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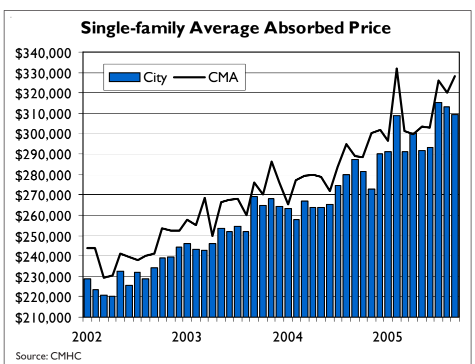
Canada Mortgage and Housing Corporation
www.cmhc.ca

Multi-family Leads Surge in New Home Construction

Following the second decline in three months, new home construction surged in September with the best monthly performance in over a year. Total housing starts in the Calgary Census Metropolitan Area (CMA) reached 1,669 units in September, up an impressive 48 per cent from corresponding figures in 2004. September's activity brings total new home construction on par with the previous year. At 10,372 units to the end of September, total housing starts are down a negligible 0.2 per cent from 2004.

The strongest gain in September occurred in the multi-family market, where construction was 69 per cent higher than the previous year. Multi-family starts, which include semi-detached, row, and apartment units, totalled 856 in September, up from 508 one year earlier. The jump in starts was inevitable, as multi-family building permits from May to July averaged almost 750 per month within city limits alone. Many of these had not yet been acted upon, so it was just a matter of time before the starts materialized. September's jump in activity closes the year-to-date multi-family shortfall to only seven per cent. This represents a significant departure from a few months earlier, as multi-family construction to the end of June was down 25 per cent. Apartment construction witnessed the most notable improvement in the third quarter. After six months, apartment construction was down 43 per cent from the previous year. Thanks to 646 apartment-unit performance in September, the shortfall in apartment construction has been narrowed to 17.5 per cent after nine months.



September yielded the highest multi-family monthly absorption total in over 20 years, reaching 814 units. As completions were comparatively lower at 662 units, the number of multi-family dwellings in inventory recorded a substantial decline from the previous month. At 532 units in September, complete and unabsorbed multis were 137 units lower than August and the lowest total since January 2004. Currently, overall multi-family ownership inventories are in a very healthy position. Complete and unabsorbed multis for ownership tenure totalled 351 units in September, 14 per cent lower than the previous year. However, rental inventories are another story as the 181 unabsorbed units in September surpassed September of 2004 by 35 per cent.

While multi-family starts bounced back in September with a 69 per cent surge, single-family builders responded with the strongest year-over-year gain in almost three years. Local builders started 813 single-family homes in September, representing an impressive 31 per cent gain over the previous year. Unlike the weather-related declines June and August, September's activity is a much more accurate reflection of Calgary's hot new home construction market. To the end of September, a total of 6,493 single-family units have started construction, up 4.5 per cent from corresponding levels in 2004. Within Calgary's city limits, the year-to-date gain in single-family construction is modestly more pronounced, up 5.3 per cent.

Undoubtedly, Calgary's single-family market is operating at capacity. Evidence of this comes by way of the level of outstanding building permits, an escalation in the number of units under construction, and a continued decline in inventories. To the end of September, single-family building permits are up 16 per cent, indicating the current 4.5 per cent gain in starts is being suppressed. Indeed, the record rainfall in June added to the pressures of an already hot market, as

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builders and developers lost almost a month of work. Given persistent labour shortages, the single-family industry will continue to play catch-up over the duration of the year. Due to these factors, builders are also taking longer to complete their homes. Single-family units under construction reached a 25-month high of 3,963 units in September, nine per cent more than the previous year. In the face of capacity constraints, it is also difficult to add to inventory. Complete and unabsorbed units have been on a steady decline since the start of the year. At 648 units in September, inventory including showhomes is nine per cent lower than 12 months earlier.

Calgary's Resale Market on Pace for Huge Record

Calgary's resale market continued its record-setting pace in the third quarter. Residential sales through the Calgary Real Estate Board (CREB) totalled 8,158 units in the third quarter of the year, 19 per cent above corresponding levels in 2004. This brings the year-to-date total to 24,489 units, an increase of 18 per cent over 2004. To the end of September, single-family sales have totalled 17,748 units, a 15 per cent increase over the first nine months of 2004. Condominium sales have increased to a greater extent, up 25 per cent from 2004 to 6,741 units.

Since the first few months of the year, conditions in Calgary's resale market have more strongly favoured the seller. Active listings have declined consistently over the last 15 months and at 3,896 units at the end of September, sit 41 per cent lower than the previous year. With the decline in listings and persistently high sales, the sales-to-active listings ratio has escalated to 68 per cent in September, the highest ratio in 41 months. This, combined with shorter listings durations has contributed strongly to price growth in the first nine months of 2005.

To the end of September, year-over-year price growth in Calgary's resale market sits at 12 per cent. With the exception of only one month in 1998, this represents the strongest year-over-year price growth in 15 years. Single-family prices have increased 13 per cent in the first three-quarters of the year, reaching $271,924. The average condominium, meanwhile, has increased to $182,049 in the first nine months of the year, representing a 10 per cent gain over 2004.

Labour Shortages Persist in the Calgary CMA

A number of factors point to persistent labour shortages in Calgary, the most prominent being our unemployment rate. As recent as July, Calgary's unemployment rate fell to a record low of 3.1 per cent, essentially what is considered full employment. Calgary's tight labour market is also putting upward pressure on our labour force participation rate, which, at around 75 per cent, is among the highest in Canada. Meanwhile, the tight labour market is fuelling an earnings spike in Calgary, a critical factor which will soften the current gain in house prices. To the end of September, average weekly earnings in Calgary have increased by almost 12 per cent over the previous year, representing the largest gain ever recorded.

