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Starts Decreased in the First Nine Months of 2005

Semi-detached starts posted an increase

- Total urban starts on the Island reached 241 units in the third quarter of 2005 compared to 256 units in 2004. This drop was due to an decreased level of starts the Charlottetown area.
- In Charlottetown, new home construction reached 117 units in the third quarter, a decrease of 34 units when compared to the previous year. Although this level of activity is down from the 2004 level, it is still slightly above the 10 year average of 115 units. This decreased level of starts in the Charlottetown CA came as the result of a slowdown in all areas of the City.
- Charlottetown City posted less total starts in the third quarter when compared to the same period last year, as the result of no large apartment projects. In the third quarter of

2004, a 32 unit apartment building was started, which created a significant jump in construction activity for the area. However, no such projects were started this year, and the overall result is a decrease in starts. Single starts dipped slightly during the third quarter to 32 units, from 38 units during the same period last year. The one bright spot in the city's housing market came from semi-detached's which reached 22 units, more than doubling last year's level.

• The story for the rest of the Capital region is similar to that of Charlottetown City proper. Single starts declined in the other areas of the region from 65 units last year to 52 units in the third quarter of this year. As was the case for the city proper, semi-detached starts also increase in the third quarter in the other areas of the CA. Semi-detached starts reached 11 units, an increase of 5 units from the same period last year.

Starts in Charlottetown Declined in 2005 Housing Starts January-Sept 1995-2005 400 300 200 100 120 211 164 208 264 230 207 381 374 376 323 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 Total Starts 1995-2005 Jan-Sept Average

Charlottetown

September 2005

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Full-time Employment Growth Continued in the Third Quarter

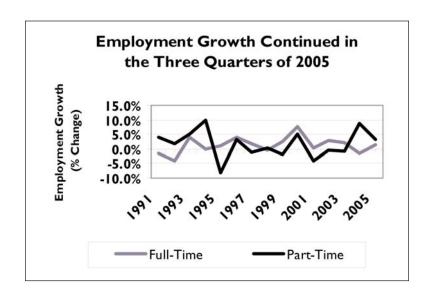
- In the Charlottetown area, total employment increased in the first three quarters of 2005 to 31,000 people working. This is the strongest first nine months on record for the Charlottetown area.
- In the first nine months of 2005, the ratio of full-time to total employment was 81.0 per cent, a slight decrease from the 2004 level. This means that there were more part-time jobs created year-to-date in 2005, than full-time positions
- On a provincial basis, the three quarters of 2005 saw the number of people employed increase by 2.8 per cent. This means that there were about 1,900 more Islander's working in the first nine months of 2005 than in 2004.

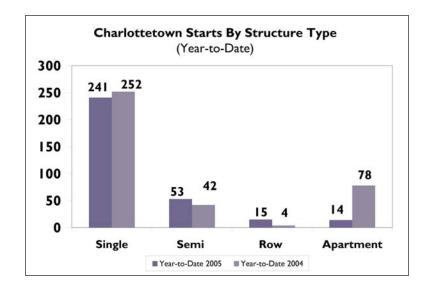
Demand for New Semi-Detached Units Remains Strong

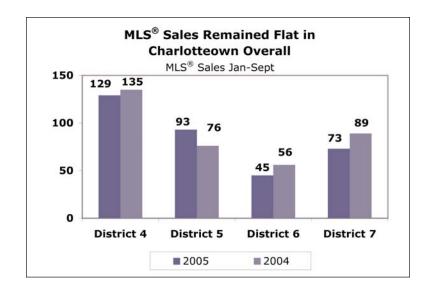
• In the first three quarters of 2005, semi-detached starts in the Capital region reached 53 units, 11 more units than the same period last year. This represents the highest level of activity on record for semi-detached starts for the first nine months of the year. In addition to the increased level of semideatched starts, is the fact that the tenure of most new semidetached units has shifted from rental to homeownership. As recently as 2002, the vast majority of semi-detached units where for the rental market. However this has now shifted significantly, and in 2005 all of the new units are for homeownership. This shift in tenure is mainly the result of rising new home costs, which now has many perspective buyers looking to the semi-detached market. This trend is expected to continue, and semi-detached units should become an even larger part of the new housing market as prices continue to rise.

