Calgary

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

JANUARY 2004

Housing Starts Hot Despite Cold January Weather

January's frigid temperatures failed to put a damper on new home construction in the Calgary Census Metropolitan Area (CMA). Total housing starts reached a healthy 785 units in January, representing a decline of less than four per cent from activity reported one year earlier. Overall activity was undermined by a modest decline in multi-family construction.

Single-family builders overcame severely cold temperatures by recording one of the best Januarys on record. A total of 612 single-family homes began construction in January, identical to the number reported in 2003. This represents an impressive performance for single-family starts, as the 612 units are tied for the second best January on record. At 672 units, only the first month of 1990 recorded a better January performance for the Calgary CMA. Chestermere Lake and Cochrane led single-family construction across the region in January, as starts increased 71 and 38 per cent, respectively, over the previous year. The City of Calgary was essentially even with January 2003, though respective losses of 33 and 63 per cent were experienced in Airdrie and MD Rockyview. Despite the promising start to the year, the marketplace should expect a decline across the CMA in February. Single-family permits in January were 32 per cent lower than the previous year. Due to the timing of the residential construction cycle, the full impact of the cold-snap will also not be seen until February's starts are recorded.

This year also recorded one of the best Januarys on record for single-family completions. A total of 615 units were completed in January, the third highest total on record for the month of January and nine per cent more than the previous year. At 623 units, absorptions surpassed the number of completed units in the Calgary CMA, drawing down the overall number of units in inventory. At the end of January, single-family inventories reached 708 units, 31 per cent higher than the previous year but 11 units fewer than December 2003. The month-over-month decline in inventory can be attributed to a drop in spec inventories. At 286 units, the number of specs in inventory was 19 units less than the total recorded at the end of 2003. However, they continue to be high compared to the last few years, as they are up 69 per cent on a year-over-year basis. Showhomes, the other component of single-family inventory, reached 422 units in January, up 13 per cent from the previous year.

Meanwhile, multi-family construction, which includes semi-detached, row, and apartment units, delivered a cooler, yet respectable, performance in January. Total multi-family starts reached 173 units, down 14 per cent from January of 2003. The drop in multi-family starts can be attributed to semi-detached and row-unit construction, where activity fell 31 and 30 per cent, respectively, from the previous year. Meanwhile, though January's apartment starts were uncharacteristically low, they did record a 45 per cent jump over January of 2003.

At 497 units, multi-family absorptions in the Calgary CMA were also strong in January. Unlike the single-family market, however, absorptions failed to surpass those reaching completion, adding to the number of units in inventory. For the third month in succession, multi-family inventories increased in the Calgary CMA, reaching a 10-month high of 510 units, or 84 per cent more than January 2003. The majority of the inventory gain can be attributed to the row (townhouse) market, where the number of complete and unabsorbed units is up 320 per cent from the previous year. During the same time, semi-detached and apartment inventories have increased by margins of 32 and 69 per cent, respectively.

Calgary CMA: Multi-family Inventory

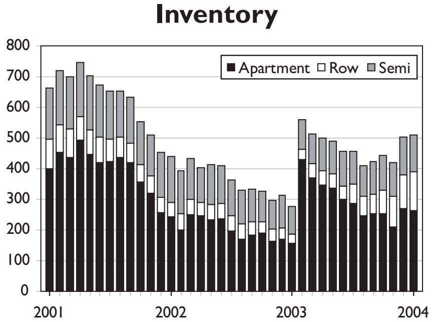

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Table 1

CALGARY CMA
STARTS ACTIVITY BY AREA JANUARY 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	% Chg 2004/2003
AIRDRIE	31	37	0	7	0	38	57	-33.33
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**526**	**513**	**44**	**51**	**61**	**682**	**675**	**1.04**
CHESTERMERE LAKE	24	14	6	0	0	30	16	87.50
COCHRANE	11	8	0	0	0	11	10	10.00
CROSSFIELD	2	3	0	0	0	2	3	-33.33
IRRICANA	0	0	0	4	0	4	4	0.00
MD ROCKYVIEW	18	37	0	0	0	18	49	-63.27
TOTAL	**612**	**612**	**50**	**62**	**61**	**785**	**814**	**-3.56**

Table 1B

CALGARY CMA
STARTS ACTIVITY BY AREA YEAR TO DATE

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	% Chg 2004/2003
AIRDRIE	31	37	0	7	0	38	57	-33.33
BEISEKER	0	0	0	0	0	0	0	**
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** 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 JANUARY 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	% Chg 2004/2003
AIRDRIE	43	31	6	13	0	62	36	72.22
BEISEKER	0	0	0	4	0	4	0	**
CALGARY CITY	**507**	**475**	**56**	**136**	**244**	**943**	**906**	**4.08**
CHESTERMERE LAKE	34	25	4	0	0	38	37	2.70
COCHRANE	5	9	0	0	23	28	15	86.67
CROSSFIELD	0	0	4	0	0	4	0	**
IRRICANA	3	0	0	0	0	3	0	**
MD ROCKYVIEW	23	22	10	4	0	37	24	54.17
TOTAL	**615**	**562**	**80**	**157**	**267**	**1119**	**1018**	**9.92**

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Table 3

CALGARY CMA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single	Semi	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
January	612	50	0	62	61	0	0	0	0	785
2003	612	72	0	88	42	0	0	0	0	814
Year-To-Date 2004	612	50	0	62	61	0	0	0	0	785
Year-To-Date 2003	612	72	0	88	42	0	0	0	0	814
UNDER CONSTRUCTION										
2004	3523	524	27	762	2759	0	237	0	0	7832
2003	4028	526	22	850	2617	0	539	0	0	8582
COMPLETIONS										
December	615	80	4	153	263	0	4	0	0	1119
2003	562	76	0	62	182	0	136	0	0	1018
Year-To-Date 2004	615	80	4	153	263	0	4	0	0	1119
Year-To-Date 2003	562	76	0	62	182	0	136	0	0	1018
COMPLETED & NOT ABSORBED										
2004	708	119	2	122	205	2	60	0	0	1218
2003	541	90	1	29	140	0	17	0	0	818
TOTAL SUPPLY										
2004	4231	643	29	884	2964	2	297	0	0	9050
2003	4569	616	23	879	2757	0	556	0	0	9400
ABSORPTIONS										
January	626	83	3	137	261	2	11	0	0	1123
3-month Average	692	78	4	125	236	1	19	0	0	1155
12-month Average	738	63	5	101	219	1	39	0	0	1166