Alberta

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

FIRST QUARTER 2003

New Home Market

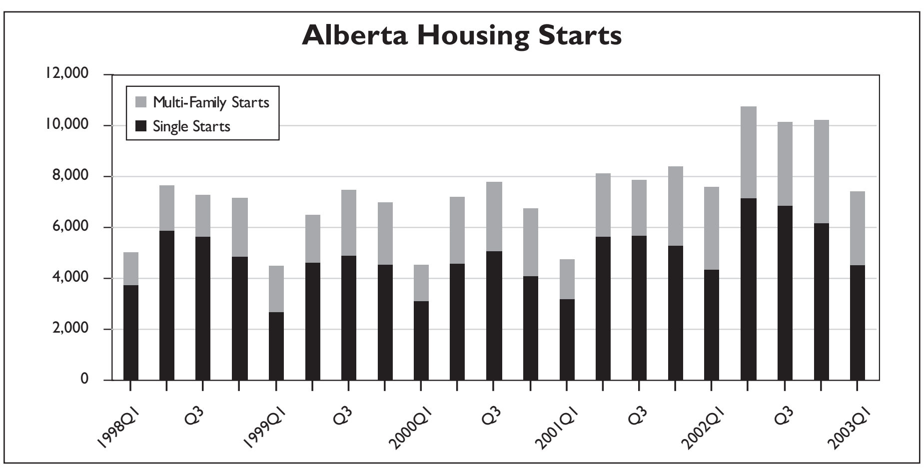
Fewer Housing Starts In First Quarter

New housing activity throttled-back in the first three months of this year compared with January-to- March of 2002, largely due to weakness in the rural areas. Despite strong job creation, low mortgage rates, and continued high levels of in-migration, total housing starts dropped by two per cent to 7,436 units. This compares with 7,591 units reported in the first quarter of last year, which represented the best quarterly performance for the province since 1979. Alberta's residential resale markets also experienced a slowdown in the first quarter. According to the Alberta Real Estate Association (AREA) total sales reported by the 11 regional boards fell by 10.6 per cent to 10,933 units.

Table I shows that total starts in communities over 10,000 population rose by 5.2 per cent, thanks largely to robust gains in Calgary's multi-unit production, in particular condominium apartments. However, communities under 10,000 appear to have experienced a major retreat, with total starts dropping off by 44 per cent from the first quarter of 2002. Readers should note, however, that in 2003 the communities of Canmore and Okotoks were moved into the urban area count as their populations moved above 10,000 based on the 2001 census. As such, the year-over year comparisons on the urban-rural spit will be impacted this year by the movement for these two communities between categories.

While housing activity across Alberta has pulled back from last year's frantic pace, the outlook for the rest of 2003 remains positive. High oil and gas prices have pumped huge amounts of cash into the energy sector in the past year, helping to bolster consumer and business confidence. Provincial government coffers have also done well. Capital expenditure remains very strong across Alberta despite a soft American economy. Energy company balance sheets have never been stronger and drilling activity has been close to record-levels thanks to high prices for both oil and natural gas.

Job creation has also remained at high levels so far this year, helping to underpin demand for both new and existing housing. During the first three months of the year, on average, 45,000 more people were working across the province, representing an increase of 2.8 per cent. This compares with a two per cent increase in the first quarter of 2002 which translated into 32,600 new jobs on average. While the unemployment rate across the province inched upward in the first quarter compared with a year earlier, this resulted from Alberta's booming labour force growth associated with continued strong in-migration.



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CMHC SCHL
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Canada

Single-Detached Starts Maintain Record Pace

Despite slower activity in multi-units, single-detached starts continued to post new records thanks to strong performances in the key urban centres. Single starts eclipsed the record pace set in the first quarter of 2002 by four per cent reaching 4,517 units. Edmonton, Calgary and Red Deer all recorded solid gains, with big improvements reported in Brooks and Grand Centre as well. This helped to counter weaker single-detached starts in communities such as Grande Prairie, Lloydminister and Wood Buffalo.

Edmonton CMA contributed heavily to the province's first quarter gains in single-family housing starts. In 2002, the Capital Region set a new benchmark for single unit construction, outpacing activity in 2001 by a whopping 38 per cent. Edmonton's builders entered the new year with low standing inventories and fat order books, almost guaranteeing a brisk first quarter. To the end of March, Calgary builders began working on 1,961 single-family homes across Metro, eight per cent more than the first three months last year. This represents the best start to any year on record.

