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Canada Mortgage and Housing Corporation
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Calgary Housing Starts Surpass 14,000 Units in 2004

For only the second time in the last 23 years, total housing starts in the Calgary Census Metropolitan Area (CMA) surpassed the 14,000-unit mark. Local builders started 14,008 homes of all types in 2004, up three per cent from the previous year. 2004 was a truly phenomenal year considering supporting factors such as net migration and job growth were historically weak. Undoubtedly, record low mortgage rates deserve a huge pat on the back for the success of 2004. Much of the market's strength occurred in the latter half of the year, as each of the last five months outperformed corresponding figures in 2003. At 1,259 units, December's starts were eight per cent higher than December 2003.

2004's gain in housing starts was fuelled by an exceptional multi-family performance. Multi-family starts, which include semi-detached homes, rows, and apartments, reached 5,775 units in 2004, a 22-year high and a 13 per cent gain over 2003. While total multi-family starts did not set records, 2004 set a new high for ownership units. The 5,300 ownership starts in 2004 surpassed the previous record in 2003 by nine per cent. As was the case in 2003, ownership multi-family demand was fuelled by favourable mortgage rates and an excellent selection of lower-priced units. Meanwhile, despite one of the highest rates of rental

vacancy in 10 years, Calgary recorded a 15-year high for rental starts. In 2004, 464 rental units began construction, eclipsing the previous year's rental starts by 90 per cent. However, not all are intended for the traditional rental market, as 132 are assisted living units.

Despite a 13 per cent year-over-year gain in multi-family starts in 2004, overall absorptions reported a 10 per cent decline from 2003, totalling 4,619 units. While this represents a strong number historically, the decline in absorptions was unexpected. Multi-family starts have reported three consecutive years of increases, which historically would have translated in a subsequent rise in absorptions. The decline in absorptions contributed to a gain in the number of complete and unabsorbed units. For each month of 2004, multi-family inventories surpassed those which were recorded in 2003. At the end of December, 605 multi-family units sat in inventory, representing a 20 per cent gain over December 2003. Semi-detached units recorded the highest gain in inventory, up 58 per cent from the previous year. Apartment inventories reported an 11 per cent gain in December, resulting from a 82 per cent rise in complete and unabsorbed rental apartments.

For the second year in succession, Calgary's single-family builders started fewer homes than the previous year. Following a nine per cent decline in 2003, single-family starts fell three per cent in 2004, reaching 8,233 units. While record low mortgage rates ensured strong demand, the overall performance of single-family starts was hampered by weak migration, modest employment growth, and strong resale selection. Despite the year-over-year decline in 2004, the single-family market posted the fifth best year on record. Among areas recording declines, the Municipal District of Rockyview's was the largest, down 19 per cent from 2003. At 57 per cent, Cochrane recorded one of the

CALGARY DECEMBER 2004

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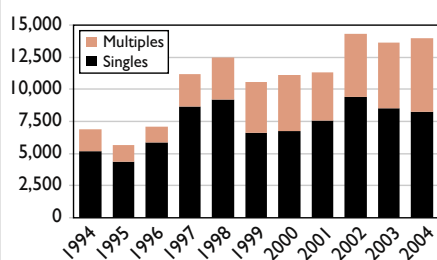
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Calgary CMA

largest increases in single-family starts over 2003, while Chestermere Lake reported a gain of 22 per cent.

Similar to the multi-family market, single-family absorptions also reported a decline in 2004. At 8,301 units, single-family absorptions fell six per cent from the previous year, a natural occurrence considering starts have fallen for the second consecutive year. The only indicator to set a new single-family record in 2004 was the average absorbed price. At \$285,250 in 2004, the average price of a single-family unit was nearly seven per cent higher than 2003. Overall price growth can be attributed to a number of factors. While average prices were buoyed by more expensive energy by-products, land, and labour, the dominant factor pushing up costs was framing packages which recorded hefty price gains throughout the year. Consumers also added to the upward price pressure in 2004, as record low mortgage rates enabled them to purchase a more expensive home without much gain in their monthly carrying costs.