Undoubtedly, the recent jump in earnings is reflective of the quality and not quantity of the positions being created. To the end of September, average employment in the Calgary CMA has increased by only 5,000 positions over the previous year, the poorest performance since 1993. However, it is critical to note that all of these positions and many more have been full-time. In fact, the current tightness in the labour market has rendered the promotion of part-time positions to full-time jobs necessary. To the end of September, an impressive 14,770 full-time jobs have been created in the Calgary CMA, while part-time employment has fallen by 7,700 positions. The last time full-time job growth surpassed the overall rate of job creation was back in 2000.

Table 1A

STARTS ACTIVITY BY AREA

Calgary CMA - September 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	49	41	2	28	0	79	41	92.68
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**697**	**542**	**96**	**68**	**625**	**1486**	**1042**	**42.61**
CHESTERMERE LAKE	38	13	8	0	0	46	15	**
COCHRANE	5	11	0	0	21	26	13	**
CROSSFIELD	2	1	0	0	0	2	3	-33.33
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	22	15	8	0	0	30	17	76.47
TOTAL	**813**	**623**	**114**	**96**	**646**	**1669**	**1131**	**47.57**

Table 1B

STARTS ACTIVITY BY AREA

Calgary CMA - Year to Date 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	371	340	24	98	0	493	548	-10.04
BEISEKER	0	2	0	0	0	0	2	**
CALGARY CITY	**5550**	**5273**	**590**	**764**	**2251**	**9155**	**9068**	**0.96**
CHESTERMERE LAKE	264	244	42	31	0	337	308	9.42
COCHRANE	47	86	4	0	21	72	152	-52.63
CROSSFIELD	9	15	4	0	0	13	17	-23.53
IRRICANA	3	4	2	0	0	5	16	-68.75
MD ROCKYVIEW	249	252	48	0	0	297	280	6.07
TOTAL	**6493**	**6216**	**714**	**893**	**2272**	**10372**	**10391**	**-0.18**

** 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

Table 2A

HOUSING COMPLETIONS BY AREA

Calgary CMA - September 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	42	38	12	16	0	70	40	75.00
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**661**	**726**	**36**	**88**	**490**	**1275**	**930**	**37.10**
CHESTERMERE LAKE	18	24	12	4	0	34	34	0.00
COCHRANE	10	4	2	0	0	12	4	**
CROSSFIELD	0	1	0	0	0	0	3	**
IRRICANA	0	0	0	0	0	0	0	**
MD ROCKYVIEW	37	21	2	0	0	39	21	85.71
TOTAL	**768**	**814**	**64**	**108**	**490**	**1430**	**1032**	**38.57**

Table 2B

HOUSING COMPLETIONS BY AREA

Calgary CMA - Year to Date 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	320	299	16	80	112	528	454	16.30
BEISEKER	1	1	0	0	0	1	5	-80.00
CALGARY CITY	**5034**	**5242**	**586**	**552**	**2321**	**8493**	**8149**	**4.22**
CHESTERMERE LAKE	240	223	32	21	48	341	279	22.22
COCHRANE	83	62	6	17	50	156	129	20.93
CROSSFIELD	11	12	6	0	0	17	20	-15.00
IRRICANA	6	4	2	4	0	12	10	20.00
MD ROCKYVIEW	296	246	52	4	0	352	280	25.71
TOTAL	**5991**	**6089**	**700**	**678**	**2531**	**9900**	**9326**	**6.15**

** Indicates a greater than 100 per cent change

Table 3
HOUSING ACTIVITY SUMMARY
Calgary CMA

Activity	Ownership					Rental				Grand
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
Starts										
Current Month	813	114	0	96	625	0	0	0	21	1669
Previous Year	623	82	0	129	297	0	0	0	0	1131
Year-To-Date 2005	6493	714	15	878	2247	0	4	0	21	10372
Year-To-Date 2004	6216	706	17	697	2291	0	332	0	132	10391
Under Construction										
2005	3963	660	18	808	4148	0	5	16	21	9639
2004	3649	644	17	681	3792	0	332	0	132	9247
Completions										
Current Month	768	64	0	102	490	6	0	0	0	1430
Previous Year	814	72	0	47	99	0	0	0	0	1032
Year-To-Date 2005	5991	700	17	655	2068	6	463	0	0	9900
Year-To-Date 2004	6089	618	31	865	1478	4	241	0	0	9326
Completed & Not Absorbed										
2005	648	131	3	65	152	0	181	0	0	1180
2004	715	168	3	109	130	0	134	0	0	1259
Total Supply[2]										
2005	4611	791	21	873	4300	0	186	16	21	10819
2004	4364	812	20	790	3922	0	466	0	132	10506
Absorptions										
Current Month	758	93	0	104	560	6	51	0	0	1572
Previous Year	835	76	0	68	120	0	47	0	0	1146
Year-To-Date 2005	6049	762	8	702	2094	6	320	0	0	9941
Year-To-Date 2004	6093	572	28	862	1545	9	180	0	0	9289
3-month Average	745	95	1	97	384	2	53	0	0	1377
12-month Average	688	79	1	82	252	1	28	0	0	1131

1 May include units intended for condominium.
2 Sum of units under construction, complete and unoccupied.