Alberta

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

FOURTH QUARTER 2002

New Home Market

Low mortgage rates fuel demand

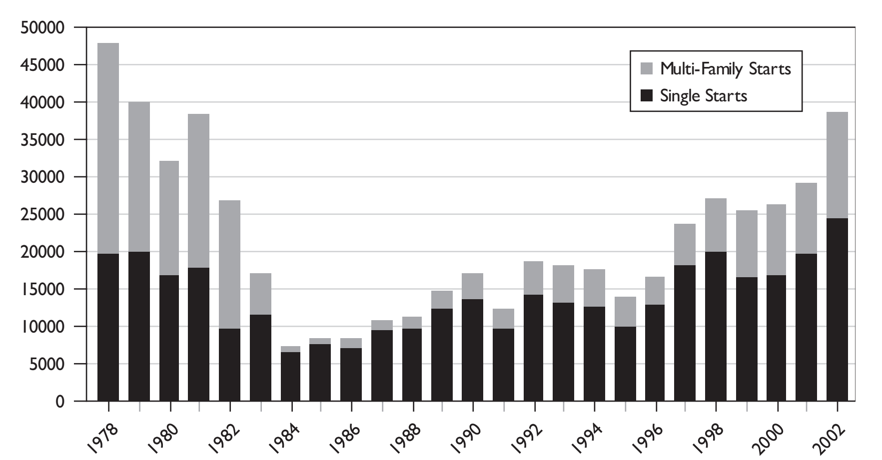
Despite continued upward pressure on labour, land, and materials, persistently low mortgage rates near 40-year lows helped keep housing affordable in Alberta. Even with the sharp increases in prices, particularly in Edmonton, real ownership costs remained at historically low levels. This enabled renters to move directly into homeownership, while allowing others to upgrade their existing house. With many markets plagued by a shortage of resale listings, a new home was often their only suitable option. This also held true for the continued influx of migrants into Alberta, many of who experienced difficulties finding a suitable resale with a quick occupancy.

While low mortgage rates were a dominant factor boosting new home construction in 2002, it certainly was not the only one. With an increase of 2.6 per cent, job creation in Alberta outperformed Canada's rate of employment expansion by 0.4 percentage points. Most of 2002's job creation was a result of full-time employment growth, which has a stronger impact on housing markets than part-time employment gains. With this solid performance, the province maintained its position as a top choice for Canadians moving from other provinces seeking job opportunities. In the 12-month period ending in September, Alberta gained 26,074 people through inter-provincial migration, five per cent more than the corresponding period on year earlier.

Highest housing starts since 1979

In 2002, Alberta's total residential housing starts recorded the best annual performance since 1979. At 38,754 units, Alberta builders started one-third more homes than the previous year. While rural areas posted a healthy gain, their increase was overshadowed by a 34 per cent jump in Alberta's urban

Alberta Housing Starts



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centres. The highest gain occurred in Edmonton, where overall starts increased 60 per cent over 2001's total, reaching 12,581 units. This represents the second best year on record for Edmonton's residential construction industry, behind 1978's 17,065-unit performance.

Not to be outdone, other provincial centres also put in a strong performance in 2002. In the Calgary CMA, work began on 26 per cent more homes than in 2001. In fact, the 14,339 starts recorded in 2002 were the third highest ever for the Calgary CMA and the highest starts total since 1981. Among Census Agglomerations (CAs) with a population between 10,000 and 100,000, seven of ten recorded increases in total starts in 2002. Brooks reported the highest gain, more than doubling 2001's results. Camrose and Grande Prairie also performed well, with 53 and 25 per cent more starts than 2001, respectively. Among centres recording a drop, Wetaskiwin's was the largest at 22 per cent. Lloydminster and Grand Centre, meanwhile, reported smaller declines of six and three per cent, respectively. All the other CAs experienced an increase in their construction activity, ranging from one per cent in Wood Buffalo to 15 per cent in Medicine Hat.

The strong performance within the province also extended to rural Alberta, where total starts for 2002 jumped by 28 per cent over 2001. However, this increase did not prevent a decline in the share of residential construction among rural areas. In 2002, rural construction accounted for only 16 per cent of all provincial starts, compared to 21 per cent just three years earlier.

