HOUSING MARKET OUTLOOK

Canada Mortgage and Housing Corporation

www.cmhc.ca

Housing Market Overview

Another Good Year for the Housing Industry

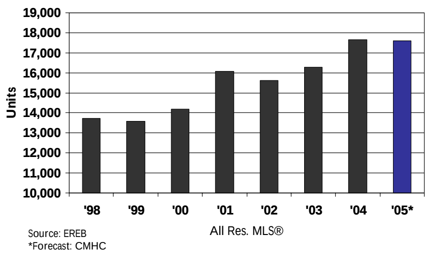
The economy of the capital region will remain in high gear during 2005 thanks to investment spending in the province's energy sector. Strong oil and gas prices are good news for a crowd of industries across Metro such as refiners, drillers, fabricators and oil field service suppliers. The current boom in infrastructure spending will also carry into 2006. The annual rate of job creation across the region eclipsed the three per cent level in 2003 and 2004. With the economy now operating at near capacity, employment growth in 2005 will pull back to the 2.2 per cent range, representing 12,000 new jobs.

New home construction across Greater Edmonton slowed in 2004 but the decline largely centred in the multi-family sector, with the industry responding to concerns over elevated levels of unoccupied new condominium apartments. Despite the reduction in activity, total housing starts exceeded 11,000 units for the third year in a row. In 2005, the industry will see further reductions in new home construction but overall activity will still surpass the 10,000 unit mark.

Edmonton's residential resale market set new records for both sales and prices last year. While this momentum will carry into the current year, gradual albeit modest increases in borrowing costs will negatively impact demand in the second half of 2005. This said, overall sales volumes will remain close to last year's record levels. A strong economy coupled with historically low mortgage rates persuaded many renters to move into home ownership last year and numerous existing homeowners to trade up. Thanks to an improved supply of listings in 2004, price increases dipped below the double-digit gains seen in 2002 and 2003.

Chart #1

Home Sales Remain Strong in 2005



Source: EREB
*Forecast: CMHC

Balanced market conditions will again help to further restrain price increases in 2005.

In 2004, rental apartment vacancies remained on the rise due to the strong apartment construction levels witnessed in 2003. Landlords were forced to hold the line on rent increases to help shore-up occupancy levels. Others, particularly newer buildings with higher rents, are increasingly offering incentives to lure new tenants. Meanwhile, operating costs are on the rise and net incomes from rental properties are getting squeezed. In 2005, apartment vacancies will turn the corner in response to falling rental unit completions. Rents will inch higher this year due to reduced competition from the new rental and home ownership markets as well as rising operating costs.

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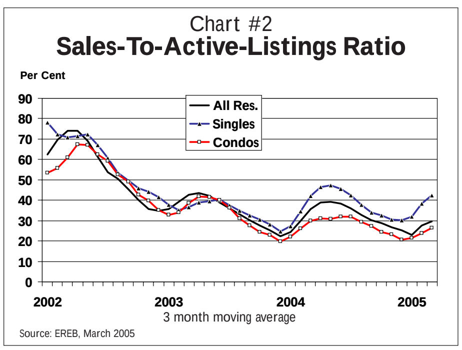
RESALE MARKET

Demand Weakens in 2nd Half of 2005

Total residential sales across the Greater Edmonton hit a record 17,652 units on the MLS® in 2004, according to the Edmonton Real Estate Board (EREB). While sales activity to the end of the first quarter of 2005 remained above last year's levels, we see a slight moderating trend around the corner as mortgage rates continue to inch upward. This said, the overall sales totals will come close to rivalling last year's benchmark.

Strong job creation and income growth combined with low mortgage rates encouraged many renters to move into home ownership in 2004. Numerous existing home owners also decided to tap into their recent gains in home equity and trade up. While the number of units entering the marketplace increased by 6.3 per cent in 2004, sales grew by a stronger 8.4 per cent. A shortage of listings in the lower price ranges drove the average price for all residential units combined up by 8.5 per cent in 2004 to a record $179,610.