Calgary CMA Housing Starts



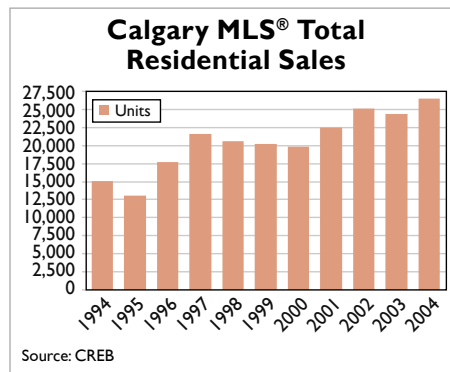
Source: CMHC

Resale Transactions Set New Record in 2004

Calgary's resale market posted a number of new records in 2004, including sales, new listings, and average prices. The number of residential sales through the Calgary Real Estate Board totalled 26,512 units, almost nine per cent above 2003's activity and six per cent above the previous record set in 2002. Considering net migration in 2004 was a 12-year low and employment growth in 2003 was the lowest in 10 years, the new sales record is astonishing. As was the case for the new home market, mortgage rates at record lows must be seen as the dominant factor fuelling demand. Another factor boosting activity was the strong resale selection, the highest since 1995.

At 19,686 units, single-family sales surpassed 2003's activity by almost eight per cent, and were almost 700 units higher than the previous record set in 2002. Condominium sales reached 6,700 units in 2004, considerably higher than any year before. At 6,040 units, the previous record for condominium sales was set in 2003. However, this was 10 per cent lower than the new record set in 2004.

Throughout the year, Calgary's resale market was characterized with balanced market conditions. While sales reached record levels, so too did new listings, keeping selection high for prospective buyers. At an annual average of



6,178 units, active listings in 2004 were seven per cent higher than 2003, which was already a 45 per cent jump over 2002's average active listings. The high number of active listings combined with record sales maintained the sales-to-active listings at an average of 35 per cent for the year. This represents a significant departure from 2002, when the average sales-to-active listings ratio sat at 53 per cent. As a result, average price growth in Calgary's resale market was more modest in 2004 compared to the two previous years. Average resale prices in 2004 increased 5.5 per cent from 2003, reaching \$222,851 for all units combined. Price growth in the condominium market was strongest at 6.2 per cent, reaching \$166,514 for the year.

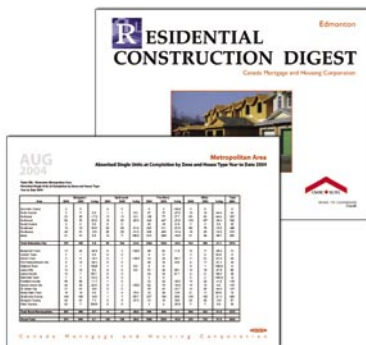
Employment Growth Recovers from 10-Year Low

For the first time in five years, Calgary's rate of job creation surpassed that of the previous year. Following a nine year low of 12,200 new jobs in 2003, the local economy expanded payrolls by 14,700 positions in 2004. While this is a healthy and welcome gain, the corresponding 2.5 per cent annual growth rate still pales in comparison to the preceding 10-year average of 4.2 per cent.

More critical for the performance of Calgary's housing markets is the rate of full-time job creation, as it is a critical prerequisite to buying a home. In 2003, just over one-third of all jobs created were full-time, the poorest ratio of full-time to total job growth since 1992. Thankfully for housing markets, the ratio of full-time to total job creation increased in 2004, accounting for 63 per cent of all jobs created. Though this represents a welcome improvement from the previous year, it is still not aligned with historical averages. Since the early 1990's the ratio of full-time to total job growth has averaged close to 80 per cent.

In 2004, Calgary's employment growth was suppressed by a lack of net migration. At 2,253 people, net migration into the City of Calgary reached a 12-year low. Arguably, employment growth would have been higher had there been additional residents to fill the number of vacant positions. Throughout 2004, the Calgary labour market was characterized as one of the tightest in the nation. At 5.2 per cent, Calgary had one of the lowest unemployment rates in the country, while the rate of labour force participation was highest among census metropolitan areas.

