Calgary

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

JUNE 2003

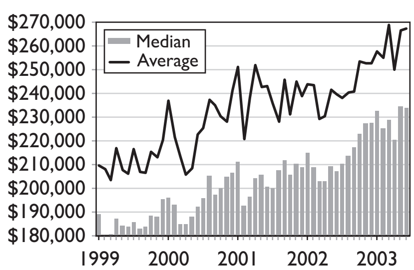
Great First-Half of the Year for New Home Construction

Total residential construction in the Calgary Census Metropolitan Area (CMA) reached 1,149 units in June, down 26 per cent from the previous year. Despite the decline, year-to-date total construction is up nine per cent over the first six months of 2002, reaching 7,466 units. This represents one of the best first halves of the year for new home construction on record. Only the first six months of 1978 and 1981 recorded more housing starts to-date, by slim margins of 157 and 111 units, respectively.

While overall activity is still performing strongly, single-family construction is showing further signs of moderating. Hampered by wet weather in June, single-family homebuilders in the Calgary CMA recorded a weaker year-over-year performance for the fourth consecutive month. A total of 837 homes began construction in June, 14 per cent lower than production one year earlier. Despite the year-over-year decline, June's activity also represents the third best performance for any June on record. After six months, 4,366 single-family homes have begun construction in the Calgary CMA, only six per cent lower than the first half of 2002. Within City limits, single-family construction to-date is down by the same margin.

Despite the decline in starts to-date, single-family units under construction are only a few units shy of posting a new record, reaching 4,084 units at the end of June. Under certain circumstances, such a level would raise concerns over rising inventories in the coming months. Currently, however, any concerns of this occurring have been put to rest by strong absorptions and low inventory levels. A total of 770 single-family homes were absorbed in June, pushing the year-to-date total of 4,142 units eight per cent ahead of 2002's pace. Rising prices do not appear to be hampering activity, as persistently low mortgage rates continue to cushion the impact of higher prices. At $261,300, the average absorbed price to the end of June is ten per cent higher than the first six months of 2002.

Calgary CMA: Single-family Absorbed Price



Single-family inventories at the end of June sat at 680 units. While this represents the highest total on a year and a half, the majority consists of show home units. Currently, there are 454 show homes in the Calgary CMA, the highest total since July 2001. The number of spec units, meanwhile, currently sits at 226 units, a healthy 67 per cent jump from the previous year.

Meanwhile, for only the second time this year, multi-family starts in June recorded a year-over-year decline. Multi-family housing starts, which include semi-detached units, rows, and apartments, reached 312 units, down 47 per cent from the previous year. Despite the decline overall, row-unit construction put in its best monthly performance since May of 1990, reaching 192 units. Six months into the year, a total of 3,100 multi-family units have been started in the Calgary CMA, up 39 per cent from the first half of 2002. Indeed, the multi-family sector has been the dominant force in Calgary's homebuilding industry thus far. With rising prices in the single-family market and persistently low mortgage rates, multi-family units continue to be strongly in demand.

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Multi-family absorptions in June reached 372 units, bringing the total for the first six months to 2,361 units, three per cent ahead of the first half of 2002. With the number of absorptions exceeding completions, the number of units in inventory fell for the fourth month in succession. At the end of June, multi-family inventories consisted of 458 units. Semi-detached and row inventories are currently lower than June of 2002, while apartment inventories are up 26 per cent. While the overall inventory decline is good news to developers, the Calgary market still faces the prospect of rising inventories in coming months. At the end of June, 5,311 multi-family units were still under construction, the third highest total in over 20 years. With the percentage of units absorbed at completion averaging just over 80 per cent during the last six months, it is likely inventories will rise once many of the units under construction reach completion.

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Table 1

CALGARY CMA
STARTS ACTIVITY BY AREA JUNE 2003

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	% Chg 2003/2002
AIRDRIE	47	48	8	30	0	85	116	-26.72
BEISEKER	1	0	0	0	0	1	0	**
CALGARY CITY	**707**	**828**	**40**	**162**	**58**	**967**	**1351**	**-28.42**
CHESTERMERE LAKE	26	40	0	0	0	26	40	-35.00
COCHRANE	7	15	2	0	0	9	15	-40.00
CROSSFIELD	5	0	4	0	0	9	0	**
IRRICANA	2	0	0	0	0	2	0	**
MD ROCKYVIEW	42	41	8	0	0	50	41	21.95
TOTAL	**837**	**972**	**62**	**192**	**58**	**1149**	**1563**	**-26.49**