This year we expect a slight moderation from the record-setting performances in 2004 but overall the market will remain very buoyant. Dollar volumes, which are indicative of Realtor incomes, will set new levels this year with rising prices more than offsetting any downshift in sales. Price gains for all unit types combined will soften to near the five per cent range this year, for a typical resale price of $189,000. As shown in Chart 2, the sales-to-active listings ratio (SALR) has averaged below the 30 per cent range in the first quarter of 2005 (2005Q1), indicative of an overall balanced market. A similar picture is evidently when looking at the typical listing periods. Average days on the market rose sharply during the fourth quarter of 2004 to an average of 48 days. This remained largely unchanged during the first three months of 2005. In Edmonton, balanced resale markets are typically characterized by listing periods of between 40 and 55 days.



Record Single-Detached Sales in 2004

Single-detached homes listed on the resale market enjoyed strong demand during 2004. While new listings increased by only 1.7 per cent for the year, total sales rose by an impressive 8.4 per cent to record 12,028 units. Assuming an environment of slower job growth and slightly higher mortgage rates by this fall, sales in 2005 will fail to eclipse last year's tally but will come close to the 12,000 unit mark.

During the first quarter of this year, single-detached sales fell by two per cent from the first three months of 2004. During the same period, new listings fell by a larger seven per cent margin. As a result, the inventory levels available for sale slipped downward. The sales-to-active listings ratios (SALR) averaged near 38 per cent in the first quarter compared with 34 per cent during January to March 2004. While the SALRs were slightly higher during this time, price growth has remained largely stable, rising by 7.6 per cent in 2005Q1 compared with a price growth of eight per cent in 2004Q1.

House Price Increases To Throttle-Back

Following an 8.1 per cent increase in 2003, the price of an existing single-family home rose by 8.7 per cent in 2004 to an average of $201,622, also a record. Upward price pressure will continue in 2005 but rising costs of ownership may keep some prospective buyers in the rental market and cause others to temper their preferences to more moderately-priced units. Consequently, CMHC is forecasting price growth to moderate slightly this year to around 5.5 per cent to an average of $213,000.

For more information contact:
RICHARD GOATCHER
Senior Market Analyst

Telephone: (780) 423-8729
Toll Free: 1 (877) 722-2642
Fax: (780) 423-8702
E-mail: rgoatche@cmhc-schl.gc.ca

Table 1
MLS® SALES - SINGLE-DETACHED UNITS
January - December (% chg 2003/2004)

	Sales			Average Price ($)			Median Price ($)		
	2003	**2004**	**%chg**	**2003**	**2004**	**%chg**	**2003**	**2004**	**%chg**
Northwest	393	457	16.3	156,229	172,356	10.3	155,000	163,000	5.2
North Central	1,567	1,666	6.3	180,062	193,487	7.5	172,000	184,780	7.4
Northeast	589	546	-7.3	153,905	160,141	4.1	150,000	157,000	4.7
Central	534	475	-11.0	120,402	128,893	7.1	116,250	124,000	6.7
West	1,045	1,143	9.4	212,471	235,090	10.6	193,000	212,000	9.8
Southwest	1,235	1,414	14.5	252,282	277,379	9.9	228,900	245,000	7.0
Southeast	1,593	1,740	9.2	177,888	187,318	5.3	171,000	178,425	4.3
St. Albert	893	988	10.6	217,049	237,871	9.6	204,000	219,900	7.8
Sherwood Park	891	989	11.0	214,616	232,763	8.5	205,000	220,000	7.3
Leduc	245	234	-4.5	170,201	182,481	7.2	158,500	168,000	6.0
Spruce Grove	303	317	4.6	171,416	187,336	9.3	166,000	176,000	6.0
Stony Plain	142	189	33.1	179,560	192,442	7.2	169,750	189,000	11.3
Ft. Saskatchewan	184	180	-2.2	163,096	186,636	14.4	156,950	173,000	10.2
All EREB areas	**11,097**	**12,028**	**8.4**	**185,569**	**201,622**	**8.7**	**175,000**	**192,500**	**10.0**

Source: Edmonton Real Estate Board

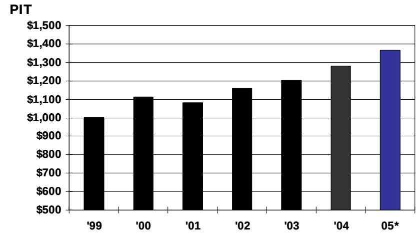
Resale Condo Market Remains Active

Condominiums were in strong demand in 2004 due to their competitive price point vis-a-vis single-family units. Sales on the MLS® rose by 9.2 per cent to 4,661 units amid an environment of increased supply in both the existing and new condo markets. New listings rose by over 15 per cent in 2004 in part due to a large injection of new condos, some of which had been built on spec and moved onto the MLS® upon completion.

