

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

Multi-family Housing Starts Rebound with a Vengeance

JUNE 2004

**I N T H I S
I S S U E :**

Analysis	1
STATISTICAL TABLES	
Starts	2
Completions	3
Activity Summary.....	4

June housing starts in the Calgary Census Metropolitan Area (CMA) set the highest total for any month in 22 years. At 1,832 units, June's residential construction surpassed the previous June's total by 59 per cent, while establishing the third highest level on record. Overall starts were fuelled by a surge in multi-family activity that countered a modest decline in single-family construction.

Following a few slow months for Calgary's developers, multi-family starts exploded in June with the best monthly performance since June of 1982. Multi-family starts, including semi-detached homes, rows, and apartments, reached 1,069 units in June, surpassing the previous year's performance by a hefty 243 per cent. This represents the first year-over-year gain of 2004. Given the record multi-family permit approvals in March, market watchers knew a recovery in starts was coming. However, observers should not expect a repeat performance in the coming months. At 364 units in June, multi-family building permit approvals were 38 per cent weaker than the previous year.

With June's excellent performance, the pace of the multi-family market is more closely aligned with CMHC's expectations for the year. At 2,979 units after six months, multi-family starts are down four per cent from the first half of 2003, a considerable

improvement from the 32 per cent shortfall to the end of May. After the first half of the year, row units lag the pace set in 2003 by 38 per cent. Semi-detached and apartment units have posted gains of seven and six per cent, respectively.

Despite a strong starts performance, multi-family completions reached only 273 units in June, the third lowest total in 13 months. With that, relatively few units were absorbed in the multi-family market, as June's 247 absorptions represent the lowest monthly total since April 2003. As the number of completions surpassed those absorbed, multi-family inventories recorded their first month-over-month increase since February of this year. At 605 units in June, the number of complete and unabsorbed dwellings was 26 units higher than May and 32 per cent higher than June 2003. All structure types recorded year-over-year inventory gains. Row-unit inventories increased the most from June 2003, up a hefty 193 per cent. Semi-detached and apartment inventories, meanwhile, increased by 24 and 10 per cent over the same period, respectively.

While multi-family starts posted an exceptional performance in June, single-family construction recorded its third consecutive year-over-year decline. Builders started work on 763 single-family homes in June, lagging the previous year's activity by almost nine per cent. After six months, this brings the year-to-date total to 4,028 units, less than eight per cent below those reported for the first half of 2003. The lagged impact of 2003's weak employment gains, softer net migration, and soaring resale competition have taken a bite out of new home demand. Despite this, the single-family market continues to be healthy and remains on pace for the fifth best year on record. July's construction should benefit

from the strong building permit approvals in June, which at 726 units, were the highest in 22 months and sit 12 per cent higher than June 2003.

For the first time in five months, the number of single-detached absorptions surpassed those that were completed. A six-month high of 709 single-family homes were absorbed in June, surpassing completions by 62 units. As a result, the number of complete and unabsorbed singles fell for the first time since January of this year. At the end of June, 737 singles sat in inventory, 62 fewer than May but eight per cent higher than June 2003. The decline in inventory is attributed to a fall in the number of showhomes from a record of 509 units in May to 422 in June. This represents a seven per cent decline from the previous year. Meanwhile, spec homes increased 25 units from May to reach 315 units in June. With the exception of March, this represents the highest spec-unit count in nearly three years.

Calgary CMA: Single-family Absorbed Price

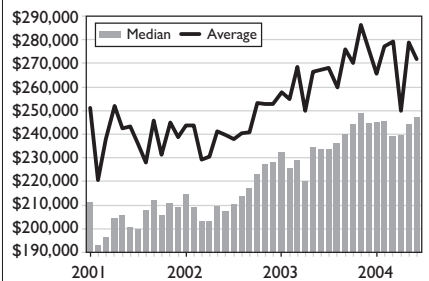


Table I
CALGARY CMA
STARTS ACTIVITY BY AREA JUNE 2004

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
AIRDRIE	65	47	2	8	112	187	85	**
BEISEKER	1	1	0	0	0	1	1	0.00
CALGARY CITY	626	707	52	42	835	1555	967	60.81
CHESTERMERE LAKE	23	26	8	0	0	31	26	19.23
COCHRANE	8	7	0	0	0	8	9	-11.11
CROSSFIELD	3	5	0	0	0	3	9	-66.67
IRRICANA	1	2	0	0	0	1	2	-50.00
MD ROCKYVIEW	36	42	10	0	0	46	50	-8.00
TOTAL	763	837	72	50	947	1832	1149	59.44