MLS® Sales Price Reached a New Record High in the Third Quarter

- For the first nine months of 2005, MLS® sales in the Charlottetown area were down in all but one submarket. Despite the decreased level of sales, the average sales price rose in all of the four submarkets. Total sales in the Charlottetown area reached 340 units in the first nine months, as compared to 356 during the same period last year. The average sales price for the Capital region rose to \$143,623 during the first nine months, from \$134,177 a year earlier.
- In the first nine months of 2005 only District 5 was able to record an increased level of sales, which is an reversal from, the previous few years which have seen Districts 4 & 7 record the highest levels of growth. One possible explanation for this may be that District 5 has lagged these areas in average price growth, and as such the lower prices are now proving more popular with perspective buyers.







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						F	Fable I								
					Act	ivity Summary By Area	mma	ry By	Area						
						Prince Edward Island	dwar	d Islan	P						
		TO	TOTAL HOUSING STARTS	SING S.	TARTS				COMPL	COMPLETIONS			UNDER	UNDER CONSTRUCTION	ICTION
		3rd Quarter	ter.	Janu	uary-September	ember		3rd Quarter	ter	Janu	January-September	ember	As at	As at September 30	ır 30
Area	2002	2005 2004	% chg	2002	2004	% chg	2002	2004	% chg	2002	2004	% chg	2002	2004	% chg
Charlottetown CA	117	151	-23%	323	376	-14%	88	181	-51%	298	321	-1%	219	204	2%
Summerside CA	34	4	143%	96	66	-3%	64	29	121%	74	77	-4%	37	55	-33%
Total Urban Areas	151	165	%8-	419	475	-12%	153	210	-27%	372	398	-7%	256	259	% -
Total Rural Areas	06	16	% -	222	245	%6-	68	19	46%	193	154	25%	96	149	-40%
Total PEI	241	241 256	%9-	641	720	%!!-	242	171	%11-	265	552	2%	346	408	-15%

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			Τ²	able 2: ML	Table 2: MLS Activity in Urban Centres*	in Urban	Centres*	5,00				
			3rd	3rd Quarter					January	January - September		
		Sales		_	Avg Sale Price	נס		Sales		Á	Avg Sales Price	
	2002	2004	% Chg	2002	2004	% Chg	2002	2004	% Chg	2005	2004	% Chg
Charlottetown CA**												
District 4	112	112	%0	\$148,488	\$138,779	7%	129	135	-4%	\$148,205	\$145,802	7%
District 5	8	19	33%	\$129,287	\$112,685	15%	93	9/	22%	\$128,385	\$118,096	%6
District 6	4	48	-17%	\$139,701	\$128,683	%6	45	26	-20%	\$139,519	\$129,704	%8
District 7	57	72	-21%	\$157,189	\$148,891	%9	73	88	-18%	\$155,171	\$144,041	%8
Total, CA	290	293	% -	\$143,623	\$134,177	7%	340	356	-4%	\$143,130	\$136,915	2%
Summerside CA	801	= 3	-4%	\$119,748	\$107,675	%=	13.	73	%62	\$118,522	\$106,133	12%
TOTAL URBAN	398	406	-2%	\$137,145	\$126,801	88	471	429	%0I	\$136,285	\$131,677	%

* Source: PEI Real Estate Association

**District 4: Charlottetown City, Spring Park & West Royalty

**District 5: Sherwood, Parkdale, East Royalty & Hillsborough Parks

**District 6: Cornwall, North River & Winsloe

**District 7: Bunbury, Southport, Crossroads, Keppoch, Kinlock, Tea Hill, Alexandra to Cherry Valley

TABLE 3 STARTS BY AREA CHARLOTTETOWN CA

Area/				Apartment	
Period	Single	Semi	Row	& Others	Total
Charlottetown City:					
Third Quarter 2005	32	22	0	0	54
Third Quarter 2004	38	10	0	32	80
Year-to-Date 2005	99	34	0	14	147
Year-to-Date 2004	96	16	0	67	179
Cornwall Town:					
Third Quarter 2005	5	E	0	0	6
Third Quarter 2004	8	2	0	0	10
Year-to-Date 2005	14	3	0	0	17
Year-to-Date 2004	14	4	0	0	18
Stratford Town:					
Third Quarter 2005	16	8	0	0	24
Third Quarter 2004	24	2	0	0	26
Year-to-Date 2005	50	14	15	0	79
Year-to-Date 2004	53	14	4	11	82
Remainder of Charlottet	own CA:				
Third Quarter 2005	31	2	0	0	33
Third Quarter 2004	33	2	0	0	35
Year-to-Date 2005	78	2	0	0	80
Year-to-Date 2004	89	8	0	0	97
Total - Charlottetown C	λ:				
Third Quarter 2005	84	33	0	0	117
Third Quarter 2004	103	16	0	32	151
Year-to-Date 2005	241	53	15	14	323
Year-to-Date 2004	252	42	4	78	376

Source: CMHC

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