These trends have continued into the first quarter of 2005. Total condominium sales were up by 2.7 per cent in the first three months of the year while new listings advanced by a larger margin. As such, total inventories of existing condos for sale at the end of March were 12 per cent above the same period last year. Can this momentum sustain itself throughout the balance of the year? While we look for some moderation in demand during the second half of the year, expect condo sales to eclipse last year's benchmark by close to three per cent as buyers seek affordable alternatives to detached homes.

Despite the added supply, prices continued to rise in 2004 due to the increased number of listings in higher prices ranges. The average price for a typical condo unit rose by 7.9 per cent in 2004 to $134,503. This follows average increases of 18 and 13 per cent respectively in 2002 and 2003. However, signs of moderation have appeared during the first quarter of 2005, with year-over-year price growth slowing to the two per cent range. As shown in Chart 4, the proportion of units sold above $200,000 has fallen in the early months of 2005 compared with all of last year. Sales-to-active listings ratios for condos (see Chart 2) have averaged close to 24 per cent during the first quarter of 2005, indicative of a market place that is generally balanced. However, in some locations such as the Downtown, the buyer has the advantage as inventories of both new and existing units are up from the same time last year. Price discounting in some segments will help to uphold demand despite higher financing costs.

Chart #3
Typical Monthly Carrying Costs

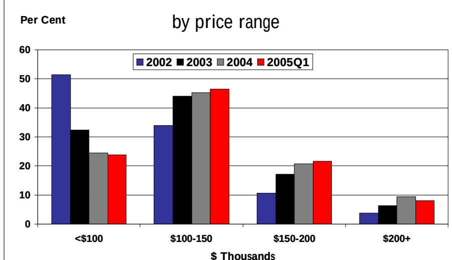


Source: EREB, CMHC Calculation/ * Forecast
Average MLS® House Price, 10% down, 25 year amortization, taxes.

Affordability Section

Despite a slow down in resale price growth in 2005, home buyers will see similar rates of increase in monthly carrying costs due to the offsetting effects of higher mortgage rates. In 2004, mortgage rates were still inching downward and this helped to buffer some of the impacts of rising home prices. For example, while average resale house prices climbed by 8.7 cent last year, the typical carrying costs associated with owning such a home (see Chart 3) rose by 6.5 per cent thanks to a modest decline in interest rates. On an annual basis, the story will be similar this year but for different reasons. While home price increases will moderate, a modest upturn in the annual average mortgage rate will lift the carrying costs to purchase a typical MLS® house by 6.7 per cent to approximately $1,365 per month (P.I.T.).

Chart #4
Condo MLS® Sales
by price range



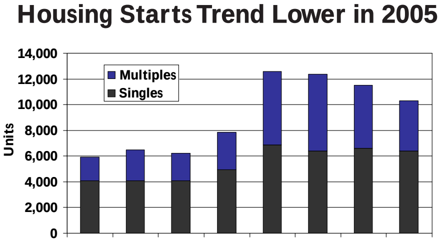
Source: EREB, March 2005

NEW HOME MARKET

Slowdown to Continue in 2005

Total starts in 2004 reached 11,488 units across the Capital Region, representing a decline of seven per cent from the 12,380 homes started in all of 2003. However, 2004 represented the third year in a row and total new housing activity had exceeded the 11,000 unit level, a feat not seen since the period 1977-1979. Can the market sustain a fourth consecutive year of 11,000+ starts? The evidence to the end of the first quarter of 2005 is mixed, but overall our view calls for further retrenchment this year - particularly in multi-family housing. Nonetheless, thanks to the strong economy and mortgage rates that are low by historic standards, total starts should still exceed 10,000 units representing another robust year for the home building industry.

