

substantial increases, 29%, 28% and 23%, respectively. A 40% increase in British Columbia was the strongest increase in housing starts among the provinces.

The Newfoundland economy enjoyed moderate economic growth in 1987 with an increase in Gross Domestic Product (GDP) of 2.8%. In addition, the housing cycle peaked in 1986, after three consecutive years of growth. In 1987, housing starts declined 7% to 2,682 from the 2,883 units reported in 1986. Single-detached starts, which accounted for 94% of all starts, declined a slight 4% to total 2,530 units. A major factor contributing to the weaker total starts was a significant decline in multiple unit construction in the St. John's CMA (Census Metropolitan Area) where high vacancy rates reflected a soft rental market. A 10-year high in vacancies of 10.1% was recorded in apartment structures of six units and over. Factors identified as contributing to this were the high net outflow of migrants from the province as a result of weakness in the oil industry and the continued higher demand for home-ownership rather than rental units.

Prince Edward Island maintained steady economic output in 1987 with growth in real GDP at 2.3%. Following three years of expansion, housing starts peaked in 1986 and declined 16% in 1987 to total 1,110 units. Although single-detached starts declined 11% to total 699 units, the 40% decline in apartment starts contributed significantly to lower total activity. The lower activity was also a result of the weak Charlottetown rental market which was characterized by high vacancy rates in 1987.

The economy of the province of Nova Scotia also performed well in 1987, with real GDP growth at 2.8%. Following three years of exceptional growth and peaking at an all-time high in 1986, housing starts declined 15% in 1987 and totalled 6,460 units. The decline in housing activity was due mainly to lower demand. Single-detached starts were lower by 9.5% to total 4,120 units, while multiple starts declined 23% to 2,340 units. Most of the lower multiple unit activity occurred in the Halifax area where an overproduction of rental and condominium units occurred in 1986. Rental vacancy rates also increased in many communities in 1987.

In New Brunswick, housing starts declined for the third consecutive year to total 3,716 units, which was 8% below 1986 activity. The provincial economy performed well in 1987; the decline in housing starts was a result of an overproduction in previous years. Lower activity was reported for both single-detached and multiple units.

Rental markets continued to adjust from over-supplies which occurred in 1985 when the rent control program was terminated.

During the five-year period, 1983-87, Quebec's housing industry experienced its largest expansion period. The strong performance of the provincial economy with real GDP growth estimated at 5.0% and employment growth at 3.5% coincided with the peak in housing starts. The highest level of activity ever was recorded in 1987 when starts increased 23% on a year-over-year basis to 74,179 units. The strength of construction was partly in single-detached units which increased 33% to 31,430 units. In the multiple unit sector, condominium units increased 36% to 8,220 units from the 6,050 units in 1986 contributing significantly to the upswing. Although there was substantial variation across the province, most urban centres recorded increases in vacancy rates by October. This was a result of an 18% increase in rental construction starts and the subsequent high number of units completed in the latter part of the year, despite the lower demand.

Housing starts in Ontario totalled 105,213 units in 1987 which was a 29% increase over 1986 activity; the second highest figure on record and the highest since 1973. The housing market was supported by strong economic and employment growth, as well as high net interprovincial migration. Most of the growth occurred in multiple-unit construction. While multiple starts increased by 61% to total 40,284 units, single starts increased 15% to 64,929 units. The increase in multiple activity came primarily from condominium units, particularly in the Toronto CMA where condominium starts rose 112%. A strong net flow of migrants seeking employment opportunities resulted in row and apartment vacancy rates in the province reaching record lows. This was particularly evident in the Kitchener-Oshawa corridor.

In Manitoba, 1987 marked the third consecutive year of growth for the housing industry. Housing starts totalled 8,174 units, a nine-year high and a 6% increase over 1986 levels. Almost 80% of the starts occurred in the Winnipeg CMA. The increase in starts came exclusively from multiple units, which increased 22% and accounted for 43% of the market. The good supply of available rental units, as a result of the higher level of multiple-unit construction, was also reflected in higher vacancy rates reported for many communities. Economic growth in Manitoba was mostly spurred by strong non-residential capital spending in work associated with the Limestone Hydro Project.