

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

Multi-family Housing Starts Boost September Construction

Builders in September started seven per cent more homes in the Calgary Census Metropolitan Area (CMA) than they did 12 months earlier. Total housing starts reached 1,131 units, representing the second best September performance in 23 years. This brings the year-to-date total to 10,391 units, only three per cent fewer than the first nine months of 2003.

For the second month in succession, the gain in total housing starts was led by a surge in multi-family construction. Multi-family starts, including semi-detached, row, and apartment units, totalled 508 in September, representing a 36 per cent jump over September 2003. The heated pace of activity in recent months underscores the volatile nature of the multi-family market. With multi-family starts down 32 per cent after the first five months, it appeared the market would struggle to reach 4,000 units for the year. With year-to-date activity now up two per cent, establishing a 22-year high for multi-family starts this year is not out of the question. This would be made possible by the semi-detached and apartment performances to-date. After nine months, semi-detached and apartment starts have increased by 23 and nine per cent, respectively. Row unit starts, on the other hand, have declined 28 per cent during the same period.

Multi-family completions reached a 19-month low of 218 units in September, just over a third of the total recorded one year earlier. As

a result, the number of absorptions was also relatively low, reaching 311 units in September. While this represents about half the level of absorptions in September 2003, it is a notable achievement as they surpassed the number of completions by a healthy margin. As a result, multi-family inventories reported a welcomed decline in September, falling to a nine-month low of 544 units. Much of the decline can be attributed to absorptions in Calgary's rental apartment market, where a recently completed structure continues to lease up. Despite the recent decline in inventory, the number of complete and unabsorbed multis in September remained 29 per cent higher than the previous year. Semi-detached and row units have recorded the largest year-over-year gains, up 58 and 84 per cent, respectively.

Meanwhile, September's single-family starts were lower than the previous year for the first time in three months. Following an impressive 813-unit performance in August, Calgary's single-family builders started 623 homes last month, nine per cent below those reported one year earlier. September's single-family starts bring the year-to-date total to 6,216 units, five per cent lower than the first nine months of 2003. Within city limits, the decline to-date has matched that of the CMA, while significant swings have occurred in the municipalities. To the end of September, single starts in Cochrane have jumped 43 per cent, while activity in M.D. Rockyview has fallen 25 per cent. Across the CMA, the market can expect similar declines in activity in the coming months. Single-family building permit approvals from the City of Calgary totalled 511 units in September, eight per cent lower than the previous year.

For the second consecutive month, single-family completions excelled. Following a six-year high of 908 units in August, another 814 units were completed in September. While this represents a mere two-unit gain over the previous year, it is the second highest completion total in the previous 13 months. As expected, single-family absorptions in September increased in tandem

SEPTEMBER 2004

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with the number of units completed. A total of 835 single-family homes were absorbed in September, two per cent higher than the previous year. This brings the year-to-date total to 6,090 units, eight per cent below the pace of 2003.

Despite the decline in absorptions to-date, a rise in single-family inventories has not occurred as absorptions have matched completions after nine months. At the end of September, the number of complete and unabsorbed single-family homes reached 715 units, the lowest monthly total in eight months. At 473 units, showhomes accounted for the majority of units in inventory in September. Assuming a conservative average of \$281,000 per home, this represents \$133 million in tied-up capital. While this sounds like an exorbitant figure, showhomes remain a necessary marketing tool given the competitiveness among builders and the number of active subdivisions in the CMA.