Chart #5
Housing Starts Trend Lower in 2005

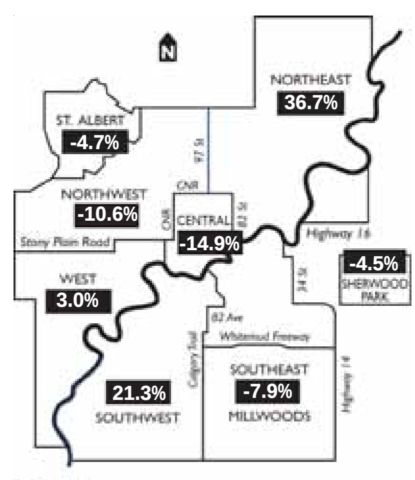


Source: * Forecast: CMHC

Single-Detached Starts Show Resilience in 2004

Single-detached starts totaled 6,614 units in 2004, representing the second best year on record for the capital region's builders and a three per cent increase from 2003. Single-family starts have exceeded 6,000 units throughout Metro for three years running, an unprecedented performance for the industry. To the first quarter of 2005 the momentum has not backed-off, with activity levels up an impressive 11 per cent from the first three months of 2004. In our view, this year-over-year advantage will not be maintained but

GROWTH IN SINGLE-DETACHED STARTS UNEVEN ACROSS EDMONTON
January - December (% chg 2003/2004)



Source: CMHC

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single-family builders will still approach 6,400 units, making 2005's output similar to 2003's (6,391) which is currently the third best year on record.

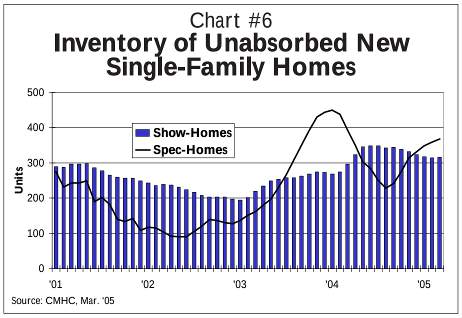


Chart #6
Inventory of Unabsorbed New Single-Family Homes

Balanced Market For New Single-Family Homes

Chart 6 illustrates the recent trends in the single-detached inventory of completed and unoccupied units, both show homes and spec units. Total single-detached inventory levels at the end of March were five per cent below the volumes on hand at the end of 2004Q1. The number of show homes averaged close to 315 units during the first quarter, up slightly from the same time last year. In 2004, the supply of show homes grew along with rising number of builders active in the region. Spec home inventories have been on the rise since last September but were still down slightly on a year-over-year basis in March. This said, the recent steady uptrend should give builders food for thought. The last time inventories peaked, during the latter months of 2003, a slowdown in new construction was required in order to keep supplies in check.

The strong starts seen in recent months will put upward pressure on inventories this summer should absorptions not keep pace. This said, demand remains solidly robust as we head into the traditional spring selling season. With the 12-month average absorption rate near 535 units per month, the market is drawing off units at an annualized rate of just over 6,400 units. With overall inventories (including show homes) in a relatively comfortable position, we anticipate strong construction levels into this fall. Production should throttle-back in the closing months of 2005 as builders adjust to avoid carrying excessive inventory into the winter months.

New House Price Keep Climbing

During 2004, the average new house price exceeded the $242,000 mark, representing an eight per cent rise over the price of a typical new house in 2003.

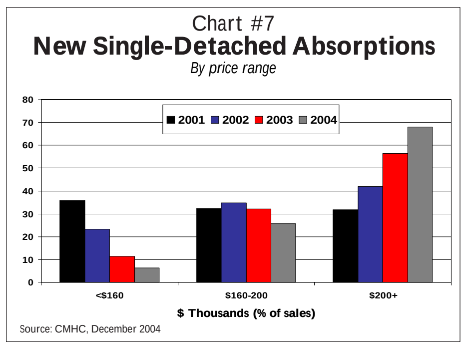


Chart #7
New Single-Detached Absorptions
By price range

Rising costs for labour, materials and serviced land combined to push prices higher and there is little relief in sight. In 2005, a typical new single-family home (two-storey, 1,800 sq. feet with double attached garage) on average will sell for over $260,000 across Metro. The ongoing price inflation for new single-family homes is a major challenge for the industry. In 2001, approximately two-thirds of new singles were priced under $200,000. Last year, the reverse was the case with just under a third of the market priced under $200,000. During the past three years, a typical new single-detached home has risen in price by almost nine per cent annually for an average increase of just over $17,800 per year. Sticker shock is encouraging a growing number of new home buyers to consider other dwelling types, notably semi-detached units.

