

# HOUSING NOW

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

### February Housing Starts Cooled by January Weather

New home construction in the Calgary Census Metropolitan Area (CMA) fell 27 per cent in February 2004 compared to the same month in the previous year. At 1,271 units, February's total housing starts were 460 units lower than activity recorded in February 2003. Both the single- and multi-family markets recorded year-over-year declines.

Single-family builders started 543 units in February, representing a 31 per cent drop from the previous year. While this represents the steepest year-over-year decline for any month in five years, builders should not be overly concerned. Considering February of 2003 was the second best February on record for single-family starts, new home construction in the second month of 2004 was hard-pressed to measure up. Competing with last February was made increasingly difficult given the cold snap that slowed trades toward the end of January. February's decline brought the year-to-date total to 1,155 units, 17 per cent lower than the previous year. However, a decline of this magnitude is not expected to persist over the balance of 2004. The recent drop in mortgage rates should give builders something to smile about as the year progresses, despite weaker migration and employment gains softening demand. Of the centres comprising the CMA, Cochrane recorded the only gain in starts to-date, up 54 per cent on a year-

over-year basis. Of centres recording losses, a 54 per cent drop in the M.D. of Rockyview was the most notable. The City of Calgary matched the CMA with a 17 per cent decline to the end of February.

A total of 553 single-family homes were absorbed in February, representing the weakest month for absorptions in two years. Combined with January, the 1,176 absorbed units to-date were seven per cent lower than the previous year. While this represents the first year-to-date decline since October 2001, it is not cause for alarm as the drop is merely a function of weaker starts last year. The decline in absorptions and simultaneous rise in completions resulted in single-family inventories jumping to a 31-month high. A total of 731 single-family homes were complete and unabsorbed at the end of February, representing a 26 per cent gain over the previous year. Showhomes accounted for 427 of the units in inventory, representing a 21 per cent gain over February 2003. Spec units, the other component of single-family inventory, climbed to 304 units in February and sit 33 per cent higher than 12 months earlier. Within city limits, the Northwest sector contains the highest number of spec units at 73, followed by 63 in the Northeast and 38 in each of the West and North sectors.

Despite an impressive performance in February, multi-family construction, which includes semi-detached, row, and apartment units, also had difficulty competing with the previous year. A total of 728 multi-family units began construction in the second month of the year, representing a drop of 23 per cent from February 2003. However, while the drop in activity in February came as no surprise, the decline still needs to be put into perspective. February of 2003 recorded the most multi-family starts in any month since June 1982, making it extremely difficult to compete with. To the end of

### FEBRUARY 2004

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February, 901 multi-family units have begun construction, down 21 per cent from the previous year. Of these, 238 were for rental tenure, five units shy of 2003's annual total. Despite a recent jump in rental vacancies, these new additions should not be considered an imprudent move on behalf of Calgary developers. Over 100 are in favour of low-income rentals while much of the balance is slated for a senior's life-lease project. As a result, they will not be competing with the traditional rental market once they are completed.

Multi-family inventories also recorded an increase in February. A total of 655 multi-family units were complete and unabsorbed at that time, the highest total in 33 months and 17 per cent more than February 2003. The largest gain in multi-family inventories was among row units, where the number of complete and unabsorbed units was 234 per cent higher than the previous year.

