calgary CMA)



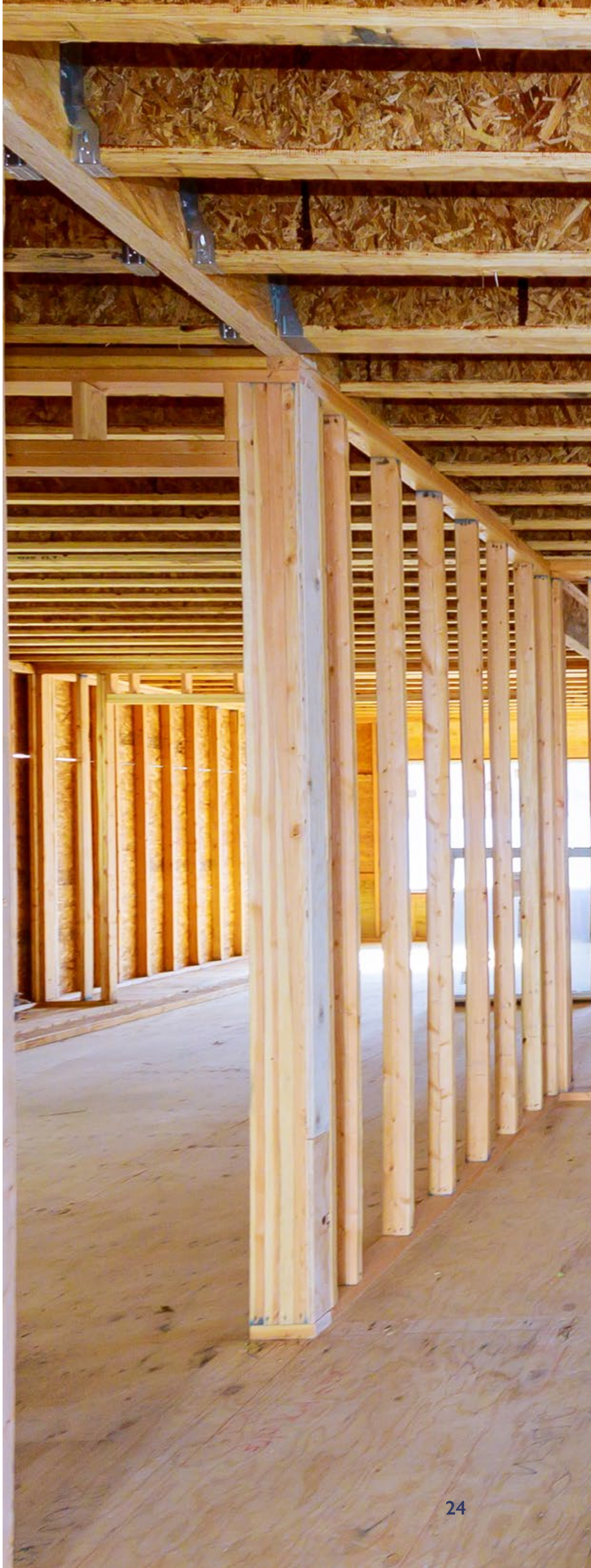

Source: CMHC

In addition, Calgary's new housing strategy, which calls for blanket rezoning, could allow for a wider range of housing types in every neighbourhood. Through more flexible zoning and redesignating portions of land, the strategy aims to facilitate the development of more multi-unit structures. This would increase density and bring new supply to the market. This plan is also supported by the $228 million funding agreement under the Housing Accelerator Fund (HAF).

## Trade shortages and construction costs posed a challenge to the completion of housing developments

In 2023, the total number of units under construction grew by 26% to reach 23,473 units. This was predominantly driven by a substantial increase in apartment construction, which made up about 65% of all units under construction. This suggests that builders are likely operating at or near full capacity, resulting in extended construction times for ongoing projects.

Prolonged construction timelines are evident in the rising average months of construction observed across nearly all dwelling types throughout the year. According to housing industry sources, high construction costs and trade shortages continue to pose a challenge to the timely completion of these units. This was echoed by the Canadian Home Builders' Association's Q4-2023 Housing Market Index,[10] which indicated that builders are still dealing with higher material costs.



# TORONTO

## HIGHLIGHTS

- Housing starts in 2023 increased to reach their second-highest level on record. This was due entirely to high numbers of apartment starts in both the condominium and purpose-built rental segments.
- The pace of construction declined significantly in the second half of the year, however, as factors such as higher construction costs and interest rates increasingly weighed on apartment projects.
- The above factors could impede housing starts over the short-term. This would be troubling for affordability, especially in the region's supply-starved rental market.

## Housing starts reached their second-highest level on record in 2023, driven by apartments

Housing starts in the Toronto census metropolitan area (CMA) numbered 47,428 units in 2023. This marked a 5.1% increase over 2022 (45,109 units) and the second-highest level on record (behind 2012). Most of the annual increase was attributable to the first half of the year, with momentum slowing after.

The growth in starts in 2023 was driven entirely by apartments, with a high number of units breaking ground in both the condominium and purpose-built rental segments. Many of these projects were financed or launched for sale in the lower interest rate environments of 2021 and 2022. Given their large size (an average of 200 units per structure), it took longer for them to materialize into starts due to time spent pre-selling units or on site preparation.

## The pace of construction fell in the second half of the year

Recent sentiment among developers has been pessimistic[11] because of:

- rapid cost escalation in recent years (for materials, labour, and financing); and
- weak new-home sales.

These challenges increasingly weighed on apartment construction in 2023, an outcome we'd anticipated in our Fall 2023 Housing Supply Report. This wasn't clear in the annual starts total, but was reflected in monthly starts figures, which declined notably in the second half of the year (Figure 1). Multi-unit permit volumes, a leading indicator of starts, were also on a downward trend through the second half of 2023.[12] This suggests weaker construction intentions over the short term.

## Weak sales may slow condominium construction over the short term

There were 27,842 condominium apartment units started in 2023, the majority (77%) of which were in the City of Toronto. This was mostly in line with 2022 (28,091 units), which was a record year for condominium apartment starts. High levels in both years were due to strong pre-construction unit sales before interest rate increases in spring 2022.

Notably, however, sales of new condominiums in 2023 were down 36% from the previous year and 43% below the 10-year historical average, as end-users and investors avoided buying because of higher interest rates.[13] Developers also launched fewer units for pre-sale in 2023 given the difficult development climate.[14] Over the short term, these factors may slow condominium starts, which account for most new construction in the region.

## Some rental apartment projects placed on hold due to supply-side challenges

Purpose-built rental apartment starts reached 9,677 units in 2023, double their year-before level (4,527 units). As with condominium apartments, most units (82%) were started in the City of Toronto. The surrounding municipalities of Mississauga, Brampton, and Vaughan, which are reasonably close to Toronto's downtown core and where land costs are lower, accounted for much of the rest (14%).