Land Supplies Adequate

According to the Doesburg Report, produced quarterly for Edmonton Urban Development Institute (UDI), there were 8,371 vacant single-family lots available across Metro at year-end 2004, down slightly from the 8,431 lots on-hand at the end of December 2003. Based on a 12-month average monthly absorption rate noted above, this represents a supply of just under a 16 months. The price of a lot used to build a typical 1,800 square foot two-storey home rose by eight per cent in 2004 to an average of $71,664 according to CMHC survey data. Price increases this year will likely exceed the 10 per cent mark for a standard single-detached lot due to rising costs for replacement land, servicing expenses, and municipal fees and levies. Good weather this spring will be key to helping developers keep pace with single-family builders. Many lots were left unfinished in the fall of 2004 and these will carry-

Table 2
New Single-Family Absorptions by Area
January - December (% chg 2003/2004)

	Sales			Average Price ($)			Median Price ($)		
	2003	2004	%chg	2003	2004	%chg	2003	2004	%chg
North Central	109	79	-27.5	234,807	248,475	5.8	230,800	227,800	-1.3
Northeast	292	423	44.9	205,516	211,441	2.9	196,200	207,500	5.8
Northwest	1123	950	-15.4	211,294	225,927	6.9	200,000	222,500	11.3
South Central	38	58	52.6	316,015	366,312	15.9	297,950	317,150	6.4
Southeast	840	733	-12.7	202,254	219,001	8.3	190,000	208,600	9.8
Southwest	998	1065	6.7	256,630	284,341	10.8	234,150	249,100	6.4
West	601	542	-9.8	237,098	249,602	5.3	220,100	226,900	3.1
Total Edmonton City	4003	3850	-3.8	225,793	245,086	8.5	209,650	225,000	7.3
Fort Saskatchewan City	84	81	-3.6	221,621	231,837	4.6	214,650	227,900	6.2
Leduc City	115	131	13.9	198,672	210,531	6.0	199,000	207,500	4.3
Parkland County	239	201	-15.9	188,086	215,672	14.7	175,004	205,564	17.5
Spruce Grove City	214	212	-0.9	204,413	212,978	4.2	201,986	209,498	3.7
St. Albert City	341	328	-3.8	274,680	302,362	10.1	247,900	271,050	9.3
Stony Plain Town	140	169	20.7	185,833	196,992	6.0	179,706	180,157	0.3
Strathcona County	811	901	11.1	232,249	252,888	8.9	214,000	228,000	6.5
Total Rural Municipalities	**2478**	**2578**	**4.0**	**219,813**	**237,818**	**8.2**	**204,227**	**218,000**	**6.7**
Grand Total	**6481**	**6428**	**-0.8**	**223,507**	**242,171**	**8.4**	**207,700**	**222,500**	**7.1**

Source: CMHC

over into this spring's planned activity. Capacity in some sectors will be stretched and this will add to the price of new housing in some areas of Metro. These cost pressures will cause some shifting of activity to lower-priced communities where supplies are more adequate.

Fewer Multiple Starts

Multi-unit starts reached 4,874 units in 2004, down 19 per cent from the 5,989 semi-detached, row, and apartment units started in 2003. With over 5,500 multiple units started in both 2002 and 2003, supplies of condo and rental apartments rose across the region, resulting in the slower construction activity reported in 2004. Last year's production nonetheless represents the third best performance for multi-family developers since 1982.

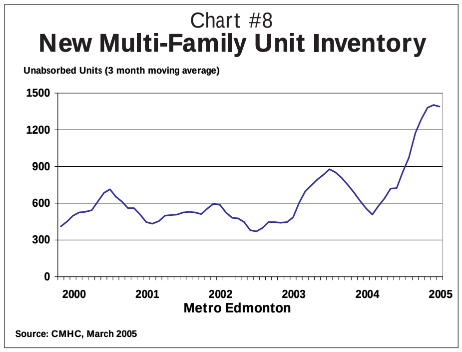
This year, expect further retrenchment by multi-family developers as concerns persist that the condo market remains oversupplied in a number of sub-markets. Rental unit construction will again be curtailed by high vacancy rates and weak rent increases. As noted below in our outlook for the rental market, the balance sheets for many revenue properties remain under pressure from rising operating costs and weak revenue growth. Many investors will remain on the sidelines until the market tightens up in 2006. Total multi-unit starts will see an additional decline this year of 20 per cent to 3,900 units, representing the lowest level of activity since 2001.