With this impressive growth, Alberta's year-over-year gain was well above the national average. Nationwide, housing starts exceeded 200,000 units for the first time since 1989, totaling 205,034, or 26 per cent more than in 2001. The strongest gain in the country was reported in Quebec, where housing starts jumped 53 per cent over the previous year. Newfoundland and British Columbia also recorded notable increases, of 35 and 25 per cent, respectively.

Single-detached starts hit a record high

In 2002, single-family homebuilders in Alberta enjoyed their best year on record. With a 24 per cent increase over 2001, provincial activity skyrocketed to 24,520 units in 2002, far eclipsing the previous record of 20,077 in 1998. Strong markets in Calgary and Edmonton, where new records for single-family construction were acheived, boosted overall activity. At 9,413 units, single-starts in Calgary surpassed the previous year's count by a healthy 25 per cent. In Edmonton, the 6,860 single-family starts eclipsed 2001's performance by an impressive 38 per cent margin.

Almost all urban areas recorded an increase in single-family starts last year. The only two exceptions were Grand Centre and Wood Buffalo. In Grande Centre, single-family starts recorded a marginal one per cent decrease. Meanwhile, the Wood Buffalo market failed to repeat the historically high number of starts achieved in 2001. All other CAs reported a year-over-year gain. At 37 per cent, Red Deer reported the largest gain among CAs, reaching 948 units in 2002. Rural Alberta saw a respectable 14 per cent increase in single-family housing starts.

Among centres with a population of 50,000 or more, 5,176 single-family homes were absorbed in the fourth quarter of 2002, up significantly from 3,826 in the fourth quarter of 2001. In Edmonton, the most popular price range for single-family homes is now from $200,000 to $250,000. With this shift in focus toward higher prices, newly absorbed single-detached units in Edmonton increased by an average of 8.5 per cent in 2002, reaching $204,921. In Calgary, low mortgage rates and a lack of resale selection at the low end of the market prompted buyers to focus on the lower to middle price ranges. As a result, the average single-detached price in Calgary increased only 1.2 per cent in 2002, reaching $242,386. This represents the weakest price growth in Calgary since 1996.

Robust multi-family activity in 2002

In 2002, multi-family starts, which consist of semi-detached, row and apartment units, increased substantially over the previous year. At 14,234 units, Alberta's multi-family starts were 51 per cent higher than 2001. This also represents the best annual performance since 1982 when 17,152 starts were recorded. By type, the most active segment was in the apartment market where construction began on 8,834 units, 56 per cent more than 2001. By tenure, 9,440 units were started for ownership tenure (freehold or condominium) in 2002, representing a new record for ownership multi-family starts. During the same time, 3,191 units were started for rental tenure, the best rental performance since the early 1980's.

In Alberta's urban areas, multi-family starts totaled 12,631 units in 2002, up almost 50 per cent from 2001. Edmonton led the increase in multi-family starts, as the 5,721 starts almost doubled 2001's performance. Though Calgary's multi-family builders enjoyed a 30 per cent increase over 2001, it was not enough to outperform Edmonton. The 4,926 multi-family starts in Calgary last year represents the first time since 1994 that Calgary failed to surpass Edmonton's multi-family activity. Among smaller urban centres, Wood Buffalo recorded an impressive 39 gain, while Brooks and Camrose also posted significant increases in multi-family construction.

For More Information, Please Contact:
Richard Corriveau
Senior Market Analyst
Telephone: (403) 515-3005
Fax: (403) 515-3036
E-mail: Rcorrive@cmhc-schl.gc.ca