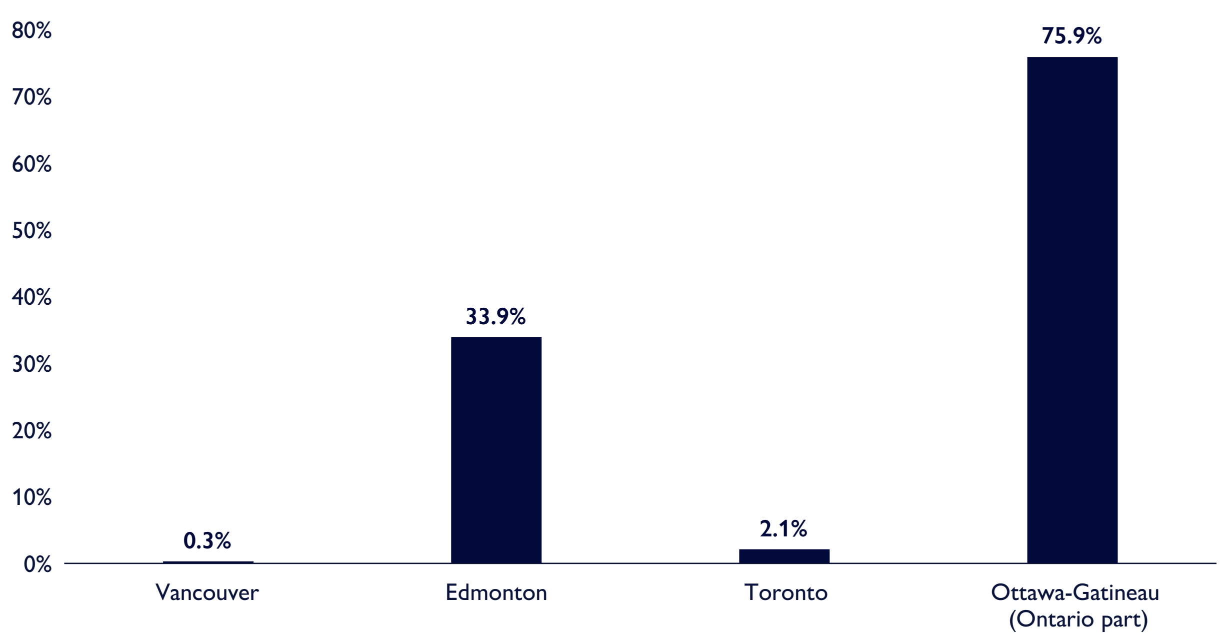
**Figure 1: Housing starts were trending sharply lower in the second half of 2023**
Housing starts trend line, 6-month moving average (Toronto CMA)*


*The housing starts trend line is the 6-month moving average of the seasonally adjusted annual rate of housing starts.
Source: CMHC

Rental apartment starts in 2023 were at their highest level according to data going back to 1990. Still, industry sources report some projects didn't move forward or were placed on hold until development conditions improve. Indeed, despite strong demand-side fundamentals, developers have been facing several supply-side challenges that are impeding the provision of rental housing in the Toronto CMA:

- Limited and costly residential vacant land, particularly in the City of Toronto (Figure 2), where most rental construction in the CMA is concentrated, would force rents to be high. Often, these rents would be too high for the market, and this situation stops some projects from moving forward.[15] In some municipalities within the CMA, where land is more accessible, access to infrastructure has been noted as a constraint.
- CMHC and Statistics Canada's Municipal Land Use and Regulation Survey found approval timelines for new developments in the Greater Toronto Area (and the Greater Vancouver Area) to be the longest in the country. Long timelines end up adding costs to development (for interest on loans, equipment rentals and labour, for example), as do government fees levied on new construction.
- The rapid rise in construction costs and interest rates in recent years has lowered expected returns and increased the amount of equity developers need to bring to a project. Bringing equity to a project is especially challenging for rental developments, which don't benefit from equity accumulated through pre-construction sales.
- Fast-rising operating expenses (for insurance and utilities, for example) are a significant risk to the expected return of projects.
- While labour markets eased somewhat in 2023, builders indicate that constraints on skilled labour capacity will resurface once development conditions improve.[16]

**Figure 2: Limited land availability in the City of Toronto has impacted development decisions**
Percentage of vacant residential land area located in the core city in 2021, select CMAs




Source: Statistics Canada, Canadian Housing Statistics Program (CHSP)

## Government funding and new policies being used to stimulate rental construction

To address the restrictive financial context and the challenges facing rental developers, governments have started many different initiatives:

- Several municipalities in the region (including the City of Toronto) received funding from the federal Housing Accelerator Fund. The aim of this fund is to increase housing supply by removing barriers to building homes. Fund recipients were, for instance, encouraged to enable high-density residential housing "as-of-right" within proximity to urban cores and transit corridors. This would serve to reduce long approval timelines, which add to project costs and uncertainty.
- GST has been waived on rental developments at both the federal and provincial (Ontario) levels, helping to partially offset development cost increases.
- Government financing programs, which offer lower interest rates and long amortization periods, have, according to housing industry sources, improved the viability of rental projects in the region.
- Ontario legislation (Bill 23 and Bill 134) has lowered and, in some instances, completely waived municipal development charges (a prominent fee levied on new construction) for purpose-built rental housing. This reduces upfront development costs.

## More supply urgently needed to ease the region's tight rental market

In 2023, purpose-built rental and condominium apartment completions, when combined, were at their second-highest level (31,977 units) since 1990. This, however, wasn't enough to ease the region's tight rental market.

According to our Rental Market Survey, vacancy rates declined to 1.4% and 0.6% for purpose-built and condominium rental apartments, respectively, in 2023. Persistent tightness has spurred accelerating rent growth, which rose to 8.8% for 2-bedroom purpose-built apartments. This was the largest increase registered since 2000. All of this shows that demand has run well ahead of supply for many years, and more supply will be needed to address the mismatch.

# OTTAWA

## HIGHLIGHTS

- The Ottawa area experienced a slowdown in residential construction in 2023, driven by a significant decline in single-detached and row housing starts.
- Apartment starts accounted for 63% of housing units started in the Ottawa area. The trend toward rental and condominium apartment construction follows increased demand in these market segments due to population growth, households looking for affordable options, and some seniors downsizing to smaller units.
- The region continued to densify with high-rise apartment construction occurring in the urban core. Single-detached and row housing construction took place on the outer edges of the city.

## Construction activity declines in 2023

In 2023, residential construction declined significantly in the Ontario part of the Ottawa-Gatineau CMA (hereafter referred to as the Ottawa area). Housing starts dropped to 9,245 units, a 19.5% decline from the record high observed in 2022.

## Slowdown in construction driven by decline in single-detached and row housing starts

Single-detached housing starts declined by 45% compared to 2022, reaching their lowest level since the mid-1990s. Row housing starts declined for the third year in a row, dropping by 38% compared to 2022.

Most single-detached and row housing starts took place on the outer edges of the city, namely in:

- Barrhaven and Rural Nepean
- Gloucester / Orléans and Rural Eastern Ottawa
- Kanata / Stittsville and Rural Western Ottawa

Increased construction costs resulting from higher financing rates and inflation that occurred in 2022 and 2023 contributed to the decline in construction in the region.

Demand for single-detached and row houses also declined in 2023. Higher mortgage rates and home prices have led to a shift in demand toward more affordable rental and condominium units.

## Shift in construction activity toward rental and condominium apartments

Construction activity in the Ottawa area has shifted in recent years, with a decrease in single-detached and row housing starts and an increase in rental and condominium apartment starts.

- Single-detached and row housing starts accounted for 35% of total starts in 2023, compared to the average of 59% for the period 2018-2022.
- Rental and condominium apartment starts made up 63% of total starts in 2023, compared to the average of 37% for the period 2018-2022 (Figure 1).