Semi-Detached Units Gain Market Share

While row and apartment starts experienced double-digit declines in 2005Q1, semi-detached starts managed a seven per cent gain over the numbers tallied in the first three months of 2004. Semi-detached units continue to garner a growing proportion of the overall market for new detached homes. During the first quarter, sixteen per cent detached home starts (both singles + semi's combined) were semi-detached units compared with 15 per cent in all of 2004 and 14 per cent in 2003. Price remains the key factor for both the builder and the consumer. For the builder, higher land and construction costs are making the single-detached "starter" unit a tougher sell to price-sensitive first-time buyers. For those looking to buy a new home, the $250,000+ price tag for a typical new single makes a semi-detached home, typically priced between $175,000 and $190,000, a more affordable option.

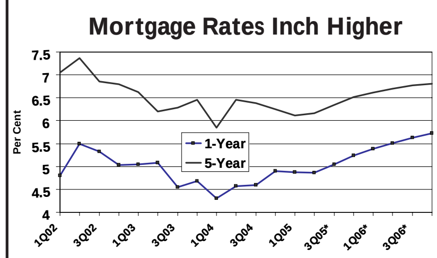
New Condos In Good Supply

As of March 2005, there were 3,329 condo apartments under construction across the region with another 728 new units in inventory. Total supply (which is a combination of two) stood at 4,057 units in March, down slightly from the same time last year but representing a 19-month supply using the 214 units per month average absorption rate reported in the past year. Rental apartments made up the second-largest component of multi-family supply this spring, with total new stock down 21 per cent to 1,026 units. With an average annual absorption rate of 79 units per month, this represents a thirteen month supply that is close to balance.



MORTGAGE RATE OUTLOOK

Short-term mortgage rates move in tandem with the prime rate while mid- and longer-term rates vary in response to the cost of raising funds in the bond markets. Posted mortgage rates are forecast to rise moderately as interest rates head higher in 2005-06. However, tame inflation, a strong Canadian dollar vis-a-vis the U.S. dollar and slower economic growth in Canada will restrain the size and the speed of Canadian mortgage rate increases over the forecast period. Mortgage rates are expected to rise by less than 50 basis points annually this year and next. One, three, and five-year rates are forecast to be in the 4.50-5.50, 5.50-6.50 and 5.75-6.75 per cent range respectively in 2005. However, rising posted mortgage rates will not necessarily lead to higher rates negotiated between borrowers and lenders.



Source: * Forecast: CMHC

RENTAL MARKET

Apartment Vacancies Remain High in 2005

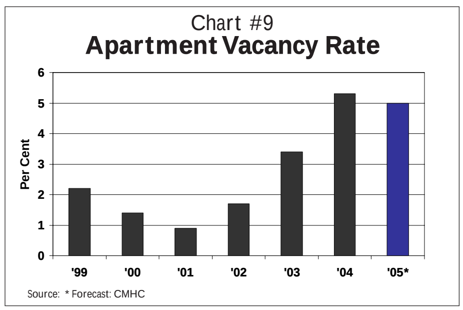
At 5.3 per cent, apartment vacancies across the Capital Region reached the highest point in eight years in the fall of 2004. Supply factors loomed large with back-to-back 20 year highs in multi-family construction in 2002 and 2003. On the demand side, many renters were also being encouraged to become home buyers thanks to a strong labour market, the lowest unemployment rates among any Metro in Canada and continued relatively low mortgage rates. The question for many property managers in 2005 is whether or not a turning point is at hand. As noted above, multiple unit starts pulled back last year as developers reacted to a growing inventory of recently-completed but unoccupied new apartments. This trend has continued into 2005 and the number of units entering the market will slow down as the year progresses.

