

# HOUSING NOW

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

### Housing Starts Take a Breather in August

Following an impressive month of construction in July, new home starts in the Calgary Census Metropolitan Area (CMA) recorded a hefty drop in August. Total residential starts reached 1,001 units, down 42 per cent from August of 2002. While this represents the largest year-over-year decline in more than four years, it does not point to a rapidly decelerating housing market. Rather, the drop is a function of last year's strong activity, as August was by far the best monthly performance of 2002.

Work began on 765 single-family homes in August, down 23 per cent from the previous year. Despite the extent of the decline, CMHC cautions readers not to be overly concerned. Last month's activity appears artificially weak, as it is competing with the second-best monthly performance on record. Persistently low mortgage rates combined with recent strong employment gains should result in respectable demand levels over the duration of the year. Nonetheless, August's building permits confirm a further moderation in the coming months. To the end of August, 5,872 single-family homes have begun construction, eight per cent below the corresponding period one year earlier. Within city limits,

starts are down seven per cent to-date. The largest decline has been in Cochrane, where starts lag the previous year's activity by a 52 per cent margin.

After reaching a 56-month low of 533 units in July of 2002, the number of complete and unabsorbed single-family units has recorded a strong comeback. At 690 units at the end of August, single-family inventories are currently the highest total since November 2001 and 31 per cent above levels recorded one year ago. Readers will take solace in the fact that the increase was warranted, and not representative of a rapidly declining market. The increase can be attributed to a much-needed recovery of spec, or non-showhome, units. At the end of July last year, there were only 121 spec units in the Calgary CMA, 62 per cent lower than July 2001 and the lowest total in over five years. This year, the number of specs reached 263 units in August, double the level reported in August 2002 and the highest total in almost two years.

Similar to the single-family market, multi-family starts, including semi-detached, row, and apartment units, also recorded a hefty decline in August. Multi-family housing starts totalled 236 units in August, the second lowest total thus far into the year and 67 per cent below activity recorded in August 2002. The decline took a substantial bite out of the year-to-date increase, which sat at 48 per cent to the end of July. Notwithstanding, the multi-family market remains on pace for its best year since 1982. After eight months, multi-family construction in the Calgary CMA has reached 3,725 units, 21 per cent above levels reported one year earlier. The construction of row units is leading the

### AUGUST 2003

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charge, with starts up 34 per cent after eight months. During the same time, semi-detached units have posted a 21 per cent gain, while apartment starts have risen 16 per cent.

At the end of August, multi-family inventories were 24 per cent higher than the previous year. By type, apartments are recording the largest year-over-year increase in inventory, up 46 per cent from last August. Row inventories, meanwhile, are up 22 per cent, while semi-detached inventories are eight per cent lower than the previous year. With almost 5,000 multi-family units still under construction and an average absorption rate of 82 per cent upon completion, the risk of rising inventories in the coming months should not be ignored. When this does occur, buyers may begin to see some incentives from builders, a tactic employed to trim inventories in 2001.

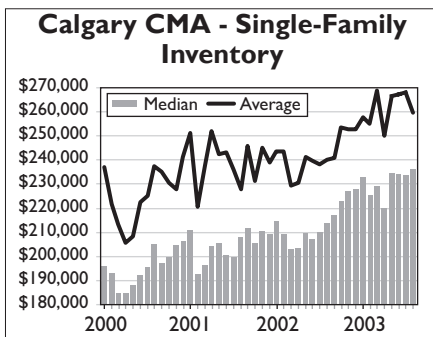


Table I  
CALGARY CMA  
STARTS ACTIVITY BY AREA AUGUST 2003

AREA	Single		Multiple			Total		% Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
AIRDRIE	29	61	2	28	0	59	97	-39.18
BEISEKER	0	3	0	0	0	0	3	**
<b>CALGARY CITY</b>	<b>652</b>	<b>824</b>	<b>60</b>	<b>87</b>	<b>55</b>	<b>854</b>	<b>1484</b>	<b>-42.45</b>
CHESTERMERE LAKE	23	40	2	0	0	25	46	-45.65
COCHRANE	9	14	0	0	0	9	31	-70.97
CROSSFIELD	4	2	2	0	0	6	2	**
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	48	46	0	0	0	48	52	-7.69
<b>TOTAL</b>	<b>765</b>	<b>990</b>	<b>66</b>	<b>115</b>	<b>55</b>	<b>1001</b>	<b>1715</b>	<b>-41.63</b>