Single-Family Inventories Move Higher

In spite of stronger absorptions in Alberta's five cities over 50,000 population, inventories of completed and unoccupied singles move upward from the volume of unsold units tallied at year-end 2002. Single-detached absorptions during the first three months of the year reached 3,861 units, representing a 25 per cent increase over the same period last year. However, completions in the same five cities exceeded this number by 132 units. This resulted in a 13.6 per cent increase in the unabsorbed inventory compared with the end of December 2002. Metro Edmonton accounted for almost half of the gain in inventory, with completions exceeding absorptions by 63 units during the first quarter. Red Deer experienced the largest relative increase in inventory from year-end, with the unsold stock up by 51.5 per cent from December. Year-over-year, March inventories were up by the largest margin in Medicine Hat. In contrast, Calgary's unabsorbed singles were only 2.5 per cent higher than what we reported in March 2002, representing an increase of only 15 units.

Higher Priced Homes Gain Market Share

Absorption data by price range (Table 3) show a continuation of the trend toward higher priced homes reported last year. Units priced over $200,000 capture 59 per cent of sales in the province's five largest cities, up from 45 per cent in the first three months of 2002. Meanwhile, product priced below $140,000 saw its market share drop from just over 10 per cent in the first quater of 2002 to under three per cent so far this year.

In the face of rising costs for land, labour and materials, builders continue to push up prices to protect their margins. In Edmonton, a typical new single-detached home sold in the first quarter cost $214,775 including lot and GST, for an increase of 10.9 per cent over sale prices reported during the same period last year. In Calgary, average sale prices rose by 9.1 per cent to $260,707. Higher prices for oil and natural gas have boosted the input costs on a host of building products including vinyl, concrete and asphalt. Developers in most communities are also facing increased costs in the form of higher municipal levies and rapidly rising prices for replacement land. If there is any good news in this scenario for home builders, it is that resale homes across Alberta continue to experience strong price increases as well. According to AREA statistics, the average residential resale price in the first quarter rose by 7.7 per cent over the same time last year to an average of $179,800.

Multiple Unit Starts Throttle-Back

Multiple unit starts across Alberta fell by 10.3 per cent in the first quarter to 2,919 units compared with 3,253 recorded in the first three months of 2002. A large increase in multi-family construction in Calgary was countered by lower activity in communities such as Edmonton, Grande Prairie and Red Deer.

In Calgary, multi-family construction was up an impressive 83 per cent, reaching 1,834 units to the end of March. Apartment condominiums have fueled Calgary's surge, with year-to-date construction more than double what was recorded one year earlier. Other communities showing improved multi-unit starts included Brooks, Lethbridge and Wetaskiwin, although combined numbers were relatively modest in size.

In Edmonton, multiple starts fell by half from the robust construction levels reported in the first quarter of 2002. Rental apartments experienced the largest downturn in new activity, with investors taking a more cautious stance after last year's twenty-year high in multi-family starts. In Grande Prairie and Red Deer activity levels also dropped back from exceptionally strong numbers reported in the early months of 2002.

Multi-Unit Inventories On The Rise

Multiple unit completions in the first quarter rose by 16 per cent over last year to 2,652 units. Fewer completions in Edmonton were countered by large gains in Calgary, Red Deer, Medicine Hat and Wood Buffalo. The rise in completions sent inventories higher in many communities. In the five largest cities where absorptions and inventories are measured, the number of complete and unoccupied multiples rose by 21 per cent from the fourth quarter of 2002, representing an increase of 199 units. Compared with year-end 2002, inventories in Edmonton and Lethbridge were largely unchanged while the numbers were down in Medicine Hat. In Calgary and Red Deer, however, stocks of completed and unabsorbed were up by 64 and 60 per cent, respectively, from the previous quarter as completions in both communities outpaced absorptions.

With multiple units under construction at 20-year highs in centres like Calgary and Edmonton, absorptions will have to ramp-up substantially in the months ahead to avoid further increases in the unoccupied inventory. In urban areas over 10,000, multiple units in progress were 38 per cent higher than the same time last year. Condominium apartments make up the lion's share of the multi- units in the pipeline, with substantially higher numbers in progress in both Metro areas. In Calgary, there were 3,527 condominium apartments under construction in March, 69 per cent more than the same time last year. In Edmonton, meanwhile, multi-units under construction were up by 65 per cent in March year-over-year. This suggests that both completions and inventories will start to rise in both of the provinces CMAs in the second quarter.