So, does this mean that rental apartment vacancies will be lower this fall? CMHC expects a modest improvement to around five per cent this October but there is some upside risk to this forecast. The wild-card in this equation is the new condo market. While most of this supply is headed for the ownership market, a certain proportion will be purchased by investors and injected into the secondary rental market. Anecdotal evidence suggests that in some buildings the number of investor-purchased units destined for the secondary rental market may be as high as 25 per cent. Meanwhile, conversions of non-residential units, such as vacant warehouse and office space, into apartments also continue in Edmonton's downtown and many of these units will become part of the rental supply. Add to this a new student residence with close to 900 beds slated for completion at the downtown Grant McEwan College campus this August. All these forces will combine to bring a number of new rental apartments onto the market place in addition to the units identified by CMHC surveys as new rental apartments currently underway or sitting in inventory. Regardless, the number of both rental and condominium apartment completions will throttle-back by this summer, choking off the supply of new units entering the market place. Meanwhile, higher mortgage rates and the rising carrying costs of homeownership will help stem the loss of tenants, as an increased number of renters will have difficulty qualifying for mortgages.

Rents Move Higher In 2005

After strong increases earlier in the decade, rent hikes slowed substantially in 2004 as landlords attempted to shore-up their occupancy levels. Many new buildings are offering numerous incentives such as one month free rent, free cable TV, high-speed internet or two-year leases in order to lure tenants from older rental properties. Meanwhile, prices for utilities and building materials, as well as property taxes and insurance have all been on the rise and property managers are feeling the pinch as net operating incomes get squeezed.

Are better times are around the corner for landlords in 2005? As noted in our multi-family starts forecast, poorer rates of return on these real estate assets should undermine the sources of financing dollars for new rental units and investment condos. With fewer apartment completions expected next year, the supply of new apartments competing for occupants will start to drift downward. With vacancies on the downswing this fall, landlords will try to bolster their bottom lines with another modest rent hike. However, with overall vacancy levels near the five per cent mark, some landlords will be hesitant to raise rents due to the impacts of increase turnovers on operating costs. As well, some newer buildings are having to cut their initial rent levels as they struggle to achieve their occupancy targets. With many landlords holding the line on rents, the overall average increase will be less than two per cent in 2005.



ECONOMIC OVERVIEW

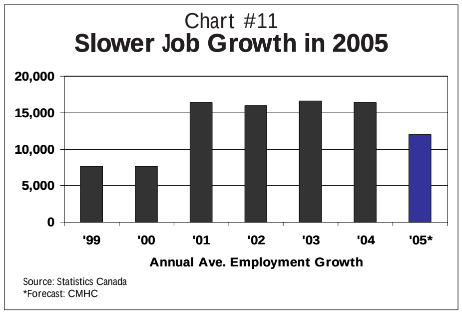
A Strong Economy Underpins Housing Demand

In 2004, Alberta led all other provinces in economic growth, with its citizens enjoying the highest personal income growth and the lowest unemployment rate in Canada. Positive economic fundamentals will remain the major force behind the continued strong performance of the residential construction sector in 2005. High energy prices have been driving growth in both the province of Alberta and Edmonton Region recently and this trend is expected to remain in place over the forecast period. While oil prices may start to decline from the lofty levels witnessed in the past year, they will nonetheless remain within a range which continues to add stimulus to the economy on a number of fronts. With the high employment rates, rising household incomes and continued relatively low interest rates, consumer spending will remain robust. Average weekly earnings across Metro grew by 3.2 per cent in 2004 while CPI inflation only increased by 1.6 per cent.

First and foremost among economic drivers is the continued high levels of capital investment in the energy sector. Thanks to strong balance sheets that have been bolstered by a steady stream of robust cash flow, the province's big energy players have numerous expansion plans that are expected to move ahead during the foreseeable future. These multi-billion dollar projects will create huge labour market demands for workers to build oilsands mines, bitumen upgraders, refinery alterations/additions, natural gas properties, and pipelines. Much of the oilsands growth on the horizon does not require the current $50 US/barrel prices to remain economically viable. Industry insiders describe the current situation as not a short-term boom but sustained long-term drive which will power the economy of both North-eastern Alberta and the Capital Region for years to come.