## Rental construction reached a new high

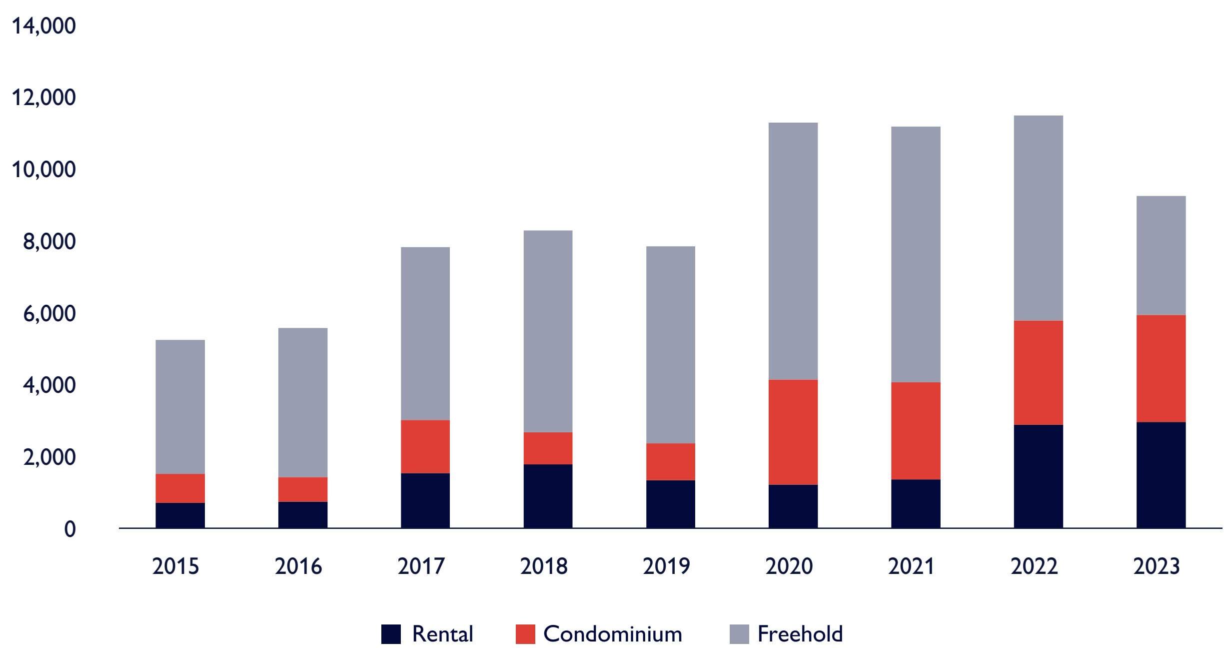
Rental housing starts remained strong in 2023, posting a modest increase over the record high observed in 2022. Developers reacted to the high rental demand in the region, which has been driven by:

- demand from international migration and students;
- fewer households transitioning to homeownership due to the high cost of buying a home; and
- intraprovincial migration to Ottawa, with over 3,000 Ontarians per year migrating to Ottawa, on average, from 2012 to 2022.

There's been a shift toward rental construction over the past 2 years. Rental housing starts made up nearly one third of total starts in 2023, close to double the average of the previous 5 years.

Developers have faced increased costs over the last year due to high financing rates and inflation. Higher development costs have been partially offset by an increase in rents and more government programs aimed at the rental housing segment. New policies such as the sales tax waiver on purpose-built rental structures will support rental development in the Ottawa area.

**Figure 1: Rental and condominium apartments have made up a growing share of construction activity**
Housing starts by tenure (Ottawa CMA)




Source: CMHC

## Condominium starts maintained pace in 2023

Condominium starts reached a new high in 2023, increasing by 3% over 2022. Condominium construction has increased in the Ottawa area over the last few years, supported by growing demand for this housing type. As of the end of 2023, there were only 13 completed and unsold condominium units, highlighting continued demand for new units.

Condominium apartment construction declined in some core areas of the city, including:

- Downtown and Lowertown
- Westboro North / Tunney's Pasture
- West Centretown / Fisher Park
- Old Ottawa South
- Iris / Queensway Terrace / Whitehaven

Areas that saw an increase in condominium apartment construction include:

- Chinatown / Hintonburg
- Hampton Park
- Vanier
- Alta Vista
- Kanata / Stittsville and Gloucester / Western Orléans

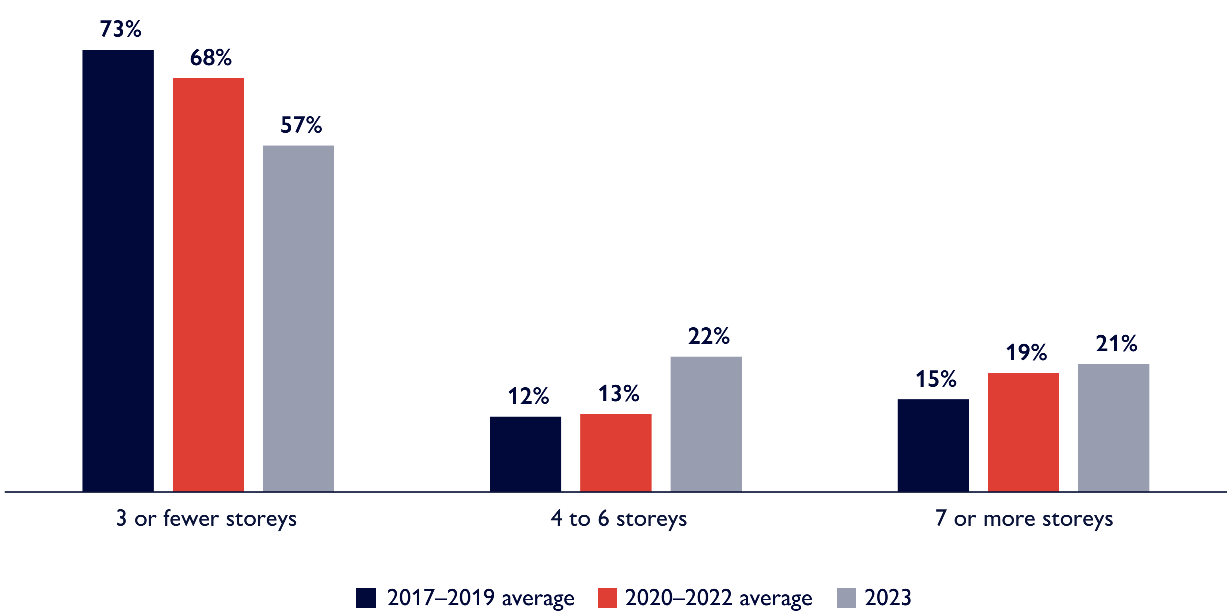
## Trend toward larger buildings

The building height and number of units per building have increased in housing started in the Ottawa area over the last few years (Figure 2):

- The average number of units per building started was 72 units in 2023, up from 67 units in 2022. For comparison, the average over the 2017-2021 period was 38 units.
- Buildings over 20 storeys accounted for nearly 10% of apartment structure starts in 2022 and 2023, compared to an average of 2% over the 2017-2021 period.

Many of the high-rise apartment starts were concentrated in the central parts of the city. This contributed to the densification of the Ottawa area, continuing a trend observed in recent years.

**Figure 2: Taller apartment buildings becoming more common in the Ottawa area**
Share (%) of apartment structures started, by building height (Ottawa CMA)




Source: CMHC

# MONTRÉAL

## HIGHLIGHTS

- In 2023, housing starts in the Greater Montréal area declined by 37% compared to 2022, reaching their lowest level in more than 20 years. The decline affected all housing types: single-detached, semi-detached and row houses (-50%), condominiums (-38%) and rental units (-34%).
- The slowdown in housing starts is mainly due to the strong interest rate and construction cost increases seen over the last 2 years.
- The rental market continues to drive residential construction, with rental apartments representing nearly 65% of all 2023 housing starts in the metropolitan area, a record proportion.
- The pace of housing starts accelerated slightly toward the end of 2023, but wasn't enough to address the growth in housing needs.

## Montréal housing starts continued to slow in 2023, reaching their lowest level in more than 20 years

Since the record activity levels of 2021, the pace of construction has slowed sharply in the Greater Montréal area. Housing starts fell by 25% in 2022 and a further 37% last year. Just over 15,000 units were started in 2023, marking the lowest level of construction since 2001.

