Calgary

HOUSING NOW

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Canada Mortgage and Housing Corporation

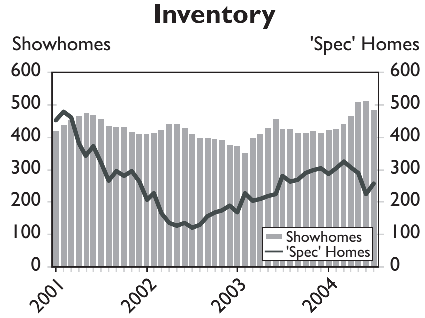
JULY 2004

Calgary Housing Starts Maintain Strong Performance

On the heels of a 22-year high for new home construction in June, local homebuilders posted the third best July for housing starts in almost 25 years. Total housing starts in the Calgary Census Metropolitan Area (CMA) reached 1,093 units in July, only 37 units shy of the previous year. With the recent news that Calgary's net migration fell to a 12-year low, June and July's performances in the new home construction market should be considered exceptional. The strong pace in those months closed the year-to-date decline in housing starts considerably, which, to the end of May sat 18 per cent lower than the previous year. After seven months, total housing starts in the Calgary CMA lagged the corresponding period in 2003 by less than six per cent.

Local builders started work on 752 single-family units in July, up two per cent from production one year earlier. This represents only the second time in the last 12 months that single-family starts recorded a year-over-year gain. While the increase appears promising, CMHC expects few, if any, repeat performances in the last five months of the year. Despite some recent improvement in the job market, the negative impacts of weaker migration and strong resale selection should not be ignored. July's single-family starts bring the year-to-date total to 4,780 units in the Calgary CMA, six per cent fewer than the first seven months of 2003. Of the municipalities comprising the CMA, half of them recorded an increase after seven months. Irricana and Cochrane posted the largest year-to-date gains, up 100 and 47 per cent, respectively. Crossfield, meanwhile, reported the strongest drop during the same period, with single-family starts down 58 per cent.

Calgary CMA - Single-Family Inventory



A total of 648 single-family homes were completed in July, the second highest total of the year thus far. This was closely matched by the number of absorptions, which fell only six units shy of the number of units completed. As a result, single-family inventories were relatively unchanged from the previous month, totaling 743 units. This remains among the highest totals in three years. The majority of single-family units in inventory continue to be showhomes. While the number of showhomes fell from the record 511 units in June to 485 units in July, they remain 14 per cent higher than the previous year. Spec units, the other component of inventory, reached 258 units in July, nine per cent fewer than the previous year. This represents the first year-over-year decline in 18 months.

Meanwhile, following the best performance for the multi-family sector since June 1982, starts of semi-detached, row, and apartment units slipped in July. Work began on a total of 341 multi-family units, 12 per cent fewer than in July of 2003. July's construction brings the year-to-date total to 3,320, five per cent lower than the first seven months of the previous year. Semi-detached units appear to be the big story of the multi-family market in 2004, as they have recorded a 22 per cent increase to-date. During the same time, row units have fallen 37 per cent while apartments have recorded a one per cent gain. As the year progresses, the apartment market should witness a further gain in construction. After seven months, the number of apartment building permit approvals is 44 per cent higher than the previous year.

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On the heels of a relatively slow month for multi-unit completions in June, only 271 units were completed in July, the third lowest total in 14 months. As one can expect, the number of absorptions was also relatively weak, as CMHC does not count a unit absorbed until it is completed. Nonetheless, the number of multi-family absorptions surpassed those completed, as a number of units were absorbed out of inventory. Multi-family inventory fell to 573 units in July, the lowest monthly total in six months. Despite the month-over-month decline, the number of multi-family units in inventory sits 26 per cent higher than the previous year. With the number of multi-family homes under construction elevated to 5,467 units in July, the prospect of higher inventories is likely in the future. In the face of heightened units under construction, an average absorption rate of 78 per cent at completion, and 12-year lows for net migration, developers should not ignore the potential for inventories to reach a 20-year high by 2005.