Table 1 PROVINCE OF ALBERTA STARTS ACTIVITY BY AREA - 4TH QUARTER 2002								
	Single		**Multiple**			**Total**		**Chg**
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**1870**	**1315**	**250**	**85**	**1480**	**3685**	**2247**	**64.00**
EDMONTON CITY	1189	727	208	76	1326	2799	1469	90.54
CALGARY CMA	**2213**	**1853**	**226**	**300**	**818**	**3557**	**3126**	**13.79**
CALGARY CITY	1848	1580	160	229	818	3055	2715	12.52
BROOKS TOWN CA	25	15	2	4	0	31	21	47.62
CAMROSE CA	29	16	6	0	0	35	20	75.00
GRAND CENTRE CA	66	71	0	0	0	66	77	-14.29
GRANDE CENTRE TOWN	9	5	0	0	0	9	5	80.00
BONNYVILLE TOWN	4	4	0	0	0	4	6	-33.33
COLD LAKE TOWN	14	19	0	0	0	14	23	-39.13
GRANDE PRAIRIE CA	151	126	20	16	0	187	152	23.03
LETHBRIDGE CA	170	133	30	19	0	219	135	62.22
LLOYDMINSTER CA	30	29	0	0	0	30	29	3.45
MEDICINE HAT CA	129	103	18	4	0	151	193	-21.76
RED DEER CA	246	222	62	42	0	350	401	-12.72
WETASKIWIN CA	5	4	8	0	0	13	14	-7.14
WOOD BUFFALO CA	208	320	14	56	177	455	572	-20.45
WOOD BUFFALO USA (Fort McMurray)	202	319	14	56	177	449	571	-21.37
ALBERTA URBAN	**5142**	**4207**	**636**	**526**	**2475**	**8779**	**6987**	**25.65**
ALBERTA RURAL	**1050**	**1082**	**224**	**107**	**83**	**1464**	**1405**	**4.20**
TOTAL	**6192**	**5289**	**860**	**633**	**2558**	**10243**	**8392**	**22.06**

Table 1b PROVINCE OF ALBERTA STARTS ACTIVITY BY AREA - YEAR TO DATE								
	Single		**Multiple**			**Total**		**Chg**
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**6860**	**4959**	**1082**	**513**	**4126**	**12581**	**7855**	**60.17**
EDMONTON CITY	4157	2815	748	312	3604	8821	4811	83.35
CALGARY CMA	**9413**	**7559**	**726**	**1169**	**3031**	**14339**	**11349**	**26.35**
CALGARY CITY	7952	6474	548	945	2917	12362	9867	25.29
BROOKS TOWN CA	55	44	16	40	0	111	50	**
CAMROSE CA	89	52	12	0	40	141	92	53.26
GRAND CENTRE CA	230	233	6	0	0	236	243	-2.88
GRANDE CENTRE TOWN	18	21	0	0	0	18	21	-14.29
BONNYVILLE TOWN	27	11	0	0	0	27	13	**
COLD LAKE TOWN	69	78	6	0	0	75	84	-10.71
GRANDE PRAIRIE CA	513	404	58	57	111	739	590	25.25
LETHBRIDGE CA	565	478	62	51	78	756	690	9.57
LLOYDMINSTER CA	186	181	8	8	0	202	214	-5.61
MEDICINE HAT CA	452	357	58	56	130	696	604	15.23
RED DEER CA	948	691	162	124	251	1485	1331	11.57
WETASKIWIN CA	24	13	22	0	8	54	69	-21.74
WOOD BUFFALO CA	762	921	22	152	452	1388	1370	1.31
WOOD BUFFALO USA (Fort McMurray)	712	903	22	152	452	1338	1352	-1.04
ALBERTA URBAN	**20097**	**15892**	**2234**	**2170**	**8227**	**32728**	**24457**	**33.82**
ALBERTA RURAL	**4423**	**3877**	**635**	**361**	**607**	**6026**	**4717**	**27.75**
TOTAL	**24520**	**19769**	**2869**	**2531**	**8834**	**38754**	**29174**	**32.84**

*** indicates a greater than 100 per cent change*

Table 2
ALBERTA HOUSING COMPLETIONS BY AREA
4TH QUARTER 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
EDMONTON CMA	**1746**	**1444**	**226**	**205**	**762**	**2939**	**2221**	**32.33**
EDMONTON CITY	959	770	170	110	744	1983	1440	37.71
CALGARY CMA	**2276**	**1839**	**158**	**216**	**550**	**3200**	**2512**	**27.39**
CALGARY CITY	1934	1583	134	175	488	2731	2188	24.82
BROOKS TOWN CA	12	9	2	20	0	34	9	**
CAMROSE CA	18	21	6	0	0	24	57	-57.89
GRAND CENTRE CA	72	81	0	0	0	72	83	-13.25
GRANDE CENTRE TOWN	4	8	0	0	0	4	8	-50.00
BONNYVILLE TOWN	10	7	0	0	0	10	9	11.11
COLD LAKE TOWN	21	33	0	0	0	21	33	-36.36
GRANDE PRAIRIE CA	106	100	18	0	47	171	182	-6.04
LETHBRIDGE CA	141	109	16	0	12	169	135	25.19
LLOYDMINSTER CA	42	47	4	8	0	54	71	-23.94
MEDICINE HAT CA	134	91	16	21	163	334	114	**
RED DEER CA	227	219	26	36	125	414	439	-5.69
WETASKIWIN CA	4	5	2	0	8	14	41	-65.85
WOOD BUFFALO CA	216	303	2	16	180	414	520	-20.38
WOOD BUFFALO USA (Fort McMurray)	208	302	2	16	180	406	519	-21.77
ALBERTA URBAN	**4994**	**4268**	**476**	**522**	**1847**	**7839**	**6384**	**22.79**
ALBERTA RURAL	**1296**	**899**	**176**	**86**	**121**	**1679**	**1132**	**48.32**
TOTAL	**6290**	**5167**	**652**	**608**	**1968**	**9518**	**7516**	**26.64**