The sharp increases in interest rates and construction costs over the past 2 years have had a major impact on household purchasing power and the profitability of residential investments. These unfavourable conditions have slowed starts of new units.

No market segment has been spared. Demand for homes has weakened. Pre-construction sales of condominiums have slowed sharply. Rental building projects have been delayed or cancelled, since they're no longer profitable.

## Single-detached starts at an all-time low

Over the last 20 years, the number of new single-detached housing starts has steadily declined (Figure 1). This downward trend is due to several factors, including:

- the scarcity and increasingly high cost of land
- land densification policies
- demographic changes, including an aging population and growing proportion of one-person households

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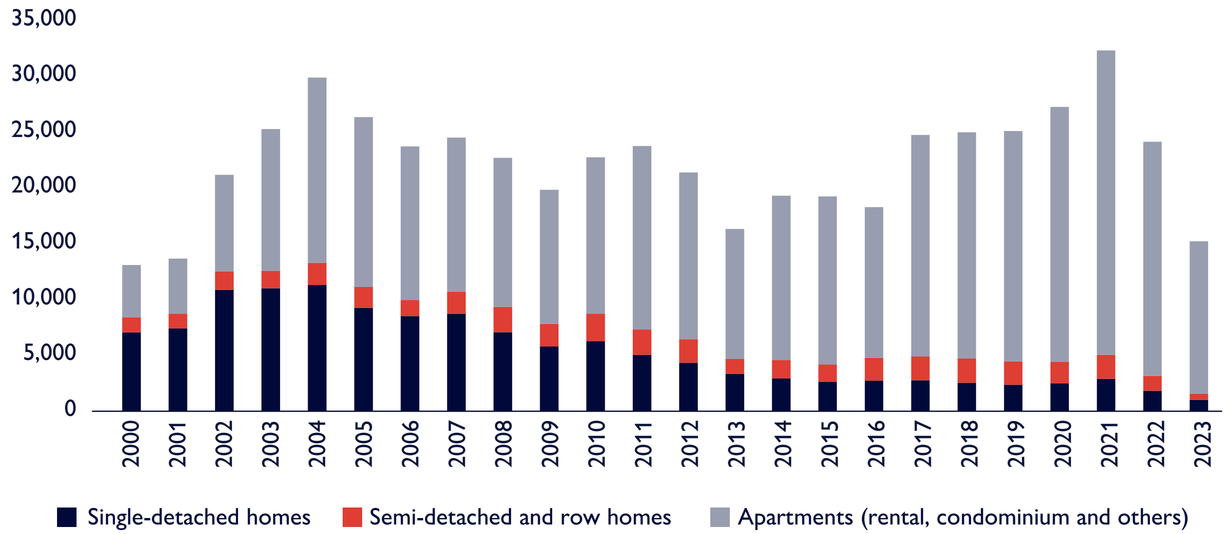
**Figure 1: Housing starts for all housing types decreased in 2023**
Housing starts by housing type (Montréal CMA)




Source: CMHC

The area recorded a slight rebound in 2021, during the pandemic. At the time, mortgage rates were historically low, household savings were at a peak, and remote work was booming. This environment supported the demand for new homes in certain outlying areas.

Since then, rising mortgage rates and strong price growth have caused the momentum to fade quickly. Single-detached housing starts have resumed their downward trend.

Semi-detached and row homes are generally a more affordable alternative to single-detached homes, but they too are now beyond the reach of many households. As a result, starts for these types of housing also reached a historic low in 2023.

## Condominium demand weakened and starts fell

After a boom in condominium construction from 2000 to 2010, demand weakened, and starts began a downward trend. This trend became more pronounced in 2022 and 2023, as household borrowing capacity decreased and profitability prospects for investors worsened.

According to housing industry sources, pre-construction sales of condominiums have slowed sharply. Several projects that were in the works have been put on hold. In addition, the inventory of unsold new condominiums increased slightly last year.

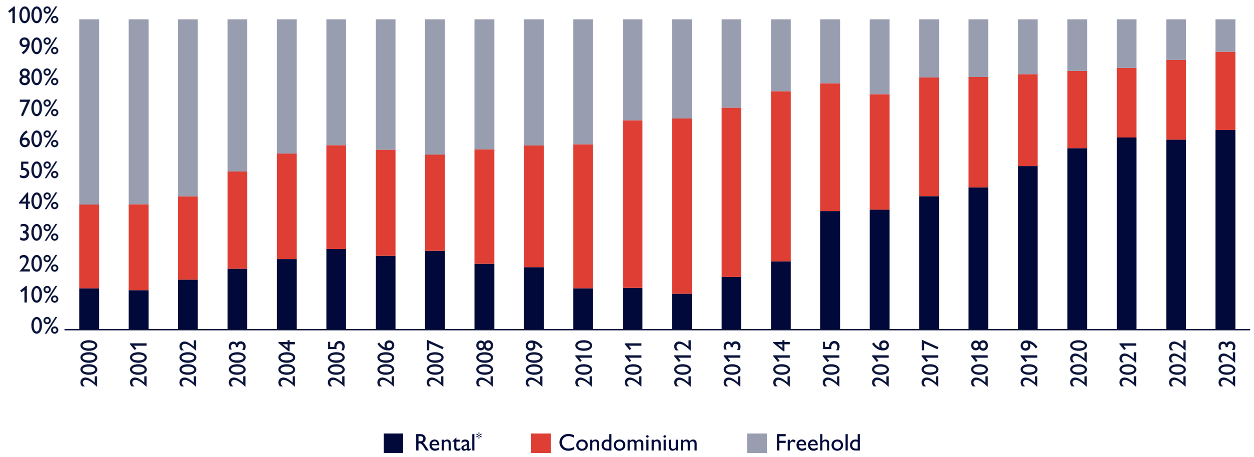
As a result, condominium starts in the Montréal area fell 38% last year (from 6,198 units in 2022 to 3,842 in 2023).

## Rental housing construction also declined sharply, but continued to drive residential construction

The rental market has also been hit hard by interest rate increases and rapidly rising construction costs. Rental housing starts in the metropolitan area decreased by 33%, from 14,375 units in 2022 to 9,635 in 2023. This marks the lowest level of construction activity since 2016.

Nevertheless, the share of total housing starts accounted for by rental units continued to grow in 2023, a trend that began around 10 years ago (Figure 2). Rental units now represent nearly 65% of all new housing in the Greater Montréal area.

**Figure 2: Rental housing accounted for nearly 65% of all new homes**
Share (%) of total housing starts accounted for by selected market segments (Montréal CMA)




*The rental market segment includes housing co-operatives.
Source: CMHC

A number of factors have contributed to rental market growth over the past decade. On the supply side, these factors have encouraged developers of multi-unit dwellings (in the multi residential sector) to turn to the rental segment. They include:

- slowing demand for new condominiums
- favourable financing conditions that encouraged investments in rental housing (that is, until the recent interest rate increases)
- low vacancy rates for rental buildings

At the same time, growth in rental demand has been supported by demographic and economic trends:

- Increasing numbers of non-permanent residents, who are mainly renters (foreign students, temporary workers and asylum seekers)
- A slowdown in youth homeownership due to lower market affordability
- Accelerated population aging

The growth of demand on the Montréal rental market remained strong in 2023. The vacancy rate for purpose-built rental apartments fell again, from 2% to 1.5% (see the January 2024 Rental Market Report[17]). Despite challenges that have slowed the start of new projects, housing sector stakeholders continue to look out for new opportunities. Some developers still have building projects that may be profitable in this market.