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Table IA
STARTS ACTIVITY BY AREA
 CALGARY CMA - DECEMBER 2004

Area	Single		Multiple			Total		% chg
	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Airdrie	34	19	0	21	0	55	27	**
Beiseker	0	1	0	0	0	0	1	**
Calgary City	595	575	62	84	367	1,108	1,082	2.40
Chestermere Lake	29	18	4	4	0	37	24	54.17
Cochrane	13	5	0	3	0	16	5	**
Crossfield	3	3	0	0	0	3	3	0.00
Irricana	1	0	0	0	0	1	0	**
Md Rockyview	33	21	6	0	0	39	29	34.48
Total	708	642	72	112	367	1,259	1,171	7.51

Table IB
STARTS ACTIVITY BY AREA
 CALGARY CMA - YEAR TO DATE

Area	Single		Multiple			Total		% chg
	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Airdrie	433	413	20	120	113	686	716	-4.19
Beiseker	2	3	0	0	0	2	7	-71.43
Calgary City	,6982	7,300	760	796	3,656	12,194	11,877	2.67
Chestermere Lake	320	262	68	4	96	488	310	57.42
Cochrane	121	77	8	18	50	197	162	21.60
Crossfield	20	35	2	0	0	22	50	-56.00
Irricana	6	3	8	4	0	18	9	**
Md Rockyview	349	433	52	0	0	401	511	-21.53
Total	8,233	8,526	918	942	3915	14,008	13,642	2.68

** indicates a greater than 100 per cent change

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 at 403-515-3005 or fax 403-515-3036.

Table 2A
HOUSING COMPLETIONS BY AREA
 CALGARY CMA - DECEMBER 2004

Area	Single		Multiple			Total		% chg
	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Airdrie	53	29	4	12	0	69	56	23.21
Beiseker	0	0	0	0	0	0	0	**
Calgary City	590	678	42	92	131	855	1,188	-28.03
Chestermere Lake	19	11	8	0	0	27	13	**
Cochrane	9	1	0	0	0	9	1	**
Crossfield	1	3	0	0	0	1	3	-66.67
Irricana	0	0	0	0	0	0	0	**
Md Rockyview	35	44	4	0	0	39	56	-30.36
Total	707	766	58	104	131	1,000	1,317	-24.07

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

Area	Single		Multiple			Total		% chg
	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Airdrie	431	457	36	121	56	644	829	-22.32
Beiseker	2	4	0	4	0	6	4	50.00
Calgary City	7,109	7,614	654	1,052	2,589	11,404	12,350	-7.66
Chestermere Lake	288	289	88	0	0	376	341	10.26
Cochrane	92	131	12	0	57	161	189	-14.81
Crossfield	17	32	8	0	0	25	47	-46.81
Irricana	4	1	2	4	0	10	3	**
Md Rockyview	348	444	32	8	0	388	524	-25.95
Total	8,291	8,972	832	1,189	2,702	13,014	14,287	-8.91

** indicates a greater than 100 per cent change

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Table 3
HOUSING ACTIVITY SUMMARY
CALGARY CMA

Activity	Ownership					Rental				Grand Total
	Freehold			Condominium		Private		Assisted		
	Single ¹	Semi ¹	Row	Row	Apt	Row	Apt	Row	Apt	
Starts										
December 2004	708	72	0	112	367	0	0	0	0	1,259
December 2003	642	68	0	89	372	0	0	0	0	1,171
Year-to-Date 2004	8,233	918	17	925	3,451	0	332	0	132	14,008
Year-to-Date 2003	8,526	798	45	1,248	2,785	0	240	0	0	13,642
Under Construction										
December 2004	3,462	648	20	619	3,969	0	332	0	132	9,182
December 2003	3,527	552	31	853	2,961	0	241	0	0	8,165
Completions										
December 2004	707	58	0	104	131	0	0	0	0	1,000
December 2003	766	100	10	131	306	4	0	0	0	1,317
Year-to-Date 2004	8,291	832	35	1,150	2,461	4	241	0	0	13,014
Year-to-Date 2003	8,972	780	61	1,212	2,616	8	638	0	0	14,287
Completed & Not Absorbed										
December 2004	706	193	0	112	178	0	122	0	0	1,311
December 2003	719	122	1	106	203	4	67	0	0	1,222
Total Supply²										
December 2004	4,168	841	20	731	4,147	0	454	0	132	10,493
December 2003	4,246	674	32	959	3,164	4	308	0	0	9,387
Absorptions										
December 2004	747	59	0	103	120	0	3	0	0	1,032
3-month Average	737	63	2	94	312	0	4	0	0	1,212
12-month Average	692	63	3	95	207	1	16	0	0	1,077

¹ May include units intended for condominium.

² Sum of units under construction, complete and unoccupied

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