Single-family Average Absorbed Price

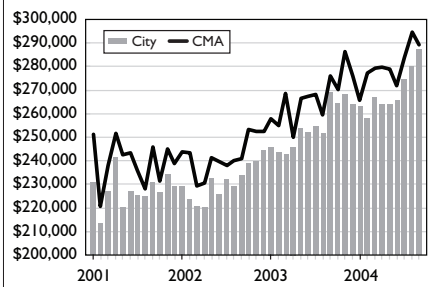


Table I
CALGARY CMA
STARTS ACTIVITY BY AREA SEPTEMBER 2004

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
AIRDRIE	41	42	0	0	0	41	50	-18.00
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	542	570	74	129	297	1042	919	13.38
CHESTERMERE LAKE	13	24	2	0	0	15	26	-42.31
COCHRANE	11	6	2	0	0	13	12	8.33
CROSSFIELD	1	3	2	0	0	3	3	0.00
IRRICANA	0	0	0	0	0	0	2	**
MD ROCKYVIEW	15	37	2	0	0	17	43	-60.47
TOTAL	623	682	82	129	297	1131	1055	7.20

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	340	327	18	77	113	548	551	-0.54
BEISEKER	2	2	0	0	0	2	2	0.00
CALGARY CITY	5273	5595	578	625	2592	9068	9283	-2.32
CHESTERMERE LAKE	244	200	64	0	0	308	226	36.28
COCHRANE	86	60	8	8	50	152	145	4.83
CROSSFIELD	15	31	2	0	0	17	40	-57.50
IRRICANA	4	2	8	4	0	16	8	**
MD ROCKYVIEW	252	337	28	0	0	280	397	-29.47
TOTAL	6216	6554	706	714	2755	10391	10652	-2.45

** 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 SEPTEMBER 2004

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
AIRDRIE	38	41	2	0	0	40	97	-58.76
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	726	713	58	47	99	930	1259	-26.13
CHESTERMERE LAKE	24	22	10	0	0	34	24	41.67
COCHRANE	4	7	0	0	0	4	7	-42.86
CROSSFIELD	1	5	2	0	0	3	5	-40.00
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	21	24	0	0	0	21	26	-19.23
TOTAL	814	812	72	47	99	1032	1418	-27.22

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	299	351	26	73	56	454	647	-29.83
BEISEKER	1	3	0	4	0	5	3	66.67
CALGARY CITY	5242	5691	490	811	1606	8149	9304	-12.41
CHESTERMERE LAKE	223	218	56	0	0	279	264	5.68
COCHRANE	62	120	10	0	57	129	164	-21.34
CROSSFIELD	12	21	8	0	0	20	33	-39.39
IRRICANA	4	1	2	4	0	10	3	**
MD ROCKYVIEW	246	316	26	8	0	280	364	-23.08
TOTAL	6089	6721	618	900	1719	9326	10782	-13.50

** 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										
September 2003	623	82	0	129	297	0	0	0	0	1131
Year-To-Date 2003	682	74	0	71	228	0	0	0	0	1055
Year-To-Date 2004	6216	706	17	697	2291	0	332	0	132	10391
Year-To-Date 2003	6554	574	27	960	2297	0	240	0	0	10652
UNDER CONSTRUCTION										
2004	3649	644	17	681	3792	0	332	0	132	9247
2003	3806	548	27	972	3068	0	250	0	0	8671
COMPLETIONS										
September 2003	814	72	0	47	99	0	0	0	0	1032
Year-To-Date 2003	812	66	0	94	442	0	4	0	0	1418
Year-To-Date 2004	6089	618	31	865	1478	4	241	0	0	9326
Year-To-Date 2003	6721	560	44	795	2026	4	632	0	0	10782
COMPLETED & NOT ABSORBED										
2004	715	168	3	109	130	0	134	0	0	1259
2003	684	106	0	61	135	0	120	0	0	1106
TOTAL SUPPLY										
2004	4364	812	20	790	3922	0	466	0	132	10506
2003	4490	654	27	1033	3203	0	370	0	0	9777
ABSORPTIONS										
September	835	76	0	68	120	0	47	0	0	1146
3-month Average	797	75	0	94	161	0	23	0	0	1150
12-month Average	692	65	4	103	172	1	20	0	0	1057

RESIDENTIAL CONSTRUCTION DIGEST

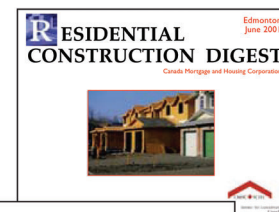
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