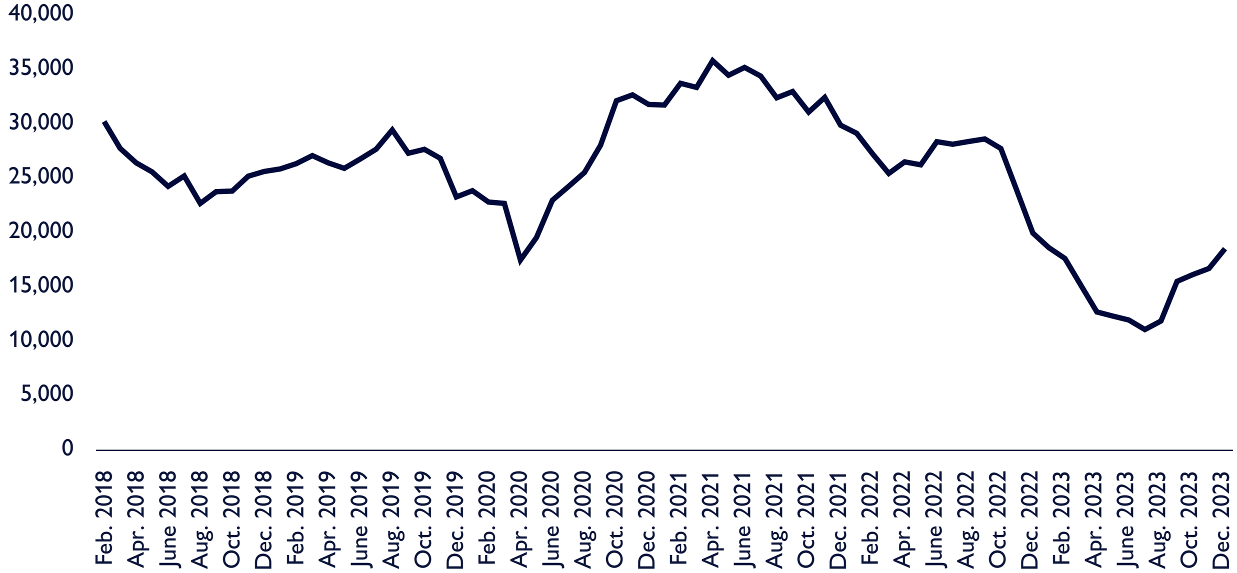
In addition, according to housing industry sources, certain government programs targeting the conventional rental market help to provide the financing conditions necessary for projects that would otherwise be very difficult to carry out.

Meanwhile, construction of private seniors' housing is at a standstill. Forty units were started in 2023, compared to an average of about 1,500 units per year from 2010 to 2021. In addition to financing challenges, the labour needed to provide services to residents is scarce. The sector has also been shaken by the pandemic.

## The pace of housing starts increased slightly late in the year, but remains sluggish

In the last 4 months of 2023, housing starts resumed a slight upward trend (Figure 3). However, the pace of construction remains slow from a historical standpoint. The number of housing starts is still not nearly enough to meet growing needs and improve housing affordability.

**Figure 3: The pace of construction rebounded in late 2023, but remains sluggish**
Housing starts trend (Montréal CMA)




The trend is a 6-month moving average of the monthly seasonally adjusted annual rates of housing starts.
Source: CMHC

# Glossary: Important Definitions

Historical residential construction activity data are collected through CMHC's monthly **Starts and Completions Survey (SCS)**. Building permits are used to determine construction sites and visits confirm construction stages.

A **start** is defined as the beginning of construction on a building, usually when concrete has been poured for the whole of the structure's footing or an equivalent stage where a basement will not be part of the structure.

A **completion** is defined as the stage at which all proposed construction work on the building has been performed and is suitable for occupancy, although under some circumstances, a building may be counted as completed where up to 10% of the proposed work remains to be done.

**Construction time** is the amount of time (in months) elapsed between the start and completion of a structure. Note that construction time includes only the physical construction of the dwelling as defined above; additional steps in the development process, such as planning, obtaining permits, and site preparation, are not included.

## Dwelling type

The definitions of types of dwellings (built form) used in the SCS are as follows:

A **single-detached** dwelling is a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

A **semi-detached** dwelling is one of two dwellings located side-by-side in a building, adjoining no other structure and separated by a common or party wall extending from ground to roof.

A **row** dwelling is a ground-oriented dwelling attached to two or more similar units so that the resulting row structure contains three or more units.

An **apartment and other** dwelling includes all dwellings other than those described above, including structures commonly referred to as duplexes, triplexes, double duplexes and row duplexes. In order to capture what constitutes apartment buildings, the analysis of apartment dwellings in this report is restricted to those having three or more units.

Additional definitions of types of dwellings (built form) used in the **Housing Supply Report**:

A **garden suite** or **laneway home** is a small detached dwelling usually located in the rear yard and is separate from the main house. In the case of a laneway home, the entrance will typically face the back lane behind the property.

A **self-contained** unit (or dwelling) refers to a residential unit (or dwelling) that contains a private kitchen, bath and living area.

A **secondary suite** is a self-contained dwelling located within the principal dwelling (such as in the basement) with a private entrance.

## Tenure type (intended market)

The "intended market" is the tenure in which the unit is being marketed. This includes the following major categories:

A **freehold** unit is a residence where the owner owns the dwelling and lot outright.

A **condominium** (including Strata-Titled) is an individual dwelling unit which is privately owned, but where the building and/or the land are collectively owned by all dwelling unit owners. A condominium is a form of ownership rather than a type of house.

A **rental** unit is a dwelling constructed for rental purposes, regardless of who finances the structure.

Mixed forms of tenure within a given structure are also possible.

## Other Concepts

For the purposes of this report, the following concepts have specific definitions:

A development's **intensity** is defined as the number of units per structure. A single-detached house with one unit would therefore have an intensity of one, while an apartment building with five units would represent a more intense form of development.

A related concept is **density**, which takes into consideration the amount of living space per lot area. Building height is simply the number of above-ground storeys in the structure.

**Building height** is measured differently by individual municipalities in terms of meeting zoning restrictions. These often involve considerations such as the average height of a pitched roof, the inclusion of different roof structures in the calculations, and shadows created by the structure.

# Endnotes

[1] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/housing-shortages-canada-solving-affordability-crisis

[2] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/housing-shortages-canada-updating-how-much-we-need-by-2030

[3] https://www.cmhc-schl.gc.ca/blog/2023/interest-rate-hikes-impact-rental-housing-construction-supply

[4] https://www.cmhc-schl.gc.ca/cmhc-enewsletters/subscribe-cmhcs-housing-updates

[5] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres

[6] The Building Construction Price Indexes are Statistics Canada's quarterly series that measure the change in the prices that contractors charge to build residential and non-residential buildings in 11 CMAs.