Table 2b
ALBERTA HOUSING COMPLETIONS BY AREA
YEAR TO DATE

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
EDMONTON CMA	**5366**	**4528**	**750**	**386**	**2112**	**8614**	**7493**	**14.96**
EDMONTON CITY	3152	2488	512	219	1819	5702	4424	28.89
CALGARY CMA	**8421**	**6790**	**632**	**1053**	**2524**	**12630**	**11080**	**13.99**
CALGARY CITY	7170	5807	536	922	2293	10921	9782	11.64
BROOKS TOWN CA	57	36	16	24	0	97	45	**
CAMROSE CA	71	59	8	0	12	91	99	-8.08
GRAND CENTRE CA	246	203	12	0	0	258	211	22.27
GRANDE CENTRE TOWN	14	19	0	0	0	14	19	-26.32
BONNYVILLE TOWN	21	15	0	0	0	21	17	23.53
COLD LAKE TOWN	81	65	12	0	0	93	69	34.78
GRANDE PRAIRIE CA	509	354	68	47	105	729	530	37.55
LETHBRIDGE CA	526	450	44	20	12	602	881	-31.67
LLOYDMINSTER CA	205	159	10	15	0	230	185	24.32
MEDICINE HAT CA	411	307	56	55	262	784	399	96.49
RED DEER CA	867	589	80	128	133	1208	1024	17.97
WETASKIWIN CA	22	12	18	0	8	48	114	-57.89
WOOD BUFFALO CA	810	776	46	121	334	1311	1237	5.98
WOOD BUFFALO USA (Fort McMurray)	761	757	46	121	334	1262	1218	3.61
ALBERTA URBAN	**17511**	**14263**	**1740**	**1849**	**5502**	**26602**	**23298**	**14.18**
ALBERTA RURAL	**4246**	**3784**	**599**	**281**	**434**	**5560**	**4638**	**19.88**
TOTAL	**21757**	**18047**	**2339**	**2130**	**5936**	**32162**	**27936**	**15.13**

*** indicates a greater than 100 per cent change*

Table 3

PROVINCE OF ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 4TH QUARTER

	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**18**	**86**	**323**	**461**	**506**	**372**	**1766**
CALGARY CMA	**1**	**7**	**250**	**423**	**812**	**771**	**2264**
LETHBRIDGE CA	2	29	64	17	18	14	144
MEDICINE HAT CA	1	17	37	40	19	17	131
RED DEER CA	1	14	70	62	52	36	235
TOTAL	**23**	**153**	**744**	**1003**	**1407**	**1210**	**4540**

Table 3b

PROVINCE OF ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2001

	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**36**	**188**	**433**	**340**	**275**	**205**	**1477**
CALGARY CMA	**5**	**40**	**335**	**455**	**546**	**511**	**1892**
LETHBRIDGE CA	5	43	38	13	12	11	122
MEDICINE HAT CA	1	28	31	20	6	3	89
RED DEER CA	1	50	66	51	32	26	226
TOTAL	**48**	**349**	**903**	**879**	**871**	**756**	**3806**