High energy prices have also unleashed a torrent of drilling activity across the province and this has benefited the Edmonton region's large oil field servicing industry. However, this year's unusually warm winter weather cut short the drilling season. February and March are normally the busiest times for oil and gas drillers. But this year's early spring has idled many rigs preventing a repeat of the record-level drilling which occurred in the winter of 2003-2004. However, the longer-term prognosis for the exploration sector remains very positive with much of this year's lost activity getting carried over to next season.

Meanwhile, the Alberta government continues to enjoy a fiscal position that is the envy of other administrations across the country. With energy royalties swelling government coffers, numerous centennial projects are either planned or underway that will provide additional spending on infrastructure, education, and health care. In Edmonton, improved demand for office space has bolstered absorptions, particularly in the Downtown, and driven office vacancy rates to their lowest levels in 15 years.



Job creation across Metro Edmonton moderated slightly in 2004, compared with the previous year, but overall labour market conditions remained fairly robust. The region reported an annual average employment growth rate of 3.0 per cent, for an increase of 16,400 jobs. The good news for the housing sector was that the lion's share of this new employment came in full-time jobs. In 2003, the region experienced a slightly stronger 3.2 per cent job growth, representing a net increase of 16,600 jobs. However, a much larger proportion of these new positions occurred in the part-time category. In 2005, job creation will pull back to near 2.2 per cent or 12,000 new jobs.

Unemployment in Edmonton will remain well below the national average during 2005 and provide confidence to households seeking to purchase a home. However, skilled labour shortages will be a limiting factor for the outlook - driving up costs. The Capital Region will have to compete with the high wage rates offered by the large oilsands projects that will be ongoing in the Wood Buffalo region. Both general labour shortages and specific skill shortfalls will continue putting upward pressure on labour costs. This said, Alberta will continue to be the top choice of destination for Canadians seeking employment, and net gains from inter-provincial migration are expected to improve moderately over the forecast period. However, improving labour market conditions in British Columbia will prevent a return to the era of high migration inflows last witnessed at the beginning of this decade. The Edmonton region is expected to see a net increase in migration this year but the overall numbers will be down from the previous cyclical peak as well.

CMHC FORECAST SUMMARY

Edmonton Housing Market Outlook - May 2005

	2002	2003	%Chg	2004	%Chg	2005*	%Chg
RESALE MARKET							
MLS®(1) active listings (annual average)	2,415	3,954	63.7%	4,531	14.6%	4,350	-4.0%
MLS® Sales							
Single-family	10,411	11,097	6.6%	12,028	8.4%	11,850	-1.5%
Condominium	4,194	4,268	1.8%	4,661	9.2%	4,800	3.0%
Total	15,619	16,277	4.2%	17,652	8.4%	17,600	-0.3%
MLS® Price							
Single-family	171,599	185,569	8.1%	201,622	8.7%	213,000	5.6%
Condominium	109,726	124,671	13.6%	134,503	7.9%	140,000	4.1%
Average	150,258	165,541	10.2%	179,610	8.5%	189,000	5.2%
NEW HOME MARKET							
Starts							
Single-family	6,860	6,391	-6.8%	6,614	3.5%	6,400	-3.2%
Multiple-family	5,721	5,989	4.7%	4,874	-18.6%	3,900	-20.0%
Total	12,581	12,380	-1.6%	11,488	-7.2%	10,300	-10.3%
Average New Single-Family Price	204,921	223,507	9.1%	242,171	8.4%	261,500	8.0%
RENTAL MARKET							
Vacancy rate (Oct)	1.7	3.4		5.3		5.0	
Rental rate, 2 bdrm(yr/yr % chg)	8.4	1.8		1.2		1.8	
FORECAST ASSUMPTIONS							
Mortgage rate (3 yr term)	6.28	5.82		5.65		5.81	
Mortgage rate (5 yr term)	7.02	6.39		6.23		6.28	
Employed	523,300	539,900	3.2%	556,300	3.0%	568,300	2.2%
Employment growth (# jobs)	16,000	16,600		16,400		12,000	
Unemployment rate	5.2	5.0		4.8		5.1	
Net-migration (July 1- June 30)	12,485	6,364	-49.0%	6,700	5.3%	7,000	4.5%

* CMHC Forecast
Source: CMHC, Statistics Canada, Edmonton Real Estate Board
1 Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association.