Calgary

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

Single-family Starts in May Second Best Month on Record

MAY 2002

IN THIS ISSUE:

Total residential construction in the Calgary Census Metropolitan Area (CMA) increased by 20 per cent in May compared to the same month in 2001. Single-family starts continued to impress, but for the third consecutive month, overall activity was tempered by a decline in multi-family units. Total new construction reached 1,292 units in May, bringing the year-to-date total to 5,311 units, 29 per cent above levels reported one year earlier.

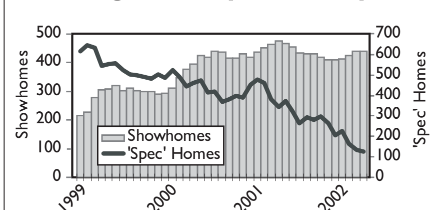
Single-family housing starts reached a hefty 974 units in May, an increase of 34 per cent over the previous year. May's activity also represents the second strongest month on record, surpassed only by the 1,027 new home starts in May of 1998. Had it not been for lack of capacity in the industry and a snowstorm, Calgary's builders would without doubt have set a new monthly record in hope of satisfying Calgary's appetite for new single-family homes. To the end of May, 3,676 single-family homes have been started in the Calgary CMA, 33 per cent ahead of the first five months of 2001. Among centres comprising the Calgary CMA, Cochrane recorded the strongest increase to-date at 121 per cent, followed by a 92 per cent gain in Airdrie.

With continued strength of single-family starts, units under construction have spiked to 3,696 units by the end of May, 47 per cent higher than May 2001 and the highest total since June 1998. Thanks to the following factors, the risk of inventory build up typically associated with construction spikes is currently non-existent. Demand continues to be robust, as absorptions to-date are 25 per cent greater than the previous year, with additional gains expected in the coming months. Meanwhile, spec (non-showhome) inventories have plummeted in recent months, thanks to low selection in the resale market and continued strong demand. At the end of May, there were only 127 spec units in the Calgary CMA, 63 per cent lower than May 2001 and the lowest total in five years. Unfortunately, the lack of spec inventories represents a lost opportunity for the single-family market, as low resale selection is forcing buyers seeking a quick occupancy toward new units. With builders operating at full capacity to satisfy their existing clients, additions to inventory in the short-term are improbable.

While single-family starts continue to shine, multi-family activity, which includes semi-detached, row, and apartment construction, is dampening. A total of 318 multi-family units were started in May, representing a nine per cent drop from the previous year and the third consecutive month of year-over-year decline. Despite this, however, year-to-date construction continues to exceed the pace set one year earlier. To the end of May, 1,635 multi-family units have been started, 19 per cent more than the same period in 2001. While this represents a significant departure from the 91 per cent gain at the end of February, there appears to be little risk of a continued slide. Solid permit activity during the last few months points to a surge in multi-family construction in the near-term. To the end of May, semi-detached and row units lagged last year's pace by four and two per cent, respectively. The pace of apartment construction, however, is 35 per cent ahead of the previous year.

Since October of 2001, the percentage of multiple units absorbed at completion has remained at or above 80 per cent, demonstrating the continued strength of demand in the multi-family sector. In May, this indicator reached 80 per cent, 8 percentage points higher than the level experienced in May 2001. It also represents a significant departure from the 67 per cent low recorded in January of 2001, resulting in renewed confidence in the health of Calgary's condominium and multi-family markets.