[7] https://www.cmhc-schl.gc.ca/blog/2023/interest-rate-hikes-impact-rental-housing-construction-supply

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[9] https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2023-en.pdf

[10] https://www.chba.ca/hmi

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[12] https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410028501

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[16] https://www.chba.ca/hmi

[17] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres

# Additional Resources

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# Alternative text and data for figures

## Canada

**Figure 1: In 2023, apartments were the only dwelling type to see an increase in starts**
The sum total of housing starts in Canada's 6 largest CMAs*

| Year | Single-detached | Semi-detached | Row | Apartment | Total |
|---|---|---|---|---|---|
| 2000 | 41,630 | 8,083 | 10,352 | 23,332 | 83,397 |
| 2001 | 43,804 | 8,397 | 9,766 | 29,048 | 91,015 |
| 2002 | 58,050 | 8,906 | 12,408 | 33,552 | 112,916 |
| 2003 | 54,079 | 8,712 | 12,864 | 43,218 | 118,873 |
| 2004 | 54,146 | 8,156 | 13,844 | 48,106 | 124,252 |
| 2005 | 48,760 | 7,573 | 14,118 | 48,448 | 118,899 |
| 2006 | 50,348 | 7,403 | 12,178 | 47,565 | 117,494 |
| 2007 | 46,171 | 7,422 | 13,654 | 46,248 | 113,495 |
| 2008 | 32,133 | 5,850 | 11,573 | 60,178 | 109,734 |
| 2009 | 28,107 | 5,543 | 8,493 | 30,577 | 72,720 |
| 2010 | 35,070 | 5,996 | 11,823 | 40,196 | 93,085 |
| 2011 | 32,365 | 6,401 | 11,855 | 55,361 | 105,982 |
| 2012 | 31,794 | 7,399 | 13,237 | 68,068 | 120,498 |
| 2013 | 31,059 | 6,983 | 12,124 | 52,574 | 102,740 |
| 2014 | 31,296 | 7,291 | 12,758 | 52,953 | 104,298 |
| 2015 | 29,494 | 6,045 | 13,927 | 68,263 | 117,729 |
| 2016 | 29,787 | 5,396 | 13,752 | 61,154 | 110,089 |
| 2017 | 29,733 | 6,194 | 16,710 | 67,853 | 120,490 |
| 2018 | 25,130 | 5,427 | 13,309 | 74,952 | 118,818 |
| 2019 | 20,307 | 4,532 | 13,947 | 75,399 | 114,185 |
| 2020 | 22,473 | 5,008 | 13,634 | 79,149 | 120,264 |
| 2021 | 27,707 | 5,225 | 14,831 | 91,229 | 138,992 |
| 2022 | 26,263 | 4,862 | 15,418 | 92,069 | 138,612 |
| 2023 | 21,016 | 4,258 | 13,867 | 98,774 | 137,915 |

*Inclusive of all housing tenures (i.e., freehold, condominium, rental and co-op).
Source: CMHC

**Figure 2: Population-adjusted housing starts differed across Canada's largest urban centres in 2023**
Housing starts per 1,000 population*

| CMA | Housing starts per 10K population in 2023, select CMAs | Cross-CMA average |
|---|---|---|
| Vancouver | 11.35 | 7.37 |
| Calgary | 11.73 | 7.37 |
| Edmonton | 8.38 | 7.37 |
| Toronto | 6.89 | 7.37 |
| Ottawa | 7.86 | 7.37 |
| Montréal | 3.40 | 7.37 |

*The 2023 population estimates for the census metropolitan areas were derived from the actual provincial population numbers for that year.
Source: CMHC, Statistics Canada

**Figure 3: Growth in construction costs remained strong in 2023**
Residential* building construction price index in select CMAs

| Quarter | Vancouver | Calgary | Edmonton | Toronto | Ottawa | Montréal |
|---|---|---|---|---|---|---|
| Q1 2018 | 105.4 | 103.4 | 103.1 | 105.1 | 103.6 | 101.9 |
| Q2 2018 | 107.3 | 104.6 | 104.4 | 108.2 | 105.8 | 102.7 |
| Q3 2018 | 108.4 | 105.4 | 105.1 | 109.2 | 107.5 | 103.7 |
| Q4 2018 | 109.6 | 106.1 | 105.3 | 109.0 | 109.5 | 104.6 |
| Q1 2019 | 112.1 | 106.4 | 105.4 | 108.8 | 110.5 | 106.2 |
| Q2 2019 | 112.5 | 106.4 | 105.7 | 109.7 | 111.3 | 107.1 |
| Q3 2019 | 113.0 | 106.7 | 106.0 | 110.5 | 113.0 | 107.8 |
| Q4 2019 | 113.8 | 106.9 | 106.4 | 110.7 | 113.3 | 108.6 |
| Q1 2020 | 114.7 | 108.1 | 107.1 | 111.0 | 114.4 | 109.5 |
| Q2 2020 | 114.9 | 107.9 | 107.5 | 111.7 | 116.3 | 110.3 |
| Q3 2020 | 117.0 | 111.2 | 110.8 | 114.9 | 118.9 | 113.1 |
| Q4 2020 | 117.8 | 115.5 | 115.2 | 119.1 | 124.5 | 114.9 |
| Q1 2021 | 121.1 | 125.1 | 121.1 | 126.4 | 130.5 | 119.4 |
| Q2 2021 | 125.2 | 141.8 | 131.7 | 136.8 | 149.4 | 124.6 |
| Q3 2021 | 128.4 | 149.7 | 138.4 | 143.1 | 153.3 | 129.5 |
| Q4 2021 | 133.9 | 153.8 | 143.6 | 149.7 | 155.0 | 135.9 |
| Q1 2022 | 139.9 | 164.7 | 153.6 | 160.2 | 162.9 | 142.0 |
| Q2 2022 | 144.0 | 171.5 | 163.3 | 173.0 | 170.3 | 146.5 |
| Q3 2022 | 146.7 | 173.8 | 165.4 | 180.3 | 172.0 | 148.9 |
| Q4 2022 | 149.0 | 175.5 | 166.6 | 182.6 | 172.7 | 149.8 |
| Q1 2023 | 152.6 | 174.7 | 166.6 | 188.4 | 173.1 | 150.4 |
| Q2 2023 | 155.0 | 177.0 | 164.8 | 195.6 | 175.3 | 150.3 |
| Q3 2023 | 157.3 | 179.2 | 164.7 | 199.4 | 175.9 | 150.4 |
| Q4 2023 | 159.9 | 182.3 | 164.6 | 201.0 | 176.0 | 151.2 |

*Single-detached houses, row houses and apartment buildings.
Source: Statistics Canada

## Vancouver

**Figure 1: A third of all homes under construction in 2023 were purpose-built rentals**
Number of units under construction, by housing tenure (Vancouver CMA)

| Year | Condominium | Freehold | Co-op | Rental |
|---|---|---|---|---|
| **2008** | 20,441 | 4,017 | - | 1,080 |
| **2009** | 12,850 | 3,611 | - | 663 |
| **2010** | 10,542 | 4,395 | - | 952 |
| **2011** | 13,379 | 5,486 | - | 1,784 |
| **2012** | 15,924 | 5,289 | - | 1,695 |
| **2013** | 16,435 | 3,737 | - | 3,033 |
| **2014** | 17,223 | 3,892 | 30 | 3,556 |
| **2015** | 19,767 | 4,240 | 30 | 4,152 |
| **2016** | 24,927 | 4,742 | 90 | 7,723 |
| **2017** | 29,124 | 5,053 | 90 | 7,944 |
| **2018** | 27,016 | 4,602 | 90 | 8,961 |
| **2019** | 32,016 | 3,842 | 25 | 10,182 |
| **2020** | 30,625 | 3,450 | 52 | 10,245 |
| **2021** | 31,551 | 3,353 | 27 | 10,138 |
| **2022** | 30,749 | 4,389 | - | 14,083 |
| **2023** | 37,500 | 4,131 | - | 19,806 |

Source: CMHC

**Figure 2: Rental apartment construction was concentrated in the City of Vancouver**
Purpose-built rental apartment housing starts by census tract, 2023 (Vancouver CMA)

| Census tract | Purpose-built rental apartment starts (2023) |
|---|---|
| **9330048** | 1,075 |
| **9330005** | 497 |
| **9330040** | 484 |
| **9330205** | 436 |
| **9330223** | 409 |
| **9330190** | 392 |
| **9330027** | 392 |
| **9330016** | 367 |
| **9330050** | 349 |
| **9330058** | 348 |

