

EM9530: The Toronto Star, June 23, 1995, page B3

Low consumer confidence brings housing starts down

BY LEONARD ZEHR
Real Estate Reporter

Low consumer confidence is the main reason for a fall in housing starts this year to their lowest levels since the early 1960s, according to a survey of home builders and renovators across Canada.

The Canadian Home Builders Association said the consumer confidence issue was cited by more than 50 per cent of the 409 builders who responded, compared with less than 30

per cent in previous polls.

"The results of this survey confirm that recent modest decreases in interest rates have not mitigated consumers' concerns over the state of the economy," Bruce Clemmensen, president of the association, said in a statement

As a result, builders are predicting that housing starts will plunge 21 per cent this year to 122,400 dwellings from 154,057 in 1994. In January, Canada Mortgage and Housing Corp. estimated starts at 141,000 for 1995, but slashed its forecast to 128,500 last

month.

The renovation sector is the industry's one bright spot. Almost 45 per cent of renovators expect the level of their activity to be higher in the next 12 months than in the past year, the association said.

The survey also found that builders plan to continue erecting smaller houses next year to attract cost-conscious buyers. Builders also plan to include more energy efficient features in new homes next year.

The article EM9530 reprinted above is used in Chapter 4 of the STAT 231 Course Materials.