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Table 1

ALBERTA STARTS ACTIVITY BY AREA - 1ST QUARTER 2003

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	Chg 2003/2002
EDMONTON CMA	**1427**	**1180**	**188**	**166**	**352**	**2133**	**2593**	**-17.74**
EDMONTON CITY	926	752	136	166	340	1568	2082	-24.69
CALGARY CMA	**1961**	**1810**	**174**	**322**	**1338**	**3795**	**2812**	**34.96**
CALGARY CITY	1693	1544	120	265	1302	3380	2492	35.63
BROOKS TOWN CA	15	0	0	16	24	55	0	**
CAMROSE CA	7	9	0	0	4	11	17	-35.29
CANMORE CA	9	N/A	0	17	35	61	N/A	**
COLD LAKE CA	42	31	4	0	0	46	35	31.43
COLD LAKE TOWN	5	1	0	0	0	5	1	**
BONNYVILLE TOWN	3	2	0	0	0	3	2	50.00
GRANDE PRAIRIE CA	54	85	4	12	0	70	189	-62.96
LETHBRIDGE CA	87	97	4	18	0	109	106	2.83
LLOYDMINSTER CA	29	36	0	0	0	29	38	-23.68
MEDICINE HAT CA	68	72	4	4	0	76	107	-28.97
OKOTOKS CA	53	N/A	8	0	12	73	N/A	**
RED DEER CA	173	156	18	8	0	199	374	-46.79
WETASKIWIN CA	2	7	6	0	4	12	11	9.09
WOOD BUFFALO CA	113	134	6	19	0	138	172	-19.77
WOOD BUFFALO USA (Fort McMurray)	111	121	6	19	0	136	159	-14.47
ALBERTA URBAN	**4040**	**3629**	**416**	**582**	**1769**	**6807**	**6470**	**5.21**
ALBERTA RURAL	**477**	**709**	**41**	**111**	**0**	**629**	**1121**	**-43.89**
TOTAL	**4517**	**4338**	**457**	**693**	**1769**	**7436**	**7591**	**-2.04**

Table 1b

PROVINCE OF ALBERTA STARTS ACTIVITY BY AREA - YEAR TO DATE

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	Chg 2003/2002
EDMONTON CMA	**1427**	**1180**	**188**	**166**	**352**	**2133**	**2593**	**-17.74**
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CAMROSE CA	7	9	0	0	4	11	17	-35.29
CANMORE CA	9	N/A	0	17	35	61	N/A	**
COLD LAKE CA	42	31	4	0	0	46	35	31.43
COLD LAKE TOWN	5	1	0	0	0	5	1	**
BONNYVILLE TOWN	3	2	0	0	0	3	2	50.00
GRANDE PRAIRIE CA	54	85	4	12	0	70	189	-62.96
LETHBRIDGE CA	87	97	4	18	0	109	106	2.83
LLOYDMINSTER CA	29	36	0	0	0	29	38	-23.68
MEDICINE HAT CA	68	72	4	4	0	76	107	-28.97
OKOTOKS CA	53	N/A	8	0	12	73	N/A	**
RED DEER CA	173	156	18	8	0	199	374	-46.79
WETASKIWIN CA	2	7	6	0	4	12	11	9.09
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TOTAL	**4517**	**4338**	**457**	**693**	**1769**	**7436**	**7591**	**-2.04**