Source: CMHC

**Figure 3: Condominium apartments were started mostly outside of the City of Vancouver**
Condominium apartment housing starts by census tract, 2023 (Vancouver CMA)

| Census tract | Condominium apartment starts (2023) |
|---|---|
| **9330226** | 1,337 |
| **9330191** | 1,075 |
| **9330148** | 984 |
| **9330504** | 933 |
| **9330191** | 923 |
| **9330190** | 801 |
| **9330240** | 506 |
| **9330010** | 503 |
| **9330181** | 465 |
| **9330260** | 447 |

Source: CMHC

## Edmonton

**Figure 1: Considerably fewer single-detached homes broke ground in 2023**
Growth rate of housing starts, completions and under construction units, 2023 vs. 2022 (Edmonton CMA)

| Dwelling type | Starts | Completions | Under construction |
|---|---|---|---|
| **Single-detached** | -18.5% | 17.2% | -25.1% |
| **Semi-detached** | -0.8% | 1.0% | -10.0% |
| **Row** | 18.4% | 13.3% | 5.8% |
| **Apartment** | -10.1% | 24.2% | 2.3% |

Source: CMHC

**Figure 2: Single-detached homes made up a growing share of completed and unsold inventory in 2023**
Inventory of completed and unsold units (Edmonton CMA)

| Year | Single-detached | Semi-detached | Row | Apartment |
|---|---|---|---|---|
| **2014** | 522 | 251 | 67 | 156 |
| **2015** | 770 | 425 | 97 | 330 |
| **2016** | 586 | 390 | 234 | 757 |
| **2017** | 707 | 398 | 187 | 821 |
| **2018** | 1,206 | 599 | 294 | 500 |
| **2019** | 1,179 | 454 | 396 | 899 |
| **2020** | 752 | 270 | 287 | 634 |
| **2021** | 611 | 244 | 131 | 692 |
| **2022** | 975 | 204 | 174 | 358 |
| **2023** | 1,359 | 268 | 281 | 150 |

Source: CMHC

# Calgary

**Figure 1: Construction activity in 2023 was primarily concentrated in the multi-unit* segment**
Growth rate of housing starts, completions and under construction units, 2023 vs. 2022 (Calgary CMA)

| Dwelling type | Starts | Completions | Under construction |
|---|---|---|---|
| **Single-detached** | 2.1% | 18.1% | 0.9% |
| **Semi-detached** | 7.3% | 35.7% | 4.7% |
| **Row** | 33.5% | 56.0% | 24.6% |
| **Apartment** | 16.6% | -11.9% | 38.4% |

*Multi-unit is in reference to semi-detached homes, row homes, and apartments.
Source: CMHC

**Figure 2: In 2023, the inventory of completed and unsold apartments was at its lowest level in almost a decade**
Inventory of completed and unsold units (Calgary CMA)

| Year | Single-detached | Semi-detached | Row | Apartment |
|---|---|---|---|---|
| **2014** | 366 | 60 | 24 | 1 |
| **2015** | 358 | 127 | 102 | 220 |
| **2016** | 382 | 153 | 171 | 804 |
| **2017** | 453 | 182 | 187 | 1,208 |
| **2018** | 542 | 360 | 288 | 915 |
| **2019** | 615 | 368 | 433 | 801 |
| **2020** | 454 | 231 | 346 | 911 |
| **2021** | 352 | 112 | 169 | 386 |
| **2022** | 388 | 134 | 75 | 83 |
| **2023** | 507 | 136 | 147 | 41 |

Source: CMHC

**Figure 3: The role of secondary suites in Calgary's rental market continues to grow**
Starts and completions of secondary suites (Calgary CMA)

| Year | Secondary suites starts | Secondary suites completions |
|---|---|---|
| **2018** | 44 | 26 |
| **2019** | 113 | 99 |
| **2020** | 97 | 160 |
| **2021** | 53 | 134 |
| **2022** | 342 | 384 |
| **2023** | 676 | 842 |

Source: CMHC

# Toronto

**Figure 1: Housing starts were trending sharply lower in the second half of 2023**
Housing starts trend line, 6-month moving average (Toronto CMA)*

| Month | Housing starts trend, 6-month moving average (Toronto CMA) |
|---|---|
| 2019M12 | 29.9 |
| 2020M01 | 29.9 |
| 2020M02 | 29.0 |
| 2020M03 | 27.6 |
| 2020M04 | 32.4 |
| 2020M05 | 33.3 |
| 2020M06 | 36.4 |
| 2020M07 | 39.0 |
| 2020M08 | 44.1 |
| 2020M09 | 45.6 |
| 2020M10 | 41.6 |
| 2020M11 | 42.3 |
| 2020M12 | 40.9 |
| 2021M01 | 38.9 |
| 2021M02 | 32.2 |
| 2021M03 | 37.0 |
| 2021M04 | 36.7 |
| 2021M05 | 36.2 |
| 2021M06 | 37.1 |
| 2021M07 | 38.9 |
| 2021M08 | 43.1 |
| 2021M09 | 41.9 |
| 2021M10 | 41.5 |
| 2021M11 | 47.9 |
| 2021M12 | 46.6 |
| 2022M01 | 42.4 |
| 2022M02 | 45.1 |
| 2022M03 | 42.3 |
| 2022M04 | 41.2 |
| 2022M05 | 36.2 |
| 2022M06 | 39.7 |
| 2022M07 | 42.8 |
| 2022M08 | 41.1 |
| 2022M09 | 45.6 |
| 2022M10 | 47.1 |
| 2022M11 | 47.2 |
| 2022M12 | 50.6 |
| 2023M01 | 49.6 |
| 2023M02 | 49.5 |
| 2023M03 | 45.0 |
| 2023M04 | 49.3 |
| 2023M05 | 49.6 |
| 2023M06 | 52.1 |
| 2023M07 | 56.7 |
| 2023M08 | 56.2 |
| 2023M09 | 59.5 |
| 2023M10 | 57.0 |
| 2023M11 | 54.3 |
| 2023M12 | 42.9 |

*The housing starts trend line is the 6-month moving average of the seasonally adjusted annual rate of housing starts.
Source: CMHC

**Figure 2: Limited land availability in the City of Toronto has impacted development decisions**
Percentage of vacant residential land area located in the core city in 2021, select CMAs

| Census Metropolitan Area | Percentage of residential vacant land area situated in the core city in 2021, by select CMA |
|---|---|
| Vancouver | 0.3% |
| Edmonton | 33.9% |
| Toronto | 2.1% |
| Ottawa-Gatineau (Ontario part) | 75.9% |

Source: Statistics Canada, Canadian Housing Statistics Program (CHSP)

## Ottawa

**Figure 1: Rental and condominium apartments have made up a growing share of construction activity**
Housing starts by tenure (Ottawa CMA)

| Year | Rental | Condominium | Freehold |
|---|---|---|---|
| **2015** | 708 | 800 | 3,732 |
| **2016** | 745 | 679 | 4,149 |
| **2017** | 1,534 | 1,481 | 4,808 |
| **2018** | 1,772 | 898 | 5,612 |
| **2019** | 1,339 | 1,026 | 5,476 |
| **2020** | 1,216 | 2,915 | 7,154 |
| **2021** | 1,362 | 2,702 | 7,111 |
| **2022** | 2,884 | 2,891 | 5,704 |
| **2023** | 2,953 | 2,986 | 3,306 |

Source: CMHC

**Figure 2: Taller apartment buildings becoming more common in the Ottawa area**
Share (%) of apartment structures started, by building height (Ottawa CMA)

| Period | 3 or fewer storeys | 4 to 6 storeys | 7 or more storeys |
|---|---|---|---|
| **2017–2019 average** | 73% | 12% | 15% |
| **2020–2022 average** | 68% | 13% | 19% |
| **2023** | 57% | 22% | 21% |