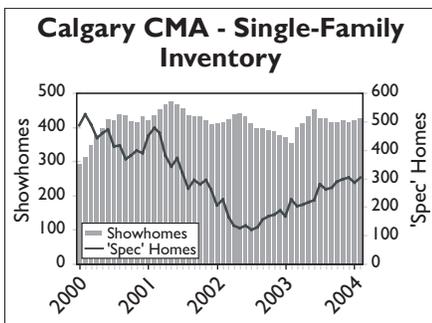


Table I  
CALGARY CMA  
STARTS ACTIVITY BY AREA FEBRUARY 2004

| AREA                | Single     |            | Multiple  |           |            | Total       |             | % Chg<br>2004/2003 |
|---------------------|------------|------------|-----------|-----------|------------|-------------|-------------|--------------------|
|                     | 2004       | 2003       | Semi      | Row       | Apt        | 2004        | 2003        |                    |
| AIRDRIE             | 28         | 25         | 2         | 24        | 0          | 54          | 39          | 38.46              |
| BEISEKER            | 0          | 0          | 0         | 0         | 0          | 0           | 0           | **                 |
| <b>CALGARY CITY</b> | <b>475</b> | <b>688</b> | <b>56</b> | <b>66</b> | <b>570</b> | <b>1167</b> | <b>1587</b> | <b>-26.47</b>      |
| CHESTERMERE LAKE    | 13         | 23         | 6         | 0         | 0          | 19          | 27          | -29.63             |
| COCHRANE            | 9          | 5          | 2         | 0         | 0          | 11          | 11          | 0.00               |
| CROSSFIELD          | 0          | 4          | 0         | 0         | 0          | 0           | 4           | **                 |
| IRRICANA            | 0          | 0          | 0         | 0         | 0          | 0           | 0           | **                 |
| MD ROCKYVIEW        | 18         | 41         | 2         | 0         | 0          | 20          | 63          | -68.25             |
| <b>TOTAL</b>        | <b>543</b> | <b>786</b> | <b>68</b> | <b>90</b> | <b>570</b> | <b>1271</b> | <b>1731</b> | <b>-26.57</b>      |

Table IB  
CALGARY CMA  
STARTS ACTIVITY BY AREA YEAR TO DATE

| AREA                | Single      |             | Multiple   |            |            | Total       |             | % Chg<br>2004/2003 |
|---------------------|-------------|-------------|------------|------------|------------|-------------|-------------|--------------------|
|                     | 2004        | 2003        | Semi       | Row        | Apt        | 2004        | 2003        |                    |
| AIRDRIE             | 59          | 62          | 2          | 31         | 0          | 92          | 96          | -4.17              |
| BEISEKER            | 0           | 0           | 0          | 0          | 0          | 0           | 0           | **                 |
| <b>CALGARY CITY</b> | <b>1001</b> | <b>1201</b> | <b>100</b> | <b>117</b> | <b>631</b> | <b>1849</b> | <b>2262</b> | <b>-18.26</b>      |
| CHESTERMERE LAKE    | 37          | 37          | 12         | 0          | 0          | 49          | 43          | 13.95              |
| COCHRANE            | 20          | 13          | 2          | 0          | 0          | 22          | 21          | 4.76               |
| CROSSFIELD          | 2           | 7           | 0          | 0          | 0          | 2           | 7           | -71.43             |
| IRRICANA            | 0           | 0           | 0          | 4          | 0          | 4           | 4           | 0.00               |
| MD ROCKYVIEW        | 36          | 78          | 2          | 0          | 0          | 38          | 112         | -66.07             |
| <b>TOTAL</b>        | <b>1155</b> | <b>1398</b> | <b>118</b> | <b>152</b> | <b>631</b> | <b>2056</b> | <b>2545</b> | <b>-19.21</b>      |

\*\* Indicates 100% change or greater



**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 FEBRUARY 2004

| AREA                | Single     |            | Multiple  |           |            | Total       |             | % Chg<br>2004/2003 |
|---------------------|------------|------------|-----------|-----------|------------|-------------|-------------|--------------------|
|                     | 2004       | 2003       | Semi      | Row       | Apt        | 2004        | 2003        |                    |
| AIRDRIE             | 35         | 38         | 2         | 5         | 0          | 42          | 123         | -65.85             |
| BEISEKER            | 0          | 0          | 0         | 0         | 0          | 0           | 0           | **                 |
| <b>CALGARY CITY</b> | <b>488</b> | <b>609</b> | <b>44</b> | <b>54</b> | <b>419</b> | <b>1005</b> | <b>1311</b> | <b>-23.34</b>      |
| CHESTERMERE LAKE    | 14         | 26         | 8         | 0         | 0          | 22          | 28          | -21.43             |
| COCHRANE            | 6          | 14         | 0         | 0         | 0          | 6           | 24          | -75.00             |
| CROSSFIELD          | 1          | 2          | 0         | 0         | 0          | 1           | 2           | -50.00             |
| IRRICANA            | 0          | 1          | 0         | 0         | 0          | 0           | 1           | **                 |
| MD ROCKYVIEW        | 32         | 26         | 2         | 0         | 0          | 34          | 26          | 30.77              |
| <b>TOTAL</b>        | <b>576</b> | <b>716</b> | <b>56</b> | <b>59</b> | <b>419</b> | <b>1110</b> | <b>1515</b> | <b>-26.73</b>      |