Table 1B

CALGARY CMA
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
AIRDRIE	207	240	34	103	36	380	401	-5.24
BEISEKER	2	1	0	0	0	2	3	-33.33
CALGARY CITY	**3749**	**3990**	**286**	**589**	**1932**	**6556**	**6013**	**9.03**
CHESTERMERE LAKE	133	177	20	0	0	153	177	-13.56
COCHRANE	41	88	8	4	23	76	104	-26.92
CROSSFIELD	19	4	4	3	0	26	4	**
IRRICANA	2	1	0	4	0	6	5	20.00
MD ROCKYVIEW	213	147	46	8	0	267	167	59.88
TOTAL	**4366**	**4648**	**398**	**711**	**1991**	**7466**	**6874**	**8.61**

** Indicates 100% change or greater

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HOUSING NOW *provides an overview of a survey conducted monthly by CMHC. These surveys deal with Housing Starts, Completions and Absorptions for all CMA's across Canada. For more information please contact Richard Corriveau in Market Analysis at (403) 515-3005 or by fax at (403) 515-3036.*

Table 2

CALGARY CMA
HOUSING COMPLETIONS BY AREA JUNE 2003

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	% Chg 2003/2002
AIRDRIE	66	42	12	14	0	92	53	73.58
BEISEKER	1	0	0	0	0	1	0	**
CALGARY CITY	**647**	**655**	**28**	**87**	**170**	**932**	**1104**	**-15.58**
CHESTERMERE LAKE	21	25	4	0	0	25	25	0.00
COCHRANE	14	18	0	0	0	14	20	-30.00
CROSSFIELD	3	1	4	0	0	7	1	**
IRRICANA	0	0	2	0	0	2	0	**
MD ROCKYVIEW	50	37	12	8	0	70	37	89.19
TOTAL	**802**	**778**	**62**	**109**	**170**	**1143**	**1240**	**-7.82**

Table 2B

CALGARY CMA
HOUSING COMPLETIONS BY AREA YEAR TO DATE

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	% Chg 2003/2002
AIRDRIE	224	201	42	80	59	405	368	10.05
BEISEKER	2	0	0	0	0	2	2	0.00
CALGARY CITY	**3583**	**3197**	**272**	**362**	**1561**	**5778**	**5261**	**9.83**
CHESTERMERE LAKE	142	132	12	16	0	170	136	25.00
COCHRANE	77	49	16	20	0	113	62	82.26
CROSSFIELD	12	3	8	0	0	20	3	**
IRRICANA	1	1	2	0	0	3	1	**
MD ROCKYVIEW	215	166	34	12	0	261	170	53.53
TOTAL	**4256**	**3749**	**386**	**490**	**1620**	**6752**	**6003**	**12.48**

** Indicates 100% change or greater

Table 3

CALGARY CMA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				
	Freehold			Condominium		Private		Assisted		
	Single	Semi	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
June	837	62	14	178	58	0	0	0	0	1149
2002	972	40	0	58	493	0	0	0	0	1563
Year-To-Date 2003	4366	398	14	697	1751	0	240	0	0	7466
Year-To-Date 2002	4648	260	0	420	1263	0	283	0	0	6874
UNDER CONSTRUCTION										
2003	4084	542	14	1066	3439	0	250	0	0	9395
2002	3888	410	0	702	2294	0	689	0	0	7983
COMPLETIONS										
June	802	62	0	109	170	0	0	0	0	1143
2002	778	46	0	60	356	0	0	0	0	1240
Year-To-Date 2003	4256	386	44	446	992	0	628	0	0	6752
Year-To-Date 2002	3749	284	0	494	1363	0	113	0	0	6003
COMPLETED & NOT ABSORBED										
2003	680	113	0	46	137	0	162	0	0	1138
2002	565	123	0	50	214	0	23	0	0	975
TOTAL SUPPLY										
2003	4764	655	14	1112	3576	0	412	0	0	10533
2002	4453	533	0	752	2508	0	712	0	0	8958
ABSORPTIONS										
June	770	56	1	107	188	0	20	0	0	1142
3-month Average	722	63	8	93	147	0	51	0	0	1084
12-month Average	734	62	5	83	174	0	43	0	0	1101