Source: CMHC

# Montréal

**Figure 1: Housing starts for all housing types decreased in 2023**
Housing starts by housing type (Montréal CMA)

| Year | Single-detached homes | Semi-detached and row homes | Apartments (rental, condominium and others) |
|---|---|---|---|
| **1998** | 5,923 | 1,704 | 3,049 |
| **1999** | 6,808 | 1,569 | 4,351 |
| **2000** | 7,064 | 1,367 | 4,674 |
| **2001** | 7,428 | 1,319 | 4,934 |
| **2002** | 10,875 | 1,673 | 8,650 |
| **2003** | 11,022 | 1,555 | 12,713 |
| **2004** | 11,307 | 1,993 | 16,609 |
| **2005** | 9,265 | 1,867 | 15,235 |
| **2006** | 8,521 | 1,451 | 13,771 |
| **2007** | 8,718 | 1,999 | 13,800 |
| **2008** | 7,081 | 2,279 | 13,349 |
| **2009** | 5,800 | 2,034 | 12,014 |
| **2010** | 6,276 | 2,468 | 14,013 |
| **2011** | 5,058 | 2,259 | 16,446 |
| **2012** | 4,340 | 2,120 | 14,932 |
| **2013** | 3,350 | 1,334 | 11,649 |
| **2014** | 2,934 | 1,645 | 14,733 |
| **2015** | 2,644 | 1,543 | 15,069 |
| **2016** | 2,738 | 2,039 | 13,517 |
| **2017** | 2,771 | 2,130 | 19,855 |
| **2018** | 2,549 | 2,182 | 20,269 |
| **2019** | 2,369 | 2,104 | 20,639 |
| **2020** | 2,493 | 1,953 | 22,828 |
| **2021** | 2,901 | 2,144 | 27,298 |
| **2022** | 1,833 | 1,340 | 20,976 |
| **2023** | 1,021 | 550 | 13,664 |

Source: CMHC

**Figure 2: Rental housing accounted for nearly 65% of all new homes**

Share (%) of total housing starts accounted for by selected market segments (Montréal CMA)

| Year | Rental* | Condominium | Freehold |
|---|---|---|---|
| 1998 | 8.1% | 26.4% | 65.5% |
| 1999 | 14.0% | 25.3% | 60.7% |
| 2000 | 13.3% | 27.0% | 59.7% |
| 2001 | 12.8% | 27.7% | 59.6% |
| 2002 | 16.1% | 26.9% | 57.0% |
| 2003 | 19.6% | 31.3% | 49.0% |
| 2004 | 22.8% | 34.0% | 43.2% |
| 2005 | 26.0% | 33.5% | 40.5% |
| 2006 | 23.8% | 34.2% | 42.0% |
| 2007 | 25.4% | 31.0% | 43.6% |
| 2008 | 21.2% | 36.9% | 41.9% |
| 2009 | 20.2% | 39.2% | 40.6% |
| 2010 | 13.3% | 46.4% | 40.3% |
| 2011 | 13.5% | 54.0% | 32.6% |
| 2012 | 11.6% | 56.5% | 32.0% |
| 2013 | 17.0% | 54.5% | 28.5% |
| 2014 | 22.0% | 54.8% | 23.1% |
| 2015 | 38.2% | 41.2% | 20.6% |
| 2016 | 38.7% | 37.2% | 24.1% |
| 2017 | 43.0% | 38.2% | 18.7% |
| 2018 | 45.9% | 35.5% | 18.6% |
| 2019 | 52.7% | 29.6% | 17.7% |
| 2020 | 58.5% | 24.9% | 16.6% |
| 2021 | 61.9% | 22.4% | 15.7% |
| 2022 | 61.2% | 25.7% | 13.1% |
| 2023 | 64.3% | 25.2% | 10.5% |

*The rental market segment includes housing co-operatives.

Source: CMHC

**Figure 3: The pace of construction rebounded in late 2023, but remains sluggish**
Housing starts trend (Montréal CMA)

| Year | Rental market |
|---|---|
| Jan-16 | 21,854 |
| Feb-16 | 22,077 |
| Mar-16 | 17,264 |
| Apr-16 | 15,691 |
| May-16 | 16,332 |
| Jun-16 | 15,079 |
| Jul-16 | 15,521 |
| Aug-16 | 16,020 |
| Sep-16 | 20,058 |
| Oct-16 | 20,466 |
| Nov-16 | 19,427 |
| Dec-16 | 20,447 |
| Jan-17 | 19,902 |
| Feb-17 | 20,553 |
| Mar-17 | 19,278 |
| Apr-17 | 20,119 |
| May-17 | 20,871 |
| Jun-17 | 19,735 |
| Jul-17 | 21,287 |
| Aug-17 | 20,062 |
| Sep-17 | 21,427 |
| Oct-17 | 24,872 |
| Nov-17 | 25,620 |
| Dec-17 | 29,711 |
| Jan-18 | 28,174 |
| Feb-18 | 30,258 |
| Mar-18 | 27,784 |
| Apr-18 | 26,453 |
| May-18 | 25,617 |
| Jun-18 | 24,287 |
| Jul-18 | 25,239 |
| Aug-18 | 22,713 |
| Sep-18 | 23,809 |
| Oct-18 | 23,865 |
| Nov-18 | 25,236 |
| Dec-18 | 25,659 |
| Jan-19 | 25,899 |
| Feb-19 | 26,383 |
| Mar-19 | 27,123 |
| Apr-19 | 26,461 |
| May-19 | 25,943 |
| Jun-19 | 26,820 |
| Jul-19 | 27,717 |
| Aug-19 | 29,487 |
| Sep-19 | 27,344 |
| Oct-19 | 27,696 |
| Nov-19 | 26,877 |
| Dec-19 | 23,325 |
| Jan-20 | 23,888 |
| Feb-20 | 22,856 |
| Mar-20 | 22,730 |
| Apr-20 | 17,513 |
| May-20 | 19,592 |
| Jun-20 | 23,008 |
| Jul-20 | 24,277 |
| Aug-20 | 25,567 |
| Sep-20 | 28,075 |
| Oct-20 | 32,175 |
| Nov-20 | 32,706 |
| Dec-20 | 31,827 |
| Jan-21 | 31,764 |
| Feb-21 | 33,781 |
| Mar-21 | 33,400 |
| Apr-21 | 35,857 |
| May-21 | 34,511 |
| Jun-21 | 35,238 |
| Jul-21 | 34,434 |
| Aug-21 | 32,441 |
| Sep-21 | 33,018 |
| Oct-21 | 31,120 |
| Nov-21 | 32,468 |
| Dec-21 | 29,915 |
| Jan-22 | 29,183 |
| Feb-22 | 27,262 |

| Year | Rental market |
|---|---|
| Mar-22 | 25,485 |
| Apr-22 | 26,542 |
| May-22 | 26,273 |
| Jun-22 | 28,399 |
| Jul-22 | 28,172 |
| Aug-22 | 28,420 |
| Sep-22 | 28,648 |
| Oct-22 | 27,775 |
| Nov-22 | 23,935 |
| Dec-22 | 20,002 |
| Jan-23 | 18,641 |
| Feb-23 | 17,654 |
| Mar-23 | 15,194 |
| Apr-23 | 12,740 |
| May-23 | 12,351 |
| Jun-23 | 11,991 |
| Jul-23 | 11,115 |
| Aug-23 | 11,911 |
| Sep-23 | 15,540 |
| Oct-23 | 16,173 |
| Nov-23 | 16,732 |
| Dec-23 | 18,560 |

The trend is a 6-month moving average of the monthly seasonally adjusted annual rates of housing starts.
Source: CMHC