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Table 1

CALGARY CMA
STARTS ACTIVITY BY AREA JULY 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	% Chg 2004/2003
AIRDRIE	53	49	4	4	0	61	62	-1.61
BEISEKER	1	0	0	0	0	1	0	**
CALGARY CITY	**616**	**624**	**70**	**62**	**118**	**866**	**954**	**-9.22**
CHESTERMERE LAKE	27	20	14	0	0	41	22	86.36
COCHRANE	14	4	2	1	50	67	48	39.58
CROSSFIELD	3	5	0	0	0	3	5	-40.00
IRRICANA	0	0	8	0	0	8	0	**
MD ROCKYVIEW	38	39	8	0	0	46	39	17.95
TOTAL	**752**	**741**	**106**	**67**	**168**	**1093**	**1130**	**-3.27**

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	278	256	16	77	113	484	442	9.50
BEISEKER	2	2	0	0	0	2	2	0.00
CALGARY CITY	**4039**	**4373**	**420**	**424**	**2121**	**7004**	**7510**	**-6.74**
CHESTERMERE LAKE	192	153	54	0	0	246	175	40.57
COCHRANE	66	45	6	1	50	123	124	-0.81
CROSSFIELD	10	24	0	0	0	10	31	-67.74
IRRICANA	4	2	8	4	0	16	6	**
MD ROCKYVIEW	189	252	26	0	0	215	306	-29.74
TOTAL	**4780**	**5107**	**530**	**506**	**2284**	**8100**	**8596**	**-5.77**

** 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 JULY 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	% Chg 2004/2003
AIRDRIE	18	41	0	6	55	79	77	2.60
BEISEKER	1	0	0	0	0	1	0	**
CALGARY CITY	**570**	**644**	**68**	**90**	**46**	**774**	**1057**	**-26.77**
CHESTERMERE LAKE	26	32	4	0	0	30	38	-21.05
COCHRANE	11	21	0	0	0	11	27	-59.26
CROSSFIELD	2	1	0	0	0	2	5	-60.00
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	20	40	2	0	0	22	40	-45.00
TOTAL	**648**	**779**	**74**	**96**	**101**	**919**	**1244**	**-26.13**

Table 2B

CALGARY CMA
HOUSING COMPLETIONS BY AREA YEAR TO DATE

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	% Chg 2004/2003
AIRDRIE	208	265	24	39	56	327	482	-32.16
BEISEKER	1	2	0	4	0	5	2	**
CALGARY CITY	**3754**	**4227**	**346**	**682**	**1257**	**6039**	**6835**	**-11.65**
CHESTERMERE LAKE	152	174	40	0	0	192	208	-7.69
COCHRANE	52	98	2	0	23	77	140	-45.00
CROSSFIELD	10	13	6	0	0	16	25	-36.00
IRRICANA	4	1	2	4	0	10	3	**
MD ROCKYVIEW	186	255	20	8	0	214	301	-28.90
TOTAL	**4367**	**5035**	**440**	**737**	**1336**	**6880**	**7996**	**-13.96**

** Indicates 100% change or greater

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										
July	752	106	10	57	168	0	0	0	0	1093
2003	741	36	10	80	263	0	0	0	0	1130
Year-To-Date 2004	4780	530	14	492	1820	0	332	0	132	8100
Year-To-Date 2003	5107	434	24	777	2014	0	240	0	0	8596
UNDER CONSTRUCTION										
2004	3935	646	14	639	3704	0	332	0	132	9402
2003	4046	536	24	1013	3406	0	250	0	0	9275
COMPLETIONS										
July	648	74	0	96	101	0	0	0	0	919
2003	779	44	0	129	288	4	0	0	0	1244
Year-To-Date 2004	4367	440	31	702	1095	4	241	0	0	6880
Year-To-Date 2003	5035	430	44	575	1280	4	628	0	0	7996
COMPLETED & NOT ABSORBED										
2004	743	146	3	120	110	0	194	0	0	1316
2003	709	107	0	61	147	0	141	0	0	1165
TOTAL SUPPLY										
2004	4678	792	17	759	3814	0	526	0	132	10718
2003	4755	643	24	1074	3553	0	391	0	0	10440
ABSORPTIONS										
July	642	68	0	108	119	0	8	0	0	945
3-month Average	641	62	3	117	151	0	7	0	0	981
12-month Average	689	63	4	107	205	1	17	0	0	1086