*** indicates a greater than 100 per cent change*

Table 2
ALBERTA HOUSING COMPLETIONS BY AREA - 1ST QUARTER 2003

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	Chg 2003/2002
EDMONTON CMA	**1602**	**924**	**168**	**59**	**210**	**2039**	**1606**	**26.96**
EDMONTON CITY	937	536	126	56	80	1199	1087	10.30
CALGARY CMA	**2014**	**1712**	**182**	**190**	**1098**	**3484**	**2954**	**17.94**
CALGARY CITY	1709	1440	144	132	1039	3024	2577	17.35
BROOKS TOWN CA	22	0	2	12	0	36	0	**
CAMROSE CA	28	15	4	0	0	32	19	68.42
CANMORE CA	70	N/A	34	12	0	116	N/A	**
COLD LAKE CA	66	63	2	0	0	68	69	-1.45
COLD LAKE TOWN	8	5	0	0	0	8	5	60.00
BONNYVILLE TOWN	7	3	0	0	0	7	3	**
GRANDE PRAIRIE CA	137	134	10	16	0	163	156	4.49
LETHBRIDGE CA	86	92	12	8	0	106	119	-10.92
LLOYDMINSTER CA	51	51	0	0	0	51	53	-3.77
MEDICINE HAT CA	78	62	2	19	20	119	80	48.75
OKOTOKS CA	59	N/A	20	0	0	79	N/A	**
RED DEER CA	213	188	26	19	300	558	242	**
WETASKIWIN CA	5	6	12	0	0	17	8	**
WOOD BUFFALO CA	168	160	0	32	79	279	190	46.84
WOOD BUFFALO USA (Fort McMurray)	163	148	0	32	79	274	178	53.93
ALBERTA URBAN	**4599**	**3407**	**474**	**367**	**1707**	**7147**	**5496**	**30.04**
ALBERTA RURAL	**864**	**1047**	**76**	**28**	**0**	**968**	**1250**	**-22.56**
TOTAL	**5463**	**4454**	**550**	**395**	**1707**	**8115**	**6746**	**20.29**

Table 2b
ALBERTA HOUSING COMPLETIONS BY AREA - YEAR TO DATE

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EDMONTON CMA	**1602**	**924**	**168**	**59**	**210**	**2039**	**1606**	**26.96**
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CALGARY CITY	1709	1440	144	132	1039	3024	2577	17.35
BROOKS TOWN CA	22	0	2	12	0	36	0	**
CAMROSE CA	28	15	4	0	0	32	19	68.42
CANMORE CA	70	N/A	34	12	0	116	N/A	**
COLD LAKE CA	66	63	2	0	0	68	69	-1.45
COLD LAKE TOWN	8	5	0	0	0	8	5	60.00
BONNYVILLE TOWN	7	3	0	0	0	7	3	**
GRANDE PRAIRIE CA	137	134	10	16	0	163	156	4.49
LETHBRIDGE CA	86	92	12	8	0	106	119	-10.92
LLOYDMINSTER CA	51	51	0	0	0	51	53	-3.77
MEDICINE HAT CA	78	62	2	19	20	119	80	48.75
OKOTOKS CA	59	N/A	20	0	0	79	N/A	**
RED DEER CA	213	188	26	19	300	558	242	**
WETASKIWIN CA	5	6	12	0	0	17	8	**
WOOD BUFFALO CA	168	160	0	32	79	279	190	46.84
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TOTAL	**5463**	**4454**	**550**	**395**	**1707**	**8115**	**6746**	**20.29**

*** indicates a greater than 100 per cent change*

Table 3 ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 1ST QUARTER							
	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**7**	**56**	**270**	**462**	**436**	**308**	**1539**
CALGARY CMA	**0**	**4**	**218**	**308**	**727**	**718**	**1975**
LETHBRIDGE CA	2	17	34	10	13	6	82
MEDICINE HAT CA	1	4	31	18	11	5	70
RED DEER CA	2	17	67	47	36	26	195
TOTAL	**12**	**98**	**620**	**845**	**1223**	**1063**	**3861**

Table 3b ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2002							
	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**13**	**101**	**275**	**234**	**209**	**116**	**948**
CALGARY CMA	**6**	**73**	**375**	**349**	**505**	**488**	**1796**
LETHBRIDGE CA	5	34	34	10	8	5	96
MEDICINE HAT CA	4	16	28	13	2	3	66
RED DEER CA	0	64	42	42	23	19	190
TOTAL	**28**	**288**	**754**	**648**	**747**	**631**	**3096**