Single-Family Inventory



Source: CMHC

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Table 1

CALGARY CMA
STARTS ACTIVITY BY AREA MAY 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	% Chg 2002/2001
AIRDRIE	56	37	6	4	55	121	44	**
BEISEKER	0	0	2	0	0	2	0	**
CALGARY CITY	**819**	**619**	**68**	**103**	**78**	**1068**	**945**	**13.02**
CHESTERMERE LAKE	45	33	0	0	0	45	35	28.57
COCHRANE	22	7	0	0	0	22	15	46.67
CROSSFIELD	0	1	0	0	0	0	3	**
IRRICANA	1	1	2	0	0	3	1	**
MD ROCKYVIEW	31	32	0	0	0	31	38	-18.42
TOTAL	**974**	**730**	**78**	**107**	**133**	**1292**	**1081**	**19.52**

Table 1B

CALGARY CMA
STARTS ACTIVITY BY AREA YEAR TO DATE

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	% Chg 2002/2001
AIRDRIE	192	100	18	20	55	285	121	**
BEISEKER*	1	0	2	0	0	3	0	**
CALGARY CITY	**3162**	**2364**	**176**	**326**	**998**	**4662**	**3669**	**27.06**
CHESTERMERE LAKE	137	93	0	0	0	137	101	35.64
COCHRANE	73	33	8	8	0	89	47	89.36
CROSSFIELD	4	3	0	0	0	4	11	-63.64
IRRICANA	1	2	4	0	0	5	2	**
MD ROCKYVIEW	106	133	12	8	0	126	157	-19.75
TOTAL	**3676**	**2728**	**220**	**362**	**1053**	**5311**	**4108**	**29.28**

** 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 MAY 2002

	Single		Multiple			Total		% Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
AIRDRIE	35	31	4	0	55	94	55	70.91
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**550**	**401**	**70**	**88**	**165**	**873**	**538**	**62.27**
CHESTERMERE LAKE	20	10	2	0	0	22	18	22.22
COCHRANE	16	15	4	3	0	23	19	21.05
CROSSFIELD	0	2	0	0	0	0	6	**
IRRICANA	0	1	0	0	0	0	1	**
MD ROCKYVIEW	23	56	0	0	0	23	62	-62.90
TOTAL	**644**	**516**	**80**	**91**	**220**	**1035**	**699**	**48.07**

Table 2B

CALGARY CMA
HOUSING COMPLETIONS BY AREA YEAR TO DATE

	Single		Multiple			Total		% Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
AIRDRIE	159	98	18	24	114	315	156	**
BEISEKER	0	0	2	0	0	2	0	**
CALGARY CITY	**2542**	**2033**	**206**	**403**	**1006**	**4157**	**4045**	**2.77**
CHESTERMERE LAKE	107	52	4	0	0	111	66	68.18
COCHRANE	31	61	8	3	0	42	80	-47.50
CROSSFIELD	2	7	0	0	0	2	11	-81.82
IRRICANA	1	6	0	0	0	1	6	-83.33
MD ROCKYVIEW	129	173	0	4	0	133	211	-36.97
TOTAL	**2971**	**2430**	**238**	**434**	**1120**	**4763**	**4575**	**4.11**

** 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										
May	974	78	0	107	122	0	11	0	0	1292
2001	730	66	0	112	173	0	0	0	0	1081
Year-To-Date 2002	3676	220	0	362	770	0	283	0	0	5311
Year-To-Date 2001	2728	230	4	367	779	0	0	0	0	4108
UNDER CONSTRUCTION										
2002	3696	416	0	704	2207	0	689	0	0	7712
2001	2521	392	4	706	2794	0	6	0	0	6423
COMPLETIONS										
May	644	80	0	91	164	0	56	0	0	1035
2001	516	86	0	44	53	0	0	0	0	699
Year-To-Date 2002	2971	238	0	434	1007	0	113	0	0	4763
Year-To-Date 2001	2430	322	0	389	1428	0	6	0	0	4575
COMPLETED & NOT ABSORBED										
2002	568	129	0	51	199	0	35	0	0	982
2001	818	176	2	78	448	0	0	0	0	1522
TOTAL SUPPLY										
2002	4264	545	0	755	2406	0	724	0	0	8694
2001	3339	568	6	784	3242	0	6	0	0	7945
ABSORPTIONS										
May	650	66	0	81	183	0	51	0	0	1031
3-month Average	640	46	0	72	204	0	24	0	0	986
12-month Average	629	55	0	81	206	0	10	0	0	981