Table IB
CALGARY CMA
STARTS ACTIVITY BY AREA YEAR TO DATE

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
AIRDRIE	225	207	12	73	113	423	380	11.32
BEISEKER	1	2	0	0	0	1	2	-50.00
CALGARY CITY	3423	3749	350	362	2003	6138	6556	-6.38
CHESTERMERE LAKE	165	133	40	0	0	205	153	33.99
COCHRANE	52	41	4	0	0	56	76	-26.32
CROSSFIELD	7	19	0	0	0	7	26	-73.08
IRRICANA	4	2	0	4	0	8	6	33.33
MD ROCKYVIEW	151	213	18	0	0	169	267	-36.70
TOTAL	4028	4366	424	439	2116	7007	7466	-6.15

** 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 JUNE 2004

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
AIRDRIE	40	66	2	5	0	47	92	-48.91
BEISEKER	0	1	0	0	0	0	1	**
CALGARY CITY	557	647	60	173	19	809	932	-13.20
CHESTERMERE LAKE	14	21	10	0	0	24	25	-4.00
COCHRANE	10	14	0	0	0	10	14	-28.57
CROSSFIELD	2	3	0	0	0	2	7	-71.43
IRRICANA	0	0	2	0	0	2	2	0.00
MD ROCKYVIEW	24	50	2	0	0	26	70	-62.86
TOTAL	647	802	76	178	19	920	1143	-19.51

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

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
AIRDRIE	190	224	24	33	1	248	405	-38.77
BEISEKER	0	2	0	4	0	4	2	**
CALGARY CITY	3184	3583	278	592	1211	5265	5778	-8.88
CHESTERMERE LAKE	126	142	36	0	0	162	170	-4.71
COCHRANE	41	77	2	0	23	66	113	-41.59
CROSSFIELD	8	12	6	0	0	14	20	-30.00
IRRICANA	4	1	2	4	0	10	3	**
MD ROCKYVIEW	166	215	18	8	0	192	261	-26.44
TOTAL	3719	4256	366	641	1235	5961	6752	-11.72

** 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	
STARTS										
June	763	72	0	50	947	0	0	0	0	1832
2003	837	62	14	178	58	0	0	0	0	1149
Year-To-Date 2004	4028	424	4	435	1652	0	332	0	132	7007
Year-To-Date 2003	4366	398	14	697	1751	0	240	0	0	7466
UNDER CONSTRUCTION										
2004	3832	614	4	678	3637	0	332	0	132	9229
2003	4084	542	14	1066	3439	0	250	0	0	9395
COMPLETIONS										
June	647	76	4	174	19	0	0	0	0	920
2003	802	62	0	109	170	0	0	0	0	1143
Year-To-Date 2004	3719	366	31	606	994	4	241	0	0	5961
Year-To-Date 2003	4256	386	44	446	992	0	628	0	0	6752
COMPLETED & NOT ABSORBED										
2004	737	140	3	132	128	0	202	0	0	1342
2003	680	113	0	46	137	0	162	0	0	1138
TOTAL SUPPLY										
2004	4569	754	7	810	3765	0	534	0	132	10571
2003	4764	655	14	1112	3576	0	412	0	0	10533
ABSORPTIONS										
June	709	57	4	151	28	0	7	0	0	956
3-month Average	665	58	5	100	161	2	6	0	0	997
12-month Average	698	61	4	107	218	1	18	0	0	1107

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