Calgary

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

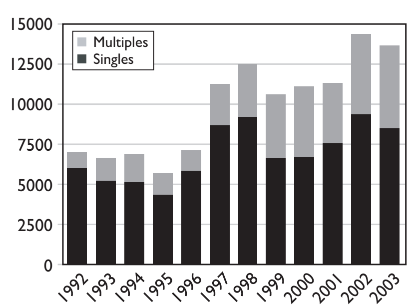
DECEMBER 2003

2003 Housing Starts Down Five Per Cent

Total housing starts in the Calgary Census Metropolitan Area (CMA) reached 13,642 units in 2003, down five per cent from 2002. Though this represents the first annual decline in four years, the overall housing market performance in 2003 should be considered a huge success. Total housing starts in 2003 were the second highest for the Calgary CMA since 1981 and represent the fourth best year on record for local builders.

Multi-family construction, which includes semi-detached, row, and apartment units, ended the year with a bang. In December, multi-unit starts in the Calgary CMA totalled 529 units, the highest total in eight months and more than double activity reported for December 2002. December's starts helped push the year-end total to a 21-year high of 5,116 units, four per cent more than 2002. While 2003 failed to set a new record for multi-family construction, it did establish a new benchmark for home ownership multi-family starts. Low mortgage rates and an excellent selection of affordable condominiums pushed a multitude of renters into ownership during 2003. Multi-family ownership starts (freehold and condominium) reached a record 4,876 in 2003, up from 4,629 in the previous year. Rental starts, meanwhile, totalled only 240 units in 2003, down from 297 in 2002.

Calgary CMA Housing Starts



Multi-family absorptions also ended the year on a strong note with 468 units absorbed in December. Though December's activity pushed annual absorptions to a 20-year high of 5,135 units, it was not enough to prevent a rise in inventories. December saw 83 units added to multi-family inventories over the previous month, reaching a total of 503 for all types combined. This represents the third highest total in 24 months and a 60 per cent gain over the previous year. The prospect of further additions to inventory remains likely in the coming months, considering almost 4,700 units remain under construction - only a few hundred units shy of a 20-year high. The risk of higher inventories is further confirmed by the percentage of units absorbed at completion. Over the fourth quarter of 2003, 79 per cent of units were absorbed upon completion, down from 87 per cent from July to September.

Meanwhile, single-family construction ended the year predictably with the ninth year-over-year decline in ten months. Single-family starts reached 642 units in December, down nine per cent from the previous year. This pushed construction for 2003 to 8,526 units, representing a nine per cent decline from 2002's record performance of 9,413 single-family starts. With a number of factors shifting out of favour, a decline in the single-family market was inevitable in 2003. A hefty decline in net migration, modest job growth, and strong resale selection, all pointed to a weaker single-family performance last year. With 7,300 units within City limits, new single-family construction in 2003 was eight per cent lower than the previous year. The largest year-over-year decline occurred in Cochrane, where builders started 57 per cent fewer homes than 2002. Only Crossfield and MD Rockyview recorded gains over 2002, up by 133 and 17 per cent, respectively.

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Last year, single-family homebuyers witnessed the largest average price gain since 1990. Following a marginal 1.2 per cent gain in 2002, the single-family average price jumped 10.2 per cent in 2003, reaching $267,104. A number of factors contributed to the higher prices, including land, labour and materials. With single-family starts at record levels in 2002, developers worked at full capacity, putting upward pressure on lot prices. The introduction of lot levies also added to lot prices in 2003, which jumped by more than eight per cent. The record pace of construction in 2002 also pushed up labour prices in 2003, while strong demand for lumber by the U.S. and the forest fires in B.C. helped boost material costs. That said, consumer preferences also added strongly to prices in 2003. Lower mortgage rates enabled buyers to purchase a more expensive home with a minimum increase in their monthly carrying costs.