Table 2B  
CALGARY CMA  
HOUSING COMPLETIONS BY AREA YEAR TO DATE

| AREA                | Single      |             | Multiple   |            |            | Total       |             | % Chg<br>2004/2003 |
|---------------------|-------------|-------------|------------|------------|------------|-------------|-------------|--------------------|
|                     | 2004        | 2003        | Semi       | Row        | Apt        | 2004        | 2003        |                    |
| AIRDRIE             | 78          | 69          | 8          | 18         | 0          | 104         | 159         | -34.59             |
| BEISEKER            | 0           | 0           | 0          | 4          | 0          | 4           | 0           | **                 |
| <b>CALGARY CITY</b> | <b>995</b>  | <b>1084</b> | <b>100</b> | <b>190</b> | <b>663</b> | <b>1948</b> | <b>2217</b> | <b>-12.13</b>      |
| CHESTERMERE LAKE    | 48          | 51          | 12         | 0          | 0          | 60          | 65          | -7.69              |
| COCHRANE            | 11          | 23          | 0          | 0          | 23         | 34          | 39          | -12.82             |
| CROSSFIELD          | 1           | 2           | 4          | 0          | 0          | 5           | 2           | **                 |
| IRRICANA            | 3           | 1           | 0          | 0          | 0          | 3           | 1           | **                 |
| MD ROCKYVIEW        | 55          | 48          | 12         | 4          | 0          | 71          | 50          | 42.00              |
| <b>TOTAL</b>        | <b>1191</b> | <b>1278</b> | <b>136</b> | <b>216</b> | <b>686</b> | <b>2229</b> | <b>2533</b> | <b>-12.00</b>      |

\*\* Indicates 100% change or greater

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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 |       |
| <b>STARTS</b>                       |           |      |     |             |      |         |     |          |     |       |
| February                            | 543       | 68   | 0   | 90          | 334  | 0       | 104 | 0        | 132 | 1271  |
| 2003                                | 786       | 54   | 0   | 119         | 771  | 0       | 1   | 0        | 0   | 1731  |
| Year-To-Date 2004                   | 1155      | 118  | 0   | 152         | 395  | 0       | 104 | 0        | 132 | 2056  |
| Year-To-Date 2003                   | 1398      | 126  | 0   | 207         | 813  | 0       | 1   | 0        | 0   | 2545  |
| <b>UNDER CONSTRUCTION</b>           |           |      |     |             |      |         |     |          |     |       |
| 2004                                | 3490      | 538  | 20  | 800         | 2910 | 0       | 105 | 0        | 132 | 7995  |
| 2003                                | 4098      | 514  | 9   | 939         | 3102 | 0       | 190 | 0        | 0   | 8852  |
| <b>COMPLETIONS</b>                  |           |      |     |             |      |         |     |          |     |       |
| February                            | 576       | 56   | 7   | 52          | 183  | 0       | 236 | 0        | 0   | 1110  |
| 2003                                | 716       | 66   | 9   | 43          | 340  | 0       | 341 | 0        | 0   | 1515  |
| Year-To-Date 2004                   | 1191      | 136  | 11  | 205         | 446  | 0       | 240 | 0        | 0   | 2229  |
| Year-To-Date 2003                   | 1278      | 142  | 9   | 105         | 522  | 0       | 477 | 0        | 0   | 2533  |
| <b>COMPLETED &amp; NOT ABSORBED</b> |           |      |     |             |      |         |     |          |     |       |
| 2004                                | 731       | 116  | 2   | 104         | 199  | 1       | 233 | 0        | 0   | 1386  |
| 2003                                | 581       | 97   | 0   | 32          | 208  | 0       | 222 | 0        | 0   | 1140  |
| <b>TOTAL SUPPLY</b>                 |           |      |     |             |      |         |     |          |     |       |
| 2004                                | 4221      | 654  | 22  | 904         | 3109 | 1       | 338 | 0        | 132 | 9381  |
| 2003                                | 4679      | 611  | 9   | 971         | 3310 | 0       | 412 | 0        | 0   | 9992  |
| <b>ABSORPTIONS</b>                  |           |      |     |             |      |         |     |          |     |       |
| February                            | 553       | 59   | 7   | 70          | 189  | 1       | 63  | 0        | 0   | 942   |
| 3-month Average                     | 648       | 76   | 7   | 111         | 229  | 1       | 28  | 0        | 0   | 1100  |
| 12-month Average                    | 728       | 63   | 5   | 103         | 212  | 1       | 33  | 0        | 0   | 1145  |

## RESIDENTIAL CONSTRUCTION DIGEST

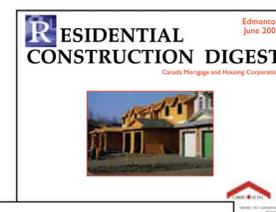
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