Table 4
PROVINCE OF ALBERTA
UNDER CONSTRUCTION - MARCH 2003

	Single		Multiple			Total		Chg
AREA	2003	2002	Semi	Row	Apt	2003	2002	2003/2002
EDMONTON CMA	**3,133**	**2,072**	**636**	**333**	**4,215**	**8,317**	**5,221**	**59.30**
EDMONTON CITY	2,032	1,255	436	286	3,810	6,564	4,049	62.11
CALGARY CMA	**3,922**	**3,089**	**522**	**991**	**3,713**	**9,148**	**7,022**	**30.28**
CALGARY CITY	3,214	2,556	370	840	3,677	8,101	6,251	29.60
BROOKS TOWN CA	18	39	8	20	24	70	53	32.08
CAMROSE CA	14	11	0	0	36	50	19	**
CANMORE CA	7	N/A	0	53	120	180	N/A	**
COLD LAKE CA	48	56	2	0	0	50	60	-16.67
COLD LAKE TOWN	17	30	2	0	0	19	34	-44.12
BONNYVILLE TOWN	6	3	0	0	0	6	3	**
GRANDE PRAIRIE CA	52	82	16	12	0	80	196	-59.18
LETHBRIDGE CA	258	223	38	56	78	430	260	65.38
LLOYDMINSTER CA	36	62	0	0	0	36	71	-49.30
MEDICINE HAT CA	175	155	34	20	0	229	386	-40.67
OKOTOKS CA	85	N/A	22	8	12	127	N/A	**
RED DEER CA	286	213	92	68	221	667	882	-24.38
WETASKIWIN CA	5	7	8	0	4	17	19	-10.53
WOOD BUFFALO CA	116	193	18	87	276	497	543	-8.47
WOOD BUFFALO USA (Fort McMurray)	116	193	18	87	276	497	543	-8.47
ALBERTA URBAN	**8,155**	**6,202**	**1,396**	**1,648**	**8,699**	**19,898**	**14,732**	**35.07**
ALBERTA RURAL	**838**	**1,016**	**155**	**225**	**193**	**1,411**	**1,887**	**-25.23**
TOTAL	**8,993**	**7,218**	**1551**	**1873**	**8892**	**21,309**	**16,619**	**28.22**

Table 4b
PROVINCE OF ALBERTA
COMPLETE AND NOT OCCUPIED - MARCH 2003

	Single		Multiple			Total		Chg
AREA	2003	2002	Semi	Row	Apt	2003	2002	2003/2002
EDMONTON CMA	**381**	**346**	**76**	**15**	**370**	**842**	**975**	**-13.64**
CALGARY CMA	**605**	**590**	**97**	**48**	**370**	**1120**	**1022**	**9.59**
LETHBRIDGE CA	30	29	7	2	0	39	35	11.43
MEDICINE HAT CA	40	23	3	15	39	97	40	**
RED DEER CA	50	33	18	6	69	143	47	**
Total	**1106**	**1021**	**201**	**86**	**848**	**2241**	**2119**	**5.76**

N\A: not available

** indicates greater than 100 per cent change

Table 5
ALBERTA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
First Quarter	4040	416	57	437	1497	88	272	0	0	6807
Previous Year	3629	418	17	380	765	4	1257	0	0	6470
Year-To-Date 2003	4040	416	57	437	1497	88	272	0	0	6807
Year-To-Date 2002	3629	418	17	380	765	4	1257	0	0	6470
UNDER CONSTRUCTION										
2003	8155	1396	85	1413	6441	150	2258	0	0	19898
2002	6202	1002	31	1009	3812	46	2630	0	0	14732
COMPLETIONS										
First Quarter	4599	474	44	288	980	35	727	0	0	7147
Previous Year	3407	306	20	363	1066	24	310	0	0	5496
Year-To-Date 2003	4599	474	44	288	980	35	727	0	0	7147
Year-To-Date 2002	3407	306	20	363	1066	24	310	0	0	5496
COMPLETED & NOT ABSORBED[2]										
2003	1106	201	22	54	310	10	538	0	0	2241
2002	1021	222	3	73	478	2	320	0	0	2119
TOTAL SUPPLY[3]										
2003	9261	1597	107	1467	6751	160	2796	0	0	22139
2002	7223	1224	34	1082	4290	48	2950	0	0	16851
ABSORPTIONS[2]										
First Quarter	3861	388	34	237	891	25	606	0	0	6042
Previous Year	3097	280	19	350	1074	29	187	0	0	5036
12 month Average	1425	146	8	110	299	21	176	0	0	2185

[1] May include units intended for condominium.
[2] Centres of 50,000 population and over.
[3] Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES

Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the "dwelling unit" (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a "single-house". It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the branch territory is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over.

In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population. The Edmonton CMA includes 35 municipalities and Calgary CMA includes nine. *Note: Wood Buffalo USA includes Fort McMurray City and Wood Buffalo includes Ft. McMurray CA*

A Census Agglomeration refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.