Table IB  
CALGARY CMA  
STARTS ACTIVITY BY AREA YEAR TO DATE

AREA	Single		Multiple			Total		% Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
AIRDRIE	285	351	40	140	36	501	560	-10.54
BEISEKER	2	4	0	0	0	2	6	-66.67
<b>CALGARY CITY</b>	<b>5025</b>	<b>5399</b>	<b>376</b>	<b>747</b>	<b>2216</b>	<b>8364</b>	<b>8183</b>	<b>2.21</b>
CHESTERMERE LAKE	176	258	24	0	0	200	277	-27.80
COCHRANE	54	113	8	14	57	133	153	-13.07
CROSSFIELD	28	9	6	3	0	37	9	**
IRRICANA	2	1	0	4	0	6	5	20.00
MD ROCKYVIEW	300	229	46	8	0	354	261	35.63
<b>TOTAL</b>	<b>5872</b>	<b>6364</b>	<b>500</b>	<b>916</b>	<b>2309</b>	<b>9597</b>	<b>9454</b>	<b>1.51</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 AUGUST 2003

AREA	Single		Multiple			Total		% Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
AIRDRIE	45	39	8	15	0	68	48	41.67
BEISEKER	1	0	0	0	0	1	0	**
<b>CALGARY CITY</b>	<b>751</b>	<b>740</b>	<b>48</b>	<b>107</b>	<b>304</b>	<b>1210</b>	<b>1262</b>	<b>-4.12</b>
CHESTERMERE LAKE	22	31	6	4	0	32	31	3.23
COCHRANE	15	19	2	0	0	17	23	-26.09
CROSSFIELD	3	1	0	0	0	3	1	**
IRRICANA	0	2	0	0	0	0	2	**
MD ROCKYVIEW	37	40	0	0	0	37	40	-7.50
<b>TOTAL</b>	<b>874</b>	<b>872</b>	<b>64</b>	<b>126</b>	<b>304</b>	<b>1368</b>	<b>1407</b>	<b>-2.77</b>

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

AREA	Single		Multiple			Total		% Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
AIRDRIE	310	285	56	125	59	550	487	12.94
BEISEKER	3	1	0	0	0	3	3	0.00
<b>CALGARY CITY</b>	<b>4978</b>	<b>4479</b>	<b>350</b>	<b>564</b>	<b>2153</b>	<b>8045</b>	<b>7167</b>	<b>12.25</b>
CHESTERMERE LAKE	196	189	20	24	0	240	193	24.35
COCHRANE	113	76	20	24	0	157	102	53.92
CROSSFIELD	16	6	12	0	0	28	6	**
IRRICANA	1	3	2	0	0	3	3	0.00
MD ROCKYVIEW	292	221	34	12	0	338	235	43.83
<b>TOTAL</b>	<b>5909</b>	<b>5260</b>	<b>494</b>	<b>749</b>	<b>2212</b>	<b>9364</b>	<b>8196</b>	<b>14.25</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>										
August	765	66	3	112	55	0	0	0	0	1001
2002	990	108	0	190	421	0	6	0	0	1715
Year-To-Date 2003	5872	500	27	889	2069	0	240	0	0	9597
Year-To-Date 2002	6364	414	0	685	1702	0	289	0	0	9454
<b>UNDER CONSTRUCTION</b>										
2003	3937	538	27	999	3157	0	250	0	0	8908
2002	4092	460	0	759	2356	0	689	0	0	8356
<b>COMPLETIONS</b>										
August	874	64	0	126	304	0	0	0	0	1368
2002	872	44	0	120	365	0	6	0	0	1407
Year-To-Date 2003	5909	494	44	701	1584	4	628	0	0	9364
Year-To-Date 2002	5260	388	0	691	1738	0	119	0	0	8196
<b>COMPLETED &amp; NOT ABSORBED</b>										
2003	690	100	0	62	130	0	117	0	0	1099
2002	528	109	0	51	149	0	20	0	0	857
<b>TOTAL SUPPLY</b>										
2003	4627	638	27	1061	3287	0	367	0	0	10007
2002	4620	569	0	810	2505	0	709	0	0	9213
<b>ABSORPTIONS</b>										
August	893	71	0	125	321	0	24	0	0	1434
3-month Average	804	59	0	115	262	1	22	0	0	1263
12-month Average	742	62	5	86	187	0	46	0	0	1128

## RESIDENTIAL CONSTRUCTION DIGEST

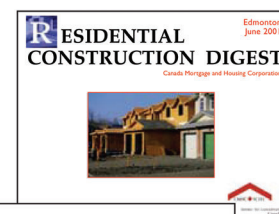
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