Table 4
PROVINCE OF ALBERTA
UNDER CONSTRUCTION - DECEMBER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**3,308**	**1,818**	**618**	**226**	**4,073**	**8,225**	**4,236**	**94.17**
EDMONTON CITY	2,043	1,039	428	176	3,550	6,197	3,056	**
CALGARY CMA	**3,978**	**2,991**	**530**	**846**	**3,307**	**8,661**	**7,164**	**20.90**
CALGARY CITY	3,232	2,452	394	694	3,248	7,568	6,336	19.44
BROOKS TOWN CA	25	27	10	16	0	51	37	37.84
CAMROSE CA	35	17	4	0	32	71	21	**
GRANDE CENTRE CA	72	88	0	0	0	72	94	-23.40
BONNYVILLE TOWN	10	4	0	0	0	10	4	**
COLD LAKE TOWN	30	38	0	0	0	30	44	-31.82
GRANDE PRAIRIE CA	135	131	22	16	0	173	163	6.13
LETHBRIDGE CA	257	218	46	46	78	427	273	56.41
LLOYDMINSTER CA	58	82	0	0	0	58	91	-36.26
MEDICINE HAT CA	185	145	32	35	20	272	359	-24.23
RED DEER CA	326	245	100	79	521	1,026	750	36.80
WETASKIWIN CA	8	6	14	0	0	22	16	37.50
WOOD BUFFALO CA	171	219	12	100	355	638	561	13.73
WOOD BUFFALO USA (Fort McMurray)	171	219	12	100	355	638	561	13.73
ALBERTA URBAN	**8,558**	**5,987**	**1,388**	**1,364**	**8,386**	**19,696**	**13,765**	**43.09**
ALBERTA RURAL	**1,529**	**1,353**	**329**	**254**	**360**	**2,472**	**2,015**	**22.68**
TOTAL	**10,087**	**7,340**	**1717**	**1618**	**8746**	**22,168**	**15,780**	**40.48**

Table 4b
PROVINCE OF ALBERTA
COMPLETE AND NOT OCCUPIED - DECEMBER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**318**	**370**	**68**	**20**	**365**	**771**	**877**	**-12.09**
CALGARY CMA	**566**	**674**	**104**	**39**	**171**	**880**	**1129**	**-22.05**
LETHBRIDGE CA	26	33	8	0	1	35	42	-16.67
MEDICINE HAT CA	32	27	6	11	85	134	55	**
RED DEER CA	32	35	13	5	40	90	46	95.65
Total	**974**	**1139**	**199**	**75**	**662**	**1910**	**2149**	**-11.12**

N\A: not available

** indicates greater than 100 per cent change

Table 5
ALBERTA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
Fourth Quarter	5142	636	33	451	1714	42	761	0	0	8779
Previous Year	4207	382	9	305	900	35	1149	0	0	6987
Year-To-Date 2002	20097	2234	88	1757	5361	325	2866	0	0	32728
Year-To-Date 2001	15892	1496	78	1246	3283	177	2285	0	0	24457
UNDER CONSTRUCTION										
2002	8558	1388	52	1203	5785	109	2601	0	0	19696
2001	5982	890	30	1015	4101	66	1676	0	0	13760
COMPLETIONS										
Fourth Quarter	4994	476	33	372	874	117	973	0	0	7839
Previous Year	4268	316	31	300	920	80	469	0	0	6384
Year-To-Date 2002	17511	1740	85	1477	3598	287	1904	0	0	26602
Year-To-Date 2001	14263	1350	105	1180	4306	268	1826	0	0	23298
COMPLETED & NOT ABSORBED[2]										
2002	974	199	12	51	245	12	417	0	0	1910
2001	1139	246	2	72	486	7	197	0	0	2149
TOTAL SUPPLY[3]										
2002	9532	1587	64	1254	6030	121	3018	0	0	21606
2001	7121	1136	32	1087	4587	73	1873	0	0	15909
ABSORPTIONS[2]										
Fourth Quarter	5176	471	23	360	862	86	819	0	0	7797
Previous Year	3826	321	35	323	1044	86	449	0	0	6084
12 month Average	1362	137	6	120	315	22	141	0	0	2103

[1] May include units intended for condominium.
[2] Centres of 50,000 population and over.
[3] Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES

Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the "dwelling unit" (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a "single-house". It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the branch territory is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over.

In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population. The Edmonton CMA includes 35 municipalities and Calgary CMA includes nine. *Note: Wood Buffalo USA includes Fort McMurray City and Wood Buffalo includes Ft. McMurray CA*

A Census Agglomeration refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.