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HOME TO CANADIANS
Canada

Table 1

CALGARY CMA
STARTS ACTIVITY BY AREA DECEMBER 2003

	Single		Multiple			Total		% Chg
AREA	2003	2002	Semi	Row	Apt	2003	2002	2003/2002
AIRDRIE	19	48	4	4	0	27	58	-53.45
BEISEKER	1	1	0	0	0	1	1	0.00
CALGARY CITY	**575**	**585**	**54**	**81**	**372**	**1082**	**770**	**40.52**
CHESTERMERE LAKE	18	26	6	0	0	24	30	-20.00
COCHRANE	5	10	0	0	0	5	10	-50.00
CROSSFIELD	3	2	0	0	0	3	12	-75.00
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	21	32	4	4	0	29	38	-23.68
TOTAL	**642**	**704**	**68**	**89**	**372**	**1171**	**919**	**27.42**

Table 1B

CALGARY CMA
STARTS ACTIVITY BY AREA YEAR TO DATE

	Single		Multiple			Total		% Chg
AREA	2003	2002	Semi	Row	Apt	2003	2002	2003/2002
AIRDRIE	413	521	52	160	91	716	821	-12.79
BEISEKER	3	6	0	4	0	7	8	-12.50
CALGARY CITY	**7300**	**7952**	**608**	**1092**	**2877**	**11877**	**12362**	**-3.92**
CHESTERMERE LAKE	262	366	48	0	0	310	444	-30.18
COCHRANE	77	180	14	14	57	162	232	-30.17
CROSSFIELD	35	15	12	3	0	50	27	85.19
IRRICANA	3	3	2	4	0	9	7	28.57
MD ROCKYVIEW	433	370	62	16	0	511	438	16.67
TOTAL	**8526**	**9413**	**798**	**1293**	**3025**	**13642**	**14339**	**-4.86**

** 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 DECEMBER 2003

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	% Chg 2003/2002
AIRDRIE	29	34	4	23	0	56	38	47.37
BEISEKER	0	1	0	0	0	0	1	**
CALGARY CITY	**678**	**614**	**86**	**118**	**306**	**1188**	**1105**	**7.51**
CHESTERMERE LAKE	11	30	2	0	0	13	42	-69.05
COCHRANE	1	14	0	0	0	1	16	-93.75
CROSSFIELD	3	0	0	0	0	3	0	**
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	44	18	8	4	0	56	20	**
TOTAL	**766**	**711**	**100**	**145**	**306**	**1317**	**1222**	**7.77**

Table 2B

CALGARY CMA
HOUSING COMPLETIONS BY AREA YEAR TO DATE

AREA	Single 2003	Single 2002	Multiple Semi	Multiple Row	Multiple Apt	Total 2003	Total 2002	% Chg 2003/2002
AIRDRIE	457	452	74	204	94	829	796	4.15
BEISEKER	4	3	0	0	0	4	7	-42.86
CALGARY CITY	**7614**	**7170**	**576**	**1000**	**3160**	**12350**	**10921**	**13.08**
CHESTERMERE LAKE	289	319	28	24	0	341	361	-5.54
COCHRANE	131	126	24	34	0	189	158	19.62
CROSSFIELD	32	12	12	3	0	47	12	**
IRRICANA	1	3	2	0	0	3	5	-40.00
MD ROCKYVIEW	444	336	64	16	0	524	370	41.62
TOTAL	**8972**	**8421**	**780**	**1281**	**3254**	**14287**	**12630**	**13.12**

** 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										
December	642	68	0	89	372	0	0	0	0	1171
2002	704	78	0	54	83	0	0	0	0	919
Year-To-Date 2003	8526	798	45	1248	2785	0	240	0	0	13642
Year-To-Date 2002	9413	726	22	1147	2734	0	297	0	0	14339
UNDER CONSTRUCTION										
2003	3527	552	31	853	2961	0	241	0	0	8165
2002	3978	530	22	824	2751	0	556	0	0	8661
COMPLETIONS										
December	766	100	10	131	306	4	0	0	0	1317
2002	711	52	6	74	379	0	0	0	0	1222
Year-To-Date 2003	8972	780	61	1212	2616	8	638	0	0	14287
Year-To-Date 2002	8421	632	15	1038	2379	0	145	0	0	12630
COMPLETED & NOT ABSORBED										
2003	719	122	1	106	203	4	67	0	0	1222
2002	566	104	3	36	157	0	14	0	0	880
TOTAL SUPPLY										
2003	4246	674	32	959	3164	4	308	0	0	9387
2002	4544	634	25	860	2908	0	570	0	0	9541
ABSORPTIONS										
December	766	87	10	126	236	0	9	0	0	1234
3-month Average	739	68	5	124	174	0	20	0	0	1130
12-month Average	735	64	5	95	214	0	49	0	0	1162